Office of the Fair Work Building Industry Inspectorate

Entity resources and planned performance

Office of the Fair Work Building Industry Inspectorate

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# Office of the Fair Work Building Industry Inspectorate

## Section 1: Entity overview and resources

### 1.1 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 commenced 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
* referring matters to relevant authorities where appropriate 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 2016–17, 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 funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the government or the public) and departmental (for the entity’s operations) classification.

For more detailed information please refer to *Budget Paper No. 4—Agency Resourcing*.

Information in this table is presented on a resourcing (i.e. appropriations/cash available) basis, whilst the ‘Budgeted expenses by Outcome 1’ tables in Section  2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Office of the Fair Work Building Industry Inspectorate resource statement—Budget estimates for 2016–17 as at Budget May 2016



Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive—these may not match figures in the cash flow statement.

1. Appropriation Bill (No.1) 2016–17.
2. Excludes $19.32m subject to quarantine by Finance or withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).
3. Estimated retained revenue receipts under section 74 of the PGPA Act.
4. Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner’.
5. Appropriation Bill (No.2) 2016–17.

### 1.3 Budget measures

Budget measures in Part 1 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: Entity 2016–17 Budget measures

Part 1: Measures announced since the 2015–16 Mid-Year Economic and Fiscal Outlook (MYEFO)

The Office of the Fair Work Building Industry Inspectorate does not have any new measures since the 2015–16 MYEFO. For this reason Part 1 of Table 1.2 is not presented.

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



1. This measure was first published in the 2015–16 Budget.
2. This measure was first published in the 2015–16 Mid-Year Economic and Fiscal Outlook.

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities 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. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the enhanced commonwealth performance framework. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity’s corporate plans and annual performance statements—included in Annual Reports from October 2016—to provide an entity’s complete performance story.

### 2.1 Budgeted expenses and performance 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. |

##### Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1.1: Budgeted expenses for Outcome 1



1. Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.
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.

##### Table 2.1.2: Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2016–17 Budget measures have created new programs or materially changed existing programs.

| **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.** |
| --- |
| **Program 1.1—Education Services and Compliance Activities—**to educate employers, employees, organisations and contractors about the workplace relations system and to ensure compliance with workplace laws. |
| **Purpose** | FWBII enforces workplace relations laws in the building and construction industry through the provision of education, assistance and advice, and where necessary, civil penalty litigation in the courts.This is in accordance with the Fair Work (Building Industry) Act 2012 (FWBI Act), Fair Work Act 2009 (FW Act) and the Independent Contractors Act 2006. In addition, FWBII ensures compliance with the Building Code 2013 (Building Code).Our vision is that all Australian building and construction workplaces are productive and harmonious.Our mission is to ensure that the rule of law prevails in the Australian building and construction industry. |
| **Delivery** | 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.Conduct site visits, inspections and audits involving the building codes of practice.Litigate, where necessary, to enforce compliance with workplace laws. |
| **Performance information** |
| **Year** | **Performance criteria** | **Targets** |
| 2015–16 | Level of satisfaction of clients with quality and timeliness of advice and assistance provided by FWBII | 75% of surveyed clients satisfied or highly satisfiedAssessment: target is expected to be met in 2015–16 |
|  | Timeliness in commencing proceedings over contraventions of the *Fair Work Act 2009*, the Independent Contractors Act 2006, the *Fair Work (Building Industry) Act 2012*, agreements, awards and orders | File 75% of matters in court within 12 months of the complaint being lodgedAssessment: target is not expected to be met in 2015–16 |
|  | 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 satisfiedAssessment: target is expected to be met in 2015–16 |
| 2016–17 | Enforcement and Compliance: Ensure compliance with workplace laws and the Building Code 2013: |  |
|  | * Legal proceedings in court within 12 months of complaint being lodged
 | 75% |
|  | * Percentage of clients who are satisfied or highly satisfied with the quality and timeliness of advice and assistance provided
 | 75% |
|  | * Compliance activities to improve compliance with the Building Code 2013
 | 300 |
|  | Stakeholders: Engagement to promote high levels of compliance among stakeholders |  |
|  | * Formal presentations delivered to stakeholders
 | 125 |
|  | * Stakeholders: Engagement to promote high levels of compliance among stakeholders—percentage surveyed industry participants satisfied or highly satisfied with contact by FWBII aimed at promoting appropriate standards of conduct.
 | 75% |
| 2017–18 and beyond | As per 2016–17 | As per 2016–17 |
| **Material changes to Program 1.1 resulting from the following measures:**Nil |

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2016–17 budget year, including the impact of budget measures and resourcing on financial statements.

### 3.1 Budgeted financial statements

#### 3.1.1 Differences between entity 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 2016–17 Budget year, including amounts related to meeting future employee entitlement obligations.

#### 3.1.2 Explanatory notes and 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 $1.1  million for the 2016–17 financial year.

Total revenues are estimated to be $33.4 million and total expenses $34.5 million.

Total assets at the end of the 2016–17 financial year are estimated to be $49.7 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 2016–17 are estimated at $5.8 million. The largest liability item is accrued employee entitlements.

### 3.2.1 Budgeted financial statements tables

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June



Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)

Note: Impact of net cash appropriation arrangements



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 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

Table 3.2: 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 3.3: Departmental statement of changes in equity—summary of movement (Budget year 2016–17)



Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)



Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)



1. Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.
2. Does not include annual finance lease costs. Includes purchases from current and previous years’ Departmental capital budgets (DCBs).
3. Includes the following sources of funding:
* current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB);
* internally developed assets;
* s 74 Retained revenue receipts; and
* proceeds from the sale of assets.

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2016–17)



1. Appropriation equity refers to Appropriation Bill (No. 1) 2015–16 for depreciation/amortisation expenses, DCBs or other operational expenses and equity injections appropriations provided through Appropriation Bill (No. 2) 2015–16, including CDABs.

Prepared on Australian Accounting Standards basis.

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

The Fair Work Building Industry Inspectorate has no budgeted administered income or expenses. For this reason Table 3.7 is not presented.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

The Fair Work Building Industry Inspectorate has no budgeted administered assets or liabilities. For this reason Table 3.8 is not presented.

Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

The Fair Work Building Industry Inspectorate has no budgeted administered cash flows. For this reason Table 3.9 is not presented.

Table 3.10: Administered capital budget statement (for the period ended 30  June)

The Fair Work Building Industry Inspectorate has no administered capital budget. For this reason Table 3.10 is not presented.

Table 3.11: Statement of administered asset movements (Budget year
2016–17)

The Fair Work Building Industry Inspectorate has no administered non-financial assets. For this reason Table 3.11 is not presented.