

Office of the Fair Work Building Industry Inspectorate

**Entity resources and planned
performance**

OFFICE OF THE FAIR WORK BUILDING INDUSTRY INSPECTORATE

Section 1: Entity overview and resources	185
1.1 Strategic direction statement	185
1.2 Entity resource statement	186
1.3 Budget measures	188
Section 2: Outcomes and planned performance.....	189
2.1 Outcomes and performance information	189
Section 3: Explanatory tables and budgeted financial statements.....	193
3.1 Explanatory tables.....	193
3.2 Budgeted financial statements.....	193

OFFICE OF THE FAIR WORK BUILDING INDUSTRY INSPECTORATE

Section 1: Entity overview and resources

1.2 STRATEGIC DIRECTION STATEMENT

The Office of the Fair Work Building Industry Inspectorate (FWBII) was established by the *Fair Work (Building Industry) Act 2012* on 1 June 2012. FWBII began operations on 1 June 2012. It operates under the name Fair Work Building and Construction.

In respect of the building and construction industry, FWBII is primarily responsible for:

- the provision of education, assistance and advice to industry participants regarding their rights and obligations
- inquiring into and investigating alleged breaches of relevant workplace laws
- commencing civil penalty litigation, or making submissions to the Fair Work Commission, to enforce compliance by industry participants
- and referring matters to relevant authorities where appropriate including in relation to:
 - *Fair Work (Building Industry) Act 2012*
 - *Fair Work Act 2009, the Fair Work (Transitional Provisions and Consequential Amendments) Act 2009 and the Independent Contractors Act 2006*
 - safety net entitlements
 - awards, agreements and court and tribunal orders
 - the Building Code
 - *Competition and Consumer Act 2010*
 - allegations of criminal conduct.

During 2015–16, FWBII plans to achieve the following outcomes:

- enforce workplace relations laws in the building and construction industry and ensure compliance with those laws by all participants in the building and construction industry through the provision of education, assistance and advice and where necessary, civil penalty litigation in the courts
- ensure compliance with building codes of practice through the provision of education, assistance and advice.

1.2 ENTITY RESOURCE STATEMENT

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

Table 1.1: Office of the Fair Work Building Industry Inspectorate resource statement—Budget estimates for 2015–16 as at Budget May 2015

	<i>Actual Available Appropriation 2014–15</i>	Estimate of prior year amounts available in 2015–16	Proposed at 2015–16 Budget	Total 2015–16 estimate
	\$'000	\$'000	\$'000	\$'000
Ordinary annual services¹				
Departmental appropriation				
Prior year appropriations ²	48,419	47,635	-	47,635
Departmental appropriation ³	14,986	-	35,160	35,160
s74 Retained revenue receipts ⁴	44	-	51	51
Total	63,449	47,635	35,211	82,846
Total ordinary annual services [A]	63,449	47,635	35,211	82,846
Other services⁵				
Departmental non-operating				
Equity injections	-	-	-	-
Total	-	-	-	-
Total other services [B]	-	-	-	-
Total available annual appropriations [A+B]	63,449	47,635	35,211	82,846

Table 1.1: Office of the Fair Work Building Industry Inspectorate resource statement—Budget estimates for 2015–16 as at Budget May 2015 (continued)

	<i>Actual Available Appropriation 2014–15</i>	<i>Estimate of prior year amounts available in 2015–16</i>	<i>Proposed at 2015–16 Budget</i>	<i>Total 2015–16 estimate</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Special appropriations	-	-	-	-
Total special appropriations [C]	-	-	-	-
Total appropriations excluding special accounts	63,449	47,635	35,211	82,846
Special accounts	-	-	-	-
Total special accounts [D]	-	-	-	-
Total resourcing [A+B+C+D]	63,449	47,635	35,211	82,846
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	-	-	-
and/or payments to corporate entities through annual appropriations	-	-	-	-
Total net resourcing for the Office of the Fair Work Building Industry Inspectorate	63,449	47,635	35,211	82,846

¹ Appropriation Bill (No.1) 2015–16.

² Estimated adjusted balance carried forward from previous year.

³ Includes an amount of \$1.601 m in 2015–16 for the Departmental Capital Budget (refer to Table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

⁴ Estimated Retained revenue receipts under section 74 of the PGPA Act.

⁵ Appropriation Bill (No.2) 2015–16.

Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

Budget measures relating to the Office of the Fair Work Building Industry Inspectorate are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Office of the Fair Work Building Industry Inspectorate 2015–16 Budget measures

Part 2: MYEFO measures not previously reported in a portfolio statement

		2014–15	2015–16	2016–17	2017–18	2018–19
Programme		\$'000	\$'000	\$'000	\$'000	\$'000
Measures						
Communications and Public Affairs	1.1					
Savings						
Departmental expenses		(7)	(14)	(14)	(14)	(14)
Total		(7)	(14)	(14)	(14)	(14)
Total measures						
Departmental		(7)	(14)	(14)	(14)	(14)
Total		(7)	(14)	(14)	(14)	(14)

Prepared on a Government Financial Statistics (fiscal) basis.

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. Commonwealth programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programmes, specifying the performance indicators and targets used to assess and monitor the performance of the Fair Work Building Industry Inspectorate in achieving government outcomes.

Outcome 1: Enforce workplace relations laws in the building and construction industry and ensure compliance with those laws by all participants in the building and construction industry through the provision of education, assistance and advice.

Outcome 1 Strategy

Key strategies towards achieving FWBII's outcome in 2015–16 are to:

- provide ready access to information on relevant workplace laws and codes of practice
- provide education, assistance and advice to industry participants
- conduct site visits, inspections and audits involving the building codes of practice
- conduct investigations into alleged breaches of workplace laws
- undertake enforcement action, including civil penalty litigation.

Outcome 1 Budgeted Expenses

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

Table 2.1: Budgeted Expenses for Outcome 1

Outcome 1: Enforce workplace relations laws in the building and construction industry and ensure compliance with those laws by all participants in the building and construction industry through the provision of education, assistance and advice.	2014–15 Estimated actual expenses \$'000	2015–16 Estimated expenses \$'000
Programme 1.1: Education Services and Compliance		
Departmental expenses		
Departmental appropriation ¹	14,590	33,606
Expenses not requiring appropriation in the Budget year ²	785	402
Total for programme 1.1	15,375	34,008
Outcome 1 Totals by appropriation type		
Departmental expenses		
Departmental appropriation ¹	14,590	33,606
Expenses not requiring appropriation in the Budget year ²	785	402
Total expenses for Outcome 1	15,375	34,008
	2014–15	2015–16
Average staffing level (number)	139	155

¹ Departmental appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s 74)'.

² Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, and audit fees.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change

Contributions to Outcome 1

Programme 1.1: Education Services and Compliance Activities

Programme objective

Enforce workplace relations laws in the building and construction industry and ensure compliance with those laws by all participants in the building and construction industry through the provision of education, assistance and advice and where necessary civil penalty litigation in the courts.

Table 2.1.1 Programme expenses

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forw ard estimate \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000
Annual departmental expenses:					
Departmental item	14,590	33,606	33,556	33,805	34,142
Expenses not requiring appropriation in the Budget year ¹	785	402	1,081	1,251	1,159
Total programme expenses	15,375	34,008	34,637	35,056	35,301

¹ Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, and audit fees.

Programme 1.1 Deliverables

The deliverables of the FWBII are to:

- provide information, advice and education on workplace laws to foster voluntary compliance
- conduct site visits, inspections and audits involving the building codes of practice
- investigate claims regarding alleged breaches of workplace laws and undertake targeted activities
- litigate, where necessary, to enforce compliance with workplace laws.

Table 2.1.1.A Programme 1.1 Deliverables

Deliverables	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forw ard estimate \$'000	2016–17 Forw ard estimate \$'000	2016–17 Forw ard estimate \$'000
Education, investigation, provision of advice and information services	15,375	34,008	34,637	35,056	35,301

Programme 1.1 Key performance indicators

The key performance indicators for the FWBII are outlined in the following table and cover the key activities of education, advice and information services and investigations.

Table 2.1.1.B Programme 1.1 Key performance indicators

Quality	2015–16 target
Level of satisfaction of clients with quality and timeliness of advice and assistance provided by FWBII.	75% of surveyed clients satisfied or highly satisfied
Timeliness in commencing proceedings over contraventions of the <i>Fair Work Act 2009</i> , the <i>Independent Contractors Act 2006</i> , the <i>Fair Work (Building Industry) Act 2012</i> , agreements, awards and orders.	File 75% of matters in court within 12 months of the complaint being lodged
Level of satisfaction of a range of industry participants with contact aimed at promoting appropriate standards of conduct.	75% of surveyed industry participants satisfied or highly satisfied

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015–16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme 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 Building Industry Inspectorate has no administered funds appropriations. For this reason Table 3.1.1 is not presented.

3.1.2 Special Accounts

The Fair Work Building Industry Inspectorate has no special accounts. For this reason Table 3.1.2 is not presented.

3.1.3 Australian Government Indigenous expenditure

The Fair Work Building Industry Inspectorate has no Australian Government Indigenous expenditure. 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 2015–16 Budget year, including amounts related to meeting future employee entitlement obligations.

3.2.2 Analysis of budgeted financial statements

The Fair Work Building Industry Inspectorate is budgeting for an operating loss equal to the unappropriated depreciation and amortisation expense of \$0.3 million for the 2015–16 financial year.

FWBII Budget Statements 2015-16

Total revenues are estimated to be \$33.6 million and total expenses \$34.0 million.

Total assets at the end of the 2015-16 financial year are estimated to be \$51.1 million. The majority of the assets represent receivables (appropriations receivable) and property fit outs. Asset acquisitions are planned in Information Technology equipment and systems and on office accommodation fit outs.

Total liabilities for 2015-16 are estimated at \$6 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

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forw ard estimate \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000
EXPENSES					
Employee benefits	8,612	19,139	19,704	19,994	19,925
Suppliers	6,034	14,523	13,908	13,867	14,273
Depreciation and amortisation	729	346	1,025	1,195	1,103
Total expenses	15,375	34,008	34,637	35,056	35,301
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Other	46	47	49	49	50
Total own-source revenue	46	47	49	49	50
Gains					
Other	56	56	56	56	56
Total gains	56	56	56	56	56
Total own-source income	102	103	105	105	106
Net cost of/(contribution by) services	15,273	33,905	34,532	34,951	35,195
Revenue from Government	14,544	33,559	33,507	33,756	34,092
Surplus/(deficit) attributable to the Australian Government	(729)	(346)	(1,025)	(1,195)	(1,103)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	(729)	(346)	(1,025)	(1,195)	(1,103)
Total comprehensive income/(loss) attributable to the Australian Government	(729)	(346)	(1,025)	(1,195)	(1,103)

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)

Note: Impact of net cash appropriation arrangements

	2014–15 \$'000	2015–16 \$'000	2016–17 \$'000	2017–18 \$'000	2018–19 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations ¹	729	346	1,025	1,195	1,103
Total comprehensive income/(loss) - as per the statement of comprehensive income	(729)	(346)	(1,025)	(1,195)	(1,103)

¹ From 2010–11, the government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.2.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forw ard estimate \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	259	341	341	341	341
Trade and other receivables	47,997	44,168	44,520	44,702	44,604
Total financial assets	48,256	44,509	44,861	45,043	44,945
Non-financial assets					
Land and buildings	346	4,750	4,120	3,577	2,847
Property, plant and equipment	538	568	428	322	727
Intangibles	685	655	498	223	-
Other non-financial assets	614	614	614	614	614
Total non-financial assets	2,183	6,587	5,660	4,736	4,188
Total assets	50,439	51,096	50,521	49,779	49,133
LIABILITIES					
Payables					
Suppliers	1,543	1,528	1,528	1,528	1,528
Other payables	1,609	1,026	1,026	1,026	1,026
Total payables	3,152	2,554	2,554	2,554	2,554
Provisions					
Employee provisions	3,495	3,495	3,495	3,495	3,495
Total provisions	3,495	3,495	3,495	3,495	3,495
Total liabilities	6,647	6,049	6,049	6,049	6,049
Net assets	43,792	45,047	44,472	43,730	43,084

**Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)
(continued)**

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forw ard estimate \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000
EQUITY*					
Parent entity interest					
Contributed equity	5,178	6,779	7,229	7,682	8,139
Retained surplus (accumulated deficit)	38,614	38,268	37,243	36,048	34,945
Total parent entity interest	43,792	45,047	44,472	43,730	43,084
Total Equity	43,792	45,047	44,472	43,730	43,084

* '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 2015–16)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2015					
Balance carried forward from previous period	38,614	-	-	5,178	43,792
Adjusted opening balance	38,614	-	-	5,178	43,792
Comprehensive income					
Surplus/(deficit) for the period	(346)	-	-	-	(346)
Total comprehensive income	(346)	-	-	-	(346)
of which:					
Attributable to the Australian Government	(346)	-	-	-	(346)
Transactions with owners					
Contributions by owners					
Departmental Capital Budget (DCB)	-	-	-	1,601	1,601
Sub-total transactions with owners	-	-	-	1,601	1,601
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2016	38,268	-	-	6,779	45,047
Less: non-controlling interests	-	-	-	-	-
Closing balance attributable to the Australian Government	38,268	-	-	6,779	45,047

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forw ard estimate \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	15,394	32,444	33,155	33,574	34,190
Other	8	10	49	49	50
Total cash received	15,402	32,454	33,204	33,623	34,240
Cash used					
Employees	7,745	18,890	19,704	19,994	19,925
Suppliers	6,804	11,168	13,852	13,811	14,217
Total cash used	14,549	30,058	33,556	33,805	34,142
Net cash from/(used by) operating activities	853	2,396	(352)	(182)	98
INVESTING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	1,314	4,750	98	271	555
Total cash used	1,314	4,750	98	271	555
Net cash from/(used by) investing activities	(1,314)	(4,750)	(98)	(271)	(555)

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June) (continued)

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forw ard estimate \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000
FINANCING ACTIVITIES					
Cash received					
Contributed equity	463	2,436	450	453	457
Total cash received	463	2,436	450	453	457
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from/(used by) financing activities	463	2,436	450	453	457
Net increase/(decrease) in cash held	2	82	-	-	-
Cash and cash equivalents at the beginning of the reporting period	257	259	341	341	341
Cash and cash equivalents at the end of the reporting period	259	341	341	341	341

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement (for the period ended 30 June)

	2014–15 Estimated actual \$'000	2015–16 Budget \$'000	2016–17 Forw ard estimate \$'000	2017–18 Forw ard estimate \$'000	2018–19 Forw ard estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	442	1,601	450	453	457
Total new capital appropriations	442	1,601	450	453	457
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	442	1,601	450	453	457
Total Items	442	1,601	450	453	457
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB ¹	1,314	836	98	271	555
Funded internally from departmental resources ²	-	3,914	-	-	-
TOTAL	1,314	4,750	98	271	555
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,314	4,750	98	271	555
Total cash used to acquire assets	1,314	4,750	98	271	555

¹ Does not include annual finance lease costs. Include purchase from current and previous years' Departmental Capital Budgets (DCBs).

² Includes the following sources of funding:

- current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB).
- donations and contributions
- gifts
- internally developed assets
- s74 relevant agency receipts
- proceeds from the sale of assets

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements (Budget year 2015–16)

	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2015				
Gross book value	7,769	1,189	1,494	10,452
depreciation/amortisation and impairment	(7,423)	(651)	(809)	(8,883)
Opening net book balance	346	538	685	1,569
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity ¹	4,640	110	-	4,750
Total additions	4,640	110	-	4,750
Other movements				
Depreciation/amortisation expense	(236)	(80)	(30)	(346)
Total other movements	(236)	(80)	(30)	(346)
As at 30 June 2016				
Gross book value	12,409	1,299	1,494	15,202
Accumulated depreciation/amortisation and impairment	(7,659)	(731)	(839)	(9,229)
Closing net book balance	4,750	568	655	5,973

¹ "Appropriation equity" refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2015-16, including CDABs.

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)

The FWBII has no budgeted administered income or expenses. For this reason Table 3.2.7 is not presented.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

The FWBII has no budgeted administered assets or liabilities. For this reason Table 3.2.8 is not presented.

Table 3.2.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

The FWBII has no budgeted administered cash flows. For this reason Table 3.2.9 is not presented.

Table 3.2.10: Administered capital budget statement (for the period ended 30 June)

The FWBII has no administered capital budget. For this reason Table 3.2.10 is not presented.

Table 3.2.11: Statement of administered asset movements (Budget year 2015–16)

The FWBII has no administered non-financial assets. For this reason Table 3.2.11 is not presented.

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.

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 FWBII 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 FWBII using the straight-line method of depreciation. Forward estimates of depreciation expenses are made using forecasts of net capital acquisitions 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 FWBII for cash reserves held in the Official Public Account and prepayments.

Agency Assets – Non-Financial Assets

These items represent future economic benefits that the FWBII will consume in producing outputs.

Property, plant and equipment and intangibles are brought to account at cost, except for purchases costing less than \$50,000 for internally developed computer software, less than \$20,000 for leasehold improvements and less than \$2000 for all other classes, 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).

Following initial recognition at cost property, plant and equipment are carried at fair value less accumulated depreciation. Valuations are conducted with sufficient frequency to ensure that the carrying amount does not differ materially from the assets' fair values at reporting date.

Agency Liabilities – Provisions – Employees

Provision has been made for the FWBII'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.

Employee entitlements payable are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. Liabilities expected to be settled within twelve months are measured at the nominal amount.

Agency Liabilities – Payables – Suppliers

Suppliers and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).