




Australian Government
**Department of Employment,
Skills, Small and Family Business**


Annual Report 2018 ▶ 19

2018 ▶ 19

SOME HIGHLIGHTS FROM THE PAST YEAR




has achieved more than
1.4 MILLION
job placements
since 2015



23 SMALL
BUSINESS
FAIRS



attended by **2,700**
small business owners



OVER
36,000
participants in **TRANSITION
TO WORK** have been placed
into a job since 2016



131
EMPLOYERS
now approved under
the **Seasonal Worker
Programme**

REGIONAL
EMPLOYMENT
TRIALS



\$10 MILLION
in grant funding invested
across 10 disadvantaged regions



Supported
delivery of the
**MIGRANT
WORKERS'
TASKFORCE**



INTERNATIONAL
**WOMEN'S
DAY** 08
MAR
Panel discussion event
hosted by GENIE about the
importance of gender
balance in the workplace



OVER **1,000**
PEOPLE
have commenced in the
**CAREER TRANSITION
ASSISTANCE** service
since July 2018




**FAIR ENTITLEMENTS
GUARANTEE**
continued to improve their
delivery by reducing processing
times for claimants



Australian Government

**Department of Employment,
Skills, Small and Family Business**



Annual Report
2018 ▶ 19

letter of transmittal



Australian Government
Department of Employment,
Skills, Small and Family Business

Senator the Hon Michaelia Cash
Minister for Employment, Skills, Small and Family Business
Parliament House
CANBERRA ACT 2600

Dear Minister

It is my pleasure to submit to you the Annual Report of the Department of Employment, Skills, Small and Family Business (the department) for the year ended 30 June 2019.

This report presents results for the 2018–19 financial year for the department previously known as the Department of Jobs and Small Business and does not present results that reflect the Administrative Arrangements announced on 29 May 2019. My entity was nominated by the Department of Finance to prepare the annual performance statements and annual report for the 2018–19 year for the outgoing workplace relations function including work health and safety, rehabilitation and compensation, under subsection 14A(4) of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule), instead of the administering entity.

This report has been prepared in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). This requires me as the accountable authority to prepare an annual report on the entity's activities over the reporting period for you to present to Parliament.

As the accountable authority, I am confident the department's audited financial statements included in this report satisfy the requirements of section 42 of the PGPA Act. In addition, the annual performance statements in this report are prepared in accordance with section 39 of the PGPA Act and accurately reflect the department's performance for the 2018–19 financial year.

As required by section 10 of the Rule, I certify that the department has:

- prepared fraud risk assessments and a fraud control plan
- appropriate fraud prevention, detection, investigation and reporting mechanisms that meet its specific needs
- taken all reasonable measures to appropriately deal with fraud relating to the department.

Yours sincerely

A handwritten signature in blue ink that reads "Kerri Hartland".

Kerri Hartland

19 September 2019

GPO Box 9880, Canberra ACT 2601 | Phone 1300 488 064 | www.employment.gov.au | ABN 54 201 218 474

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PORTFOLIO OVERVIEW

Employment, Skills, Small and Family Business Portfolio

Our Ministers at 30 June 2019



▶ **Senator the Hon Michaelia Cash**
Minister for Employment, Skills,
Small and Family Business



▶ **The Hon Steve Irons MP**
Assistant Minister for
Vocational Education,
Training and Apprenticeships

Our Minister at 29 May 2019



▶ **The Hon Kelly O'Dwyer MP**
Minister for Jobs and
Industrial Relations



ABOUT THE ANNUAL REPORT

This report covers the Department of Employment, Skills, Small and Family Business (the department) and its performance during the period 1 July 2018 to 30 June 2019.

Each year, the department acquits its performance in the annual report as part of the annual performance statements — a report of the department’s progress in achieving its purpose, as set out in the Corporate Plan and Portfolio Budget Statements.

This report has been developed according to the annual report requirements and guidance published by the Department of the Prime Minister and Cabinet and the Department of Finance.

On 26 May 2019, the Prime Minister, the Hon Scott Morrison MP, announced his new ministry following the 2019 general election. To support the new ministry, the former Department of Jobs and Small Business has become the Department of Employment, Skills, Small and Family Business.

On 29 May 2019, Administrative Arrangements Orders (AAOs) were made which moved responsibility for skills and vocational education and training, including apprenticeships functions of the former Department of Education and Training (now the Department of Education) to the Department of Employment, Skills, Small and Family Business. Responsibility for workplace relations, including work health and safety, rehabilitation and compensation functions, and the seven associated portfolio agencies, moved from the department to the Attorney-General’s Department.

On 21 June 2019, the Department of Finance issued a nomination under subsection 17A(4) of the Public Governance, Performance and Accountability Rule 2014 which assigned responsibility for preparing the 2018–19 annual performance statements and annual report for those functions transferred to another entity in the AAO dated 29 May 2019. The Department of Employment, Skills, Small and Family Business was nominated responsibility for workplace relations (including work health and safety, rehabilitation and compensation) functions and the Department of Education was nominated responsibility for skills and vocational education, and training (including apprenticeships).

The department’s 2018–19 annual performance statements and annual report have been prepared on this basis. Relevant sections identify any necessary qualifications.

PART 1

OUR DEPARTMENT

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OUR PURPOSE

at 29 May 2019

Our role is to deliver policies and programs that foster safe, fair and productive workplaces of all sizes, assisting job seekers to find work and small businesses to grow.



ACHIEVING THE DEPARTMENT'S PURPOSE

The department achieves its purpose through two key strategic outcomes, each of which has associated strategies, performance measures and indicators. Collectively these elements tell our performance story. At 29 May, our outcomes were:

OUTCOME 1 ▶ Foster a productive and competitive labour market through employment policies and programs that assist job seekers into work, meet employer needs and increase Australia's workforce participation.

OUTCOME 2 ▶ Facilitate jobs growth through policies and programs that promote fair, productive and safe workplaces, and facilitate the growth of small business.



Secretary for the Department of Employment,
Skills, Small and Family Business
Kerri Hartland

SECRETARY'S REVIEW

I am pleased to present the Department of Employment, Skills, Small and Family Business Annual Report 2018–19. It highlights our achievements and outlines the work the department has been doing to help job seekers find a job, help small businesses to grow, and foster safe, fair and productive workplaces.

The department makes a difference in the lives of many Australians.

Throughout 2018–19, the department worked toward the outcomes stated in our Corporate Plan. We have developed and continued to strengthen our partnerships and collaboration with our major stakeholders including employers, unions, employees, our network of employment services providers, job seekers, the Australian public and other Commonwealth agencies to help more people looking for work into jobs, and to support fair, productive, flexible and safe workplaces.

The jobactive program continued to deliver strong performance in job placements and employment outcomes. Since its introduction in July 2015, jobactive has achieved more than 1.37 million job placements, over 400,000 of them leading to sustainable employment. jobactive links employers to local providers who work closely with them to understand their recruitment needs and provide a tailored solution.

We have continued to work closely with other government entities during 2018–19 to deliver better employment outcomes, particularly for regional Australians. The Regional Employment Trials (RET) program was successfully implemented on 1 October 2018, investing \$10 million in grant funding across 10 disadvantaged regions. Through the delivery of tailored local employment solutions, the program includes the engagement of Employment Facilitators in each trial region to work with stakeholders and help them develop and implement the local employment initiatives.

We have also continued to deliver better employment outcomes for vulnerable groups including mature-age Australians and young people. The department successfully implemented the Career Transition Assistance Trial on 1 July 2018 in five trial regions to assist people aged 50 years and over to increase their employability and become more competitive in the labour market. Over 1,000 people have commenced in the Career Transition Assistance service.

Over 36,000 participants in the Transition to Work service have been placed into a job since the start of the service in February 2016. The service is designed to provide intensive, pre-employment support to improve the work-readiness of young people aged between 15 and 21 to help them into work. In 2018–19 the program was expanded to include 22 to 24 year-olds. Indigenous young people now make up over 30 per cent of the caseload.

Youth Jobs PaTH continues to offer a flexible approach for young people to gain skills and work experience.

The department supported the development and passage of two important pieces of legislation, the *Fair Work Amendment (Repeal of 4 Yearly Reviews and Other Measures) Act 2018* and the *Fair Work Amendment (Family and Domestic Violence Leave) Act 2018*, which both passed in December 2018. Both pieces of legislation reinforce workplace laws to protect vulnerable workers and include strengthened penalties to deter unscrupulous employers.

In June 2019, our representatives attended the International Labour Conference in Geneva, Switzerland. Key outcomes from the conference included the adoption of a Centenary Declaration reaffirming the International Labour Organization's objectives in a changing world of work, and a new international standard on ending violence and harassment in the world of work.

Towards a skilled workforce for the future

While some of the department's priorities have changed as part of the formation of the Department of Employment, Skills, Small and Family Business, our focus on the challenges of globalisation, technological progress and demographic change that affect the skills required in the workplace and the ability of workers to transition between jobs remains of key importance. Ensuring that the workforce can successfully navigate these changes will promote increased productivity and labour force participation, and provide businesses with a skilled workforce for the future.

We continue to deliver our ongoing policies and programs to assist job seekers to find work and foster the growth of small business. The addition of vocational education, training and apprenticeships places the department in a central role in delivering on the Government's commitment to growth in employment by providing better access to quality skills and training.

The new employment services model, to be trialled from 1 July 2019 to 30 June 2022, will provide digital employment servicing for work-ready job seekers and enhanced services for disadvantaged job seekers. The new model is scheduled to start in July 2022.

We will continue to assist small businesses by supporting the wellbeing and digital capabilities of small business owners. The expansion of Everymind's Ahead for Business platform and the establishment of a dedicated online portal will assist business owners in accessing the right resources to take care of their mental health. Through the Australian Small Business Advisory Service Digital Solutions Program and the Small Business Digital Champions Project, small businesses can gain dramatic results in revenue and job creation by adopting digital capabilities.

Our role is even more important in the continuum of education and skills, employment and job creation. We will ensure that the right training and employment systems are in place to lift the capacity of new entrants to the labour market, assist those already in the workforce to continually acquire new skills, and support small businesses to invest in skills and access these systems.

In the year ahead, a prime focus is to implement the Skills Package to deliver skills for today and tomorrow by improving the quality of the vocational education and training system. This includes responding to the Expert Review of Australia's Vocational Education and Training System led by the Hon Steven Joyce. Delivering on the government's agenda for skills and training should lead to major improvement in linking businesses with the skilled people they need.

I would like to thank all staff for their hard work and dedication over the past 12 months, which brought significant change to the department. Their professionalism and expertise ensure we are well placed to continue to successfully implement employment, small business, and skills and training policies and programs.



Kerri Hartland

Secretary



OUR EXECUTIVE

Kerri Hartland

Secretary

BA, BEc (UQ) MA (Legal Studies) (ANU)

Kerri Hartland was appointed Secretary of the Department of Employment, Skills, Small and Family Business in September 2017. Before that she was Deputy Secretary, Business Enabling Services at the Department of Finance. Kerri has worked in eight different Commonwealth departments and agencies, including as Chief Information Officer of the then Department of Industry, Science and Resources; Deputy Secretary of the Department of Human Services, and Deputy Director-General of the Australian Security Intelligence Organisation. Keri has worked in the Canadian public service and commenced her career as a journalist. She has qualifications in Economics, Law and Arts.





Nathan Smyth

Deputy Secretary, Employment

BA MBA (UNSW) (USYD)

Nathan led the department's Employment Cluster, which contributed to Outcome 1 (see page 13). Prior to joining the department in 2018, he held the position of First Assistant Secretary, Western Sydney Unit, Department of Infrastructure and Regional Development with oversight of the planning, construction and financing of the second Sydney airport. Nathan has held senior positions at the Department of Finance, the Department of Health, and the Department of Foreign Affairs and Trade.

Jill Charker

Deputy Secretary, Corporate

BPsych (Hons I), PhD, EMPA, Grad Dip App Fin

Jill joined the Department of Jobs and Small Business in August 2017 as Deputy Secretary Corporate. The Corporate Cluster contributes to the development of organisational capability and supports the effective functioning of the department (see page 103).

Jill brings a wealth of experience from the senior positions she has held in corporate, program and service delivery areas across the APS.

Martin Hehir

Deputy Secretary, Workplaces and Small Business

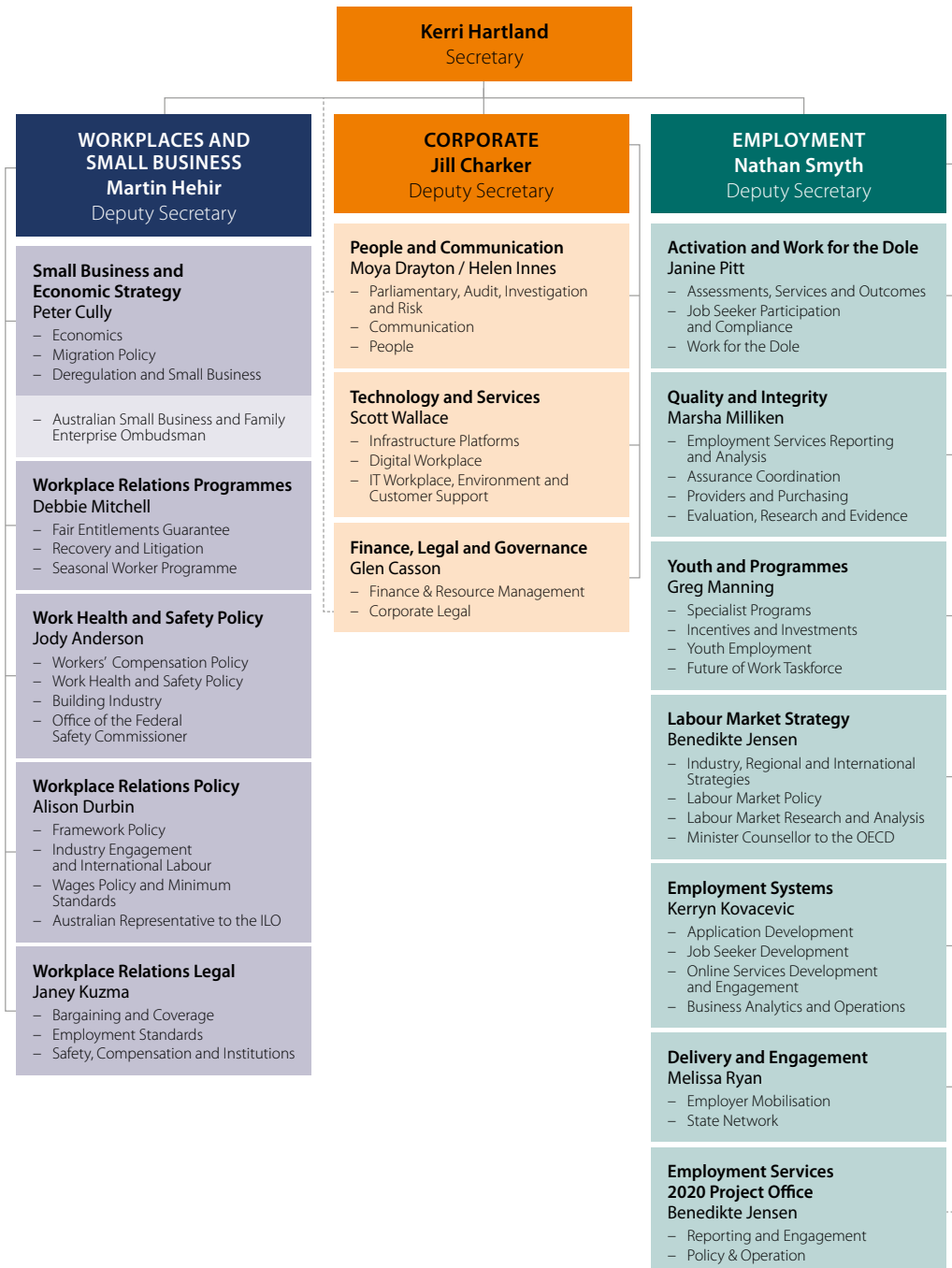
BEC (ANU)

For the reporting period in 2018–19 Martin oversaw the department's Workplaces and Small Business Cluster, which contributed to Outcome 2 (see page 71). Martin brings a wealth of experience from across the ACT and has worked as a deputy secretary in Australian Government departments since 2012. Martin joined the then Department of Employment in August 2014.

OUR ORGANISATIONAL STRUCTURE

Prior to the Administrative Arrangements Orders on 26 May 2019, the department was structured to deliver its business through the Executive and three business groups — the Employment Cluster, the Workplaces and Small Business Cluster, and the Corporate Cluster. The department’s organisational structure at 29 May 2019 is shown in Figure 1.

Figure 1. Organisational structure at 29 May 2019



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STATEMENT BY THE ACCOUNTABLE AUTHORITY

I, as the accountable authority of the Department of Employment, Skills, Small and Family Business, present the 2018–19 annual performance statements for the department as required under section 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013*. In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the department, and comply with section 39(2) of the Act.

Kerri Hartland

Secretary

OUTCOME AND PROGRAM STRUCTURE

Outcome 1

Foster a productive and competitive labour market through employment policies and programs that assist job seekers into work, meet employer needs and increase Australia's workforce participation.

The department measures its progress towards achieving Outcome 1 against nine employment services objectives:

- ▶ Job seekers find and keep a job.
- ▶ Job seekers move from welfare to work.
- ▶ Job seekers meet their mutual obligations.
- ▶ jobactive organisations deliver quality services.
- ▶ jobactive—overall program measure.
- ▶ Help people to create their own job through self-employment.
- ▶ Support parents to build their work-readiness.
- ▶ Support Indigenous prisoners prepare to find employment and reintegrate back into the community.
- ▶ Help young people move into work or education.

Outcome 2

Facilitate jobs growth through policies and programs that promote fair, productive and safe workplaces, and facilitate the growth of small business.

The department measures its progress towards achieving Outcome 2 against four objectives:

- ▶ The Fair Entitlements Guarantee program functions effectively.
- ▶ Commonwealth-funded projects are undertaken by builders accredited by the Office of the Federal Safety Commissioner.
- ▶ The workplace relations system contributes to the productivity agenda by encouraging the adoption of flexible and modern workplace relations.
- ▶ Increased access by small businesses to advisory services that support and enhance their digital capabilities.



ANALYSIS OF PERFORMANCE AGAINST OUR PURPOSE

In 2018–19, our purpose was to deliver policies and programs that foster safe, fair and productive workplaces of all sizes, assisting job seekers to find work and small businesses to grow. Over the 12 months to June 2019, the department was successful in achieving its purpose and making progress towards the vision of the former department: ‘More Jobs. Great Workplaces’.

Overall, the department achieved 31 of its 34 performance measures. Departmental convention is that a performance measure is considered ‘achieved’, when it is meeting a year-to-date target or within 5 per cent of meeting it. In 2017–18, the department achieved 26 of its 30 performance measures.

These are discussed more fully in the annual performance statements for each outcome and more broadly throughout this annual report.

▶ OUTCOME 1

Foster a productive and competitive labour market through employment policies and programs that assist participants into work, meet employer needs and increase Australia's workforce participation.

In 2018–19, the department delivered services focused on engaging jobactive participants, employers and providers, as well as administering programs to support targeted cohorts, including parents, young people, Indigenous participants and small businesses.

Key programs for Outcome 1

The following table provides a high-level description of key programs being undertaken by the department.

Table 1. Key programs undertaken throughout 2018–19

Program	Function
jobactive	jobactive is the Australian Government's program to get more Australians from welfare into work. It connects job seekers with employers and is delivered by a network of jobactive providers in around 1,700 locations across Australia.
New Business Assistance with NEIS ¹	New Business Assistance with NEIS helps people start their own business by providing accredited small business training, mentoring and business advice in the first year of their new business.
ParentsNext	ParentsNext helps eligible parents to plan and prepare for employment by the time their children go to school. ParentsNext providers work with parents to help them identify their individual education and employment goals and develop a pathway linking them to services and activities in the local community to assist them to achieve their goals. Since 2 July 2018, ParentsNext has been operating in all non-remote areas of Australia.
Transition to Work	Transition to Work provides intensive, pre-employment support to improve the work-readiness of young people and help them into work (including apprenticeships and traineeships) or education.
Time to Work Employment Service	The Time to Work Employment Service provides in-prison employment services to Aboriginal and Torres Strait Islander prisoners. This ensures access to support they need upon release to better prepare them to find employment and reintegrate back into the community.

¹ New Enterprise Incentive Scheme.

The department measures its progress towards achieving Outcome 1 against the following employment services performance measures, of which further details are provided in the detailed performance information for this outcome:

- ▶ jobactive — help job seekers find and keep a job.
- ▶ jobactive — help job seekers move from welfare to work.
- ▶ jobactive — help job seekers meet their mutual obligations.
- ▶ jobactive — jobactive providers deliver quality services.
- ▶ jobactive — overall program measure: cost per employment outcome.
- ▶ New Enterprise Incentive Scheme (NEIS) — help people create their own job through self-employment.
- ▶ ParentsNext — support parents to build their work-readiness.
- ▶ Time to Work Employment Service — support Indigenous prisoners prepare to find employment and reintegrate back into the community.
- ▶ Transition to Work — help young people move into work or education.

Highlights

- ▶ As at 30 June 2019, jobactive has achieved more than 1.42 million job placements, over 400,000 of them leading to sustainable employment, since its introduction in July 2015. It continues to achieve around 1,000 job placements every day.
- ▶ In that time, over \$638 million has been spent by jobactive providers through the Employment Fund to assist eligible job seekers with the skills and other support they need to get and stay in work.
- ▶ Over 36,000 participants in the Transition to Work service have been placed into a job since the start of the service in February 2016. Over 10,000 of these participants achieved a 26-week employment outcome (sustainability outcome).
- ▶ Just under 1,000 people have commenced in the Career Transition Assistance service, which begins a broader national rollout on 1 July 2019.
- ▶ In May 2019, the 10,000th internship placement commenced through the Youth Jobs PaTH program, which gives young people the opportunity to gain valuable work experience and demonstrate their skills to an employer.
- ▶ Since Youth Jobs PaTH began on 1 April 2017, over 41 per cent of the young job seekers who have participated in Employability Skills Training have obtained a job and/or an internship within six months after undertaking the training.
- ▶ On 1 July 2018, Transition to Work became a demand-driven service, giving more young people aged 15 to 21 access to 12 months of intensive training and specialist services to improve their work-readiness and transition into work or education. This followed an expansion from 1 January 2018, to give more Indigenous young people access to the service. As a result, Indigenous young people now make up over 30 per cent of the caseload.
- ▶ The national expansion of the ParentsNext pre-employment program was successfully implemented from 2 July 2018 and has completed its first year servicing all non-remote employment regions.
- ▶ ParentsNext has supported 93,303 parents to identify their education and employment goals and develop a plan to achieve these goals. This includes 25,006 parents starting education, 15,273 parents starting employment and 1,375 exited due to achieving sustainable employment.
- ▶ The Regional Employment Trials program was successfully implemented on 1 October 2018, investing \$10 million in grant funding for employment-related projects across 10 disadvantaged regions.
- ▶ Through the Stronger Transitions program, the department has negotiated in total four packages of support with businesses, supporting up to 565 workers.

- ▶ In 2018–19, the department held eight successful jobs fairs across Australia, attended by over 14,500 job seekers. The jobs fairs were in Mandurah (WA), Mareeba (Qld), Devonport (Tas), Moorabbin (Vic), Sunshine (Vic) Broadmeadows (Vic), Port Pirie (SA) and Cairns (Qld).
- ▶ An online version of the Job Seeker Classification Instrument, the Job Seeker Snapshot, was introduced to trial a more streamlined and digital job seeker experience.
- ▶ The Targeted Compliance Framework was implemented successfully from 1 July 2018. It applies to job seekers with mutual obligation requirements who receive services in jobactive, Disability Employment Services and ParentsNext. The Targeted Compliance Framework is meeting policy and program objectives of deterring deliberate and wilful non-compliance at the same time as providing protections and safeguards for vulnerable job seekers and participants.
- ▶ The department successfully implemented the Career Transition Assistance Trial on 1 July 2018 in five trial regions, to assist people aged 50 years and over to increase their employability and become more competitive in the labour market. Since then, around 1,000 participants have commenced in Career Transition Assistance.
- ▶ The department successfully expanded the National Work Experience Programme on 1 July 2018 to provide more work experience opportunities for people looking for work. Eligibility was expanded to include participants aged 17 years or over (previously 18 years and over), and incentive and completion payments were made available to host employers and to jobactive and Transition to Work providers. The number of places available under the program increased from 6,000 to 10,000 annually.
- ▶ The Launch into Work program continued to demonstrate how collaboration with employers to identify workforce needs and then co-design effective pre-employment projects to address these needs can help job seekers into ongoing employment. In 2018–19, 22 Launch into Work projects have been completed, resulting in employment outcomes for 186 job seekers, the majority of whom were long-term unemployed.
- ▶ The employer liaison officer network has successfully worked with large businesses and industries to support streamlined access to the employment services system and design collaborative approaches across the network to meet employer needs. This has resulted in ongoing engagement by these employers and industries to embed employment services into their recruitment strategies.
- ▶ The department, with the cooperation of relevant industries, conducted research to identify perceptions about barriers and enablers to entry into four occupations experiencing staff shortages: truck driving, cheffing, hairdressing and bricklaying. The findings are expected to assist with developing possible actions by industry, government and other stakeholders to improve access and attraction to these occupations.
- ▶ The conclusion of jobactive contracts in 2020 provided an opportunity to explore options for a future employment services model that would better meet the needs of its users and remain effective in an environment where rapid technological change is creating new jobs and industries.
- ▶ Significant stakeholder consultation and user-centred research was undertaken to inform the advice of the Employment Services Expert Advisory Panel. The panel's report to government recognised the achievements of jobactive and made 11 recommendations for the design of a new model. The report was released on 14 December 2018.

Challenges

- ▶ Labour market conditions for young people (aged 15 to 24 years) have eased over the last year; and the youth unemployment rate remains high.
 - Those who have completed Youth Jobs PaTH have achieved strong outcomes, but take-up continues to be a challenge. The department continues to promote the benefits of the program to employers and job seekers, while working with providers and employers to increase the number of young people undertaking Employability Skills Training and internships.
- ▶ Commencement of the Time to Work Employment Service has taken longer than anticipated due to complex memoranda of understanding negotiations and operationalising the service in individual prisons with their own management and delivery approaches. The department is continuing to work with prisons and providers to support service delivery, and services commenced in all states and territories by the end of June 2019.
- ▶ Closing the gap in employment outcomes between Indigenous and non-Indigenous Australians remains a focus of the department, and requires a coordinated effort to increase the number of Indigenous Australians in work. Programs continue to work together to build Indigenous job seekers' skills, remove barriers, and link people with employers to find sustainable employment. The department is committed to working with individuals and communities to increase the number of Indigenous Australians in work.
- ▶ On 4 December 2018, ParentsNext was referred to the Senate Community Affairs References Committee for inquiry into the program's trial and subsequent broader rollout. The department provided a submission to the inquiry and appeared at the hearing. Following the inquiry, the department is working to implement program adjustments announced by the then Minister.
- ▶ The department is working collaboratively across government to achieve two challenging new economic development targets agreed by the Council of Australian Governments (COAG) in December 2018:
 - 65 per cent of Aboriginal and Torres Strait Islander youth (15 to 24 years) are in employment, education or training by 2028 (currently 57.2 per cent)
 - 60 per cent of Aboriginal and Torres Strait Islander people aged 25 to 64 years are employed by 2028 (currently 51.0 per cent).
- ▶ The department continues to share information and updates with employment services providers to ensure the Targeted Compliance Framework is applied appropriately and working as intended. The department maintains ongoing engagement with providers, CEOs and peak bodies through formal and informal arrangements to work on resolving issues and identifying needs for system and process improvements. The department delivers comprehensive support to providers, including additional training and on-demand webinars to assist them with aspects of the framework needing extra explanation or guidance.
- ▶ The department continues to monitor the functionality of IT systems developed for the Targeted Compliance Framework and to release updates to resolve minor technical issues experienced by providers and job seekers.

Program 1.1 Employment Services

jobactive

Jobactive is the Australian Government's mainstream employment services system. In 2018–19, the program's fourth year, jobactive providers continued to provide flexible and practical support to help participants stay motivated to find and keep a job, move from welfare to work, and meet their mutual obligations. The department also continued to work closely with providers and employers to support them and understand recruitment and labour market needs.

jobactive's performance continues to be strong in delivering high-quality employment services, with more than 1.4 million job placements since July 2015 and around 1,000 job placements every day.

Under the jobactive contract, employment outcomes are proving to be sustainable, with 82.5 per cent of jobactive participants still in employment three months after their job placement.

In March 2019, in response to the independent panel report 'I want to work: Employment Services 2020', the Government announced a significant transformation to employment services that will harness technology and digital services to allow more job-ready participants to self-service. This will make resources available to reinvest in more intensive services for more disadvantaged participants, providing significant help to reduce long-term unemployment. Participants will also be able to exercise more independence and flexibility, choosing from a wide range of activities to meet their mutual obligations. Employers will benefit from a range of interactive digital tools to help find the right people.

A phased approach will ensure that the new model delivers the best possible services, starting with a trial in 2019–20 in the Adelaide South (SA) and Mid North Coast (NSW) employment regions. The current jobactive model and complementary programs will continue in other areas until the new model is rolled out nationally in 2022.

Seasonal Work Incentives Trial

The Seasonal Work Incentives Trial was introduced on 1 July 2017 and ceased on 30 June 2019.

The Trial offered incentives for eligible job seekers from jobactive, Transition to Work and Disability Employment Services to take up short-term seasonal work in the horticulture industry. In 2018–19, 201 job seekers participated in the Trial.

Despite considerable effort by the department in promoting the program, take-up of the Trial was much lower than anticipated. An evaluation of the Trial will provide valuable insights as to why this was so.

Job Seeker Snapshot (online JSCI)

The Job Seeker Classification Instrument (JSCI) is a questionnaire used to help identify what level of support a job seeker will need to help them find work. It is completed as part of a person's claim for income support.

As part of the Government's Digital Transformation Agenda, the department committed to making employment services simple and easy to use through digital servicing. With this focus in mind, the JSCI assessment was made available on an online platform called the Job Seeker Snapshot.

Following a collaborative design process, a trial of the Job Seeker Snapshot was launched on 1 July 2018. As at 22 May 2019, more than 79,000 job seekers had been invited to complete their Job Seeker Snapshot online, with 39,000 (49 per cent) completing it so far.

After six months of trialling the Job Seeker Snapshot, an evaluation was conducted through the Social Research Centre. Findings showed that the Job Seeker Snapshot had elicited accurate self-disclosure from job seekers and produced accurate streaming of job seekers.

The Job Seeker Snapshot trial has been extended until 2022 and will be available to new cohorts of job seekers who were not eligible to participate in the original trial. The Job Seeker Snapshot is also being used in the new Employment Services Trial.

Targeted Compliance Framework

The Targeted Compliance Framework was introduced on 1 July 2018 as one of several measures implemented by the department to help job seekers meet their mutual obligation requirements. The Targeted Compliance Framework delivers clearer and more streamlined information to ensure people are better informed about the requirements. It applies to job seekers and participants who receive an income support payment and who are registered with a jobactive, Disability Employment Services or ParentsNext provider.

During 2018–19, the Targeted Compliance Framework ensured that those who are genuinely disadvantaged and vulnerable were identified and supported, and applied stronger penalties to job seekers who wilfully and persistently failed to meet their mutual obligation requirements. It reflected the expectations of the wider Australian community, and encouraged people receiving income support to take personal responsibility to look for work or participate in activities intended to help them build skills. Job seekers who fail to meet their mutual obligation requirements initially have their payment delayed only until they re-engage, and incur demerits, rather than financial penalties, for failures without a valid reason. Job seekers who incur five demerits in six months potentially risk financial penalties for additional non-compliance.

Data gathered since implementation indicates that the framework is operating as intended and meeting the Government's policy and program objectives to deter deliberate and wilful non-compliant behaviour while protecting and providing safeguards for vulnerable job seekers through capability reviews. The majority of job seekers have demonstrated that they are meeting their mutual obligation requirements and are doing the right thing. From 1 July 2018 to 30 June 2019:

- ▶ attendance at appointments with employment services providers increased to 75 per cent
- ▶ there was a 90 per cent reduction in financial penalties compared to the old framework.

Career Transition Assistance Trial

The Career Transition Assistance Trial commenced on 2 July 2018, with 10 organisations providing services in the five trial regions of Adelaide South (SA), Somerset (Qld), Central West (NSW) Ballarat (Vic) and Perth North (WA).

Career Transition Assistance was designed to provide practical assistance to help mature-age job seekers registered with a jobactive provider to increase their employability through identifying skills transferability and opportunities to reskill, tailoring job applications to the local labour market and improving digital literacy skills.

► Career Transition Assistance — Catherine



Catherine, from Queensland, rebuilt her skills and confidence to re-join the workforce in a full-time role, thanks to Career Transition Assistance (CTA).

Catherine had a long career in nursing but after this finished she spent over two years looking for work. She didn't have the technological skills she needed to help her find and apply for jobs, and her self-esteem was at an all-time low.

Catherine said that after only a few weeks with CTA she had learned a range of contemporary job-seeking skills, including writing emails and formatting cover letters. In addition, she said, 'We were actually able to help each other.'

Catherine is now working as a full-time childhood educator and said she was 'very, very excited' when she received the job. 'I would thoroughly recommend the CTA program just to overcome your fears and challenges.'

Work for the Dole

Work for the Dole continues to provide opportunities for participants to gain the skills, experience and confidence to help them move into work while making a positive contribution to the community. Work for the Dole activities are hosted by not-for-profit organisations and government agencies. The program provides a valuable opportunity for job seekers to demonstrate their capabilities and remain connected to the labour market while making a positive contribution to the local community.

Post-program monitoring data shows that many job seekers have started work soon after leaving Work for the Dole: 24.8 per cent of job seekers surveyed who exited a Work for the Dole activity between 1 January 2018 and 31 December 2018 were in employment three months later.

The department also surveys job seekers six weeks after they start in a Work for the Dole activity. A total of 6,300 job seekers who participated in Work for the Dole between 1 February 2018 and 31 January 2019 were surveyed about their experience with the program. There was a 40 per cent response rate.

Work for the Dole is primarily an activation program. Indicating its effectiveness in this regard, 76.7 per cent of participants surveyed reported an increase in their motivation to find a job. Respondents also reported Work for the Dole as having a positive impact in their life and reported a high level of satisfaction with their Work for the Dole activities:

- ▶ 75.6 per cent reported improved ability to work with others
- ▶ 73.5 per cent reported increased self-confidence
- ▶ 70.6 per cent reported improved work-related skills
- ▶ 76.4 per cent were satisfied with the quality of the activity
- ▶ 83.4 per cent believed the activity helped the local community
- ▶ 81.6 per cent were satisfied with the level of supervision
- ▶ 83.6 per cent were satisfied that they had a safe work environment
- ▶ 78.5 per cent were satisfied with the organisation of the activity.

National Work Experience Programme

The National Work Experience Programme places job seekers in real life, unpaid work experience. It helps them gain experience while demonstrating their skills to potential employers.

Participating in the program provides job seekers with the opportunity to:

- ▶ demonstrate skills like teamwork, communication and reliability
- ▶ increase their confidence and show they are ready for work
- ▶ meet new people and make useful contacts.

At the end of their work experience placement, they may be offered a job with the organisation.

Since the expansion of the National Work Experience Programme on 1 July 2018 to expand eligibility to 17 years and over, increase placement numbers and increase completion payments, there has been a 24 per cent increase in participation in jobactive.

National Work Experience Programme — Café 2820

Young job seeker Kyralea had been registered with her jobactive provider Sureway Employment and Training for 13 weeks when she began a National Work Experience Programme (NWEP) activity at the small business Café 2820. The activity involved assisting the chef, preparing food, cleaning equipment, and checking inventory.

Since undertaking her NWEP placement, Kyralea has gained casual employment. She believes her placement 'brought me out of my shell. It helped me to get to know people in a comfortable environment which gave me more confidence'.

Kyralea's employer Tamara, a small business owner, said, 'It's a great way to identify a good employee, which I now have. I would recommend the NWEP to other businesses; it's a simple process.' Tamara would be 'happy to trial more people moving forward'.

Kyralea noted that NWEP 'definitely helped as I got a job out of it, so it was a great way to get my foot in the door'.

New Business Assistance with NEIS

In 2018–19, 6,692 people started a small business with training and mentoring support through New Business Assistance with NEIS.¹

▶ Business skills and mentoring to support a new creative arts business



Inspired by the magic of the movie *Mary Poppins* and equipped with a Bachelor of Visual Arts, Hannah used her creative talents to make paper flowers for events. She wanted to make this passion her work but wasn't sure how to take the next step and create a viable small business.

Hannah signed up to New Business Assistance with NEIS in early 2018 and, through the program, gained the skills and knowledge required to start her business *Miss Poppins & Me*. As part of NEIS, she enrolled in accredited business training, where she learned how to operate and market her business. Armed with the training and mentoring from her NEIS provider, she developed a business plan to help bring her dream to life.

Hannah made paper flowers by hand, cutting each petal and leaf from various types of paper, as well as flower stems and twinkle lights. Her NEIS provider, Box Hill Institute, encouraged her to look at expanding her business idea to use a range of different materials, such as canvas and leather, in her flowers. By doing this, she broadened her product to appeal to a wider range of potential customers.

Hannah sold her flowers through an online store. Fashion businesses, including *Seafolly* and *Target*, used *Miss Poppins & Me* flowers in their window displays. Online magazine *Whim* and fashion brand *Katies* have incorporated the paper flowers into their photoshoots for marketing campaigns.

With the help of the NEIS program, Hannah has been able to develop her artistic talent into a successful business.

¹ New Enterprise Incentive Scheme.

Harvest Labour Services

To help meet the labour needs of horticultural enterprises, the department contracts Harvest Labour Services (HLS) providers to match out-of-area workers with harvesting jobs in rural and regional areas. In 2018–19 the five HLS providers filled just under 18,000 harvest positions in 11 harvest areas: Kununurra, Top End, Tablelands, North Burnett, Southern Queensland, Riverina, Goulburn Valley, Mid Murray, Sunraysia, Riverland and Adelaide Hills.

HLS providers report that, while employers sometimes experience difficulty recruiting staff at short notice, there are no widespread labour shortages in areas covered by the program and that it is meeting employer demand. Providers continue to reach out to employers and industry associations, offering them assistance in securing suitable, legal labour.

The Government, in the 2019–20 Budget, announced reforms to HLS. The reforms, to commence from 1 July 2020, will include expanding the number of HLS regions, incentivising HLS providers to place Australian job seekers into horticultural seasonal work, and enhancing the National Harvest Labour Information Service and Harvest Trail website. Reforms will also include collaborating with the horticulture industry to develop industry-led proposals to promote seasonal work opportunities to Australian job seekers and help employers understand opportunities available to hire Australian workers.

National Harvest Labour Information Service

To help promote harvest work opportunities across all growing regions in Australia, the department contracts the provider of the National Harvest Labour Information Service to produce a comprehensive harvest guide, operate a free-call call centre, and keep the Harvest Trail website up to date. In 2018–19, the National Harvest Labour Information Service received more than 12,600 calls from employers, working holiday-makers and Australian job seekers.

Launch into Work program

The Launch into Work program continues to bridge the gap to employment for job seekers, such as women returning to the labour market, who face particular barriers to employment.

The program aims to provide employment opportunities for job seekers who are unlikely to be successful at gaining an interview or employment through traditional recruitment methods. It works with employers to co-design projects that will prepare job seekers for specific roles within the employing organisation. All projects include targeted training, work experience, mentoring and a commitment from the employer to hire all participants who successfully complete a pre-employment project.

The program continues to achieve positive employment outcomes for job seekers and to support Australia's G20 goal to reduce the gender gap in women's workforce participation by 25 per cent by 2025. Of the 186 job seekers who gained employment as a result of the program, 167 were women.

▶ Indigenous mentors inspire and build confidence

In 2018–19, jobactive providers across Australia employed Indigenous mentors, who play a vital role supporting Aboriginal and Torres Strait Islander people with culturally appropriate career advice in a positive environment.

Victoria's story



Victoria is a survivor with a bright future. After leaving an abusive relationship, living with a relative with substance abuse issues, and caring for her terminally ill father, she connected with an Indigenous mentor. Victoria now has a thriving career in mining.

When her father passed away, Victoria made contact with Kamarang Place, an Indigenous women's refuge.

'They took me in, looked after me, supported me in everything and provided counselling. I cried a lot. I was with them for just over three months until they assisted me in finding me somewhere to live,' Victoria said.

The refuge encouraged Victoria to start the Indigenous program Yira Yarkiny (meaning 'To stand tall') and to work with her mentor. 'My mentor asked me if I would be interested in fly-in fly-out mining work as a peggy worker. I thought, "Why not!"' Victoria said. A peggy worker performs a range of roles at a mining site, including cleaning crib rooms and transporting workers from camp to site.

'With my mentor's support I updated my résumé and was amazed I was offered an interview right away. My mentor asked me if I wanted and needed support for my interview and offered to drive me there. I met with the employer and, after the interview, I was told I was successful and that I got the job.'

After completing the medical tests and online induction, Victoria started in her first job, at Cloudbreak Mine and Yandi Mine, and received positive feedback from her employer.

'I loved it! I had a few hiccups along the way with racism. I knew right then with the support the mining company gave me and the support from my mentor that they were the right company for me. It was dealt with in an amazing manner.'

Her employer has continued to put her forward for more jobs and she has been given further training, including working at heights and in confined spaces, gas testing and fire emergency response, so she can apply for trades assistant roles.

'Overall, I'm loving life at the moment and so proud of who I am and who I have become. I am a proud Aboriginal woman. Believe in yourself because it can happen. It has to me.'

Victoria's jobactive provider is ESG Matchworks in Gosnells, Western Australia.

Tina's story



Tina, a stay-at-home mum, connected with Indigenous mentor Kerrie Stones, who helped her prepare an impressive résumé to gain her first job at the local Rydges hotel in Kalgoorlie.

Not having any work history, Tina needed Kerrie's encouragement and support to build her confidence and communication skills to help her look for a job. Together they discussed the local job market and prepared a résumé targeting roles in hospitality and cleaning.

In talking with Kerrie, Tina discovered that her organisational, time management and cleaning skills, gained while caring for her family, were valued by employers. They also worked together to build up Tina's self-confidence and communication skills.

Through her contacts with local businesses, Kerrie brokered a trial opportunity with a hotel housekeeping team.

Although she was initially nervous, Tina made a great impression and was soon offered a job. Six months on, Tina has been steadily increasing her hours and is a valued member of the housekeeping team.

'I'm really loving working and the work I'm doing. MAX really helped me find a job in something I really love doing when I didn't think I would be given a chance. I'm very happy.'

Tina's jobactive provider is MAX Employment, Kalgoorlie.



HELP community liaison officer Kaw Hser Paw Hlaing (hatless, front and centre) supporting her community on site.

► Engaging with a Karen community — helping them help us

With employment growth in the agriculture, forestry and fishing industry projected to increase by 14 per cent over the five years to May 2023, local farmers across the Somerset (Qld) Employment Region are excited about an influx of skilled farm workers to meet that growth following the collaboration between Growcom, jobactive provider Help Enterprises (HELP), the department and the local Karen (Myanmar) community.

At a local forum in February 2019, the Karen community expressed frustration at not being able to access work. HELP was in attendance and responded by hiring one of their interpreters, Kaw Hser Paw Hlaing, as a community liaison officer to engage with community leaders to create job opportunities. The department was also at the forum and linked HELP with Growcom, who were piloting a trial to source skilled labour for a number of strawberry farms in the region. On the back of this pilot, HELP was able to work with Growcom to widen the pool of potential employers.

Over March and April 2019, HELP worked to gain the trust of the Karen community and to understand how best to work with them. HELP learned that by working with the community leaders through Kaw Hser Paw Hlaing they were able to find suitable people for the roles, arrange a car pool to ensure they could get to site, and provide back-ups in case someone was unable to attend.

Each group of five workers had at least one worker with good English skills to help with communication. On-the-job site visits were undertaken to familiarise the Karen workers with the farms and what they would be doing each day. Kaw Hser Paw Hlaing was in attendance throughout to ensure that any issues that came up were quickly resolved.

HELP's work both with the Karen community to identify suitable workers and with the farms to identify opportunities resulted in the first 20 Karen workers starting paid work on 21 May 2019.

The department, Growcom and HELP are reviewing data and discussing volume, demand and opportunities to work towards the introduction of a larger version of the successful Karen community pilot. Farms in the local area are working with this group to help create a pipeline of ongoing work for all 52 weeks of the year, moving across farms as needed. The demand is high, with one farm looking to source 30 to 40 more workers immediately.

Developing the future employment services model

With jobactive contracts due to cease in mid-2020, the Government had an opportunity to explore options for future employment services that considered a range of factors that affect the delivery of effective services, including the changing labour market, advancements in technology, and new thinking on how to help disadvantaged job seekers to find work.

Work on the design of the new model began in January 2018 with the establishment of the independent Employment Services Expert Advisory Panel. Its members represented employers, small business, job seekers, the provider sector and academia. The panel members had a wide range of expertise and differing perspectives critical to informing the design of a new model.

The panel considered a wide range of domestic and international evidence and heard from a broad spectrum of users: employers, providers, community sector organisations, peak industry bodies, training providers, local and state governments, and representatives of diverse communities including migrants, young people, and mature-age workers. The public consultation included:

- ▶ **Release of a public discussion paper:** In June 2018, the department released a discussion paper inviting comment from the public to inform the deliberations of the panel.
 - Of the 450 submitters, 296 agreed to have their submission published.
 - A summary of responses to the public discussion paper, [The Next Generation of Employment Services: Summary of Consultation Responses](#), is available on our website.
- ▶ **Stakeholder consultations:** Following release of the discussion paper, the department facilitated conversations with stakeholders across Australia throughout July 2018.
 - More than 540 people attended 23 consultation sessions held in metropolitan and regional centres across Australia.
 - A summary of this feedback, [Employment Services 2020: Consultation Report](#), is available on our website.
- ▶ **User-centred design:** In collaboration with user-centred design experts ThinkPlace, the department and members of the panel undertook fieldwork and user research with job seekers, employers and employment service providers to test ideas and uncover what they needed from a new model.
 - More than 550 people participated in design research workshops, focus groups or one-on-one interviews throughout the consultation period.

The feedback from this extensive engagement informed the 11 recommendations outlined in the panel's report to government '[I Want to Work](#)', which was publicly released on 14 December 2018.

The Minister and department undertook a further seven targeted consultation sessions with job seekers, peak bodies and providers in December 2018 to January and February 2019 to test the proposed direction for a new model. This feedback informed the design of [the new model announced by the Government](#) on 20 March 2019.

Key elements of the new model will be trialled from 1 July 2019 to 30 June 2022, before a national rollout. Existing deeds for jobactive and several related programs will be extended until 30 June 2022 to enable employment services to continue while the new employment services model is being trialled.

Outlook

The new employment services model will transform the way employment services are delivered. Given the scale of change, implementation will be gradual to allow key elements of the model to be tested and evaluated. Improvements will be made progressively through an ongoing co-design process with job seekers, employers, providers and community organisations.

The new model will be trialled in two employment regions: Adelaide South (SA) and Mid North Coast (NSW), from late 2019 to June 2022. Current jobactive contracts will be extended until June 2022 in all other regions while elements of the new model are tested and refined with users.

Online Employment Services Trial

The Online Employment Services Trial began on 1 July 2018. Part of the Australian Government's Digital Transformation Strategy, the trial aims to test whether job seekers can take personal responsibility for their job search efforts and find a job using the department's online services. Findings from the monitoring and evaluation of the trial helped to inform the development of the new employment services model.

Job seekers who are considered job ready and not in need of specialised assistance were randomly selected to participate in the trial. They can opt out of the trial at any time and transfer to face-to-face servicing with a jobactive provider. After six months in the trial, job seekers who remained on income support were referred to a jobactive provider for further assistance.

Early results from analysis of the department's administrative data indicated that job seekers in the trial were at least as likely to exit from income support or employment services as comparison job seekers receiving standard servicing from a provider. Evaluation research suggested that job seekers' experience of the trial is generally positive. This included feedback from job seekers that online servicing can be more convenient than face-to-face servicing, provides a greater sense of empowerment and reduces the burden and costs associated with travelling to a provider site.

The trial was originally announced as engaging 10,000 job seekers over two years from 1 July 2018 to 30 June 2020. In December 2018, the Government expanded it to involve an additional 25,000 Stream A job seekers and the inclusion of all volunteer job seekers from December 2019. Alongside the extension of the jobactive contract, the trial was extended for a further two years to June 2022. Around 130,000 job seekers are expected to participate over four years, including around 60,000 Stream A job seekers.

Highlights

- ▶ As at 30 June 2019:
 - 16,394 job seekers have been referred to the trial.
 - 12,932 job seekers have commenced in the trial.
 - 5,660 job seekers have been exited from the trial and jobactive because of employment, study or other reasons that make them no longer eligible for Newstart or Youth Allowance (Other).

Outcome 1 — Performance measures

Performance measures and targets for Outcome 1 are described on pages 24–29 of the department's Portfolio Budget Statements 2018–19 and pages 13–20 of the department's 2018–19 Corporate Plan.

These performance measures and targets have been developed to support policies and programs that contribute to increased employment, workforce participation and engagement.

Several performance measures and targets relate to helping job seekers find and stay in work, move from welfare to work, and meet their mutual obligations. There are also measures and targets that relate to employment services providers delivering quality services, meeting employer needs and helping young people move into work and education through the Transition to Work service. In 2018–19, the department added measures and targets to track performance for New Business Assistance with NEIS (the New Enterprise Incentive Scheme), ParentsNext and the Time to Work Employment Service.

Performance data is based on an extract date of 30 June 2019 unless otherwise indicated. For ParentsNext and the Time to Work Employment Service, the new performance measures are based on services in the early stages, which delayed reporting against these targets.

The department publishes key performance targets for employment services across the four-year period to take account of external factors that limit the ability to estimate long-term performance. Adjustments may be made over time. A performance measure is considered met if it is within 5 per cent of the target.

In 2018–19, the department met or exceeded 16 of its 20 performance targets under the jobactive program, New Business Assistance with NEIS, the Time to Work Employment Service program, and the Transition to Work program.

jobactive program² — find and keep a job

Having a job offers a range of benefits to the individual, including higher standards of living, better health and self-esteem, and stronger links within the community.

This performance measure was designed to ensure that jobactive is meeting its obligations to help participants find and keep work, by monitoring the proportion of job placements that were sustained to at least 26 weeks, and the proportion of participants who were employed three months after participating in jobactive.

Table 2. Targets and results — find and keep a job

Indicator	2018–19 target	Result
Proportion of job placements sustained to 26 weeks	30% overall	42.9%
	30% Indigenous	34.8%
Proportion of job seekers employed three months after participating in jobactive	45% overall	48.6%
Stream A	55%	59.0%
Stream B	40%	42.7%
Stream C	25%	26.6%

Proportion of job placements sustained to 26 weeks, overall and for Indigenous job seekers

Research has found that most participants who are employed for 26 weeks will remain off income support for at least the following 12 months. When a participant is placed in a job, remains employed for 26 weeks and comes off income support, their provider receives an outcome payment.

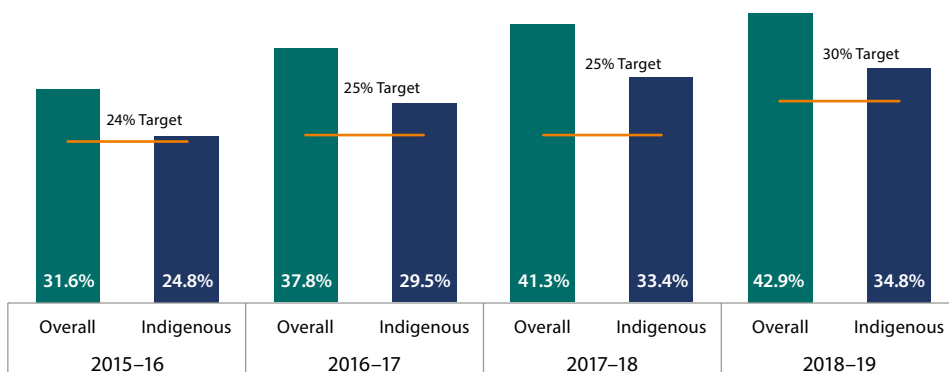
This measure tracks sustainable employment gained through jobactive, reporting on the proportion of job placements that were sustained long enough to convert into 26-week outcomes. It uses administrative data and is reported publicly each year.

This measure also reflected the department’s commitment to the Closing the Gap initiative. To drive continuous improvement in Indigenous employment, the department set a specific parity target for achieving sustainable outcomes for Indigenous job seekers. For 2018–19, the target was increased to 30 per cent of job placements converting to 26-week outcomes, from 25 per cent in 2017–18.

The target was exceeded both overall and for Indigenous job seekers. Performance against this measure has improved each year under jobactive.

2 Where indicated, jobactive performance data includes participants in the Online Employment Services Trial.

Figure 2. Proportion of job placements sustained to 26 weeks



Proportion of job seekers employed three months after participating in jobactive

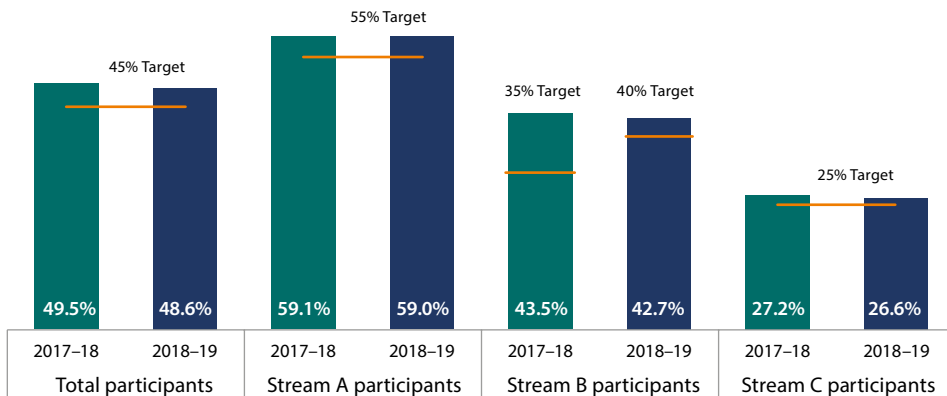
Under jobactive, an eligible job seeker is assisted through one of three streams that correlate with differing levels of labour market disadvantage.

Stream A participants are the most job ready, and receive services to help them meet employer needs and navigate the local labour market. Stream B participants have some employment barriers, such as disability or lower levels of educational attainment, and need their provider to play a greater role to help them find work. Stream C participants require the most assistance, often having a combination of vocational and non-vocational barriers that need to be addressed before they are ready for employment. These barriers may include reduced work capacity, physical or mental health issues or substance abuse. Stream C job seekers receive case management support to help them take up and keep a job.

The department used results from the post-program monitoring survey to measure the employment status of participants three months after participating in jobactive. Those surveyed might have exited jobactive or might have still been receiving services. Post-program monitoring survey data provided information not available from the department’s administrative data, such as the employment and education status of exited participants. It also provided a fuller picture of employment outcomes, as not all employment undertaken by jobactive participants is captured in job placement records. Results from post-program monitoring surveys were published in the department’s quarterly Employment Services Outcomes Report.

Results for 2018-19 are based on job seekers who participated in jobactive between 1 January 2018 and 31 December 2018.

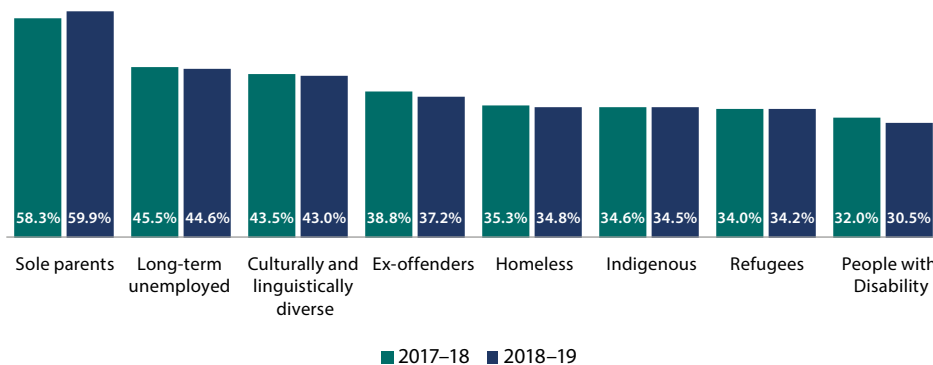
Figure 3. Proportion of job seekers employed three months after participating in jobactive, by stream



In 2018-19, the proportion of job seekers employed three months after participating in jobactive continued to exceed the targets for each stream and for the program as a whole.

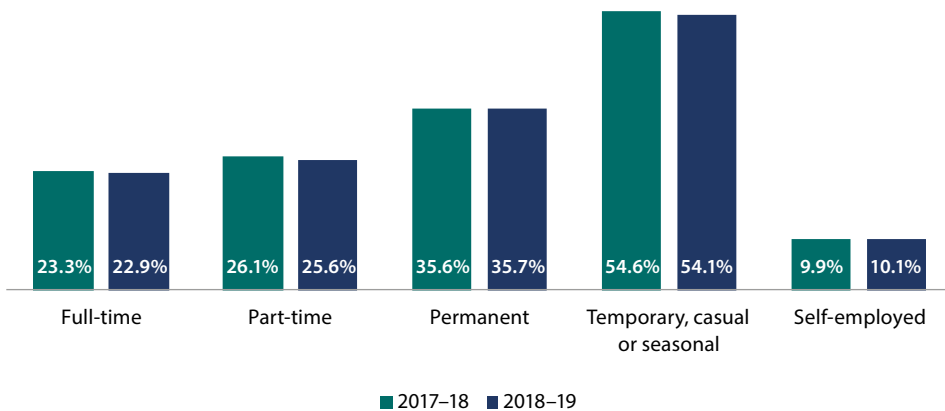
Employment rates improved for refugee participants and sole parents and were relatively stable for Indigenous Australians. However, employment rates declined slightly for a range of disadvantaged participant cohorts, including long-term unemployed participants (participants registered with employment services for 12 months or more), culturally and linguistically diverse participants, ex-offenders, homeless participants and people with disability.

Figure 4. Proportion of job seekers in selected cohorts employed three months after participating in jobactive



jobactive participants are most commonly employed in temporary, casual or seasonal work three months after participating in the program. However, close to one-quarter of jobs held by 2018–19 participants at the three-month point were full time, and more than one-third were permanent.

Figure 5. Employment type of job seekers in employment three months after participating in jobactive



jobactive program — help job seekers move from welfare to work

Helping participants move off welfare and into work empowers them to gain control of their financial future and reduce their reliance on the welfare system. This performance measure was designed to gauge the extent to which jobactive led to sustainably reduced reliance on income support payments. A significant reduction is defined as an average reduction of 60 per cent or more.

Table 3. Target and result — help job seekers move from welfare to work

Indicator	2018–19 target	Result
Proportion of job seekers moving off income support, or with significantly reduced reliance on income support, six months after participating in jobactive	40%	44.6%

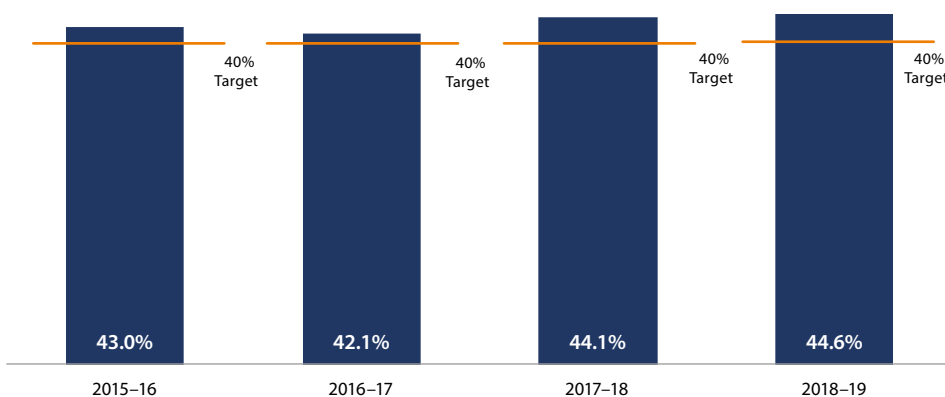
Note: Includes participants in the Online Employment Services Trial.

Proportion of job seekers off income support, or with reduced reliance on income support, six months after participating in jobactive

The result for this measure was calculated using administrative data. A snapshot of the income support status of all participants on the jobactive caseload was taken at the end of each month between 1 January 2018 and 31 December 2018. Each participant's income support status at this point was compared with their income support status six months later. The department publishes results for this measure every year.

In 2018–19, 44.6 per cent of participants had moved off income support or significantly reduced their reliance on income support six months after participating in jobactive.

Figure 6. Proportion of participants off income support, or with reduced reliance on income support, six months after participating in jobactive



jobactive program — help job seekers meet their mutual obligations

To increase Australia's workforce participation, it is important that participants remain motivated and active in finding employment. Indicators under this performance measure tracked the extent to which jobactive participants are actively engaged, meeting their mutual obligations and attending appointments with their providers to look for suitable work.

Table 4. Targets and results — help job seekers meet their mutual obligations

Indicator	2018–19 target	Result
Proportion of Work for the Dole participants who report increased motivation to find a job	75%	76.7%
Proportion of jobactive appointments attended (for activity-tested job seekers, excluding when job seeker had a valid reason for not attending)	90%	78.7*%
Proportion of job seekers with mutual obligation requirements who are actively looking for work	98%	70.2*%

* The methodology for these measures was changed due to the introduction of the Targeted Compliance Framework. These results reflect the updated methodology and the transition period to the new framework.

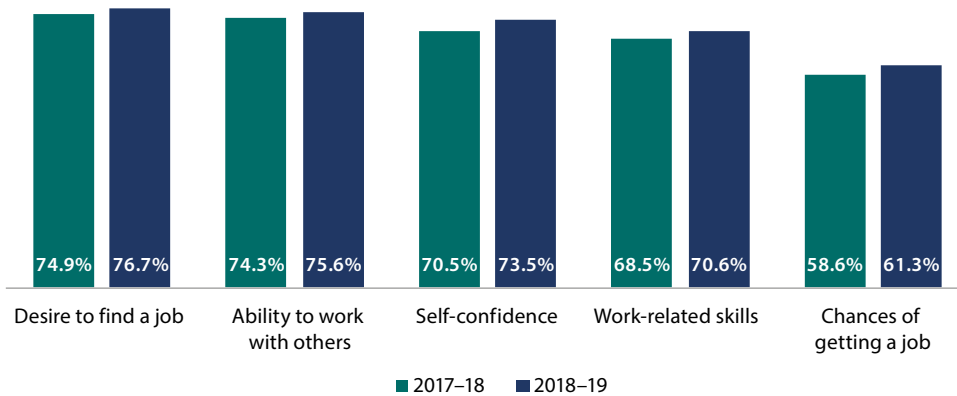
Proportion of Work for the Dole participants reporting increased motivation to find a job

Work for the Dole (WfD) is a work experience program that places participants in activities where they can build new skills, experience and confidence to move from welfare to work while giving back to their community. The extent to which WfD increases participants' motivation to find work is a measure of how effective the program is at keeping participants activated and engaged.

The department's post-program monitoring survey measured the impact of WfD participation on job seekers' soft skills and outlook. It was conducted six weeks after commencing in a WfD activity. Results were published quarterly in the Employment Services Outcome Report.

In 2018–19, the proportion of WfD participants reporting improved motivation to find a job was 76.7 per cent, exceeding the 75 per cent target for 2018–19 and improving on 2017–18 (74.9 per cent). A majority of participants also reported an improvement in their desire to find a job, ability to work with others, self-confidence, work-related skills and chances of getting a job.

Figure 7. Proportion of Work for the Dole participants who report improvements in their soft skills



Proportion of jobactive appointments attended by activity-tested job seekers

Appointment attendance is a measure of participant engagement, as participants must regularly attend appointments with their provider to monitor progress against their requirements and to discuss strategies to find work.

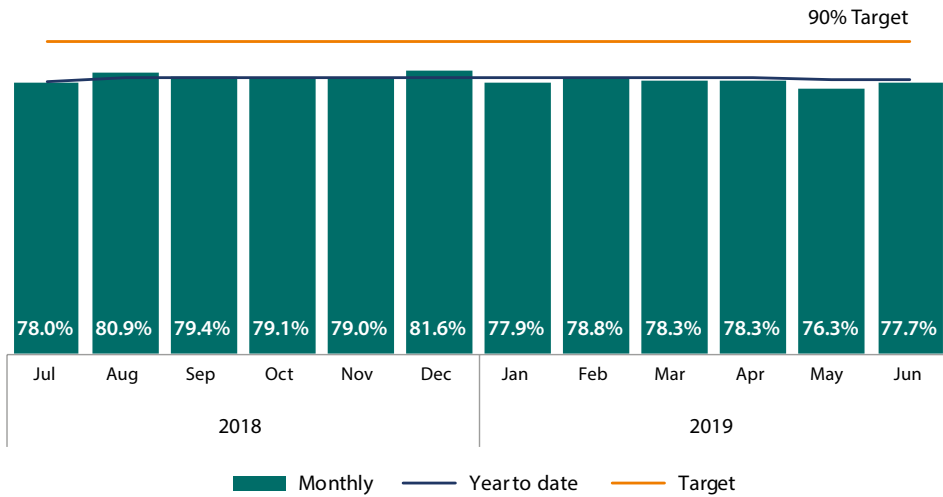
The calculation for this measure was refined for the 2018-19 financial year following the introduction of the Targeted Compliance Framework. The measure now calculates provider appointments attended as a proportion of the sum of attended appointments, appointments not attended for an invalid reason, and appointments where misconduct occurred. Previously the denominator included missed appointments that the provider chose not to report as non-attendance to the Department of Human Services (now called Services Australia).

The result for this measure was calculated using administrative data.

In 2018-19, 78.7 per cent of appointments were attended (see Figure 8). This is below the 90 per cent target; however, the target is designed to be aspirational. Comparison with the equivalent 2017-18 result is not meaningful, given the change in calculation method.

The department is continuing to work with providers and participants to improve performance against this measure.

Figure 8. Proportion of jobactive appointments attended



Proportion of participants with mutual obligation requirements who are actively looking for work

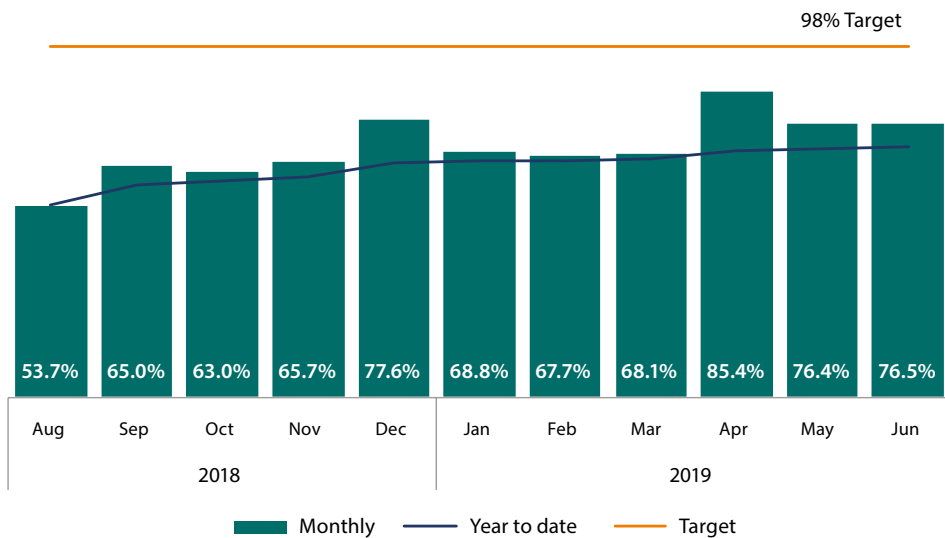
Ensuring that participants actively look for work and stay engaged with the labour market is a key priority of jobactive. To help sustain engagement, most participants are required to look for work as part of their job plan. A job plan is unique to the participant and outlines their mutual obligation requirements, such as appointment attendance and job search, as well as any education, skills training and other activities they need to do to improve their employability.

This measure reported on the proportion of participants who met the job search requirements in their job plan. In previous years the department reported on the proportion of participants with a job search requirement in their job plan. This measure was refined for 2018–19 following the introduction of the Targeted Compliance Framework.

The result for this measure was calculated using administrative data.

In 2018–19, 70.2 per cent of participants met their job search requirements (see Figure 9). While this was below the 98 per cent stretch target, performance improved significantly throughout the year and is expected to improve further as the department works with providers to increase job seeker compliance with mutual obligations.

Figure 9. Proportion of participants with mutual obligation requirements actively looking for work³



jobactive program — jobactive providers deliver quality services

Delivering high-quality services to job seekers and employers helps to support the achievement of other jobactive performance measures and provides the Australian community and job seekers with value for the money spent on employment services. The indicators for this performance measure reflected the effectiveness of the department’s approach to ensuring that providers meet their employer satisfaction and service delivery targets.

Table 5. Targets and results — jobactive providers deliver quality services

Indicator	2018–19 target	Result
Proportion of employers satisfied with the assistance provided by a jobactive organisation	80%	81%
Proportion of assessed commitments met by jobactive providers	80%	84%

³ Data collected from August 2018 onwards.

Proportion of employers satisfied with the assistance provided by a jobactive organisation

By tailoring their services to employers' needs, jobactive providers are better positioned to help job seekers achieve job placements, while providing a valuable service for employers.

Data for this measure is sourced from the department's Survey of Employers' Recruitment Experiences from the more than 800 employers who could recall the name of a jobactive provider they had used in the last 12 months.

The measure is the proportion of employers who were satisfied with the assistance provided. In the year to May 2019⁴, 81 per cent of employers were satisfied with the assistance provided by a jobactive provider. This meets the 80 per cent target.

Commitments met by jobactive providers

jobactive providers are monitored to ensure they are making available to job seekers, employers and other stakeholders the services to which they have committed in their tailored service delivery offers.

The department continues to monitor these commitments through the contract management process, which assesses 25 per cent of each provider's commitments each six-month period and determines whether they have been met.

For 2018–19, the methodology for calculating this measure was revised to focus on the proportion of jobactive providers which departmental contract managers assess as meeting at least 80 per cent of the assessed commitments.

In 2018–19, 84 per cent of jobactive providers met at least 80 per cent of their assessed commitments, exceeding the target. This demonstrates the department's continued productive relationship with providers, ensuring commitments are met and services are of a high quality.

jobactive program — overall program measure: cost per employment outcome

The cost per employment outcome measure provides an overall indication of jobactive's cost efficiency and performance, and confirms whether employment services are providing value for money. It was calculated as the average sum of money spent per outcome. When considered over time, this measure may demonstrate the department's efficiency in achieving its purpose of developing and implementing national policies and programs that help Australians find and keep work.

Program costs take into account expenditure such as administration fees, outcome payments, and support provided from the Employment Fund. Employment outcomes are determined as the number of participants who are employed three months after participating in jobactive, as measured by the post-program monitoring survey. They are recorded for all types of employment, including part-time employment that is insufficient to generate a paid employment outcome for providers. As a result, this figure is different from the number of employment outcomes recorded in program administrative data.

4 Latest available data.

Table 6. Overall program measure target and result

Indicator	2018–19 target	Result
Cost per employment outcome	\$2,500	\$2,410

Note: Includes participants in the Online Employment Services Trial.

Cost per employment outcome

In 2018–19, the cost per employment outcome for jobactive was \$2,410. This is below the \$2,500 target, but exceeds the 2017–18 figure (\$2,188).

New Business Assistance with NEIS — help people to create their own job through self-employment

New Business Assistance with NEIS helps Australians to become financially independent. NEIS is designed to assist people who wish to start their own business and offers a range of services such as accredited small business training, mentoring, and support. The program also gives eligible participants access to NEIS Allowance for up to 39 weeks while starting their business.

This measure helped to track how NEIS is helping Australians to take charge of their financial future, by assessing the proportion of participants who were off income support or working 20 hours per week, three months after exiting NEIS. The target recognised that some businesses may struggle with their first attempt.

Table 7. Target and result — New Business Assistance with NEIS

Indicator	2018–19 target	Result
Proportion of NEIS participants off income support or working 20 hours per week three months after participating in and then exiting NEIS	68%	67%

Proportion of NEIS participants off income support or working 20 hours per week three months after participating in and then exiting NEIS

In 2018–19, 67 per cent of NEIS participants were off income support or were working 20 hours per week three months after participating in and then exiting NEIS, meeting the target.

The result for this measure was calculated using administrative data for the period 1 July 2015 to 30 June 2019. This timeframe enabled a whole-of-program perspective that aligns with jobactive. It provided sufficient time for participants to complete the program and move off income support or achieve sustainable work, which may be up to 15 months from the date of commencing their NEIS business.

ParentsNext program — support parents to build their work readiness

This performance measure focused on efforts that help to promote the effectiveness of the ParentsNext program by reporting on the rate at which ParentsNext participants were engaged in a current activity. ParentsNext provides personalised support to parents, to help them plan and prepare for employment while caring for young children. It aims to increase their work prospects by the time their children start school.

Table 8. Target and result — ParentsNext

Indicator	2018–19 target	Result
Proportion of ParentsNext participants who are in a current activity	80%	88.6%

Proportion of ParentsNext participants who are in a current activity

This measure is the proportion of ParentsNext participants who had a current activity in their participation plan. This was calculated using administrative data and is the percentage of the current caseload with a current activity at the time of reporting.

As at 30 June 2019, of the 59,809 participants commenced on the caseload, 88.6 per cent (53,006 participants) were in a current activity.

Time to Work Employment Service — support Indigenous prisoners prepare to find employment and reintegrate back into the community

The department is committed to understanding each individual’s unique circumstances and barriers to undertaking employment and offering the assistance they need to re-enter the workforce. The Time to Work Employment Service (TWES) provides eligible indigenous prisoners with assistance while they are incarcerated, to help prepare for employment post release.

Commencement of TWES was slower than expected due to delays in signing memoranda of understanding (MOUs) and determining service start dates in prisons. The final MOU (for Western Australia) was signed in April 2019.

A number of factors have affected performance against the measures for this outcome:

- ▶ the time needed to process provider staff through security clearances and inductions at each prison before commencement of services
- ▶ differing approaches between states and territories and from prison to prison to identify eligible prisoners, promote the service and provide access and resources, including rooms for appointments
- ▶ the voluntary nature of the service, and prisoners having limited time and a range of programs and services on offer to choose from
- ▶ the fact that servicing has only just commenced in some of the larger facilities, where uptake rates have not yet reached their potential proportionate to eligible prisoners.

Table 9. Targets and results — Time to Work Employment Service

Indicator	2018–19 target	Result
Proportion of eligible prisoners that participate in the service	50%	33%
Proportion of participants that complete a facilitated transfer from their in-prison service provider to their post-release employment service provider	60%	55%

Eligible prisoners participating in the service

This performance measure set a target of 50 per cent of eligible TWES participants commencing in the program. The measure was calculated using administrative data.

At 30 June 2019, the proportion of eligible participants who had commenced in TWES was 33 per cent. While this is below the target, the shortfall is largely explained by the factors outlined above. The department continues to work with stakeholders to promote the use and streamlining of the service.

Participants completing a facilitated transfer from their in-prison service provider to their post-release employment service provider

This measure of the program’s performance assessed how many TWES participants moved from an in-prison provider to a post-release provider. The 2018–19 target was 60 per cent. The result was calculated using administrative data.

At 30 June 2019, 55 per cent of TWES participants completed a facilitated transfer from their in-prison service provider to their post-release employment service provider, just short of meeting the 60 per cent target.

However, performance against this target in 2018–19 demonstrated that participants who completed the service were then connected to the most appropriate post-release employment services to receive the right support to help them find employment.

Transition to Work — help young people move into work or education

The Transition to Work (TtW) program is designed to give young people, especially early school leavers aged between 15 and 21 years who are not in education or employment, more options by offering intensive pre-employment support to improve their work-readiness and to find work. TtW also links young people with apprenticeships, traineeships or education.

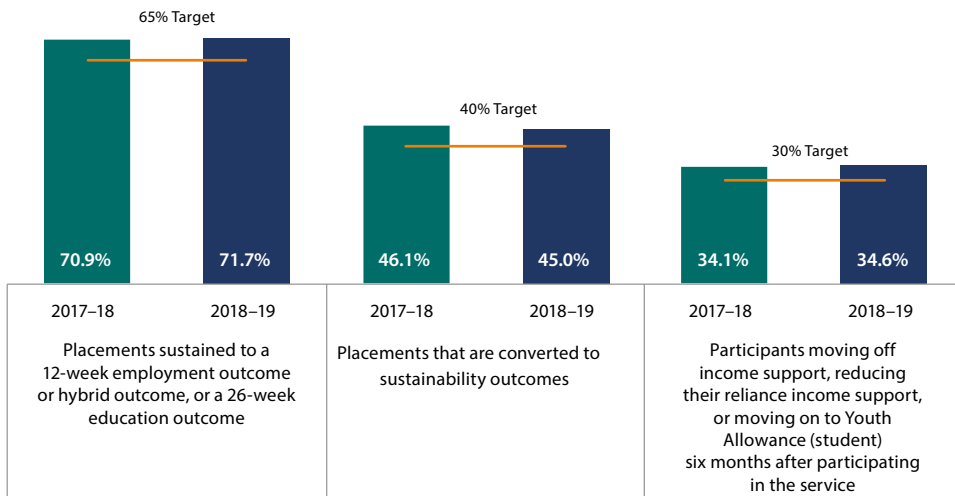
In July 2018, funding for TtW became demand-driven, responding to a higher than expected number of young people seeking to participate in the program.

Indicators under this performance measure were designed to assess the rate at which TtW helped participants sustain employment and education through the program.

Table 10. Targets and results — Transition to Work

Indicator	2018–19 target	Result
Proportion of placements sustained to a 12 week employment outcome or hybrid outcome, or a 26 week education outcome	65%	71.7%
Proportion of placements that are converted to sustainability outcomes	40%	45.0%
Proportion of Transition to Work participants moving off income support, reducing their reliance on income support, or moving to Youth Allowance (student) six months after participating in the service	30%	34.6%

Figure 10. Transition to Work performance targets



Proportion of placements sustained to a 12-week employment or hybrid outcome, or a 26-week education outcome

This measure recognises the different ways a TtW participant can find and stay in work. The result was calculated as the proportion of TtW placements that are sustained to a 12-week employment or hybrid outcome or to a 26-week education outcome.

A TtW provider could receive:

- ▶ a 12-week employment outcome payment when a participant was employed for 12 cumulative weeks, where each period of employment comprised at least four weeks
- ▶ an education outcome payment when a participant undertook 26 consecutive weeks of:
 - full-time participation in or completion of a Certificate III course or higher
 - full-time participation in or completion of secondary education leading to a Year 12 qualification, or
 - full-time participation in the Adult Migrant English program or the Skills for Education and Employment program
- ▶ a hybrid outcome payment when a participant completed 12 consecutive weeks in a combination of employment or study (as described in the outcomes listed above).

The result was calculated using administrative data for placements occurring between 14 August 2017 and 13 August 2018, with outcomes achieved in the 12 months to 30 June 2019.

In 2018-19, 71.7 per cent of TtW placements achieved a 12-week employment or hybrid outcome or a 26-week education outcome. This exceeded the 2018-19 target of 65 per cent by 6.6 percentage points and is higher than the 2017-18 result (70.9 per cent).

Proportion of placements converted to sustainability outcomes

This measure reported on the proportion of TtW placements that converted to sustainability outcomes, meaning the participant continued in their employment or education placement for an additional 14 consecutive weeks following the completion of their 12-week employment or hybrid outcome.

The result is calculated using administrative data for placements occurring between 8 June 2017 and 7 June 2018, with outcomes achieved in the 12 months to 30 June 2019.

In 2018–19, 45 per cent of TtW placements converted to sustainability outcomes, exceeding the 2018–19 target of 40 per cent by 5 percentage points.

As sustainability outcomes under TtW are different to 26-week employment outcomes under jobactive, this figure should not be compared to the 26-week outcome measure for jobactive, which was the proportion of job placements sustained to 26 weeks.

Proportion of TtW participants moving off income support, reducing their reliance on income support, or moving to Youth Allowance (Student) six months after participating in the service

Participants who move off or substantially reduce their reliance on income support are on their way to becoming financially self-reliant and independent. Those who moved to Youth Allowance (Student) are studying and earning qualifications that will improve their employment prospects in the future.

This measure was the proportion of Transition to Work participants moving off income support, reducing their reliance on income support (defined as a reduction of 60 per cent or more), or moving to Youth Allowance (Student) payments six months after participating in the service.

The result was calculated using administrative data. Data was collected for participants in the Transition to Work service between 1 January 2018 and 31 December 2018. The income support status of these participants was measured six months later, between 1 July 2018 and 30 June 2019.

In 2018–19, 34.6 per cent of participants moved off income support, reduced their reliance on income support or were on Youth Allowance (Student) six months after participating in TtW. This exceeded the 2018–19 target of 30 per cent by 4.6 percentage points.

Customer service statistics

From 1 July 2018 to 30 June 2019, the department's National Customer Service Line handled more than 223,686 calls about employment support services. These calls related to all Australian Government funded employment and related services, including jobactive, Transition to Work, ParentsNext, Youth Jobs PaTH, Disability Employment Services (administered by the Department of Social Services) and the Community Development Programme (administered by the National Indigenous Australians Agency).

In relation to the employment services administered by this department, the National Customer Service Line managed 87,654 feedback items (compared with 66,858 items in 2017–18 — a 31.1 per cent increase). There were 16,443 complaints, 29,875 requests for information and 28,353 transfers of job seekers between employment services providers (see Table 11).

Table 11. National Customer Service Line feedback by type, 2018–19

Feedback type	Number	Proportion
Complaints	16,443	18.76%
Requests for information	29,875	34.08%
Transfers of job seekers	28,353	32.35%
Other (e.g. compliments and suggestions)	12,983	14.81%
Total	87,654	100%

jobactive star ratings

In addition to assessing program-level performance measures and targets, the department calculated quarterly star ratings to assess the relative performance of individual jobactive provider sites nationally. They are published on the jobactive website and the department's website to help job seekers and employers when choosing a provider. Sites rated with 3 stars perform around the national average, 4-star and 5-star sites achieve better than average results, and 1-star and 2-star sites are below average.

The ratings drive continuous improvement in provider performance against the assessed performance measures over a rolling two-year period. These measures focused on achieving sustained employment placements for the job seekers being assisted, and ensured that job seekers were undertaking activities to meet their annual requirements. Higher weightings were attributed to outcomes for the most disadvantaged job seekers. There was a strong focus on outcomes for Indigenous job seekers. This included the Indigenous Outcomes Incentive, which assessed individual providers' outcome rates for Indigenous job seekers in comparison with non-Indigenous job seekers, resulting in positive adjustments to the ratings assessment if the outcome rates for Indigenous job seekers were higher, and negative adjustments if they were lower.

The ratings accounted for differences between sites in local labour market conditions, and the personal factors of the job seekers being helped, such as education level, length of unemployment and workforce experience.

Employment services program assurance

The department's Employment Services Assurance Strategy provides for a principles-based approach to the oversight, management and reporting of assurance activities across employment services programs. It is supported by the Employment Services Assurance Framework, which gives guidance to staff on identifying, developing and undertaking program-specific assurance planning and activities.

The department employed a wide variety of mechanisms to assure the quality and integrity of employment services. These include the Rolling Random Sample, the Compliance Indicator, the jobactive Quality Assurance Framework, targeted assurance, data analytics and contract management activities.

Over the year, Rolling Random Sample activities continued to assess payment integrity across jobactive and included Transition to Work. The Rolling Random Sample results continued to show a high level of payment integrity, with most cost recoveries being the result of administrative error. Feedback on each Rolling Random Sample cycle is given to all jobactive providers to inform their claiming practices and their understanding of the jobactive Deed and program requirements.

Across the employment services administered by the department, \$3,072,839 net was recovered in 2018–19. This is equivalent to 0.18 per cent of spending over the same period and is slightly larger than the proportion for 2017–18 of 0.14 per cent. This reflects the wider range of transactions reviewed and an increase in the average dollar value of each recovery. This proportion is calculated as the net dollars recovered in the year against employment services contracts, divided by the total Program 1.1 Administered Expenses set out in the Agency Resources Statement.

The Compliance Indicator is a measure of each provider's compliance with the jobactive Deed and guidelines for submitting claims for payment and other relevant processes. It is a score between zero (absolute non-compliance) and 100 (perfect compliance) based on the aggregated results of compliance reviews finalised in the preceding 18 months.

The high level of jobactive provider compliance evident in the Rolling Random Sample result is reflected in the continued strong average Compliance Indicator score, 95.7 for the June 2019 jobactive star ratings, which is comparable to 96.1 for June 2018.

The Quality Assurance Framework sets the minimum standard of quality for jobactive providers. It has been in place since July 2015. Certification under this framework assures the department that providers have established policies and processes to support service delivery. All ongoing jobactive providers have maintained Quality Assurance Framework certification, and new providers contracted in 2018–19 are working towards achieving Quality Assurance Framework certification within the required timeframes.

Funding options to help job seekers

Employment Fund and wage subsidies

jobactive providers continue to use the Employment Fund to purchase goods or services that will help eligible individuals to address their difficulties in finding and keeping a job.

In 2018–19, jobactive providers spent \$225.4 million helping individual job seekers prepare for work. The highest levels of expenditure were on wage subsidies, accredited training, professional services, work-related licensing, and clothing and presentation.

The Employment Fund is also used to provide targeted support for Indigenous Australians as part of the Closing the Gap Employment Services measures, and for mature-age people as part of the Career Transition Assistance Trial. From 2 January 2019, some wage subsidies are also funded from the Employment Fund.

Wage subsidies provide a financial incentive of up to \$10,000 (GST inclusive) to help employers hire new staff in ongoing roles. The 2018–19 Budget announced that wage subsidies would continue to be available through the Employment Fund from 2 January 2019. Since that time, wage subsidies have assisted 46,814 people into employment.

Relocation Assistance to Take Up a Job

Relocation assistance helps with the financial costs of relocating to start a new job. Over the last financial year, relocation assistance helped 450 people and their families relocate to take up full-time ongoing employment.

Supporting young people and parents

Youth Jobs PaTH (Prepare, Trial, Hire)

Youth Jobs PaTH (Prepare, Trial, Hire) provides three elements to help give young people the employability skills employers want and opportunities to gain real work experience, while encouraging employers to give young people a go.

During 2018–19, the program supported over 76,000 young participants through Employability Skills Training, PaTH internships and the Youth Bonus Wage Subsidy.

Employability Skills Training — Prepare

Employability Skills Training (EST) helps young job seekers understand what employers expect in the workplace. It helps them develop the skills and confidence to get job ready through intensive pre-employment training courses.

Participants can develop their skills through two different blocks of targeted training.

- ▶ Block One covers pre-employment skills including communicating at work, planning and organising, working in a digital world, making decisions and identifying and solving problems.
- ▶ Block Two focuses on job preparation, advanced job-hunting skills, career development and interview skills, and provides an opportunity to participate in industry awareness experiences.

In 2018–19, there were 35,575 commencements in PaTH EST in 4,100 courses. Young job seekers who are employed following EST have better job placement to outcome conversion rates (43 per cent) than job seekers of the same age who do not participate in PaTH (41 per cent). Over 41 per cent of job seekers who have participated in EST have obtained a job placement and/or a PaTH internship within six months of undertaking the training.

PaTH internships — Trial

PaTH internships are voluntary structured work experience placements that provide young people with the opportunity to demonstrate their skills to an employer. Employers can trial a young person in an internship for between four and 12 weeks to see how they fit into the team and whether they are a good fit for ongoing employment.

Providers, employers and participants co-design each work experience placement to match the young person's skills, interests and experience with the needs of the business.

Young people who participate in an internship receive \$200 a fortnight as an incentive payment on top of their income support. Host businesses receive \$1,000 (GST inclusive) to help cover the costs of training and the supervision requirements.

Since the program began in April 2017, it has supported 10,349 internship placements with 4,654 businesses in fields including accommodation and food services, retail trade, manufacturing, construction, and administrative and support services. A total of 6,464 internship placements have successfully been completed. Of those, 65 per cent (4,183) resulted in a young person gaining employment following an internship placement. Of internship placements that resulted in employment, 34 per cent were for young people with an unemployment duration of two or more years.

The department's post-program monitoring indicates that nearly 70 per cent of all participants are employed three months after participating in a PaTH internship.

Youth Bonus Wage Subsidy — Hire

The Youth Bonus wage subsidy is a financial incentive of up to \$10,000 (GST inclusive) to encourage employers to provide ongoing employment opportunities to eligible young job seekers aged 15 to 24 years.

In 2018–19, \$82.3 million was spent under the Youth Bonus wage subsidy to support 14,811 young people into ongoing work.



Left to right: Kelly Nicholson, Janaya Paul and Stefan Kubler.

▶ Youth Jobs PaTH leads Janaya to her dream job as a mechanic

Janaya Paul, a young Indigenous woman from the Gold Coast, is excited to have landed a job as an apprentice mechanic with the help of the Youth Jobs PaTH program.

Janaya successfully completed an Employability Skills Training course with training specialists Novaskill, who worked with her jobactive provider APM to help her secure an internship with Gullwings Mercedes Auto Parts & Repair Specialists.

'When I started the Employability Skills Training, we started with basic group exercises to get used to each other and then we started on résumés and learned how to do interviews,' Janaya said.

'I enjoyed the group activities the most. They were fun little exercises to do and it really brought everyone together as a team and helped us work with each other. I definitely had more confidence after the training. It helped me a lot with the job interview here at Gullwings Mechanics.'

Janaya said doing an internship was a great way to ease into the job.

'The internship at Gullwings was great. It showed me the ropes before I got myself into it. I could see what it was like, if I was going to enjoy it or not and what the people were like. It was helpful because I got to learn things before I started in the workshop and how it ran, and what happened on a daily basis.'

'When I found out I got the apprenticeship at Gullwings Mechanics, I was over the moon with excitement and happiness, and I called everyone and told them I got it,' she said.

Kelly Nicholson and Stefan Kubler, co-owners of Gullwings, were very happy with the way the PaTH program helped them find and hire Janaya. 'She showed initiative, she wasn't afraid to try anything,' Stefan said. 'If in doubt, she always asked. She has the attributes that we were looking for, she has the skills, she's fitted in perfectly and she's moving forward at a great rate of knots which is really impressive.' Kelly said Youth Jobs PaTH had helped with finding great staff previously.

Janaya said women shouldn't be put off by the idea of working as a motor mechanic, if they're interested. 'Being a female in a male-dominated industry, it can be daunting and overwhelming at the start. But you get it. It's the best decision I've made, and everyone's accommodating.'

Empowering YOUth Initiatives

Empowering YOUth Initiatives supports new, innovative approaches to help long-term unemployed young people aged 15 to 24 years improve their skills and move towards sustainable employment.

Projects encouraged young people to engage in activities and address the complex issues they faced. Support was provided through a diverse range of activities including outdoor adventure programs, online industry mentor support, BMX riding workshops, and creating art and craft products to sell. All 39 funded projects are now complete as per the original requirements.

Lessons from all the projects will be captured in an evaluation report and will add to the evidence base for youth employment policy and programs. Work on the evaluation is due to be completed by the end of 2019.

▶ Indigenous Apprenticeship Readiness Program



Empowering YOUth Initiatives funded NECA Training and Apprenticeships to deliver its Indigenous Apprenticeship Readiness Program. The program helped young Aboriginal and Torres Strait Islander people living in Sydney, the Central Coast and Hunter regions of New South Wales gain the skills, experience and self-esteem to begin an electrical apprenticeship.

The 16-week program provided nationally accredited training, work experience and personal development, including cultural connection

sessions. Graduates had the opportunity to undertake a competitive electrical apprenticeship recruitment process and received ongoing support to transition into an apprenticeship or employment. NECA delivered the program in partnership with NSW TAFE and the Mulga Gidgee Indigenous community organisation, which provided mentoring.

One of the many success stories from the program is Brandon. Brandon is a descendant of the Ngemba and River Country tribes of far western New South Wales and grew up in Western Sydney. He completed Year 10 but then made some poor life decisions which led him to spend over two years in juvenile detention.

Brandon participated in carpentry courses during his time in detention, sparking an interest in the construction industry. His detention liaison officer suggested he consider participating in the Indigenous Apprenticeship Readiness Program. Brandon said, 'I saw some really successful blackfellas from the previous courses who had cars and real jobs and it made me realise I could do that too.'

Brandon jumped at the opportunity and was able to attend the program through day release. He achieved perfect attendance and good grades, and had an exemplary report from his work experience host, who was keen to have him back as an apprentice. Brandon said, 'The work experience gave me a chance to show my employer I'm a good worker.'

Brandon completed the program with support from NECA and their program partners. He studied hard to achieve a good result in the final assessment and was successful in the apprenticeship recruitment process. He commenced an apprenticeship with his work experience host in October 2018, just 12 weeks after being in the juvenile detention system.

Brandon was completely released from detention in December 2018 after successfully completing his work probation period. He says the best thing about life now is, 'I feel safe. I can buy the things that I need. I have a wage.'

Transition to Work

Transition to Work (TtW) is a 12-month intensive service for young people that began in February 2016. It provides intensive pre-employment support to people aged 15 to 21, including Indigenous Australians and early school leavers, to improve their work-readiness and transition into work (including apprenticeships or traineeships) or education.

TtW is performing well. In 2018–19, the service exceeded its targets, helping young people achieve over 9,000 employment and education outcomes.

On 1 January 2018, TtW eligibility was expanded to give more Indigenous young people access to 12 months of intensive assistance when they leave school to engage with work or further education. Indigenous young people now make up over 30 per cent of the caseload.

On 1 July 2018, TtW expanded again to become a demand-driven service, giving more 15 to 21 year-olds access to 12 months of intensive support to prepare for employment or education.

► Transition to Work — dare to dream



Transition to Work, in partnership with Youth Jobs PaTH and BUSY at Work, helped Billie turn her passion for horses into a career.

When Billie first came into contact with local Transition to Work provider BUSY at Work, she had multiple barriers in every area of her life. She wanted to complete the Certificate III in Rural Operations with Online Horse College but didn't think she could. Natalie from BUSY at Work sat down with Billie and, working as a team, they navigated the application process.

Billie said, 'I've been with Centrelink ever since I was 14. I've done hospitality, social service, all that sort of stuff, and I was never interested in it. I was pretty keen on doing nothing and sitting around with my friends and running amok. One day, I just clicked and I said, "I need to do something." Natalie from BUSY at Work gave me the opportunity to get this course. She was interested in what I wanted to do.'

As a Transition to Work provider, Natalie was able to set up an internship opportunity for Billie through the Youth Jobs PaTH program with a company called Horses and Humans. This complemented Billie's Rural Operations course. Natalie provided ongoing support to Billie and her employer during the placement.

Natalie spent time with Billie helping her understand workplace responsibilities, letting her know that she was accountable both to herself and to her employer, but that she had a whole team of people behind her now to help her get through the hard days.

Billie said, 'Natalie really made it so easy. The support that she gave me throughout, that was insane. She drove me places. She helped me get my licence. If I just had a hard day, I'd call her and she'd just make sure everything was fine. I'm really proud of all my knowledge that I've gained. There's nothing else that makes me feel so calm than working with horses. The feeling afterwards when you've succeeded — it's just the best feeling ever.'

In less than six months from their first meeting, BUSY at Work had helped Billie find secure accommodation, sort out her Centrelink benefits, complete a successful internship and find employment.

ParentsNext

ParentsNext helps eligible parents to plan and prepare for employment by the time their youngest child reaches school age. ParentsNext providers work with parents to help them to identify their education and employment goals, develop a pathway to achieve their goals, and participate in an activity relevant to their goals. This includes linking them to related activities and services in the local community. Providers and participants negotiate the choice of activity, and providers must ensure it is tailored to address the participant's individual needs and circumstances.

ParentsNext aims to:

- ▶ reduce welfare reliance and intergenerational welfare dependency
- ▶ increase female labour force participation
- ▶ help close the gap in Indigenous employment.

Following the success of the trial program that operated from April 2016 in 10 local government areas, the program was rolled out nationally in July 2018.

▶ Qualified for the job



After leaving school and starting a family, Natasha didn't believe she could launch a career. But with the help of ParentsNext she found a calling in aged care.

Based in Tamworth, Natasha, or Tarsh, worked with her ParentsNext provider to enrol in a Certificate III in Community Services, and was the first in her cohort to complete all modules. 'I didn't think I would ever finish anything ever again after school and having my kids. I left school in year 10 and when I had tried to study things would always pop up with the children that held me back,' she said. 'I'm so proud of myself finishing this course.'

After completing a work placement in a local aged care facility, Tarsh was encouraged to apply when positions became available in February this year. Staff and residents at the facility are familiar with Tarsh and her children, who visit regularly. 'It's really sweet that my kids are able to go to the facility and visit the residents — they love it and ask to go back all the time. I will definitely be applying for work there,' she said.

Natalie Linton, ParentsNext program manager with Joblink Plus, said that Tarsh's give-it-a-go attitude and readiness to work with her provider to discuss options for activities and training were crucial to her success. 'Tarsh did have some challenges come up whilst completing the course, but Joblink Plus were able to be flexible with her attendance and worked with the trainer to support her to complete the course,' Natalie explained.

'Importantly, now that she has obtained a qualification and made professional connections within the aged care community in Tamworth, Tarsh is well on her way to gaining work in a field that needs her skills.'

Tarsh did apply for a part-time position as a personal carer at the aged care facility. She was successful with her application and, after attending an interview, was offered a permanent part-time job.



▶ Supporting Indigenous parents

Mihi Waihape, ParentsNext program manager with Workways in Logan, Queensland, worked closely with Patrice to help her find direction and take steps towards her goal of running a nail salon.

Eighteen per cent of participants referred to ParentsNext are Indigenous. The ParentsNext Intensive Stream provides additional investment, including a participation fund and wage subsidies, in areas with larger numbers of Indigenous parents. Through the program, parents receive assistance to help them identify their education and employment goals, develop a pathway to achieve these goals and connect with appropriate activities and services in their local community.

Mihi said that she wished there had been a ParentsNext program available to her when she was raising her children. She described it as 'a program that really connects with the community and provides linkages to further services to assist our parents with the right support they need, to address their challenges and barriers, as well as to achieve their education and employment goals'.

Mihi explained how important it was for her, with help from Indigenous community elders, to build a rapport with parents referred to the program. 'All [parents] need when they come to their appointments is their listening ear, to feel comfortable, so that we then can really understand how we can best support them while they are connected with the program,' she said.

Patrice said that joining ParentsNext helped her develop a goal and a plan to reach that goal.

'I actually have a clear mind on what I want to do when my children and myself get older. My goal is to finish my business course and to open my own nail shop from home and go from there,' she said. 'I would recommend people to come here to, like, relax and talk about your goals. Coming here has kind of bought me out of my shell.'

Job Jumpstart

The department's Job Jumpstart website (jobjumpstart.gov.au) has doubled its visitor numbers in the last year as the service continues to support young job seekers, students and workers. The number of unique website visitors increased from 42,464 in 2017–18 to 96,918 in 2018–19. Highlights from the year include working with young people to develop a suite of videos to engage and motivate young job seekers with their job search activities; and launching the Job Search Basics Workbook, which is being used by schools, higher education providers and employment services providers.

Encouraging entrepreneurship

Entrepreneurship Facilitators

The Entrepreneurship Facilitators initiative was expanded to 20 additional locations in 2018–19. Facilitators are now located in 23 locations across Australia. The Entrepreneurship Facilitators work closely with local stakeholders to promote and encourage self-employment in their regions and help people to create their own job by starting their own business. They provide workshops and information sessions, as well as one-on-one support and mentoring. They report to the department through account managers and quarterly reports outlining the support they have provided in their region.

In 2018–19, Entrepreneurship Facilitators helped more than 25,784 people interested in starting or running their own business.

SelfStart

The SelfStart online hub (jobsearch.gov.au/selfstart) provides people considering self-employment with a range of information and tools to help them start a business. New stories were featured on SelfStart in 2018–19 to highlight how New Business Assistance with NEIS and Entrepreneurship Facilitators have helped people start their own business.

SelfStart had 147,327 page views during the year.

Exploring Being My Own Boss

Exploring Being My Own Boss workshops run over two weeks and give people interested in starting their own business a taste of what is required to run a business. The workshops cover 10 core topics including idea validation, tax essentials and branding.

In 2018–19, 780 people participated in a workshop. Of these, 237 went on to start a small business through New Business Assistance with NEIS.

▶ Entrepreneurship Facilitator helps develop new pet food to reduce waste



Glen was a commercial fisherman for over 20 years. He would watch his dogs await the arrival of the boats to get their share of the haul and was disappointed at the amount of waste that was occurring. With this in mind, he decided to establish a business producing premium-grade fish treats for dogs and cats.

In March 2018, Glen was referred to his local Entrepreneurship Facilitator in Cairns, Tara Diversi, as he needed help to improve his business operations and keep up with demand for his product. With Tara's support, he developed a strategy to seek funds to purchase a second fish dryer. He had difficulty securing a business loan, so he started looking for investors. Tara helped him secure an investor and create a plan to increase productivity.

Since his first meeting with Tara, Glen's business has increased almost threefold. The products are sold in pet shops around Australia and through Glen's own online store. He has been able to fund two additional dryers and has employed his first staff member. He is now looking to expand the business further and plans to employ at least two more staff next year.

Glen won the Proven Innovation Award and Eco Innovation Award for his business at the Tropical North Queensland Innovation Awards (TNQiA) held on 22 November 2018. These awards recognise people working innovatively across the region.

Supporting Indigenous Closing the Gap — Employment Services package

Time to Work Employment Service

The Time to Work Employment Service (TWES) which commenced on 1 January 2018, is an in-prison employment service targeted at Indigenous Australians. It provides eligible prisoners who volunteer for the service with assistance while they are incarcerated, and helps them prepare for employment post release.

Key features include a comprehensive employment assessment, assistance to develop a transition plan, and facilitated transfer to an employment services provider. TWES operates separately from other employment services. However, TWES providers will work with a participant's post-release employment services provider to facilitate a connected transfer.

TWES is delivered by 13 specialist providers to 70 non-remote prisons nationally. In 2018–19, 885 eligible prisoners commenced in the service. A total of 77 completed the service with an approved transition plan, an additional 689 participants were on the active caseload, and the remaining participants exited the service for a variety of reasons before completion. Exit reasons include:

- ▶ no longer being eligible for the service (because they were denied parole)
- ▶ choosing to no longer participate, as the service is voluntary
- ▶ being transferred to another prison.
- ▶ early release participant from prison. The Department of the Prime Minister and Cabinet (now titled National Indigenous Affairs Agency) is responsible for delivering services in 10 remote prisons.

Servicing vulnerable groups

The department worked collaboratively with other agencies and across the community to improve servicing arrangements for vulnerable groups — including Indigenous Australians, ex-offenders, refugees and other migrants — and to achieve better employment outcomes.

The department supported the development of a number of place-based projects focused on employment of vulnerable groups, including through the Regional Employment Trials program. This included six projects focusing on refugees and migrants in Queensland, Victoria and New South Wales (see the case study for Armidale, NSW, below), as well as the Indigenous-focused Yarrabah Employment Services Pilot.

Yarrabah Employment Services Pilot

The department established the Yarrabah Employment Services Pilot in Far North Queensland in July 2018 to deliver a place-based approach to employment services in Yarrabah.

The department worked with the Yarrabah Aboriginal Shire Council to co-design and build a model for the delivery of employment services in Yarrabah. The co-design process included face-to-face meetings with Yarrabah representatives. The department then worked with the council to plan and implement the transfer of employment services to Yarrabah.

The objective of the new employment services model is to respond to the needs of the Yarrabah Indigenous community by building its capacity to deliver community-driven employment services that provide better outcomes for Yarrabah and its people.

The new employment service provider, Wugu Nyambil Limited ('Holding onto work'), opened its doors to Yarrabah job seekers on 2 July 2018. The service receives mentoring and leadership assistance from an existing jobactive provider, My Pathway. The staff of Wugu Nyambil, being Yarrabah residents or having a close connection to the community, know the challenges faced by the community and local job seekers.

Key elements of their approach are flexibility and engagement with local stakeholders. The focus is on delivering a tailored service to build people's capacity, skills and confidence, and delivering services that are better aligned to the community's social and economic priorities.

The Yarrabah pilot has supported 912 Indigenous job seekers and achieved 105 job placements in the first 12 months of service. The department will continue to support and evaluate the success of the pilot as part of our support for improving Indigenous employment outcomes and continuing progress towards closing the gap.

ParentsNext research

The department is committed to developing the cultural capability of our providers and delivering the best services possible to Indigenous participants in our programs.

In 2018–19, the department engaged an Indigenous organisation to work with us, our ParentsNext providers and Indigenous ParentsNext participants, to better understand the unique challenges faced by Indigenous parents in ParentsNext and identify best practice approaches to supporting Indigenous parents. From this, a range of products were developed to help ParentsNext providers deliver culturally appropriate services to Indigenous participants. These include a self-assessment and reflection tool, podcasts and tailored communication materials.

► Helping newly arrived refugees in Armidale, NSW

The department has supported a number of place-based projects focused on employment of refugees and other migrants, including through the Regional Employment Trials (RET) program. RET has helped establish the Refugee and Migrant Employment Pilot (Tomato Exchange) in Armidale and Guyra in western New South Wales.

This custom-built project recruits local refugees and migrants into employment with the Costa Group at the Guyra site in the tomatoes division. Target participants are permanent residents already settled in the region. The project focuses on an alternative recruitment pathway model, aligned to business needs, in a way that challenges conventional approaches to recruitment. It identifies job seekers who have the right attitudes, values and attributes but are facing long-term unemployment due to lack of Australian work experience and job readiness. Activities include customised pre-employment training, work experience, mentoring and coaching and employer support.

The project is based on a firm commitment by the Costa Group to allocate genuine jobs in areas of their workforce where the supply of workers does not currently meet demand. Costa's commitment to invest in local job seekers through this intensive model is critical for meeting their workforce challenges over the next 12 to 18 month period.

This project has attracted much interest nationally, from communities and businesses alike. It has already resulted in a number of refugees securing work after only 12 months in Australia and while still learning English.

Supporting mature-age Australians

More Choices for a Longer Life package

The department successfully implemented the jobs and skills measures in the More Choices for a Longer Life package announced in the 2018–19 Budget. These measures include:

- ▶ Trialling the Skills and Training Incentive (complemented by the Skills Checkpoint for Older Workers)
- ▶ Expanding the Career Transition Assistance Program nationally
- ▶ Launching Skills Match, an online interactive tool
- ▶ Expanding Entrepreneurship Facilitators
- ▶ Targeted assistance under Job Change initiatives
- ▶ Establishing of a Collaborative Partnership on Mature Age Employment
- ▶ Giving more mature-age job seekers the opportunity to benefit from the Restart wage subsidy program.

These measures will help older Australians to better prepare for an independent, healthy, longer life that enables them to work for as long as they want.

Skills and Training Incentive

The Skills and Training Incentive, which commenced on 1 January 2019, aims to assist mature age Australians to invest in training and adopt a lifelong approach to skills development, to reduce the risk that they will leave the workforce. This includes people who are working in industries and regions vulnerable to changing labour market requirements and redundancies.

The Skills and Training Incentive provides eligible participants with government funding of up to \$2,200 (GST inclusive) for reskilling or upskilling opportunities. This is a co-investment in training, with either the participant or their current employer matching the government contribution. 368 participants have accessed the incentive.

The Skills and Training Incentive supports the Skills Checkpoint for Older Workers Program. This program identifies relevant training linked to a participant's current job (such as upgrading skills), a future job opportunity or an industry, occupation or skill in demand that the Skills and Training Incentive can be used for.

Future of work

The department is leading the development of the Jobs and Education Data Infrastructure (JEDI) project, a data engine that brings together data from multiple sources to answer the information needs of different users in relation to skills, jobs and education in the Australian labour market. It will help individuals, employers, education providers and government to identify and address skill gaps. The project also includes the development of a data-driven dynamic Australian skills classification. This classification will complement the existing occupation and qualification based systems and provide a common language across skills, jobs and education.

The department has successfully developed a prototype to provide user-friendly information for individuals to see pathways to new jobs, and to identify gaps in their skills and the courses to bridge these gaps. Further work is underway to develop a prototype for use by employers, and a tertiary education provider tool focused on course and training design to cater for emerging skills.

Labour force participation rate and employment-to-population ratio

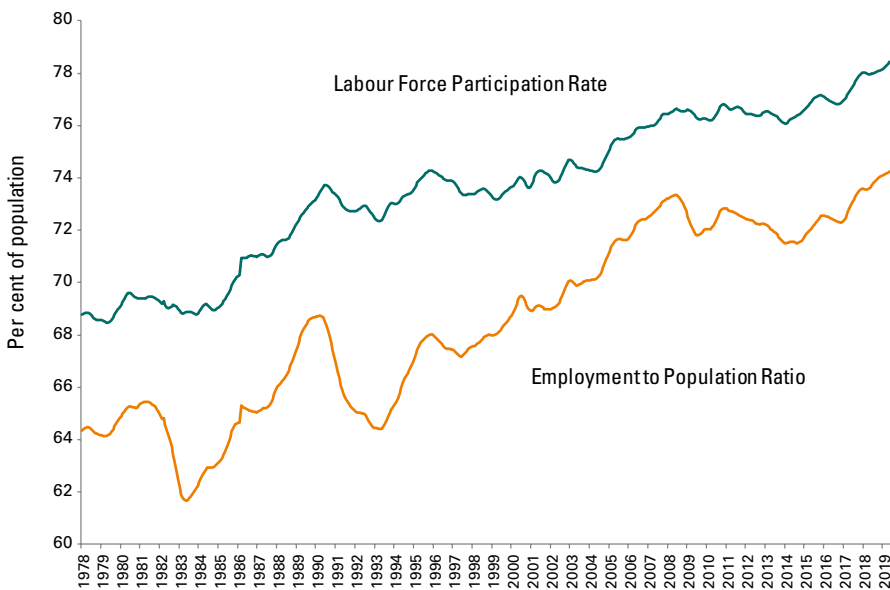
Labour force participation rate and employment-to-population ratio for people aged 15 to 64 years

The labour force participation rate is the proportion of the workforce-age population (15 to 64 year-olds) that is employed or actively looking for work. It is a good indicator of the total supply of labour, although it does not include those who are marginally attached to the labour force (people who want to be working but are not actively looking for work), such as discouraged job seekers.

The employment-to-population ratio is the proportion of the workforce-age population that is employed. This ratio is influenced by both labour demand and labour supply factors. It is also a good summary indicator for measuring Australia’s labour market performance relative to other countries, particularly those in the OECD.

Over the year to June 2019, Australia’s trend workforce-age (15 to 64 years) employment-to-population ratio increased by 0.6 percentage points to 74.2 per cent. The trend workforce-age labour force participation rate increased by 0.5 percentage points over the same period to 78.4 per cent.

Figure 11. Labour force participation rate and employment-to-population ratio, people aged 15 to 64 years, trend data, February 1978 to June 2019



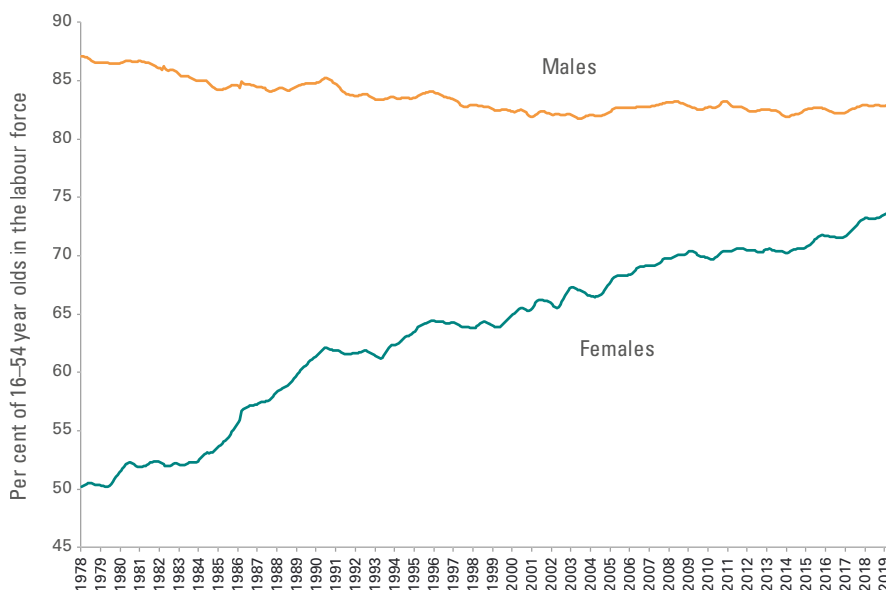
Source: Australian Bureau of Statistics, Labour Force, Australia, June 2019, Cat. no. 6202.0, Table 18.

Labour force participation rates for males and females aged 15 to 64 years

The gap between male and female labour force participation rates narrowed to 9.5 percentage points in June 2019. Australia is well ahead of where it needs to be to meet the G20 goal of reducing the gap in participation rates between men and women of workforce age by 25 per cent by 2025.

The workforce-age male labour force participation rate rose by 0.4 percentage points to 83.2 per cent over the year to June 2019. The female workforce-age labour force participation rate increased by 0.6 percentage points to 73.7 per cent over the same period. The increase in female labour force participation is likely to be due in part to the growth of industries that employ a higher proportion of women, such as health care and social assistance.

Figure 12. Labour force participation rate of males and females aged 15 to 64 years, trend data, February 1978 to June 2019



Source: Australian Bureau of Statistics, Labour Force, Australia, April 2019, Cat. no. 6202.0, Table 18.

Monthly Leading Indicator of Employment

The Leading Indicator of Employment, produced monthly by the department, gives advanced warning of whether employment is likely to grow at a faster or slower rate than the long-term trend. It anticipates movements in employment using a composite index of two international series and three domestic series — representing diverse economic factors that influence the rate of employment growth in Australia, including business investment, consumer spending and the demand for Australian exports — that have been shown to lead employment cycles over the last two decades. The Leading Indicator of Employment is published on the department’s website at [employment.gov.au/news/monthly-leading-indicator-employment](https://www.employment.gov.au/news/monthly-leading-indicator-employment).

Assessing Australia's labour force

Structural adjustment

Structural change is an ongoing feature of the Australian economy as it constantly transitions to new markets, technologies and forms of work. In response to those challenges and new opportunities, the department has developed a number of initiatives to support workers through the transition process.

Employment Facilitators are an essential component of the department's assistance to job seekers, including retrenched workers. They help to facilitate government initiatives such as the recently commenced Regional Employment Trials (RET) and the Stronger Transitions program. In 2018–19 there were 14 Employment Facilitators providing support across 12 regions: Geelong (Vic), Gippsland (Vic), North Queensland, North/North-West Tasmania, Adelaide (SA), Murraylands and Riverlands (SA), Yorke and Mid North (SA), North-West/West Melbourne (Vic), Mandurah (WA), Far South Coast (NSW), Northern Inland (NSW) and Wide Bay Burnett (Qld).

On 1 July 2018, the department implemented the Stronger Transitions package to assist workers who are being retrenched by partnering with companies to transition workers into new jobs. As part of Stronger Transitions, workers are also able to access intensive case management employment support through jobactive, assistance to relocate for work, and support to explore running their own business. The Stronger Transitions package provides support in five regions: Adelaide, Mandurah, North Queensland, North/North-West Tasmania and North-West/West Melbourne.

The department has engaged the services of Wallis Consulting Group, in collaboration with ACIL Allen Consulting, to evaluate the impact of pre-retrenchment support through collaboration agreements the department has with retrenching employers under the Stronger Transitions package. Findings from this evaluation will help to inform the department as to the best approach to engaging and providing transition support to retrenched employees.

The department also worked closely with car manufacturing companies, their workers and the South Australian and Victorian governments to support workers affected by the transition of the car manufacturing industry. The Automotive Industry Structural Adjustment Programme was extended to 30 June 2019 to continue providing support to workers. A report will be published to highlight best practice lessons learned from the transition process.

On 1 January 2019, the department launched the Redundancy Information Statement, a resource for employers to provide to their retrenched workers. The Redundancy Information Statement helps workers to understand their individual rights and entitlements, act quickly to look for a new job and plan how best to use their finances.

In 2019, the department began intensive employment assistance for workers and their partners affected by retrenchments from ASC Shipbuilding Pty Ltd in Adelaide. This includes pre-retrenchment career advice training, labour market information and employment services to help workers transition to new jobs.

Regional employment

Labour market conditions vary considerably between regions of Australia, with some areas performing strongly while others face significant challenges. These differences can be attributed to a range of factors, including a region's industry base, access to and participation in higher education, transport networks and infrastructure, degree of natural amenity, population size and growth, access to more dynamic labour markets, and labour force skill level. It is more difficult to achieve employment outcomes in regions where there is a lack of industry diversity and economic growth.

Place-based approaches can be used to assist disadvantaged regions to implement locally designed solutions that help unemployed people to prepare for and find work.

Regional Employment Trials program

The RET program is a place-based solution that the department is implementing in disadvantaged communities to test some of these approaches. The department is also working across government to collaboratively support regional Australia through place-based and local economic development programs. RET is a 21-month targeted grant program designed to support local solutions that will assist unemployed people in regional areas. It aims to assist communities to deliver tailored local employment solutions. The program includes the engagement of Employment Facilitators in each trial region to work with stakeholders and help them develop and implement the local employment initiatives.

RET is being delivered in partnership with AusIndustry, which manages the grant component. RET has an innovative two-stage application process, intended to help direct funding to regional needs. Project proposals are given to the local Regional Development Australia committee for initial consideration. From there, proposals can then be submitted to the Commonwealth for assessment and approval. Using Employment Facilitators to support regional stakeholders through this assessment process has been a key priority during the program's delivery.

From the program's start date on 1 October 2018, to 30 June 2019, 35 projects had grant agreements executed. These projects seek to assist a broad range of unemployed people. They include:

- ▶ two 12-week programs to match participants to available jobs in the Murraylands and Riverland region of South Australia
- ▶ an employer-led culturally customised employment program to support vulnerable unemployed refugees and migrants in the Northern Inland region of New South Wales
- ▶ a program providing entry-level welding experience and small tools capability, which are in high demand in North-West Tasmania (see the Welding and Small Tool Training Pilot Case Study below)
- ▶ pre-employment training, driver training and transport to work for young people in Burnie, Tasmania
- ▶ self-employment and business skills training in a culturally sensitive environment for unemployed people with low literacy and numeracy skills in the Gippsland region of Victoria
- ▶ support and education to build confidence, address worries and challenges and improve motivation to be successful in managing the transition to becoming a working parent in the Peel region of Western Australia.

The department has engaged the Social Research Centre to evaluate the program. The evaluation will examine the effectiveness, efficiency and replicability of this region-based approach to delivering employment projects. The findings will help to inform the department's approach to solving regional employment challenges in the future.

▶ Welding and Small Tool Training Pilot Program



The Welding and Small Tool Training Pilot Program, funded through the Regional Employment Trials program, ran over 15 days in April and May 2019 at the South Burnie training facility of the Tasmanian Minerals and Energy Council (TMEC). It equipped a group of 10 job seekers with entry-level welding experience and small tools capability, which are in high demand among manufacturing firms across north-west Tasmania.

During the project, participants undertook 'insight tours' of three local manufacturing businesses to observe how their acquired skills are applied in workplaces and to meet with local employers interested in recruiting skilled staff. The project used the TMEC facility's recently installed specialist welding training equipment, consisting of five Soldamatic Virtual Lab/Augmented Reality welding stations and three Lincoln Electric Real Weld stations.

Those who completed the course received accredited training and intensive one-on-one assistance and were offered the opportunity for certification in core welding skills to international standards. All participants received a certificate of attainment from TMEC outlining the skills and capability they had achieved. Nine participants completed certification in core welding skills to international standard ISO 9606. Eight went on to work experience with employers in manufacturing. Two participants have achieved four-week full outcome payments.

TMEC has indicated its strong satisfaction with the outcome of the project and has indicated its interest in working on subsequent initiatives.

Photo: Participants in the Welding and Small Tool Training Pilot Program studying welding theory.

International engagement

In 2018–19, the department continued to participate in international forums and bilateral exchanges in accordance with its International Engagement Strategy 2016–2019. This enables the department to:

- ▶ influence and evaluate international policy approaches relevant to the portfolio
- ▶ increase awareness of and cooperation on national and Indo-Pacific interests
- ▶ promote an Australian Government view internationally while meeting Australia's international obligations
- ▶ identify and share international best practice policies and ideas across the department to inform policy and service delivery.

Organisation for Economic Co-operation and Development

Australia is a member of the Organisation for Economic Co-operation and Development (OECD). The department, represented by a Minister-Counsellor (Employment), uses its strong relationship with the OECD to enhance its capacity to develop employment and training, workforce participation, small business and deregulation policies and programs.

In 2018–19, the department engaged with the OECD on a range of international and domestic policy priorities such as the future of work, labour market regulation, skills development, boosting labour market participation, and productivity.

The department is currently participating in the OECD's Review of Adult Learning for the Future project. As part of this project, the OECD has produced the Boosting Participation in Adult Learning in Australia report, which compares the relative ability of different financial levers to improve participation in adult learning, detailing the potential advantages and disadvantages of international implementation models.

Engagement with the United Nations

The department works with other Australian Government agencies to ensure Australia meets its international reporting obligations to the United Nations. The department supports Australian representatives to United Nations bodies on matters that are relevant to our portfolio responsibilities.

International delegations

Hosting international delegations enables the department to undertake policy dialogues with other countries. We receive visit requests from both government and non-government organisations with an interest in Australia's employment services, training policies and approaches to small business and deregulation.

In 2018–19, the department hosted several delegations, including from Canada, Singapore and Chile. These visits also provided opportunities to learn how other countries have addressed policy challenges.

The Group of Twenty (G20)

The G20 is the leading forum for international economic cooperation and an important mechanism for global governance. The department represents Australia in the G20 Employment Working Group, which discusses approaches to global employment opportunities and challenges. Employment Working Group officials exchange information about strategies and best practice in shared policy interests such as demographic change, structural adjustment, youth unemployment and gender equality, including women's workforce participation. The department continued to promote Australia's commitments in these and other policy areas following the G20 Labour and Employment Ministerial Meeting and the first joint meeting with Education Ministers held in Argentina in September 2018, including through the development of Australia's annual G20 Employment Plan.

G20 Employment Working Group officials met on a number of occasions in the first half of 2019 to work towards policy recommendations on employment, including ensuring societies are prepared for the opportunities and challenges arising from demographic change and ageing populations, and identifying further strategies to advance gender equality and women's workforce participation. This work was performed in preparation for the annual G20 Leaders' Summit (held on 28–29 June 2019 in Osaka, Japan) and Labour and Employment Ministerial Meeting (to be held on 1–2 September 2019 in Matsuyama, Japan).

Asia-Pacific Economic Cooperation

Asia-Pacific Economic Cooperation (APEC) is a regional forum of 21 economies, supported by a secretariat and thematic working groups and committees.

In 2018–19, the department continued its contribution to the APEC Human Resources Development Working Group agenda and APEC priorities for 2019, which include advancing women's economic empowerment. The department is working with the Department of Foreign Affairs and Trade and other agencies on a regional project to explore opportunities for integrating women in the digital economy. In May 2019, the department hosted the APEC Labour Mobility Statistics Forum in Chile to discuss ways of improving regional cooperation on collecting and reporting labour mobility data and labour market information in the Asia-Pacific region.

▶ APEC Labour Mobility Statistics Forum



Government officials at the APEC Labour Mobility Statistics Forum.

The department hosted the APEC Labour Mobility Statistics Forum on 2–3 May in Vina del Mar, Chile. The forum brought together senior government officials from APEC national statistical offices and employment, education and migration ministries to discuss strategies for improving the production and dissemination

of labour mobility statistics in the Asia-Pacific region. The forum was also attended by academics, professionals from the private sector, and representatives of international organisations such as the International Labour Organization, the International Organization for Migration, and the Organisation for Economic Co-operation and Development.

Recognising growing demand for data, delegates made a number of recommendations, including the formation of a regional forum on labour mobility statistics to facilitate ongoing dialogue between data producers and users.

Labour mobility between borders can drive economic integration, generate inclusive growth and contribute to human capital development. A key challenge to linking workers with employers across borders in the APEC region is the lack of complete, comparable or widely available data about labour mobility and labour markets.

To make comparable data more available and accessible, the department, in collaboration with APEC counterparts and international organisations, is undertaking a project to promote the development of regional principles and best practices to collect and share labour market and mobility data.

Providing information on the labour market

Australian Jobs 2019: a vital source of career information

As part of its support for job seekers, retrenched workers and people considering their training and employment options, the department released the 2019 edition of the annual Australian Jobs report. The report provides information about trends in the Australian labour market, industries and occupations (identifying those where new jobs have been created and those where there have been job losses) and regional labour markets.

The 2019 edition provides information on how employers recruit and the attributes they seek, data on education and training pathways, and discussion of the changing nature of the world of work. It also provides information to assist people at all stages of their working life, whether they are looking for their first job, returning to the workforce or transitioning between sectors.

Australian Jobs is a highly regarded publication. More than 100,000 copies are distributed to a wide range of users, including employment services providers, secondary schools, Centrelink, higher education and vocational education organisations, employment and careers intermediaries, and a range of other stakeholders.

Survey of Employers Who Have Recently Advertised

The department undertakes ongoing workforce research. To understand employers' ability to recruit the workers they need, and to identify shortages in skilled occupations, in 2018–19 the department spoke with around 4,000 employers who had recently advertised, and analysed a wide range of labour market indicators.

The survey covers around 70 skilled occupations, primarily professions and trades. The results of this research are published on the department's website, including reports on occupations at the state and territory and national levels, and overview reports that analyse trends in the skilled labour market.

Survey of Employers' Recruitment Experiences

As part of the ongoing Survey of Employers' Recruitment Experiences, the department interviewed some 14,000 employers across Australia in 2018–19. The survey is conducted continuously throughout the year to assess recruitment conditions, to identify how job seekers can better meet the needs of employers, and to help job seekers find pathways to employment.

The survey contains a core series of questions each year to monitor key labour market issues and trends. Topics include the difficulties employers face filling positions, the level of competition for vacancies, and employers' methods of recruitment.

The department gathers further insights from employers on a wide range of policy areas of interest to the department and the broader community through additional ad hoc survey questions and follow-up qualitative research. In 2018–19, research topics included:

- ▶ the causes and impacts of rising recruitment difficulty
- ▶ the ways in which employers find and choose candidates for entry-level positions
- ▶ employers' experiences of and perceptions about hiring refugees
- ▶ advice and information for job seekers with disability.

The survey data and analysis are accessed by a wide range of users, from business and industry groups to employment services providers, local and state governments, policymakers, young people, teachers and other education/training professionals, community groups, and job seekers from all walks of life.

Survey results are disseminated in a range of ways, including reports, infographics and presentations published on the Labour Market Information Portal (lmip.gov.au) and on the department's website (jobs.gov.au/recruitment-conditions).

The department also delivered more than 60 tailored presentations and information sessions in 2018–19, attended by approximately 4,500 people across Australia. Presentations covered a wide range of topics, such as developments in the local labour market and local recruitment conditions. They also provided insights for job seekers, to help them identify pathways to employment, with a focus on post-school qualifications, work experience and employability skills. The sessions were run for diverse audiences, including workers facing retrenchment, job seekers at job fairs, students in secondary schools and in tertiary education, local and state governments, industry groups and jobactive providers. Information sessions were also conducted with school career advisors. Copies of the presentations and related information were widely distributed. An example from 2019 is described below in the case study 'Education is essential, but not enough'.

▶ 'Education is essential, but not enough'



In March 2019, Ivan Neville, the head of the Labour Market Research and Analysis Branch, presented to more than 60 South Australian teachers, vocational education and training (VET) coordinators and career counsellors on local labour market conditions and employer needs. Presentations like this one are significant, given the importance of supporting young people to find meaningful employment.

Ivan told the career counsellors in attendance that, while education is essential for job seekers, on its own it is not enough to secure a job offer. Employers also require job seekers to have work experience and employability skills, such as communication and interpersonal skills.

As part of the presentation, Ivan shared insights from the Survey of Employers' Recruitment Experiences, such as the recruitment methods used by employers, personal skills in demand, and competition for vacancies. Other research from the Labour Market Research and Analysis Branch, such as its findings about skill shortages in trade occupations across South Australia, also featured in the presentation's messaging.

This presentation had substantial reach and represents a significant contribution to the knowledge, expertise and professional development of this important group of people who help to shape young people and their futures.

Photo: Ivan Neville presenting to South Australian teachers, vocational education and training coordinators and career counsellors.

Job Outlook

Job Outlook is the leading source of accessible and engaging careers information for people of all ages and stages of life. It helps job seekers think about pathways into and between jobs and to access resources to learn more about different careers.

Job Outlook (joboutlook.gov.au) provides detailed information including:

- ▶ Job details — job descriptions, main tasks, titles, skill levels and specialisations
- ▶ Labour market insights — employment trends, future growth projections and ‘skill in demand’ flags
- ▶ Workforce characteristics — average earnings and hours, age, gender, location and educational attainment
- ▶ Job requirements — skills, abilities, knowledge areas, activities, physical and social demands, values and work styles
- ▶ Job pathways — links to training information and to vacancies on JobSearch.gov.au.

Job Outlook also offers a popular career quiz. The quiz is not a vocational assessment, but rather a tool to help users understand their work preferences and explore career options. Career advisors like the quiz because it provides an impetus for discussion.

The Skills Match feature on Job Outlook, launched in 2019, shows users the skills they are likely to have developed through the jobs they have done, and highlights the careers they may be able to transfer into. Skills Match fills an important role on Job Outlook in helping users understand transferable skills and the pathways into and between careers. This includes identifying potential skill gaps to help users understand where reskilling may be required to succeed in a career transition.

Usage of Job Outlook continues to grow strongly. In the 12 months to June 2019, it had reached a global audience of 1.8 million users.

Internet Vacancy Index

The monthly Internet Vacancy Index (IVI) is based on a count of online job advertisements newly lodged on SEEK, CareerOne and Australian JobSearch during the month. The IVI enables researchers to understand labour market demand across a number of different topics. Data is available for around 350 occupations by skill level and by state and territory, back to January 2006. Regional job advertisement counts are also available back to May 2010.

In trend terms, the IVI decreased by 6.7 per cent (or 12,300 job advertisements) over the year to June 2019. The IVI remains 11.5 per cent (or 17,500 job advertisements) higher than the level recorded five years ago.

Over the year to June 2019, job advertisements decreased in six of the eight broad occupational groups. The strongest declines were recorded for Machinery Operators and Drivers (down by 17.3 per cent), followed by Labourers (14.9 per cent) and Sales Workers (12.2 per cent). Increases in job advertisements were recorded only for Community and Personal Service Workers (up by 3.9 per cent) and Professionals (0.4 per cent).

Over the year to June 2019, job advertisements decreased in five states and the Northern Territory. New South Wales recorded the strongest decline (down by 10.8 per cent), followed by the Northern Territory (10.6 per cent) and Victoria (6.6 per cent). By contrast, job advertisements increased in Tasmania (up by 10.5 per cent) and the ACT (7.1 per cent).

Labour Market Information Portal

The LMIP (lmip.gov.au) brings together data from a number of different sources to help job seekers, employment services providers and researchers understand local labour markets.

Content on the LMIP is categorised into three distinct sections:

1. Explore the data

This section contains the bulk of information available on the LMIP. Users can explore two geographical classifications — SA4s⁵ and employment regions (regions jobactive providers are contracted to service) — using interactive mapping. Data available includes jobactive caseloads, Centrelink beneficiary data, employment by industry and occupation data, unemployment rates and population statistics.

2. Gain insights

Users can view a range of reports and publications produced by the department. Information available includes employment projections, the monthly internet vacancy report and state labour economics office reports.

3. Downloads

This section offers data in Excel files, including SA4 and employment region data (as available under Explore the data), as well as Disability Employment Services data (provided by the Department of Social Services).

The LMIP reached an audience of 116,200 users in the 12 months to June 2019.

Labour market conditions

Labour market conditions were strong in the 2018–19 financial year, with the level of employment increasing by 296,300 (or 2.4 per cent) to stand at a record high of 12,871,700 in June 2019, above the annual average growth rate of 1.8 per cent over the last decade.

Full-time employment rose by 246,500 (or 2.9 per cent) in 2018–19 to a record high of 8,815,600 in June 2019, while part-time employment increased by 49,800 (or 1.2 per cent) to stand at 4,056,100.

Against the backdrop of strong employment growth, the unemployment rate fell by 0.1 percentage points over the period, to 5.2 per cent in June 2019, while the participation rate rose by 0.3 percentage points to an equal record high of 66.0 per cent.

The level of underemployment declined by 28,300 (or 2.5 per cent) over the 2018–19 financial year, to 1,112,300 in June 2019. While the underemployment rate decreased — by 0.4 percentage points over the year, to 8.2 per cent in June 2019 — it is well above the 6.0 per cent recorded at the onset of the Global Financial Crisis in September 2008, indicating that some spare capacity remains evident in the labour market.

The level of youth employment rose by 4,600 (or 0.2 per cent) in 2018–19, while the youth unemployment rate increased by 0.8 percentage points over the period, to 12.0 per cent.

5 Statistical Area Level 4 (Australian Bureau of Statistics).

Outlook for Outcome 1

- ▶ A priority will be to continue to consult on, test and refine policy and processes for the introduction of the new employment services model.
- ▶ The department will also focus on continuing to deliver effective and efficient employment services under jobactive for the remainder of the contract and ensuring that best practice and lessons learned inform the development of the new model.
- ▶ To enable more mature-age Australians to benefit from the Career Transition Assistance program, the national rollout of Career Transition Assistance will be brought forward as part of a 2018–19 Budget measure. The eligibility age for Career Transition Assistance will also be lowered at this time, from 50 to 45 years and over. The Career Transition Assistance Trial will continue, and will align with the Career Transition Assistance national rollout.
- ▶ The 'Harvest Labour Services — reforms to encourage Australians to take up seasonal work' budget measure will be implemented from July 2020, and work will continue to look at other ways to help meet the workforce needs of the horticulture sector.
- ▶ The department will continue to better target support for newly arrived refugees to ensure that they can build their English proficiency and access tailored jobactive services commensurate with their level of labour market disadvantage.
- ▶ The department will continue to look at how locally tailored place-based approaches such as the RET program can be replicated in other regions.
- ▶ Collaboration across sectors and portfolios will continue as part of maintaining a strong focus on employer needs in the department's employment services and programs.
- ▶ The department will manage the delivery of PaTH Industry Pilots and support the use of findings and intelligence from the pilots to inform future policy and program development.
- ▶ The department will work with key industries to design and implement suitable actions and solutions identified from research into perceptions about barriers and enablers to entry into occupations experiencing workforce shortages.
- ▶ From 1 July 2019, the department will pilot the Career Revive initiative with regional businesses by providing advice and support to help them address barriers to employing women returning to work after a career break.
- ▶ On 1 January 2020, eligibility for TtW will increase to 24 years of age. This is intended to help more young people to engage with work or education and support them to develop skills, attitudes and behaviours that are highly valued by and directly relevant to local employers.
- ▶ The department is committed to ongoing program improvement and will be implementing changes following the outcome of the ParentsNext Senate inquiry. The department will work with providers to ensure parents are receiving personalised and tailored services that best suit their individual circumstances, improve their work-readiness and increase their chances of future employment.

▶ OUTCOME 2

Facilitate jobs growth through policies and programs that promote fair, productive and safe workplaces, and facilitate the growth of small business.

Throughout 2018–19, the department provided advice on workplace relations policy and managed the Commonwealth work health and safety and workers' compensation framework.

The department supported the passage of significant legislation, and supported the Australian Government's international and domestic engagement with a range of stakeholders, to develop and progress workplace relations and work health and safety reforms.

The department implemented and administered a number of key programs and initiatives, including the Fair Entitlements Guarantee (FEG) scheme, the Fair Entitlements Guarantee Recovery Program, the Seasonal Worker Programme, and a suite of measures to support Australian small businesses.

Highlights

- ▶ The department supported the passage of the *Fair Work Amendment (Repeal of 4 Yearly Reviews and Other Measures) Act 2018*. The Act streamlines Fair Work Commission (FWC) processes by removing the requirement for 4-Yearly Reviews of Modern Awards and enables the FWC to approve enterprise agreements despite minor errors made during bargaining. This Act also strengthens the ways in which allegations of misbehaviour or incapacity against FWC members can be dealt with. The department supported the passage of the *Fair Work Amendment (Family and Domestic Violence Leave) Act 2018* (12 December 2018). The Act introduced five days of unpaid leave for national system employees who need time off work to deal with the impacts of family and domestic violence.
- ▶ The Minister for Employment, Skills, Small and Family Business, Senator the Hon Michaelia Cash, represented the Australian Government for part of the centenary session of the International Labour Conference in Geneva, Switzerland, which was held from 10 to 21 June 2019. Key outcomes from the conference include the adoption of a Centenary Declaration reaffirming the International Labour Organization's objectives in a changing world of work, and a new international standard on ending violence and harassment in the world of work.
- ▶ The department continued to lead the Government's engagement on work health and safety priorities. This included consideration of the final report of the 2018 review of the model work health and safety laws, and recommendations from the Senate inquiry into the framework surrounding the prevention, investigation and prosecution of industrial deaths in Australia. On 20 December 2018, the Government tabled its response to the Senate inquiry report on how the investigation and prosecution processes in the existing framework can be improved.
- ▶ The department and the Department of Home Affairs implemented amendments to the Customs (Prohibited Imports) Regulations 1956 and the Customs (Prohibited Exports) Regulations 1958, which took effect on 26 March 2019. The amendments support consistent treatment of asbestos and permit the import of asbestos waste from Australian external territories to support its lawful and appropriate disposal on the mainland.
- ▶ Law reforms to address corporate misuse of the FEG were passed by Parliament on 4 April 2019 and began operation on 6 April 2019. The department collaborated with the Department of the Treasury to prepare a joint ministerial policy consultation paper, develop draft legislation to amend the *Corporations Act 2001*, and host two sets of roundtables to discuss the reforms with stakeholders. The reforms significantly strengthen the protections for employee entitlements in the Corporations Act and had

strong support across a broad range of stakeholders. The new laws strengthen enforcement and recovery options to better address avoidance of employee entitlements in insolvency and deter improper reliance on the FEG.

- ▶ The department implemented a 24-month trial of changes to the Seasonal Worker Programme to benefit farmers and Pacific workers. All seasonal workers can now work for up to nine months in any 12-month period. Labour market testing is now valid for six months, and out-of-pocket costs for employers have reduced from \$500 to \$300.
- ▶ The department supported delivery of the Report of the Migrant Workers' Taskforce and the government response to the report, both released on 7 March 2019. The report highlights serious issues concerning the exploitation of vulnerable migrant workers. It makes 22 recommendations across multiple government portfolios, aimed at better protecting workers in Australia.
- ▶ The department organised a national series of Small Business Fairs in 23 locations over eight weeks to promote new and existing government-funded services, financial support and tools.
- ▶ The department established an inter-agency Franchising Taskforce, as recommended by the report of the parliamentary joint committee inquiry into franchising, to address systemic issues in the Australian franchising sector.

Challenges

- ▶ The Workplace Relations system is complex and can be difficult to understand. The department is working with the Fair Work Commission and the Fair Work Ombudsman to develop non-regulatory solutions that will make it easier for employers and employees/workers to navigate the workplace relations system and improve interactions with the Fair Work institutions.
- ▶ The Federal Safety Commissioner released a discussion paper in December 2018 outlining its proposed framework for auditing accredited companies against the National Construction Code's performance requirements in relation to building materials. This extends the Federal Safety Commissioner's traditional role beyond worker safety to also focus on the built environment, which is the responsibility of state and territory governments. The discussion paper outlines an approach that avoids potential regulatory overlap.
- ▶ The Fair Entitlements Guarantee Recovery Program has had considerable success in identifying and resolving ambiguities in the laws to ensure that employers and other stakeholders meet their obligations to pay employee entitlements. There remains work to be done in this area. Ambiguities in the law are typically solved incrementally as opportunities to bring appropriate factual scenarios before a court arise. However, often disputes are settled before trial and do not proceed to consideration by the courts. Furthermore, initial court decisions solving for one ambiguity may in turn create new complexities that need to be tested by further case law. The challenge of the Fair Entitlements Guarantee Recovery Program is not only to continue to seek clarification from the courts on ambiguous laws where necessary but also to engage with stakeholders in ways that influence them to meet their obligation to pay employee entitlements.
- ▶ Previous reviews of the Comcare and Seacare workers' compensation schemes have identified areas for significant reform; however, stakeholder consensus on improvements has been elusive. The department will continue to work on options to improve the Commonwealth's workers' compensation schemes in the coming period.
- ▶ Because of the rapid growth of the Seasonal Worker Programme, its settings are being revised to address current and emerging risks. The department's approach to strengthening the program includes improving the assurance strategy, governance, information sharing with other agencies, and providing additional rigour in the assessment of new applications to become an approved employer.

Program 2.1 Workplace Support

Fair Entitlements Guarantee

The Fair Entitlements Guarantee, which the department administers, provides a safety net for workers who have lost their jobs and entitlements through their employer's liquidation or bankruptcy.

It covers five employment entitlements: unpaid wages (up to 13 weeks), annual leave, long service leave, payment in lieu of notice (up to five weeks) and redundancy pay (up to four weeks for each year of service). Payments are subject to a maximum weekly wage cap, which was \$2,451 in 2018–19.

Achievements in delivering the Fair Entitlements Guarantee in 2018–19 include:

- ▶ improving average processing time to 8.0 weeks, in a year when the number of claims increased by 13 per cent
- ▶ advancing \$174.8 million in claim payments to 11,207 people
- ▶ recovering \$47.1 million from liquidated companies on behalf of the Commonwealth through creditor dividends
- ▶ responding to 21,014 telephone calls and 13,646 emails received through the Fair Entitlements Guarantee hotline and mailbox
- ▶ initiating internal review of 1,404 claim decisions (10.3 per cent of the total number claiming assistance)
- ▶ finalising 803 requests from people seeking a review of their claim (5.9 per cent of the total number claiming assistance).

Administrative Appeals Tribunal

Fair Entitlements Guarantee claimants who are dissatisfied with the outcome of a departmental review can apply to the Administrative Appeals Tribunal for further review. In 2018–19, 17 applications for review were lodged with the tribunal. This represents 2.0 per cent of all claimant-initiated review decisions made during the year. The tribunal finalised 34 Fair Entitlements Guarantee matters in 2018–19. Of these:

- ▶ the department and the claimant reached an agreed outcome in seven matters
- ▶ the tribunal affirmed the department's decision, or dismissed the claimant's application, in nine matters
- ▶ the claimant withdrew their application in 11 matters
- ▶ the tribunal set aside the department's decision in seven matters.

Business improvements

The department continued to improve the administration of the Fair Entitlements Guarantee to ensure that it delivers quick and accurate outcomes for redundant workers, and that insolvency practitioners can easily engage with the program.

Business improvements implemented in 2018–19 include:

- ▶ developing a new web-based claim form that makes it easier for people who have lost their jobs to access assistance
- ▶ launching a resource centre for insolvency practitioners, through their online portal, to help them provide employee entitlement information needed by the department to administer the Fair Entitlements Guarantee
- ▶ expanding compliance-checking mechanisms within the business system used to administer the Fair Entitlements Guarantee.

Program assurance and compliance

The department continued to provide assurance on the integrity of claim decisions under the Fair Entitlements Guarantee, including by:

- ▶ assessing a random sample of claim decisions for accuracy
- ▶ assessing a random sample of taxation calculations for payments
- ▶ undertaking data analytics to identify and respond to 'red flags' indicating possible non-compliance and fraud.

The department also undertook other safeguard measures such as program-specific fraud detection training for all staff in the program, business system controls, and mechanisms for receiving and responding to tip-offs.

An internal assurance forum ensures the department identifies and addresses emerging issues through compliance and review processes.

▶ FSG Australia

The department hosts Fair Entitlements Guarantee claim drop-in centres on a case-by-case basis to improve service delivery and provide additional support to claimants. Drop-in centres are established where it is apparent that:

- ▶ a large number of employees will be lodging claims, and a targeted approach will enable them to do so more quickly
- ▶ a large group of employees with particular needs will be lodging claims, and targeted assistance will help them do so more easily.

The department resources these centres with laptops and scanners so that people can lodge their claims and supporting documents on the spot.

FSG Australia was a disability support provider primarily based in south-east Queensland and northern New South Wales. It had over 900 employees, approximately 600 of whom were casual. On 3 August 2018, FSG Australia entered liquidation.

From 14 August 2018 to 17 August 2018, Fair Entitlements Guarantee staff provided a claims drop-in centre at the Southport RSL Club for former FSG Australia workers. The centre helped 111 former employees to prepare and lodge their claims for unpaid employee entitlements under the Fair Entitlements Guarantee.

The department paid \$7.5 million to 356 eligible employees under the Fair Entitlements Guarantee, making the first payments less than one month after the company entered liquidation. Half of all the claims were finalised by the end of October, and 90 per cent by the end of November.

Fair Entitlements Guarantee Recovery Program

The costs of the Fair Entitlements Guarantee, like those of its predecessor the General Employee Entitlements and Redundancy Scheme, have significantly increased. In 2015–16, the Government responded to these increasing costs by initiating the Fair Entitlements Guarantee Recovery Program to strengthen the integrity and sustainability of the Fair Entitlements Guarantee. The aim of the Fair Entitlements Guarantee Recovery Program is to increase the return of amounts advanced under the Fair Entitlements Guarantee and thereby reduce the overall cost to taxpayers. It does this by funding case investigations and litigation.

Since it began on 1 July 2015, the Fair Entitlements Guarantee Recovery Program has expended approximately \$23.2 million of administered funding (excluding funding of the special purpose liquidator of Queensland Nickel Pty Ltd (in liquidation)) to recover approximately \$101.49 million of Fair Entitlements Guarantee advances. The recovered amounts are returned to consolidated revenue. The program has also incidentally recovered \$8.5 million in additional entitlements for employees.

▶ Enforcing creditor rights to information

People who are owed money by an insolvent company often feel powerless and uncertain, particularly as reporting to creditors is typically limited when the company is under administration. To address this issue, sections 70–45 and 70–55 of the Insolvency Practice Schedule (Corporations) were introduced into the *Corporations Act 2001* in September 2017, giving creditors the right to request information from insolvency practitioners at any time during the external administration process.

The department uses these provisions to request information to assess the progress of insolvencies and ensure that the employees' priority rights to repayment in the liquidation are properly recognised. However, until recently there was uncertainty about the nature of information creditors are entitled to request.

In September 2018, the department, through the Fair Entitlements Guarantee Recovery Program, applied to the Supreme Court of New South Wales to clarify the scope of creditors' powers to request information under these provisions. The department's application — the first to consider the new creditor information rights — sought to enforce an information request the department had issued to the liquidators of the 1st Fleet group of companies.

The judgement of the Supreme Court of New South Wales, delivered in January 2019, strongly reinforced the breadth of the powers available to creditors under the information request provisions. In granting the department access to the documents requested, the judgement highlighted the mandatory nature of information requests and confirmed that these provisions were intended to assist creditors to meaningfully participate in external administrations.

This decision has generated significant interest from the insolvency profession, as it provides clear guidance on how insolvency practitioners should approach information requests in future. For employee creditors of an insolvent company, it provides greater confidence and clarity as to the types of information they are entitled to request and receive.

Seasonal Worker Programme

The department is the lead agency for the Seasonal Worker Programme, with support from the Department of Foreign Affairs and Trade, the Department of Home Affairs, the Department of Agriculture, the Australian Taxation Office and the Fair Work Ombudsman.

The program contributes to the economic development of nine Pacific Island countries and Timor-Leste by providing access to work opportunities in Australia's agriculture sector and, in selected locations, accommodation sector. It also offers Australian employers access to a reliable, returning workforce, subject to local labour market testing.

In 2018–19 the program continued to grow with:

- ▶ 12,200 subclass 403 visas issued to seasonal workers by the Department of Home Affairs, a 44 per cent increase compared to 2017–18
- ▶ 131 employers approved under the program, a 28 per cent increase since 2017–18.

From 1 July 2018, new measures to support participation by employers and workers in the Seasonal Worker Programme were implemented. These measures included increasing Australian industry engagement and streamlining the administration of the program to reduce red tape.

On 5 November 2018, the Australian Government announced, as part of a package of further measures to support farmers and regional economies, a 24-month trial of changes to the Seasonal Worker Programme to provide additional incentives and opportunities for employers to recruit workers. These included:

- ▶ increasing the maximum work period in Australia to nine months for all participating countries (it was previously six months for some countries)
- ▶ increasing the validity of labour market testing before recruiting workers from three to six months
- ▶ reducing out-of-pocket expenses for employers (workers now repay their full travel costs except for the first \$300, a reduction from the previous \$500).

The 2019–20 Budget included a new measure to help smaller farmers address agricultural workforce shortages through the Seasonal Worker Programme. The 12-month pilot, introduced on 1 May 2019 in three regions, will give farmers who are not currently participating in the Seasonal Worker Programme access to seasonal workers through labour hire companies and contractors to meet their harvest needs.

Selected labour hire employers in the Sunraysia (NSW/Vic), Goulburn/Murray (Vic) and Riverina (NSW) regions will link smaller farms with seasonal workers to meet harvest requirements. Regional coordinators from the department and inspectors from the Fair Work Ombudsman will be on the ground to check on the workers' welfare through monitoring visits.

Program assurance remains a strong focus of program management to ensure protections and support are in place for seasonal workers. In 2018–19, the department conducted 28 regional visits to 112 placements across Australia for monitoring purposes. In addition, the department has strengthened monitoring of new employers.



Workers from Vernview Pty Ltd. The Seasonal Worker Programme provides capacity for workers from Pacific Island countries and Timor-Leste to contribute to their local economies by bringing money home to help their families and communities.

Coal Mining Industry (Long Service Leave) Corporation

The department supports the Coal Mining Industry (Long Service Leave) Corporation (Coal LSL), which is responsible for administering the Coal Mining Industry Long Service Leave Fund. Funding provided to Coal LSL is dependent on levies collected from employers under the *Coal Mining Industry (Long Service Leave) Payroll Levy Collection Act 1992*.

Protected Action Ballots Scheme

Under the *Fair Work Act 2009* a ballot of eligible employees is required before protected industrial action can be taken to pursue claims during bargaining for an enterprise agreement, except when the action is in response to industrial action by the other party. During 2018–19 the department met the full cost of 486 ballots, paying \$1.159 million under the scheme.

International Labour Organization

Australia has been a member of the International Labour Organization (ILO) since its foundation in 1919. An important part of the department's international engagement is representing Australian interests at the ILO through Australia's elected position on the ILO Governing Body. Australian Government delegates play an active role at ILO meetings, contributing an Australian and regional perspective to the ILO's work and planning.

During 2018–19, the department's Minister-Counsellor (Employment) continued as Australia's representative to the ILO and participated in ILO meetings throughout the reporting year. The department also represented the Australian Government at ILO Governing Body meetings in November 2018, March 2019 and June 2019.



Left, Minister for Employment, Skills, Small and Family Business, Senator the Hon Michaelia Cash; and right, Secretary for the Department of Employment, Skills and Small and Family Business, Kerri Hartland.

▶ ILO Centenary International Labour Conference

From 10 to 21 June 2019 the department represented the Australian Government at the 108th session of the International Labour Conference (ILC), which commemorated the 100th anniversary of the establishment of the ILO. In keeping with the significance of this event, the ILC was attended by 6,300 delegates representing governments, workers and employers from 178 of the ILO's member states, including over 35 heads of state. Australia was represented by a high-level delegation led by the Minister for Employment, Skills, Small and Family Business, Senator the Hon Michaelia Cash.

As part of Australia's preparation for the centenary ILC, the department hosted a tripartite national dialogue on the future of work on 1 March 2019. The department, the Australian Chamber of Commerce and Industry and the Australian Council of Trade Unions discussed Australia's response to the report of the ILO Global Commission on the Future of Work, *Work for a Brighter Future*, released on 22 January 2019. The report was commissioned for the ILO's centenary and was used in developing the ILO's Centenary Declaration. Key themes that emerged from the dialogue were identifying future skill needs, future-proofing worker protections, and the value of continuing tripartite discussions on the future of work.

The Centenary Declaration adopted by the ILC is a highly significant development. It reaffirms the ILO's mandate in relation to the future of work and sets the ILO's agenda for its second century.

The ILC also adopted a new ILO convention obliging ILO member states who choose to ratify it to prohibit all forms of violence and harassment in the world of work, including gender-based violence. It includes obligations to ensure monitoring and enforcement of national laws and access to dispute resolution mechanisms, anti-discrimination obligations and protection for vulnerable groups.

As a deputy member of the ILO's Governing Body, Australia will continue to influence the ILO's implementation of the Centenary Declaration and the Violence and Harassment Convention at important discussions that will take place at the Governing Body meeting in November 2019.

Regional aid projects

During the reporting period, the department worked with the Department of Foreign Affairs and Trade on regional aid projects, including the ILO's Better Work program, which the Department of Foreign Affairs and Trade has funded since 1 June 2016. Better Work engages business, civil society and governments to assess workplace conditions in the garment industry and create strategies for improving labour standards and addressing gender issues.

Program 2.2 Workers' Compensation Payments

Special appropriations to Comcare are provided through the department. Management of the Comcare workers' compensation scheme contributes to the achievement of Outcome 2. Further information can be found in the Comcare 2018–19 Annual Report.

Program 2.3 Small Business Support

Small business plays an important role in the Australian economy, making up around 99 per cent of all businesses and accounting for around half of private sector employment. The Government is committed to ensuring the right conditions exist to allow small business to grow and thrive.

Helping small business go digital

In 2018–19, a major priority for the department was helping small businesses improve their digital capabilities. Research from Deloitte shows that businesses that are digitally engaged are more likely to grow their revenue and up to eight times more likely to create new jobs. The Government is providing funding for two initiatives to improve the digital capabilities of small businesses for websites, selling online, social media, digital marketing, using small business software, and online security and data privacy.

Australian Small Business Advisory Services (ASBAS) and the Small Business Digital Champions Project are two Australian Government initiatives that are helping small businesses go digital.

Australian Small Business Advisory Services

ASBAS is an ongoing grants program providing support for small businesses. Established in 2008 to provide general business advice, it changed focus in 2018 to provide digital Solutions. Through ASBAS, the Government is funding business services providers to deliver low-cost, high-quality digital advisory services to small businesses in metropolitan and regional areas to build digital capabilities. Its services include assessing the needs of a business and tailoring a digital engagement plan. The Department of Industry, Innovation and Science Business Grants Hub administers the program on behalf of the department.

The three ASBAS providers were announced on 31 May 2018 and began delivering services on 2 July 2018. They are:

- ▶ NSW/ACT — Penrith City and District Business Advisory Centre Limited
- ▶ Qld/NT/WA — Business Station Incorporated
- ▶ SA/Vic/Tas — Darebin Enterprise Centre Limited.



Painter 4000 are one of 15 Digital Champions participating in the Small Business Digital Champions Project. (L) Andrew Tindall and (R) Rachel Cormock are employed by Painter 4000.

Small Business Digital Champions Project

The Small Business Digital Champions Project is designed to help small businesses improve their business sustainability and management practices by making it easier for them to engage with digital technology.

The Small Business Digital Champions Project was announced in December 2018 and officially commenced in April 2019.

As part of the project, 100 small businesses from across Australia have been selected to receive a digital transformation with assistance from a digital transformation provider. All 100 participating small businesses are receiving up to \$18,500 worth of digital goods and services, plus additional support from our corporate partners.

Fifteen of the participating small businesses have been announced as 'Digital Champions' and partnered with a high-profile 'Digital Mentor'. The project involves Digital Champions having their journey showcased through online media and social channels to inspire and inform small businesses across Australia.

To help small businesses engage with digital technology more broadly, the department has selected 15 industry associations to receive \$100,000 over two years to provide sector-specific trusted digital advice to small businesses.

Small Business Fairs

In February and March 2019, the department delivered 23 Small Business Fairs across Australia, which were attended by 2,700 small business owners.

The purpose of the fairs was to showcase the Australian Government's support for small business. A wide variety of agencies were represented at each fair. Small business owners could meet and talk with agency representatives about their individual issues and concerns and find out about the services and support they offered. They could also take up the opportunity of a 15-minute one-on-one consultation with a small business coach.

Evaluation of the initiative found that most attendees (77 per cent) thought the fairs were a good use of their time and a large majority of visitors (86 per cent) considered the information provided to be useful. A majority of visitors (82 per cent) said they would attend another Small Business Fair if they were invited. Perhaps most importantly, 39 per cent of respondents had already taken action to improve their business as a result of attending a Small Business Fair in the month following their visit.

Improving small business cashflow

As part of its commitment to improve small business cashflow, the Government is developing a reporting framework that will require large firms with over \$100 million turnover to publish information on how they pay small businesses. Large businesses that tender for government contracts will also be required to match the Australian Government's 20-day payment policy for small business.

From January to May 2019, the department consulted with over 70 business and government stakeholders across Australia on the design of these initiatives.

Small business mental health

As part of the MYEFO, funding was provided to scale up Everymind's 'Ahead for Business' trial, in recognition of the higher levels of mental health concerns among small business operators. Ahead for Business is a fit-for-purpose response to the mental health needs of small business owners and sole traders. It includes a digital platform (website and app) that connects small business owners to tools, programs and interventions that are tailored to their needs.

The department consulted with key small business and mental health stakeholders through two roundtable discussions held in December 2018 and February 2019, as well as a series of working groups through May and June 2019. These discussions explored the mental health and wellbeing needs of small business, the services currently available and opportunities for further development.

Franchising Code of Conduct and Franchising Taskforce

The department has policy oversight of the Franchising Code of Conduct (the Franchising Code), a mandatory industry code that regulates the franchising sector in Australia.

In late 2018, the department appeared at a hearing of the Parliamentary Joint Committee on Corporations and Financial Services inquiry into the Franchising Code. On 14 March 2019, the committee released its report on the operation and effectiveness of the Franchising Code, which put forward 71 recommendations for the consideration of various government agencies and regulatory bodies. The first recommendation was to establish an inter-agency taskforce to examine the feasibility and implementation of a number of the recommendations that followed.

The Franchising Taskforce was established on 10 April 2019 and is co-chaired by the department and the Department of the Treasury (which has legislative oversight of the Franchising Code). The taskforce will provide advice on a government response to the report.

Small business international engagement

The department's International Engagement Strategy aligns our international activities with the Australian Government's vision of facilitating the growth of small business and strengthening the deregulation agenda. The department represented Australia on the Asia-Pacific Economic Cooperation (APEC) Small and Medium Enterprises Working Group and the Working Party on SMEs and Entrepreneurship in the Organisation for Economic Co-operation and Development (OECD) during the year, allowing us to be an influencer in international small business policy.

The department's international engagement also included involvement with the Small Enterprise Association of Australia and New Zealand, the Indian Ocean Rim Association and the OECD Southeast Asia Regional Programme. The department continues to work collaboratively with the Department of Foreign Affairs and Trade and other government agencies on bilateral and free trade agreement related responsibilities.

Whole-of-government deregulation agenda

The Government continued to seek out opportunities to cut the cost of complying with regulation. In particular, the deregulation agenda focused on easing the regulatory burden for small businesses, who face proportionally higher compliance costs. Whole-of-government regulatory reform in 2018–19 included:

- ▶ establishing the Australian Financial Complaints Authority, a one-stop shop dispute resolution scheme to give small businesses and consumers access to free, fast and binding dispute resolution
- ▶ introducing Single Touch Payroll, which reduces the time small business owners spend on reporting employees' pay and superannuation information to the Australian Taxation Office (ATO) by sending this information to the ATO from internal payroll systems each payday
- ▶ implementing Small Business Assist, an interactive online tool that helps small businesses meet their tax obligations.

Australia is recognised internationally for its regulatory policy and governance practices, scoring very well in the OECD rankings for regulatory policy and governance. In November 2018, the OECD Regulatory Policy Outlook showed that Australia is advanced in ex post evaluation practices and regulatory impact assessments.

Women's workforce participation

Women's Economic Security Statement

In November 2018, the Australian Government released the inaugural Women's Economic Security Statement. The statement focused on three pillars: increasing women's workforce participation, supporting women's economic independence, and supporting women's earning potential. It announced new measures to continue delivering on Towards 2025, the Australian Government's strategy, released in July 2017, to increase women's workforce participation.

The department is leading Career Revive, an initiative announced in the Women's Economic Security Statement to increase women's workforce participation. Career Revive aims to prepare regional employers to attract and retain women returning to work after a career break.

Women on government boards

There was an increase in the number of women appointed to government boards in the Jobs and Small Business portfolio as at 31 December 2018. The portfolio had seven boards, on which 58.9 per cent of reportable positions were held by women. This was an increase of 4.8 percentage points since 30 June 2018, when women held 54.1 per cent of reportable positions in the portfolio.

Workplace relations policy advice

Protecting vulnerable workers

Established in October 2016, the Migrant Workers' Taskforce was responsible for identifying improvements to deliver better protections to vulnerable migrant workers in Australia. On 7 March 2019, the taskforce released its report, which shows that a substantial number of temporary visa holders, particularly working holiday-makers and international students, are being exploited in Australian workplaces. The report also highlights that many of these workers are unaware of their legal rights and face difficulties in taking action to address underpayment.

The recommendations of the report include:

- ▶ introducing criminal penalties for the most serious forms of exploitative conduct
- ▶ establishing a national labour hire registration scheme
- ▶ strengthening legislation to provide better protections for migrant workers
- ▶ increasing penalties to align with other business laws
- ▶ extending provisions to prevent companies from contracting out of their workplace obligations
- ▶ extending coverage of the Fair Entitlements Guarantee to temporary migrant workers.

The Government accepted all of the report's recommendations in principle. Many of the recommendations will require further analysis and stakeholder consultation before they can be implemented.

Royal Commission into Trade Union Governance and Corruption

The department continued to advise the Government in relation to its commitment to improve the transparency and accountability of registered unions and employer associations. In 2018–19, this included advising on the Fair Work (Registered Organisations) Amendment (Ensuring Integrity) Bill 2017 and the Fair Work Laws Amendment (Proper Use of Workers Benefits) Bill 2017. These Bills passed the House of Representatives and were introduced into the Senate, but lapsed when the 45th Parliament was prorogued. Both bills implement recommendations of the Royal Commission into Trade Union Governance and Corruption.

Fair Work Commission annual wage review

Together with the Department of the Treasury, and in consultation with the Department of the Prime Minister and Cabinet and the Department of Social Services, the department prepared the Government's submission to the Fair Work Commission's annual wage review. The Fair Work Commission's decision affects around 180,000 employees who are paid the national minimum wage rate and up to 2.2 million employees on award wages.

On 30 May 2019, the Fair Work Commission announced its decision to increase the national minimum wage and award wages by 3.0 per cent. From 1 July 2019, the national minimum wage increased to \$740.80 per week (\$19.49 per hour).

Pay equity and participation

The department continued to provide policy advice on issues relevant to women's participation in paid work, including gender pay equity matters, calculation and analysis of the gender pay gap, workplace flexibility, and workplace responses to family and domestic violence.

The department supported implementation of the Government's commitment to provide national system employees covered by the *Fair Work Act 2009* with five days of unpaid family and domestic violence leave as part of the National Employment Standards. The new entitlement commenced on 12 December 2018.

In collaboration with the Fair Work Ombudsman, the department developed a one-stop-shop for family and domestic violence workplace resources to help employers support employees who experience family and domestic violence. This fulfils a commitment under the Third Action Plan of the National Plan to Reduce Violence against Women and their Children. The resources are available on the Fair Work Ombudsman website.

Safety net, awards policy and superannuation

The department continued to provide policy advice to the Government on safety net, modern awards and default superannuation matters throughout 2018–19, including advice on matters being considered by the FWC as part of the 4-Yearly Review of Modern Awards.

The department assisted with the introduction of the Fair Work Amendment (Right to Request Casual Conversion) Bill 2019. This Bill would have inserted into the National Employment Standards in the *Fair Work Act 2009* a protected right for eligible employees to request to convert to full-time or part-time employment. The Bill also provided that employers may refuse a request on reasonable grounds and after consulting the employee, based on facts that were known or reasonably foreseeable at the time of the request. The Bill lapsed with the dissolution of Parliament.

The department also assisted with amendments to the Fair Work Regulations 2009 to provide declaratory clarification of existing legal and equitable general law rights that in certain circumstances employers may make a claim that an employee's casual loading payments should be offset against certain National Employment Standards entitlements later found to be owing to the employee. The Fair Work Amendment (Casual Loading Offset) Regulations 2018 commenced on 18 December 2018.

Building and construction

The department continued to advise the Government on policy matters relating to the building and construction industry. It also provided ongoing policy support to the Australian Building and Construction Commission (ABCC), ensuring the correct application and effective operation of the Code for the Tendering and Performance of Building Work 2016.

On 6 December 2018, the Government tabled the report of the independent review of the *Building and Construction Industry (Improving Productivity) Act 2016* (BCIIP Act) and its own response. The review was undertaken in accordance with section 119A of the BCIIP Act. It found, among other matters, that the activities of the ABCC are consistent with its role as a full-service regulator for the building and construction industry, and that the higher penalties applying to the sector should be retained. Key building and construction industry stakeholders, including employer and employee organisations and government agencies, were consulted during the review.

Workplace relations legal advice

During the year, the department provided legal advice to portfolio ministers, portfolio agencies and other stakeholders about the operation of the national workplace relations system; developments arising from relevant court and tribunal decisions in federal, state and territory jurisdictions; and work health and safety and workers' compensation matters.

Support for government legislation

Primary legislation

The department supported the development of the following legislation to implement the Government's workplace relations priorities.

- ▶ The *Fair Work Amendment (Family and Domestic Violence Leave) Act 2018* passed the Parliament on December 2018. The Act commenced on 12 December 2018. It provides all national system employees with an entitlement to up to five days of unpaid family and domestic violence leave per year. An employee may take the leave when they need to do something to deal with the impact of family and domestic violence and it is impractical to do so outside their ordinary hours of work.
- ▶ The *Fair Work Amendment (Repeal of 4 Yearly Reviews and Other Measures) Act 2018* responds to two recommendations of the Productivity Commission's Final Report into the Workplace Relations Framework. It removes the requirement for the Fair Work Commission to conduct 4-Yearly Reviews of Modern Awards (Schedule 1) and enables the Fair Work Commission to approve enterprise agreements despite minor errors made during enterprise bargaining. Schedule 3 implements review recommendations of former Federal Court judge the Hon Peter Heerey AM QC, including by applying the *Judicial Misbehaviour and Incapacity (Parliamentary Commissions) Act 2012* so that Parliament can quickly deal with allegations of misbehaviour or incapacity against Fair Work Commission members.

Legislative instruments

The department developed and streamlined Regulations, Rules and other legislative instruments to give effect to the Government's workplace relations priorities. Regulatory improvements made during 2018–19 included the following:

Regulations

- ▶ The Fair Work Amendment (Casual Loading Offset) Regulations 2018 provide declaratory clarification of existing legal and equitable general law rights to offset payments of identified casual loading amounts where a person makes a subsequent claim to be paid one or more entitlements under the National Employment Standards. These Regulations commenced on 18 December 2018.
- ▶ The Fair Work Amendment (Modernising Right of Entry) Regulations 2019 amend the Fair Work Regulations 2009 to modernise the form of entry permits to include the signature and photograph of the permit holder, and allow the FWC to update the form of entry permits. The Regulations also amend the form of entry notices and exemption certificates to restate obligations that apply when right of entry under the *Fair Work Act 2009* is exercised. These Regulations commenced on 1 July 2019.
- ▶ The Work Health and Safety Amendment (Labelling of Hazardous Chemicals) Regulations 2018 provide transitional arrangements for implementation of the Globally Harmonised System of Classification and Labelling of Chemicals and include measures to address overlapping labelling regimes. These Regulations commenced on 1 January 2019.
- ▶ The Safety, Rehabilitation and Compensation Regulations 2019 prescribe various matters for the purposes of the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act), including by setting out matters relating to licences to self-insure; providing for the indexation and calculation of 'normal weekly earnings'; and providing for the approval and renewal of rehabilitation program providers. These Regulations commenced on 28 March 2019.
- ▶ The Safety, Rehabilitation and Compensation Amendment (Renewal Date) Regulations 2018 extend the prescribed renewal period for the approval of rehabilitation program providers by a year. These Regulations commenced on 16 October 2018.

Rules

- ▶ The Safety, Rehabilitation and Compensation (Catastrophic Injury) Rules 2018 and the Seafarers Rehabilitation and Compensation (Catastrophic Injury) Rules 2018 prescribe the conditions for an injury to be a 'catastrophic injury' for the purposes of the SRC Act and the *Seafarers Rehabilitation and Compensation Act 1992* (Seafarers Act) respectively. These Rules commenced on 25 August 2018.
- ▶ The Building and Construction Industry (Improving Productivity) (Accreditation Scheme) Rules 2019 set out the Work Health and Safety Accreditation Scheme for people who wish to carry out building work funded by the Commonwealth or a corporate Commonwealth entity and prescribe the building work to which the accreditation scheme does not apply. These Rules commenced on 21 March 2019.

Other legislative instruments

- ▶ The Fair Work (State Declarations — employer not to be national system employer) Endorsement 2019 (No.1) and the Fair Work (State Declarations — employer not to be national system employer) Endorsement 2018 (No.2) endorse declarations by the New South Wales Minister for Industrial Relations that the Far North West Joint Organisation, the Far South West Joint Organisation and certain named local councils are not national system employers for the purposes of the *Fair Work Act 2009*.
- ▶ The Seacare Authority Code of Practice Approval 2018 — Health and Safety in Shipboard Work, Including Offshore Support Vessels is an approved code of practice on maritime health and safety for seafarers under section 109 of the *Occupational Health and Safety (Maritime Industry) Act 1993*. It commenced on 1 January 2019.
- ▶ The Safety, Rehabilitation and Compensation (Specified Number for Redemption of Compensation) Instrument 2019 and the Seafarers Rehabilitation and Compensation (Specified Rate for Redemption of Compensation) Instrument 2019 prescribe the rate to be used when calculating the value of the lump sum payable under a redemption made under section 30 of the SRC Act and in relation to the redemption of certain lump-sum payments made under the Seafarers Act respectively. They commenced on 15 March 2019.
- ▶ The Safety, Rehabilitation and Compensation (Specified Persons and Acts) Declaration 2019 declared certain volunteers to be 'employees' for the purposes of the SRC Act. It commenced on 16 March 2019.
- ▶ The Safety, Rehabilitation and Compensation (Specification of Medical Examination Interval) Instrument 2019 and the Seafarers Rehabilitation and Compensation (Specification of Medical Examination Interval) Instrument 2019 specify the minimum interval between medical examinations that an employee may be required to attend under subsection 57(6) of the SRC Act and under prescribed provisions of the Seafarers Act respectively. They commenced on 15 March 2019.
- ▶ The Safety, Rehabilitation and Compensation (Specified Laws) Amendment Declaration 2019 and the Seafarers Rehabilitation and Compensation (Specified Laws) Declaration 2019 prescribe 'specified laws' of a state or territory to prevent 'double compensation' under the relevant Act and the 'specified law'. They commenced on 16 and 15 March 2019 respectively.
- ▶ The Safety, Rehabilitation and Compensation (Declarations and Specifications) Repeal Instrument 2019 repealed redundant declarations and specifications made under the SRC Act. It commenced on 16 March 2019.
- ▶ The Safety, Rehabilitation and Compensation (Specified Diseases and Employment) Amendment Instrument 2019 corrects two typographical errors. It commenced on 15 March 2019.
- ▶ The Seafarers Rehabilitation and Compensation (Rate of Interest Payable — s130(3)) Instrument 2019 specifies the rate of interest payable for certain late payments under subsection 130(2) of the Seafarers Act. It commenced on 15 March 2019.

- ▶ The following declarations made four corporations eligible to apply for a licence to self-insure under the SRC Act:
 - Safety, Rehabilitation and Compensation (Licence Eligibility — CEVA Logistics (Australia) Pty Ltd) Declaration 2019 (commenced on 27 March 2019)
 - Safety, Rehabilitation and Compensation (Licence Eligibility — Ramsay Health Care Australia Pty Ltd) Declaration 2019 (commenced on 27 March 2019)
 - Safety, Rehabilitation and Compensation (Licence Eligibility — Vella Transport Administration Pty Ltd) Declaration 2019 (commenced on 6 April 2019)
 - Safety, Rehabilitation and Compensation (Licence Eligibility — Healthscope Operations Pty Ltd) Declaration 2019 (commenced on 6 April 2019).
- ▶ The Code for the Tendering and Performance of Building Work Amendment (Exemptions) Instrument 2019 establishes a mechanism whereby a minister responsible for an intelligence or security agency can exempt certain building works from the definition of Commonwealth funded building work for the purposes of the Code for the Tendering and Performance of Building Work 2016. It commenced on 21 March 2019.

Workers' compensation policy

The department provided policy advice to government on a range of workers' compensation issues, including a review of the Safety, Rehabilitation and Compensation Regulations 2009 and establishing a review of the firefighter provisions of the *Safety, Rehabilitation and Compensation Act 1988*.

The department consulted with stakeholders, including employer and employee representatives, on making a number of legislative instruments under the *Seafarers Rehabilitation and Compensation Act 1992* and the *Safety, Rehabilitation and Compensation Act 1988* to facilitate the continued proper operation of the schemes. Examples include the Safety, Rehabilitation and Compensation (Catastrophic Injury) Rules 2018 and the Seafarers Rehabilitation and Compensation (Catastrophic Injury) Rules 2018, which allow access to increased benefits for injured workers who have sustained a catastrophic injury.

The department made a submission to, and appeared before, the Senate Education and Employment References Committee inquiry into the role of Commonwealth, state and territory governments in addressing the high rates of mental health conditions experienced by first responders and emergency service workers. The department advised the Government on matters raised by the inquiry and began work with other agencies on the Governments response to the inquiry's final report.

The department provided advice to a number of businesses considering applications for declarations of eligibility to apply for a self-insurance licence under the Comcare scheme, and the Minister made four declarations during the year. The department also worked closely with Comcare to support the Commonwealth representative on the Safety, Rehabilitation and Compensation Commission.

Work health and safety policy

The department continued to lead the Commonwealth's engagement on work health and safety priorities, including consideration of the final report of Safe Work Australia's 2018 review of the model work health and safety laws and recommendations from the Senate inquiry into the framework surrounding the prevention, investigation and prosecution of industrial deaths in Australia. On 20 December 2018, the Government tabled its response to the Senate inquiry report on how investigation and prosecution processes in the existing framework can be improved.

The department provided policy advice on a range of significant workplace relations matters, including on maintaining nationally harmonised work health and safety laws while ensuring the regulatory framework meets the specific needs, operating environments and priorities of all jurisdictions.

The department and the Department of Home Affairs continued to co-lead whole-of-government coordination of asbestos policy issues, with a particular focus on import issues, including through co-chairing the Asbestos Interdepartmental Committee. A key achievement in 2018–19 was strengthening the asbestos imports and exports regulatory framework to support a nationally coordinated and consistent approach. The department also supported an independent review of the role and functions of the Asbestos Safety and Eradication Agency (ASEA), as set out in the *Asbestos Safety and Eradication Agency Act 2013*. The review findings will inform the Government's considerations as to whether ASEA's legislated role and functions enable it to continue to meet challenges in asbestos management.

The department worked with state and territory work health and safety regulators, industry and worker representatives to support a national response to the re-emergence of silicosis, including urgently increasing compliance with the exposure standard for silica dust and health monitoring requirements.

The department continued to lead national action to improve quad bike safety. It chaired the Inter-departmental Committee for Quad Bike Safety and supported the Australian Competition and Consumer Commission with its investigation of the issue.

The department worked with state and territory governments and other Australian Government agencies to improve mental health in the workplace and manage work-related psychological risks such as sexual harassment, violence and bullying. It carried out this work through its membership of Safe Work Australia; input into a number of reviews, inquiries and related processes; and input into International Labour Organization and United Nations processes.

Office of the Federal Safety Commissioner

The Office of the Federal Safety Commissioner (OFSC) supports the Federal Safety Commissioner (FSC). The FSC promotes work health and safety in relation to building work; audits compliance with the National Construction Code (NCC) requirements for building materials; and promotes and administers the building and construction work health and safety accreditation scheme, which is established under the *Building and Construction Industry (Improving Productivity) Act 2016*. Anyone who wishes to carry out building work funded by the Commonwealth or a corporate Commonwealth entity, above prescribed financial thresholds, must be accredited under the scheme.

In 2018–19, the FSC accredited 39 new construction companies and managed the ongoing accreditation of over 476 companies. Since the scheme began in 2005, over 1,964 Commonwealth-funded construction projects worth more than \$122 billion have used workplace health and safety systems and practices accredited under it.

The FSC revised its risk framework to provide a more agile assessment of a company's compliance with the requirements of the scheme. It will continue to focus on companies that require more vigilance, while providing companies that have strong records of compliance with the benefits of earned autonomy, including less frequent audits and streamlined reaccreditation processes.

The FSC released a discussion paper outlining the proposed implementation framework for auditing accredited companies against the NCC performance requirements in relation to building materials. This function extends the FSC's existing scope of responsibilities, which have focused on worker safety and work health and safety cultural change, to also look at the building materials used on construction sites.

On 21 March 2019, the Building and Construction Industry (Improving Productivity) (Accreditation Scheme) Rules 2019 came into effect, replacing the Fair Work (Building Industry — Accreditation Scheme) Regulation 2016. They give effect to the FSC's role in auditing compliance with NCC performance requirements for building materials, improve the administration and operation of the accreditation scheme and enable a minister responsible for an intelligence or security agency to exempt certain building works from the application of the scheme.

Outlook for Outcome 2

The outlook for those functions remaining with the department following machinery-of-government changes is provided below:

- ▶ The department will continue its work to make life easier for small business operators through:
 - a reporting framework requiring businesses with over \$100 million turnover to publish information on how quickly they pay small businesses
 - the Small Business Digital Champions Project, which will inspire small business digital transformations by showcasing the stories of 15 Digital Champions, and will fund industry associations to provide sector-specific advice to their members across Australia
 - the Small Business Mental Health Package, which includes funding to expand Everymind's 'Ahead for Business' trial targeted at supporting the mental health of small and family business operators
 - continued oversight of the Franchising Code of Conduct and the Franchising Taskforce
 - collaboration with other portfolios on issues such as small business access to finance.

Performance measures: Outcome 2

The Fair Entitlements Guarantee Program functions effectively

Table 12. Targets and results — Fair Entitlements Guarantee

Indicator	2018–19 target	Result
Percentage of claims processed within 16 weeks of receipt of an effective claim	80%	91.9%
Average processing time for all claims	14 weeks	8.0 weeks
Proportion of claim payments that are correct	95%	97.3%
Proportion of claimants satisfied with the department's administration of the Fair Entitlements Guarantee	80%	85.6%
Proportion of insolvency practitioners satisfied with the department's administration of the Fair Entitlements Guarantee	80%	95.7%

Analysis: Fair Entitlements Guarantee

The department met or exceeded all of its key performance targets for the Fair Entitlements Guarantee in 2018–19.

Calculations of results for the two timeliness indicators use data from the Fair Entitlements Guarantee claims assessment database. The department continuously collects this data in administering the Fair Entitlements Guarantee.

The department assessed claims at an average of 8.0 weeks, improving on the 8.3 week result of 2017–18 in a period when the number of claims increased by 13 per cent. The department finalised 91.9 per cent of claims within 16 weeks, compared to 91.6 per cent in 2017–18.

The department measures the accuracy of claim decisions through a monthly internal audit of a statistically significant random sample of claim decisions. The result is the proportion of decisions found to be accurate against the sample tested. This year, 97.3 per cent were accurate against a target of 95 per cent. This compares to 96.9 per cent in 2017–18.

Results for stakeholder satisfaction are from electronic surveys of stakeholders. The department surveys claimants six weeks after they receive an outcome on their claim, and insolvency practitioners who have been involved with the Fair Entitlements Guarantee annually towards the end of the financial year. The measure is the percentage of respondents who indicate they are 'satisfied' or 'very satisfied' with the Fair Entitlements Guarantee, excluding nil responses. Claimant satisfaction was 85.8 per cent, compared to 86.2 per cent in 2017–18. Claimant satisfaction is highly correlated with claimant outcomes: 98 per cent of people who received what they expected were satisfied, whereas only 14 per cent of people who did not receive a payment stated they were satisfied. Ninety-six per cent of insolvency practitioners were satisfied with the department's administration of the Fair Entitlements Guarantee; this compares to 91.1 per cent in 2017–18.

Commonwealth-funded projects are undertaken by builders accredited by the Office of the Federal Safety Commissioner

Table 13. Targets and results — Office of the Federal Safety Commissioner

Indicator	2018–19 target	Result
Percentage of accreditation applications assessed and applicants contacted within 10 working days	90%	Exceeded: 99% of applications were assessed and applicants contacted within 10 working days
Level of satisfaction of accredited companies with the service provided by the Office of the Federal Safety Commissioner	90%	Exceeded: 97% of accredited companies (213 of 219 respondents) were satisfied with the level of service provided by the OFSC
Number of companies that consider accreditation to have improved their workplace safety performance	75%	Not met: 64% of newly accredited companies (9 of 14 respondents) consider that their workplace safety practices improved as a result of accreditation*

*The Department did not meet this performance target due to several previously unconsidered external factors that are outside of the Department's control, none of which represent a negative overall outcome or reflect poorly upon the performance of the WHS Accreditation Scheme.

Analysis: Office of the Federal Safety Commissioner

The Office of the Federal Safety Commissioner (OFSC) works closely with industry to encourage companies to seek and maintain accreditation. This collaborative approach provides companies with the best opportunity to meet the required high standards and ensures the greatest impact in improving workplace health and safety across sections of the construction industry.

In 2018–19, the OFSC continued to streamline the reporting requirements for the Work Health and Safety Accreditation Scheme. The scheme's biannual activity report and its project report have been combined into a scheme biannual report. Online application continued to expedite the assessment process: 99 per cent of applications were assessed within 10 working days, which is above the 90 per cent target.

In 2017, all accreditation scheme reporting through the OFSC's online system become mandatory, significantly improving the timeliness of incident reporting. In the 2018 calendar year, an average of 47 per cent of incident reports were submitted on time, compared to an average of 33 per cent in the 2017 calendar year.

In addition to providing work health and safety reports, accredited companies are subject to regular compliance audits. Information gathered through these processes allows the Federal Safety Commissioner to monitor the companies' performance and the scheme's effectiveness. At 30 June 2019, 476 companies were accredited under the scheme. These companies are currently undertaking Commonwealth-funded construction work valued at \$51.6 billion.

The OFSC operates under the Australian Government's Regulator Performance Framework. Self-assessment against the framework's six key performance indicators is undertaken annually and reported at fsc.gov.au.

The workplace relations system contributes to the productivity agenda by encouraging the adoption of flexible and modern workplace relations

Table 14. Targets and results — workplace relations system

Indicator	2018–19 target	Result
Evidence that the national workplace relations system supports improved productivity outcomes	Increase in productivity and growth in the ABS wage price index	Labour productivity decreased 0.8% over the year to June 2019 compared to an increase of 0.4% over the year to June 2018 The Wage Price Index increased 2.3% over the year to June 2019 compared to 2.1% over the year to June 2018
Evidence that industrial action is minimised	Maintenance of the number of working days lost per 1,000 employees	9.8 working days were lost per 1,000 employees over the year to June 2019 compared to 9.9 working days lost per 1,000 employees over the year to June 2018
Evidence that enterprise bargaining is used by employers and employees to negotiate pay and conditions	Increase in the number and coverage of enterprise agreements	There are 10,571 current agreements covering around 2.09 million employees as of 31 March 2019*, compared to 12,831 current agreements covering around 1.96 million employees as of 30 June 2018
Delivering the Government’s commitment to protecting vulnerable workers and ensuring that migration policies and practices are in line with the workplace relations framework	Migrant Workers’ Taskforce concludes and provides a report with recommendations to government	The department supported the delivery of the Migrant Workers’ Taskforce report and government response, released on 7 March 2019. The report highlights serious issues concerning exploitation of vulnerable migrant workers, and makes 22 recommendations across multiple government portfolios aimed at better protecting workers in Australia
Undertaking research and analysis, and providing policy advice to ensure migration programs support economic and labour market objectives	Labour market analysis reflected in updates to the skilled migration occupation lists and in skilled visa reforms	The department’s input to migration reviews included advice on the workplace rights and protections of visa holders The March 2019 update to the skilled migration occupations lists reflected the department’s labour market analysis

*Full year data will not be available until after the date of printing this annual report.

Analysis: workplace relations

Data from the Australian Bureau of Statistics (ABS) shows that labour productivity — as measured by gross value added per hour worked in the market sector — decreased by 0.8 per cent (in trend terms) over the year to the June quarter of 2019, compared to an increase of 0.4 per cent growth over the year to the June quarter of 2018. Short-term measures of productivity are prone to volatility and cyclical effects and should therefore be interpreted with caution.

The ABS Wage Price Index measures wage growth in the Australian economy and is the preferred indicator of wage trends. The index increased by 2.3 per cent (seasonally adjusted) over the year to the June quarter of 2019, compared to 2.1 per cent over the year to the June quarter of 2018.

ABS data shows that the rate of industrial disputation was 9.8 working days per 1,000 employees over the year to the June quarter of 2019, compared to 9.9 working days lost per 1,000 employees over the year to the June quarter of 2018. The rate of industrial disputes remains at near historical lows.

The department maintains a workplace agreement database that contains information on all known federal enterprise agreements in operation since the introduction of the Enterprise Bargaining Principle in October 1991. Analysis of the database indicates there were 10,572 current agreements (not expired or terminated) at March 2019*, covering 2.09 million employees. This compares with 12,831 agreements covering 1.96 million employees at 30 June 2018. Note that there were some minor revisions in the historical figures.

*Full year data will not be available until after the date of printing this annual report.

Increased access by small businesses to advisory services that support and enhance their digital capabilities

Table 15. Target and result — Australian Small Business Advisory Services

Indicator	2018–19 target	Result
Increased access by small businesses to advisory services that support and enhance their digital capabilities	Digital competency for small business increases	Business uptake of the program is progressing well The department is working closely with the Business Grants Hub to assist providers to meet their delivery of advisory services targets

Analysis: Australian Small Business Advisory Services

AusIndustry's Business Grants Hub (in the Department of Industry, Innovation and Science) administers ASBAS on behalf of the department. Accordingly, the Business Grants Hub is responsible for ensuring providers meet the terms of their agreements and report on time.

ASBAS providers regularly report on their delivery of digital advisory services, including:

- ▶ how many small businesses accessed advisory services and which types of services they received
- ▶ how the services were provided — for example, through:
 - direct one-on-one advisory support delivered in person, remotely online or over the phone
 - interactive webinars
 - face-to-face workshops
- ▶ satisfaction levels of the small businesses receiving the services.

To assess the effectiveness of the program, an impact evaluation will commence in the 2019–20 financial year.

Australian Small Business and Family Enterprise Ombudsman

During the 2018–19 financial year, the Office of the Australian Small Business and Family Enterprise Ombudsman (Ombudsman's Office) reached its third year of operation and continued to mature in terms of its status, outreach and expanded roles.

The Ombudsman's Office was established in March 2016 with the commencement of the *Australian Small Business and Family Enterprise Ombudsman Act 2015*. The Ombudsman has dual functions to both directly assist and advocate for small business and family enterprise.

In respect of the assistance function, the Ombudsman provides direct and tailored support for Australian small businesses and family enterprises with business disputes. Direct assistance is provided to enable small businesses to access low cost and speedy dispute resolution, whether a dispute is with government or another business.

In respect of the advocacy function, the Ombudsman is an independent advocate for small business and family enterprise, with legislative powers to inform and advise Australia's lawmakers and regulators on small business issues and operations. The Ombudsman has power to conduct research and inquiries on the request of the Minister for Employment, Skills, Small and Family Business as well as self-generated inquiries into important issues for the small business sector.

A primary aim of the Ombudsman is to ensure that the voice of small business is heard across government and to inform policy processes so that the needs of small business and family enterprise can be met. The operations of the Ombudsman are informed through its assistance to small business as well as extensive relationships across business and government, including the following:

- ▶ The Ombudsman's Policy Forum draws together 28 industry and professional associations from across the sector, with the group also separately meeting via seven working groups to progress key issues:
 - Access to justice
 - Contracts and unfair contract terms
 - Cyber security
 - Digitisation and the National Broadband Network
 - Energy
 - Human capital
 - Workplace relations
- ▶ The Ombudsman chairs the Federal Regulatory Advisory Group, which on a quarterly basis brings together the Ombudsman's Office and several key Commonwealth regulators in the sector (Australian Competition and Consumer Commission, Australian Securities and Investments Commission, Australian Taxation Office and Fair Work Ombudsman)
- ▶ The Small Business Commissioner's Group, which includes the Ombudsman and representatives from each of the states, meets on a quarterly basis and which also meets with the Federal Regulatory Advisory Group at least twice annually to ensure good communication between the state commissioners and Commonwealth regulators
- ▶ The Ombudsman participates in and engages with various consultative groups, including peak small business meetings held by the Australian Competition and Consumer Commission and the Australian Taxation Office
- ▶ The Ombudsman engages with various business forums, conferences and small business roadshows (including with accounting and other industry bodies).

The Ombudsman has begun expanding these relationships by creating an online consultation network so that small businesses, industry associations (and their members) and others can provide direct feedback into policy issues.

Alongside this broadened network, the Ombudsman also operates a Small Business Hub that provides free desk and meeting spaces for small businesses, family enterprises and industry associations so that they can gain better access to government and the public sector while in Canberra.

Expanded roles

During the 2018–19 financial year, a number of new roles were added to the Ombudsman's functions.

- ▶ On 5 December 2018, the Ombudsman became responsible for the administration of mediation adviser and dispute resolution adviser services under the franchising, horticulture and oil codes of conduct. Formerly the Ombudsman worked closely with the provider of dispute resolution under these codes by referring appropriate matters. Integrating this role into the Ombudsman's assistance function means the Ombudsman can now provide far broader support for code disputes.
- ▶ On 1 March 2019, the Ombudsman began providing the Small Business Tax Concierge Service, which supports and assists small businesses in their disputes with the Australian Taxation Office. Principally, this service assists small businesses to decide whether to lodge an application to the Administrative Appeals Tribunal and provides tailored subsidised legal advice to the small business from a panel of tax litigation experts. The small business expertise of the Ombudsman is critical in ensuring that the service is efficient and carefully tailored for small business needs.
- ▶ On 12 March 2019, the *Australian Small Business and Family Enterprise Ombudsman Act 2015* was amended to provide the Ombudsman with the power to give direct assistance to small business in obtaining a no adverse costs order in proceedings to recover the amount of any loss or damage as a result of contraventions of the *Competition and Consumer Act 2010*. This power came into effect on 1 July 2019.

Advocacy

During the 2018–19 financial year, the Ombudsman conducted a broad range of research and inquiries into a number of key issues affecting small business and family enterprise. The research and inquiries were both conducted at the request of the Minister and self-generated by the Ombudsman.

The Ombudsman completed the following inquiries at the request of the Minister during the period (available via asbfeo.gov.au):

- ▶ *Review of the Australian Taxation Office's enforcement of debt recovery (April 2019)*
The review investigated ATO enforcement of disputed debt in matters before the Administrative Appeals Tribunal (AAT). The Ombudsman found that ATO debt recovery action happens in a sizable number of cases before the AAT (at least 12 per cent) and that such action can severely reduce a business's ability to prosecute its case and carry on its business. In particular, the use of garnishment (specifically enduring garnishee notices) can have a crippling impact on businesses. Key recommendations of the review include introducing the ability of the AAT to issue a stay order on ATO debt recovery action; external oversight and approval of garnishee notices; and expanding the Ombudsman's review to cover broader ATO debt recovery actions.
- ▶ *Review of payment times and practices (April 2019)*
This review measured the effects of late and extended payment practices on the cash flow of small businesses and family enterprises in Australia. Small business supplier payment terms and conditions were investigated for over 250 large businesses, while more than 2,400 survey responses were received from small businesses identifying late payment problems for over 1,300 businesses. The review found a persistent trend of payment times being extended beyond usual industry standards. Recommendations pinpointed the need for greater transparency and a place for expanded operation of the unfair contract terms legislation and industry codes. The need for deemed statutory trusts in the construction sector was another key recommendation.

The Ombudsman also provided regular quarterly updates to the Minister on the operations of the Ombudsman's Office and relevant legislation, policies and practices that affect small business (available via asbfeo.gov.au).

Research and inquiries conducted at the Ombudsman's own initiative during the reporting period addressed a broad range of issues, including:

- ▶ inquiry into the Small Business Fair Dismissal Code
- ▶ review of cascading deemed statutory trusts in the construction sector
- ▶ completion of the first phase of inquiry into small business access to justice, to pinpoint issues and approaches; and commencement of the second phase to make recommendations
- ▶ initial research into the use of family trusts by small business
- ▶ ongoing review of the changes in the Australian Banking Association's Banking Code of Practice 2019 and how these are implemented in practice. Although the new code puts into practice most of the recommendations in the Ombudsman's small business loans inquiry report (2017), various provisions of the code remain problematic due to excessive bank discretion in following code provisions and even findings of the Banking Code Compliance Committee itself, as well as the restriction of loan coverage being capped at \$3 million (rather than \$5 million, which is more appropriate for capital-intensive small businesses such as farms and building and manufacturing firms).

In advocating for best practice, the Ombudsman continued cross-government work in respect of completed inquiries, including on small business loans, payment times and practices, and affordable capital for SME growth. In addition, the Ombudsman received eight official requests for review of regulation impact statements and made 108 submissions on legislation and regulation affecting small businesses and family enterprises, including:

- ▶ the Fair Entitlements Guarantee scheme
- ▶ the National Energy Guarantee
- ▶ the retail compliance guidelines
- ▶ small business tax concessions
- ▶ the online safety regulatory framework
- ▶ the Research and Development Tax Incentive
- ▶ operation of the Australian Public Service
- ▶ small business procurement commitments
- ▶ industry codes including the Food and Grocery Code of Conduct and the Banking Code of Practice
- ▶ employment services
- ▶ consumer safeguards
- ▶ commercialising business ideas
- ▶ telecommunications services
- ▶ the black economy
- ▶ modernising business registers
- ▶ unfair contract terms
- ▶ intellectual property laws
- ▶ modernising the Australian Business Number system
- ▶ international trade agreements
- ▶ security of payments reform
- ▶ collective bargaining

- ▶ prevention, investigation and prosecution of industrial deaths
- ▶ combating illegal phoenixing activity
- ▶ support for small business in regional economies
- ▶ the consumer data right
- ▶ the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry
- ▶ e-invoicing
- ▶ skilled migration and skills shortages
- ▶ the Australia Business Securitisation Fund
- ▶ the review of the vocational education and training sector
- ▶ reauthorisation of the Australasian Performing Rights Association
- ▶ the payment times reporting framework
- ▶ employee share schemes.

Assistance

During the 2018–19 financial year, the Ombudsman received 8,001 enquiries (more than double the previous financial year), as well as 113,476 visits to the Ombudsman's website (asbfeo.gov.au).

Of the 8,001 enquiries, 6,602 were formal requests for assistance in accordance with the *Australian Small Business and Family Enterprise Ombudsman Act 2015*. Given an effective commencement date of 1 July 2019 for small businesses to obtain a no adverse costs order, no formal requests for assistance in relation to these orders were received during the period.

The Ombudsman worked closely over the period with a range of Commonwealth, state and territory agencies on a wide variety of requests for assistance. For example, there were numerous requests for assistance in respect of matters affecting large numbers of small businesses in sectors such as franchising, finance and health, where the Ombudsman and a number of agencies worked cooperatively to address issues. Cooperation with agencies during the reporting period did not require entry into any formal cooperative arrangements (as outlined in section 70 of the Act).

Over the period, the Ombudsman dealt with a significant volume of cases where commercial behaviours of one party affected large numbers of small businesses and did so in very serious ways. This included seeking to lock small businesses into extended financial arrangements in respect of advertising and business equipment supply, as well as uncommercial franchising arrangements. The Ombudsman also received a range of complaints about government infrastructure projects and other government actions that had widespread and ongoing adverse impacts on the conduct of ordinary small business operations. Further work is continuing in these areas.

Table 16. Resolution of disputes

Resolution	Count	Percentage of total
Referred to appropriate agency (Australian Financial Complaints Authority, Fair Work Ombudsman etc)	2,413	36%
Referred to state small business commissioners	501	8%
Resolved by Ombudsman direct action	126	2%
Resolved by Ombudsman with provision of information or referral to professional advice	2,101	32%
Case in progress with Ombudsman	1,376	21%
Referred to alternative dispute resolution (including under the franchising, horticulture and oil codes)	85	1%
Total	6,602	100%

PART 3

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OUR CAPABILITY AND ACCOUNTABILITY

The department ensures it is able to deliver on priorities for the Australian Government and the community by having strong capability — which is underpinned by its people, culture, governance principles, processes, systems and knowledge. Capability building drives better policy advice to ministers, and better program outcomes. By ensuring continual investment in capability, the department is actively positioning itself to promote innovation and effectively manage risk.

The department accounts for its activities, accepts responsibility for its actions and discloses the results of its work through ministers to Parliament and to all Australian citizens. For the department, accountability drives transparency and trust, and leads to better engagement with its partners and stakeholders. The department understands the importance of an effective governance framework in supporting performance and accountability. It prioritises the organisation's governance framework, strategic policies and committees, and reviews them regularly.

Governance

The department promotes a sound governance culture that enables it to meet the performance and accountability requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). Its governance framework includes committees established to provide leadership, oversee decision-making and ensure effective service delivery. These committees also embed the governance fundamentals of transparency, collaboration and performance.

During 2018–19, the department continued to implement the PGPA Act's requirements while also ensuring that arrangements were in place to help staff plan for success (Strategic Plan, Corporate Plan and business planning), define and manage risk in line with the department's risk appetite, and regularly monitor performance.

► Strategic Plan 2017–2020

The Strategic Plan defines at the highest level how the components of the department work together, and shapes the culture of the working environment. The Strategic Plan's five core elements provide direction when people in the department plan, deliver and evaluate their work:



- **Delivery.** We deliver on the Government's agenda and its priorities.
- **Collaboration.** We build and maintain meaningful relationships across the public service and with corporate and not-for-profit partners.
- **Forward-looking.** We strive to be innovative in everything we do, identifying risks, emerging trends and opportunities.
- **Influence.** We aspire to be influential in the economic and social environment in which we work, for the benefit of the community we serve.
- **People.** An engaged and capable workforce is the heart of our business and our ability to support the Government and the community.

The plan is a reference point for everyone in the department and flows through all departmental planning, including corporate and business planning processes.

▶ Corporate Plan 2018–19

The Corporate Plan is the department's primary planning document, fulfilling a core requirement under the PGPA Act. It also aligns with performance information published in the Portfolio Budget Statements.



The plan identifies how the department will achieve its purpose by outlining priorities and measures for the year ahead, and how these will be achieved over a rolling four-year period. It also details how the department's operating environment and capability are expected to change in the coming years, and how the department will manage these factors in achieving its purpose. The plan is developed in consultation with all areas of the department.

The department's results against the performance criteria in the 2018–19 Corporate Plan and Portfolio Budget Statements are set out in the annual performance statements (Part 2 of this report).

Business planning

Business planning in the department involves developing forward plans for each group, division and branch. These plans outline priorities for the year ahead, strategies for achieving them, and how success will be measured.

Business plans are an important link between the Strategic Plan, the Corporate Plan and individual performance agreements. They translate strategic priorities into actions, define deliverables and ensure accountability.

Staff are encouraged to refer to their business plan when building individual performance agreements. This approach helps drive performance, increase engagement and build capability, while enabling people to understand how their own work contributes to achieving the department's purpose.

As part of the business planning process, the executive and each group's leadership team met during the year to discuss the objectives, processes and challenges outlined in their respective business plans. These meetings afford an opportunity to review progress towards the delivery of outcomes.

IT strategy

The IT Strategic Plan 2018–2022 guides the department’s information technology direction and supports the department’s Strategic Plan. The IT Strategic Plan focuses on delivering ‘Better outcomes and a better experience for citizens, businesses and government’.

A key principle of the IT Strategic Plan is for the department to be responsive to changing expectations from government, the public and its staff, by making the most of new and emerging technology.

Aligning with the department’s People Strategy and whole-of-government initiatives, the plan aims to deliver capability in four key areas:

- ▶ Partnerships: We are at our best when we’re working with others to deliver on shared outcomes.
- ▶ People: Our people are our greatest asset, navigating a world of changing technology.
- ▶ Delivery: We aim to be at the forefront of delivering technology for government outcomes.
- ▶ Technology: We are focused on flexibility and responsiveness, while ensuring our systems are secure, robust and reliable.

The Executive Meeting

The Executive Meeting is the department’s primary governing body. It supports the Secretary, as the accountable authority, in delivering outcomes, making strategic decisions and overseeing operational matters. It also promotes the core principles of good public service governance by ensuring the department adheres to all applicable standards and legislative requirements, acts impartially and delivers with integrity. The Secretary chairs the Executive Meeting and all deputy secretaries are members.

Committees

The department’s governance committees support the Executive Meeting by helping to report, make decisions, deliver the Government’s objective, achieve the department’s purpose, and comply with the department’s obligations. At 30 June 2019, the department had six governance committees:

- ▶ The **Audit Committee** helps the department comply with its obligations under the *PGPA Act* by providing independent advice and assurance to the Secretary on the department’s control framework, including financial and performance reporting, and risk oversight and management. The committee also provides a forum for communication between the Secretary, senior managers, and the department’s internal and external auditors.
- ▶ The **Finance and Business Services Committee** considers and oversees business improvement practices and the use of resources and procedures to ensure the department meets its business goals.
- ▶ The **Information Technology Committee** considers and oversees the management and use of information technology to enable the department to meet its program and corporate objectives.
- ▶ The **People and Capability Committee** considers and oversees the management of the people and organisational strategies and assists the department to comply with its work health and safety duties and obligations.
- ▶ The **Strategic Policy Committee** operates as a policy think tank, focusing on emerging cross-portfolio priorities and longer term policy issues, and provides a forum to exchange, test and challenge new ideas about current and future work.
- ▶ The **Data, Digital and Privacy Committee** oversees the development of implementation plans and promotes awareness across the department of whole-of-government data and digital agendas.

The committee structure integrates with other governance arrangements such as the department's core strategic documents (including the corporate and strategic plans), subcommittees and interdepartmental committees. The department also has a number of consultative committees, steering committees and working groups that support the governance committees, monitor progress, consult and share information.

The Audit Committee meets quarterly, and all the other committees usually meet every second month, with additional meetings when necessary. They provide activity reports on progress and performance to the Executive Meeting.

The department conducts an annual health check of its governance arrangements to identify ways to improve the committees' performance. In 2018–19, the health check focused on building greater consistency between committees and assessing the operational arrangements in place.

Audit Committee

The department's Audit Committee is established in accordance with section 45 of PGPA Act and section 17 of the PGPA Rule 2014. It functions in an oversight and review capacity to provide independent advice and assurance to the Secretary on the department's financial reporting, performance reporting, risk management and control frameworks.

An independent audit committee is an important element of good governance. To support this, and as required under the PGPA Rule 2014, the department's Secretary and Chief Financial Officer are not part of the committee. The appointment of external members to the committee strengthens its independence. An external member chairs the committee.

Throughout 2018–19, the committee had five members. The majority of committee members are external to the department, and all members have distinguished backgrounds in public sector management and service delivery, financial management and accounting standards, or information technology and governance. In 2018–19, the committee met six times. Australian National Audit Office (ANAO) representatives observed and made presentations at five of these meetings.

In 2019–20, the Audit Committee will continue providing independent advice to the Secretary to inform decision-making on the department's accountability and control framework. Through this advice, it will help the Secretary fulfil her corporate governance responsibilities concerning risk management and the proper (efficient, effective, ethical and economical) use of public resources.

Finance and Business Services Committee

The Finance and Business Services Committee oversees the department's corporate strategies for meeting its business goals. It considers opportunities for driving business efficiencies and for supporting innovation and organisational capability. The committee was co-chaired by the Deputy Secretary Employment and the Deputy Secretary Corporate for the first half of the financial year and, following the department's governance health check, was chaired by the Deputy Secretary Corporate. Membership includes a cross-section of management levels and organisational areas from throughout the department and people with relevant specialist knowledge. The committee met six times during 2018–19.

The committee will continue to oversee the department's risk management framework including developing strategies to respond to areas identified as needing improvement. It values broad employee engagement in promoting departmental initiatives.

The committee's focus for 2019–20 includes:

- ▶ implementing communication and training initiatives to ensure transparency and accountability, and increase knowledge across the department
- ▶ implementing the department's protective security policy and framework
- ▶ improving business practices and reducing internal red tape, and
- ▶ ensuring the department maintains a strong risk management culture.

Information Technology Committee

The IT Committee advises the executive on departmental IT capabilities, strategy, risk, and investment priorities. Steering committees in the department's two information and communications technology (ICT) groups report to the IT Committee and govern the delivery of IT projects.

People and Capability Committee

The People and Capability Committee governs the strategies, policies and decisions that affect our employees. It reviews and drives innovative approaches to people management and capability development activities, while ensuring continued compliance with legislative requirements, including work health and safety obligations.

Highlights for the committee in 2018–19 included:

- ▶ reporting on the findings from a trial of flexible work practices (Flexible by Default), which confirmed a positive culture and high level of support for working flexibly across the department
- ▶ launching the online work health and safety management system, which provides employees with centralised access to work health and safety policies, procedures, systems and resources
- ▶ implementing a pilot program to identify and support development of high-potential Executive Level 1 employees
- ▶ launching the department's Diversity and Inclusion Strategy 2018–2020, which underscores our commitment to supporting employees who identify with diversity groups
- ▶ endorsing the People Strategy 2018–2022 — 'Building now for our future', which identifies 27 initiatives over the next five years to develop our people and workforce for the future.

In the year ahead, the committee will continue overseeing the People Strategy and monitoring progress on recommendations and initiatives associated with its implementation.

Strategic Policy Committee

The Strategic Policy Committee operates as a policy think tank. It examines major policy issues by testing ideas and sharing insights, as well as considering and influencing longer term strategic policy issues. The committee advises the executive on the department's actions in progressing short-term to medium-term departmental and whole-of-government policy priorities. The committee also provides a forum for engaging with external stakeholders on emerging policy issues.

The role of the committee was reviewed during the year. Key changes included strengthening linkages to the executive by increasing engagement in priority policy discussions, and promoting the outcomes from committee meetings widely in the department.

During 2018–19, the committee considered a range of strategic issues such as the role of apprenticeship policies and programs in reskilling the workforce; strengthening industry engagement on workplace relations matters; the linkages between income support and employment services; Indigenous employment; seasonal work; and the department's data strategy and research ethics protocol.

Through the committee's policy discussions in the year ahead, the department will continue to collaborate across groups and with other agencies to influence and provide policy advice to government on new employment services, and small and family business. The committee will also begin to consider emerging priorities in skills and training policies and programs, a new area of work for the department following the machinery-of-government changes.

Data, Digital and Privacy Committee

The Data, Digital and Privacy Committee:

- ▶ provides oversight of the development of implementation plans and awareness across the department of whole-of-government data and digital agendas
- ▶ oversees and guides implementation of the Public Sector Data Management Agenda and provides recommendations pertaining to scope, role, structure and resources for implementation following the outcomes of the Department of the Prime Minister and Cabinet Review of Australian Government Data Activities 2018
- ▶ oversees the development of implementation plans relating to digital transformation agenda activities
- ▶ oversees and guides implementation of the corporate strategies (such as risk strategies) relating to data, digital and privacy management
- ▶ ensures the department meets targets outlined in the Digital Continuity 2020 policy, including a comprehensive information management governance framework
- ▶ sets a framework to identify crossover of work and consistency where possible within the following streams:
 - Whole of Government Data Agenda
 - Digital Continuity 2020 policy
 - Data and Digital Management Project
 - Notifiable Data Breaches Scheme
 - assessment of privacy risk and carrying out privacy impact assessment as required by the new Privacy Code.

User-centred design and behavioural economics

The department continued to apply its behavioural economics capability to evidence-based program development in 2018–19. Behavioural economics projects incorporate user-centred design, innovative policy ideas, and a rigorous trial and adapt approach. This capability helps provide a realistic understanding of the behaviours and decision-making of job seekers, employers, small business owners, and employment services providers. Evidence gathered contributes to the design of current and future programs.

In 2018–19, the department conducted research with franchisees, franchisors, peak bodies and other stakeholders. The research focused on understanding the attitudes, motivations, capabilities and behaviours of franchisees and franchisors in the lead-up to entering into a franchising agreement.

The department tested a behavioural economics approach to improving online job search strategies as part of the My Job Goals trial. The department and an employment services provider in Sydney collaborated to develop a website providing job seekers with easy-to-use instructions and templates for improving their job search. During the My Job Goals trial the number of work-ready job seekers finding employment increased by 45 per cent.

A key achievement in 2018–19 was the recognition of the department’s behavioural economics work in the Applying Behavioural Insights to Labour Markets report. Published by the Behavioural Insights Team, the report references case studies, trials and analysis from local and international behavioural economics practitioners.

Innovation

Innovation is an integral long-term driver to achieve economic and jobs growth for Australia, and essential to the continued success of the Australian Public Service (APS). The department demonstrates commitment to innovation by implementing the Innovation and Science Australia 2030 Plan and the objectives of the APS Review and APS Reform Agenda.

The department defines innovation as putting ideas into practice to add value for its people, stakeholders and the community. In 2018–19, the department continued to focus on the four priorities of the Innovation Framework 2016–2018:

1. Evolving our organisation’s capability and unlocking our people’s expertise
2. Designing policies and services by applying user-centred design to meet the diverse needs of our stakeholders
3. Exploring a variety of policy levers and non-legislative approaches
4. Demonstrating the value we create for our people, stakeholders and clients.

The department encourages innovation through different team structures and more flexible work arrangements, applying methodologies such as design thinking, user research, crowdsourcing and behavioural economics, and undertaking pilots and trials before scaling up projects.

Growth of the department’s innovation culture and capability continued through initiatives such as mentoring the graduate cohort to learn the practical application of design thinking as part of the department’s Shark Tank program; progressing ideas through the ideas management system Spark; and showcasing innovation activities during Innovation Month in July.

These approaches contribute to preparing the department for the future and for times of change, enhancing policy design and service delivery and better meeting the needs of our people, stakeholders and community.

Key achievements in 2018–19 include:

- ▶ embedding more efficient work approaches through the implementation of outcomes from a review of corporate services
- ▶ undertaking user research with job seekers and providers to inform the future of employment services
- ▶ collaborating with a range of stakeholders to establish a data engine on skills, jobs and education as part of the Jobs and Education Data Infrastructure project.

The Evaluation, Research and Evidence Framework 2015–2020

The Evaluation, Research and Evidence Framework 2015–2020 sets out how we are strengthening our evidence base and making sure that the right evidence and insights are available to inform policy and program decisions.

Achievements under the framework in 2018–19 include:

- ▶ supporting research activities, including projects examining job seeker characteristics and motivations, the Fair Entitlements Guarantee, and the experiences and employment outcomes of retrenched workers
- ▶ ensuring research and evaluation informs policy and program development, including through disseminating evaluation and research reports. Examples of publications include the Relocation to Take up a Job Evaluation, the Job Commitment Bonus Evaluation, and the ParentsNext 2016–18 Evaluation. This ensures our work informs the broader policy and service delivery context
- ▶ managing the Research and Evaluation Services panel to support the work of the department and other Australian Government agencies. At 30 June 2019, panel members had been engaged for 438 projects, 123 of which have been undertaken by the department.

Regulatory reform

The department's deregulation team promotes best practice regulation by the department and by portfolio regulators. It helps regulators review and self-assess their practices against the Regulator Performance Framework, and helps policy teams develop new policy proposals that achieve policy objectives with minimal red tape.

Over the past year, the department has focused on initiatives that improve stakeholder interaction with the department, such as improving online information and reporting.

Risk management

Throughout 2018–19, the department committed to effective risk management at all levels, integrating risk management in governance, strategic decision-making and business planning processes.

The executive, including the Secretary, is accountable for risk oversight and oversees the adequacy and effectiveness of our enterprise risk management framework. Risk oversight is also integrated into departmental governance committees, which oversee project and service delivery. The executive also sets the department's risk appetite — the amount and type of risk that the department is willing to accept in the course of achieving its strategic objectives.

In 2018, the department established a central enterprise risk section to assist in everyday work involving risk management and promote a holistic view of risk. As part of this, a risk plan hierarchy was developed to simplify the structure of risk plans and align risk management to the department's business planning cycle.

The collaborative approach the department adopts in delivering programs and policies requires effective management of shared risk. The department promoted sound risk-sharing practices during 2018–19, including the use of monitoring mechanisms to check that shared risk management processes are operating to expectations.

The department is also dedicated to continuous improvement of risk management, including the management of critical risks such as those relating to child safety. In 2018–19, the department delivered activities to support the Commonwealth Redress Scheme and requirements under the Commonwealth Child Safe Framework, including a Child Safety and Wellbeing Risk Plan and required training. The department had ongoing engagement with other Commonwealth agencies and the National Office for Child Safety in planning its implementation of the National Principles for Child Safe Organisations, which is required by February 2020.

During 2018–19, the department continued to promote a positive risk culture in which risk management benefits decision-making and strategic direction. This includes considering enterprise risks and shared risks during decision-making. As a fund member, the department works in partnership with Comcover to promote a positive risk management culture to support the efficient and effective delivery of programs and services. The department consistently achieves strong results in the Comcover benchmarking program for risk maturity, demonstrating a well-embedded and mature culture of risk management.

In 2019–20, the enterprise risk section will focus on the continual improvement of risk management and oversight activities. This includes more deeply embedding a holistic view of risk across the department with a focus on common language and risk rating criteria to encourage reporting synergies.

Fraud control

Fraud against the Commonwealth is defined as ‘dishonestly obtaining a benefit, or causing a loss, by deception or other means’. Fraud and corruption have the potential to damage the performance and reputation of Australian Government programs administered by the department.

The department takes very seriously the proper, efficient and ethical delivery of services and expenditure of public monies. In line with the Commonwealth Fraud Control Framework, it takes a risk-based approach to managing fraud and corruption, and has robust systems in place to prevent, detect and respond to instances of suspected fraud and corruption. Where possible, fraud risk controls are integrated with an overall general business risk approach, as described in the Commonwealth Risk Management Policy.

The department’s Fraud Control Plan outlines the department’s commitment to effectively manage fraud and corruption risks. It describes the key mechanisms used to address fraud and corruption risks and outlines how the department reports on fraud and corruption.

The department’s Fraud Control Strategy Statement outlines the department’s commitment to fraud control and the responsibilities all staff have to prevent, detect and respond to fraud and corruption.

The department’s Serious Non-Compliance and Investigations Unit (SNCIU) manages the department’s response to all allegations of internal and external fraud and corruption. The SNCIU works with program areas to strengthen policy and processes to prevent future incidents. When there is evidence of intent to defraud the Commonwealth, the department may refer a brief of evidence to the Commonwealth Director of Public Prosecutions (CDPP) for consideration.

The department’s approach to managing fraud and corruption risks continues to mature through the development of robust governance frameworks and incident referral channels to streamline the way all staff engage with the SNCIU. This uniformity ensures all incidents of suspected or detected internal and external fraud and corruption, as well as incidents of unauthorised access to departmental systems, are effectively managed.

During 2018–19, the SNCIU referred one matter to the CDPP. Two matters referred by the SNCIU to the CDPP were prosecuted in 2018–19. Another two matters referred to the CDPP await finalisation of court proceedings.

In 2019–20, the SNCIU will continue to develop the department’s fraud prevention, detection and assurance capability. The Fraud Control Plan is currently being revised for release in 2020. The revised plan will focus on ensuring the department can respond effectively and efficiently to an evolving fraud landscape in which emerging fraud and corruption risks present new and complex challenges.

The SNCIU continues development of an integrity awareness training package to increase staff awareness of the core values of the department and of the APS, and to provide guidance on appropriate actions for individuals to take to ensure and maintain their integrity and professionalism as public servants. Increased integrity awareness will enable business areas to better mitigate risk through robust policy and program design.

Internal audit

The internal audit function is a central component of the department’s governance framework. It strengthens accountability and promotes good governance and transparency by providing independent and objective assurance. In this way, internal audit adds value to and improves the department’s operations and its performance.

The internal audit team helps foster a culture of accountability, integrity and high ethical standards by encouraging debate and collaborating with internal and external stakeholders to build and share information and knowledge. It communicates and reinforces guidance on the appropriate use of Commonwealth resources, value for money considerations, self-assessment and continuous improvement throughout the department.

In 2018–19, the team:

- ▶ delivered an audit program that was responsive to the department’s changing needs and priorities
- ▶ reviewed all tabled ANAO performance audit reports and disseminated key findings and relevant information to appropriate officials
- ▶ continued its ‘no surprises’ audit approach through open communication with stakeholders
- ▶ attended and provided information and advice to departmental governance committees to support their decision-making and build productive working relationships
- ▶ facilitated the ANAO’s annual financial statements audit and one ANAO performance audit, as well as providing input on two performance audits of other agencies
- ▶ monitored implementation of internal and ANAO audit recommendations and helped business areas implement the recommendations.

The 2018–19 internal audit work program was developed following consultation with the executive and the senior executive service, and approved by the Audit Committee in July 2018. The 16 audits set out in the work program were developed to reflect the department’s priorities, address key aspects of the department’s control framework and support program and process performance.

In 2019–20, the internal audit team will:

- ▶ encourage better internal practices with ongoing reviews of processes and functions
- ▶ help the department strengthen its accountability and performance, and promote good governance and transparency
- ▶ provide advice and guidance on better practice
- ▶ support the Audit Committee in fulfilling its roles and responsibilities.

People

In 2018–19, the department continued to focus on building the foundations that support staff to build their skills, strengthen their leadership and embrace new ways of working. This focus was guided by the principles identified in the People Strategy 2018–2022. A number of People Strategy initiatives were introduced in the reporting period to enable us to better prepare for and respond to workplace change, including:

- ▶ implementing a new Health, Safety and Wellbeing Initiative
- ▶ refreshing our performance management processes and tools
- ▶ developing a program to welcome and introduce new employees to the department
- ▶ creating an Aboriginal and Torres Strait Islander cultural learning strategy.

The department also focused on maturing its approach to strategic workforce planning. This work included developing an Enterprise Workforce Plan, building workforce planning capability, and establishing a strategic workforce planning function. This enabled the department to build an evidence-based enterprise workforce plan that translates our strategic objectives into prioritised, practical actions for investment for the coming year.

In parallel with the Enterprise Workforce Plan initiative, the department reviewed its human resources (HR) service offer and business model and made progress on developing an HR data strategy. This included designing a continuous improvement framework to collate key HR metrics into a meaningful format to monitor, evaluate and review the implementation of the People Strategy.

Staffing statistics

Table 17. Employees by employment status, 30 June 2018 and 2019

	2018			2019		
	Female	Male	Grand total	Female	Male	Grand total
Ongoing						
Full time	878	886	1,764	888	873	1,761
Part time	289	45	334	283	46	329
Subtotal	1,167	931	2,098	1,171	919	2,090
Non-ongoing						
Full time	19	15	34	10	9	19
Part time	13	5	18	11	3	14
Subtotal	32	20	52	21	12	33
Total	1,199	951	2,150	1,192	931	2,123

Table 18. Employees by classification, 30 June 2018 and 2019

Substantive classification	2018			2019		
	Female	Male	Grand total	Female	Male	Grand total
Trainees	0	0	0	1	0	1
Indigenous Australian Government Development Program Trainee	2	1	3	1	1	2
Graduate	14	12	26	11	12	23
APS Level 1	4		4	3	1	4
APS Level 2	2	1	3	4	1	5
APS Level 3	33	25	58	23	10	33
APS Level 4	124	79	203	95	57	152
APS Level 5	201	139	340	208	137	345
APS Level 6	312	247	559	281	223	504
Executive Level 1	321	290	611	356	312	668
Executive Level 2	104	85	189	121	102	223
Information Technology Specialist	2	13	15	2	14	16
Government Lawyer	14	6	20	10	8	18
Senior Government Lawyer	19	12	31	21	6	27
Principal Government Lawyer	14	11	25	17	12	29
SES Band 1	23	24	47	26	27	53
SES Band 2	7	5	12	10	4	14
SES Band 3	2	1	3	1	0	3
Secretary	1	0	1	1	0	1
Grand total	1,199	951	2,150	1,192	931	2,123

Table 19. Employees by location, 30 June 2018 and 2019

State	2018	2019
ACT	1,758	1,739
NSW	143	142
NT	10	11
Overseas	1	1
Qld	80	75
SA	48	44
Tas	14	16
Vic	66	67
WA	30	28

Learning and development

The department continued to invest in capability development for its people through a structured learning framework aligned to its Strategic Plan, leadership statement and organisational capability vision. A range of face-to-face learning programs designed to address identified areas for development and to further strengthen team performance were offered to staff. A total of 1,857 individual employees participated in face-to-face learning and development activities during the year (see Table 20).

Table 20. Participation in face-to-face learning and development programs, 2017–18 and 2018–19

	2017–18	2018–19
Number of participants	3,197	1,857
Number of programs available	32	27
Number of programs delivered	236 individual courses	101 individual courses*

* A more tailored 'on-demand' approach to program delivery in 2018–19 resulted in an increase in the number of participants per course and a reduction in program costs.

A range of self-paced learning tools accessible via desktops and portable devices were also available to all staff through the department's learning management system, Learnhub. These offerings include APS and department-specific e-learning modules and a large collection of e-books, videos and checklists available through content curation systems such as Lynda.com and Skillsoft (see Table 21 for participation rates).

Table 21. Participation in self-paced learning activities, 2017–18 and 2018–19

	2017–18	2018–19
Number of in-house courses completed*	11,330	9,556
Number of active individual users of Lynda.com and Skillssoft**	1,682	1,689

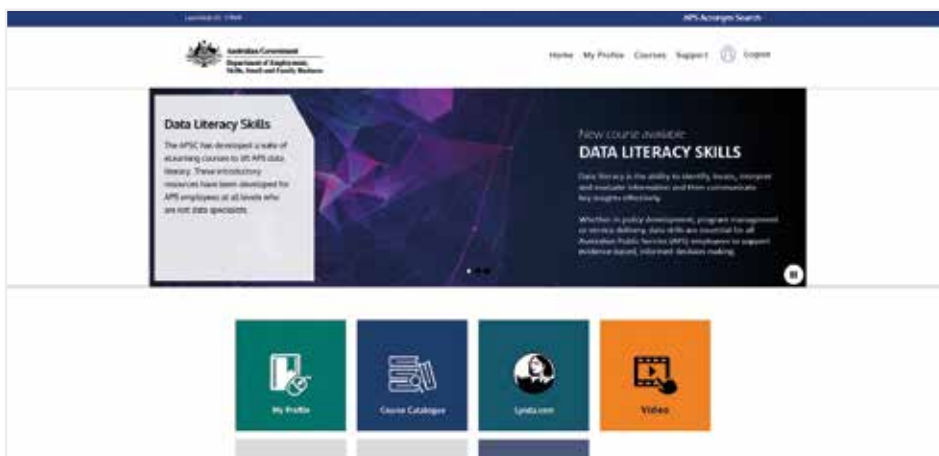
* An employee may complete multiple e-learning courses.

** Figures reflect the number of active users of Lynda.com and Skillssoft at 30 June 2018 and 30 June 2019. Data for other providers is currently not available. An individual may access multiple activities.

The effectiveness of learning and development activities offered in-house and via Learnhub was assessed through individual program evaluations and outcomes from the 2017 and 2018 APS Employee Census results.

The department supports the continuing development of leadership skills for senior executive service (SES) and Executive Level 2 (EL2) staff through participation in a range of externally delivered executive education programs. In 2018–19, 28 EL2 employees participated in seven management and leadership courses, and 30 SES employees attended 14 executive development programs. These high-calibre activities are selected for their alignment to individual development and the department’s vision to create a workforce for the future. Programs offered are delivered by organisations recognised as thought leaders, including the Australian Public Service Commission, the Melbourne Business School, and the Australia and New Zealand School of Government.

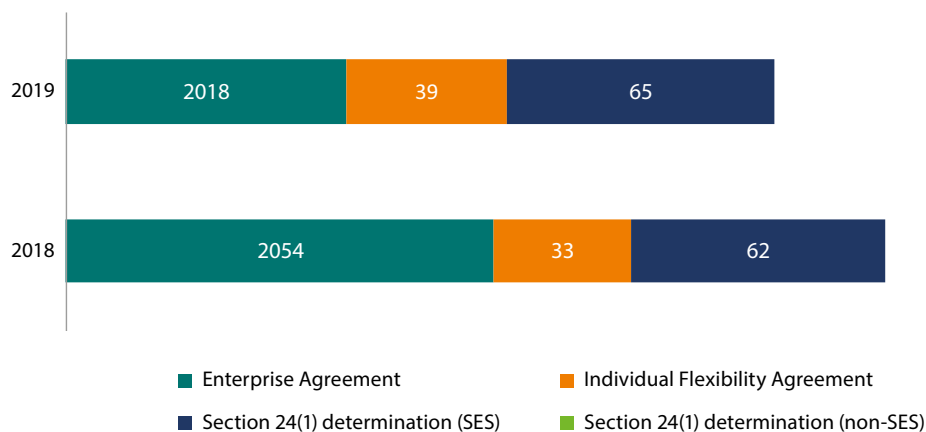
In addition to management and coordination of corporately funded learning and development for departmental staff, the department continued to be accountable for contract and stakeholder management of the Learnhub system on behalf of other government agencies. Fifty government agencies and sub-instances were subscribed to Learnhub as at 30 June 2019.



Remuneration and conditions of employment

All non-SES employees in the department are covered by the Department of Jobs and Small Business Enterprise Agreement 2019–2022. This new agreement took effect in March 2019. A key initiative was the introduction of the Serious Illness Register, which is available to employees in particular circumstances who have exhausted their other leave options. The agreement operates in conjunction with Commonwealth legislation and the department’s policies and guidelines to define the terms and conditions of employment for staff. The Enterprise Agreement’s nominal expiry date is 28 March 2022.

Figure 13. Employee agreement statistics, 30 June 2019



The department has 39 individual flexibility arrangements in place for non-SES employees; these recognise specialised capabilities and additional responsibilities. Remuneration and conditions for SES employees are determined under section 24(1) of the *Public Service Act 1999*. An SES remuneration package recognises all hours worked, including any reasonable additional hours. In 2018–19, all SES employees had section 24(1) determinations in place. The department’s remuneration framework does not provide performance pay for SES or non-SES employees.

Non-salary benefits

The department offers a range of flexible working arrangements to help employees balance their personal and professional lives. These include part-time working hours, flex-time, purchased leave, parental leave, cultural leave and community volunteer leave. The department has encouraged employees to have conversations with their managers about workplace flexibility and has supported and encouraged managers to accommodate flexible working conditions within operational requirements.

Salary ranges

Table 22. Employee salary ranges by classification, 30 June 2018 and 2019

Classification	2018 (\$)	2019 (\$)
APS Level 1	28,832–52,541	29,409–53,592
APS Level 2	56,441–60,143	57,570–61,346
APS Level 3	63,030–65,651	64,291–66,964
APS Level 4	68,563–73,326	69,934–74,793
APS Level 5	75,702–80,931	77,216–82,550
APS Level 6	85,105–93,587	86,807–95,459
Executive Level 1	104,651–115,661	106,744–117,974
Executive Level 2	123,148–147,824	125,611–150,780
Information Technology Specialist	121,444–127,228	123,873–129,773
Government Lawyer	65,651–93,587	66,964–95,459
Senior Government Lawyer	104,651–128,196	106,744–130,760
Principal Government Lawyer	140,490–151,520	143,300–154,550
SES Band 1	159,125–257,618	163,960–221,654
SES Band 2	215,014–278,074	216,657–265,398
SES Band 3	329,545–333,300	323,149–342,859

Note: The Secretary's salary is not included, because remuneration arrangements for departmental secretaries are assigned under section 14 of the *Remuneration Tribunal Act 1973*. Secretary salary levels are available from the Department of the Prime Minister and Cabinet at dpmc.gov.au/who-we-are/accountability-and-reporting/secretaries-remuneration.

Secondment program

A number of secondments were supported during the year to enable the exchange of staff between the department, other APS agencies and private sector organisations. These arrangements foster collaboration across government, and build positive cultural change. They connect staff and expose them to new ideas, alternative leadership styles, diverse approaches to policy-making, and the challenges and practicalities of implementing policy decisions.

In 2018–19, there were six secondments into the department from other government agencies.

Six employees of the department were seconded to government and non-government organisations.

Entry-level recruitment programs

The department builds its workforce through its graduate program, as well as through whole-of-government initiatives such as the Digital Apprenticeship Program and the Indigenous Australian Government Development Program. These programs allow the department to develop and maintain capability and give participants the chance to gain specific skills and knowledge through on-the-job training and formal learning and development.

The 10-month graduate program offers workplace learning and development tailored to both the department and the wider APS. It allows graduates to experience two job placements in areas that will enhance their knowledge and capability. In 2018, 24 graduates successfully completed the program on 30 November. The 2019 graduate program began on 30 January 2019 with 23 participants.

The department recruited three APS1 digital apprentices through the Digital Transformation Agency's digital entry-level Digital Apprenticeship Program and five digital apprentices through the Australian School Based Apprenticeship program in 2019. The APS1 digital apprentices commenced on 31 January 2019 and will remain in the apprenticeship program for two years. The school-based digital apprentices joined the department in February 2019 for one year to provide them with hands-on industry experience and the ability to work towards or complete a nationally recognised qualification while undertaking their secondary school certificate.

The department administers the Indigenous Australian Government Development Program (IAGDP). IAGDP is a targeted employment and development program for Aboriginal and Torres Strait Islander people. New recruits join each year and are employed in various APS agencies. Participants are offered ongoing employment and the opportunity to undertake a Diploma of Government and engage in other professional and personal development activities. IAGDP attracted new APS agencies during the year, and a large number of participants. The 2017–18 program, which ended in December 2018, had 82 commencing participants placed in 23 APS agencies. Four participants were employed in the department.

For the 2018–19 intake, which began in September 2018, 63 participants commenced across 26 participating APS agencies. Two participants commenced with the department as part of the 2018–19 cohort.



Graduates of the department's 2018 Indigenous Australian Government Development Program. Left to right: Dion Devow, Gemma Kunde, Secretary Kerri Hartland.

Diversity and inclusion

The department is a place where employees feel included, valued and respected; have mutual respect for one another; and have access to opportunities that support full participation at work.

Diversity is about respect and acknowledging that everyone is different and brings something unique to the workplace. The way people work and think is shaped by our cultures, backgrounds, experiences and personalities. The department recognises the diversity of its existing workforce. It is committed to building and leveraging the depth of perspectives, experiences, knowledge and skills that diversity brings to the organisation.

Diversity and Inclusion Strategy

The department's commitment to diversity and inclusion is outlined in our Diversity and Inclusion Strategy 2018–2020. This strategy and the supporting plans show how the department:

- ▶ achieves an inclusive and safe place for people to work
- ▶ embraces and celebrates diversity
- ▶ realises the vision of More Jobs. Great Workplaces.

The strategy acknowledges that employees may identify across a number of diversity groups. It addresses this by outlining the department's commitments to action in the following employee plans:

- ▶ Aboriginal and Torres Strait Islander Employment and Career Plan 2016–2018
- ▶ Culturally and Linguistically Diverse Employee Action Plan 2018–2020
- ▶ Disability Action Plan 2018–2020
- ▶ Gender Equality Action Plan 2016–2019
- ▶ Intergeneration Leadership Action Plan 2018–2020
- ▶ Lesbian, Gay, Bisexual, Transgender, Intersex and Queer (LGBTIQ+) Plan 2018–2020.

The Diversity and Inclusion Strategy is also complemented by the department's Reconciliation Action Plan 2017–2020. Implementation of the Diversity and Inclusion Strategy and its supporting plans was a focus for 2018–19. Progress made included:

- ▶ appointing pride, culturally and linguistically diverse (CALD) and gender champions at the SES level
- ▶ establishing an Indigenous merit register, a pool of Indigenous candidates available for future vacancies in the department
- ▶ increasing the profile of Aboriginal and Torres Strait Islander employees and culture by increasing the number of staff completing the e-learning module Core Cultural Learning: Aboriginal and Torres Strait Islander Australia; through well-regarded activities to celebrate National Reconciliation Week and NAIDOC Week; and through Indigenous staff sharing their stories on culture and country in the internal newsletter Wrap-up
- ▶ establishing a CALD employee network
- ▶ refreshing the Use of Interpreters Guidelines
- ▶ refreshing the online workplace adjustment request form and process.

The department will review implementation of the first 12 months of the Diversity and Inclusion Strategy in 2019–20.

Reconciliation Action Plan

The department is committed to achieving reconciliation between Aboriginal and Torres Strait Islander people and the wider Australian community. It is connecting Indigenous Australians to work and fostering its own Indigenous workforce at all levels.

The department's Reconciliation Action Plan 2017–2020 reaffirms its commitment to reconciliation and sets out the steps it is taking in its reconciliation journey to:

- ▶ create an inclusive workforce that values and respects Aboriginal and Torres Strait Islander people and culture
- ▶ provide opportunities for Aboriginal and Torres Strait Islander people and suppliers to prosper
- ▶ deliver policy and programs that achieve stronger outcomes for Indigenous Australians
- ▶ connect Aboriginal and Torres Strait Islander people to careers in the department.

The department is committed to the target of increasing its Indigenous workforce to 3 per cent (currently sitting at 2.78 per cent) by 2019. The priorities and practical actions outlined in the Aboriginal and Torres Strait Islander Employment and Career Plan 2016–2018 provide the foundation for ensuring the department delivers on this promise. The plan supports and complements the Reconciliation Action Plan in helping the department remain an employer of choice for Aboriginal and Torres Strait Islander people.

Table 23. Diversity statistics

	2018		2019	
	Headcount	%	Headcount	%
Aboriginal and Torres Strait Islander	61	2.84	59	2.78
Ongoing	61		58	
Non-ongoing	0		1	
With disability	82	3.82	84	3.96
Ongoing	78		84	
Non-ongoing	4		0	

Attendance

The department's unscheduled absence rates compare favourably with those of other policy agencies, as reported in the Australian Public Service Commission's State of the Service Report 2017–18. The department is proactive in addressing unscheduled absences and is committed to building employee engagement and removing barriers to participation in the workplace.

The department offers a range of training programs on giving and receiving feedback, appropriate behaviours in the workplace and how to have effective conversations.

It also has in place a range of early intervention strategies designed to help staff remain at or return to work as quickly as possible after an injury or illness. These strategies provide a sound platform for managing unscheduled absences.

Work health and safety

The department provides a safe working environment for all its workers and visitors. An audit of the department's work health and safety management system conducted by Comcare in March 2018 confirmed that the department's work health and safety management system provides the underpinning governance structure for a strong wellbeing culture. Initiatives offered to employees to promote health and wellbeing include early intervention, annual influenza vaccinations delivered to over 900 staff nationally, health and wellbeing seminars, and campaigns aligned with national health awareness days.

In 2018–19, the department's Employee Assistance Program offered all employees and their immediate family members access to free counselling and other support services. During the reporting period 183 employees and their family members accessed this service, for a total of 422 hours.

The Health, Safety and Wellbeing Committee is the primary mechanism for consultation and collaboration with departmental employees. It also covers other areas of the department responsible for work health and safety matters such as first aid, emergency management, and property and environment services. Work health and safety is a standing agenda item for the People and Capability Committee, allowing ongoing monitoring of organisational health and safety, and advice to the executive where required. The committee will exercise due diligence to ensure the department complies with relevant work health and safety duties and obligations.

Work health and safety incident reporting

The department made a concentrated effort to raise staff awareness of work health and safety incident reporting, which has led to eight notifiable incidents⁶ being reported to Comcare pursuant to section 38 of the *Work Health and Safety Act 2011*.

Communication

The Communication Branch supported the department and its ministers in the delivery of employment, workplace relations and small business policies and programs through a range of specialist communication services. This includes developing and implementing communication strategies and campaigns; media advice, materials and speechwriting; graphic design; social media; and website development and management.

The branch also delivers internal communication and staff engagement strategies and activities to ensure an effective flow of corporate information and support a positive and productive culture.

The department uses paid advertising to inform the community about programs and initiatives it administers, consistent with the Australian Government guidelines on information and advertising campaigns. Appendix 3 provides more information on our advertising initiatives.

During 2018–19, the department conducted two advertising campaigns: the jobs campaign and the small business campaign. Further information on those advertising campaigns is available at www.employment.gov.au and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website.

⁶ These are work health and safety incidents that are classified as dangerous or those resulting in serious injury or death.



► The jobs campaign

GET YOUR BUSINESS GROWING

The second phase of the jobs campaign ran from November 2018 to March 2019, with national advertising across television, radio, online video, press and digital channels. The advertisements aimed to inform employers, particularly small to medium employers, about the Australian Government programs and financial incentives available to them for hiring staff, including apprentices. Employers and job seekers were directed to jobs.gov.au to find information on accessing these programs and financial incentives.



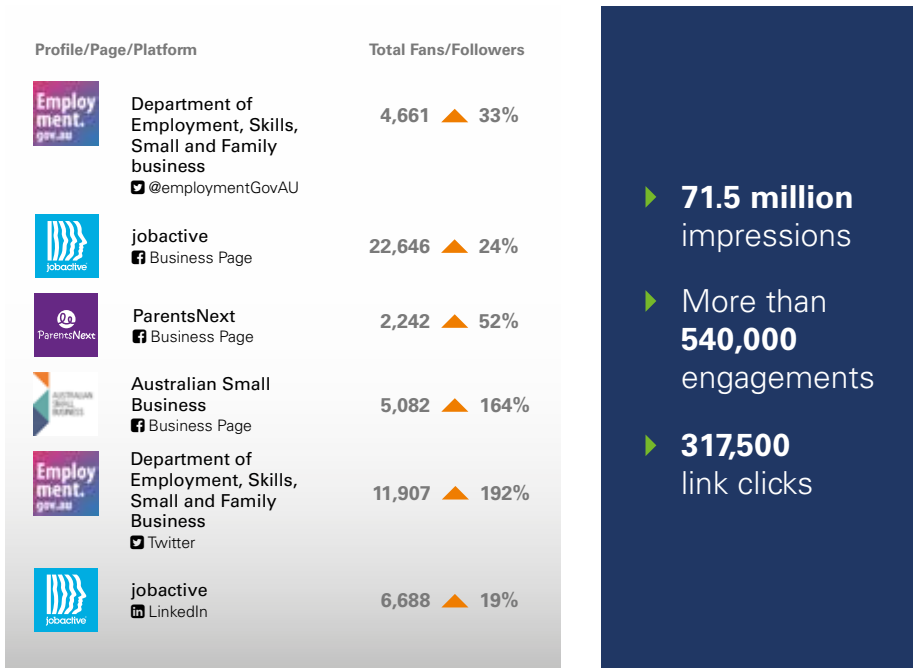
A big plus for small business.

► Small business campaign

A new small business campaign ran from February to April 2019. Advertisements were placed on television, radio, online video, press and digital channels to encourage small businesses to consider new and existing Australian Government initiatives, support and incentives. The advertisements aimed to raise awareness of the range of programs available across government to support small business. Small business owners and their advisers were directed to australia.gov.au/smallbusiness to find information on how to access the programs available to them.

Social media channels

The department’s social media channels continued to expand during the year, promoting programs and policies directly to the community with engaging and innovative content.



Online newsroom

The department’s newsroom provides journalists and media outlets with insights into the Australian employment and workplace landscape. Since its launch in April 2018, it has proved to be a valuable communication channel for the department, receiving a steady increase in readership and media take-up.

Explainers describing the key elements of complex programs in media-friendly language are the most popular type of content, with the ParentsNext and Targeted Compliance Framework explainers being two of the most visited pages on the site.

Stories providing data, insights and analysis relating to key labour force trends have also proved popular, which has led to the development of a ‘Data Dashboard’ for release in 2019. The dashboard will provide interactive statistics and data charts covering employment, unemployment, long-term unemployment, participation, women, youth, underemployment and industry data.

Planned strategic engagement activities throughout 2019–20 will help to further increase readership and media take-up. Broadening the newsroom’s target audience to include influential stakeholders such as academics, providers, think tanks and industry organisations — who are influential subject matter experts often called upon by the media to comment on department policy — will also help to improve the accuracy of public commentary on the department’s policies and programs.



Communicating with staff

The Communication Branch works closely with the Secretary, executive and internal clients to communicate with and engage staff on the department’s work and priorities. The branch uses various strategies and platforms, including the Secretary’s weekly snapshot email, a weekly newsletter, all-staff events and the intranet. The intranet continues to be a primary communication channel and is constantly reviewed and improved.

The Communication Branch runs an annual survey to seek feedback from staff on the department’s internal communication. In 2018, 41 per cent of staff completed the survey, an increase of 11.5 percentage points from the 2017 survey. The survey results were overwhelmingly positive: 76 per cent of staff said they were happy with the level of information they receive on priorities, changes and opportunities that are relevant to them. The majority of respondents (67 per cent) also said they read the department’s weekly Wrap-up newsletter, which replaced a monthly PDF newsletter based on feedback from the 2017 survey indicating low readership of that product (47 per cent).

Celebrating International Women’s Day 2019

The department marked International Women’s Day on Friday 8 March, with an event on 7 March hosted by its Gender Equality Network (GENIE). Secretary Kerri Hartland joined gender champions Kerryn Kovacevic and Grant Lovelock for a panel discussion about the importance of gender balance in the workplace. The discussion included reflections on the shifting perspectives of gender roles, take-up of flexible work by male staff, female representation on boards, societal changes, unconscious bias, and encouraging a more varied range of perspectives in teams and voices at the table.

On work–life balance, all the panellists discussed how being a role model to their staff is important, particularly when at a senior level, and demonstrating by example. ‘It’s important that I demonstrate a healthy work–life balance as the leader of the organisation. When Parliament is sitting, it’s a more challenging time; however, generally I try and maintain a balance in my schedule,’ said the Secretary.

GENIE promotes and supports gender equality in the department and its portfolio agencies to ensure all staff receive equal recognition, support and opportunity, regardless of their gender.



Staff from the department showing their support for International Women's Day.



Group Manager, People, Communication and Assurance Moya Drayton; Secretary Kerri Hartland; and gender champions Kerryn Kovacevic and Grant Lovelock.

Data management

The department supports the Government's public data reforms, which aim to release non-sensitive data by default, promote the effective use and re-use of data to support evidence-based policy, and use data to deliver better services to Australians.

In 2018–19, the department developed and published a data strategy to prepare for a data-driven future. The four strategic aims of the strategy are to harness our data, grow our capability, protect our data and communicate data insights. The strategy's six initiatives address the identified needs of the department in specific areas and are planned for implementation over two years.

The department has maintained its focus on increasing data capability skills as a crucial part of the data strategy. In 2018–19, the department continued to support a number of staff to study applied data analytics with the Australian National University and encouraged the use of self-service data reporting dashboards. The department also started work on developing data literacy and specialist skill development programs under one of the data strategy initiatives.

Making it easier to access data was also a major focus of the department in 2018–19. Staff now have a useful tool to filter and choose data assets and send requests for data extraction to the relevant teams. The department has also publicly released 37 departmental data assets on data.gov.au. Its Labour Market Information Portal contains another 30 data assets that are available for public access.

The department actively collaborates with other agencies to promote data sharing for research purposes. It is a member of the Economic Data and Analysis Network (EDAN), which promotes using data, particularly linked data between agencies, for policy development research. The department is improving its data management and reviewing its data-sharing policy to ensure they align with the Australian Government Data Sharing Principles.

The department was a GovHack sponsor and participated in the 2018–19 event to help promote the release and use of open government data. Its Job Placements and Employment Fund datasets on data.gov.au received more than 150 views during the competition.

Information technology

The department's two information technology (IT) groups — the Employment Systems Group and the Technology and Services Group — provide and support the IT functions and services that enable the department to deliver its programs and achieve its strategic goals and outcomes.

User-centred design and experience techniques are key components of ensuring the department's IT equipment and systems meet the needs of staff and stakeholders.

The department provides corporate IT services to a range of other Australian Government agencies, the largest of which is the Department of Education. The department's IT service offerings are detailed in its service catalogue. They include desktop and mobile computing support for approximately 7,000 users, and application and website hosting services through data centres leased and operated by the department, or through cloud computing providers.

The security and integrity of the department's IT systems and data holdings continue to be a key priority. This includes delivering ongoing improvements to reduce the risk of cyber intrusion through the implementation of the Australian Cyber Security Centre's eight essential mitigation strategies to prevent cyber security incidents. The department has delivered a range of enhancements to its cyber security capability, including enhancing its information security framework and associated documentation.

Key projects in 2018–19

Important IT projects for the department in 2018–19 included:

- ▶ supporting implementation of new policies and programs, including the New Employment Services Trial
- ▶ enhancing the range of digital services available to job seekers and employers, including the online employment services trials
- ▶ improving reporting and data analytics capability, including enhancing the Qlik Sense enterprise-wide data visualisation solution
- ▶ enabling business process improvement and red tape reduction across a range of employment and workplace relations programs
- ▶ expanding and enhancing our end user computing platform based on Windows 10 and Office 365 to provide staff in the department and client agencies with the latest technologies and tools to support workplace mobility
- ▶ implementing a significant program of asset replacement and platform standardisation.

Digital Transformation Agenda

The range of digital services expanded during the year to meet the needs of job seekers, employers, employees, businesses and the public. This integrated suite of whole-of-government digital services is now used by over one million registered job seekers.

The Online Employment Services Trial commenced on 1 July 2018. Over 10,000 job seekers have commenced in the trial and are self-servicing instead of visiting an employment services provider.

The New Employment Services Trial will begin on 1 July 2019 and will test elements of a future employment model. Existing jobactive providers in two employment regions will deliver an enhanced services model, focusing on the most disadvantaged and vulnerable job seekers and providing a more intensive and tailored service. The more work ready job seekers in the selected regions will participate in the Digital First service, receiving all their servicing through a digital platform. Job seekers in the Digital Plus service will also self-serve but will also have access to additional services where required.

Job seekers can now view more of their details online and update information to help target the services they receive. A range of online features help job seekers meet their reporting requirements under the Targeted Compliance Framework.

Parliamentary services

The department’s parliamentary team provides high-quality services to portfolio ministers and assistant ministers, the Secretary and portfolio agencies. These services include processing, monitoring and quality-assuring ministerial correspondence and briefings; coordinating question time briefs and parliamentary questions; and facilitating attendance at Senate Estimates hearings.

The parliamentary team provides secretariat services to the department’s senior internal decision-making body, the Executive Meeting. It also maintains the department’s Parliamentary Document Management System (PDMS), which is used to store, monitor and manage the flow of parliamentary and executive documents. In 2018–19, the department experienced a more than 50 per cent increase in the volume of ministerial correspondence received. This increase is attributed to the August 2018 ministerial changes.

Table 24. Parliamentary workflow — documents processed, 2018–19

Responsible area	Ministerial correspondence (received)	Ministerial briefings	Question time briefs	Answers to parliamentary questions on notice (tabled)	Senate Estimates questions on notice (tabled)	Senate Estimates briefings	Total
Department	3,071	809	205	12	287	245	4,629

During the 2019 election period, the department provided advice in accordance with the caretaker conventions and successfully coordinated and produced briefing materials for the incoming ministers.

The parliamentary team’s activities in 2018–19 included:

- ▶ coordinating briefing material following the August 2018 ministerial changes and the May 2019 election and machinery-of-government changes
- ▶ participating in cross-agency parliamentary workflow solution committee meetings to develop strategic approaches to improve PDMS functionality and achieve efficiencies across government
- ▶ managing the department’s transition to the new CabNet+ system, which replaced the older CabNet system with a modern, secure, paperless system that enhances accessibility and collaboration across government.

In 2019–20, the team will continue:

- ▶ reviewing business practices to streamline parliamentary and executive workflows
- ▶ working with APS partners to help improve the PDMS, including by developing innovative digital approaches to deliver new services
- ▶ supporting the full implementation of CabNet+ enhancements
- ▶ anticipating business needs and developing staff capabilities to deliver efficient and effective parliamentary services that align with modern technology and the expectations of the department's future workforce.

Asset management

Non-financial assets, including property and facilities, are managed according to the department's policies and procedures for the acquisition, issuing, disposal and loss of relevant property, and any relevant assets under construction.

Non-financial assets are reported in the financial statements at their fair value. A formal valuation is performed at most triannually. The most recent valuation has been completed for the 2018–19 financial statements.

Purchasing and grants

The department is a non-corporate Commonwealth entity, and its procurement and grant policies and practices are consistent with:

- ▶ the Commonwealth Procurement Rules, the Commonwealth Grants Rules and Guidelines, and the PGPA Act
- ▶ the department's Secretary's Instructions, and internal policies.

The department has a devolved procurement framework; however, this is supported centrally, with procurement and grants advice and support to ensure the best procurement outcomes for the department and the Commonwealth.

Through regular communications and training, the department engages with staff about procurement and grant obligations under this framework.

The department encourages open procurement and grant opportunities. Its policy is to use panel arrangements to select appropriate providers where possible, and conducting procurement activities in accordance with relevant policies and regulations.

The department publishes details of procurements and plans on AusTender. During 2018–19, the department reported 1,224 contracts on AusTender, with 77 contracts exempt from publication.

The department uses the Industry Grants Hub for grants management. Details of grants awarded are available at grants.gov.au.

Support for Indigenous businesses and small and medium enterprises

The department has embedded the Indigenous Procurement Policy into internal procurement processes to increase opportunities for businesses owned by Aboriginal and Torres Strait Islander people. The department uses Supply Nation to support Indigenous business participation in Commonwealth procurements.

The portfolio's 2018–19 Indigenous procurement target was 59 contracts. In 2018–19, the department engaged 49 Indigenous businesses in a total of 209 contracts.

The department supports small business participation in the Commonwealth Government procurement market, and recognises the importance of ensuring that small businesses are paid on time. With the implementation of 20-day payment terms from 2019–20, the department is focused on meeting the new payment times and has been working with staff and service providers to ensure processes support this policy.

The department coordinates the annual Australian Government pay-on-time survey performance report. Results are available at [employment.gov.au](https://www.employment.gov.au).

Small and medium enterprise participation statistics are available on the Department of Finance's website.

Consultants

The department engages consultants to provide independent and expert advice or services, and the decision to engage a consultant is made in accordance with the Commonwealth Procurement Rules.

During 2018–19, the department entered into 161 new consultancies, involving total actual expenditure of \$11,726,603. In addition, 84 consultancy contracts were active across the 2017–18 and 2018–19 financial years, involving total actual expenditure of \$4,540,561 in 2018–19.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website. Information on all the department's procurements is available at [tenders.gov.au](https://www.tenders.gov.au).

External scrutiny

Judicial and administrative tribunal decisions

The department supports an effective workplace relations system by providing legal advice to the Minister and the Government. This includes advising on workplace relations, matters arising under the *Building and Construction Industry (Improving Productivity) Act 2016*, work health and safety, and workers' compensation matters before courts and tribunals.

The department supports the Minister's intervention in significant matters before courts and administrative tribunals. In 2018–19, these included the following.

Metropolitan Fire and Emergency Services Board and United Firefighters Union Operational Staff Agreement 2016 (AG2018/1278, C2019/746 and C2019/1128)

In August 2018, the former Minister for Jobs and Industrial Relations intervened in the Fair Work Commission in relation to indirectly discriminatory terms in an enterprise agreement made under the *Fair Work Act 2009*. This matter is currently before a Full Bench of the Fair Work Commission.

Mondelez Australia Pty Ltd v AMWU & Ors

In February 2019, the Full Court of the Federal Court heard an application by Mondelez for declarations about the operation of Mondelez's Claremont Operations (Confectioners and Stores) Enterprise Bargaining Agreement 2017 and the interpretation of provisions concerning the accrual and deduction of personal/carer's leave in the *Fair Work Act 2009*. The then Minister for Jobs and Industrial Relations intervened in relation to the interpretation of the relevant provisions. On 21 August 2019, a majority of the Court dismissed Mondelez's application.

WorkPac Pty Ltd v Rossato

In May 2019, the Full Court of the Federal Court heard an application by WorkPac for declarations that Mr Rossato was a casual employee and is not entitled to amounts in relation to claimed leave entitlements; or, if he is found not to be a casual, WorkPac is entitled to 'set off' previously paid casual loading amounts against leave entitlements. The then Minister for Jobs and Industrial Relations intervened in relation to the issue of set-off and the extent to which a casual loading already paid by an employer to an employee can be accounted for against claimed leave entitlements. The Court has not yet handed down its decision.

Equal remuneration and work value case

On 4 July 2018, the Commonwealth filed submissions to assist the Fair Work Commission on questions of law in the Independent Education Union's application for equal remuneration orders for early childhood teachers in non-government long day care centres and preschools. Hearings began on 26 July 2018 but were adjourned on 30 July 2018 at the request of the Independent Education Union so that it could file an award variation application.

On 17 August 2018, the Independent Education Union filed an application to vary award wages in the Educational Services (Teachers) Award 2010 under section 157 of the *Fair Work Act 2009*.

The Independent Education Union's equal remuneration and award variation applications are being heard together.

Auditor-General Report

In 2018–19, the department was involved in ANAO performance audit No.32, Addressing Illegal Phoenix Activity, which was tabled in Parliament on 29 March 2019. The department's role in this audit was due to its membership of the phoenix taskforce. The Australian Taxation Office, as lead of the taskforce, has responsibility for the implementation of the recommendations.

Senate Estimates

The department appeared before Senate Estimates hearings of the Senate Education and Employment Legislation Committee on three occasions during 2018–19 for a total of four days:

- ▶ Supplementary Budget Estimates — 24 October 2018
- ▶ *Supplementary Budget Estimates — 14 November 2018
- ▶ Additional Estimates — 20 February 2019
- ▶ Budget Estimates — 5 April 2019 and 10 April 2019.

*This was an additional hearing for Comcare and ASEA only

Parliamentary committee reports

Government responses tabled to parliamentary committee reports

- ▶ The Senate Education and Employment References Committee tabled its report:
They never came home — the framework surrounding the prevention, investigation and prosecution of industrial deaths in Australia
 - The department provided the government response, which was tabled on 20 December 2018

Parliamentary committee reports received

- ▶ Select Committee on the Future of Work and Workers report tabled 19 September 2018: *Hope is not a strategy — our shared responsibility for the future of work and workers*
- ▶ Senate Select Committee on Red Tape report tabled 3 December 2018: *Policy and process to limit and reduce red tape*
- ▶ Senate Education and Employment References Committee report tabled 1 February 2019: *jobactive: failing those it is intended to serve*
- ▶ Joint Committee on Corporations and Financial Services report tabled 14 March 2019: *Fairness in Franchising*
- ▶ *Senate Standing Committees on Community Affairs report tabled 29 March 2019: *ParentsNext, including its trial and subsequent broader rollout*
- ▶ Senate Education and Employment References Committee report tabled November 2018: *Wage theft? What wage theft?!*
- ▶ Senate Education and Employment References Committee report tabled February 2019: *The people behind 000: mental health of our first responders*
- ▶ Senate Education and Employment References Committee report tabled February 2019: *Fair Work Amendment (Right to Request Casual Conversion) Bill 2019 [Provisions]*

*The government response was tabled 1 August 2019

International Labour Organization

Australia is required to report on tripartite (employers, workers and government) consultations concerning international labour standards in accordance with obligations under the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), which Australia ratified in June 1979.

The department is a member of the International Labour Affairs Committee, which is a subcommittee of the National Workplace Relations Consultative Council. It was established in 1978 under section 12(1) of the *National Labour Consultative Council Act 1977*. Its terms of reference require it to consider matters of substance relating to the International Labour Organization (ILO) and other relevant international bodies. The committee met three times during the reporting period, on 12 October 2018, 1 March 2019 and 5 June 2019.

The department also has regular direct consultations with the representative employer and worker organisations: the Australian Chamber of Commerce and Industry and the Australian Council of Trade Unions.

The department is working with states and territories to progress the Government's commitment to ratify the ILO's Forced Labour Protocol, which supplements the Forced Labour Convention, 1930 (No. 29). The protocol requires countries to take effective measures to prevent and eliminate forced labour, protect victims, provide access to appropriate and effective remedies, and sanction perpetrators.

Disability reporting mechanisms

Since 1994, Commonwealth agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service Report and the APS Statistical Bulletin. These reports are available at apsc.gov.au. From 2010–11, departments and agencies were no longer required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. The first of these reports was released in 2014 and is available at dss.gov.au.

Information Publication Scheme

Agencies subject to the *Freedom of Information Act 1982* are required to publish information to the public as part of the Information Publication Scheme. This requirement is in Part II of the Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the scheme's requirements. The department's publication plan is available at docs.jobs.gov.au/pages/information-publication-scheme-ips.

PART 4

OUR FINANCIAL INFORMATION

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FINANCIAL OVERVIEW

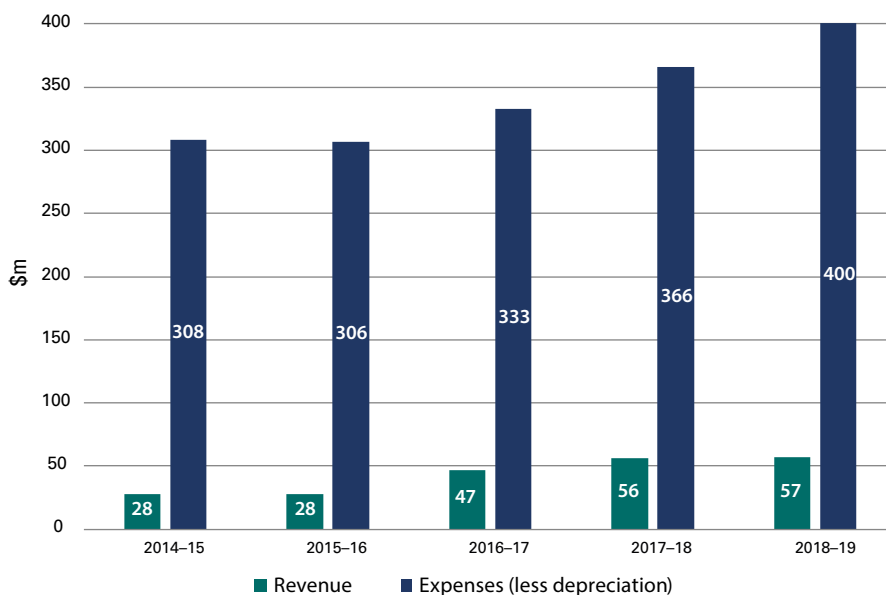
Financial performance — departmental

For the 2018–19 financial year, the department recorded a deficit before depreciation and amortisation of \$7.9 million (1.8 per cent of total departmental expenses). The recorded deficit includes technical loss adjustments of \$8.5 million, consisting of:

- ▶ adjustments in leave provisions due to a decrease in the 10-year Treasury bond rate (\$7.8 million)
- ▶ impairment of assets (\$0.7 million).

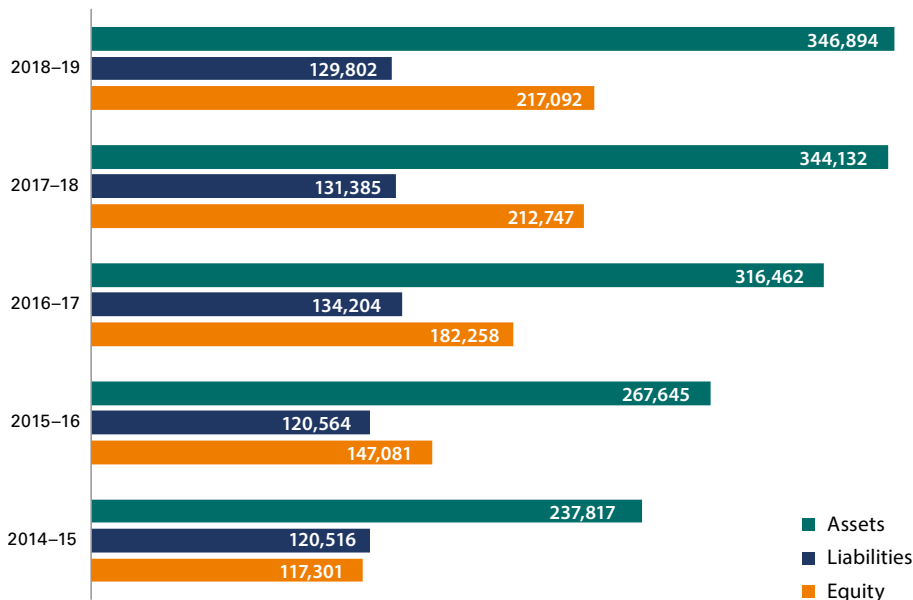
Excluding the technical loss adjustments, the department recorded a surplus of \$0.6 million, which is 0.2 per cent of total expenses.

Figure 14. Departmental financial performance



The department has maintained its sound financial position as at 30 June 2019, with financial assets of \$137.4 million exceeding total liabilities of \$129.8 million. Non-financial assets were \$209.5 million at 30 June 2019, primarily reflecting the department’s IT systems, fit-outs and infrastructure.

Figure 15. Departmental financial position



Financial performance — administered

Due to the machinery-of-government (MoG) changes on 29 May 2019, the 2018-19 administered financial results includes both pre and post MoG financial impacts.

In 2018-19, total administered expenses on behalf of the Government was \$2,117.0 million, consisting of:

- ▶ \$1,418.0 million in supplier expenses primarily related to jobactive
- ▶ \$377.5 million in subsidies, primarily related to payments made for jobactive wage subsidies and the *Coal Mining Industry (Long Service Leave) Administration Act 1992*
- ▶ \$245.6 million in personal benefits associated with the New Enterprise Incentive Scheme and payments made under the Fair Entitlements Guarantee program
- ▶ \$69.8 million in grants, primarily related to workers' compensation payments to Comcare
- ▶ \$6.0 million in payments for Comcare's appropriation.

Total administered income in 2018-19 was \$297.1 million, consisting of:

- ▶ \$121.2 million in levy collections under the *Coal Mining Industry (Long Service Leave) Administration Act 1992*
- ▶ \$59.2 million in Commonwealth asset recoveries mainly related to the Fair Entitlements Guarantee program
- ▶ \$96.1 million in fair value gains associated with the valuation for VET Student Loans and Trade Support Loans income-contingent loans
- ▶ \$20.5 million in interest and other revenue.

Administered assets at 30 June 2019 have increased to \$1,078.0 million, predominately due to the transfer of the VET Student Loans and Trade Support Loans totalling \$1,049.8 million, from the Department of Education.

Administered liabilities have reduced to \$126.0 million, due the to Comcare payable totalling \$2,280.0 million transferring to the Attorney-General's Department.



Auditor-General for Australia



INDEPENDENT AUDITOR'S REPORT

To the Minister for Employment, Skills, Small and Family Business

Opinion

In my opinion, the financial statements of the Department of Employment, Skills, Small and Family Business ('the Entity') for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by me. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

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Key audit matter
Accuracy and completeness of administered supplier and subsidy expenses

Refer to Note 18A Administered Suppliers and Note 18B Administered Subsidies

I focused on this area given the significant value of supplier and subsidy expenses and the importance of the Entity's processes to monitor compliance with its employment services programs for the accuracy and completeness of the payments.

The accuracy of these payments is dependent on self-assessed information provided by claimants, both individuals and entities. The complete and accurate recording of expenses is dependent upon the effective design and implementation of the compliance risk management regime to address the risk that inappropriate payments may not be detected and corrected by the Entity.

During 2018-19 the Entity recognised administered supplier expenses of \$1.4 billion, and administered subsidy expenses of \$377.5 million.

How the audit addressed the matter

To address this key audit matter, I:

- tested the design and effectiveness of key controls and information technology (IT) systems related to the calculation and processing of payments;
- assessed the Entity's design and implementation of the compliance program used to determine the validity of self-assessed information provided by claimants; and
- evaluated the Entity's analysis of the impact of the results and error rates detected by the compliance program.

Key audit matter
Valuation of the VET Student Loan (VSL) and Trade Support Loan (TSL) receivables

Refer to 'Overview – Significant Accounting Judgements and Estimates' and Note 20A 'Receivables – Advances and Loans'

I focused on the Entity's VSL and TSL receivables as the valuation of the receivables involves significant and complex judgements.

These judgements include assumptions about discount factors, future employment and salary rates and future collectability of repayments that contain a significant degree of uncertainty and are influenced by the economic environment.

During 2018-19 the Department recognised VSL and TSL receivables of \$1.1 billion.

How the audit addressed the matter

To address this key audit matter, I:

- evaluated the design and effectiveness of controls in place over the eligibility of students and apprentices for these loan programs;
 - assessed the design and effectiveness of internal controls relating to the collection of the data used by the Entity to calculate the receivables;
 - evaluated the reasonableness of the actuarial methodology used to calculate the receivables; and
 - assessed the reasonableness of the key assumptions used in the calculation of the receivables by comparing them with industry benchmarks for discount rates and salary growth rates in a range of occupations.
-

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Secretary of the Entity is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Secretary is also responsible for such internal control as the Title of the Accountable Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Accountable Authority, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office



Grant Hehir

Auditor-General

Canberra

16 September 2019

Department of Employment, Skills, Small and Family Business
STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2019 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41 (2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Department of Employment, Skills, Small and Family Business will be able to pay its debts as and when they fall due.

Signed.....

Kerri Hartland
Accountable Authority

12 September 2019

Signed.....

Glen Casson
Chief Financial Officer

12 September 2019

Department of Employment, Skills, Small and Family Business
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Department of Employment, Skills, Small and Family Business NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Overview

Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements and notes have been prepared in accordance with:

- Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR).
- Australian Accounting Standards and Interpretations—Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Machinery of Government Changes

On 29 May 2019, following an Administrative Arrangements Order the name of the Department was changed from the Department of Jobs and Small Business to the Department of Employment, Skills, Small and Family Business, and the following changes were made to the functions of the Department.

Functions transferred from the Department of Education:

Skills and Training programs special appropriations - VET Student Loans and Trade Support Loans and Student Identifiers special account.

Functions transferred to the Attorney-General's Department:

The *Fair Entitlements Guarantee Act 2012* and all portfolio entities. The implications of the portfolio entities transferring out is that Comcare investment and payable and the Coal Mining Industry (Long Service Leave) Corporation investment will be removed from the Department's Administered financial statements.

Refer to Restructuring Notes 17 and 28.

Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Department has made and relied on the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- the jobactive and Transition to Work accruals for Supplier and Subsidies expense, developed by the Department have been reviewed by an independent actuary;
- the Department's recreation and long service leave provisions are measured at the present value of the estimated future cash flows. In 2018–19 the Australian Government Actuary undertook an assessment of the Department's leave provisions taking into account the likely tenure of existing staff, patterns of leave claims and payouts, future salary movements and discount rates;
- the VET Student Loans (VSL) program commenced on 1 January 2017 and provides income contingent loans to eligible students undertaking vocational education and training in eligible courses. The Australian Government Actuary has developed a model to provide a number of financial measures related to the receivable, including an estimate of debt not expected to be repaid. Consideration is given to projection of future income of debtors, pattern and timing of repayments, changes in legislation, the recovery of concessional debt and yield curve for discounting future cash flows; and
- the Trade Support Loans (TSL) scheme is an income contingent loan scheme that came into effect during 2014-15 to assist apprentices with costs of living while training towards their qualification. The Australian Government Actuary has taken into consideration the debt not expected to be repaid due to the compulsory threshold not being met, the deferral adjustment and the discount arising upon the successful completion of the apprenticeship.

The Department made no other assumptions or estimates identified as having a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Department of Employment, Skills, Small and Family Business NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Tier 1 requirements have been applied to administered disclosures in respect of AASB 7 *Financial Instruments: Disclosure* and AASB 13 *Fair Value Measurement*.

New Australian Accounting Standards

Changes to AASB 9 *Financial Instruments* are effective for periods commencing from 2018–19, these changes are not expected to have a material impact on the financial statements.

The Department will apply AASB 15 *Revenue Contracts with Customers* from 2019–20. The standard requires revenue from such contracts to be recognised as the entity transfers goods and services to the customer. This standard is not expected to have a material impact on the financial statements.

The Department will apply AASB 16 *Leases* from 2019–20. Whilst this standard will increase both assets and liabilities, it is not expected to have a material impact on the financial statements.

Taxation

The Department is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Revenues, expenses and non-financial assets are recognised net of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and for receivables and payables.

Events After the Reporting Period

On 1 July 2019, the Department's outcome statements changed to align with the restructuring of the Department due to the Administrative Arrangements Order issued on 29 May 2019 and are as follows:

Outcome 1

Foster a productive and competitive labour market through policies and programs that assist job seekers into work, meet employer needs and facilitate the growth of small and family businesses.

Outcome 2

Promote growth in economic productivity and social wellbeing through access to quality skills and training.

Department of Employment, Skills, Small and Family Business

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2019

Departmental Financial Statements

	Notes	2019 \$'000	2018 \$'000	Original Budget ¹ \$'000
NET COST OF SERVICES				
EXPENSES				
Employee benefits	1A	240,909	226,285	231,766
Suppliers	1B	158,712	137,271	140,188
Grants	1C	-	137	-
Depreciation and amortisation	4A	44,489	42,671	40,991
Finance costs	1D	1	2	-
Impairment loss allowance on financial instruments	1E	3	2	-
Write-down and impairment of other assets	1F	711	1,989	-
Losses from asset sales		34	-	-
Total expenses		444,859	408,357	412,945
OWN-SOURCE INCOME				
Own-source revenue				
Sale of goods and rendering of services ²	2A	55,678	52,500	52,431
Rental income	2B	825	1,552	898
Resources received free of charge - external audit		408	400	410
Total own-source revenue		56,911	54,452	53,739
Gains				
Gain on sale of assets		-	256	-
Other gains	2C	560	1,678	-
Total gains		560	1,934	-
Total own-source income		57,471	56,386	53,739
Net cost of services		(387,388)	(351,971)	(359,206)
Revenue from Government	2D	334,956	310,830	318,215
Deficit attributable to the Australian Government		(52,432)	(41,141)	(40,991)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		158	-	-
Total other comprehensive income		158	-	-
Total comprehensive loss attributable to the Australian Government		(52,274)	(41,141)	(40,991)

1. The Department's original budgeted financial statement that was first presented to Parliament in respect of the reporting period was the 2018–19 Portfolio Budget Statements. The budgeted financial statements have not been audited.
2. The original budget amount for sale of goods and rendering of services was split to reflect the amount relating to sublease rental income disclosed as rental income.

The above statement should be read in conjunction with the accompanying notes.

Department of Employment, Skills, Small and Family Business
STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget ¹ \$'000
ASSETS				
Financial Assets				
Cash and cash equivalents	3A	6,673	2,396	2,000
Trade and other receivables	3B	129,290	144,650	153,209
Accrued revenue		1,480	2,582	898
Total financial assets		137,443	149,628	156,107
Non-financial Assets				
Leasehold improvements	4A	29,280	28,957	23,640
Infrastructure, plant and equipment	4A	27,072	30,466	28,856
Intangibles	4A	130,460	113,238	131,887
Prepayments		22,639	21,843	17,162
Total non-financial assets		209,451	194,504	201,545
Total assets		346,894	344,132	357,652
LIABILITIES				
Payables				
Suppliers	5A	31,029	38,937	45,041
Other payables	5B	14,457	17,357	22,175
Total payables		45,486	56,294	67,216
Provisions				
Employee provisions	6A	84,253	74,998	73,799
Other provisions	6B	63	93	52
Total provisions		84,316	75,091	73,851
Total liabilities		129,802	131,385	141,067
Net assets		217,092	212,747	216,585
EQUITY				
Contributed equity		390,733	334,114	374,979
Reserves		10,410	10,252	10,252
Accumulated deficit		(184,051)	(131,619)	(168,646)
Total equity		217,092	212,747	216,585

1. The Department's original budgeted financial statement that was first presented to Parliament in respect of the reporting period was the 2018–19 Portfolio Budget Statements. The budgeted financial statements have not been audited.

The above statement should be read in conjunction with the accompanying notes.

Department of Employment, Skills, Small and Family Business
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2019

	Retained earnings			Asset revaluation surplus			Contributed equity			Total equity		
	2019	2018	Original	2019	2018	Original	2019	2018	Original	2019	2018	Original
	\$'000	\$'000	Budget ¹ \$'000	\$'000	\$'000	Budget ¹ \$'000	\$'000	\$'000	Budget ¹ \$'000	\$'000	\$'000	Budget ¹ \$'000
Opening balance												
Balance carried forward from previous period	(131,619)	(90,478)	(127,655)	10,252	10,252	10,252	334,114	262,484	334,139	212,747	182,258	216,736
Adjusted opening balance	(131,619)	(90,478)	(127,655)	10,252	10,252	10,252	334,114	262,484	334,139	212,747	182,258	216,736
Comprehensive income												
Other comprehensive income	-	-	-	158	-	-	-	-	-	158	-	-
Deficit for the period	(52,432)	(41,141)	(40,991)	-	-	-	-	-	-	(52,432)	(41,141)	(40,991)
Total comprehensive income	(52,432)	(41,141)	(40,991)	158	-	-	-	-	-	(52,274)	(41,141)	(40,991)
Contributions by owners												
Equity injection - Appropriation	-	-	-	-	-	-	22,096	40,349	16,390	22,096	40,349	16,390
Departmental capital budget	-	-	-	-	-	-	30,434	31,306	24,450	30,434	31,306	24,450
Restructuring	-	-	-	-	-	-	4,089	(25)	-	4,089	(25)	-
Sub-total transactions with owners	-	-	-	-	-	-	56,619	71,630	40,840	56,619	71,630	40,840
Closing balance as at 30 June	(184,051)	(131,619)	(168,646)	10,410	10,252	10,252	390,733	334,114	374,979	217,092	212,747	216,585

1. The Department's original budgeted financial statement that was first presented to Parliament in respect of the reporting period was the 2018–19 Portfolio Budget Statements. The budgeted financial statements have not been audited.

Accounting Policy

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangements

Net assets received from, or relinquished to, another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

The above statement should be read in conjunction with the accompanying notes.

Department of Employment, Skills, Small and Family Business

CASH FLOW STATEMENT

for the period ended 30 June 2019

	2019 \$'000	2018 \$'000	Original Budget ¹ \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	414,615	380,300	318,574
Sale of goods and rendering of services	56,653	67,821	54,145
GST received	17,266	17,232	14,019
Sublease rent	825	1,552	-
Total cash received	489,359	466,905	386,738
Cash used			
Employees	234,538	225,323	230,987
Suppliers	181,059	164,803	105,068
Grants	-	137	-
Section 74 receipts transferred to the OPA	74,744	78,179	50,683
Total cash used	490,341	468,442	386,738
Net cash used by operating activities	(982)	(1,537)	-
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of infrastructure, plant and equipment	50	272	-
Total cash received	50	272	-
Cash used			
Purchase of infrastructure, plant and equipment	13,353	16,474	3,626
Purchase / development of intangibles	47,276	47,761	32,368
Purchase of leasehold improvements	6,037	5,295	4,846
Total cash used	66,666	69,530	40,840
Net cash used by investing activities	(66,616)	(69,258)	(40,840)
FINANCING ACTIVITIES			
Cash received			
Contributed equity – restructure (special account balance)	5,431	-	-
Contributed equity - equity injection and capital budget	66,444	69,530	40,840
Total cash received	71,875	69,530	40,840
Net cash from financing activities	71,875	69,530	40,840
Net increase / (decrease) in cash held	4,277	(1,265)	-
Cash and cash equivalents at the beginning of the reporting period	2,396	3,661	2,000
Cash and cash equivalents at the end of the reporting period²	6,673	2,396	2,000

1. The Department's original budgeted financial statement that was first presented to Parliament in respect of the reporting period was the 2018–19 Portfolio Budget Statements. The budgeted financial statements have not been audited.
2. As shown in the Statement of Financial Position.

The above statement should be read in conjunction with the accompanying notes.

Department of Employment, Skills, Small and Family Business

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Budget Variance Commentary

The following table provides a comparison between the 2018–19 Portfolio Budget Statements (PBS) budget and the final financial outcome in the 2018–19 financial statements. The Budget and Revised Budget is not audited and does not reflect budget estimates presented to Parliament in respect of the 2019 financial year. However, major changes in budget have been explained as part of the variance analysis where relevant.

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than 10 per cent; or
- an item that is below this threshold but is considered material for the analysis of the performance of the Department.

Departmental Major Budget Variances for 2018-19

Explanations of major variances	Affected line items (and statement)
Suppliers expense is \$18.5m higher than the original budget largely due to additional expenditure to support the implementation of program measures, including: the Jobs and Education Data Infrastructure data tool for employers and employees, Online Employment Services Trial - expansion and Small Business initiatives.	Suppliers (Statement of Comprehensive Income)
The Write-down of assets expense is \$0.7m higher than the original budget largely due to the impairment of software.	Write-down of assets (Statement of Comprehensive Income)
Other gains are \$0.6m higher than the original budget mainly due to prior year revenue adjustments.	Other gains (Statement of Comprehensive income)
Revenue from Government is \$16.7m higher than original budget mainly due to new measures announced at MYEFO, including; the Jobs and Education Data Infrastructure data tool for employers and employees, Online Employment Services Trial- expansion and Small Business initiatives.	Revenue from Government (Statement of Comprehensive Income)
The asset revaluation surplus is \$0.2m higher than the original budget due to a revaluation of the Department's assets.	Changes in asset revaluation surplus (Statement of Comprehensive Income), Reserves (Statement of Financial Position), Other Comprehensive Income (Statement of Changes in Equity)
Cash and cash equivalents are \$4.7m higher than the original budget due to Machinery of Government changes, including the impact of the Student Identifiers Special Account and additional receipts at the end of the financial year.	Cash and cash equivalents (Statement of Financial Position)
Trade and other receivables are \$23.9m lower than the original budget due to a reduction in appropriations used to pay prior year accrued expenses.	Trade and other receivables (Statement of Financial Position)
Accrued revenue is \$0.6m higher than the original budget due to services provided by the Department where payments have not yet been received.	Accrued revenue (Statement of Financial Position)
Leasehold improvement values have increased by \$5.6m compared to the original budget due to fit outs undertaken in the Department's properties.	Leasehold improvements (Statement of Financial Position)
Prepayments are \$5.5m higher than the original budget due to an increased expenditure for software licences.	Prepayments (Statement of Financial Position)
Suppliers payables are \$14.0m lower than the original budget due to reduced payables and accrued expenses as a result of the Department's revised payment terms.	Suppliers payables (Statement of Financial Position)
Other payables are \$7.7m lower than the original budget due to a change in the treatment of lease incentives.	Other payables (Statement of Financial Position)
Employee provisions are \$10.5m higher than the original budget due to the decrease in the long term bond rate and the new enterprise agreement.	Employee provisions (Statement of Financial Position)
Contributed equity is (\$15.8m) and equity received is (\$25.6m) higher than the original budget due to equity injections and departmental capital budget for new measures, including; the Jobs and Education Data Infrastructure data tool for employers and employees, Online Employment Services Trial- expansion and Small Business initiatives.	Contributed equity (Statement of Financial Position), Contributed equity/capital (Statement of Changes in Equity), Contributed equity - equity injection (Cash Flow Statement)
Contributed equity - restructure is \$5.4m higher than the original budget due to Machinery of Government changes, including the impact of the Student Identifiers Special Account.	Contributed equity - restructure (Cash Flow Statement)
Appropriations used are \$96.0m higher than the original budget due to prior year accruals, and the implementation of measures announced at MYEFO; including; the Jobs and Education Data Infrastructure data tool for	Appropriations (Cash Flow Statement)

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Explanations of major variances	Affected line items (and statement)
employers and employees, Online Employment Services Trial- expansion and Small Business initiatives.	
GST received is \$3.2m higher than the original budget due to higher supplier expenses.	Net GST received (Cash Flow Statement)
Suppliers payments are \$76.0m higher than the original budget due to payments for prior year expenses, and the implementation of measures announced at MYEFO.	Suppliers (Cash Flow Statement)
Section 74 transfers are \$24.1m higher than the original budget due to services provided by the Department and the timing of receipts across financial years.	Section 74 transfers to the OPA (Cash Flow Statement)
Purchase of infrastructure, plant and equipment is \$9.7m higher than the original budget due to payments for prior year capital purchases.	Purchase of infrastructure, plant and equipment (Cash Flow Statement)
Development of intangibles is \$14.9m higher than the original budget due to payments for prior year expenses, and higher than planned internally developed software.	Purchase / development of intangibles (Cash Flow Statement)
Purchase of leasehold improvements is \$1.2m higher than the original budget due to higher than planned leasehold improvements.	Purchase of leasehold improvements (Cash Flow Statement)

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Expenses

	2019	2018
	\$'000	\$'000
Note 1A: Employee Benefits		
Wages and salaries	176,414	170,227
Superannuation		
Defined contribution plans	18,807	18,109
Defined benefit plans	16,921	17,386
Leave and other entitlements	25,866	16,459
Separations and redundancies	1,590	2,688
Other employee expenses	1,311	1,416
Total employee benefits	240,909	226,285

Accounting Policy

Accounting policies for employee related expenses are contained in Note 6A: Employee Provisions.

Note 1B: Suppliers

Goods and services supplied or rendered

Consultants	17,847	13,336
Contractors	32,781	24,795
Travel	4,829	5,258
IT services	39,877	33,059
Property	7,044	6,546
Shared services	7,737	7,948
Resources provided free of charge - external audit	408	400
Legal	4,027	2,262
Training	4,561	4,806
Other	12,927	12,689
Total goods and services supplied or rendered	132,038	111,099
Goods supplied	3,437	3,128
Services rendered	128,601	107,971
Total goods and services supplied or rendered	132,038	111,099

Other suppliers

Operating lease rentals in connection with Minimum lease rentals	26,143	25,644
Workers compensation expenses	531	528
Total other suppliers	26,674	26,172
Total suppliers	158,712	137,271

Department of Employment, Skills, Small and Family Business

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Leasing commitments

Details of significant leasing commitments for the Department include:

The Department in its capacity as lessee for 10 & 12 Mort Street, Canberra is subject to a 3.75% fixed annual adjustment. The current lease term expires on 24 March 2025.

The Department in its capacity as lessee for 14 Mort Street, Canberra is subject to a 3.75% fixed annual adjustment. The current lease term expires on 24 March 2025.

The Department in its capacity as lessee for 140-180 City Walk, Canberra is subject to a 4.00% fixed annual adjustment. The current lease term expires on 31 March 2024.

The Department in its capacity as lessee for Level 9, 255 Elizabeth Street, Sydney is subject to a 3.75% fixed annual adjustment. The current lease term expires on 31 December 2020.

The Department in its capacity as lessee for Level 10, 414 Latrobe Street, Melbourne is subject to a 3.75% fixed annual adjustment. The current lease term expires on 30 September 2024.

The Department in its capacity as lessee for Level 18, 11 Waymouth Street, Adelaide is subject to a 3.50% fixed annual adjustment. The current lease term expires on 31 March 2022.

The Department in its capacity as lessee for Levels 5 & 8, 215 Adelaide Street, Brisbane is subject to a 3.50% fixed annual adjustment. The current lease term expires on 30 November 2024.

	2019	2018
	\$'000	\$'000

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable (GST inclusive) as follows:

Within 1 year	28,654	25,198
Between 1 to 5 years	103,520	97,709
More than 5 years	12,881	33,929
Total operating lease commitments	145,055	156,836

Accounting Policy

Leases

An operating lease is a lease that is not a finance lease and where the lessor effectively retains substantially all such risks and benefits.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Lease payments are subject to increases in accordance with upwards movements in the consumer price index, market rates, fixed increase rates or a combination of the aforementioned rates.

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019	2018
	\$'000	\$'000
<u>Note 1C: Grants</u>		
Private sector		
Other	-	137
Total grants	-	137
<u>Note 1D: Finance Costs</u>		
Unwinding of discount for restoration	1	2
Total finance costs	1	2
<u>Note 1E: Impairment Loss Allowance on Financial Instruments</u>		
Impairment Loss Allowance from		
Impairment of receivables - goods and services	3	2
Total impairment on financial instruments	3	2
<u>Note 1F: Write-Down and Impairment of Other Assets</u>		
Write-off of infrastructure, plant and equipment	140	503
Impairment of intangibles	571	1,486
Total write-down and impairment of other assets	711	1,989

Note 2: Income

	2019	2018
	\$'000	\$'000
OWN-SOURCE REVENUE		
<u>Note 2A: Sale of Goods and Rendering of Services</u>		
Rendering of services	55,678	52,500
Total sale of goods and rendering of services	55,678	52,500

Accounting Policy

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the Department retains no managerial involvement or effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Department.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits associated with the transaction will flow to the Department.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019	2018
	\$'000	\$'000
Note 2B: Rental Income		
Rental income	825	1,552
Total rental income	825	1,552

Sub leasing rental income commitments

The Department in its capacity as lessor has in place a number of memorandum of understanding agreements with Commonwealth entities in four tenancies.

Commitments for sublease rental income receivables (GST inclusive) are as follows:

Within 1 year	(989)	(1,668)
Between 1 to 5 years	(884)	(4,147)
More than 5 years	-	(707)
Total sublease rental income commitments	(1,873)	(6,522)

Note 2C: Other Gains

First time recognition of assets – infrastructure, plant and equipment	18	95
Other	542	1,583
Total other gains	560	1,678

Accounting Policy

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Gains

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (Refer to Accounting Policy for the Statement of Changes in Equity).

Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

**Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2019 \$'000	2018 \$'000
REVENUE FROM GOVERNMENT		
<u>Note 2D: Revenue from Government</u>		
Appropriations		
Departmental appropriations	334,015	310,830
Special Account Revenue	941	-
<i>Total revenue from Government</i>	<u>334,956</u>	<u>310,830</u>

Accounting Policy

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the Department gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

Funding received or receivable from non-corporate Commonwealth entities (appropriated to the non-corporate Commonwealth entity as a corporate Commonwealth entity payment item for payment to this entity) is recognised as Revenue from Government by the corporate Commonwealth entity unless the funding is in the nature of an equity injection or a loan.

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 3: Financial Assets

	2019	2018
	\$'000	\$'000
Note 3A: Cash and Cash Equivalents		
Cash on hand or on deposit	2,561	2,396
Cash held in the OPA - Special Account	4,112	-
Total cash and cash equivalents	6,673	2,396

Credit terms for goods and services are net 30 days.

Note 3B: Trade and Other Receivables

Goods and services	5,980	3,199
Appropriation receivables - for existing programs	118,953	137,782
GST receivable from the Australian Taxation Office	3,436	3,189
Other	928	484
Total trade and other receivables (gross)	129,297	144,654
Less impairment loss allowance for goods and services	(7)	(4)
Total trade and other receivables (net)	129,290	144,650

Accounting Policy

Receivables and impairment

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due, less any impairment allowance account. Collectability of debts is reviewed and impairment allowances are made when collectability of the debt is no longer probable.

**Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Note 4: Non-Financial Assets

Note 4A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles (2018-19)

	Leasehold improvements \$'000	Other plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 30 June 2018					
Gross book value	36,111	46,594	191,195	1,913	275,813
Accumulated depreciation, amortisation and impairment	(7,154)	(16,128)	(78,521)	(1,349)	(103,152)
Net book value 30 June 2018	28,957	30,466	112,674	564	172,661
Additions					
Purchase or internally developed	4,145	10,037	43,945	1,058	59,185
First time recognition	-	18	-	-	18
Reclassification	-	(2,910)	2,910	-	-
Revaluations recognised in other comprehensive income	472	(314)	-	-	158
Impairments recognised in net cost of services	-	-	(571)	-	(571)
Reversal of impairments recognised in net cost of services	-	-	-	-	-
Depreciation/amortisation expense	(4,294)	(10,075)	(29,913)	(2,07)	(44,489)
Other movements					
Disposals	-	(10)	-	-	(10)
Write-offs	-	(140)	-	-	(140)
Total as at 30 June 2019	29,280	27,072	129,045	1,415	186,812
Total as at 30 June 2019 represented by:					
Gross book value					
Fair value	27,087	32,616	224,895	2,971	287,569
Work in progress	2,502	1,257	4,756	-	8,515
Accumulated depreciation, amortisation and impairment	(309)	(6,801)	(100,606)	(1,556)	(109,272)
Total as at 30 June 2019	29,280	27,072	129,045	1,415	186,812

Department of Employment, Skills, Small and Family Business

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

During 2019, \$0.571 million of internally developed software was impaired (2018: \$1.486m). There were no write offs of internally developed software (2018: nil). There were no write offs of purchased software during 2019 (2018: nil).

During 2019, nil plant and equipment was impaired (2018: \$0.428m).

There are no leased properties that the Department manages which are due to be vacated within the next 12 months that has a leasehold improvement asset.

No impairment loss was required for surplus lease space (2018: nil).

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy below.

Revaluation increments for leasehold improvements and other plant and equipment credited to the asset revaluation reserve were included in the equity section of the Statement of Financial Position, no decrements were expensed.

Contractual commitments for the acquisition of property, plant, equipment and intangible assets (GST inclusive) are as follows:

	2019	2018
	\$'000	\$'000
Commitments are payable as follows:		
Within 1 year	<u>1,681</u>	<u>5,189</u>
Total commitments payable	<u>1,681</u>	<u>5,189</u>

Accounting Policy

Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, (or \$50,000 for leasehold improvements) 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).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to the restoration provisions in property leases taken up by the Department where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Department's leasehold improvements with a corresponding provision for the 'restoration' recognised.

Revaluations

Fair values for each class of asset are determined as shown below:

Asset Class	Fair value measurement
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Market selling price

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets. This volatility is assessed before the end of each reporting period.

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Revaluation Cont'd

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Department using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Asset Class	2019
Leasehold improvements	Lease Term
Infrastructure, plant and equipment	3–25 years

Impairment

All assets were assessed for impairment at 30 June 2019. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Department were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Intangibles

The Department's intangibles comprise purchased and internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. Purchases costing less than \$200,000 are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Department's software are 2–15 years.

All software assets were assessed for indications of impairment as at 30 June 2019.

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5: Payables

	2019	2018
	\$'000	\$'000
Note 5A: Trade Creditors and Accruals		
Trade creditors and accruals	24,369	33,613
Operating lease rentals	6,660	5,324
Total suppliers	31,029	38,937

Settlement is usually made within 30 days.

Note 5B: Other Payables

Salaries and wages	1,589	1,586
Superannuation	271	558
Separations and redundancies	-	548
Other employee benefits	638	841
Lease incentive	9,937	11,503
Unearned income	2,022	2,321
Total other payables	14,457	17,357

Accounting Policy

Operating lease rentals

Operating lease payments are expressed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Lease Incentives

Lease incentives taking the form of 'free' leasehold improvements and rent free holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 6: Provisions

	2019	2018
	\$'000	\$'000
Note 6A: Employee Provisions		
Leave	<u>84,253</u>	<u>74,998</u>
Total employee provisions	<u>84,253</u>	<u>74,998</u>

Accounting Policy

Employee Benefits

Liabilities for 'short-term employee benefits' and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts. Other long-term employee benefits are measured as the net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the Department's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2019. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The Department recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

The majority of the Department's staff are members of the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other schemes administered by the Commonwealth Superannuation Corporation (CSC).

The PSS and AGESt are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme. The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The Department makes employer contributions to the employee's defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The Department accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

Note 6B: Other provisions

	Provision for restoration \$'000	Total \$'000
As at 1 July 2018	93	93
Amounts reversed	(31)	(31)
Discount or change in discount rate	1	1
Total as at 30 June 2019	63	63

The Department currently has one (2018:1) agreement for the leasing of premises which have provisions requiring the Department to restore the premises to their original condition at the conclusion of the lease. The provision reflects the present value of this obligation.

Department of Employment, Skills, Small and Family Business

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Department, directly or indirectly, including any director (whether executive or otherwise) of the Department. The Department has determined the key management personnel to be the Secretary and Deputy Secretaries.

	2019	2018
	\$'000	\$'000
Note 7A: Key Management Personnel Remuneration		
Short-term employee benefits	1,799	1,572
Post-employment benefits	280	279
Other long-term employee benefits ¹	67	248
Total key management personnel remuneration expenses	2,146	2,099

1. Other includes motor vehicle allowances, other allowances and reportable fringe benefits.

The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the Department.

The total number of senior management personnel that are included in the above table is 6 (2018: 5). The comparative in 2018 includes former Secretary Leon, from 1 July 2017 to 17 September 2017.

This note was prepared on an accrual basis and excludes acting arrangements, unless these are deemed to be significant long-term acting of greater than three months.

Note 8: Related Party Disclosures

Related party relationships:

The Department is an Australian Government controlled entity. Related parties to the Department are key management personnel including the Portfolio Minister and the Department's executive.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as any ordinary citizen. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no related party transactions to be separately disclosed for 2019 (2018: nil).

Note 9: Contingent Assets and Liabilities

Quantifiable Contingencies

The Department has no quantifiable contingencies. All prior year contingencies have been realised or expired.

Accounting Policy

Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Department of Employment, Skills, Small and Family Business
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 10: Financial Instruments

	2019	2018
	\$'000	\$'000
Note 10A: Categories of Financial Instruments		
Financial assets under AASB 139		
Loans and receivables		
Cash and cash equivalents		2,396
Goods and services receivable		3,195
Total loans and receivables		<u>5,591</u>
Total financial assets		<u>5,591</u>
Financial assets under AASB 9		
Financial assets at amortised cost		
Cash and cash equivalents	6,673	
Goods and services receivable	5,973	
Total financial assets at amortised cost	<u>12,646</u>	
Total financial assets	<u>12,646</u>	
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	24,369	33,613
Total financial liabilities measured at amortised cost	<u>24,369</u>	<u>33,613</u>
Total financial liabilities	<u>24,369</u>	<u>33,613</u>

**Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Classification of financial assets on the date of initial application of AASB 9

Financial assets class	Notes	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Cash and cash equivalents	3A	Receivables	Amortised Cost	2,396	2,396
Goods and services receivable	3B	Receivables	Amortised Cost	3,195	3,195
Total financial assets				5,591	5,591

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9

Financial assets class	AASB 139 carrying amount at 1 July 2018 \$'000	Reclassification \$'000	Re-measurement 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Financial assets at amortised cost				
Loans and receivables				
Cash and cash equivalents	2,396	-	-	2,396
Goods and services receivable	3,195	-	-	3,195
Total financial assets	5,591	-	-	5,591

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019	2018
	\$'000	\$'000
<u>Note 10B: Net Gains or Losses on Financial Assets</u>		
Financial assets at amortised cost		
Impairment of receivables - goods and services	(3)	(2)
Net losses on financial assets at amortised cost	<u>(3)</u>	<u>(2)</u>
Net losses on financial assets	<u>(3)</u>	<u>(2)</u>

Accounting Policy

Financial Assets

With the implementation of AASB 9 *Financial Instruments* for the first time in 2019; the Department classifies its financial assets as:

- a) financial assets measured at amortised cost;
- b) financial assets at fair value through other comprehensive income; and
- c) financial assets at fair value through profit or loss.

The classification depends on both the Department's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the Department becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon a trade date.

Comparatives have not been restated on initial application.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

Financial assets measured at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the SPPI test.

Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income.

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets either doesn't meet the criteria of financial assets held at amortised cost or at FVOCI (i.e. mandatorily held at FVTPL) or may be designated.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to *lifetime expected credit losses* where risk has significantly increased, or an amount equal to *12-month expected credit losses* if the risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

Department of Employment, Skills, Small and Family Business

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier 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).

All payables are expected to be settled within 12 months except where indicated.

Note 11: Fair Value Measurement

Note 11A: Fair Value Measurement

	Fair value measurements at the end of the reporting period	
	2019 \$'000	2018 \$'000
Non-financial assets		
Leasehold improvements	26,778	19,607
Infrastructure, plant and equipment	25,815	29,210
Total non-financial assets	52,593	48,817
Total fair value measurements of assets in the Statement of Financial Position	52,593	48,817
Assets not measured at fair value in the Statement of Financial Position		
Leasehold improvements - AUC	2,502	9,349
Infrastructure, plant & equipment - AUC	1,257	1,256
Total assets not measured at fair value in the Statement of Financial Position	3,759	10,605

Accounting Policy

The Department's policy under AASB 13 *Fair Value Measurement* is to test the value of assets at least once every 12 months and to obtain a comprehensive valuation at least once every three years.¹

For 2018–19, Jones Lang LaSalle (JLL) has completed a fair value review of all leasehold improvements and infrastructure, plant and equipment as at 30 June 2019.² The review concluded that there was no material movements in fair value of the Department's assets.

¹ The Department's assets are held for operational purposes and not held for the purpose of deriving a profit. The current use of all non-financial assets is considered their highest and best use.

² No non-financial assets were measured at fair value on a non-recurring basis at 30 June 2019 (2018: nil)

**Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Note 12: Appropriations

Note 12A: Annual Appropriations (Recoverable GST exclusive)

	2019 Appropriations			Appropriation applied in 2019 (current and prior years) \$'000	Variance \$'000
	Annual appropriation \$'000	Adjustments to appropriation \$'000	Total appropriation \$'000		
DEPARTMENTAL					
Ordinary annual services ¹	334,015	74,744	408,759	413,674	(4,915)
Capital Budget ²	31,367	-	31,367	39,067	(7,700)
Other services	22,096	-	22,096	27,377	(5,281)
Equity					
Total departmental	387,478	74,744	462,222	480,118	(17,896)

1. The Departmental adjustments to appropriation includes PGPA Act Section 74 receipts. The ordinary annual services variance is due to timing between goods being received and payments being made.

2. Departmental Capital Budgets are appropriated through Appropriation Acts (No.1, 3, 5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts. The variance is due to timing between goods being received and payments being made. The Departmental Capital Budget has been reduced by \$0.933m under a section 51 Determination dated 24 January 2019.

**Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2018 Appropriations			Appropriation applied in 2018 (current and prior years) \$'000	Variance ¹ \$'000
	Annual appropriation \$'000	Adjustments to appropriation ³ \$'000	Total appropriation \$'000		
DEPARTMENTAL					
Ordinary annual services	305,391	83,618	389,009	380,300	8,709
Capital Budget ²	31,306	-	31,306	34,462	(3,156)
Other services					
Equity	40,349	-	40,349	35,068	5,281
Total departmental	377,046	83,618	460,664	449,830	10,834

1. The Ordinary annual services budget variance is due to closing liabilities not yet paid and operating surplus. The Capital Budget variance is due to timing between goods being received and payments being made.
2. Departmental Capital Budgets are appropriated through Appropriation Acts (No.1, 3, 5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts.
3. Departmental adjustments to appropriation includes \$78.18m of PGPA Act Section 74 receipts and \$5.44m of PGPA Act Section 75 transfers as a result of transferred functions to the Department.

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 12B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2019	2018
	\$'000	\$'000
Departmental		
Appropriation Act (No. 1) 2016-17	-	1,258
Appropriation Act (No. 2) Equity Injection 2016-17	2,005	2,005
Appropriation Act (No. 4) Equity Injection 2016-17	1,063	1,063
Appropriation Act (No. 1) 2017-18	-	115,140
Appropriation Act (No. 1) Capital Budget 2017-18	-	4,838
Appropriation Act (No. 2) Equity Injection 2017-18	-	1,204
Appropriation Act (No. 3) 2017-18	-	4,244
Appropriation Act (No. 3) Capital Budget 2017-18	-	3,953
Appropriation Act (No. 4) Equity Injection 2017-18	-	4,077
Appropriation Act (No. 1) 2018-19	99,928	-
Appropriation Act (No. 1) Capital Budget 2018-19 ¹	933	-
Appropriation Act (No. 3) 2018-19	15,800	-
Appropriation Act (No. 3) Capital Budget 2018-19	158	-
Cash at bank	2,561	2,396
Total	122,448	140,178

1. The unspent Departmental Capital Budget is subject to a section 51 Determination dated 24 January 2019.

Note 13: Special Accounts

	Student Identifiers Special Account ¹
	2019
	\$'000
Balance as at 29 May (represented by cash held in the OPA)	5,431
Increases	
Appropriations credited to special account	941
Total increases	941
Available for payments	6,372
Decreases	
Payments made	(2,260)
Total decreases	(2,260)
Balance as at 30 June (represented by cash held in the OPA)	4,112

As a result of the Administrative Arrangements Order of 29 May 2019, the Student Identifiers Special Account transferred to the Department from the Department of Education.

1. Student Identifiers Special Account

Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.

Establishing Instrument: *Student Identifiers Act 2014*; subsection 48(1).

Purpose: For paying or discharging the costs, expenses and other obligations incurred by the Commonwealth in the performance of the Registrar's functions, paying any remuneration and allowances payable to any person under the Act and meeting the expenses of administering the account.

Department of Employment, Skills, Small and Family Business

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 14: Regulatory Charging

As a result of the Administrative Arrangements Order of 29 May 2019, skills, vocational education and training programs transferred to the Department from the Department of Education.

From 29 May 2019 the Department undertook regulatory charging activities relating to:

- certain programs managed by Trades Recognition Australia (TRA); and
- the VET Student Loans program.

The Department of Education received \$23,700 of TRA external revenue for the period 29 May to 30 June 2019 on behalf of the Department.

Further information on the above activities is available at:

- TRA: www.tradesrecognitionaustralia.gov.au
- VET Student Loans program: www.employment.gov.au

Note 15: Net Cash Appropriation Arrangements

	2019	2018
	\$'000	\$'000
Total comprehensive income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	(7,785)	1,530
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u>(44,489)</u>	<u>(42,671)</u>
Total comprehensive loss - as per the Statement of Comprehensive Income	<u>(52,274)</u>	<u>(41,141)</u>

Note 16: Aggregate Assets and Liabilities

	2019	2018
	\$'000	\$'000
Note 16A: Aggregate Assets and Liabilities		
Assets expected to be recovered in:		
No more than 12 months	151,069	162,190
More than 12 months	<u>195,825</u>	<u>181,942</u>
Total assets	<u>346,894</u>	<u>344,132</u>
Liabilities expected to be settled in:		
No more than 12 months	53,171	65,330
More than 12 months	<u>76,631</u>	<u>66,055</u>
Total liabilities	<u>129,802</u>	<u>131,385</u>

**Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Note 17: Restructuring

	2019	
	Department of Education ¹	Total
	\$'000	\$'000
FUNCTIONS ASSUMED		
Assets recognised		
Cash held in the OPA - Special Account	5,431	5,431
Total assets recognised	5,431	5,431
Liabilities recognised		
Other payables	1,342	1,342
Total liabilities recognised	1,342	1,342
Net assets recognised ²	4,089	4,089
Income assumed		
Recognised by the receiving entity ³	941	941
Recognised by the losing entity	5,340	5,340
Total income assumed	6,281	6,281
Expenses assumed		
Recognised by the receiving entity ³	2,260	2,260
Recognised by the losing entity	3,998	3,998
Total expenses assumed	6,258	6,258

1. The Student Identifiers Special Account and the Trades Recognition Australia regulatory charging activities were assumed by the Department due to the Administrative Arrangements Order dated 29 May 2019. These balances have an effective transfer date of 29 May 2019.

2. The net assets assumed from the Department of Education was \$4.089 million. In respect of functions assumed, the net book value of assets and liabilities were transferred to the Department for no consideration.

3. For additional information refer to Note 13 Special Accounts.

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2018		Total
	Small Business and Small Business Ombudsman Functions Department of Treasury ¹	Deregulation Functions Department of the Prime Minister and Cabinet ²	
	\$'000	\$'000	\$'000
FUNCTIONS ASSUMED			
Assets recognised			
Trade and other receivables			
Appropriation receivable	1,110	148	1,258
Trade and other receivables	3	-	3
Leasehold improvements	492	-	492
Prepayments	26	-	26
Total assets recognised	1,631	148	1,779
Liabilities recognised			
Suppliers	403	-	403
Operating lease rentals	20	-	20
Employee provisions	1,127	163	1,290
Other provisions	91	-	91
Total liabilities recognised	1,641	163	1,804
Net liabilities recognised³	(10)	(15)	(25)
Income assumed			
Recognised by the receiving entity	2,297	214	2,511
Recognised by the losing entity	4,085	495	4,580
Total income assumed	6,382	709	7,091
Expenses assumed			
Recognised by the receiving entity	2,297	214	2,511
Recognised by the losing entity	4,085	495	4,580
Total expenses assumed	6,382	709	7,091

1. The small business functions were assumed by the Department due to the Administrative Arrangements Order dated 19 April 2018.
2. The regulatory policy functions were assumed by the Department due to the Administrative Arrangements Order dated 19 April 2018.
3. The net liabilities assumed from all entities was \$24,659.

Department of Employment, Skills, Small and Family Business
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 30 June 2019

Administered Schedules

	Notes	2019 \$'000	2018 \$'000	Original Budget ¹ \$'000
NET COST OF SERVICES				
EXPENSES				
Suppliers	18A	1,417,965	1,375,432	1,407,129
Subsidies	18B	377,492	449,374	257,058
Personal benefits	18C	245,569	229,180	321,255
Grants	18D	69,769	98,755	71,673
Impairment loss allowance on financial instruments		20	1	-
Write-down and impairment of other assets		112	15	642
Payments to corporate Commonwealth entities		5,990	6,020	5,989
Total expenses administered on behalf of Government		2,116,917	2,158,777	2,063,746
INCOME				
Revenue				
Taxation revenue				
Other taxes		121,192	151,966	113,150
Total taxation revenue		121,192	151,966	113,150
Non-taxation revenue				
Commonwealth asset recoveries		59,225	39,626	74,126
Interest	19A	11,147	19	-
Other revenue	19B	9,402	395,500	3,190
Total non-taxation revenue		79,774	435,145	77,316
Total revenue		200,966	587,111	190,466
Gains				
Fair value gains from financial instruments	19C	96,131	-	-
Total gains		96,131	-	-
Total income administered on behalf of Government		297,097	587,111	190,466
Net cost of services		(1,819,820)	(1,571,666)	(1,873,280)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		-	95,604	-
Total other comprehensive income		-	95,604	-
Total comprehensive loss		(1,819,820)	(1,476,062)	(1,873,280)

1. The Department's original budgeted financial statement that was first presented to Parliament in respect of the reporting period was the Portfolio Budget Statements 2018–19. The budgeted financial statements have not been audited.

The above schedule should be read in conjunction with the accompanying notes.

Department of Employment, Skills, Small and Family Business
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 30 June 2019

Accounting Policy

Revenue

All administered revenues are revenues relating to the course of ordinary activities performed by the Department on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

Administered revenue is recognised when the service is provided. Collectability of the debt is reviewed at balance date. Impairment allowances are made when collectability of the debt is judged to be less, rather than more, likely.

The above schedule should be read in conjunction with the accompanying notes.

Department of Employment, Skills, Small and Family Business
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget ¹ \$'000
ASSETS				
Financial assets				
Cash and cash equivalents		37	40	-
Trade, taxation and other receivables	20A	1,071,822	43,353	38,001
Other investments	20B	-	433,360	346,245
Total financial assets		1,071,859	476,753	384,246
Non-financial assets				
Prepayments		6,122	6,314	6,034
Total non-financial assets		6,122	6,314	6,034
Total assets administered on behalf of Government		1,077,981	483,067	390,280
LIABILITIES				
Payables				
Suppliers	21A	73,307	82,423	80,968
Subsidies	21B	37,734	73,171	36,890
Personal benefits	21C	478	1,422	3,521
Grants	21D	4,019	11,255	2,189
Other payables	21E	10,495	2,290,276	2,424,122
Total payables		126,033	2,458,547	2,547,690
Total liabilities administered on behalf of Government		126,033	2,458,547	2,547,690
Net assets / (liabilities)		951,948	(1,975,480)	(2,157,410)

- The Department's original budgeted financial statement that was first presented to Parliament in respect of the reporting period was the Portfolio Budget Statements 2018–19. The budgeted financial statements have not been audited.

Accounting Policy

Prepayments

All administered prepayments are current assets.

The above schedule should be read in conjunction with the accompanying notes.

Department of Employment, Skills, Small and Family Business
ADMINISTERED RECONCILIATION SCHEDULE
for the period ended 30 June 2019

	2019 \$'000	2018 \$'000
Opening assets less liabilities as at 1 July	(1,975,480)	(2,418,473)
Net cost of services		
Income	297,097	587,111
Expenses		
Payments to entities other than corporate Commonwealth entities	(2,110,927)	(2,152,757)
Payments to corporate Commonwealth entities	(5,990)	(6,020)
Other comprehensive income		
Revaluations transferred to reserves	-	95,604
Transfers (to)/from the Australian Government		
Appropriation transfers from the Official Public Account		
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	1,791,861	1,742,482
Payments to corporate Commonwealth entities	5,990	6,019
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	330,541	196,329
Payments to corporate Commonwealth entities	55,152	179,816
Appropriation transfers to the Official Public Account		
Transfers to the Official Public Account	(180,807)	(205,591)
Other Adjustments		
Restructuring	2,744,511	-
Closing assets less liabilities as at 30 June	951,948	(1,975,480)

Accounting Policy

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the Department for use by the Government rather than the Department is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the Department on behalf of the Government and reported as such in the Schedule of Administered Cash Flows and in the Administered Reconciliation Schedule.

The above schedule should be read in conjunction with the accompanying notes.

Department of Employment, Skills, Small and Family Business
ADMINISTERED CASH FLOW STATEMENT
for the period ended 30 June 2019

	2019	2018
	\$'000	\$'000
OPERATING ACTIVITIES		
Cash received		
GST received	171,592	161,431
Levies	122,814	149,082
Commonwealth asset recoveries	59,225	39,626
Other	9,494	8,658
Total cash received	363,125	358,797
Cash used		
Suppliers	1,594,729	1,539,839
Subsidies	401,213	413,093
Personal benefits	230,846	229,843
Grants	79,180	89,689
Payments to corporate Commonwealth entities	5,990	6,019
Total cash used	2,311,958	2,278,483
Net cash used by operating activities	(1,948,833)	(1,919,686)
INVESTING ACTIVITIES		
Cash received		
Repayments of advances and loans	85	-
Total cash received	85	-
Cash used		
Loans made	53,535	-
Total cash used	53,535	-
Net cash used by investing activities	(53,450)	-
Net decrease in cash held	(2,002,283)	(1,919,686)
Cash and cash equivalents at the beginning of the reporting period	40	10
Cash from the Official Public Account		
Appropriations	2,183,544	2,124,646
GST appropriations	171,135	166,754
Total cash from the Official Public Account	2,354,679	2,291,400
Cash to the Official Public Account		
Appropriations	(180,807)	(205,591)
Return of GST appropriations	(171,592)	(166,093)
Total cash to the Official Public Account	(352,399)	(371,684)
Cash and cash equivalents at the end of the reporting period¹	37	40

1. As shown in the Administered Schedule of Assets and Liabilities.

The above statement should be read in conjunction with the accompanying notes.

Department of Employment, Skills, Small and Family Business

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Budget Variance Commentary

The following table provides a comparison between the 2018–19 Portfolio Budget Statements (PBS) budget and the final financial outcome in the 2018–19 financial statements. The Budget and Revised Budget is not audited and does not reflect budget estimates presented to Parliament in respect of the 2019 financial year. However, major changes in budget have been explained as part of the variance analysis where relevant.

Variances are considered to be ‘major’ based on the following criteria:

- the variance between budget and actual is greater than 10 per cent; or
- an item that is below this threshold but is considered material for the analysis of the performance of the Department.

Administered Major Budget Variances for 2018-2019

Explanations of major variances	Affected line items (and schedule)
Suppliers expense is \$10.8m higher than the original budget primarily due to jobactive providers achieving stronger employment outcomes.	Suppliers (Administered Schedule of Comprehensive Income)
Subsidies expense is \$120.4m higher than the original budget due to stronger take-up of wage subsidies, particularly for mature age jobseekers.	Subsidies (Administered Schedule of Comprehensive Income)
Personal benefits expense is \$75.7m lower than the original budget due to lower than expected take-up of some jobactive sub-programs, lower than forecast number of claims paid in the Fair Entitlements Guarantee (FEG) program, and the impact of Machinery of Government changes.	Personal benefits (Administered Schedule of Comprehensive Income)
The write-down and impairment of assets expense is \$0.5m lower than the original budget primarily due to the transfer of the FEG program to the Attorney-General’s Department.	Write-down and impairment of assets (Administered Schedule of Comprehensive Income)
Other taxes revenue are \$8.0m higher than the original budget due to higher than expected receipts for levies related to Coal Long Service Leave (LSL).	Other taxes (Administered Schedule of Comprehensive Income)
Commonwealth asset recoveries are \$14.9m lower than the original budget due to the complex nature of recoveries in relation to the FEG program including activities in the FEG recovery program and the impact of Machinery of Government changes.	Commonwealth Asset Recoveries (Administered Schedule of Comprehensive Income)
Interest revenue is \$11.1m higher than original budget due to Machinery of Government changes, including the impact of Trade Support Loans.	Interest (Administered Schedule of Comprehensive Income)
Other revenue is \$6.2m higher than the original budget due to higher than planned asbestos related receipts through Comcare.	Other revenue (Administered Schedule of Comprehensive Income)
Fair Value gains are \$96.1m higher due to Machinery of Government changes, including the impact of Trade Support Loans and VET Student Loans.	Fair Value Gains (Administered Schedule of Comprehensive Income)
Trade and other receivables are \$1,033.8m higher than the original budget due to Machinery of Government changes, including the impact of Trade Support Loans and VET Student Loans.	Trade, taxation and other receivables (Administered Schedule of Assets and Liabilities)
Other investments are \$346.2m lower than the original budget due to the transfer of Comcare and Coal Long Service Leave (LSL) to the Attorney-General’s Department.	Other investments (Administered Schedule of Assets and Liabilities)
Suppliers payable is \$7.7m lower than the original budget due to a decrease in jobactive accruals, particularly for outcome fees and job seeker training.	Suppliers payable (Administered Schedule of Assets and Liabilities)
Personal benefits payable is \$3.0m lower than the original budget due to the transfer of the FEG program to the Attorney-General’s Department.	Personal benefits payable (Administered Schedule of Assets and Liabilities)

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Explanations of major variances	Affected line items (and schedule)
Grants payable is \$1.8m higher than the original budget due to grant accruals for milestones met but not paid at year-end.	Grants payable (Administered Schedule of Assets and Liabilities)
Other payables are \$2,413.6m lower than the original budget due to the transfer of Comcare to the Attorney-General's Department.	Other payables (Administered Schedule of Assets and Liabilities)

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 18: Administered - Expenses

	2019	2018
	\$'000	\$'000
Note 18A: Suppliers		
Services rendered		
Provider services	1,362,160	1,340,582
Memberships	11,667	11,822
Legal	16,243	7,537
Contractors and consultants	6,843	5,041
Advertising	20,080	9,914
Other	972	536
Total suppliers	1,417,965	1,375,432
Note 18B: Subsidies		
Subsidies in connection with		
Labour market assistance to job seekers and industry	256,300	297,408
Industrial relations	121,192	151,966
Total subsidies	377,492	449,374
Note 18C: Personal Benefits		
Direct		
Labour market assistance to job seekers and industry	66,408	64,222
Industrial relations	148,661	164,910
Trade Support Loans discount	30,500	-
Indirect		
Industrial relations	-	48
Total personal benefits	245,569	229,180

Accounting Policy

The Department administers personal benefit programs on behalf of the Government that provide entitlements to individuals. Payments are determined in accordance with provisions of the *Fair Entitlements Guarantee Act 2012* and the funding agreements for the New Enterprise Incentive Scheme and Youth Jobs PaTH under jobactive. The Trade Support Loans discount represents the value of the discount that applies on successful completion of the apprenticeship as assessed by the actuary on new debt.

Note 18D: Grants

Public sector		
Australian Government entities (related parties)	55,252	55,413
Private sector		
Non-profit organisations	11,350	37,054
Other	3,167	6,288
Total grants	69,769	98,755

Accounting Policy

The Department administers a number of grant and subsidy schemes on behalf of the Government.

Grant and subsidy liabilities are recognised to the extent that:

- the services required to be performed by the grantee have been performed; or
- the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Government enters into an agreement to make these grants and subsidies but services have not been performed or criteria satisfied.

Payment to corporate Commonwealth entities from amounts appropriated for that purpose are classified as administered expenses, equity injections or loans of the relevant portfolio department. The appropriation to the Department is disclosed under the Note 25 – Appropriation.

All administered revenues are revenues relating to ordinary activities performed by the Department on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

**Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Note 19: Administered - Income

	2019	2018
	\$'000	\$'000
<u>Note 19A: Interest</u>		
Trade Support Loans	11,055	-
Other sources	92	19
Total interest	11,147	19
<u>Note 19B: Other Revenue</u>		
Other	9,402	395,500
Total other revenue	9,402	395,500
<u>Note 19C: Fair value gains</u>		
Fair value gains	96,131	-
Total fair value gains from financial instruments	96,131	-

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 20: Administered - Financial Assets

	2019	2018
	\$'000	\$'000
Note 20A: Receivables		
Goods and services receivable		
Taxation receivables	-	13,338
Personal benefits receivable	7	6,782
Goods and services receivable	4,269	3,192
GST receivable from the ATO	17,850	22,174
Total goods and services receivable	22,126	45,486
Advances and loans		
VET Student Loans	439,487	-
Trade Support Loans	610,343	-
Total advances and loans	1,049,830	-
Total receivables (gross)	1,071,956	45,486
Less impairment loss allowance for goods and services		
Goods and services	(134)	(2,133)
Total impairment loss allowance for goods and services	(134)	(2,133)
Total receivables (net)	1,071,822	43,353

Credit terms are within 30 days.

Accounting Policy

Receivables

Where receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through profit or loss.

	2019	2018
	\$'000	\$'000
Concessional Loans		
VET Student Loans		
Nominal value	621,302	-
Impairment	(181,815)	-
Carrying amount	439,487	-
Trade Support Loans		
Nominal value	732,018	-
PAYG estimate for 2018-19	(40,000)	-
Unexpired discount and discount on completion (new loans)	(52,138)	-
Impairment	(74,216)	-
Deferral adjustment	44,679	-
Carrying amount	610,343	-
Total concessional loans	1,049,830	-

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019	2018
	\$'000	\$'000
Note 20B: Other Investments		
Other Investments		
Coal Mining Industry (Long Service Leave Funding) Corporation ¹	-	410,418
Comcare ²	-	22,942
Total other investments	-	433,360

The Commonwealth retains 100 per cent ownership of the listed investment. The principle activity of the administered investment is as follows:

1. *Coal Mining Industry (Long Service Leave Funding) Corporation (Coal LSL)* – the administration of the Coal Mining Industry Long Service Leave Fund (The Fund). The Fund has operated since 1949 to provide reimbursement payments to employers paying long service leave to persons employed in the black coal industry in New South Wales, Queensland, Western Australia and Tasmania on the basis of industry employment service.
2. *Comcare* – the minimisation of human and financial costs in relation to workplace injury in Commonwealth Employment.

The Department's investment in Comcare was not recorded in the 2017-18 financial statements; the amount of \$22.942 million (Comcare's net asset position in 2017-18) has been restated.

The listed investments have been removed from the Administered Schedule of Assets and Liabilities as a result of the Administrative Arrangements Order of 29 May 2019 that transferred them to the Attorney-General's Department.

Accounting Policy

Administered Investments

Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the Whole of Government level.

Administered investments other than those held for sale are classified as amortised cost and are measured at their fair value as at 30 June 2019. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the entities as at the end of the reporting period.

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 21: Administered - Payables

	2019	2018
	\$'000	\$'000
Note 21A: Suppliers		
Trade creditors and accruals	73,307	82,423
Total suppliers	73,307	82,423
Settlement was made within 30 days.		
Note 21B: Subsidies		
Subsidies	37,734	73,171
Total subsidies	37,734	73,171
Note 21C: Personal Benefits		
Labour market assistance to job seekers and industry - Direct	478	498
Industrial relations - Direct	-	924
Total personal benefits	478	1,422
Note 21D: Grants		
Private sector		
Non-profit organisations	3,312	9,381
Other	707	1,874
Total grants	4,019	11,255
Note 21E: Other Payables		
Comcare payable ¹	-	2,278,802
Withholding payable	-	505
GST payable	10,495	10,969
Total other payables	10,495	2,290,276

1. The amount payable to Comcare represents amounts payable by the Commonwealth for:
- workers compensation claims resulting from injuries that occurred prior to 1 July 1989, referred to as 'pre-premium' claims;
 - workers compensation claims resulting from injuries that have occurred since 1 July 1989, referred to as 'premium' claims; and
 - the management of asbestos related personal injury common law disease claims against the Commonwealth.

Full details of the amounts payable may be found in the Comcare annual report.

**Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Note 22: Administered – Contingent Assets and Liabilities

	Claims for damages or costs		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Contingent assets				
Balance from previous period	2,486	39,032	2,486	39,032
Re-measurement	2,529	38,791	2,529	38,791
Assets realised	(3,150)	(39,635)	(3,150)	(39,635)
Total contingent assets	1,865	38,188	1,865	38,188
Contingent liabilities				
Balance from previous period	-	32,112	-	32,112
Re-measurement	-	(5,837)	-	(5,837)
Total contingent liabilities	-	26,275	-	26,275
Net contingent assets	1,865	11,913	1,865	11,913

Quantifiable Administered Contingencies

The above table reports contingent assets and liabilities in respect of estimated payments and recoveries in relation to dividends for the General Employee Entitlements and Redundancy Scheme (GEERS). Following Machinery of Government changes announced on 29 May 2019, contingent assets and liabilities for 2018-19 relating to the Fair Entitlements Guarantee (FEG) Program will be reported in the financial statements of the Attorney-General's Department. The 2019 opening balance does not include items that relate to the FEG program.

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 23: Administered - Financial Instruments

	2019	2018
	\$'000	\$'000
Note 23A: Categories of Financial Instruments		
Financial Assets under AASB 139		
Available-for-sale financial assets		
Investments		433,360
Total available-for-sale financial assets		433,360
Receivables		
Cash and cash equivalents		40
Goods and services receivable		1,059
Total receivables		1,099
Total financial assets		434,459
Financial Assets under AASB 9		
Financial assets at fair value through other comprehensive income (FVOCI)		
Investments	-	
Total financial assets at fair value through other comprehensive income	-	
Financial assets at amortised cost		
Cash and cash equivalents	37	
Goods and services receivable	4,135	
Total financial assets at amortised cost	4,172	
Financial assets at fair value through profit or loss		
Concessional loans		
VET Student Loans	439,487	
Trade Support Loans	610,343	
Total financial assets at fair value through profit or loss	1,049,830	
Total financial assets	1,054,002	
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	73,307	82,423
Total financial liabilities measured at amortised cost	73,307	82,423
Total financial liabilities	73,307	82,423

**Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Classification of financial assets on the date of initial application of AASB 9

Financial assets class	Notes	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
		Available-for-sale			
Investments	20B	financial assets	FVOCI	433,360	433,360
Cash and cash equivalents		Loans and receivables	At amortised cost	40	40
Goods and services receivable	20A	Loans and receivables	At amortised cost	1,059	1,059
Total financial assets				434,459	434,459

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9

Financial assets class	AASB 139 carrying amount at 1 July 2018 \$'000	Reclassification \$'000	Re-measurement \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Financial assets at fair value through other comprehensive income				
Available-for-sale financial assets	433,360	-	-	433,360
Investments	433,360	-	-	433,360
Total fair value through other comprehensive income				
Financial assets at amortised cost				
Loans and receivables				
Cash and cash equivalents	40	-	-	40
Goods and services receivable	1,059	-	-	1,059
Total financial assets at amortised cost	1,099	-	-	1,099

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2019	2018
	\$'000	\$'000
Note 23B: Net Gains or Losses on Financial Assets		
Financial assets at fair value through other comprehensive income		
Gains recognised in equity	-	95,604
Net gain on financial assets at fair value through other comprehensive income	-	95,604
Financial assets at amortised cost		
Interest revenue	92	19
Write-down and impairment	(132)	(16)
Net gains / (losses) on financial assets at amortised cost	(40)	3
Financial assets at fair value through profit or loss		
Interest revenue	11,055	-
Trade Support Loans discount	(30,500)	-
Fair value gains	96,131	-
Net gains/(losses) at fair value through profit or loss	76,686	-
Net gains on financial assets	76,646	95,607

Note 24: Administered - Fair Value Measurement

Note 24A: Fair Value Measurement

	Fair value measurements at the end of the reporting period	
	2019	2018
	\$'000	\$'000
Financial assets		
Administered investments	-	433,360
Total financial assets	-	433,360
Total fair value measurements of assets in the Administered Schedule of Assets and Liabilities		
	-	433,360

There are a number of administered assets and liabilities not measured at fair value in the Administered Schedule of Assets and Liabilities. The carrying amounts of these assets and liabilities are considered to be a reasonable approximation of their fair value.

The Department's administered investments are classified at fair value through other comprehensive income and are measured at their fair value as at 30 June 2019. Fair value is assessed as the Australian Government's proportional interest in the net assets of the entity at balance date. The methods and valuation techniques used for the purpose of measuring fair value of assets and liabilities in 2019 are unchanged from the prior year.

Changing inputs to the level 3 hierarchy valuations to reasonably possible alternate assumptions would not significantly change amounts recognised in net cost of service or other comprehensive income.

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 24B: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements

Fair value measurement as at 30 June				Valuation technique ³	Inputs used
	2019 \$'000	2018 \$'000	Level ²		
Financial assets					
Concessional loans					
VET Student Loans	439,487	-	3	Loan conditions	Principal due
Trade Support Loans	610,343	-	3	Loan conditions	Principal due
Total¹	1,049,830	-			

1. The book value of these assets equals the fair value.
2. There have been no transfers between levels during the period.
3. The methods and valuation techniques used for the purpose of measuring fair value of assets in 2019 are unchanged from the previous reporting period.

Note 24C: Movement in level 2 and 3 fair value measurement

	Financial assets
	Concessional loans
	2019 \$'000
As at 29 May 2019	919,694
Total gains recognised in comprehensive income	76,686
Loans made	53,450
As at 30 June 2019	1,049,830

1. As a result of the Administrative Arrangements Order of 29 May 2019, the VET Student Loans and Trade Support Loans transferred to the Department from the Department of Education.

**Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Note 25: Administered – Appropriation

Note 25A: Administered Annual Appropriations (Recoverable GST exclusive)

	2019 Appropriations			Appropriation applied in 2019 (current and prior years) \$'000	Variance ¹ \$'000
	Annual appropriation \$'000	Adjustments to appropriation \$'000	Total appropriation \$'000		
ADMINISTERED					
Ordinary annual services Administered items	1,751,062	-	1,751,062	1,788,729	(37,667)
Payments to corporate Commonwealth entities	5,989	-	5,989	5,989	-
Total administered	1,757,051	-	1,757,051	1,794,718	(37,667)

1. The administered variance relates to higher than planned administered expenditure.

Accounting Policy

Payments to Corporate Commonwealth Entities

Payments to Comcare from amounts appropriated for that purpose are classified as administered expenses of the Department.

	2018 Appropriations			Appropriation applied in 2018 (current and prior years) \$'000	Variance ² \$'000
	Annual appropriation \$'000	Adjustments to appropriation ¹ \$'000	Total appropriation \$'000		
ADMINISTERED					
Ordinary annual services Administered items	1,718,876	9,222	1,728,098	1,737,471	(9,373)
Payments to corporate Commonwealth entities	6,020	-	6,020	6,019	1
Total administered	1,724,896	9,222	1,734,118	1,743,490	(9,372)

1. The administered adjustments to appropriation relate to PGPA Act Section 75 transfers as a result of transferred functions to the Department.

2. The administered variance relates to higher than planned administered expenditure.

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 25B: Unspent Administered Annual Appropriations ('Recoverable GST exclusive')

	2019	2018
	\$'000	\$'000
Administered		
Appropriation Act (No. 1) 2017-18	4,932	8,022
Appropriation Act (No. 3) 2017-18	680	41,416
Appropriation Act (No. 5) 2017-18	-	36,928
Appropriation Act (No. 1) 2018-19	11,656	-
Appropriation Act (No. 3) 2018-19	31,430	-
Cash at bank	37	40
Total	48,735	86,406

**Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Note 25C: Special Appropriations (Recoverable GST exclusive)

Authority	Type	Purpose	Appropriation applied	
			2019 \$'000	2018 \$'000
<i>Fair Entitlements Guarantee Act 2012 - Section 50¹</i>	Unlimited Amount	An Act to provide for financial assistance for workers who have not been fully paid for work done for insolvents or bankrupts, and for related purposes.	113,767	131,918
<i>Coal Mining Industry (Long Service Leave Funding) Act 1992¹</i>	Unlimited Amount	An Act to manage the long service leave entitlement of the Coal Mining Industry.	122,815	149,081
<i>Safety, Rehabilitation and Compensation Act 1988 (SRC Act)¹</i>	Unlimited Amount	An Act to provide for the payment of workers compensation claims and associated expenses in accordance with the provisions of the SRC Act.	27,130	30,734
<i>Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005¹</i>	Unlimited Amount	An Act to assign responsibility for the management of certain liabilities relating to asbestos-related claims, and for related purposes.	28,022	24,675
<i>Public Governance, Performance and Accountability Act 2013, section 77²</i>	Refund	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment.	2	2
<i>VET Student Loans Act 2016, section 11³</i>	Unlimited Amount	An Act to provide students with loans for tuition fees for vocational education and training (VET).	32,577	-
<i>Trade Support Loans Act 2014, section 104³</i>	Unlimited Amount	An Act to provide loans to assist apprentices with costs of living while training towards their qualification.	20,872	-
Total special appropriations applied			345,185	336,410

- As a result of the Administrative Arrangements Order of 29 May 2019, Industrial Relations functions transferred to the Attorney-General's Department from the Department; the appropriation applied is for the period 1 July 2018 to 28 May 2019.
- There were four section 77 payments made with a total value of \$1,950,311.
- As a result of the Administrative Arrangements Order of 29 May 2019, skills, vocational education and training programs transferred to the Department from the Department of Education. The Department of Education processed payments and receipts on behalf of the Department under the *VET Student Loans Act* and the *Trade Support Loans Act* for the period 29 May to 30 June 2019.

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26: Administered - Regulatory Charging

As a result of the Administrative Arrangements Order of 29 May 2019, skills, vocational education and training programs transferred to the Department from the Department of Education.

From 29 May 2019 the Department undertook regulatory charging activities relating to:

- certain programs managed by Trades Recognition Australia (TRA); and
- the VET Student Loans program.

The Department of Education receipted \$2.29m of TRA and \$24,682 of VET Student Loans external revenue for the period 29 May to 30 June 2019 on behalf of the Department.

Further information on the above activities is available at:

- TRA: www.tradesrecognitionaustralia.gov.au
- VET Student Loans program: www.employment.gov.au

Note 27: Administered - Aggregate Assets and Liabilities

	2019	2018
	\$'000	\$'000
Note 27A: Administered Aggregate Assets and Liabilities		
Assets expected to be recovered in:		
No more than 12 months	90,739	49,707
More than 12 months	987,242	433,360
Total assets	1,077,981	483,067
Liabilities expected to be settled in:		
No more than 12 months	126,033	179,745
More than 12 months	-	2,278,802
Total liabilities	126,033	2,458,547

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 28: Administered – Restructuring

Note 28A: Administered Restructuring

	2019		Total
	Industrial Relations Attorney-General's Department ¹	Skills and Training Department of Education ²	
FUNCTIONS RELINQUISHED	\$'000		\$'000
Assets relinquished			
Financial assets			
Trade, taxation and other receivables	33,909	-	33,909
Other investments	433,359	-	433,359
Total assets relinquished	467,268	-	467,268
Liabilities relinquished			
Payables			
Suppliers	879	-	879
Subsidies	11,716	-	11,716
Personal benefits	436	-	436
Other payables	2,279,054	-	2,279,054
Total liabilities relinquished	2,292,085	-	2,292,085
Net liabilities relinquished	(1,824,817)	-	(1,824,817)
FUNCTIONS ASSUMED			
Assets recognised			
Financial assets			
Trade, taxation and other receivables	-	919,694	919,694
Total assets recognised	-	919,694	919,694
Liabilities recognised	-	-	-
Total liabilities recognised	-	-	-
Net assets recognised	-	919,694	919,694
Income assumed			
Recognised by the receiving entity	-	107,186	107,186
Recognised by the losing entity	-	-	-
Total income assumed	-	107,186	107,186
Expenses assumed			
Recognised by the receiving entity	-	30,500	30,500
Recognised by the losing entity	-	-	-
Total expenses assumed	-	30,500	30,500

1. The Industrial Relations functions were transferred to the Attorney-General's Department due to the Administrative Arrangements Order dated 29 May 2019.
2. The Skills and Training functions were assumed by the Department due to the Administrative Arrangements Order dated 29 May 2019.

Department of Employment, Skills, Small and Family Business
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2018				
	Small Business and Small Business Ombudsman Functions Department of Treasury ¹	Deregulation Functions Department of the Prime Minister and Cabinet ²		Total
	\$'000	\$'000		\$'000
FUNCTIONS ASSUMED				
Assets recognised	-	-		-
Total assets recognised	-	-		-
Liabilities recognised	-	-		-
Total liabilities recognised	-	-		-
Net liabilities recognised	-	-		-
Income assumed	-	-		-
Total income assumed	-	-		-
Expenses assumed				
Recognised by the receiving entity	4,290	-		4,290
Recognised by the losing entity	-	-		-
Total expenses assumed	4,290	-		4,290

1. The small business functions were assumed by the Department due to the Administrative Arrangements Order dated 19 April 2018.

2. The regulatory policy functions were assumed by the Department due to the Administrative Arrangements Order dated 19 April 2018.

PART 5

APPENDIXES

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APPENDIX 1: ECOLOGICALLY SUSTAINABLE DEVELOPMENT

The Department of Employment, Skills, Small and Family Business reports on the environmental impacts of its activities under section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*.

As in previous years, the department continues to focus on optimising the occupancy rates and energy efficiency of its property portfolio. National headquarters buildings at 10, 12 and 14 Mort Street and 140–180 City Walk, Canberra, have achieved an overall occupancy rate.

Tenancies in states and territories continue to be reviewed and rationalised as leases expire. Any vacant space is made available to other Commonwealth agencies wherever possible.

The department has relocated its Hobart office to a smaller tenancy and has reviewed its ongoing business needs and researched efficient options to replace other leases that will expire in the next two years.

Environmental performance

The department's environmental performance, with comparison to the previous year, is summarised in Tables 25 to 28.

Office and building energy use

Improvements to the lighting at 14 Mort Street Canberra and rationalisation of the department's property portfolio have continued to achieve energy savings, particularly in terms of energy use per person (full-time equivalent) which decreased by 11.30 per cent. Additionally, energy intensity per square metre improved by 16.45 per cent.

Greenhouse gas emissions from tenant light and power increased by 7.47 per cent, as a result of an administrative error by the department's main energy provider leading to the previous purchase of 10 per cent Greenpower being discontinued in 2018–19. The provider has been advised and 10 per cent Greenpower will resume in 2019–20.

Table 25. Summary of office and building energy use, 2018–19

Indicator	2017–18	2018–19	% change
Office tenant light and power energy use per full-time equivalent (MJ/FTE)	6,344.43	5,618.44	-11.30%
Office tenant light and power energy use per square metre (MJ/m ²)	289.96	242.26	-16.45%
Greenhouse emissions attributed to office tenant light and power energy use (tonnes CO _{2-e})	2,669.58	2,869.00	+7.47%
Green power purchased, as a percentage of total electricity consumption	8.32%	n/a	n/a

CO_{2-e} = carbon dioxide equivalent; MJ = megajoule; FTE = full time equivalent (the most appropriate indicator of staff numbers)

Information and communications technology energy use

The ratio of printers to computers has improved in 2018–19, by 41.66 per cent, as the requirement to print documents continues to reduce. The ratio of desktop devices (desktop computers and dockable laptops) to staff numbers has increased by 28.77 per cent as the department transitions to a rollout of dockable laptops for all applicable staff.

Table 26. Summary of ICT sustainability, 2018–19

Indicator	2017–18	2018–19	% change
Desktop computers to printer ratio	12:1	17:1	+41.66%
Desktop devices per end user	1.46	1.88	+28.77%

Vehicle fleet and air travel

The size of the department's vehicle fleet has decreased by 15.91 per cent since 2017–18, from 44 to 37. The department continued to provide a range of ICT services to the Department of Education and Training during 2018–19, and the vehicle fleet was involved in many of these services.

The operational efficiency and environmental impact of the vehicle fleet have improved: average fuel efficiency has improved by 14.28 per cent and final greenhouse gas emissions have reduced by 10.39 per cent.

Total flight distance travelled was 22.72 per cent higher in 2018–19. Greenhouse gas emissions were a proportional 25.78 per cent higher in 2018–19.

Table 27. Summary of vehicle fleet and air travel, 2018–19

Indicator	2017–18	2018–19	% change
Total number of fleet vehicles	44	37	-15.91%
Total kilometres (km) travelled	287,879	221,769	-22.96%
Average fuel consumption of vehicle fleet (litres/100 km)	8.96	7.68	-14.28%
Total direct greenhouse emissions of fleet (tonnes CO _{2-e})	45.82	41.06	-10.39%
Total distance of flights (km)	7,153,697	8,779,285	+22.72%
Greenhouse emissions attributed to flights (tonnes CO _{2-e})	671.62	844.79	+25.78%
Greenhouse emissions attributed to flights (tonnes CO _{2-e})	n/a	671.62	n/a

CO_{2-e} = carbon dioxide equivalent

Resource efficiency and waste

Total paper usage has again been reduced this year, from 6.54 reams per full-time equivalent in 2017–18 to 6.42 in 2018–19.

In 2018–19, 83.77 per cent of paper purchased was either 100 per cent post-consumer recycled stock or carbon neutral. A further 1.71 per cent had significant recycled content, leaving only 14.52 per cent coming from virgin stock without environmental standards.

In 2018–19, 11.68 tonnes of organic material was diverted from landfill to vermiculture — reducing emissions and producing beneficial worm castings and compost. This was lower than the total of 13.99 tonnes in 2017–18, and 30.41 per cent lower on a per person basis (kilograms per FTE).

Table 28. Summary of resource efficiency and waste, 2018–19

Indicator	2017–18	2018–19	% change
Office paper purchased (A4 reams/FTE)	6.54	6.42	-1.87%
Percentage of paper purchased with recycled content	82.51%	85.48%	+3.60%
Office paper recycled (kg per FTE)*	69.96	50.62	-27.64%
Total landfill waste produced (kg per FTE)*	26.72	36.44	+36.38%
Total comingled recycling (kg per FTE)*	13.84	16.87	+21.89%
Total organic recycling (kg per FTE)*	7.99	5.56	-30.41%

* Waste and recycling data only available for the ACT

Looking ahead

The upgrade of the lighting and lighting control systems at 14 Mort Street completed in 2017–18 has reliably yielded the predicted results: reducing energy usage and emissions by 60 per cent per person. As a result of this success, a similar lighting upgrade is underway at the department’s largest Canberra tenancy, 140–180 City Walk, and comparable results are expected when the project is completed in late 2019.

The department is also undertaking an experimental replacement of fluorescent light tubes with LED tubes in its Newcastle and Orange tenancies, to test the effectiveness of this simple and inexpensive alternative.

APPENDIX 2: AGENCY RESOURCE STATEMENTS

Table 29. Agency resource statement, 2018–19

	Actual available appropriation for 2018–19	Payments made 2018–19	Balance remaining 2018–19
	\$'000 (a)	\$'000 (b)	\$'000 (a) – (b)
Ordinary annual services¹			
Departmental appropriation ²	365,382	248,564	116,818
Prior year departmental appropriation	129,433	129,433	–
s74 receipts collected by non-corporate entities	74,744	74,744	–
Total	569,559	452,741	116,818
Administered expenses			
Outcome 1	1,694,751	1,746,117	
Outcome 2	56,311	42,612	
Payments to corporate entities ³	5,989	5,989	
Total	1,757,051	1,794,718	
Total ordinary annual services	A 2,326,610	2,247,459	
Other services			
Departmental non-operating			
Equity injections ⁴	22,096	19,029	3,067
Equity injections prior year	8,348	8,348	–
Total	B 30,444	27,377	3,067
Total available annual appropriations and payments	2,357,054	2,274,836	
Special appropriations			
Special appropriations limited by criteria/entitlement			
<i>Trade Support Loans Act 2014⁵</i>	20,872	20,872	
<i>VET Student Loans Act 2016⁵</i>	32,577	32,577	
<i>Fair Work Entitlement Guarantee Act 2012⁶</i>	113,767	113,767	
<i>Coal Mining Industry ((Long Service Leave Funding)) Funding Act 1992⁶</i>	122,815	122,815	

	Actual available appropriation for 2018–19	Payments made 2018–19	Balance remaining 2018–19
<i>Safety, Rehabilitation and Compensation Act 1988⁶</i>	27,130	27,130	
<i>Asbestos-related Claims (Management of Commonwealth Liabilities Act) 2005⁶</i>	28,022	28,022	
<i>Public governance, performance and Accountability (PGPA) Act 2013 — Section 77</i>	2	2	
Total special appropriations	C 345,185	345,185	
Special accounts⁷			
Opening balance ⁸	5,431		
Appropriation receipts	–		
Appropriation receipts — other entities	941		
Non-appropriation receipts to special accounts	–		
Payments made		2,260	
Total special accounts	D 6,372	2,260	
Total resourcing and payments (A+B+C+D)	2,708,611	2,622,281	
Less appropriations drawn from annual or special appropriations above and credited to special accounts ⁶ and/or corporate entities through annual appropriations	5,989	5,989	
Total net resourcing and payments	2,702,622	2,616,292	

1 *Appropriation Act (No.1) 2018–19, Appropriation Act (No.3) 2018–19 and Appropriation Act (No.5) 2018–19.* This also includes prior year departmental appropriation, Section 75 transfers, section 74 retained revenue receipts and adjustments for the expected expenditure from the 2018–19 Portfolio Additional Estimates.

2 Includes an amount of \$31.367m for the 2018–19 Departmental Capital Budget. For accounting purposes this amount has been designated as ‘contributions by owners’. The Departmental Capital Budget contains a \$0.933 million reduction by a section 51 determination dated 24 January 2019.

3 ‘Corporate entities’ are corporate Commonwealth entities and Commonwealth companies as defined under the *Public Governance, Performance and Accountability Act 2013*.

4 Appropriation Bill (No. 2 and 4) 2018–19.

5 As a result of the Administrative Arrangements Orders of 29 May 2019, skills, vocational education and training special appropriations were transferred to the department from the Department of Education.

6 As a result of the Administrative Arrangements Orders of 29 May 2019, industrial relations special appropriations were transferred to the Attorney-General’s Department from the department.

7 Does not include ‘special public money’ held in accounts like ‘services for other entities and trust moneys’ special accounts.

8 As a result of the Administrative Arrangements Orders of 29 May 2019, the Student Identifiers Special Account was transferred to the department from the Department of Education.

Table 30. Expenses for Outcome 1

Outcome 1: Foster a productive and competitive labour market through employment policies and programs that assist job seekers into work, meet employer needs and facilitate the growth of small and family businesses.	Budget ¹ 2018–19 \$'000 (a)	Actual expenses 2018–19 \$'000 (b)	Variation 2018–19 \$'000 (a) – (b)
Outcome 1 by appropriation type			
Program 1.1: Employment Services			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1 and 3)	1,695,343	1,703,822	(8,479)
Departmental expenses			
Departmental appropriation ²	284,154	293,572	(9,418)
Expenses not requiring appropriation in the budget year	34,097	39,197	(5,100)
Total expenses for Outcome 1	2,013,594	2,036,591	(22,997)
Average staffing level (number)	1,463	1,455	8

1 Full-year budget, including any subsequent adjustment made in the 2018–19 Portfolio Supplementary Additional Estimates.

2 Departmental appropriation combines ordinary annual services (Appropriation Bill No. 1 and 3), receipts collected by non-corporate Commonwealth entities (section 74) and adjustments for the expected expenditure from the 2018–19 Portfolio Additional Estimates.

Table 31. Expenses for Outcome 2, to 29 May 2019

Pre-MoG Outcome 2 ¹ : Facilitate jobs growth through policies and programs that promote fair, productive and safe workplaces, and facilitate the growth of small business.	Budget ² 2018–19 \$'000 (a)	Actual expenses 2018–19 \$'000 (b)	Variation 2018–19 \$'000 (a) – (b)
Program 2.1: Workplace Support			
Administered expenses			
Ordinary annual services (Supply Bill No. 1, Appropriation Bill No. 1 and 3)	32,953	32,162	791
Special appropriations ³	333,916	273,377	60,539
Total for program 2.1	366,869	305,539	61,330
Program 2.2: Workers' Compensation Payments			
Administered expenses			
Ordinary annual services (Supply Bill No. 1, Appropriation Bill No. 1 and 3)	5,989	5,989	–
Special appropriations ³	60,197	55,152	5,045
Total for program 2.2	66,186	61,141	5,045
Program 2.3: Small Business Advisory Services			
Administered expenses			
Ordinary annual services (Supply Bill No. 1, Appropriation Bill No. 1 and 3)	23,067	15,914	7,153
Total for program 2.3	23,067	15,914	7,153
Outcome 2 totals by appropriation type			
Administered expenses			
Ordinary annual services (Supply Bill No. 1, Appropriation Bill No. 1 and 3)	62,009	54,065	7,944
Special appropriations	394,113	328,529	65,584
Departmental expenses			
Departmental appropriation ⁴	101,872	104,723	(2,851)

Pre-MoG Outcome 2¹: Facilitate jobs growth through policies and programs that promote fair, productive and safe workplaces, and facilitate the growth of small business.	Budget² 2018–19 \$'000 (a)	Actual expenses 2018–19 \$'000 (b)	Variation 2018–19 \$'000 (a) – (b)
Expenses not requiring appropriation in the budget year	5,500	6,449	(949)
Total expenses for Outcome 2	563,494	493,766	69,728
Average staffing level (number)	498	493	5

1 As a result of the Administrative Arrangements Orders of 29 May 2019, the Outcome 2 statement was changed.

2 Full-year budget, including any subsequent adjustment made in the 2018–19 Portfolio Supplementary Additional Estimates.

3 As a result of the Administrative Arrangements Orders of 29 May 2019, industrial relations special appropriations were transferred to the Attorney-General's Department from the department.

4 Departmental appropriation combines ordinary annual services (Appropriation Bill No. 1 and 3), receipts collected by non-corporate Commonwealth entities (section 74) and adjustments for the expected expenditure from the 2018–19 Portfolio Additional Estimates.

Table 32. Expenses for Outcome 2, from 29 May 2019

Post-MoG Outcome 2 ¹ : Promote growth in economic productivity and social wellbeing through access to quality skills and training.	Budget ² 2018–19 \$'000 (a)	Actual expenses 2018–19 \$'000 (b)	Variation 2018–19 \$'000 (a) – (b)
Program 2.1: Building Skills and Capability³			
Administered expenses			
Special appropriations	30,500	30,500	–
Total for program 2.1	30,500	30,500	–
Program 2.2: VET Student Loans³			
Administered expenses			
Special appropriations	–	–	–
Total for program 2.2	–	–	–
Outcome 2 totals by appropriation type			
Administered expenses			
Special appropriations	30,500	30,500	–
Departmental expenses			
Special accounts ⁴	941	918	23
Total expenses for Outcome 2	31,441	31,418	23
Average staffing level (number)	0	0	–

1 As a result of the Administrative Arrangements Orders of 29 May 2019, the Outcome 2 statement was changed.

2 Full-year budget, including any subsequent adjustment made in the 2018–19 Portfolio Supplementary Additional Estimates.

3 As a result of the Administrative Arrangements Orders of 29 May 2019, skills, vocational education and training special appropriations were transferred to the department from the Department of Education.

4 As a result of the Administrative Arrangements Orders of 29 May 2019, the Student Identifiers Special Account was transferred to the department from the Department of Education.

APPENDIX 3: ADVERTISING AND MARKET RESEARCH

Details of payments made (GST inclusive) to creative advertising services, market research, media placement and public relations organisations by the department in 2018–19 are provided in Tables 33 to 36. Payments of less than the threshold contained in section 311A of the *Commonwealth Electoral Act 1918* are excluded.

During 2018–19, the department conducted the following advertising for the following programs and initiatives:

- ▶ Jobs campaign
- ▶ Small Business campaign.

Table 33. Advertising agencies

Organisation	Service provided	Total paid (\$)
BMF Advertising	Creative development services for Jobs campaign	1,273,018
BMF Advertising	Creative development services for Small Business campaign	1,343,810

Table 34. Market research organisations

Organisation	Service provided	Total paid (\$)
DBM Consultants	Benchmark and tracking research for Jobs campaign	48,499
Hall & Partners	Benchmark and tracking research for Jobs campaign	162,922
Hall & Partners	Benchmark and tracking research for Small Business campaign	98,885
JWS Research Pty Ltd	Concept and refinement testing for Jobs campaign	298,540
JWS Research Pty Ltd	Concept and refinement testing for Small Business campaign	328,350
WhereTo Research	Research to inform communication of Targeted Compliance Framework	206,003

Table 35. Media placement organisations

Organisation	Service provided	Total paid (\$)
Universal McCann	Advertising for Jobs campaign	14,085,862
Universal McCann	Advertising for Small Business campaign	4,338,143
Universal McCann	Advertising for Small Business events	35,332

Table 36. Public relations organisations

Organisation	Service provided	Total paid (\$)
N2N Communication	Public relations activities for Small Business campaign	506,052
By George Studios	ASBAS case studies activities for Small Business campaign	74,954
By George Studios	Coaching videos for Small Business campaign	74,954
Deloitte Touche Tomatsu	Digital Champions media for Small Business campaign	143,000

APPENDIX 4: OVERVIEW OF THE ENTITY

Table 37. Details of accountable authority during the reporting period (2018–19)

		Period as the accountable authority or member	
Name	Position title	Date of commencement	Date of cessation
Kerri Hartland	Secretary	18 September 2017	ongoing

APPENDIX 5: EXECUTIVE REMUNERATION

The Department is committed to remuneration and performance management arrangements for Senior Executive Service (SES) employees that are fair, transparent, reward outcomes and leadership, and support organisational performance, within the parameters of government policy.

The Secretary determines SES remuneration using the SES Remuneration and Performance Management Policy.

Consistent with the SES Remuneration and Performance Management Policy, the Secretary will undertake annual reviews of the department's SES remuneration in comparison to the broader Australian Public Service Workplace Bargaining Policy. Discretionary remuneration adjustments may be made having regard to job factors, contribution of an individual, specialised skill sets, government policy and the fiscal environment.

Table 38. Information about remuneration for key management personnel

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits (\$)	Total remuneration ¹ (\$)
		Base salary ² (\$)	Bonuses (\$)	Other benefits and allowances ³ (\$)		Superannuation contributions ⁴ (\$)	Long service leave ⁵ (\$)		
Kerri Hartland	Secretary	655,393	0	3,110	96,549	25,753	0	0	780,805 ⁶
Martin Hehir	Deputy Secretary	385,491	0	3,110	69,201	16,995	0	0	474,797
Jillian Charke	Deputy Secretary	383,176	0	3,110	56,238	12,778	0	0	455,302
Nathan Smyth ⁷	Deputy Secretary	236,929	0	2,059	36,552	7,311	0	0	282,851
Jeremy O'Sullivan ⁸	Acting Deputy Secretary	77,815	0	760	14,314	3,528	0	0	96,417
Debbie Mitchell ⁹	Acting Deputy Secretary	47,739	0	718	6,721	1,018	0	0	56,195
Total		1,786,543	0	12,867	279,575	67,383	0	0	2,146,367

1 Total remuneration is calculated on an accrual basis in accordance with AASB 119 Employee Benefits with the exception of superannuation and non-monetary benefits. This means there is a difference between the remuneration determined by the Remuneration Tribunal and the remuneration disclosed in this table.

2 Base salary includes salary paid and accrued, salary paid while on annual leave, salary paid while on personal leave, annual leave accrued and higher duties allowances.

3 Other benefits and allowances include monetary benefits such as allowances and non-monetary benefits such as provision of a carpark.

4 For individuals in a defined contribution scheme (for example PSSaP and super choice), superannuation includes superannuation contribution amounts. For individuals in a defined benefits scheme (for example CSS and PSS), superannuation includes the relevant Notional Employer Contribution Rate and Employer Productivity Superannuation Contribution.

5 Long service leave comprises the amount of leave accrued and taken for the period.

6 Includes Remuneration as set by Remuneration Tribunal Departmental Secretaries Determination 2018, actual superannuation contributions and long service leave benefits.

7 Commencement of employment as key management personnel with effect 29 October 2018.

8 Period of service as key management personnel from 2 July to 28 September 2018.

9 Period of service as key management personnel from 2 to 29 October 2018; 19 to 23 November 2018; and 3 to 20 December 2018.



Table 39. Information about remuneration for senior executives

Total remuneration Band	Number of senior executives	Short-term benefits			Post-employment benefits		Other long-term benefits		Termination benefits	Total remuneration ¹
		Average base salary ² (\$)	Average bonuses (\$)	Average other benefits and allowances ³ (\$)	Average superannuation contributions ⁴ (\$)	Average long service leave ⁵ (\$)	Average other long-term benefits (\$)	Average total remuneration (\$)		
\$0–\$220,000	27	87,124	0	5,972	18,001	5,073	0	0	0	116,169
\$220,001–\$245,000	15	177,621	0	10,165	31,833	7,770	0	9,576	0	236,965
\$245,001–\$270,000	14	201,553	0	9,291	36,747	8,956	0	0	0	256,548
\$270,001–\$295,000	11	197,688	0	3,413	35,493	8,311	0	35,279	0	280,183
\$295,001–\$320,000	7	236,239	0	6,361	43,196	9,672	0	14,718	0	310,185
\$320,001–\$345,000	6	262,369	0	10,478	46,963	14,395	0	0	0	334,205
\$345,001–\$370,000	1	289,096	0	3,110	54,460	15,714	0	0	0	362,380
\$370,001–\$395,000	1	343,132	0	3,110	30,269	13,033	0	0	0	389,543
\$395,001–\$420,000	0	0	0	0	0	0	0	0	0	0
\$420,001–\$445,000	1	239,591	0	138,664 ⁶	57,507	9,194	0	0	0	444,957

1 Remuneration is calculated on an accrual basis in accordance with AASB 119 Employee Benefits with the exception of superannuation and non-monetary benefits. This means there is a difference between the remuneration determined by the Remuneration Tribunal and the remuneration disclosed in this table.

2 Base salary includes salary paid and accrued, salary paid while on annual leave, salary paid while on personal leave, annual leave accrued and higher duties allowances.

3 Other benefits and allowances include monetary benefits such as allowances and non-monetary benefits such as provision of a carpark.

4 For individuals in a defined contribution scheme (for example PSSAP and super choice), superannuation includes superannuation contribution amounts. For individuals in a defined benefits scheme (for example CSS and PSS), superannuation includes the relevant Notional Employer Contribution Rate and Employer Productivity Superannuation Contribution.

5 Long service leave comprises the amount of leave accrued and taken for the period.

6 Other Benefits and Allowances for the Senior Executive includes cost of overseas living adjustment and cost of overseas posting allowance

This table includes all senior executives who have commenced, been promoted or ceased during the period. It also includes employees who have temporarily performed a senior executive role for a minimum of three consecutive months during the period.

Information about remuneration for other highly paid staff

The department paid no remuneration for other highly paid staff during 2018–19.

APPENDIX 6: CORRIGENDUM FOR DATA ERRORS IN THE 2017–18 ANNUAL REPORT

Table 40 outlines errors that were published on page 65 in the print version of the Department of Jobs and Small Business 2017–18 Annual Report. It also provides the corrected information and the reasons for correction.

Table 40. Corrections to the 2017–18 Annual Report

Incorrect wording	Amended wording	Reason for change
8,457 visa subclass 403 were issued to seasonal workers by the Department of Home Affairs, a 37 per cent increase compared to 2016–17,	8,459 visa subclass 403 were issued to seasonal workers by the Department of Home Affairs, a 37 per cent increase compared to 2016–17, and	In October 2018, the Department of Home Affairs advised an update to the figure from 8,457 to 8,459.
It conducted 111 regional monitoring site visits across Australia during 2017–18, up from 39 site visits in 2016–17.	It conducted 50 regional monitoring site visits across Australia during 2017–18, up from 39 site visits in 2016–17.	The figure of 111 regional monitoring site visits is incorrect. This figure was provided as a result of an administrative error.

APPENDIX 7: MANAGEMENT OF HUMAN RESOURCES

Statistics on all full-time and part-time employees by gender and location

Table 41. All ongoing employees, current report period (2018–19)

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	75	1	76	44	16	60	–	–	–	136
Qld	22	–	22	39	14	53	–	–	–	75
SA	13	2	15	15	14	29	–	–	–	44
Tas	5	1	6	7	2	9	–	–	–	15
Vic	25	–	25	35	7	42	–	–	–	67
WA	7	–	7	10	11	21	–	–	–	28
ACT	723	42	765	730	218	948	–	–	–	1,713
NT	3	–	3	6	1	7	–	–	–	10
Overseas	–	–	–	1	–	1	–	–	–	1
Total	873	46	919	887	283	1,170	–	–	–	2,089

Table 42. All non-ongoing employees, current report period (2018–19)

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	2	1	3	2	1	3	–	–	–	6
Qld	–	–	–	–	–	–	–	–	–	–
SA	–	–	–	–	–	–	–	–	–	–
Tas	–	–	–	–	1	1	–	–	–	1
Vic	–	–	–	–	–	–	–	–	–	–
WA	–	–	–	–	–	–	–	–	–	–
ACT	7	2	9	8	8	16	–	–	–	25
NT	–	–	–	–	1	1	–	–	–	1
Overseas	–	–	–	–	–	–	–	–	–	–
Total	9	3	12	10	11	21	–	–	–	33

Table 43. All ongoing employees, previous report period (2017–18)

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
Total	886	45	931	878	289	1,167	–	–	–	2,098

Table 44. All non-ongoing employees, previous report period (2017–18)

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
Total	15	5	20	19	13	32	–	–	–	52

Statistics on full-time and part-time APS Act employees by classification and gender

Table 45. Australian Public Service Act ongoing employees, current report period (2018–19)

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	2	–	2	1	–	1	–	–	–	3
SES 2	4	–	4	10	–	10	–	–	–	14
SES 1	26	–	27	25	1	26	–	–	–	53
EL 2	114	2	116	110	25	135	–	–	–	251
EL 1	311	17	328	278	97	375	–	–	–	703
APS 6	217	9	226	209	76	285	–	–	–	511
APS 5	123	12	135	154	51	205	–	–	–	340
APS 4	51	5	56	69	26	95	–	–	–	151
APS 3	22	1	23	25	6	31	–	–	–	54
APS 2	1	–	1	3	–	3	–	–	–	4
APS 1	1	–	1	4	–	4	–	–	–	5
Other	–	–	–	–	–	–	–	–	–	–
Total	873	46	919	887	283	1,170	–	–	–	2,089

Table 46. Australian Public Service Act non-ongoing employees, current report period (2018–19)

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3	–	–	–	–	–	–	–	–	–	–
SES 2	–	–	–	–	–	–	–	–	–	–
SES 1	–	–	–	–	–	–	–	–	–	–
EL 2	–	–	–	2	1	3	–	–	–	3
EL 1	2	2	4	2	2	4	–	–	–	8
APS 6	3	–	3	4	–	4	–	–	–	7
APS 5	2	–	2	1	1	2	–	–	–	4
APS 4	1	1	2	1	2	3	–	–	–	5
APS 3	1	–	1	–	4	4	–	–	–	5
APS 2	–	–	–	–	1	1	–	–	–	1
APS 1	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–	–
Total	9	3	12	10	11	21	–	–	–	33

Table 47. Australian Public Service Act ongoing employees, previous report period (2017–18)

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
Total	886	45	931	878	289	1,167	–	–	–	2,098

Table 48. Australian Public Service Act non-ongoing employees, previous report period (2017–18)

	Male			Female			Indeterminate			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
Total	15	5	20	19	13	32	–	–	–	52

Employment type by full-time and part-time status

Table 49. Employees by full-time and part-time status, current report period (2018–19)

	Ongoing			Non-ongoing			Total
	Full time	Part time	Total	Full time	Part time	Total	
SES 3	3	–	3	–	–	–	3
SES 2	14	–	14	–	–	–	14
SES 1	52	1	53	–	–	–	53
EL 2	224	27	251	–	3	3	254
EL 1	589	114	703	4	4	8	711
APS 6	426	85	511	3	4	7	518
APS 5	277	63	340	2	2	4	344
APS 4	120	31	151	2	3	5	156
APS 3	47	7	54	1	4	5	59
APS 2	4	–	4	–	1	1	5
APS 1	5	–	5	–	–	–	5
Other	–	–	–	–	–	–	–
Total	1,760	329	2,089	12	21	33	2,122

Table 50. Employees by full-time and part-time status, previous report period (2017–18)

	Ongoing			Non-ongoing			Total
	Full time	Part time	Total	Full time	Part time	Total	
Total	1,764	334	2,098	34	18	52	2,150

Employment type by location

Table 51. Employment type by location, current report period (2018–19)

	Ongoing	Non-ongoing	Total
NSW	136	6	142
Qld	75	–	75
SA	44	–	44
Tas	15	1	16
Vic	67	–	67
WA	28	–	28
ACT	1,713	25	1,738
NT	10	1	11
Overseas	1	–	1
Total	2,089	33	2,122

Table 52. Employment type by location, previous report period (2017–18)

	Total
NSW	143
Qld	80
SA	48
Tas	14
Vic	66
WA	30
ACT	1,758
NT	10
Overseas	1
Total	2,150

Indigenous employment

Table 53. Indigenous employment, current report period (2018–19)

	Total
Ongoing	58
Non-ongoing	1
Total	59

Table 54. Indigenous employment, previous report period (2017–18)

	Total
Ongoing	61
Non-ongoing	–
Total	61

Employment arrangements of SES and non-SES employees

Table 55. Employment arrangements, current report period (2018–19)

	SES	Non-SES	Total
Department of Jobs and Small Business Enterprise Agreement 2019–2022	–	2,057	2,057
Section 24(1) determination	65	–	65
Total	65	2,057	2,122

Table 56. Employment salary ranges by classification level (minimum/maximum), current report period (2018–19)

	Minimum salary	Maximum salary
SES 3	\$323,149	\$342,859
SES 2	\$216,657	\$265,398
SES 1	\$163,960	\$221,654
EL 2	\$125,611	\$154,550
EL 1	\$106,744	\$130,760
APS 6	\$86,807	\$95,459
APS 5	\$77,216	\$82,550
APS 4	\$69,934	\$74,793
APS 3	\$64,291	\$66,964
APS 2	\$57,570	\$61,346
APS 1	\$29,409	\$53,592
Other	–	–

ABBREVIATIONS AND ACRONYMS

ACCC	Australian Competition and Consumer Commission
ANAO	Australian National Audit Office
APEC	Asia–Pacific Economic Cooperation
APS	Australian Public Service
ASBFEO	Office of the Australian Small Business and Family Enterprise Ombudsman
Coal LSL	Coal Mining Industry Long Service Leave Fund
EL	Executive Level
EST	Employability Skills Training
FEG	Fair Entitlements Guarantee
FSC	Federal Safety Commissioner
IAGDP	Indigenous Australian Government Development Program
ILO	International Labour Organization
JSCI	Job Seeker Classification Instrument
MoG	machinery of government
MOU	memorandum of understanding
NEIS	New Enterprise Incentives Scheme
NWEP	National Work Experience Programme
OECD	Organisation for Economic Co-operation and Development
OFSC	Office of the Federal Safety Commissioner
PDMS	Parliamentary Document Management System
SES	Senior Executive Service

GLOSSARY

administered item	Revenues, expenses, assets and liabilities that the Government controls, but which an agency or authority manages on the Commonwealth's behalf.
annual performance statement	A requirement under the <i>Public Governance, Performance and Accountability Act 2013</i> taking effect from 1 July 2015. The statement is designed to provide a line of sight between planned non-financial performance outlined in the department's corporate plan and actual performance over the reporting period.
appropriation	An amount of public monies parliament authorises for spending for a particular purpose.
AusTender	The Australian Government's web-based procurement system, which provides centralised access to all publicly available approaches to market, multi-use lists, annual procurement plans and reported contracts.
budget measure	A decision by Cabinet or ministers that has resulted in a cost or saving to outlays.
effectiveness indicators	Measures of the joint or independent contribution of outputs and administered items to the achievement of their specified outcome.
jobactive	Employment services arrangements that commenced 1 July 2015.
performance indicators	Financial and non-financial measures used to help define and evaluate an organisation's success. An indicator is usually selected on the basis of relevance as a measure of some aspect of a specific project or operation.
outcomes	The Government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community as influenced by the actions of the Government. Actual outcomes are assessments of the end results or impacts actually achieved.
Portfolio Budget Statements	Budget-related paper detailing Budget initiatives and explanations of appropriations specified by outcome and program by each agency within a portfolio.
programs	Government programs deliver benefits, services or transfer payments to individuals, industry, business or the community as a whole and are the primary vehicles for government agencies to achieve the intended results of their outcome statements.
sustainable development	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

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Table 56	Employment salary ranges by classification level (minimum/maximum), current report period (2018–19)	220

LIST OF REQUIREMENTS

PGPA rule reference	Part of report	Description	Requirement	Page
17AD(g)	Letter of transmittal			
17AI		A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory	ii
17AD(h)	Aids to access			
17AJ(a)		Table of contents.	Mandatory	iii
17AJ(b)		Alphabetical index.	Mandatory	234
17AJ(c)		Glossary of abbreviations and acronyms.	Mandatory	222
17AJ(d)		List of requirements.	Mandatory	226
17AJ(e)		Details of contact officer.	Mandatory	Copyright page
17AJ(f)		Entity's website address.	Mandatory	Back cover
17AJ(g)		Electronic address of report.	Mandatory	Copyright page
17AD(a)	Review by accountable authority			
17AD(a)		A review by the accountable authority of the entity.	Mandatory	3–5
17AD(b)	Overview of the entity			
17AE(1)(a)(i)		A description of the role and functions of the entity.	Mandatory	2
17AE(1)(a)(ii)		A description of the organisational structure of the entity.	Mandatory	8
17AE(1)(a)(iii)		A description of the outcomes and programmes administered by the entity.	Mandatory	11
17AE(1)(a)(iv)		A description of the purposes of the entity as included in corporate plan.	Mandatory	2
17AE(1)(aa)(i)		Name of the accountable authority or each member of the accountable authority.	Mandatory	209

PGPA rule reference	Part of report	Description	Requirement	Page
17AE(1)(aa)(ii)		Position title of the accountable authority or each member of the accountable authority.	Mandatory	209
17AE(1)(aa)(iii)		Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory	209
17AE(1)(b)		An outline of the structure of the portfolio of the entity.	Portfolio departments — mandatory	11
17AE(2)		Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, mandatory	Not applicable
17AD(c)	Report on the performance of the entity			
	Annual performance statements			
17AD(c)(i); 16F		Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	9–100
17AD(c)(ii)	Report on financial performance			
17AF(1)(a)		A discussion and analysis of the entity's financial performance.	Mandatory	135–196
17AF(1)(b)		A table summarising the total resources and total payments of the entity.	Mandatory	201–206
17AF(2)		If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, mandatory	Not applicable

PGPA rule reference	Part of report	Description	Requirement	Page
17AD(d)	Management and accountability			
	Corporate governance			
17AG(2)(a)		Information on compliance with section 10 (fraud systems)	Mandatory	ii, 111–112
17AG(2)(b)(i)		A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	ii
17AG(2)(b)(ii)		A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory	ii
17AG(2)(b)(iii)		A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	ii
17AG(2)(c)		An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	103–107
17AG(2)(d) – (e)		A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, mandatory	Not applicable
	External scrutiny			
17AG(3)		Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	131–134
17AG(3)(a)		Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, mandatory	131–132
17AG(3)(b)		Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, mandatory	132

PGPA rule reference	Part of report	Description	Requirement	Page
17AG(3)(c)		Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory	Not applicable
Management of human resources				
17AG(4)(a)		An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	113–121
17AG(4)(aa)		<p>Statistics on the entity's employees on an ongoing and non ongoing basis, including the following:</p> <p>(a) statistics on full time employees; (b) statistics on part time employees; (c) statistics on gender; (d) statistics on staff location.</p>	Mandatory	214–220
17AG(4)(b)		<p>Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following:</p> <ul style="list-style-type: none"> – Statistics on staffing classification level; – Statistics on full-time employees; – Statistics on part-time employees; – Statistics on gender; – Statistics on staff location; – Statistics on employees who identify as Indigenous. 	Mandatory	214–220
17AG(4)(c)		Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory	117
17AG(4)(c)(i)		Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory	117
17AG(4)(c)(ii)		The salary ranges available for APS employees by classification level.	Mandatory	118, 220
17AG(4)(c)(iii)		A description of non-salary benefits provided to employees.	Mandatory	117

PGPA rule reference	Part of report	Description	Requirement	Page
17AG(4)(d)(i)		Information on the number of employees at each classification level who received performance pay.	If applicable, mandatory	Not applicable
17AG(4)(d)(ii)		Information on aggregate amounts of performance pay at each classification level.	If applicable, mandatory	Not applicable
17AG(4)(d)(iii)		Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, mandatory	Not applicable
17AG(4)(d)(iv)		Information on aggregate amount of performance payments.	If applicable, mandatory	Not applicable
Assets management				
17AG(5)		An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory	130
Purchasing				
17AG(6)		An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory	130
Consultants				
17AG(7)(a)		A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory	131

PGPA rule reference	Part of report	Description	Requirement	Page
17AG(7)(b)		A statement that <i>“During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]”</i> .	Mandatory	131
17AG(7)(c)		A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory	131
17AG(7)(d)		A statement that <i>“Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.”</i>	Mandatory	131
Australian National Audit Office access clauses				
17AG(8)		If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor General with access to the contractor’s premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, mandatory	Not applicable
Exempt contracts				
17AG(9)		If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, mandatory	130

PGPA rule reference	Part of report	Description	Requirement	Page
Small business				
17AG(10)(a)		A statement that “[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”	Mandatory	131
17AG(10)(b)		An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	131
17AG(10)(c)		If the entity is considered by the Department administered by the Finance Minister as material in nature — a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, mandatory	131
Financial statements				
17AD(e)		Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	138–196
Executive remuneration				
17AD(da)		Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2–3 of the Rule.	Mandatory	210–212
17AD(f)	Other mandatory information			
17AH(1)(a)(i)		If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	If applicable, mandatory	122–123, 207

PGPA rule reference	Part of report	Description	Requirement	Page
17AH(1)(a)(ii)		If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory	Not applicable
17AH(1)(b)		A statement that <i>"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."</i>	If applicable, mandatory	130
17AH(1)(c)		Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	133–134
17AH(1)(d)		Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	134
17AH(1)(e)		Correction of material errors in previous annual report.	If applicable, mandatory	213
17AH(2)		Information required by other legislation		
17AH(2)		Work health and safety	Mandatory	122
17AH(2)		Advertising and market research	Mandatory	207–208
17AH(2)		Ecologically sustainable development	Mandatory	198–200

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