

**AUSTRALIAN BUILDING AND
CONSTRUCTION COMMISSION**

**ENTITY RESOURCES AND PLANNED
PERFORMANCE**

AUSTRALIAN BUILDING AND CONSTRUCTION COMMISSION

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AUSTRALIAN BUILDING AND CONSTRUCTION COMMISSION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Building and Construction Commission (ABCC) was re-established by the *Building and Construction Industry (Improving Productivity) Act 2016* (BCIIP Act). The ABCC commenced operations on 2 December 2016, transitioning from its predecessor agency, the Office of the Fair Work Building Industry Inspectorate, known as Fair Work Building and Construction.

The ABCC's main objective is to impartially contribute to an improved workplace relations framework for building work to ensure that building work is carried out fairly, efficiently and productively.

In accordance with its responsibilities under the BCIIP Act, the ABCC:

- 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, and
- ensures compliance with Commonwealth Building Codes by educating the industry, monitoring compliance, and where appropriate, seeking rectification by, or sanctions against, non-compliant contractors.

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 on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

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

Table 1.1: Australian Building and Construction Commission resource statement—Budget estimates for 2018–19 as at Budget, May 2018

	<i>2017–18 Estimated actual \$'000</i>	2018–19 Estimate \$'000
Departmental		
Annual appropriations—ordinary annual services (a)		
Prior year appropriations available	41,817	41,206
Departmental appropriation (b)	32,412	32,280
s74 Retained revenue receipts (c)	370	370
Departmental Capital Budget (d)	441	441
Total departmental annual appropriations	75,040	74,297
Total departmental resourcing	75,040	74,297
Total resourcing for Australian Building and Construction Commission	75,040	74,297
	<i>2017–18</i>	2018–19
Average staffing level (number)	155	155

Prepared on a resourcing (that is, appropriations available) basis.

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

- (a) Appropriation Bill (No.1) 2018–19.
- (b) Excludes Departmental Capital Budget (DCB).
- (c) Estimated retained revenue receipts under section 74 of the PGPA Act.
- (d) DCBs 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'.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Australian Building and Construction Commission are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Entity 2018–19 Budget measures
Part 1: Measures announced since the 2017–18 Mid-Year Economic and Fiscal Outlook (MYEFO)

	Program	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000	2021–22 \$'000
Expense measures						
Commonwealth Ombudsman — additional funding (a)	1.1					
Administered expenses		-	-	-	-	-
Departmental expenses		(110)	(110)	(110)	(110)	(110)
Total		(110)	(110)	(110)	(110)	(110)
Total expense measures						
Administered		-	-	-	-	-
Departmental		(110)	(110)	(110)	(110)	(110)
Total		(110)	(110)	(110)	(110)	(110)

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.

(a) The lead entity for this measure is the Department of the Prime Minister and Cabinet. The full measure description and package details appear in *Budget Paper No. 2* under the Prime Minister and Cabinet portfolio.

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

The Australian Building and Construction Commission have no other measures not previously reported in a portfolio statement. For this reason, Part 2 of Table 1.2 is not presented.

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:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. 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 – to provide an entity's complete performance story.

The most recent corporate plan for Australian Building and Construction Commission can be found at: www.abcc.gov.au/about/accountability-and-reporting/corporate-plan-2016-17.

The most recent annual performance statement can be found at: <https://www.abcc.gov.au/about/accountability-and-reporting/annual-report-series/abcc-annual-report-2016-17>.

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

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.					
	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
Program 1.1: Education Services and Compliance Activities					
Departmental expenses					
Departmental appropriation	32,412	32,280	32,293	33,026	33,807
s74 Retained revenue receipts (a)	370	370	370	370	370
Expenses not requiring appropriation in the Budget year (b)	1,372	1,334	1,452	1,479	1,479
Departmental total	34,154	33,984	34,115	34,875	35,656
Total expenses for Program 1.1	34,154	33,984	34,115	34,875	35,656
Outcome 1 Totals by appropriation type					
Departmental expenses					
Departmental appropriation	32,412	32,280	32,293	33,026	33,807
s74 Retained revenue receipts (a)	370	370	370	370	370
Expenses not requiring appropriation in the Budget year (b)	1,372	1,334	1,452	1,479	1,479
Departmental total	34,154	33,984	34,115	34,875	35,656
Total expenses for Outcome 1	34,154	33,984	34,115	34,875	35,656
	2017–18	2018–19			
Average staffing level (number)	155	155			

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

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, make good 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 2018–19 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, compliance and enforcement		
To educate building industry participants in order to promote compliance with workplace laws.		
Purpose	<p>In accordance with its responsibilities under the Building and Construction Industry (Improving Productivity) Act 2016, the ABCC:</p> <ol style="list-style-type: none"> 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, and ensures compliance with Building Codes by educating the industry, monitoring compliance, and where appropriate, seeking rectification by, or sanctions against, non-compliant contractors. 	
Delivery	<ul style="list-style-type: none"> Provide education, assistance and advice to building industry participants. Conduct inspections and audits involving Building Codes, and where appropriate, seek rectification by or sanctions against non-compliant contractors. Investigate claims regarding alleged breaches of workplace laws and undertake targeted activities, and where necessary, litigate to enforce compliance with workplace laws. 	
Performance information		
Year	Performance criteria	Targets
2017–18	Surveyed stakeholders are satisfied or highly satisfied with the quality and timeliness of advice and assistance provided	75% Assessment: On track
	Number of formal presentations delivered to stakeholders	150 Assessment: On track
	Surveyed stakeholders indicate that presentations, advice and/or materials provided by ABCC have improved their understanding of workplace rights and responsibilities	75% Assessment: On track
	Compliance activities to improve compliance with the Building Codes	300 Assessment: On track
	Legal proceedings in court within 12 months of complaint being initiated	75% Assessment: On track

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, compliance and enforcement		
To educate building industry participants in order to promote compliance with workplace laws.		
2018–19	Surveyed stakeholders are satisfied or highly satisfied with the quality and timeliness of advice and assistance provided	80%
	Number of formal presentations delivered to stakeholders	150
	Surveyed stakeholders indicate that tools and resources provided by ABCC have improved their understanding of workplace rights and responsibilities	75%
	Activities to improve compliance with designated building laws and the Building Codes	450
	Average time taken to commence civil penalty proceeding	<12 months
2019–20 and beyond	As per 2018–19	As per 2018–19
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 2018–19 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. 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 2018–19 Budget year, including amounts related to meeting future employee entitlement obligations.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The Australian Building and Construction Commission is budgeting for an operating loss equal to the unappropriated depreciation and amortisation expense of \$1.3 million for the 2018–19 financial year.

Total revenues are estimated to be \$32.7 million and total expenses \$34.0 million.

Total assets at the end of the 2018–19 financial year are estimated to be \$47.5 million. The majority of the assets represent receivables (appropriations receivable) and property fit outs. Asset acquisitions are planned in Information Technology equipment and systems.

Total liabilities for 2018–19 are estimated at \$6.8 million. The largest liability item is accrued employee entitlements.

3.2. BUDGETED FINANCIAL STATEMENTS TABLES

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

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
EXPENSES					
Employee benefits	18,637	18,936	19,079	19,237	19,750
Suppliers	14,180	13,749	13,619	14,194	14,462
Depreciation and amortisation (a)	1,337	1,299	1,417	1,444	1,444
Total expenses	34,154	33,984	34,115	34,875	35,656
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Other	405	405	405	405	405
Total own-source revenue	405	405	405	405	405
Total own-source income	405	405	405	405	405
Net (cost of)/contribution by services	(33,749)	(33,579)	(33,710)	(34,470)	(35,251)
Revenue from Government	32,412	32,280	32,293	33,026	33,807
Surplus/(deficit) attributable to the Australian Government	(1,337)	(1,299)	(1,417)	(1,444)	(1,444)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	(1,337)	(1,299)	(1,417)	(1,444)	(1,444)
Total comprehensive income/(loss) attributable to the Australian Government	(1,337)	(1,299)	(1,417)	(1,444)	(1,444)

Note: Impact of net cash appropriation arrangements

	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000	2021–22 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	1,337	1,299	1,417	1,444	1,444
Total comprehensive income/(loss)—as per the statement of comprehensive income	(1,337)	(1,299)	(1,417)	(1,444)	(1,444)

(a) 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)

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	154	154	154	154	154
Trade and other receivables	41,302	40,673	40,258	40,258	40,258
Total financial assets	41,456	40,827	40,412	40,412	40,412
Non-financial assets					
Land and buildings	5,603	4,498	3,819	2,569	1,319
Property, plant and equipment	239	679	660	873	1,089
Intangibles	753	1,189	1,325	1,361	1,397
Other non-financial assets	306	306	306	306	306
Total non-financial assets	6,901	6,672	6,110	5,109	4,111
Total assets	48,357	47,499	46,522	45,521	44,523
LIABILITIES					
Payables					
Suppliers	2,422	2,422	2,422	2,422	2,422
Other payables	630	630	630	630	630
Total payables	3,052	3,052	3,052	3,052	3,052
Provisions					
Employee provisions	3,657	3,657	3,657	3,657	3,657
Other provisions	69	69	69	69	69
Total provisions	3,726	3,726	3,726	3,726	3,726
Total liabilities	6,778	6,778	6,778	6,778	6,778
Net assets	41,579	40,721	39,744	38,743	37,745
EQUITY*					
Parent entity interest					
Contributed equity	5,523	5,964	6,404	6,847	7,293
Retained surplus (accumulated deficit)	36,056	34,757	33,340	31,896	30,452
Total parent entity interest	41,579	40,721	39,744	38,743	37,745
Total equity	41,579	40,721	39,744	38,743	37,745

*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 2018–19)**

	Retained earnings \$'000	Contributed equity/capital \$'000	Total equity \$'000
Opening balance as at 1 July 2018			
Balance carried forward from previous period	36,056	5,523	41,579
Adjusted opening balance	36,056	5,523	41,579
Comprehensive income			
Surplus/(deficit) for the period	(1,299)	-	(1,299)
Total comprehensive income	(1,299)	-	(1,299)
of which:			
Attributable to the Australian Government	(1,299)	-	(1,299)
Transactions with owners			
Contributions by owners			
Departmental Capital Budget (DCB)	-	441	441
Sub-total transactions with owners	-	441	441
Estimated closing balance as at 30 June 2019	34,757	5,964	40,721
Less: non-controlling interests	-	-	-
Closing balance attributable to the Australian Government	34,757	5,964	40,721

Prepared on Australian Accounting Standards basis.

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

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	33,023	32,909	32,708	33,026	33,807
Other	370	370	370	370	370
Total cash received	33,393	33,279	33,078	33,396	34,177
Cash used					
Employees	18,637	18,936	19,079	19,237	19,750
Suppliers	14,145	13,714	13,584	14,159	14,427
Total cash used	32,782	32,650	32,663	33,396	34,177
Net cash from/(used by) operating activities	611	629	415	-	-
INVESTING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment and intangibles	1,052	1,070	855	443	446
Total cash used	1,052	1,070	855	443	446
Net cash from/(used by) investing activities	(1,052)	(1,070)	(855)	(443)	(446)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	441	441	440	443	446
Total cash received	441	441	440	443	446
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from/(used by) financing activities	441	441	440	443	446
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	154	154	154	154	154
Cash and cash equivalents at the end of the reporting period	154	154	154	154	154

Prepared on Australian Accounting Standards basis.

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

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget—Bill 1 (DCB)	441	441	440	443	446
Total new capital appropriations	441	441	440	443	446
<i>Provided for:</i>					
Purchase of non-financial assets	441	441	440	443	446
Total items	441	441	440	443	446
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation—DCB (a)	441	441	440	443	446
Funded internally from departmental resources (b)	611	629	415	-	-
TOTAL	1,052	1,070	855	443	446
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,052	1,070	855	443	446
Total cash used to acquire assets	1,052	1,070	855	443	446

(a) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental Capital Budgets (DCBs).

(b) Includes the following sources of funding:

- current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB), and
- s74 Retained revenue receipts.

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2018–19)

	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2018				
Gross book value	15,827	1,315	1,611	18,753
Accumulated depreciation/ amortisation and impairment	(10,224)	(1,076)	(858)	(12,158)
Opening net book balance	5,603	239	753	6,595
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase—appropriation equity (a)	-	570	500	1,070
Total additions	-	570	500	1,070
Other movements				
Depreciation/amortisation expense	(1,105)	(130)	(64)	(1,299)
Total other movements	(1,105)	(130)	(64)	(1,299)
As at 30 June 2019				
Gross book value	15,827	1,885	2,111	19,823
Accumulated depreciation/ amortisation and impairment	(11,329)	(1,206)	(922)	(13,457)
Closing net book balance	4,498	679	1,189	6,366

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2018–19.

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 Australian Building and Construction Commission has no income and expenses administered on behalf of government. 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 Australian Building and Construction Commission has no 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 Australian Building and Construction Commission has no 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 Australian Building and Construction Commission has no administered capital budget. For this reason, Table 3.10 is not presented.

Table 3.11: Statement of administered asset movements (Budget year 2018–19)

The Australian Building and Construction Commission has no administered non-financial assets. For this reason, Table 3.11 is not presented.