# Fair Work Ombudsman

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# Fair Work Ombudsman

## Section 1: Agency overview and resources

### Strategic direction

The Fair Work Ombudsman is an independent statutory office created by the *Fair Work Act 2009* on 1 July 2009.

The Fair Work Ombudsman promotes harmonious, productive and cooperative workplace relations and ensures compliance with Commonwealth workplace laws, and does this by:

* offering people a single point of contact for them to receive accurate and timely advice and information about Australia’s workplace relations system
* educating people working in Australia about their workplace rights and obligations
* investigating complaints or suspected contraventions of workplace laws, awards and agreements
* litigating to enforce workplace laws and to deter people from not complying with their workplace responsibilities.

The strategic focus of the Fair Work Ombudsman in 2012-13 is to ensure that there is increased compliance with Commonwealth workplace laws through educating and advising employees, employers, outworkers, outworker entities and organisations about the federal workplace relations system.

### 1.2 Agency resource statement

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Agency Resource Statement — Budget estimates for 2012-13 as at Budget May 2012



### **1.3 Budget measures**

Budget measures relating to the Fair Work Ombudsman are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Agency 2012-13 Budget measures



Prepared on a Government Financial Statistics (fiscal) basis.

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## Section 2: Outcomes and planned performance

### 2.1 Outcomes and performance information

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs, specifying the performance indicators and targets used to assess and monitor the performance of the Fair Work Ombudsman in achieving Government outcomes.

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| Outcome 1: Compliance with workplace relations legislation by employees and employers through advice, education and where necessary enforcement. |

#### Outcome 1 Strategy

The workplace rights and obligations of employees, employers, outworkers, outworker entities and organisations are protected and enforced through a mix of targeted compliance and education activities, investigation of breaches of workplace laws with a focus on voluntary compliance and, where necessary, litigation in the courts as a means of both general and specific deterrence.

The Fair Work Ombudsman provides a single national point of contact for accurate and timely advice on the federal workplace relations system.

More than 200 staff provide advice and information on workplace relations matters through the Fair Work Infoline. Fair Work Ombudsman advisors are located in contact centres in a number of states and provide a range of services including telephone advice, email / web support and live chat.

 As part of its ongoing educative role, the agency undertakes education and compliance campaigns and provides information services and best practice guides. The educational and compliance campaigns are run at national, state and local levels and target particular industries or geographical locations.

More than 600 Federal Government and State Government employees have been appointed as Fair Work Inspectors. These officers are located in all states and territories and investigate complaints or allegations received. It is expected that in the majority of instances compliance with workplace relations laws will be achieved voluntarily and will be assisted by targeted and industry specific auditing activities. Litigation activities are used when and as required, particularly in cases where breaches have significant consequences, when they affect a vulnerable group or when a person does not acknowledge that the problem requires rectification.

The Fair Work Ombudsman makes public statements about its enforcement activities to educate and ensure it has the trust of the Australian community and to foster general deterrence.

#### Outcome 1 Budgeted Expenses and Resources

Table 2.1 provides an overview of the total expenses for Outcome 1, by program.

Table 2.1: Budgeted Expenses and Resources for Outcome 1



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#### Contributions to Outcome 1

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| Program 1: Education Services and Compliance Activities |

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| Program objectiveTo educate employers, employees, organisations and contractors about the workplace relations system and to ensure compliance with workplace laws. |
| Linked to:* The Fair Work Ombudsman and Fair Work Australia were created under the *Fair Work Act 2009.* The Fair Work Ombudsman and Fair Work Australia develop cooperative approaches to the delivery of services to employees, employers and organisations.
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Program 1 expenses



Program 1 deliverables

The deliverables of the Fair Work Ombudsman are to:

* provide information, advice and education on the requirements and flexibilities of workplace laws to foster voluntary compliance
* investigate claims regarding alleged breaches of workplace laws and undertake targeted activities
* litigate, where necessary, to enforce compliance with workplace laws.



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| Program 1 Key Performance IndicatorsThe Key Performance Indicators for the Fair Work Ombudsman are outlined in the following table and cover the key activities of education, advice and information services and investigations. |



## Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2012-13. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and Government indigenous expenditure.

### 3.1 Explanatory tables

#### 3.1.1 Movement of administered funds between years

The Fair Work Ombudsman has no administered funds appropriations. For this reason Table 3.1.1 is not presented.

#### 3.1.2 Special Accounts

Table 3.1.2: Estimates of Special Account Flows and Balances



#### 3.1.3 Australian Government Indigenous Expenditure

The Fair Work Ombudsman has no specific indigenous expenses. For this reason Table 3.1.3 is not presented.

### 3.2 Budgeted financial statements

#### 3.2.1 Differences in agency resourcing and financial statements

The Agency Resource Statement (Table 1.1) details the total appropriation available to an agency from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at Budget. As agencies incur and are funded for future liabilities and employee entitlements, the total amount of departmental operating appropriation available to an agency is unlikely to be fully utilised in the Budget year. The difference between the Agency Resource Statement and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2012-13 Budget year, including amounts related to meeting future employee entitlement obligations.

#### 3.2.2 Analysis of budgeted financial statements

The Fair Work Ombudsman is budgeting for an operating loss of $10.6 million in 2012-13.

Total revenues are estimated to be $126.0 million and total expenses $136.6 million.

Total assets at the end of the 2012-13 financial year are estimated to be $102.0 million. The majority of the assets represent property fit outs and receivables (appropriations receivable). Asset acquisitions are planned in Information Technology equipment and systems and on office accommodation fit outs.

Total liabilities for 2012-13 are estimated at $40.4 million. The largest liability item is accrued employee entitlements.

#### 3.2.3 Budgeted financial statements tables

Table 3.2.1: Comprehensive Income Statement (Showing Net Cost of Services)
(for the period ended 30 June)



Prepared on Australian Accounting Standards basis.

Table 3.2.2: Budgeted Departmental Balance Sheet (as at 30 June)



\*'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental Statement of Changes in Equity — summary of movement (Budget year 2012-13)



Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted Departmental Statement of Cash Flows
(for the period ended 30 June)



Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental Capital Budget Statement



Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of Asset Movements (2012-13)



 Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of Budgeted Income and Expenses Administered on behalf of Government (for the period ended 30 June)



Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of Budgeted Assets and Liabilities Administered on behalf of Government (as at 30 June)



Prepared on Australian Accounting Standards basis.**Table 3.2.9: Schedule of Budgeted Administered Cash Flows
(for the period ended 30 June)**



Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of Asset Movements - Administered

The Fair Work Ombudsman has no administered assets.

#### 3.2.4 Notes to the financial statements

#### Accounting Policy

The budgeted financial statements have been prepared in accordance with the requirements of the Finance Minister’s Orders issued by the Minister for Finance and Deregulation.

The statements have been prepared:

* on an accrual accounting basis
* in compliance with Australian Accounting Standards and Australian Equivalents to International Financial Reporting Standards (AEIFRS) and other authoritative pronouncements of the Australian Accounting Standards Board and the Consensus Views of the Urgent Issues Group.

#### Agency Revenue from Government

Revenue from Government represents the purchase of outputs from the Fair Work Ombudsman by the Government.

#### Agency Revenue - Own Source Income

Revenue from the sale of goods and services is recognised upon the delivery of the goods or services to customers.

#### Agency Expenses – Employee Benefits

This item represents payments made and net increases or decreases in entitlements owed to employees for their services provided in the financial year.

#### Agency Expenses – Suppliers

This item represents payments to suppliers for goods and services.

#### Agency Expenses – Depreciation and Amortisation

Property, plant, equipment and intangible assets are written-off to their estimated residual values over their estimated useful lives to the Fair Work Ombudsman using, in all cases, the straight-line method of depreciation.

Computing equipment assets are depreciated over their useful lives which are between three and seven years. Office machines are depreciated over five years (20 per cent). Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Forward estimates of depreciation expense are made using forecasts of net capital acquisition requirements over the forward years.

#### Agency Assets – Financial Assets – Cash

Cash represents notes and coins held and deposits at call with a bank or financial institution.

#### Agency Assets – Financial Assets – Receivables

Receivables represent amounts owing to the Fair Work Ombudsman for goods and services it has provided to external parties and cash reserves held in the Official Public Account.

#### Agency Assets – Non-Financial Assets

These items represent future economic benefits that the Fair Work Ombudsman will consume in producing outputs. Apart from re-valued assets, the reported value represents the purchase price paid less depreciation incurred to date in using that asset.

Infrastructure, plant and equipment is initially brought to account at cost, except for purchases costing less than $2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Internally developed or purchased computer software, disclosed in the Departmental Balance Sheet as intangibles, is expensed in the year of acquisition except for purchased software costing more than $2,000 or for internally developed software costing more than $200,000 which are capitalised at cost.

Land and buildings (leasehold improvements) are initially brought to account at cost, except for purchases costing less than $2,000, which are expensed in the year of acquisition. The Fair Work Ombudsman annually reassesses and adjusts the values of land and buildings (leasehold improvements), infrastructure, plant and equipment.

#### Agency Liabilities – Provisions – Employees

Provision has been made for the Fair Work Ombudsman’s liability for employee entitlements arising from services rendered by employees to balance date. This liability encompasses unpaid wages and salaries, annual and long service leave. No provision is made for sick leave.

The liability for leave expected to be settled within 12 months has been measured at the nominal amount.

Other employee entitlements payable later than one year have been estimated at the present value of the expected future cash outflows in relation to those entitlements. Attrition rates and pay rises through promotion and wage/salary agreements have been taken into account in calculating the provision for employee entitlements.

#### Agency Liabilities – Payables – Suppliers

This item mainly comprises trade creditors and operating lease rentals.

#### Administered Non-Taxation Revenue – Other Sources

This revenue comprises court awarded penalties relating to breaches of *the Fair Work Act 2009* and other relevant legislation. The penalties are administered by the Fair Work Ombudsman on behalf of Government.

#### Administered Assets – Financial Assets – Receivables

These assets comprise receivables relating to court awarded penalties for breaches of the *Fair Work Act 2009* and other relevant legislation. The penalties are administered by the Fair Work Ombudsman on behalf of Government.

#### Administered Cash Flows

These cash flows relate to court awarded penalties for breaches of the *Fair Work Act 2009* and other relevant legislation. The penalties are administered by the Fair Work Ombudsman on behalf of Government and are paid directly into the Consolidated Revenue Fund.