



Australian Government  
Department of Employment

More Jobs.  
Great Workplaces.

Annual Report  
2016 ▶ 17

### NEW ENTERPRISE INCENTIVE SCHEME

SUPPORTED THE ESTABLISHMENT OF



6,172

SMALL BUSINESSES

UP FROM 5,152 ESTABLISHED IN 2015-16



jobactive®

PROVIDERS RECORDED OVER

370,000

JOB PLACEMENTS



transition TO WORK



SERVICE HELPED

26,759

YOUNG PEOPLE BECOME MORE WORK READY



jobactive®

harvest labour

FILLED CLOSE TO

14,200

HARVEST JOBS

UP ALMOST 12% FROM 2015-16



4,894 YOUNG PEOPLE HAVE COMMENCED

NEW EMPLOYABILITY SKILLS

TRAINING COURSES (SINCE APRIL 2017) TO GAIN PRE-EMPLOYMENT SKILLS



ParentsNext

WAS IMPLEMENTED, CONNECTING PARENTS OF YOUNG CHILDREN TO SERVICES TO HELP



PREPARE FOR EMPLOYMENT

FEG

Fair Entitlements Guarantee

ASSISTED

12,354

REDUNDANT WORKERS



THE JOBSEEKER MOBILE APP WAS DOWNLOADED BY

190,000

JOBSEEKERS

THE DEPARTMENT REPRESENTED

AUSTRALIA

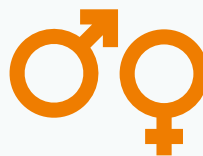
IN INTERNATIONAL DISCUSSIONS TO PREPARE AND RESPOND TO THE

FUTURE OF WORK



78%

OF NEWLY ACCREDITED COMPANIES REPORTED IMPROVED WORKPLACE SAFETY PRACTICES



THE DEPARTMENT LAUNCHED ITS FIRST ACTION PLAN

SUPPORTING WORKPLACE

GENDER EQUALITY



# Annual Report

2016 ▶ 17

The Department of Employment is responsible for national policies and programs that help Australians find and keep employment and work in safe, fair and productive workplaces.

**More Jobs.  
Great Workplaces.**



Australian Government  
Department of Employment

Secretary  
Kerri Hartland

Senator the Hon Michaelia Cash  
Minister for Employment  
Parliament House  
Canberra ACT 2600

Dear Minister

In accordance with section 63 of the *Public Service Act 1999*, I am pleased to present the Department of Employment's annual report for 2016–17 for tabling in Parliament. I present this report in my capacity as accountable authority at the time the report was approved for printing. Secretary Renée Leon PSM was the accountable authority for the Department of Employment for the reporting period.

The report has been prepared in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013* and reflects the requirements, including financial obligations, under the Public Governance, Performance and Accountability Rule 2014.

The report also includes information as required under other applicable legislation including the *Work Health and Safety Act 2011*.

As required by section 10 of the Public Governance, Performance and Accountability Rule 2014, I certify that the Department has:

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

Yours sincerely

Kerri Hartland  
29 September 2017

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# PORTFOLIO OVERVIEW

at 30 June 2017

## OUR MINISTER



▶ **Senator the Hon Michaelia Cash**  
Minister for Employment

## DEPARTMENT OF EMPLOYMENT



**Australian Government**  
**Department of Employment**

### OUR SECRETARY

▶ **Renée Leon PSM**  
Secretary

## PORTFOLIO AGENCIES



**Australian Government**  
**Asbestos Safety and Eradication Agency**

**Asbestos Safety and Eradication Agency**  
Chief Executive Officer: Peter Tighe



**Australian Government**  
**Australian Building and Construction Commission**

**Australian Building and Construction Commission**  
Commissioner: Nigel Hadgkiss APM



**Australian Government**  
**Comcare**

**Comcare, the Safety, Rehabilitation and Compensation Commission, and the Seafarer's Safety, Rehabilitation and Compensation Authority**  
Chief Executive Officer: Jennifer Taylor



**Fair Work Commission**  
General Manager: Bernadette O'Neill

More Jobs.  
Great Workplaces.



**Fair Work Ombudsman and the Registered Organisations Commission**

Fair Work Ombudsman: Natalie James  
Registered Organisations Commissioner: Mark Bielecki



**Safe Work Australia**

Chief Executive Officer: Michelle Baxter



**Workplace Gender Equality Agency**

Director: Libby Lyons



## ABOUT THE ANNUAL REPORT

This report covers the Department of Employment and its performance during the period 1 July 2016 to 30 June 2017.

Each year the Department acquits its performance in the annual report, including an annual performance statement—which is a report of the Department’s progress in achieving its purpose, as set out in the Corporate Plan and Portfolio Budget Statements.

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



# PART 1

## OUR DEPARTMENT

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# ACHIEVING THE DEPARTMENT'S PURPOSE

The purpose of the Department of Employment is to foster a productive and competitive labour market through employment policies and programs that increase workforce participation, and facilitate jobs growth through policies that promote fair, productive, flexible and safe workplaces.

Guiding how the Department achieves its vision and purpose is the Strategic Plan 2017–2020. The Strategic Plan provides the foundations for what we do—delivering high-quality policy and programs; collaborating across the public service and with our stakeholders; looking forward to emerging issues; aspiring to influence thought leaders; and supporting and developing the potential of our people. It sets out at the highest level what is important to us, the work we do, and how we work together.

Under the *Public Governance, Performance and Accountability Act 2013*, the 2016–17 Department of Employment Corporate Plan, which covers the period 2016–2020, is the Department's primary planning document. The corporate plan sets out clearly what the Department's purpose is, what it will do to achieve its purpose and how it will know that it has achieved its purpose. The Portfolio Budget Statements complement this information by describing the outcomes the Department intends to achieve with its appropriated funding.

The Department achieves its purpose through two key strategic outcomes.

**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 that promote fair, productive and safe workplaces.

Each outcome has associated strategies, performance measures, indicators and targets. Collectively these elements tell the Department's performance story.





# SECRETARY'S REVIEW

Secretary for the Department of Employment  
Renée Leon

*I am pleased to present the Department of Employment Annual Report 2016–17. It celebrates our achievements and outlines our work to deliver the Australian Government's employment and workplace relations priorities.*

## Delivering on our purpose

Throughout 2016–17, the Department delivered against the priorities detailed in our Corporate Plan. In particular, we 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. A focus for 2016–17 was implementing the Government's Youth Employment Package, including Youth Jobs PaTH (Prepare–Trial–Hire) and Encouraging Entrepreneurship and Self-Employment measures. The Transition to Work service has also helped young people become job-ready and move into work or education.

We collaborated throughout the year with our Commonwealth partners, local stakeholders, and on the international stage, to address challenges around the Future of Work. As policy advisers, we continually take into account broader economic, social and technological changes that will transform the way we work. While there is sometimes a focus on jobs impacted by automation, there have been new opportunities for employment growth as well. Overall, the changing nature of work and workplaces offers many potential benefits for individuals and our society, including supporting older Australians, women, and people with disability to maintain or enter stable and rewarding employment. The Department's Future of Work project is developing future-focused strategies to enable people and organisations to take advantage of emerging opportunities presented by the changing global environment.

We continued to work closely with other government entities during 2016–17 to deliver better employment outcomes, particularly for vulnerable groups including Indigenous Australians, ex-offenders and refugees. This work included the Department establishing a cross-agency Migrant Workers' Taskforce to provide advice to the Government on ways to protect migrant workers from exploitation.

The Department also continued to support the delivery of other complex priorities to promote safe, productive, fair and flexible workplaces. The Fair Entitlements Guarantee Recovery Pilot Program continued to have a positive impact, resulting in the program being made permanent from 1 January 2017. The Department helped develop numerous pieces of important legislation, including to establish the Australian Building and Construction Commission and the Registered Organisations Commission, which were both passed in late November 2016.

## The way we work

I am proud of the collaborative work our Department has done to strengthen our culture and operational practices. We have released a new Strategic Plan, developed through extensive consultation with staff across the Department, which guides and reflects on how we work together to achieve our purpose. We also launched our Organisational Capability Vision in November 2016 which describes priority areas in which we will grow our capability over time.

Our people are central to achieving our purpose. During the year, we developed our Workforce for the Future 2016–17 plan which provides overarching direction on how we will prepare our workforce for technological change, the competition for talent and emerging policy challenges.

In December 2016, we welcomed staff from the former Shared Services Centre following machinery of government changes. There was considerable effort and collaboration with other departments to implement the changes. I thank everyone who contributed to our involvement with shared services for making the transition as seamless as possible.

The Department's 2016 Australian Public Service Employee Census results were once again pleasing to see. Staff engagement remains high and the results showed improvement across most areas compared to 2015. In keeping people at the core of everything we do, we will continue to undertake a range of initiatives to further promote a high-achieving, supportive and inclusive workplace. To take active steps to support victims of domestic violence, we have started the process to become accredited as a 'White Ribbon' workplace.

We made significant progress against our 2014–16 Reconciliation Action Plan, implementing initiatives to ensure we are working in a culturally appropriate way. Through our new 2017–2020 Reconciliation Action Plan, launched as part of National Reconciliation Week, we will continue to build on existing foundations to foster our Indigenous workforce.

I thank my leadership team and everyone at the Department for the positive way they approached their work during 2016–17 and their significant achievements. I am proud of the responsive support we provided to our portfolio minister, the Minister for Employment, Senator the Hon Michaelia Cash. Moving into 2017–18, we will continue to build on our performance, and I look forward to working with all stakeholders to deliver against our purpose.



**Renée Leon**

Secretary



## OUR EXECUTIVE

### **Renée Leon PSM**

#### **Secretary**

*BA/LLB (ANU); LLM (Cambridge)*

Renée Leon has been Secretary of the Department of Employment since its formation in September 2013. With over 20 years of public sector experience, Renée was awarded a Public Service Medal in 2013 for outstanding service to public administration and law in leadership roles in the ACT and the Commonwealth. She is qualified in arts and law and holds a Masters in Law from Cambridge University.

### **Martin Hehir**

#### **Deputy Secretary, Employment**

*BEC (ANU)*

Martin oversees the Employment Cluster, which contributes to Outcome 1 (see page 11). Martin brings a wealth of experience from across the ACT and his work as a Deputy Secretary within Australian Government departments since 2012. Martin joined the Department of Employment in August 2014.

### **Sandra Parker**

#### **Deputy Secretary, Workplace Relations and Economic Strategy**

*BEd (UTas)*

Sandra leads the Workplace Relations and Economic Strategy cluster contributing to Outcome 2 (see page 52) and vocational education and training. She began working for the Commonwealth in 1998. Prior to her current role, Sandra was Deputy Secretary at the former Department of Education, Employment and Workplace Relations with responsibility for employment services, disability employment and income support policy.

### **Jamie Clout**

#### **Acting Deputy Secretary Corporate**

*BEC (ANU)*

Jamie was a member of the Executive throughout 2016–17, at first in his capacity as Group Manager Finance, Legal and Governance, and then in his role as Acting Deputy Secretary Corporate since March following the establishment of the position. Jamie has been with the Department since its formation in 2013.

### **Moya Drayton**

#### **Group Manager, People and Communication**

*BA/BSW (USyd)*

Moya was a member of the Department's Executive from July 2016 to March 2017 in her capacity as Group Manager, People and Communication (see page 92) prior to the establishment of the Deputy Secretary Corporate position. Moya has extensive service delivery experience in Centrelink and DHS, and when she joined the Department held several Band 2 roles including responsibility for the management and performance of the national Employment Services program.

# OUR ORGANISATIONAL STRUCTURE

The Department is structured to deliver its business through the Executive and three business groups—the Employment Cluster, the Workplace Relations and Economic Strategy Cluster, and the Corporate Cluster. The Department’s organisational structure at 30 June 2017 is shown in Figure 1. The Secretary established the Deputy Secretary Corporate position in February 2017, following machinery of government changes in December 2016 which saw the return of a large number of corporate functions to direct control of the Department.

**Figure 1. Organisational structure at 30 June 2017**



# PART 2

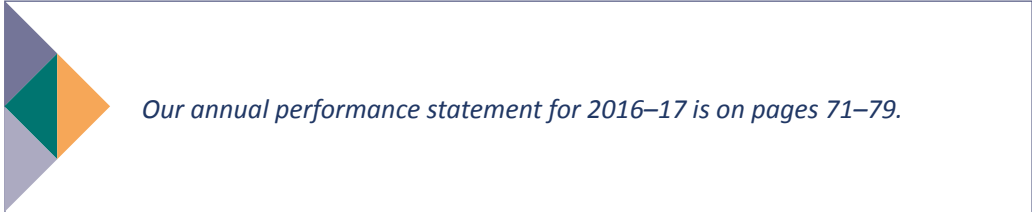
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## OUR PERFORMANCE

*Our vision—More Jobs. Great Workplaces—is built on the Government’s plans for stronger economic growth. Employment is central to national economic strength and wellbeing. By providing policy advice to help job seekers into work and encourage fair, safe and productive workplaces, the Department contributes to building Australia’s participation and productivity.*

We work to achieve our vision through two outcomes. We assess our progress against measures and objectives outlined in our corporate plan and Portfolio Budget Statements.





## OUTCOME AND PROGRAM STRUCTURE

### Outcome 1

Foster a productive and competitive labour market through employment policies and programs that assist job seekers into work.

- ▶ Program 1.1 Employment services

We measure our progress towards achieving Outcome 1 against five objectives:

1. Job seekers find and keep a job.
2. Job seekers move from welfare to work.
3. Young people move into work or education.
4. Job seekers meet their mutual obligations.
5. jobactive organisations deliver quality services.

### Outcome 2

Facilitate jobs growth through policies that promote fair, productive and safe workplaces

- ▶ Program 2.1 Employee assistance
- ▶ Program 2.2 Workplace assistance
- ▶ Program 2.3 Workers' compensation payments

We measure our progress towards achieving Outcome 2 against three objectives:

1. The Fair Entitlement Guarantee functions effectively.
2. Commonwealth-funded projects are undertaken by builders accredited by the Office of the Federal Safety Commissioner.
3. The workplace relations system contributes to the productivity agenda by encouraging the adoption of flexible and modern workplace relations principles.

## ▶ OUTCOME 1—MORE JOBS

*Outcome 1 aims to 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.*

Our strategies to meet this outcome in 2016–17 were:

- ▶ continuing to refine the jobactive system so that it delivers effective and efficient employment services that help more job seekers find and keep a job and meet the needs of job seekers and employers
- ▶ making improvements to wage subsidies to encourage more businesses to employ eligible job seekers so that they can expand their businesses and help boost the economy
- ▶ supporting young people and parents to prepare for employment through the continued delivery of the Transition to Work services, the Empowering YOUTH Initiatives and ParentsNext
- ▶ implementing the measures in the Government's Youth Employment Package to increase employment opportunities for young job seekers—the Youth Jobs PaTH focuses on employability skills training; internships; the Youth Bonus wage subsidy; and an employer mobilisation strategy
- ▶ providing work-like experiences for job seekers so that they can improve their job prospects and develop their employability skills through the National Work Experience Programme or Work for the Dole activities in their community
- ▶ developing policies to improve workforce participation opportunities, particularly for young and mature-age people, Indigenous Australians, migrants, refugees, women and parents
- ▶ encouraging entrepreneurship and self-employment among young people by expanding the New Enterprise Incentive Scheme and providing nationally accredited training, mentoring and business advice to assist participants to start and manage their own small businesses
- ▶ maintaining the job seeker compliance framework so that it provides the necessary incentive for job seekers to comply with their mutual obligation requirements
- ▶ monitoring labour market conditions in Australia and providing policy advice to the Government to enable employment services to respond to emerging labour market and economic developments
- ▶ working closely with other government agencies to deliver coordinated employment services, improve the skills and work experience of job seekers, and reduce welfare dependency
- ▶ pursuing and maintaining collaborative relationships with external parties and international forums, including the Organisation for Economic Co-operation and Development, the Asia–Pacific Economic Cooperation forum and the G20, to exchange best practices, ideas and research and inform the domestic evidence base.



## Highlights

- ▶ In 2016–17, the jobactive initiative continued to deliver strong performance in job placements and sustained employment outcomes.
- ▶ As part of the Government's Youth Employment Package, the Department successfully implemented the Youth Jobs PaTH (Prepare–Trial–Hire) and Encouraging Entrepreneurship and Self-Employment measures, as well as introducing the Employer Mobilisation Strategy.
- ▶ The Transition to Work service has been successful in helping young people aged 15 to 21 years become job-ready and move into work or education. The service achieved its ambitious performance targets for 2016–17, which were set at 25 per cent above historic levels. Early survey data show almost 80 per cent of participants were satisfied or very satisfied with the overall quality of the services delivered.
- ▶ Round two of the Empowering YOUth Initiatives saw 21 initiatives selected to deliver a range of innovative projects to help young people aged 15 to 24 years who are unemployed or at risk of unemployment move into employment or onto the pathway to employment. An innovative co-design workshop was included as part of the process to strengthen the new ideas and evaluation of the initiatives.
- ▶ The Department worked collaboratively with other agencies to improve servicing arrangements for vulnerable groups—including Indigenous Australians, ex-offenders and refugees—to lead to better employment outcomes.
- ▶ The Department provided policy advice that contributed to several measures announced in the 2017–18 Budget. Initiatives to be implemented in the coming year include the following:
  - the \$263 million national expansion of ParentsNext, which will help about 68,000 parents with young children plan and prepare for employment. The expanded ParentsNext will be delivered in two streams—one targeted at the most disadvantaged parents nationally and a more intensive service to be delivered in the 10 existing locations and a further 20 locations where a high proportion of Parenting Payment recipients are Indigenous Australians
  - the \$110 million Mature Age Job Seeker Package, to better support mature-age job seekers in finding work
  - the new, targeted job seeker compliance framework that will place greater emphasis on re-engagement for the majority of job seekers who generally meet their requirements, while introducing more effective sanctions for the small minority of non-genuine job seekers
  - the \$55.7 million Closing the Gap Employment Services Package, to help more Indigenous Australians into work. The package provides more immediate access to wage subsidies and more culturally tailored support through jobactive, including access to mentoring and trialling the delivery of jobactive by the Yarrabah community. The package also includes access to intensive servicing through the Transition to Work program for all Indigenous young people who are not in work or studying, and better support for Indigenous prisoners to help them find work once they are released from prison
  - strengthening participation requirements for job seekers aged 30 years and above
  - introduction of the Work First measure, which will help job seekers find work faster by encouraging them to connect with their jobactive provider sooner.
- ▶ In the latter part of 2016–17, the Department held extensive consultations and information sessions with the horticultural sector and employment services providers ahead of implementation of the two-year Seasonal Work Incentives for Job Seekers Trial from 1 July 2017.

## Challenges

- ▶ Implementation of Youth Jobs PaTH involved extensive stakeholder consultation, changes to the Department's IT systems and introducing financial incentives for participants, host businesses, employers and employment services providers. The Department developed and communicated a range of messages and materials for stakeholders and is continuing to increase provider awareness and understanding of the program and its individual elements.
- ▶ When the PaTH internship program started in April 2017, legislation to ensure that the \$200 incentive payment would not affect a participant's income support was still before the Parliament. Manual processes were developed to support the program's introduction. Legislation came into effect on 19 May 2017 allowing PaTH interns to receive the maximum financial benefit.
- ▶ Demand for Transition to Work services was higher than expected and could have affected the ability of some providers to maintain intensive servicing. Providers and the Department implemented a range of strategies, including increasing the use of group activities and reducing the focus on attracting additional disengaged young people not on income support.

## Program 1.1 Employment Services

### jobactive

2016–17 was the second year of operation of jobactive, the Australian Government's mainstream employment services system introduced on 1 July 2015. jobactive is made up of five services:

- ▶ jobactive providers, which help job seekers find and keep a job and ensure employers are receiving candidates who meet their business needs
- ▶ Work for the Dole coordinators, which source Work for the Dole activities in the not-for-profit and government sectors to help prepare job seekers for the work environment. In the 2017–18 Budget, the Government announced that Work for the Dole coordinators will be discontinued at the end of December 2017, with all Work for the Dole places to be sourced in future by jobactive providers
- ▶ the New Enterprise Incentive Scheme, which helps eligible job seekers start and run their own small businesses
- ▶ Harvest Labour Services, which obtain information on vacancies from growers and supply job seekers to horticultural producers that need out-of-area harvest workers
- ▶ the National Harvest Labour Information Service, which coordinates information about harvest opportunities across Australia.

jobactive has four objectives:

- ▶ helping job seekers find and keep a job
- ▶ helping job seekers move from welfare to work
- ▶ helping job seekers meet their mutual obligations
- ▶ jobactive organisations delivering quality services.


These objectives provide the framework for measuring and tracking jobactive's success in relation to Outcome 1. The objectives of Program 1.1 contribute to Outcome 1 by helping job seekers move into employment.

### *jobactive providers*

Throughout 2016–17, jobactive providers continued to provide job seekers with flexible and practical support to secure and stay in work, taking into account their individual circumstances. As part of this, providers helped job seekers overcome difficulties holding them back from employment through activities that also helped them meet their mutual obligation requirements. Providers also worked closely with industry and employers to understand their recruitment needs, identify job opportunities for job seekers, and ensure they have access to job seekers able to meet their needs.

Building on the achievements of 2015–16, in its second year jobactive's performance was stronger in gaining sustained employment outcomes for job seekers. More job placements were achieved, and the proportions of job placements sustained to four, 12 and 26 weeks overall, and for Indigenous job seekers, exceeded the results for 2015–16.

The Department re-allocates business between providers to encourage the delivery of high-quality services for job seekers and employers, and as a means of promoting improved performance. The first business re-allocation was performed for jobactive providers, based on performance to December 2016, with resultant transfers of business shares at the end of June 2017. In Western Australian employment regions, business re-allocation decisions have been deferred in five regions and partially deferred in another region until early 2017–18. This has been done to give providers an opportunity to improve their performance and ensure that job seekers have access to high-quality jobactive services.




*During 2016–17, the Department continued to refine the program in response to feedback from jobactive providers, job seekers and employers. It implemented a number of policy and IT system changes that gave jobactive providers greater flexibility and accuracy in managing employment outcomes, simplified the administration of wage subsidies and the Employment Fund, and increased opportunities for young people.*

### *The Work for the Dole phase*

Activating job seekers is one of the key objectives of jobactive. Departmental administrative data shows that it works—put simply, activated job seekers are more likely to get and keep a job. Under jobactive, job seekers who have been unemployed for 12 months or longer have a range of mutual obligations and are required to participate in an approved activity (or combination of activities) for six months each year while they remain unemployed. During this six month period—known as the Work for the Dole Phase—job seekers are required to participate in activities to improve their employment prospects. These activities may include participation in Work for the Dole and/or part-time employment, study or training.

Job seekers who are working on a casual, temporary or part-time basis can use their hours of paid work to contribute towards meeting their mutual obligations as part of their Annual Activity Requirement (AAR). The AAR is the set number of hours they must complete in the Work for the Dole phase. Similarly, job seekers who are undertaking approved part-time or full-time study or training (generally at the Certificate III level or higher) can use their hours of participation to contribute towards meeting their AAR.

In 2016–17, Work for the Dole continued 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. It provides a valuable opportunity for job seekers to demonstrate their capabilities and positive work behaviours which will stand them in good stead with potential employers while at the same time making a positive contribution to the local community.



*In 2016–17, more than 94,000 job seekers participated in over 82,000 Work for the Dole positions in about 13,000 Work for the Dole activities in non-remote Australia.*

Post-program monitoring data shows that many job seekers have started work soon after leaving Work for the Dole: 28.9 per cent of job seekers who left Work for the Dole between 1 January 2016 and 31 December 2016 were in employment about three months later.

The Department also surveys job seekers six weeks after they start in a Work for the Dole activity. Between 1 February 2016 and 31 January 2017, 6,500 job seekers were surveyed about their experience of the program. There was a 41 per cent response rate. Reflecting that Work for the Dole is primarily an activation program, 72.0 per cent of participants surveyed reported an increase in their motivation to find a job. Most participants agreed that their participation led to an improved ability to adapt to a new environment (75.0 per cent), better communication skills (70.0 per cent) and a more positive work experience (66.7 per cent). Respondents also reported a high level of satisfaction with their Work for the Dole activities:

- ▶ 80.7 per cent satisfied with the work environment
- ▶ 78.5 per cent satisfied with the level of supervision
- ▶ 70.5 per cent satisfied with the organisation, the community contribution and the quality of the activity.

These findings have remained stable since the current program commenced on 1 July 2015.

The work health and safety framework for Work for the Dole involves Work for the Dole coordinators, jobactive providers, host organisations and the job seekers themselves. The coordinators or providers are responsible for conducting a risk assessment on the work health and safety of each Work for the Dole activity. Providers are also responsible for conducting a risk assessment for each job seeker placed in an activity and ongoing monitoring of activities to ensure that any challenges are addressed.

The Department purchases personal accident insurance for job seekers participating in activities, as well as combined public and product liability insurance covering job seekers for negligence that causes third-party personal injury or damage.

All work health and safety concerns are taken seriously. Complaints or issues brought to the Department's attention are followed up and investigated as a priority. The Department has processes in place to respond to all reported incidents to ensure appropriate action is taken and job seeker safety is maintained.

### *The New Enterprise Incentive Scheme*

In 2016–17, the New Enterprise Incentive Scheme supported the establishment of 6,172 small businesses. Changes introduced by the Department in 2016 to streamline access to the program as well as the broadening of program eligibility criteria contributed to an increase of almost 20 per cent in commencements under the program from 2015–16.

The scheme offers accredited small business training, business mentoring and advice to eligible job seekers for up to 52 weeks. Participants can also be eligible for an income support allowance (in the form of a New Enterprise Incentive Scheme allowance) for up to 39 weeks while their business is being established.

#### ▶ The New Enterprise Incentive Scheme: restoring antiques

Married couple Danielle and Shane were both job seekers who began with the scheme in September 2016 and wanted to take their passion for finding and restoring antiques and collectibles into a local business venture.

With the support of their New Enterprise Incentive Scheme provider, Danielle and Shane opened their collectibles store in the Perth suburb of Midland, which lies at the gateway to the Swan Valley tourism and wine region. Sourcing their stock from a variety of locations in the state and elsewhere in Australia, they have a diverse range of retro and antique furniture and housewares.

Business training and mentoring provided through the New Enterprise Incentive Scheme allowed them to develop and implement their business plan, making their shared dream a reality. With steady business and continued revenue growth, Danielle and Shane have plans to expand their store to include a café.

For more on their story, go to <https://www.youtube.com/watch?v=lwjMVfb9-fA>.

### *Harvest Labour Services*

To help meet the labour needs of horticultural enterprises, the Department contracts providers of Harvest Labour Services to match out-of-area workers with harvesting jobs in rural and regional areas. In 2016–17, the five Harvest Labour Services providers filled close to 14,200 harvest positions in 11 harvest areas—Kununurra, Top End, Tablelands, North Burnett, Southern Queensland, Riverina, Goulburn Valley, Mid Murray, Sunraysia, Riverland and Adelaide Hills. This was an increase of 11.67 per cent over 2015–16.

In April 2017, the Department expanded eligibility for Harvest Labour Services to include labour hire companies and contractors and harvest work other than picking (such as chipping, weeding, pruning and packing). These changes were well received by Harvest Labour Services providers and are expected to improve uptake of the program by employers.

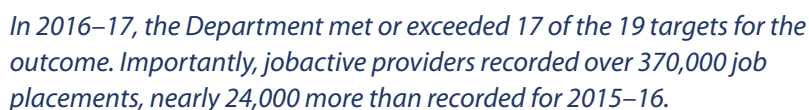


## ***The National Harvest Labour Information Service***

To assist with the dissemination of information about crops and harvest work opportunities across all growing regions in Australia, the Department contracts the provider of the National Harvest Information Service to produce a comprehensive harvest guide, operate a free-call call centre, and keep the Harvest Trail website up to date.

### **Performance measures: jobactive**

Performance measures and targets are designed to be ambitious. Performance measures for jobactive are based on the objectives of the program, and targets are reviewed in the light of new information as the jobactive program matures. The Department sees successful achievement against a performance measure when actual performance is within 5 per cent of meeting the target.



*In 2016–17, the Department met or exceeded 17 of the 19 targets for the outcome. Importantly, jobactive providers recorded over 370,000 job placements, nearly 24,000 more than recorded for 2015–16.*

### ***Objective 1—Helping job seekers find and keep a job***

Having a job not only provides financial security but also enhances self-confidence, self-esteem and social and economic participation. The jobactive program is designed to ensure that employment services providers are committed to helping job seekers find sustainable employment.

Demonstrating the Department's commitment to the Closing the Gap initiative and to drive continuous improvement in Indigenous employment outcomes, jobactive includes specific provider targets in relation to Indigenous job seekers. These targets make explicit the expectation that providers achieve parity benchmarks in employment placements and outcomes for Indigenous job seekers.

### **Count of job placements**

When a job seeker finds a job or is placed in a job by their employment services provider, the provider can record a job placement on the Department's IT system. The count of job placements measures the total number of jobs recorded under jobactive.

In 2016–17, the second year of the jobactive program, over 370,000 job placements were recorded. This represents 97.5 per cent of the job placement target for all job seekers, with performance improving by six percentage points on 2015–16.

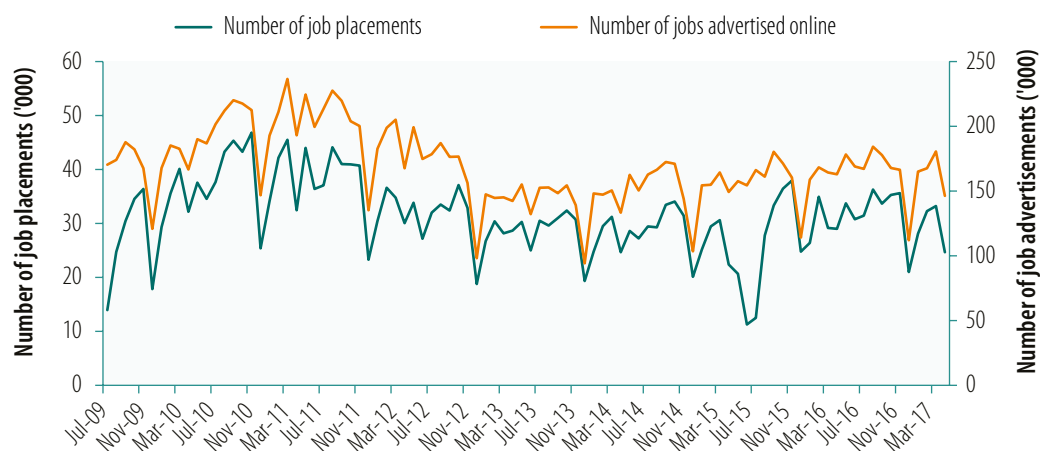
For Indigenous Australians, nearly 34,000 job placements were recorded—89.4 per cent of the target. Encouragingly, performance improved by 14 percentage points on 2015–16. That the target was not met is indicative of the challenges associated with reaching parity in employment between Indigenous and non-Indigenous Australians.

Achievement of performance targets (particularly job placements) is strongly influenced by labour market conditions. This is demonstrated by the relationship between the count of job placements and the Department's internet vacancy index, which measures the number of online job advertisements each month (see Figure 2).



Jobs growth has been affected by the subdued labour market in much of the past 12 months, which has limited the number of available job opportunities. In general, as labour market conditions improve, the number of job vacancies advertised increases, meaning there are more jobs available for job seekers. When labour market conditions decline, the number of job vacancies decreases, making it harder for job seekers to gain employment.

**Figure 2. Number of job placements and number of job advertisements, July 2009 to March 2017**



### Proportion of placements sustained to four, 12 and 26 weeks

Employment services providers receive payments from the Department called ‘outcome fees’ for helping a job seeker remain in a job. There are three main types of outcome fees in jobactive:

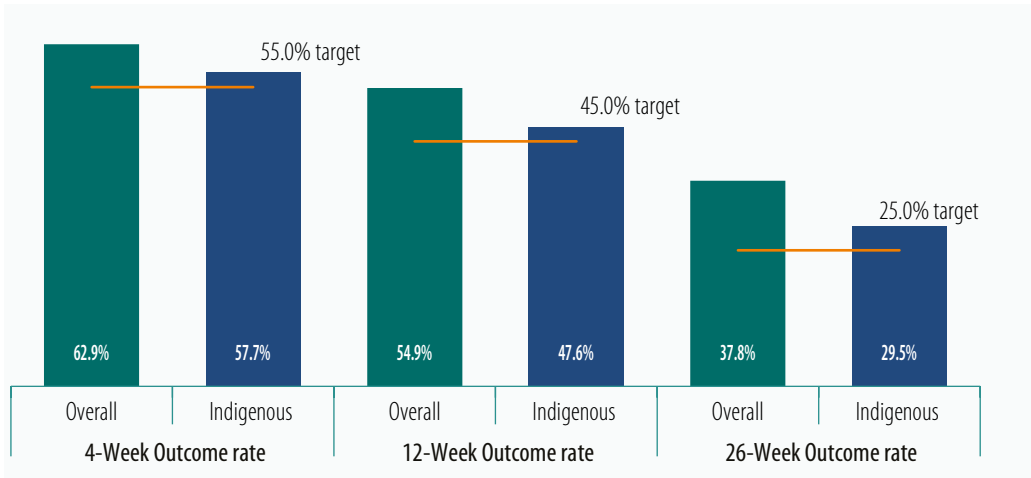
- ▶ If a job seeker is placed in a job, remains employed for four weeks and reduces their income support payments by an average of at least 60 per cent, the provider receives a 4-Week Outcome payment.
- ▶ A provider receives a 12-Week Outcome payment if the job seeker remains employed for 12 weeks and continues to reduce their income support payments by an average of at least 60 per cent.
- ▶ A provider receives a 26-Week Outcome payment if the job seeker remains employed for 26 weeks and reduces their reliance on income support by 100 per cent.

The rate at which job placements convert to one of these paid outcomes gives an indication of whether job placements are leading to sustainable employment.

The performance measures and targets for jobactive for 2015–16 were based on the performance of the previous program, Job Services Australia. After a review of the performance of jobactive in 2015–16, and in line with keeping performance measures and targets ambitious but achievable, these targets were revised for 2016–17. The targets relating to the proportion of job placements sustained to four weeks were reduced for 2016–17 while targets relating to the proportion of job placements sustained to 12 and 26 weeks were increased for 2016–17.

In the reporting year, jobactive exceeded all six performance targets for all job seekers and for Indigenous Australians (see Figure 3). In contrast, in 2015–16, only three of the six targets were met, including meeting only one target for Indigenous job seekers. Exceeding all six targets in 2016–17 shows that the Department is meeting its objective of helping job seekers find sustainable employment and is contributing positively to the Closing the Gap initiative.

**Figure 3.** Proportion of job placements sustained to four, 12 and 26 weeks: overall and Indigenous Australians, 2016–17

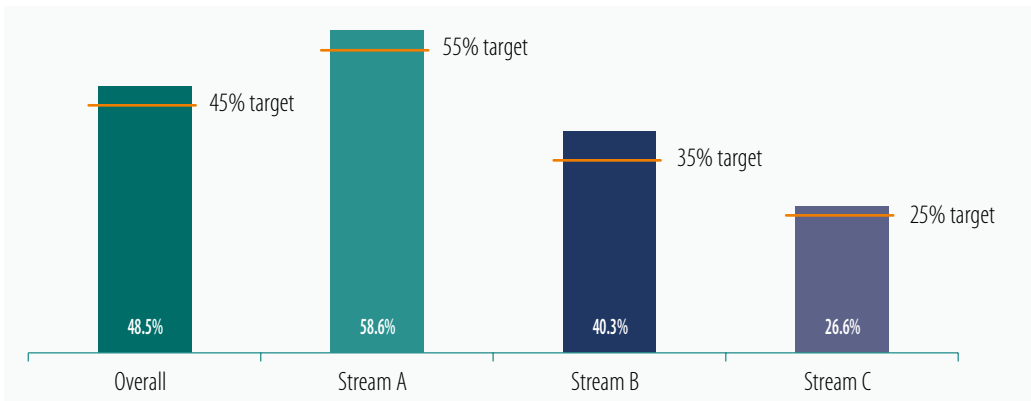


Proportion of job seekers employed three months after participation in jobactive

Some job seekers need assistance to deal with personal or non-vocational matters before they are ready for employment. Under jobactive, eligible job seekers are assisted through one of three streams, which correlate with differing levels of labour market disadvantage. The most job-ready job seekers are assisted through Stream A; Stream B job seekers will have some vocational barriers to employment (for example, language barriers); Stream C is for the most disadvantaged job seekers, who are more likely to have a combination of vocational and non-vocational difficulties (such as physical and/or mental health problems, low work capacity or substance abuse) that need to be resolved before they can take up and retain a job.

The Department measures the employment status of each job seeker three months after their participation in jobactive. It has set an overall program target and a target for each stream to better reflect the different job seekers assisted through the program. In 2016–17, 48.5 per cent of all job seekers were employed three months after participation in jobactive, exceeding the performance target and improving against performance in 2015–16 (see Figure 4).

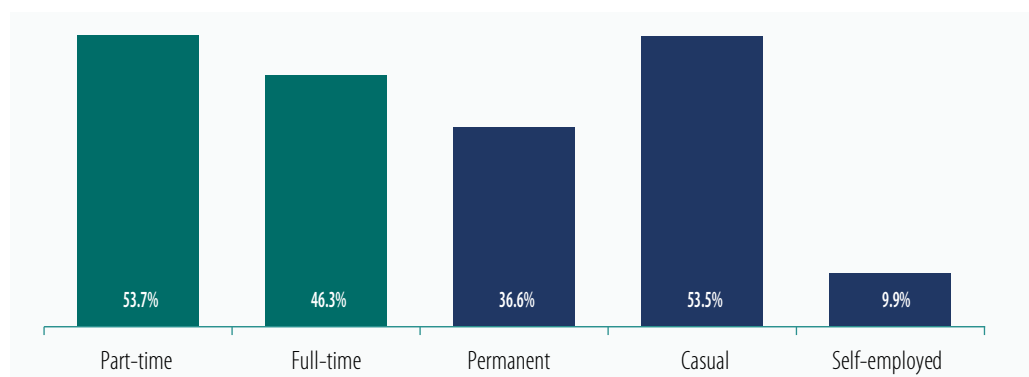
**Figure 4.** Proportion of all job seekers employed three months after participation in jobactive, 2016–17



### Job placements lead to sustained employment

The Department also monitors the employment status of job seekers three months after they have been placed in a job. In 2016–17, 78.8 per cent of surveyed job seekers who were placed in a job remained in employment three months later (see Figure 5).

**Figure 5.** Employment type for employed job seekers three months after participating in jobactive, 2016–17



**Table 1.** jobactive performance against Objective 1: a summary

Indicator	Target	Result
Count of job placements	380,000 overall	370,318
	38,000 Indigenous	33,966
Proportion of job placements sustained to four weeks (overall)	55%	62.9%
Proportion of job placements sustained to four weeks (Indigenous)	55%	57.7%
Proportion of job placements sustained to 12 weeks (overall)	45%	54.9%
Proportion of job placements sustained to 12 weeks (Indigenous)	45%	47.6%
Proportion of job placements sustained to 26 weeks (overall)	25%	37.8%
Proportion of job placements sustained to 26 weeks (Indigenous)	25%	29.5%
Proportion of job seekers employed three months after participation in jobactive	55%—Stream A	58.6%—Stream A
	35%—Stream B	40.3%—Stream B
	25%—Stream C	26.6%—Stream C
	45%—overall	48.5%—overall

## ***Objective 2—Helping job seekers move from welfare to work***

If job seekers are helped to move off welfare and into work, they can be empowered to generate self-sustaining income and take control of their financial future. Their reliance on the welfare system is reduced and their economic and social outcomes improve.

### **Proportion of job seekers moving off income support or with significantly reduced reliance on income support six months after participating in jobactive**

A significant reduction in a job seeker's reliance on income support payments is considered to be a reduction of 60 per cent or more. This is measured six months after a job seeker participates in jobactive to identify a sustainable reduced reliance on income support.

Data were collected for job seekers participating in jobactive between 1 January 2016 and 31 December 2016. Their income support status was measured six months later, between 1 July 2016 and 30 June 2017.

In 2016–17, 42.1 per cent of job seekers moved off income support or significantly reduced their reliance on income support six months after participating in jobactive. This exceeds the target of 40 per cent and is also an improvement on performance in 2015–16. It is encouraging and suggests that jobactive is increasingly helping job seekers become more self-reliant.

**Table 2. jobactive performance against Objective 2: a summary**

Indicator	Target	Result
Proportion of job seekers moving off income support or with reduced reliance on income support six months after participation in jobactive	40.0%	42.1%

## ***Objective 3—Helping job seekers meet their mutual obligations***

In order to increase Australia's workforce participation, it is important to ensure that job seekers remain engaged and active while looking for work.

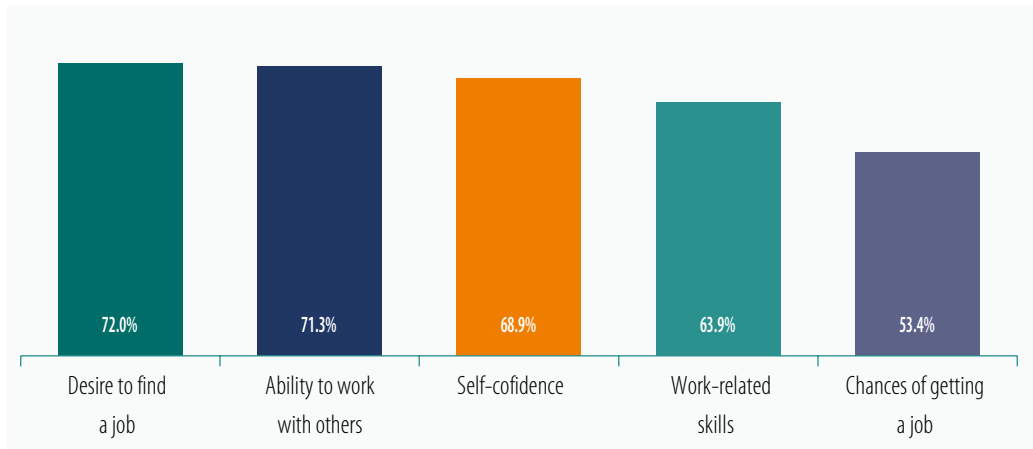
### **Proportion of Work for the Dole participants reporting increased motivation to find a job**

Measuring job seekers' motivation to find work is a direct way of assessing how effective the Work for the Dole arrangements under jobactive are at keeping job seekers active and engaged.

Participation in Work for the Dole activities has a positive impact on job seekers' soft skill development and their outlook. Encouragingly, 72.0 per cent of job seekers reported that their motivation to find a job improved because of their Work for the Dole activity.

Job seekers also reported improvements in their work-related skills and ability to work with others, immediately improving their employment prospects. This is reflected in job seekers' views on their chances of getting a job: more than half of job seekers participating in Work for the Dole reported improved chances of getting a job (see Figure 6). These findings support international evidence showing that programs such as Work for the Dole help improve the employability of participants through the acquisition of soft skills.

**Figure 6.** Proportion of Work for the Dole participants who reported improvements in their soft skills, 2016–17



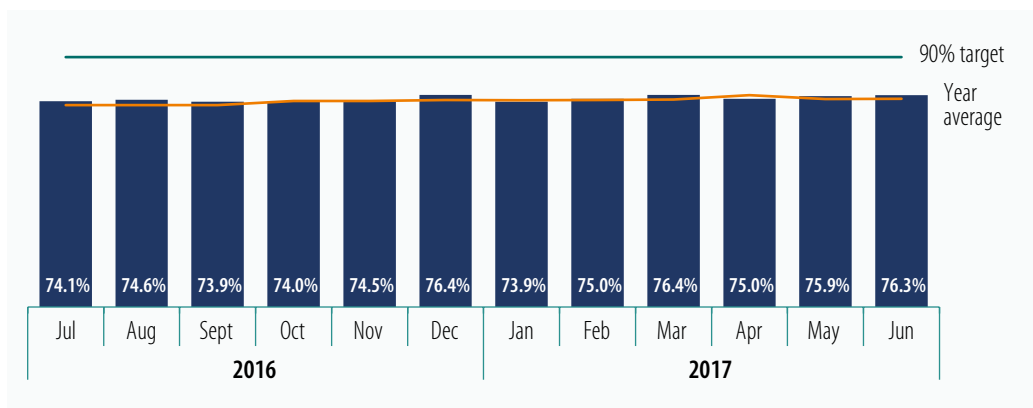
**Proportion of jobactive appointments attended**

Job seekers attend regular appointments with their service provider to monitor progress in their job search efforts and help them find work. The proportion of provider appointments attended (excluding those where providers found the job seeker had a valid reason for not attending) is an established measure of job seeker engagement with their jobactive provider.

In 2016–17, the rate of attendance at provider appointments was 75 per cent. Although this is below the target of 90 per cent, the rate has improved, increasing by more than three percentage points compared with 2015–16 (see Figure 7). The Department is continuing to work with providers on strategies for increasing attendance.

On 1 July 2018, the Department will be implementing the Government’s new, targeted job seeker compliance framework that will place greater emphasis on re-engagement for the majority of job seekers who generally meet their requirements, while introducing more effective sanctions for the small minority of non-genuine job seekers. In the interim, an increase in the use of the compliance framework is expected to result in a continued increase in the attendance rate.

**Figure 7.** Proportion of provider appointments attended, 2016–17



### Proportion of job seekers (with mutual obligation requirements) actively looking for work

Ensuring that job seekers continue to look for work and stay engaged with the Australian labour market is a priority.

The Department monitors the proportion of job seekers who are actively looking for work. Most job seekers in jobactive have the requirement to search for employment included in their job plan with their provider. Jobactive providers have discretion to temporarily reduce or remove the job search requirements if a job seeker is experiencing an unforeseen circumstance or another factor significantly affects their ability to look for work.

*In 2016–17, 96.5 per cent of job seekers were actively looking for work, exceeding the target of 95 per cent and improving on performance in 2015–16.*

**Table 3.** jobactive performance against Objective 3: a summary

Indicator	Target	Result
Proportion of Work for the Dole participants who report increased motivation to find a job	75%	72.0%
Proportion of jobactive appointments attended	90%	75.0%
Proportion of job seekers (with mutual obligation requirements) who are actively looking for work	95%	96.5%

### **Objective 4—jobactive organisations delivering quality services**

The quality of the services provided to job seekers and employers is directly related to the other jobactive objectives. It ensures that job seekers are getting the assistance they need and the Department is getting value for the money it spends on employment services.

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

By tailoring their services to employers' needs, jobactive organisations are better positioned to help job seekers gain both job placements and sustainable employment outcomes.

Information on employer satisfaction with jobactive organisations is collected through the Survey of Employers' Recruitment Experiences. The survey found that in 2016–17, the majority (78 per cent) of employers were satisfied with the assistance provided by a jobactive organisation. This result is within 5 per cent, meeting the target of 80 per cent.

#### Proportion of jobactive organisations that meet the service delivery requirements

To ensure jobactive organisations meet their commitment to delivering quality employment services, the Department monitors the additional services providers have committed to provide to its job seekers, employers and other stakeholders. This monitoring is performed via the Department's contract management process throughout the term of the contract.

*During the 1 July 2015 to 30 June 2017 period, 100 per cent of jobactive organisations reached the 80 per cent target of service delivery commitments met.*

### jobactive star ratings

In addition to program-level performance measures and targets, the Department uses star ratings to monitor the performance of individual jobactive providers and to assist job seekers and employers when choosing a provider. The star ratings system compares the relative performance of all jobactive sites nationally, taking into account differences in local labour market conditions and the personal factors of individual job seekers, such as education level, length of unemployment and workforce experience. Sites rated at three stars perform around the national average, four- and five-star sites achieve better than average results, while one- and two-star sites are below average. By measuring providers' performance compared with that of their competitors, the star ratings system drives continuous improvement.

The measures that contribute to the star ratings predominantly involve providers' success in achieving sustained employment placements for their job seekers but also look at the extent to which job seekers are undertaking activities to meet their annual activity requirements. Higher weightings are attributed to outcomes for the most disadvantaged job seekers.

The star ratings are published on the jobactive website and the Department's website and are updated quarterly.

### Program assurance

The Department also assesses the quality and integrity of employment services by performing a wide range of assurance activities, among them the Rolling Random Sample, targeted reviews, the Quality Assurance Framework, the Tip-offs Protocol and data analytics.

The Rolling Random Sample is integral to the Department's assurance approach for jobactive in providing assurance on payment integrity, documentary evidence, compliance and service delivery. It provides business intelligence to help the Department manage provider and program risks. In 2016–17, about 16,000 claims were assessed through the Rolling Random Sample.

In 2016–17, the Department initiated reviews of its Program Assurance Strategy and the Rolling Random Sample process with the aim of continuously improving assurance of employment services programs. Both reviews identified areas where the Department can strengthen its assurance approach. A number of process improvements have already been implemented, but the majority of reforms are to be achieved in 2017–18.

**Table 4.** jobactive performance against Objective 4: a summary

Indicator	Target	Result
Proportion of employers satisfied with the assistance provided by a jobactive organisation	80%	78%
Proportion of jobactive organisations that meet the service delivery requirements	80%	100%

### Overall jobactive program measure: the cost per employment outcome

The cost per employment outcome provides a measure of the cost-efficiency of jobactive in helping job seekers move into sustainable employment. It is a measure of the value for money provided by employment services and has improved with each successive employment services model. Program costs take into account expenditure such as Employment Fund expenditure, administration fees and outcome payments. Employment outcomes are extrapolated from the number of job seekers who are employed three months after participation in jobactive, as measured by the Department's post-program monitoring survey.

**Table 5.** jobactive's overall performance: a summary

Indicator	Target	Result
Cost per employment outcome	\$2,500	\$1,453

### *Transition to Work—Helping young people move into work or education*

Transition to Work began service delivery in February 2016. The service is designed to provide intensive pre-employment support to young people aged 15 to 21 years to help them become job ready and move into work (including apprenticeships or traineeships) or education.

Transition to Work is a 12-month intensive service. Each Transition to Work provider is set an annual Outcome Performance Target at 25 per cent above historical outcomes rates for a similar group in mainstream employment services (jobactive).

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

This performance measure recognises and combines the different ways a participant can progress towards achieving long-term sustainable employment. A service provider can receive:

- ▶ a 12-week employment outcome payment when a participant is employed for 12 cumulative weeks, where each period of employment comprises at least four weeks
- ▶ an education outcome payment when a participant undertakes 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 completes 12 consecutive weeks in a combination of employment or study (as described in the outcomes just listed).

In 2016–17, 64.3 per cent of job placements for Transition to Work participants were sustained to a 12-week employment or hybrid outcome, or a 26-week education outcome. This is 19.3 percentage points above the target.



## ► Get on the Bus: Transition to Work in the Northern Territory

Get on the Bus hospitality was the first of four industry focus days aimed at connecting employers and young job seekers. Funded through the Employer Engagement fund, the initiative engages young job seekers, provides mentoring and practical hands-on experience in the workplace, and encourages them to find work with the intent of matching them to suitable PaTH internships. The initiative exposes young job seekers to a range of industries, including hospitality, construction, and health and community services.

For each of the industry focus days, 25 young job seekers are identified through Transition to Work and jobactive; 100 are selected in total. Key employers included the Industry Skills Advisory Council NT and the Foundation of Young Australians.

In early May 2017, 22 young job seekers boarded a bus in Darwin to participate in a full day of learning fun in the hospitality industry. There were nine Aboriginal and Torres Strait Islander participants and seven participants who were of culturally and linguistically diverse background or were refugees in the group. The trip began with a visit to three venues, SkyCity Casino, Darwin Trailer Boat Club and the Outback Bakery, chosen to showcase the diversity of hospitality roles and employers.

At each venue, the young job seekers were introduced to staff and received a tour of the venue and an explanation of potential opportunities and roles. The afternoon was filled with job coaching outlining strengths, preparing for interviews and work, a cross-cultural awareness session, talking to employers, starting in a new workplace, and interviews and internship matching. The interviews allowed the job seekers to talk to potential employers and sign up for internships they were interested in.

Following the Get on the Bus hospitality day, 10 young job seekers were placed in internships—a fantastic outcome.

### Proportion of placements converted to sustainability outcomes

Providers can receive a sustainability outcome payment when a participant achieves a 12-week employment or hybrid outcome, which then continues for a further 14 consecutive weeks.

In 2016–17, 40.2 per cent of job placements for Transition to Work participants were converted to sustainability outcomes. This is 15.2 percentage points above the target.

### Proportion of Transition to Work participants moving off income support, with reduced reliance on income support, or moving on to Youth Allowance (student) six months after participation in the service

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

In 2016–17, 30.6 per cent of Transition to Work participants moved off income support, reduced their reliance on income support or moved on to Youth Allowance (student) six months after participating in the service. This is 2.6 percentage points above the target.

**Table 6. Transition to Work performance: a summary**

Indicator	Target	Result
Proportion of placements sustained to a 12-week employment or hybrid outcome or a 26-week education outcome	45%	64.3%
Proportion of placements converted to sustainability outcomes	25%	40.2%
Proportion of Transition to Work participants moving off income support, with reduced reliance on income support, or moving on to Youth Allowance (student) six months after participation in the service	28%	30.6%

## Customer service statistics

From 1 July 2016 to 30 June 2017, the Department's Employment Services Information Line and the National Customer Service Line collectively handled more than 152,000 calls from the public about employment support services. These calls related to all government-funded employment services—including jobactive, Disability Employment Services (administered by the Department of Social Services) and the Community Development Program (administered by the Department of the Prime Minister and Cabinet).

*The National Customer Service Line managed 75,264 jobactive feedback items, including 15,839 complaints, 19,727 requests for information and 30,363 transfers of job seekers between employment services providers (see Table 7).*

**Table 7. National Customer Service Line feedback, by type, 2016–17**

Feedback type	Number	Per cent
Complaints	15,839	21.0
Requests for information	19,727	26.2
Transfers of job seekers	30,363	40.3
Other (for example, compliments and suggestions)	9,335	12.4
<b>Total</b>	<b>75,264</b>	<b>100.0</b>

## Funding options to assist job seekers

### Wage subsidies

The Department administers a number of wage subsidies designed to broker employment opportunities for eligible job seekers; they can be a valuable tool for assisting disadvantaged job seekers into work. Wage subsidies also help employers build their business and further contribute to the economy.

The use of wage subsidies supports the Government's broader objective of increasing workforce participation and is a key element of the jobactive model. Wage subsidies of up to \$6,500 or \$10,000 (GST inclusive) are available to employers who hire eligible mature-age (50 years and over), Indigenous, youth (15 to 29 years old), parent and long-term unemployed job seekers.

As part of the Australian Government's Youth Employment Package, PaTH (Prepare-Trial-Hire), announced in the 2016-17 Budget, from 1 January 2017 the Government introduced a new Youth Bonus wage subsidy and improvements to all existing wage subsidies that simplify processes and reduce red tape for employment services providers and employers.

A streamlining project during the year simplified the administration of wage subsidies for employers and increased incentives for their use. All wage subsidies are now paid over six months, with an initial 40 per cent payment available after the first month of the job. Additionally, all wage subsidies can now be created and managed online, supporting the Government's red tape reduction agenda.

The number of job seekers being supported by wage subsidies is increasing over time. Actual take-up can be volatile and sensitive to labour market changes. In 2016-17 more than 38,500 wage subsidy agreements were entered into with employers. Total expenditure for the year was \$85.3 million.

### Relocation Assistance to Take Up a Job

The Department administers the Relocation Assistance to Take Up a Job program, which started on 1 July 2014. The program provides practical and financial assistance to long-term unemployed job seekers who relocate to take up ongoing employment. Eligible job seekers can receive assistance of up to \$6,000 (GST exclusive) when they move to a regional area or up to \$3,000 if they move to a capital city for a new job. Families with a dependent child or children can receive up to an extra \$3,000 of assistance.

In 2016-17, 697 job seekers were assisted to relocate to take up employment opportunities, including 123 participants in Disability Employment Services.

### The Employment Fund

jobactive providers have access to the Employment Fund, which is a flexible pool of funds that can be used to help eligible job seekers build the experience and skills to obtain and keep jobs.

During 2016-17, the Department continued to increase the flexibility of the Employment Fund and streamline administration in response to industry feedback. Changes included increasing funding rates for some services, introduction of new categories of expenditure to support new programs and removing unnecessary restrictions.

## The National Work Experience Programme

The National Work Experience Programme offers job seekers the opportunity to demonstrate their skills and abilities and showcase their suitability to a prospective employer for up to four weeks. In 2016–17, the proportion of National Work Experience Programme participants from among jobactive participants who had achieved employment outcomes was relatively high: just over 46 per cent of participants attained a job placement within three months of undertaking a placement. From 1 July 2018, the program is to be expanded and enhanced to provide more work experience opportunities for people looking for work, with incentive payments to providers and businesses who host a placement.

## The Job Commitment Bonus

The Job Commitment Bonus program operated from 1 July 2014 to 31 December 2016. It ceased following repeal of the enabling legislation. The program was established to provide a financial incentive for young Australians aged 18 to 30 years to find a job, keep it and stay off welfare. Eligible young people were paid a bonus of \$2,500 for remaining in a job for one year and a further \$4,000 for remaining in a job for a second year. As at 30 June 2017, 6,595 one-year bonus payments and 1,223 two-year bonus payments had been granted.

## Focusing on Youth and Parents

### *The Youth Employment Package—Youth Jobs PaTH*

Youth Jobs PaTH (Prepare–Trial–Hire) is helping to connect young people who need job-ready skills and employers who are keen to invest in a young person’s future. It responds directly to feedback from employers that young job seekers are not ready for work and lack recent work experience. As the name suggests, PaTH contains three flexible elements: prepare–trial–hire.

### *Prepare: Employability Skills Training*

PaTH Employability Skills Training involves two separate training blocks of three weeks each. The first block equips young people (aged 15 to 24) with pre-employment skills to prepare them to meet the expectations of employers. The second block focuses on job preparation and equips young people with advanced job hunting skills, career development, interview skills and the opportunity to participate in industry awareness experiences. Employability Skills Training providers are expected to adapt the content of their training blocks to meet the needs of the local labour market, providing experience that will give young people skills directly relevant to local work opportunities in a variety of industries. Each course is expected to include elements from the Core Skills for Work Developmental Framework (2013)—for example, communicate for work, connect and work with others, planning and organising, and working in a digital world. Due to the flexibility of design, courses can be done independently: a young person can do block one or block two or both, depending on their assessed need. Employability Skills Training courses began in April 2017. As at 30 June 2017, 4,894 young people had commenced in 590 courses.




### ***Trial: PaTH Internships***

The PaTH Internships element is a voluntary work experience placement of between four and 12 weeks. Internships allow providers, employers and eligible young people to work together to design work experience placements that meet the needs of businesses looking to recruit and young people looking for work and experience in a real workplace. The program is designed to support young people aged 17 to 24 years who are registered with jobactive, Transition to Work or Disability Employment Services and have been in employment services for at least six months.

PaTH Internships provide financial incentives of \$1,000 to host businesses and a \$200 fortnightly payment to participating job seekers on top of their income support. Transition to Work and jobactive providers are also eligible to receive an internship outcome payment when the young person completes an internship or gains employment. For jobactive providers, this is a scaled payment depending on the job seeker's circumstances and ranges from \$400 to \$2,500. Transition to Work providers receive a flat-rate payment of \$940.

The Department developed an easy-to-use online platform available to employers, job seekers and providers. The jobactive website allows employers to advertise and connect with local employment services providers who can help find the right young person. Eligible young people who are registered with jobactive, Transition to Work and Disability Employment Services are able to search for internship opportunities in their local area.

The program design has considered program assurance from the outset and includes strategies to prevent, deter, detect and correct inappropriate use.



*PaTH Internships began in April 2017. As at 30 June 2017, 1,261 unique internship vacancies had been advertised via the jobactive website and there had been 636 internship placements, of which 423 were still active. Eighty-two young people had gained employment as a result of the program in industries including retail, hospitality, construction and administration support.*



### Hire: the Youth Bonus wage subsidy

The Department successfully implemented the Hire elements of PaTH with a new Youth Bonus wage subsidy of up to \$10,000 (GST inclusive) from 1 January 2017. Under jobactive, employment services providers deliver and manage the wage subsidy agreements they enter into with employers on behalf of the Department (as program and policy owners). The Youth Bonus wage subsidy is available to help more businesses hire young people (aged 15 to 24 years) and is also promoted to employers and providers as part of the Department's Employer Mobilisation Strategy. As at 30 June 2017, 6,314 Youth Bonus wage subsidy agreements had been entered into with employers.

### The package as a whole—Prepare, Trial, Hire.

PaTH recognises that one size does not fit all and offers significant flexibility in the options available to employers and job seekers, and in their delivery. The Department implemented the delivery and manages all three elements of PaTH through employment services providers and Registered Training Organisations. The Department provides support to these providers to tailor elements of the package to suit the needs of individual young job seekers, while meeting the needs of employers in the local employment region. The three elements of PaTH can be undertaken independently of each other. For example:

- ▶ Zarah has limited job skills that can be boosted by undertaking Employability Skills Training block 1; following the training Zarah commences in a PaTH Internship.
- ▶ Chloe secures a PaTH Internship; her host then employs her and could receive a Youth Bonus Wage Subsidy.

Youth Jobs PaTH aims to create new opportunities for young people in a range of businesses and industries. An Employer Mobilisation Strategy has been developed to build awareness of government support available to business and encourage more businesses to consider hiring young people. The strategy also aims to increase the number of businesses using government employment services.

The Department has engaged extensively with business groups, small to medium enterprises and all spheres of government to build awareness of the benefits to employers and young jobseekers. The Department's network of employer liaison officers has been working with employers to develop strategies to meet their recruitment needs through the program. The Department is also working closely with business groups on strategies to provide greater employment opportunities for young people under the program.

### *The Youth Employment Package: support to encourage entrepreneurship and self-employment*

The New Enterprise Incentive Scheme is helping more job seekers to start their own business as a result of the enhancements to the program. As part of the Encouraging Entrepreneurship and Self-Employment initiative, the Department implemented changes to broaden eligibility to provide access to the training and mentoring elements of the program to people who are not on income support and are not in employment, education or training. To support the broadening of eligibility, the Department also allocated an additional 2,300 funded places each financial year to New Enterprise Incentive Scheme providers.

### Exploring Being My Own Boss

The Department engaged New Enterprise Incentive Scheme providers to deliver Exploring Being My Own Boss workshops nationally from December 2016. In 2016–17, 264 individuals participated in an Exploring Being my Own Boss workshop. A thousand workshop places will be available each financial year from 2017–18. The workshops are providing young people who are interested in starting their own business a greater understanding of what self-employment and entrepreneurship entail and what skills they might need.

## Entrepreneurship facilitators

In December 2016, the Department undertook a competitive selection process and appointed three Entrepreneurship facilitators in three regions with high youth unemployment—Cairns, Hunter (including Newcastle) and Launceston – North East Tasmania. The facilitators are actively working to promote entrepreneurship and self-employment in these regions and support young Australians in establishing their own business.

## The SelfStart Online Hub

The Department released the SelfStart Online Hub (<http://jobsearch.gov.au/selfstart>) to support and inspire young people who wish to explore and develop their ideas into a successful business. SelfStart is helping to connect young people to services and programs in their region, as well as providing information that will help them start a business.

## *The Youth Employment Strategy: Transition to Work*

The Department's Transition to Work service is aimed at helping young people at increased risk of long-term unemployment to develop the work-readiness skills they need to find employment and reduce welfare dependence. It targets young people aged 15 to 21 years who have left school early or disengaged from education, training or employment and offers individually tailored intensive pre-employment support to address a variety of vocational and non-vocational barriers preventing a young person from gaining employment. This support includes coaching and assistance for young people to help them understand what is expected in the workplace and develop the skills, attitudes and behaviours they will need to improve their prospects in the labour market.

During 2016–17, the Department's Transition to Work service, which is located in 51 employment regions, helped 26,759 young people become more work ready, with 20,369 (76.1 per cent) being placed in education or employment. The Department has encouraged a collaborative approach between Transition to Work service providers, to assist in achieving success and maximising outcomes for young participants. Transition to Work service providers have demonstrated their commitment to collaboration by facilitating their own regional-level shared-practice meetings and developing networks such as communities of practice.

The Department is committed to continuous improvement. It has worked with Transition to Work service providers to resolve factors affecting their ability to effectively provide services to young people. The Department has made a number of minor changes to policy, guidelines and processes to improve the services required to meet the diverse needs of young people.







### ▶ Sarra's transition to work

Sarra started with ETC (her Transition to Work service provider) in January 2017. Right from the start she had a confident attitude and a strong drive to achieve her goals. Although she was very determined, she was changing her mind regularly about what her career goal was. She benefited from the intensive support ETC offered her.

To assist Sarra in being clearer about her goals, ETC encouraged her to attend its workshops. Sarra attended every session she could and was an active participant, demonstrating her commitment to getting the most out of the workshops, which provided an opportunity for her to learn how to set clearer career and life goals, write effective resumés and cover letters, and practise interview skills with mock interviews. Sarra also attended an ETC Discovery Day to gain insights into the ins and outs of daily working life.

Being more prepared for the 'working world' and having clear career goals, Sarra decided she wanted to become a cabinet maker. She met with ETC's business relationship advisor to assess her job readiness and then market her to potential employers. The advisor was very impressed with Sarra and helped her explore employment opportunities with local cabinet-making businesses in the area. The following week Sarra had secured a position as a trades assistant with a local business. ETC also gave Sarra practical support, including helping her obtain new steel-capped work boots.

Sarra's determination paid off and her employer was impressed. After only two weeks, she was offered a cabinet-making apprenticeship with the business.

Sarra's career is going well and her future is bright as a result of her perseverance and the intensive guidance, support and expertise offered by her Transition to Work service provider.

Photo: Transition to Work participant Sarra.

## New approaches to engaging employers: DISCO's digital presentation folder

How do you get an engaging, appealing and successful message to employers about the services you offer as a Transition to Work service provider?

As a Transition to Work service provider, Downs Industry Schools Co-operations Inc, called DISCO, is required by the Department to deliver high-quality employment services and support to employers in Queensland's Darling Downs region by ensuring they have access to skilled job ready employees. To increase employer awareness about the services offered by Transition to Work, DISCO created a video-based presentation in a handy flip card: when employers open the card a short film clip starts playing on a small screen, showing the service provider explaining the benefits and services available to employers and showcasing a participant who is looking for employment in the local area. The card gives time-poor employers easy-to-digest information that can help them understand the employment services offered by Transition to Work and immediately introduces them to some work-ready candidates.

## *ParentsNext*

The Department commenced the ParentsNext initiative on 4 April 2016, with 31 projects established across 10 local government areas. The program helps parents plan and prepare for employment while caring for young children and aims to increase parents' prospects of employment by the time their children start school. A key objective is to connect parents of young children to services in their local community to help them plan and prepare for employment.

Between 4 April 2016 and 30 June 2017, the Department of Human Services referred 18,527 parents to project providers. Providers assisted these parents to identify education and employment goals, develop a participation plan and access activities. Parents have become involved in more than 41,064 activities that meet their individual needs—including more than 9,000 undertaking education and training, almost 6,000 participating in community services such as parenting courses or counselling, and over 1,000 moving into employment.





### ▶ Amy's ParentsNext story

With the help of ParentsNext, Amy, a mother of three, gained the confidence she needed to take up further education. Having been out of the workforce for a number of years while raising her children, she wanted to get some qualifications but was not sure how to go about it: 'I didn't feel that I had a pull towards anything; nothing was pulling me; and nothing was sparking an interest. I felt really lost. And so I really did feel that I needed some help.'

Connecting with her local ParentsNext service provider changed this: 'I was really eager and excited to see what they were going to be able to offer me and to see if they [could] help me find what I really did want to do.' The conversations she had with her case worker helped Amy organise her thoughts, identify her interests and set up a plan to achieve her goals: 'Just getting him to give me some ideas on what to do, getting back into résumé writing and adding to what my interests and my skills were ... maybe that would spark something. We just started with small goals.'

Amy decided to start with the Introduction to Women's Studies course and, through further discussions with and encouragement from her case worker, she continued to build on her goals and went on to enrol in a course at TAFE. Her case worker pointed out that it could be her gateway to university: 'I've never thought about that and then it was just basically like an "ah-ha!" moment. This wave of emotion took over me and I'm, like, I'm going to university. That's exactly what I'm going to do,' said Amy. She enrolled in TAFE with the intention of completing Certificates II, III, and IV before transitioning to university.

'ParentsNext helped me with organising my thoughts and trying to find a plan, and to definitely set my goals for the future for myself ... The future for me and my children looks absolutely amazing.'

Amy's full story can be viewed on the Department's YouTube channel.

Photo: Mother of three, Amy, regained her confidence with the help of ParentsNext.

## *Youth employment: the Empowering YOUth Initiatives*

The Empowering YOUth Initiatives provide an opportunity for not-for profit and non-government organisations to deliver new, innovative approaches to help long-term unemployed young people aged 15 to 24 years to improve their skills, move toward sustainable employment and prevent long-term welfare dependency. Funding has been provided through a competitive grant process over two rounds with successful projects operating for up to two years. The Department introduced a co-design workshop in the second round of grants to improve the quality of proposals and their capacity to be evaluated. This process was highly praised by applicants. The first 19 projects have been operating for 12 months. A second round of 21 projects has just begun, with a focus on Indigenous young people, young people in areas of Australia with high youth unemployment, apprenticeships and traineeships, and creating new or improved pathways to employment for young people from disadvantaged backgrounds.

The initiatives are highly diverse and use a variety of approaches to address the barriers young people face in seeking to gain and sustain employment—for example, work experience, adventure therapy, digital platforms and social enterprises. Projects will be evaluated to inform ongoing service delivery and future policy design for young people across government and non-government community service providers.

### **The jobhelp trial: pre-release prisoners**

The Department teamed up with the Victorian Government's Department of Justice and Regulation and the Commonwealth Department of Human Services to trial a new approach to delivering employment services for pre-release prisoners. The jobhelp trial challenged the status quo through an innovative and collaborative approach to the delivery of employment services in five Victorian prisons.

At present, incarcerated prisoners have limited access to employment services and often struggle to connect with employment after release. The jobhelp trial was developed to provide a more effective service delivery approach for prisoners and ex-offenders, to improve employment outcomes, reduce reliance on income support and lower the rate of recidivism for this cohort. The trial involved the jobhelp provider going into the prison and providing practical one-on-one assistance to prisoners who were in the last months before release. Working one-on-one allowed providers to build trust and rapport and thus assist prisoners in building tangible employment skills, better enabling them to reconnect with the labour market on their release. Providers supported the prisoners in developing practical skills in jobs search, résumé writing and interview techniques.

Stakeholders agreed that the trial filled a critical gap in service provision for prisoners, meaning the trial had the capacity to make a significant difference to prisoners in helping them reconnect with employment and ultimately reduce the risk of recidivism. Prisoners have responded positively, many reporting that they hope this can help them break out of the cycle of offending and incarceration.

The jobhelp trial began in February 2016 and servicing was completed by 30 June 2017, by which date 295 prisoners had received servicing. Findings from the trial are being used to help shape the future of servicing for pre-release prisoners and ex-offenders.



## ▶ Charity Bounce engaging young people

Charity Bounce is one of the organisations delivering services through Empowering YOUth Initiatives to deliver the Hoop Dreams project, in which Indigenous and culturally and linguistically diverse young people are helped to obtain and stay in employment. High-profile role models from the National Basketball League are used to encourage participants to take up employment opportunities related to the world of basketball.

Basketball programs are a positive engagement tool, giving participants increased confidence, life skills and improved techniques for inclusion in the community and positive employment outcomes. Relationships exist with state and national basketball organisations, and the National Basketball Association global directors engaged with Charity Bounce participants in delivering the program. A range of basketball activities are delivered in program locations, including Bidwell weekly basketball, PCYC Redfern afternoon basketball, and Eat Strong Play Strong Western Sydney Emerton.

Partnerships have also been established with a number of organisations to deliver arts programs, among them Bangarra Theatre, Holroyd Youth Service and Arts NSW (Carriageworks). Additionally, in collaboration with renowned chef Sean Connolly, the Eat Strong Play Strong program has a focus on cultural diversity in food, nutrition, and healthy eating programs.

Charity Bounce has a collaborative partnership with Future You, a senior executive recruitment company with offices in Sydney and Melbourne and key industry relationships. The partnership has three elements:

- ▶ pre-employment preparation delivered by experienced recruiters—how to present yourself in interviews, résumé writing, how to differentiate yourself from other applicants, and so on
- ▶ industry-led direct connections with employers to ensure that sponsored job places are available for all candidates participating in the pre-employment preparation
- ▶ career mentor programs where Future You staff provide career mentoring for the young people placed in jobs.

This initiative has already engaged 97 young people in a range of activities including pre-employment training and Indigenous and multicultural arts programs. Thirty-seven at-risk young people had been placed in jobs and 23 more had achieved a 13-week outcome by the end of May 2017.

### The jobhelp trial: a warm handover

One of the unique features of the jobhelp trial was the warm handover. The objective of the handover was to help the jobhelp participant seamlessly transfer from jobhelp services in prison to employment services on their release from prison, to ensure continuity of care between prison and community-based service delivery and build the participant's own motivation and enthusiasm about finding employment.

Warm handovers consisted of a three-way conversation between the participant, the in-prison jobhelp provider and the post-release jobactive provider. The mechanism was used to introduce the prisoner to the post-release provider and discuss their background, skills, experience and vocational aspirations.

## ▶ Great Southern empowering youth

The Great Southern Employment Development Committee in Albany was funded by the Department as part of the first round of Empowering YOUth initiatives to deliver an innovative project that would help young people at risk of long-term unemployment improve their skills and move towards sustainable employment.

Great Southern recognised that in the Albany region there was a growing number of disengaged young people with little connection to the community. As a result, it built Young Harvest—a garlic-cropping and bee-keeping social enterprise strongly aligned with the ecology and employment opportunities of the region.

Each week, program participants attend one day of learning and development sessions and one day of paid work. For some participants, this is the first time someone in their immediate family has been engaged in paid employment. The youth involved in the project are also able to access wrap-around support, which continues once they find ongoing work elsewhere.

Since the project started a year ago, participants have attended conferences at the local chamber of commerce, met with fellow farmers in the region, and developed partnerships with local business and industry. They have also produced enough organic Australian garlic and honey to begin selling to Albany locals at the Albany Plaza Shopping Centre in the hope that their business might be sustainable beyond the project's funding period.

To date, 16 participants have found ongoing work or have begun further training as a result of their involvement in Young Harvest.

## Australian jobs 2017: a vital resource for employment intermediaries

As part of its support for job seekers, retrenched workers and people considering training and employment, in 2016–17 the Department released the 2017 edition of the annual *Australian jobs*. The report provides information about trends in the Australian labour market, industries and occupations (identifying those where there have been new jobs created and those in which there have been job losses) as well as regional labour markets.

The 2017 edition has a strong focus on young people and the opportunities and challenges they face. Among other things, it 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—jobactive, secondary schools, Centrelink, higher education and vocational education organisations and employment and careers intermediaries, as well as a range of other stakeholders.

## The survey of employers who have recently advertised

To gain an understanding of employers' ability to recruit the workers they need, and to identify current and emerging shortages in skilled occupations such as professions and trades, the Department spoke with close to 5,000 employers and analysed a wide range of labour market indicators. The results informed its submission to the annual review of the Skilled Occupation List, which is used to guide Australia's independent skilled migration program.

The results of this ongoing skill shortage research are also published on the Department's website as analytical and statistical reports and listings of occupational shortages.

## The survey of employers' recruitment experiences

As part of the ongoing survey of employers' recruitment experiences, the Department interviewed about 14,000 employers across Australia in 2016–17. The survey program is conducted continuously throughout the year to assess regional recruitment conditions and identify how job seekers can better meet the needs of employers.

The survey contains a core set of questions that are repeated each year to monitor trends. Examples of the headline indicators monitored are the difficulties employers face filling positions, the level of competition for vacancies, and employers' methods of recruitment. Additional questions are included on an ad hoc basis to collect insights from employers on a wider range of matters that are of interest to the Department. In 2016–17, questions were added on topics such as work experience, seasonality, ex-offenders, refugees and retrenched workers.

Among users of the survey data and analyses are employers, business and industry groups, jobactive providers, policy makers, career advisors, school teachers and Vocational Education and Training coordinators, students, community groups, job seekers (including disadvantaged job seekers), and youth transition service providers who identify pathways for young people moving from school to work. Survey results are disseminated in a range of ways—reports, infographics, presentations published on the Department's website ([www.employment.gov.au/recruitment-conditions](http://www.employment.gov.au/recruitment-conditions)) and on the Labour Market Information Portal ([www.lmip.gov.au](http://www.lmip.gov.au)).

In 2016–17, the Department delivered 90 presentations attended by more than 5,250 stakeholders across Australia. Feedback from the presentations was overwhelmingly positive, and copies of the presentations and related information were widely distributed. Information sessions have also been provided for employees of companies experiencing retrenchments—including Arrium in South Australia, Hazelwood in Victoria, and Ford, Holden and automotive industry supply chain companies—as well as at jobs fairs run by the Department.

## Labour market conditions

Labour market conditions improved in 2016–17, with the level of employment increasing by 240,200 (or 2.0 per cent) to stand at 12,166,900 in June 2017, above the annual average growth rate (of 1.6 per cent) over the last decade.

The increase in employment in 2016–17 was due, primarily, to strong growth in full-time employment, which has risen by 175,400 (or 2.1 per cent) to stand at 8,356,000 in June 2017. By contrast, the level of part-time employment has increased by a more moderate 64,800 (or 1.7 per cent) over the period, to 3,810,800 in June 2017.

Against the backdrop of strong employment growth, the unemployment rate declined slightly, from 5.8 per cent in June 2016, to 5.7 per cent in June 2017, while the participation rate increased by 0.2 percentage point, to stand at 65.0 per cent in June 2017.

The youth unemployment rate was steady over 2016–17, at 13.1 per cent. It remains more than double the rate recorded for all persons. The level of youth employment contracted over the year by 2,300 (or 0.1 per cent) due entirely to a fall in full-time employment (down by 16,000 or 1.9 per cent). By contrast, the level of youth part-time employment increased (by 12,400 or 1.3 per cent) over the period, in conjunction with a 0.9 percentage point rise in the proportion of youth participating in full-time education, to 53.3 per cent in June 2017, an equal record high.

## Engagement with international organisations

The Department's participation in international forums enables it to:

- ▶ influence and evaluate international employment and labour market strategies
- ▶ increase awareness of and collaboration on national and Asia–Pacific interests
- ▶ promote an Australian government view internationally while meeting Australia's international obligations
- ▶ leverage international best-practice policies and ideas and share these across the Government.

## The Organisation for Economic Co-operation and Development

Australia is a member of the Organisation for Economic Co-operation and Development. The Department is represented at the OECD by a Minister-Counsellor (Employment) who is a departmental officer. Engagement with the OECD enhances Australia's capacity to develop employment policy and labour market programs in the context of global developments and practices.

Through the Department, Australia participated in a number of projects under the OECD Employment, Labour and Social Affairs Directorate's Programme of Work and Budget in 2016–17. This involved contributing to reviews in a range of policy areas and to the release of the *Connecting people with jobs: key issues for raising labour market participation* report. The Department is currently participating in an OECD project entitled Boosting Local Employment and Economic Development in Indigenous Communities in Australia.

The Department participates in OECD policy forums to influence and promote OECD priorities on employment matters such as inclusive growth, the future of work and the review of the OECD Jobs Strategy. This work helps to ensure that Australia's interests are reflected in OECD policy recommendations and projects.





## The United Nations

The Department works with other Australian Government agencies to ensure that Australia meets its reporting obligations in relation to important international instruments. In 2016–17, the Department provided contributions to briefings and commented on proposed statements and draft resolutions for the UN Human Rights Council (Geneva), to ensure that Australia engages actively and effectively to meet its international obligations. It also provided briefing input to Australia's appearance before the UN Committee on Economic, Social and Cultural Rights in May 2017, being represented by the Minister-Counsellor (Employment).

In addition, in September 2016, the Department hosted a roundtable on policy settings for labour migrants, as part of the Australian country mission by the UN Special Rapporteur on the Human Rights of Migrants.

## International delegations

The Department hosted visiting international delegations from both government and non-government organisations with an interest in Australia's public employment systems, workplace relations, occupational health and safety, and vocational education and training policies. Delegations in 2016–17 included officials from the Embassy of Japan; the President of the Institution of Diploma Engineers, Bangladesh; the Ambassador to the Philippines; the Director of the European Social Fund, Belgium; the Minister of State in the Prime Minister's Office and Ministry of Manpower and his delegation, Singapore; and the Counsellor for Social Affairs and Employment at the Permanent Representation to the OECD, the Netherlands.

## The Group of Twenty

The Group of Twenty 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 challenges and coordinates preparations for the annual G20 Labour and Employment Ministerial Meeting. Employment Working Group participants exchange information about strategies and best practice in areas such as youth unemployment, boosting female workforce participation, responding to inequality, and enhancing employment services.

The G20 Labour and Employment Ministers met at Bad Neuenahr, Germany, on 18–19 May 2017. The Australian delegation was led by the Assistant Minister for Vocational Education and Skills, the Hon Karen Andrews MP. At the meeting Ministers agreed to take practical action concerning the future of work, female employment, the labour market integration of migrants and refugees, and global supply chains.



## Asia–Pacific Economic Cooperation

In 2016–17, the Department continued its engagement with the Asia–Pacific Economic Cooperation forum’s Human Resources Development Working Group. It participated in the High Level Policy Dialogue on Human Resources Development in the Digital Age in which a regional framework was adopted in Hanoi.

In 2017 the Department organised two APEC workshops to advance the broader APEC agenda on regional economic integration, connectivity, trade and the integration of women in the economy:

- ▶ a workshop on the development of an APEC Labour Mobility Framework on 18–19 February 2017 in Nha Trang, Vietnam. The workshop formed part of the first APEC Senior Officials Meeting for the year and provided an opportunity for delegates to share perspectives on the role of labour mobility in meeting the demand for workers, boosting growth and adjusting to structural change
- ▶ a workshop on improving quality employment opportunities for women on 6–7 March 2017 in Bangkok, Thailand. The workshop constituted a capacity-building opportunity for APEC member economies, with delegates considering practical strategies for empowering low-skilled women and discussing further priorities on this subject.

## Structural adjustment programs

In 2016–17, in response to job shedding in the automotive, manufacturing and energy industries, the Department provided structural adjustment programs designed to help retrenched workers find new employment as quickly as possible. It managed seven structural adjustment programs—covering the automotive industry, Arrium, Alinta, BlueScope Steel, Caterpillar, Queensland Nickel and Hazelwood. The programs are delivered as part of jobactive and offer retrenched workers tailored assistance and access to intensive employment services.

## Regional employment facilitators

Employment facilitators provide a local point of contact and, in collaboration with jobactive providers, work directly with retrenched workers to connect them with training, job opportunities and other support. There are currently seven facilitators—in Gippsland, Geelong, north Queensland, north-west Tasmania, Adelaide, Port Augusta–Whyalla, and the Illawarra.

## Jobs fairs

During the reporting year, the Department held a number of jobs fairs to assist retrenched workers and job seekers more generally. The aim of the fairs is to promote employment opportunities and services to local communities. Jobs fairs provide job seekers with an opportunity to talk face-to-face with exhibitors to learn about real employment opportunities, with a number of available jobs offered during the day. Exhibitors at the fairs included small and large employers, industry associations, government agencies, employment providers, and apprenticeships advisers. The jobs fairs also provide information sessions on the labour market and tips for writing a résumé. Over 6,200 job seekers attended three jobs fairs in 2016–17, with 2,456 jobs available for job seekers to apply for. Over 3,600 applications and résumés were received at the jobs fairs for these positions.

## **Additional assistance for workers retrenched from the automotive manufacturing industry**

### ***The National Automotive Governance Committee***

Representatives of the Department chair and participate in the National Automotive Governance Committee, which was established in 2014 and consists of representatives of the Australian Government, the governments of South Australia and Victoria, GM Holden and Toyota Australia. The committee meets quarterly to support implementation of the redeployment strategy, which aims to give workers the information, skills and support they need to successfully transition to new jobs by the end of 2017 when automotive manufacturing operations will have ceased.

### ***Jobs fairs in Geelong and Broadmeadows***

In July 2016, the Department held a jobs fair to assist workers retrenched from the Ford Motor Company's plant in Geelong, Victoria. More than 862 local job seekers attended the fair and about 600 jobs were on offer on the day. Employers received over 480 résumés and applications and 99 job interviews were organised. Forty-eight exhibitors were present.

In August 2016, the Department held a jobs fair designed to assist retrenched workers from the Ford Motor Company's plant in Broadmeadows, Victoria. More than 4,000 local job seekers, including about 500 Ford workers, attended the fair, and about 1,056 jobs were on offer on the day. Employers received over 2,191 résumés and applications and 255 job interviews were organised. Fifty-six exhibitors were present.

Additional jobs fairs are planned for Geelong, Melbourne and Adelaide to support retrenched automotive workers.

### ***Labour market information sessions***

The Department held 17 labour market information sessions for workers affected by the closure of the automotive manufacturing industry in Victoria and South Australia. These sessions provided tailored information about the local labour market and growth industries in the region. A large number of the sessions are conducted on site at the employees' workplace with approximately 1,240 workers attending from automotive and supply chain companies.

## **Assistance for workers retrenched from the Hazelwood power station and mine**

In November 2016, the Department implemented the Hazelwood structural adjustment program to assist workers from the Hazelwood power station and mine (including eligible contractors and supply chain businesses) and their partners. As a part of the program, the Department appointed an employment facilitator in Victoria's Gippsland region. The facilitator led the organisation of onsite worker transition centres, where local jobactive providers attended to ensure workers were able to register for assistance promptly.

### ***Gippsland jobs fair***

In March 2017, the Department held a jobs fair in Morwell primarily to assist retrenched workers from the Hazelwood power station and mine. More than 1,350 members of the community attended the fair and about 800 jobs were on offer on the day. Employees received over 988 résumés and applications and 40 job interviews were offered to job seekers. Fifty-six exhibitors were present.

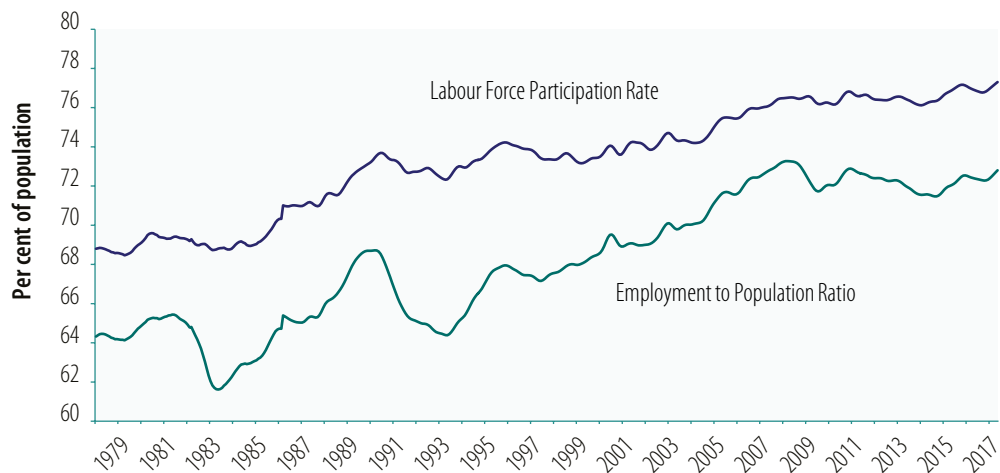
## The labour force participation rate and employment-to-population ratio for people aged 15 to 64 years

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 2017, Australia's trend employment-to-population ratio for workforce-age people increased by 0.4 percentage point to 72.8 per cent. The trend workforce-age labour force participation rate also increased by 0.4 percentage point over the same period to 77.3 per cent.

**Figure 8. Labour force participation rate and employment-to-population ratio, people aged 15 to 64 years, trend data, February 1978 to June 2017**



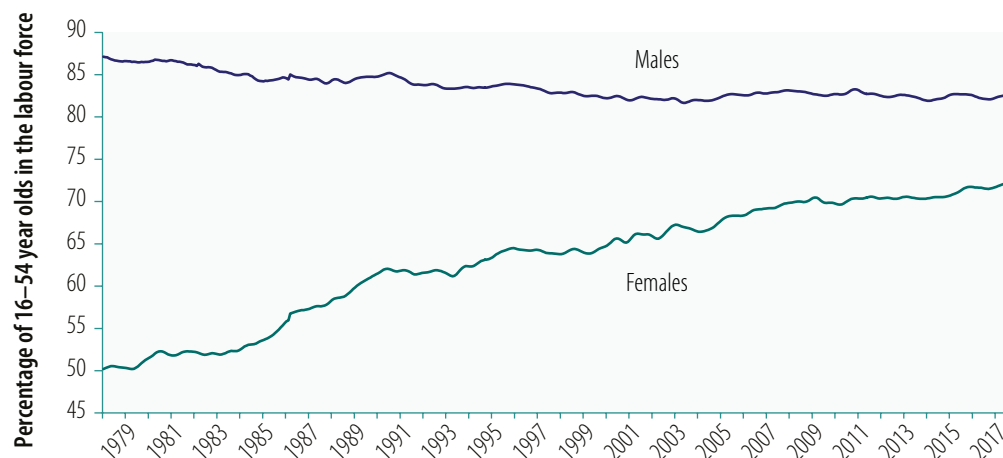
Source: Australian Bureau of Statistics, Labour force, Australia, June 2017, Cat.no. 6202.0, Table 18.

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

The gap between male and female labour force participation rates narrowed slightly over the year to June 2017. This will help Australia achieve 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 increased by 0.3 percentage point to 82.5 per cent over the year to June 2017; the female labour force participation rate increased 0.5 percentage point to 72.1 per cent over the same period. The notable increase in female labour force participation could be due to the growth of industries that employ a higher proportion of women during Australia's transition from resource-intensive to more broad-based economic growth, although it is not entirely clear at this stage.

**Figure 9.** Labour force participation rate of males and females ages 15 to 64 years, trend data, February 1978 to June 2017



Source: Australian Bureau of Statistics, Labour force, Australia, June 2017, Cat.no. 6202.0, Table 18.

## Cross-outcome work

The Department of Employment is the lead agency for the Seasonal Worker Programme, receiving significant support from the Department of Foreign Affairs and Trade, the Department of Immigration and Border Protection, the Department of Agriculture and Water Resources, the Australian Taxation Office, Austrade 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 the Australian agriculture sector and, in selected locations, the accommodation and tourism sectors. It also offers Australian approved employers access to a reliable, returning workforce.

New employers are vetted before being admitted to the program. This includes conducting checks on compliance with Australian workplace relations and immigration legislation. Before approved employers can employ seasonal workers under the program, they must first undertake local labour market testing to confirm there are no Australians available to do the work. In 2016–17, 6,166 visa subclass 403 were issued to seasonal workers by the Department of Immigration and Border Protection and 82 employers were approved under the program, up from 69 in 2015–16. Over 17,000 seasonal workers have now participated since the commencement of the program in July 2012. In 2016–17, the Department worked with the Department of Foreign Affairs and Trade to develop new promotional material for the program. This included a series of promotional videos and translated pre-departure information for all participating countries.

The Department is continuing to work to ensure that strong protections and supports are in place for seasonal workers. It conducted 39 regional monitoring site visits across Australia during 2016–17, up from 17 visits in 2015–16, and it continues to receive strong positive feedback about the benefits of the program from employers and seasonal workers.

The Department coordinated a multi-agency response to the Joint Standing Committee on Migration's inquiry into the Seasonal Worker Programme. The Australian Government tabled its response to the Joint Standing Committee's report, *Seasonal change*, on 16 February 2017.

In addition, the Department contributed to several research initiatives, including an Australian Bureau of Agricultural and Resource Economics and Sciences study that compared farm productivity and profitability when hiring working holiday makers and when hiring seasonal workers. This is a follow-up to a study undertaken by the Bureau in 2013. It is expected the results of this research will be released in 2017–18.

## The work visa and migration programs

The Department advises the Government on employment in relation to migration policy and programs and free trade agreements—including temporary entry commitments, labour market analysis and advice, workplace laws and government procurement—and other international agreements and forums.

In 2016–17, the Department provided labour market research and analysis to assist the Ministerial Advisory Council on Skilled Migration in its review of the Consolidated Sponsored Occupations List. It also developed a new methodology to apply labour market advice to the skilled migration occupation list to better align employer-sponsored visas with labour market needs.

The Department worked with the Department of Foreign Affairs and Trade and the Department of Immigration and Border Protection on labour mobility options to support foreign policy—including free trade agreements and development assistance objectives.



## The Delivery and Engagement Group: case studies

The Delivery and Engagement Group has responsibility for frontline delivery of the Department's employment programs through a range of functions, among them account and contract management; input into policy development, implementation and review; employer and stakeholder engagement; and local labour market intelligence gathering and interpretation. A number of stakeholder and employer engagement activities were undertaken during 2016–17, with the Delivery and Engagement Group working in partnership with employment services providers to deliver tailored employment services to meet the specific needs of employers. A number of case studies demonstrating coordinated employment services are described here. These activities were successful in helping employers find suitable candidates through the Department's programs, thereby helping job seekers move into sustainable employment.

### ▶ The NSW Infrastructure Skills Centre— a one-stop infrastructure-focused skills and jobs centre

#### *New South Wales*

The New South Wales Infrastructure Skills Centre is a Sydney Metro initiative and is a landmark enterprise delivered by the Sydney Metro Authority, TAFE NSW and the Commonwealth Department of Employment. The state-of-the-art centre, located at the existing TAFE NSW Annandale facility, is readily accessible by public transport and close to Sydney's CBD. Designed in collaboration between Sydney Metro, TAFE NSW and the Department, the centre offers an innovative industry-led approach to address identified gaps in infrastructure skills training, and apprentice and trainee mentoring, as well as providing direct access to jobs. In short, it will be Australia's first one-stop infrastructure-focused skills centre with integrated employment services on site. The NSW Government is investing \$4.97 million of the total cost of approximately \$6 million through TAFE NSW. The Australian Government has provided a capital grant of \$950,000. This funding will enable a jobactive services provider to operate on site, as well as secure equipment to support pre-employment training courses.

Many of Sydney Metro's and its contract partners' workforces will undertake accredited pre-commencement training at the Skills Centre as the initial primary users of the facility. It is expected the centre will address skills and jobs requirements across other major infrastructure programs, such as the Western Sydney Airport and large construction projects such as Barangaroo, Darling Harbour, WestConnex, NorthConnex Parramatta Square and the Western Sydney Stadium.

Delivery of the Sydney Metro Workforce Development programs is part of a demonstration pilot with the NSW Department of Industry's Infrastructure Legacy Program. The Infrastructure Skills Centre will support new industry entrants, existing workforces, apprentices and local communities well into the future. Tailored pre-employment training will be available for a range of cohorts, including young people, Indigenous Australians, individuals from culturally and linguistically diverse backgrounds and women working in non-traditional roles.



## ► First Employability Skills Training

### *Northern Territory*

National Job Link successfully delivered its first Employability Skills Training block one course in Darwin through its Enterprise Learning Project, which gave participants exposure to planning for and running a fundraising activity. Participants took ownership of the project and worked as a team to raise funds for the Starlight Foundation; this included contributing their own ideas, contacting businesses to arrange donations of goods, creating and distributing flyers, and setting up for an event while keeping in mind the requisite workplace health and safety policies and procedures.

The training demonstrated the program's value in supporting young people to build confidence and overcome personal barriers to develop core skills for work. As a result of the program, two participants have gained employment and seven are actively applying for jobs and internships. One participant will move onto Employability Skills Training block two and another has enrolled in a Certificate III course in Business.

When the course first began, members of the group were shy and uncomfortable with formal accredited training. Once the trainer explained what they would be doing, they underwent the assessments with ease. The three Foundation Skills Training units gave participants the exposure to understand behaviours and requirements in a workplace. This included overcoming communication barriers and managing different personality types when working in a team, understanding their own learning barriers and how they affect their lives, and assisting each other with their learning.

Participants provided positive feedback, saying they would put this formal training into their résumé and believed it would assist them with gaining employment. One participant wrote, 'We very much appreciate everything you have done for us. This course has been life changing for me and if you've helped me I know you will help a lot more people. Thank you for making this a wonderful experience.'

Photo: Participants from National Job Link's Enterprise Learning Project.



## ► Gen Z Transition to Work and Aven Group Youth Jobs PaTH Internship

### *Queensland*

The Youth Jobs PaTH program funded through the Youth Employment Package assists young Australians to acquire the work-ready skills demanded by employers, so that they can get a job and become valuable contributors to the Australian workforce. Youth Jobs PaTH complements the successful Transition to Work service, which provides intensive support to vulnerable young Australians to help them enter the workforce.

Internships are a key element of PaTH. They encourage local businesses to host young people aged 17 to 24 years in supervised work experience placements for up to 12 weeks. A Youth Bonus wage subsidy of up to \$10,000 can then help businesses hire young people when they complete their internship.

One of many local businesses encouraged by the opportunities under PaTH to host an intern and hire them with the assistance of a Youth Bonus wage subsidy was an employer at Southport on Queensland's Gold Coast. In March 2017, the employer approached Gold Coast Transition to Work provider Gen Z Employment for assistance in finding suitable people for his new company. He had heard about Youth Jobs PaTH and was keen to use it to help his business establish a reliable staff base at a time when many new companies are struggling financially to do this. Experienced in supporting and nurturing young people, the employer had the insight and awareness to identify situations that would enable his company to provide opportunities for young people to get a start and to learn the skills needed to be a successful employee while also benefitting his business.

After registering with a local jobactive provider in May 2015, Genie Asher was referred to Gen Z in October 2016, seeking more intensive support to address complex barriers. Using one-on-one sessions, group programs and health intervention services, Gen Z gradually improved Genie's work-readiness skills, sense of wellbeing and confidence.

Aware of the employer's interest in the Youth Jobs PaTH, Gen Z referred Genie to a four-week PaTH internship being offered by the employer. This was an opportunity for Genie to showcase her skills and suitability for employment and for the employer to find out if Genie was a good fit. The internship met all the expectations of both parties, with Genie treating the job 'like it was already mine!'

After completing the internship Genie started a full-time online sales–marketing role with the business. She continues to develop the sales and marketing skills essential to online and direct-call sales and is being trained in the use of operating systems that record telemarketing orders and sales. Perhaps best of all, her confidence and sense of personal accountability have skyrocketed.

From the employer's perspective, the PaTH program helped him develop and build a new business in an industry where young people do not traditionally seek work. By allowing the employer to trial staff to get the right fit for his business, PaTH is helping him realise his aim of supporting young people in the community while satisfying his needs as a small business owner.

## ▶ Accessing Multiple Programs to Assist a Young Job Seeker

### *Western Australia*

A young Indigenous Western Australian job seeker is reaping the benefits of a partnership between a local jobactive provider and a resources company to obtain sustainable employment.

Travis undertook a pre-employment training program funded through the Employment Fund to increase his readiness to work in difficult conditions at a mine. The role was to work 12-hour days on a fly in, fly out roster, which could be daunting for a young job seeker with a limited work history.

The pre-employment program, which aims to educate in health and fitness as well as build confidence, allowed Travis to commence work with Morris Corporation in January. Morris Corporation was able to access the Youth Bonus wage subsidy, while additional mentoring support was provided through the Vocational Training and Employment Centres program, funded by the Department of the Prime Minister and Cabinet.

Travis had the opportunity to meet with Employment Minister Senator the Hon Michaelia Cash and talk about the challenges and exciting opportunities he sees for himself as well as the leadership he sees he now has within his community.



## Outlook for Outcome 1

In the year ahead, the Department will continue to work closely with jobactive providers to ensure that the program delivers high-quality services that meet the needs of employers, activate job seekers and achieve sustainable job outcomes, particularly for disadvantaged job seekers. Building on progress in 2016–17, employment programs for young people and parents will continue to be a priority so that these people have the opportunities and support they need to transition to employment, education or self-employment.

From 1 July 2017, the Department is implementing the two-year Seasonal Work Incentives for Job Seekers Trial. The trial offers incentives to support eligible job seekers from jobactive and Transition to Work in taking up short-term seasonal work in the horticultural industry. It complements Harvest Labour Services and the Seasonal Worker Programme.

During the year to come, the Department will also be implementing a range of measures announced in the 2017–18 Budget to provide more support for people transitioning to employment, increase the consistency of participation expectations for job seekers and provide more effective compliance arrangements.

Work will be done to expand ParentsNext nationally, with delivery to begin on 1 July 2018. This will help reduce welfare dependency and child poverty, and help increase labour force participation by females and Indigenous Australians.

The mature-age job seeker package, which includes a new Career Transition Assistance Program, enhancements to the National Work Experience Program and new Pathway to Work pilots from 1 July 2018, will provide more opportunities for mature-age Australians to reskill.

In parallel with administering the current arrangements during 2017–18, the Department will introduce a better targeted job seeker compliance framework, to start on 1 July 2018. This will focus compliance resources and apply more effective penalties to the persistently non-compliant, while reducing administration and the chance of financial penalty for the majority of job seekers, who genuinely try to meet their requirements.

The Department will also implement a range of Closing the Gap—Employment Services measures to give Indigenous Australians access to culturally tailored support to help accelerate progress towards achieving parity in employment outcomes. The changes include immediate access to wage subsidies from 1 January 2018, removing the need to serve six months in employment services, and employers receiving up to \$10,000 (GST inclusive), up from \$6,500 (GST inclusive), for employing an Indigenous Australian.

In addition, the Department will increase the flexibility of the Employment Fund from 1 July 2018 so that Indigenous Australians participating in jobactive and their employers will have increased access to mentoring, culturally appropriate pre-employment training and work trials through the fund.



## ▶ OUTCOME 2—GREAT WORKPLACES

*Outcome 2 aims to facilitate jobs growth through policies that promote fair, productive, and safe workplaces.*

Throughout 2016–17 the Department supported the Government by providing advice on workplace relations policy (including in relation to the re-establishment of the Australian Building and Construction Commission and the establishment of the Registered Organisations Commission) and managing the Commonwealth work health and safety framework. It also administered the Fair Entitlements Guarantee, the Fair Entitlements Guarantee Recovery Program, and the Australian Government Building and Construction Work Health and Safety Accreditation Scheme.

### Highlights

- ▶ The Department advised the Government on implementation of its election commitment to protect vulnerable workers. The Fair Work Amendment (Protecting Vulnerable Workers) Bill 2017, which was introduced into the Parliament on 1 March 2017, will strengthen the *Fair Work Act 2009* with a view to deterring the underpayment of workers. The Department also supported the establishment of a cross-agency Migrant Workers' Taskforce to provide advice to government on additional measures to protect migrant workers from exploitation.
- ▶ The Fair Entitlements Guarantee Recovery Pilot Program continued to have a significant positive impact on the rate of recovery of funds advanced under the Fair Entitlements Guarantee Scheme. In 2016–17, \$47.99 million was recovered, building on top of the \$54.43 million in 2015–16. As a result of this success, the program was made permanent from 1 January 2017.
- ▶ The Fair Work (Registered Organisations) Amendment Bill 2014 passed both Houses of Parliament on 22 November 2016. The Bill's passage represented the culmination of three years of policy and legal work by the Department, with the first Bill to amend the *Fair Work (Registered Organisations) Act 2009* having been introduced into the Parliament on 14 November 2013. To implement the legislation, the Department led the establishment of the Registered Organisations Commission and the process to appoint a Commissioner.
- ▶ The Department provided policy and legal advice to support the legislation establishing the Australian Building and Construction Commission and the Code for the Tendering and Performance of Building Work 2016, both of which commenced on 2 December 2016. It also provided policy and legal advice to support amendments to both the Australian Building and Construction Commission legislation and the code. The amendments commenced in February 2017.
- ▶ The Department completed a review of Safe Work Australia's role and functions as required under the *Safe Work Australia Act 2008*. A Bill to amend this Act in keeping with the recommendations arising from the review was introduced into the Parliament in May 2017.
- ▶ The Office of the Federal Safety Commissioner led the improvement in safety in the building and construction industry according to more than 95 per cent of companies accredited under the Building and Construction Work Health and Safety Accreditation Scheme (2017 annual survey).
- ▶ The Department worked with Comcare and APS agencies to improve early intervention, rehabilitation and return to work for injured workers, leading to significant improvements in the performance of the workers' compensation scheme.

## Challenges

- ▶ The Office of the Federal Safety Commissioner is continuing to identify options for assessing accredited companies' compliance with the National Construction Code performance requirements for building materials.
- ▶ The Department continues to develop policy advice on a range of significant work health and safety matters as they arise—including the importation of asbestos, non-conforming building products, quad bikes and chemicals labelling.
- ▶ The Department is also working to support Pacific Island workers through the Seasonal Worker Programme and to address exploitation of migrant workers in Australian workplaces through legislative reforms and the work of the Migrant Workers' Taskforce.

## Program 2.1 Employee assistance

### The Fair Entitlements Guarantee

The Department administers the Fair Entitlements Guarantee and the legacy General Employee Entitlements and Redundancy Scheme. These schemes provide a safety net to workers who have lost their jobs as a result of the liquidation or bankruptcy of their employer where the employer has insufficient funds to meet its employee entitlement obligations. The Fair Entitlements Guarantee is a legislative scheme that covers people whose employers entered liquidation or bankruptcy on or after 5 December 2012; the General Employee Entitlements and Redundancy Scheme applies to employer liquidations and bankruptcies that occurred before that date.

Both schemes cover 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 for 2016–17 was \$2,451.00.

After payments are made under the Fair Entitlements Guarantee, the Commonwealth steps into the shoes of the redundant worker as a creditor in the insolvency process. As assets are recovered, the Commonwealth can recoup its outlay through dividends paid under the company liquidation. The Fair Entitlements Guarantee Recovery Program started as a pilot on 1 July 2015 and became an ongoing program on 1 January 2017. It has enabled the Department to proactively pursue actions and increase the recovery of funds, and its success is reflected in a continued strong increase in the proportion of funds recovered in 2016–17 compared with previous years.

To support the ongoing integrity of the Fair Entitlements Guarantee scheme, the Department (jointly with the Department of the Treasury) held public consultations on proposed law reforms to deter misuse of the scheme and facilitate the recovery of payments. Submissions were invited in response to the discussion paper 'Reforms to address corporate misuse of the Fair Entitlements Guarantee scheme', and stakeholder roundtables were hosted in Sydney and Melbourne.

The following occurred during 2016–17:

- ▶ The Department continued to maintain strong improvements in the time taken to process claims.
- ▶ A total of \$186.02 million was paid to 12,354 claimants under the Fair Entitlements Guarantee.
- ▶ A total of \$47.98 million was recovered from liquidated companies on behalf of the Commonwealth through creditor dividends in the winding-up process.
- ▶ The Fair Entitlements Guarantee hotline handled 24,940 telephone calls and responded to 12,179 emails about the operation of the two schemes.
- ▶ The Department initiated an internal review of 1,160 Fair Entitlements Guarantee claim decisions under section 37 of the *Fair Entitlements Guarantee Act 2012* (8.8 per cent of the total number claiming assistance).
- ▶ Claimants made formal requests for review of 660 decisions under section 38 of the Fair Entitlements Guarantee Act (5.0 per cent of the total number claiming assistance).

No new claims were received under the General Employee Entitlements and Redundancy Scheme.

Section 38 of the Fair Entitlements Guarantee Act enables redundant workers to seek a departmental review of a decision on their claim. If they remain dissatisfied after that review, they can apply to the Administrative Appeals Tribunal for further review. In 2016–17, 16 applications were lodged with the Administrative Appeals Tribunal, representing 2.5 per cent of the total section 38 review decisions made under the Act. Of 39 matters finalised by the Administrative Appeals Tribunal in 2016–17:

- ▶ In 12 matters the Department’s decision was set aside.
- ▶ In seven matters the Department and the claimant reached an agreed outcome.
- ▶ In 15 matters the Department’s decision was affirmed or the claimant’s application was dismissed by the tribunal.
- ▶ In five matters the claimant withdrew their application.

### ***The Commonwealth Ombudsman***

No inquiries were raised by the Commonwealth Ombudsman in relation to the Fair Entitlements Guarantee or the General Employee Entitlements and Redundancy Scheme.

### ***Business improvements***

In administering the Fair Entitlements Guarantee and the General Employee Entitlements and Redundancy Scheme, the Department has worked closely with insolvency practitioners to verify unpaid employment entitlements. In 2016–17, \$4.2 million was paid to insolvency practitioners for verification services. Two major business improvement initiatives were delivered during the year to reduce the administrative burden and improve interactions with insolvency practitioners under the Fair Entitlements Guarantee. From 1 July 2016, the Fair Entitlements Guarantee insolvency practitioner online portal provided a new and innovative solution to the Department’s case-related interactions with insolvency practitioners. Introduction of this reform led to a 38 per cent decrease in the timeframe for verifying employee entitlements advanced under the program, resulting in claimants receiving payments earlier. From 1 July 2016, the Department began paying Fair Entitlements Guarantee amounts directly to claimants—relieving insolvency practitioners of this task and further reducing the waiting time for these redundant workers.

During the year the Department also:

- ▶ developed its first internal version of an annotated Fair Entitlements Guarantee Act, which provides interpretative guidance and analysis for departmental assessors, based on scheme experience and Administrative Appeals Tribunal decisions
- ▶ adapted its customer service approach to better target service delivery under the program
- ▶ expanded its information sharing capability with the Australian Taxation Office
- ▶ implemented new approaches to support high engagement and performance across Fair Entitlements Guarantee team members.

### ***Program assurance and compliance***

To support the integrity of program expenditure, in 2016–17 the Department implemented a new quality assurance process for claims decisions made under the Fair Entitlements Guarantee program. The random-sample process examines initial claims decisions and those under review for accuracy. This contributes to internal quality control and ongoing assurance. A new random-sample assurance of taxation calculations for payments is also done monthly to support direct payments to claimants.

Supplementing the new quality assurance activities, a program of active data analysis was initiated to identify indicators of potential non-compliance and fraud. This program complements other non-compliance and fraud prevention and detection measures already in place, such as program-specific fraud detection training and mechanisms for receiving and responding to tip-offs.



### ▶ **The Fair Entitlement Guarantee in Bendigo**

On 23 November 2016, Radius Disability Services entered liquidation. It employed about 200 people, including 130 with disability. A large proportion of these employees had unpaid employment entitlements and needed to rely on the financial assistance paid under the Fair Entitlements Guarantee.

By working closely with the insolvency practitioner appointed to the case, the Department learnt that some former employees with disability were experiencing difficulty with the online claim lodgement process. In response, the Department set up a temporary claim drop-in centre at the business location in Bendigo. This allowed departmental staff to provide direct and timely information about the program and customised assistance with completing and submitting claims for assistance to people with disability who had found themselves in the difficult situation of being made redundant. The Department advanced more than \$1.25 million to eligible workers who had been made redundant.

Photo: Staff from the Department of Employment and the Department of Social Services hosting the claim form drop-in centre for former staff of Radius Disability Services in Bendigo. Back row, left to right: Brad Orton, Ashlea Tuohey, Cindi Andrews, Tim Chisholm, Ewen Pritchard, Kathryn Gardner, Simon Lee. Front row, left to right: Kylie Rose, Karen Lavery, Jan Lewis, Ruth Moore, Peter Baird, Andrew Cheng, Paul Abbott.

## Program 2.2 Workplace assistance

### The Protected Action Ballots Scheme

With one exception, under the Fair Work Act a ballot of eligible employees is required before protected industrial action can be taken to pursue claims during bargaining for an enterprise agreement; the exception is when the action is in response to industrial action by the other party. During 2016–17, the Department met the full cost of 423 ballots, paying \$1.119 million under the scheme.

## Program 2.3 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 annual report.

## Workforce participation policy initiatives

### Women's workforce participation

In 2014, the Australian Government led the G20 to set a goal of reducing the labour force participation gap between men and women by 25 per cent by 2025; it has subsequently released *Towards 2025: a strategy to boost Australian women's workforce participation*. The goal was based on 2012 working-age (15–64) participation rates to allow comparison across G20 countries.

In 2012, the participation rate for working-age men in Australia was 82.5 per cent and for working-age women it was 70.4 per cent. The participation gap was thus 12.1 percentage points. If Australia is to meet the G20 goal this participation gap needs to be reduced by 3 percentage points (that is, down to 9.1 percentage points) by 2025. The June 2017 Australian Bureau of Statistics labour force data show a gender participation gap of 10.2 per cent.

Increasing women's participation in the workplace is a priority for the Department, and officials have worked cooperatively with other government departments and agencies to develop comprehensive economic and employment policies that will encourage further growth in women's workforce participation. The Department supports women into work through both jobactive and the ParentsNext program.

In response to *Balancing the Future: The Australian Public Service Gender Equality Strategy—2016–19*, the Department now has its first Gender Equality Action Plan and is committed to supporting and promoting workplace gender equality. The Action Plan offers another way for the Department to ensure that it is providing a supportive and enabling organisational culture. Initiatives set out in the Action Plan are for implementation between 2016 and 2019. Progress being made with the Action Plan is discussed on page 102.

There has been an increase in the number of women appointed to government boards in the Employment portfolio. The portfolio has seven boards with 47.5 per cent of reportable positions held by women. This is an increase of 19.2 per cent from 2015–16.



## Workplace relations policy advice

### Protecting vulnerable workers

The Department advised the Government on implementation of its election commitment to protect vulnerable workers. That commitment was made in response to several high-profile cases of worker exploitation and a range of evidence indicating that existing laws needed to be strengthened to deter unlawful behaviour. The Fair Work Amendment (Protecting Vulnerable Workers) Bill 2017, which was introduced into the Parliament on 1 March 2017, strengthens the Fair Work Act so as to more effectively deter the underpayment of workers. The Bill complements the other measures in the election commitment made to respond to worker exploitation—including increasing funding to the Fair Work Ombudsman (\$20.1 million over four years) and establishing the Migrant Workers' Taskforce.

#### ▶ The Migrant Workers' Taskforce

The Minister for Employment established the Migrant Workers' Taskforce on 4 October 2016 in response to reports of temporary overseas workers being exploited in Australian workplaces. Chaired by Professor Allan Fels AO, the taskforce is investigating the exploitation of vulnerable migrant workers across different regulatory and compliance frameworks. The Department provides policy and secretariat support to the taskforce, and works collaboratively with senior executive-level officers from a range of Commonwealth policy and regulatory agencies.

Members of the taskforce seek to implement actions aimed at stamping out the exploitation of migrant workers in Australia. Taskforce discussions have focused on ways to better communicate with visa holders, so that they are aware of their workplace rights and know where they can get help; stronger enforcement measures; and better ways of preventing workplace exploitation. The taskforce is also working to ensure that the policy and regulatory settings are right. It has met with key stakeholders and will shortly host two roundtables to further extend its consultations.

Key initiatives announced by the taskforce to date include:

- ▶ a new reporting tool, hosted by the Fair Work Ombudsman, whereby migrant workers can report information about workplace exploitation anonymously and in their language of origin
- ▶ a new reporting protocol between the Department of Immigration and Border Protection and the Fair Work Ombudsman to ensure that temporary visa holders are supported and encouraged in coming forward with complaints about exploitation without fear of their visa being cancelled, providing they comply with certain conditions
- ▶ a joint research project looking at how we can best communicate with migrant workers about their workplace rights and ensure that those communications are effective.

The Migrant Workers' Taskforce has a strong forward agenda to continue its work on dealing with migrant worker exploitation in Australian workplaces.

## The Royal Commission into Trade Union Governance and Corruption

The Department continued to advise and assist the Government in relation to implementation of its election commitment to improve the transparency and accountability of registered organisations and adopt the majority of the recommendations of the Royal Commission into Trade Union Governance and Corruption. Registered organisations are unions and employer associations registered under the Fair Work (Registered Organisations) Act. The Department assisted the Government with the passage of the *Fair Work (Registered Organisations) Amendment Act 2016* through the Parliament on 22 November 2016. The amended Act provides for measures to strengthen the reporting and disclosure requirements for registered organisations and their officers, increase civil penalties and introduce criminal penalties, and establish a Registered Organisations Commission as an independent regulator.

The Department further supported the Government in introducing the Fair Work Amendment (Corrupting Benefits) Bill 2017. The legislation will ban corrupt and secret payments between employers and unions, as identified by the Trade Union Royal Commission. It will also require disclosure by both employers and unions of financial benefits they stand to gain as a result of an enterprise agreement before employees vote on the agreement.

## The Fair Work Commission's 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 Commission's decision affects about 196,000 employees who are paid the national minimum wage rate and about 2.3 million employees on award classification wages.

On 6 June 2017, the Fair Work Commission announced its decision to increase the national minimum wage rate and award classification wages by 3.3 per cent. From 1 July 2017, the national minimum wage is to increase to \$694.90 a week (\$18.29 an hour).

## Pay equity and participation

The Department continued to provide policy advice on matters relevant to women's participation in paid work, including pay equity, analysis of the gender pay gap, workplace flexibility, workplace responses to domestic violence, and labour market gender segregation. The Department presented a submission to the Finance and Public Administration References Committee inquiry entitled Gender Segregation in the Workplace and Its Impact on Women's Economic Equality and appeared at a public hearing of the inquiry on 26 April 2017.



## The safety net, awards policy and superannuation

The Department continued to provide policy advice to the Government on safety net, modern award and superannuation matters throughout 2016–17. Highlights from the year are described below.

The Government's Fair Work Amendment (Repeal of 4 Yearly Reviews and Other Measures) Bill 2017 was developed with the joint support of the Australian Industry Group, the Australian Chamber of Commerce and Industry and the Australian Council of Trade Unions. The Bill provides for removal of the requirement for the Fair Work Commission to conduct four-yearly reviews of modern awards from 1 January 2018. It will also enable the Fair Work Commission to overlook minor procedural or technical errors when approving an enterprise agreement. This delivers on the recommendations of the Productivity Commission's final report into the Workplace Relations framework. The Bill also accommodates two recommendations made by the Hon Peter Heerey AM QC in his *Report of Inquiry into Complaints about the Honourable Vice President Michael Lawler of the Fair Work Commission and Related Matters* (the Heerey report). The Bill passed the House of Representatives on 20 June 2017.

In response to the Fair Work Commission's decision on 23 February 2017 to reduce Sunday and public holiday penalty rates in hospitality and retail sector awards, the Department provided policy advice for two submissions the Government made to the Fair Work Commission in relation to transitional arrangements. The Department also represented the Government at a hearing on 9 May 2017. The transitional arrangements for Sunday penalty rates commenced on 1 July 2017 and will be phased in through yearly instalments over three to four years, depending on the award.

The Department is a member of an inter-agency working group providing advice to the Government on matters related to underpayment of the Superannuation Guarantee. It presented a submission to the Senate Economics References Committee Inquiry into Superannuation Guarantee Non-payment and appeared before the committee jointly with other members of the working group. The committee released its report on 2 May 2017; the Government is considering the recommendations.

## The Coal Mining Industry (Long Service Leave) Corporation

The Department continued to provide assistance to the Coal Mining Industry (Long Service Leave) Corporation, which is responsible for administering the Coal Mining Industry Long Service Leave Fund. The special appropriation made to the corporation is dependent on levies collected from employers under the *Coal Mining Industry (Long Service Leave) Payroll Levy Collection Act 1992*.

## The building and construction industry

The Australian Building and Construction Commission came into operation on 2 December 2016 and the Department is supporting its implementation. The Department provided policy and legal advice to support the development of the Building Code 2016, which also came into operation on 2 December 2016. The Department also provided policy and legal advice to support the Building and Construction Industry (Improving Productivity) Amendment Bill 2017. The *Building and Construction Industry (Improving Productivity) Amendment Act 2017* commenced on 17 February 2017 and related amendments to the Building Code 2016 commenced on 21 February 2017.

The Department progressed appointments to establish the Security of Payments Working Group, as required by the *Building and Construction Industry (Improving Productivity) Act 2016* and is supporting the review of state and territory security of payments laws.

## International labour matters

During 2016–17, the Department provided policy advice to the Government on international labour matters, with a particular focus on the Asia–Pacific region.

An important part of the Department’s international engagement is representing Australian interests at the International Labour Organization (ILO) and participating in the management of that body through Australia’s elected position on the organisation’s governing body. Government delegates play an active role at ILO meetings, contributing an Australian perspective to the organization’s work and planning. Delegates also contribute to the regional and economic government groups of which Australia is a member—the Asia Pacific Group and the Industrialised Market Economies Group.

In June 2017, the Department represented the Government at the 106th session of the International Labour Conference, which hosted three main technical committees—a general discussion on labour migration, a recurrent discussion on fundamental principles and rights at work, and the second discussion on the revision of the Employment (Transition from War to Peace) Recommendation, 1944 (No. 71). The Department played a key role in the discussions and outcomes of all three committees. Australia was also re-elected to represent the Far-East Asia and the Pacific Sub-Group of countries on the governing body for a three-year term, from 2017 to 2020, at the elections held during the International Labour Conference.

The Department represented the Government at ILO governing body meetings in October–November 2016, March 2017 and June 2017, continuing to advocate and engage on agenda items of relevance to Australia’s domestic and foreign policy interests.

The Department also participated in the Asia–Pacific Regional Meeting in December 2016; the meeting agreed to the Bali Declaration, which outlines the impact of the ILO’s Asia–Pacific Decent Work Decade and sets priorities for national policy and action for the coming five years. Australian delegates played an active role in the conference, participating in a panel discussion on skills for the future and as a member of the drafting committee for the Bali Declaration.

During 2016–17, the Department’s Minister–Counsellor (Employment) was Australia’s representative at the ILO. The representative participated in ILO meetings throughout the reporting year, including the Tripartite Meeting of Experts on Fair Recruitment and the Tripartite Meeting of Experts on Violence against Men and Women in the World of Work.

The Department has worked with the Department of Foreign Affairs and Trade on regional aid projects, including the Better Work program, which has been funded by the Department of Foreign Affairs and Trade 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. Both departments also work together on the ILO’s TRIANGLE in ASEAN program, to which the Department of Foreign Affairs and Trade has committed \$20 million in funding from 2015 to 2025. This program operates migrant resource centres, which provide information on safe and legal labour migration to increase the proportion of workers who migrate successfully through legitimate channels.





### ▶ Australia and the International Labour Organization's Future of Work centenary initiative

In 2016–17, Australia strongly engaged with the International Labour Organization's Future of Work centenary initiative, which aims to enable in-depth reflection on the future of work and provide to the ILO and member states guidance on effectively preparing for and responding to new work structures and industries as they evolve in the 21st century.

As part of this initiative, the ILO held a global dialogue, 'The Future of Work We Want', in April 2017. The meeting brought together academics, youth representatives and ILO members to consider the ILO's role in preparing for and advising governments on the changing nature of work. Australia was represented at the global dialogue by Deputy Secretary Sandra Parker and Australia's representative at the ILO.

In response to a request from the ILO, the Department hosted two tripartite national dialogues on the future of work with the Australian Chamber of Commerce and Industry and the Australian Council of Trade Unions. These meetings discussed economic, regulatory environment, social and technological drivers influencing the transformation of work in Australia. Dialogue participants recognised the importance of preparing young Australians for future work challenges and noted the rise of non-traditional employment relationships. All participants committed to continuing the conversation on the subject.

The outcomes from Australia's discussions were submitted to the ILO and will be considered by the its High Level Global Commission on the Future of Work, which will recommend policies to member states for managing future of work challenges.

Photo: Sandra Parker, Deputy Secretary, Department of Employment, speaking at the International Labour Organization's global dialogue, 'The Future of Work We Want'.

## Workplace relations legal advice

During 2016–17, the Department provided legal advice to our portfolio Minister, 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, work health and safety and workers' compensation, and public sector employment.

### Primary legislation

The Department supported the development, introduction and passage through the Parliament of the following legislation that implements the Government's workplace relations priorities (discussed further on pages 57–59):

- ▶ the *Fair Work (Registered Organisations) Amendment Act 2016*
- ▶ the Fair Work Amendment (Corrupting Benefits) Bill 2017
- ▶ the Fair Work Amendment (Repeal of 4 Yearly Reviews and Other Measures) Bill 2017
- ▶ the *Building and Construction Industry (Improving Productivity) Act 2016* and the *Building and Construction Industry (Consequential and Transitional Provisions) Act 2016*
- ▶ the *Building and Construction Industry (Improving Productivity) Amendment Act 2017*
- ▶ the Fair Work Amendment (Protecting Vulnerable Workers) Bill 2017
- ▶ the *Comcare and Seacare Legislation Amendment (Pension Age and Catastrophic Injury) Act 2017*.

In addition, the Department supported the development of the following legislative priorities of the Government.

#### ***The Fair Work Amendment (Respect for Emergency Services Volunteers) Act 2016***

The Department supported the passage of the Respect for Emergency Services Volunteers Act through the Parliament in October 2016. This Act gives effect to the Government's election commitment to amend the Fair Work Act so as to prevent enterprise agreements including terms that undermine the capacity of designated emergency management bodies to manage their volunteer operations or terms that are inconsistent with state or territory laws that regulate such bodies. It also provides that certain volunteer bodies can make submissions to the Fair Work Commission in relation to enterprise agreements or workplace determinations that affect or could affect volunteers of a designated emergency management body.

#### ***The Comcare and Seacare Legislation Amendment (Pension Age and Catastrophic Injury) Act 2017***

The Department supported the passage of the Comcare and Seacare Legislation Amendment (Pension Age and Catastrophic Injury) Act through the Parliament in June 2017. The Act amends the *Safety, Rehabilitation and Compensation Act 1988* and the *Seafarers Rehabilitation and Compensation Act 1992* to allow incapacity payments to continue until an employee reaches 'pension age', rather than age 65, in order to reflect the increase in the age pension age. It also removes the cap on compensation payable for household services and attendant care services for employees with a catastrophic injury to align these Acts with minimum benchmarks in the National Injury Insurance Scheme.

#### ***The Safe Work Australia Amendment (Role and Functions) Bill 2017***

The Safe Work Australia Amendment (Role and Functions) Bill was introduced into the House of Representatives on 31 May 2017. The Bill seeks to implement the recommendations of the Review of Safe Work Australia's Role and Functions. It clarifies Safe Work Australia's role and updates, consolidates and simplifies the body's existing functions.

## Legislative instruments

The Department developed a number of legislative instruments (including Regulations) to give effect to the Government's workplace relations priorities. The following regulatory amendments were made during 2016–17:

- ▶ The Fair Work (Registered Organisations) Regulations 2017 amend the Fair Work (Registered Organisations) Regulations 2009 to address a number of consequential matters relating to amendment of the Registered Organisations Act by the Registered Organisations Amendment Act of 2016. This includes changing references to the Fair Work Commission to references to the newly established Registered Organisations Commission and Commissioner. The Regulations commenced on 2 May 2017.
- ▶ To address matters arising under the transition from the Registered Organisations Act to the Registered Organisations Amendment Act, the Fair Work (Registered Organisations) (Transitional Provisions) Rules 2017 provide for transitional recognition of existing auditors of reporting units, transitional financial year disclosure and reporting requirements, and transitional disclosure of material personal interests of officers. The Rules commenced on 2 May 2017.
- ▶ The Fair Entitlements Guarantee (Indexation of Maximum Weekly Wage) Amendment (Continuation of Indexation Pause) Regulations 2017 amend the Fair Entitlements Guarantee (Indexation of Maximum Weekly Wage) Regulation 2013 to extend the pause on the indexation of the maximum weekly wage a claimant is able to receive under the Fair Entitlements Guarantee Act. The indexation pause has been extended from 2018 to 2021. The Regulations were made to give effect to a decision announced in the 2015–16 Mid-Year Economic and Fiscal Outlook.
- ▶ The Building Code 2016 sets out the Australian Government's expected standards of conduct for all building industry participants that seek to be, or are, involved in Commonwealth-funded building work.
- ▶ The Building and Construction Industry (Consequential and Transitional Provisions) Rules 2016 ensure that the obligations contained in the Building Code 2013 continue to apply to the particular building work to which that Code applied immediately before the repeal of the *Fair Work (Building Industry) Act 2012*.
- ▶ The Code for the Tendering and Performance of Building Work Amendment Instrument 2017 amends the Building Code 2016 to reflect amendments to the *Building and Construction Industry (Improving Productivity) Act 2016* (Building Act) made by the *Building and Construction Industry (Improving Productivity) Amendment Act 2017* and provides additional transitional exemptions to assist building industry participants with the transition to compliance with that Code.
- ▶ The Building and Construction Industry (Improving Productivity) Regulations 2017 substantially replicate Regulations relating to the examination notice process made under the former Fair Work (Building Industry) Act but with changes to terminology and other technical amendments to reflect the provisions of the Building Act.
- ▶ The Fair Work Amendment (Notice of Employee Representational Rights) Regulations 2017 amend the Notice of Employee Representational Rights prescribed in Schedule 2.1 to the Fair Work Regulations 2009 and update references to the relevant regulation-making provision of the Fair Work Act.
- ▶ The Safety, Rehabilitation and Compensation (Licence Eligibility—Ron Finemore Transport Services Pty Ltd) Declaration 2017 declared Ron Finemore Transport Services Pty Ltd eligible to apply to the Safety, Rehabilitation and Compensation Commission for a licence to self-insure under the Safety, Rehabilitation and Compensation Act.
- ▶ The Seacare Authority Code of Practice Approval 2017 provides guidance on ways to meet occupational health and safety standards and manage commonly understood hazards and control measures for managing health and safety risks at work on vessels.

- ▶ The Safety, Rehabilitation and Compensation (Rates of Interest Payable) Notice 2016 sets the rates of interest payable in respect of premium or regulatory contributions payable by entities and Commonwealth authorities under the Safety, Rehabilitation and Compensation Act.
- ▶ The Work Health and Safety Amendment (Licensing of Asbestos Removalists and Other Measures) Regulation 2016 amends the Work Health and Safety Regulations 2011 to implement an asbestos removalist licensing regime in the Commonwealth jurisdiction, implement mutual recognition arrangements for reach stacker licensing at the end of a transitional period, and repeal spent transitional provisions.
- ▶ The Work Health and Safety Amendment Regulation 2016 (No. 2) clarifies the extraterritorial application of the Work Health and Safety Regulations 2011.
- ▶ The Fair Work and Other Legislation Amendment (South Australian Employment Court) Regulations 2017 update references to South Australian courts and tribunals following the transfer of functions from the Industrial Relations Court of South Australia and the Industrial Relations Commission of South Australia to new bodies on 1 July 2017.

## Workers' compensation and workplace safety

### Workers' compensation policy

The Department has collaborated with Comcare and Australian Public Service departments and agencies to improve early intervention, improved rehabilitation and a sustainable return to work for APS employees after an injury or illness.



*A range of non-legislative reforms to workers' compensation arrangements has led to an improvement in the overall premium rate for Commonwealth premium-paying agencies; the rate fell from a high of 1.93 per cent of payroll in 2014–15 to 1.23 per cent in 2017–18. This significant improvement is a result of a range of actions taken by Comcare and Australian Public Service agencies. A Deputy Secretary Working Group has shared knowledge and encouraged best-practice approaches to injury prevention, early intervention and successful rehabilitation and return to work.*





## Workplace safety policy

In consultation with Comcare, the state and territory work health and safety jurisdictions, and employee and employer representatives, the Department will continue to contribute to developing and implementing the national approach to work health and safety regulation. It will continue to represent the government at Safe Work Australia, taking an active role in that organisation's mid-term review of the Australian Work Health and Safety Strategy and the 2018 review of the work health and safety model laws.

The Department provided policy and legal advice to support amendments to the model work health and safety Regulations; this included identifying areas that created an unnecessary regulatory burden, where regulation has not achieved the intended policy objective, or where compliance with the model WHS laws has increased costs for business without proportionate health and safety benefits. The Department also supported amendments to the model WHS Regulations on managing the risks associated with lead in the workplace, specifically reducing blood lead levels and the workplace exposure standard for lead.

The Department co-chairs an Asbestos Interdepartmental Committee with the Department of Immigration and Border Protection to enable effective policy and regulatory coordination across Commonwealth agencies. This work has improved the management of asbestos issues throughout the supply chain, especially in relation to the importation of products containing asbestos.

The Department has also established a cross-jurisdiction Interdepartmental committee to pursue national initiatives to improve quad bike safety both for workplace and for private use. The committee is chaired by the Department, and its membership includes representatives from a range of Commonwealth agencies and from nominated work health and safety regulators.

Additionally, the Department is advising the Australian Government on a proposed review of the impact of workplace safety laws in the building and construction industry.

## The Office of the Federal Safety Commissioner

The Office of the Federal Safety Commissioner administers the building and construction Work Health and Safety Accreditation Scheme, which is implemented under the Building Act. Over prescribed financial thresholds, all head contractors of building work funded by the Commonwealth or a Commonwealth authority must be accredited under the scheme.

In 2016–17, the Office of the Federal Safety Commissioner accredited 37 new construction companies and managed the ongoing accreditation of over 420 companies. Since the office's inception in 2005 over 1,500 Commonwealth-funded construction projects worth more than \$87 billion have used WHS systems and practices accredited under the scheme.

In 2016–17, the office began developing an online agency reporting database that will record all forthcoming Commonwealth-funded building projects covered by the scheme. Providing advanced notice of scheme projects will help in increasing the number of accredited companies eligible to tender for these projects, thus increasing competition and improving safety in the building industry.

To support the new National Construction Code compliance function, the Federal Safety Commissioner imposed on all accredited companies a condition of accreditation that means they can lose accreditation if they do not comply with the National Construction Code performance requirements for building materials. Further, the Commissioner issued new model clauses for use in tenders and funding agreements for building work covered by the scheme, requiring contractor compliance with National Construction Code performance requirements.

## Outcome 2 effectiveness indicators

### Productivity

Labour productivity—as measured by gross value added per hour worked in the market sector—increased by 1.7 per cent (trend terms) in the year to the June quarter of 2017, up from 1.2 per cent growth in the year to the June quarter of 2016. It is worth noting that short-term measures of productivity are prone to volatility and cyclical effects and should therefore be interpreted with caution. Data are also subject to revision by the Australian Bureau of Statistics.

### Wages and earnings

The Australian Bureau of Statistics Wage Price Index measures wage growth in the Australian economy and is the preferred indicator of wage trends. The index increased by 1.9 per cent (seasonally adjusted) in the year to the June quarter of 2017, down from an increase of 2.1 per cent in the year to the June quarter of 2016. Recent comments from the Reserve Bank of Australia suggest that it is likely that as our economy strengthens and the demand for labour picks up, growth in wages will also pick up.

Private sector wages grew by 1.8 per cent in the year to the June quarter of 2017, while wages in the public sector increased by 2.4 per cent in the same period. In that period annual wage growth by industry (original data) was highest in health care and social assistance (2.6 per cent), and education and training (2.4 per cent), and lowest in mining (1.1 per cent).

### Industrial disputes

In the year to the June quarter of 2017, 12.8 working days per thousand employees were lost. This was up from 9.5 working days in the year to the June quarter of 2016.

In the year to the June quarter of 2017, 137,800 working days were lost as a result of industrial disputes. Of the reported industries, the construction industry accounted for the largest number of working days lost (52,800). In comparison, about 5,500 working days were lost in the education and training, health care and social assistance industries combined, and 16,800 working days were lost in the coal mining industry.

### Agreement making

The number of current enterprise agreements—that is, agreements not past their expiry date or terminated—was 14,497 at 30 June 2017, covering 1.88 million employees (latest available data). This compares with 14,441 agreements covering 2.16 million employees at 30 June 2016. Note that there were some minor revisions in the historical figures.



## Cross-outcome work

### The Review of Security of Payments Laws

The Department is assisting Mr John Murray AM in conducting the Review of Security of Payments Laws in the building and construction industry. Mr Murray has held more than 60 consultations with a range of stakeholders—including industry bodies, contractor and subcontractor representatives, unions, adjudicators and government agencies with policy and regulatory responsibility for security of payments—in all jurisdictions. He will report to the Minister by 31 December 2017.

### Data management

The Department seeks to increase the use of data to improve its policies and programs, including by making non-sensitive data publicly available. Our work in this area is driven by the Australian Government Public Sector Data Management Agenda.

In 2016–17, we continued to develop our data management strategy. Work focused on coordinating policies, processes and protocols for the sharing and use of data. To date, we have released 13 datasets on the open government data platform, data.gov.au.

The Department sponsored GovHack in 2016–17. This annual competition encourages people from both the private and the public sectors to use open government data to develop new insights into pressing policy questions. Winning entries created interactive maps that showcased growth industries by location and job creation and industry activity by region. The intention is to sponsor GovHack again in 2017–18.

The Department is working on building its data analysis capabilities. In 2016–17 a number of departmental staff were supported to study data analytics at the Australian National University. These staff augmented their skills, shared their learning with their peers, and were involved in a number of new data projects. Study support for staff will continue in 2017–18.

### The Future of Work project

The Department is working to ensure that all Australians have access to more jobs and great workplaces as the labour market evolves. Current changes are being driven by structural shifts in the Australian economy towards services, an increase in intangible goods and services, closer integration with Asian economies, and advances in technology.

The Department conducts research to fill data gaps, build knowledge of labour market disruption, and improve its understanding of future policy challenges and opportunities. This includes tapping new data sources for more up-to-date and detailed information about the skills that are needed in our workforce.



## Behavioural economics

Behavioural economics approaches often involve modifications to policies and programs based on psychological insights that help explain the actions and decision-making processes of individuals and organisations. The Department applies such approaches to support effective program design and implementation and achieve better outcomes for Australian job seekers, employers and jobactive providers. It evaluates behavioural economics interventions using randomised controlled trials, the 'gold standard' for measuring improvements to policy and program outcomes.

The Department has a number of behavioural economics trials underway with a view to enabling job seekers to better market themselves to employers, improving the use of wage subsidies, improving response rates to a survey seeking feedback on the Department's jobs programs, and increasing the use of departmental services. Evidence gathered from these trials has been incorporated in the design of policies and programs. This supports one of the key departmental objectives—evidence-based policy.

## The Innovation Framework

Innovation at the Department of Employment means putting ideas into practice to benefit staff, stakeholders and clients. The Department continues to build an innovation culture and capability through its mindset (to be creative, collaborate and engage with risk), its environment (putting forward and testing new ideas), and its infrastructure (our ideas management system, Spark, and our innovation process and tools).

The Department's work is guided by the Innovation Framework 2016–18. The refreshed framework, launched in December 2016, was developed through user-centred design activities with departmental staff and builds on the achievements of the preceding 12 months, including:

- ▶ building a more mobile and flexible workforce through short-term job placements, secondments and the Flexible by Default trial
- ▶ building the capability of people through practical application of the innovation tools
- ▶ implementing the Department's thought leadership program—ripple effect—to learn from subject matter experts
- ▶ implementing the innovation process—from ideas generation, development and implementation, including the intranet redevelopment project and searchable directory
- ▶ supporting an ideas generation and implementation culture through the launch of Spark, the online ideas management system
- ▶ increasing collaboration through online platforms and informal networks such as Yammer and the Emerging Leaders Network
- ▶ trialling approaches to enhance our policy design and service delivery, including behavioural economics and user-centred design approaches.

The Innovation Framework focuses on four priorities: evolving the Department's capability and unlocking people's expertise, designing policies and services by applying user-centred design to meet the diverse needs of stakeholders, exploring a variety of policy levers and non-legislative approaches, and demonstrating the value the Department creates for staff, stakeholders and clients.

One of the ways the framework is being put into action is through regular challenges using Spark. By co-designing solutions, the Department harnesses diverse expertise to meet the needs of and create better outcomes for stakeholders and clients.

## Outlook

- ▶ The Department is continuing to focus its efforts on future policy developments in workplace relations and work health and safety, including assisting the Government in further developing its response to the final report of the Royal Commission into Trade Union Governance and Corruption and progressing reforms to the Comcare Scheme legislation.
- ▶ It will continue to provide financial assistance to retrenched workers under the Fair Entitlements Guarantee—including developing response strategies in periods of peak demand, such as a major corporate collapse or industry transition.
- ▶ The Department will continue recovery actions under the Fair Entitlements Guarantee Recovery Program, which is an ongoing program from 1 January 2017. Such actions aim to increase the amount available for distribution following the liquidation of employers and reduce the overall cost of the Fair Entitlements Guarantee.
- ▶ The Office of the Federal Safety Commissioner will continue to promote awareness of the Work Health and Safety Accreditation Scheme and help more businesses gain and maintain the safety standards required for accreditation under the scheme. This will be supported through the public launch of the Agency Reporting Online database under development in 2016–17 and organising industry ‘road shows’ and other engagement activities.
- ▶ The Department will continue to research the effects of new technology, economic shifts and emerging business models and develop policy responses on the future of work.
- ▶ The Department will progress work on a data management strategy, which will position us to progress the Government’s Public Sector Data Agenda and any actions arising from the Productivity Commission Inquiry into Data Availability and Use.
- ▶ A number of projects will be progressed over the coming year under the Department’s forward research agenda. These include research into ways to improve work health and safety and workers’ compensation outcomes, as well as employment supports for pre-release prisoners, migrant workers, Indigenous people and workers affected by the closure of the Australian automotive industry.

The Department will continue to work collaboratively with other agencies to provide to government policy advice on reviews of migration policy programs. It will also work with other government agencies to ensure that there is a fair workplace relations and workplace health and safety system, with a focus on temporary visa holders with a work right; this includes tackling workplace exploitation.





## ► The Graduate Innovation Shark Tank: a case study

In 2016–17, the Department’s graduates embraced our Innovation Framework and made use of our innovation tools to create and present ideas to the Executive in our Shark Tank. Four teams of graduates presented their ideas during the Shark Tank event, held as part of Innovation Month 2016.

The Shark Tank offers our graduates a great opportunity to learn more about the Department and the practical application of its innovation process and tools. This experience is something the graduates can take back to their work area and build into work practices and other projects.

Two teams ‘pitches’ were approved to progress to the next stage of development. This approach is all part of our innovation process—putting ideas into practice. Once ideas are generated, they are quickly tested, trialled and prototyped, with feedback sought at each stage before progressing to the next stage of development.

One idea, implemented in June 2017, involves an innovative solution to enhancing the search function in the corporate directory. The Find and Connect Working Group created a ‘Team Keywords’ search function in the directory, allowing staff to easily find and connect with the team that is best placed to assist them. By searching for keywords that match a team’s description of their work, staff can better inform themselves about each team’s responsibilities; this then supports people in making better informed choices about which team to contact when seeking assistance.

The Working Group has worked with the IT Services Branch to incorporate the Team Keywords search function in the corporate directory as part of the launch of the Department’s new intranet.

Photo: Winning teams from the Graduate Innovation Shark Tank 2016 with Deputy Secretary Martin Hehir. Back row, left to right: Leah Deng, Russell Canning, Stuart Bevan. Front row, left to right: Alison Beasley, Freya Nicholls, Anna Garnock, Sam Mitrovic, Yvonne Tzeng, Eh Eh Tin.



# PART 3

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# ANNUAL PERFORMANCE STATEMENT

*I, as the accountable authority of the Department of Employment, present the 2016–17 annual performance statement for the Department as required under section 39(1)(a) of the Public Governance, Performance and Accountability Act 2013. In my opinion, this annual performance statement is based on properly maintained records, accurately reflects the performance of the Department, and complies with section 39(2) of the Act.*

**Renée Leon PSM**  
Secretary

## OUR VISION

- ▶ **More Jobs. Great Workplaces.**
- ▶ *More job seekers into jobs. Safe, fair and productive workplaces.*

## OUR PURPOSE

Our purpose is to foster a productive and competitive labour market through employment policies and programs that increase workforce participation, and facilitate jobs growth through policies that promote fair, productive, flexible and safe workplaces.



# OUTCOME 1 RESULTS

Indicators and targets for Outcome 1 are set out in the Employment Portfolio Budget Statements 2016–17, pages 23–27, and on pages 8–9 of the 2016–17 Department of Employment Corporate Plan. Further information and analysis is detailed in the ‘Our performance’ chapter, starting on page 10.

## Objective 1—Help job seekers find and keep a job

**Table 8. Results for objective 1**

Indicator	Target	Result
Count of job placements	380,000 overall	370,318 overall
	38,000 Indigenous	33,966 Indigenous
Proportion of job placements sustained to four weeks	55% overall	62.9% overall
	55% Indigenous	57.7% Indigenous
Proportion of job placements sustained to 12 weeks	45% overall	54.9% overall
	45% Indigenous	47.6% Indigenous
Proportion of job placements sustained to 26 weeks	25% overall	37.8% overall
	25% Indigenous	29.5% Indigenous
Proportion of job seekers employed three months after participating in employment services	45% overall	48.5% overall
Stream A	55%	58.6%
Stream B	35%	40.3%
Stream C	25%	26.6%

### Analysis

Although labour market conditions improved during 2016–17, employment growth remains below the annual growth rate for the past decade. This has limited the number of available job opportunities in 2016–17, the second year of the jobactive program. As a consequence, 97.5 per cent of the job placement target for all job seekers was achieved. For Indigenous Australians, 89.4 per cent of the target was achieved, which is indicative of the challenges associated with achieving parity in employment between Indigenous and non-Indigenous Australians.

## Objective 2—Job seekers move from welfare to work

**Table 9. Results for objective 2**

Indicator	Target	Result
Proportion of job seekers moving off income support or with reduced reliance on income support six months after participating in jobactive	40%	42.1%

### Analysis

In 2016–17, the sustainability of job placements exceeded the target, which shows jobactive is helping job seekers to move off income support and become more self-reliant.

## Objective 3—Young people move into work or education

**Table 10. Results for objective 3**

Indicator	Target	Result
Proportion of placements sustained to a 12-week employment outcome or hybrid outcome or a 26-week education outcome	45%	64.3%
Proportion of placements that are converted to sustainability outcomes	25%	40.2%
Proportion of Transition to Work participants moving off income support, reducing their reliance on income support, or moving on to Youth Allowance (student) six months after participating in the service	28%	30.4%

### Analysis

Transition to Work significantly exceeded all three targets. The Transition to Work service is successfully supporting young people in becoming job ready and assisting them into work (including apprenticeships or traineeships) or education.

## Objective 4—Job seekers meet their mutual obligations

**Table 11. Results for objective 4**

Indicator	Target	Result
Proportion of Work for the Dole participants who report increased motivation to find a job	75%	72.0%
Proportion of jobactive appointments attended (for activity-tested job seekers, excluding when job seeker had a valid reason for not attending)	90%	75.0%
Proportion of job seekers (with mutual obligation requirements) actively looking for work	95%	96.5%

## Analysis

In 2016–17, the proportion of jobactive appointments attended increased slightly but was still short of the aspirational target. The attendance rate gradually increased during the year as the Department worked with providers on strategies to increase job seeker attendance and increase use of the compliance framework.

In 2016–17, the proportion of job seekers actively looking for work exceeded the target. The result suggests that providers are increasingly setting appropriate mutual obligation requirements for job seekers to help them actively look for work.

## Objective 5—jobactive organisations deliver quality services

**Table 12. Results for objective 5**

Indicator	Target	Result
Proportion of employers satisfied with the assistance provided by a jobactive organisation	80%	78%
Proportion of jobactive organisations that meet the service delivery requirements	80%	100%

## Analysis

In 2016–17, 78 per cent of employers were satisfied with the assistance provided by jobactive organisations, within 5 per cent of the 80 per cent target. The most common reason employers were not satisfied was that the provider was unable to refer applicants with the required skills. This was particularly common for jobs requiring a higher degree of skill.

## Overall program measure: jobactive

**Table 13. Overall performance for jobactive**

Indicator	Target	Result
Cost per employment outcome	\$2,500	\$1,453

## Analysis

In 2016–17, the cost per employment outcome for jobactive was \$1,453, as compared with the target of \$2,500. This reflects improved labour market conditions in 2016–17.



# OUTCOME 2 RESULTS

Indicators and targets for Outcome 2 are set out in the Employment Portfolio Budget Statements 2016–17, pages 30–33, and on pages 10–11 of the 2016–17 Department of Employment Corporate Plan. Further information and analysis is detailed in the ‘Our performance’ chapter, starting on page 52.

## Objective 1—The Fair Entitlement Guarantee Program functions effectively

**Table 14. Results for objective 1**

Indicator	Target	Result
Percentage of claims processed within 16 weeks of receipt of an effective claim	80%	85.5%
Average processing time for all claims	14 weeks	10.1 weeks
Claim payments that are correct	95%	95.8%
Claimants satisfied with the Department’s administration of the Fair Entitlements Guarantee	80%	85.8%
Insolvency practitioners satisfied with the Department’s administration of the Fair Entitlements Guarantee	80%	87%

Note: Indicators are used in order to understand the effectiveness and health of the workplace relations system, noting significant drivers in broader aspects of the Australian economy. Monitoring the data for these indicators allows the Department to be properly informed and provide policy advice and shapes the way we deliver our programs

### Analysis

The Fair Entitlements Guarantee met or exceeded all of its key performance measures for 2016–17.

Overall, timeliness in processing Fair Entitlements Guarantee claims improved slightly over 2016–17. While the proportion of claims processed within 16 weeks decreased slightly from 90 per cent in 2015–16 to 85.5 per cent in 2016–17, the average processing time improved from 10.4 weeks in 2015–16 to 10.1 weeks in 2016–17. This reflects ongoing strong performance against timeliness key performance indicators. The slight reduction in claims processed within 16 weeks is attributed to variable demand in the scheme and in particular, the fact that there were fewer instances of large cases received in the program over 2016–17 (large cases typically result in stronger performance against this indicator as they attract economies of scale in processing).

Previously, the accuracy of Fair Entitlements Guarantee decisions was determined on the proportion of review decisions that are overturned based on the same information used in the initial assessment. In 2016–17 a broader methodology to measure accuracy of claim payments was introduced to audit a statistically significant sample of all claim decisions. This provided a more robust measure across the range of claim types. The audit outcomes for 2016–17 showed that 95.8 per cent of claim decisions were accurate, exceeding the target of 95 per cent.

Claimant satisfaction with the Department’s administration of the Fair Entitlements Guarantee has increased from 78.9 per cent to 85.8 per cent. This increase is primarily due to modernisation of program administration to make direct payments to claimants and reduce the waiting time for workers seeking assistance under the program. The proportion of insolvency practitioners satisfied with the Department’s administration of the Fair Entitlements Guarantee in 2016–17 was 87 per cent.

## Objective 2—Commonwealth-funded projects are undertaken by builders accredited by the Office of the Federal Safety Commissioner

**Table 15. Results for objective 2**

Indicator	Target	Result
Australian Government building and construction industry Work Health and Safety Accreditation Scheme—percentage of accreditation applications assessed and applicants contacted within 10 working days	90% of accreditation applications assessed and contact made within 10 working days	Exceeded: 93% of accreditation applications were assessed and contacted within 10 working days
Satisfaction of accredited companies with the service provided by the Office of the Federal Safety Commissioner	Majority of companies rate the level of service as satisfactory or better	Exceeded: 97% of companies were satisfied with the level of service provided by the OFSC in 2016–17
Companies consider that workplace safety has improved due to accreditation	Majority of companies say accreditation has improved their safety performance	Exceeded: 78% of newly accredited companies consider that their workplace safety practices have improved as a result of accreditation

Note: Indicators are used in order to understand the effectiveness and health of the workplace relations system, noting significant drivers in broader aspects of the Australian economy. Monitoring the data for these indicators allows the Department to be properly informed and provide policy advice and shapes the way we deliver our programs.

### Analysis

In 2016–17, the Office of the Federal Safety Commissioner continued to operate as a best-practice regulator and improve workplace health and safety in the construction industry, meeting all key performance targets. In the 2017 Office of the Federal Safety Commissioner survey of accredited companies, over 78 per cent of respondents from newly accredited companies stated that the scheme had improved safety practices in their company and over 83 per cent said the scheme represents value for money. There was improved administrative efficiency and a reduced regulatory burden for accredited companies through effective use of technological solutions, including the electronic submission of scheme reports and applications through FSC Online. Over 90 per cent of accredited companies agreed that the online services offered a more efficient method of reporting, applying for re-accreditation, and monitoring accreditation status and safety performance.

The Office of the Federal Safety Commissioner operates under the Australian Government's Regulator Performance Framework. Self-assessment against the six key performance indicators of the framework is undertaken annually and reported at [www.fsc.gov.au](http://www.fsc.gov.au).



## Objective 3—The workplace relations system contributes to the productivity agenda by encouraging the adoption of flexible and modern workplace relations

**Table 16. Results for objective 3**

Indicator	Target	Result
Evidence that the national workplace relations system supports improved productivity outcomes	Increase in productivity and the Australian Bureau of Statistics wage price index	Productivity growth 1.7% over the year to the June quarter of 2017 (subject to ABS revision)  The wage price index increased by 1.9% over the year to the June quarter of 2017
Evidence that industrial action is minimised	Maintenance of the number of working days lost per thousand employees	12.8 working days lost per thousand employees over the year to the June quarter of 2017
Evidence that enterprise bargaining is used by employers and employees to negotiate pay and conditions	Increase in the number and coverage of enterprise agreements	14,497 current agreements as at 30 June 2017, covering an estimated 1.88 million employees

Note: Indicators are used in order to understand the effectiveness and health of the workplace relations system, noting significant drivers in broader aspects of the Australian economy. Monitoring the data for these indicators allows the Department to be properly informed and provide policy advice and shapes the way we deliver our programs.

### Analysis

Australian Bureau of Statistics data show that productivity growth increased from 1.2 per cent over the year to the June quarter of 2016 to 1.7 per cent over the year to the June quarter of 2017. The latest available data show that growth in the wage price index fell, from 2.1 per cent over the year to the June quarter of 2016 to 1.9 per cent over the year to the June quarter of 2017.

ABS data show that the rate of industrial disputes for the year to the June quarter of 2017 increased to 12.8 working days lost per thousand employees; this compares with 9.5 working days lost per thousand employees for the year to the June quarter of 2016. Despite the rise, the rate of industrial disputes remains 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 shows a small increase in the number of current enterprise agreements—from 14,441 agreements covering 2.16 million employees as at 30 June 2016 to 14,497 covering 1.88 million employees as at 30 June 2017. The fall in the number of employees covered by enterprise agreements occurred particularly in the private sector.



# ANALYSIS OF PERFORMANCE AGAINST OUR PURPOSE

The Department's purpose is to foster a productive and competitive labour market through employment policies and programs that increase workforce participation, and facilitate jobs growth through policies that promote fair, productive, flexible and safe workplaces.

While Australia's labour market conditions have seen improvements during 2016–17, there continue to be groups where unemployment figures remain relatively high. For example, the unemployment rate for young people has consistently been more than twice the total unemployment rate. Other cohorts who experience complex barriers to employment include mature-age people, Indigenous Australians, migrants, refugees, women and parents. The Department implemented programs to improve workforce participation for these groups, and in 2016–17 had positive results from programs such as Transition to Work. Australia is currently experiencing employment growth, and the Department's targeted support, as well as the educational and training programs of other Australian Government entities, help make these cohorts more competitive within the overall labour market.

Working closely with other government entities enables the Department to ensure consistent delivery of employment services. Through the jobactive program, the Department continued to deliver effective and efficient employment services to help job seekers find and keep a job.

Access to fair, productive, flexible and safe work helps individuals to fulfil their potential, families to thrive and businesses and communities to prosper and grow—in turn facilitating jobs growth. Throughout 2016–17, the Department provided workplace relations policy advice, assisting the Government in the re-establishment of the Australian Building and Construction Commission and the establishment of the Registered Organisations Commission. The Department also administered the Fair Entitlements Guarantee, and the Australian Government Building and Construction Work Health and Safety Accreditation Scheme. These programs provided financial assistance to retrenched workers and helped businesses gain and maintain improved safety standards. The latest available data show that productivity increased by 1.7 per cent over the year to the June quarter and that the rate of industrial disputation remains low.



More Jobs.  
Great Workplaces.





# PART 4

## OUR CAPABILITY AND ACCOUNTABILITY


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# OUR CAPABILITY AND ACCOUNTABILITY

*Our organisational capability is the combination of our people, culture, governance principles, processes, systems and knowledge. By having strong capability, we ensure we can deliver on priorities for the Australian Government and the community.*

In November 2016, the Department launched the Organisational Capability Vision as an initiative following the Australian Public Service Commission capability review. The Organisational Capability Vision commits the Department to an ongoing process of aligning and refining our capabilities with a focus on four priority areas.

Our capability is an important part of delivering on our Strategic Plan. The Strategic Plan illustrates how the Department will deliver, how we will work together and how we build our own departmental culture (see page 84). The Organisational Capability Vision describes how we are positioning ourselves to grow our capability and extend our thinking established by the Strategic Plan. We need to grow and develop our capabilities to ensure we continue delivering to a high standard in the future.



## Machinery of government changes

In December 2013, following the abolition of the Department of Employment, Education and Workplace Relations, the Department of Employment established a shared services centre in partnership with the Department of Education and Training, as a joint operation to provide shared corporate services for both departments. In doing this, the departments were able to share the capacity of over 600 employees and avoid the extra costs of establishing full corporate functions in both departments.

In September 2016, the Government decided to transfer some shared services functions from the Departments of Employment and Education and Training to the Finance portfolio, with the remaining functions to be arranged between the partner departments.

Working collaboratively with these agencies, the Department of Employment effectively managed the large and complex machinery of government change that involved transferring functions and employees from the shared services centre to the Department of Employment, the Department of Education and Training or the Department of Finance with minimal staff and system disruption.

Core transactional services—including accounts payable, accounts receivable, credit card management, and some elements of travel management and payroll—are now provided by the Service Delivery Office within the Department of Finance. The majority of the remaining shared services centre functions, primarily ICT, have moved to the Department of Employment, with the exception of library and theatre services, which will be provided by the Department of Education and Training, simplifying governance arrangements and ensuring more efficient and effective service delivery.

As a result of the machinery of government changes and the movement of corporate services to the Department, the Secretary made the decision to create the Technology Services Group and combine all corporate functions under a single corporate business group—the Corporate Cluster.

# GOVERNANCE

The Department's governance framework plays an important role in supporting efficient, effective and ethical use of departmental resources. It enables the Department to meet its performance and accountability requirements in accordance with the *Public Governance, Performance and Accountability Act 2013* and helps staff to exercise good governance. During 2016–17, the Department continued to implement the requirements of the Act while also ensuring that arrangements were in place to help staff plan for success, define and manage an appetite for risk, and regularly monitor performance.

## The Executive Meeting

At the highest level of the Department's governance structure is the Executive Meeting, which supports the Secretary in making key decisions for the Department. Its focus is the delivery of departmental outcomes, strategic issues that affect the Department's business groups, and significant operational matters. Convened weekly, the meeting is chaired by the Secretary and attended by the Department's Deputy Secretaries. Until the establishment of a Deputy Secretary Corporate in February 2017, the meeting was attended by two of the Department's Group Managers with corporate responsibilities.

## Committees

The Department's governance committees support the Executive Meeting by assisting with reporting, decision making and consultation in their areas of expertise. As at 30 June 2017, the Department had five governance committees:

- ▶ The **Audit Committee** helps the Department comply with its obligations under the Public Governance Performance and Accountability Act and provides a forum for communication between the Secretary, senior managers, and the Department's internal and external auditors.
- ▶ The **Finance and Business Services Committee** oversees business improvement practices and the use of resources and procedures to ensure that the Department meets its business goals. This work includes overseeing the Department's risk management, fraud control and protective security arrangements.
- ▶ The **Information Technology Committee** oversees the management and use of information technology to enable the Department to meet its program and corporate objectives, as well as ensuring that the Department has appropriate information technology security controls in place.
- ▶ The **People and Capability Committee** oversees the management of the Department's people and organisational strategies and helps the Department comply with its work health and safety duties and obligations.
- ▶ The **Strategy Committee** provides a forum for discussing strategic concerns and opportunities and promotes the availability of data and insights to enhance department-wide strategic thinking

The Department also has a number of consultative committees, steering committees and working groups that provide support, monitor, consult and share information. The committee structure is reviewed annually as part of a governance health check.

The Audit Committee meets quarterly and each of the other committees usually bi-monthly, with additional meetings held when necessary. Quarterly activity reports are provided to the Executive Meeting to assist it with monitoring progress and performance. Each committee is supported by a secretariat, which also meets bi-monthly to share ideas and foster a culture of continuous improvement.

The Department's operational committees consist of leadership forums for two business groups (the Employment Cluster and the Workplace Relations and Economic Strategy Cluster). They are convened to promote principles of good governance across all levels of the Department. The Senior Management Meeting takes place weekly and consists of the Executive and all Group Managers. The Senior Management Meeting shares information on strategic and operational issues.

The Department continually looks for ways to make its governance arrangements more suited to its purpose. In December 2016, with the majority of the remaining shared services centre functions, primarily ICT, moving to the Department of Employment as part of the machinery of government changes, the Technology Services Group was formed. Rather than create separate governance arrangements, the Technology Services Committee has integrated with the existing Information Technology Committee and expanded membership to include an external member from the Department of Education and Training.

The Department conducts an annual health check of its governance arrangements. This year's health check identified that reporting on the implementation of key initiatives could be streamlined and delivered from line areas and duplication of reporting could be eliminated. As a result, the decision was made to disband the existing Risk and Implementation Committee. Oversight of the Department's risk framework and the application of risk management across the Department was transferred to the Finance and Business Services Committee and remains a key focus for the Department.

## Planning for performance

The Department's performance framework offers a foundation of accountability and transparency. Effective planning guides the Department in ensuring it achieves its outcomes.

## The Strategic Plan 2017–2020

On 22 June 2017, the Department launched its second strategic plan—the Strategic Plan 2017–2020—setting out at the highest level what is important to the work of the Department, how we work, and most importantly how we work together to achieve the Department's vision **More Jobs. Great Workplaces.**

This plan refines the Department's direction, building on the solid foundation of the existing vision and the four elements of the Department's first strategic plan.

The plan introduced a new tagline explaining the work of the Department—*More job seekers into jobs. Safe, fair and productive workplaces.* The new tagline clarifies that, while our Department may not directly create jobs, we assist job seekers to become sustainably employed as quickly as possible. We also provide robust policy advice on making great workplaces, that is, those that are safe, fair and productive. With better workplaces come better conditions for sustained job creation.



The new strategic plan carries forward many of the elements of the previous strategic plan. There are no major changes in the context in which the Department operates, so the new plan consolidates and takes forward these durable elements.

Five core elements within the strategic plan provide direction when people in the Department plan, deliver and evaluate their work:

- ▶ **Delivery.** We deliver on government's agenda and its priorities.
- ▶ **Collaboration.** We build and maintain meaningful relationships across the Public Service and with our non-Public Service 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.

Influence is a new element in this strategic plan and reflects the Department's growing maturity as an organisation and the role it plays in the broader environment in which it operates.

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

## The Corporate Plan 2016–17

The corporate plan is the Department's primary planning document, fulfilling a core requirement under the Public Governance Performance and Accountability Act and aligning with performance information published in the Portfolio Budget Statements.

The plan identifies how the Department will achieve its purpose by outlining departmental 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 and draws on existing internal and external publications.

The Department's results against the performance criteria in the 2016–17 Corporate Plan and Portfolio Budget Statements are set out in the annual performance statement on pages 71 to 79.





## The Finance and Business Services Committee

The Finance and Business Services Committee oversees the use of resources and the Department's strategies for meeting its business goals. It considers opportunities for driving business efficiencies and for supporting innovation and organisational capability. As at 30 June 2017, the committee was co-chaired by the Deputy Secretary Employment and the Acting Deputy Secretary Corporate. Membership includes a cross-section of management levels and organisational areas from throughout the Department. The committee met nine times during 2016–17.

The committee's work and priorities expanded during the reporting year, taking into account changes to the Department's organisational structure resulting from the machinery of government changes and the transfer of risk management responsibilities from the former Risk and Implementation Committee. To refine its scope and identify opportunities to add further value to the Department, the committee held a planning workshop in February 2017 to frame its priorities for the year ahead. These priorities were driven by the Secretary and committee members; among them are strengthening the Department's organisational capability and continuing to integrate functions following the December 2016 machinery of government changes. Additionally, the committee will continue to provide oversight of the Department's risk management framework, including the development of strategies to respond to identified areas of improvement.

The Committee values broad employee engagement in promoting departmental initiatives. With this in mind, its work in 2016–17 focused largely on activities designed to finalise and embed the Department's Organisational Capability Vision, which is a shared vision for the way the Department's people, culture, processes, systems and structures work together to help deliver good outcomes, and the new strategic plan.

The Committee's focus for 2017–18 includes the following:

- embedding the Strategic Plan and Organisational Capability Vision
- exploring opportunities to gain efficiencies in how the Department allocates and uses financial resources
- improving business practices and reducing red tape
- ensuring the Department maintains a strong risk management culture.

## Business planning

Business plans are developed each year, giving an opportunity to consider priorities for the year ahead, how they will be measured and how they will be achieved. The plans also provide an important link between the strategic plan, corporate plan and individual performance agreements, as well as any risk or project plans. This also helps to drive performance, increase engagement and corporate alignment, and build capability.

For each group (usually three to four branches), business plans are complemented by continuity plans and risk plans, and bring together in one place the primary activities and strategies for business areas. The plans focus on the five core elements of the Strategic Plan and are integrated with other corporate activities, and provide the context for our people to:

- ▶ conduct assessments for business continuity and strategic risks, including fraud
- ▶ consider new ways of working to collaborate, innovate and be forward-looking

- ▶ use evaluation, research and evidence to meet our objectives
- ▶ develop capability as individuals, and teams, to build our culture
- ▶ identify activities that further our commitment to reconciliation, reinforcing the principle that Indigenous business is our business.

As part of the business planning process, the Department's Executive and each group's leadership team meet twice a year to discuss objectives and challenges. These meetings afford an opportunity to review progress towards the delivery of outcomes. The business plans are reviewed and updated as needed to reflect any changes in priorities and to track progress.

## The IT Strategic Plan 2014–2017

The IT Strategic Plan 2014–2017, launched in February 2015, guides the Department's information technology direction and efforts and supports our vision of more jobs and great workplaces. It ensures that we make the best possible use of IT and provides a transparent, accessible and streamlined framework for decision making and accountability. The plan has seven strategies:

- ▶ Increase data analytics capability.
- ▶ Increase efficiency and reduce red tape.
- ▶ Enable innovative business models.
- ▶ Support high staff productivity.
- ▶ Implement effective IT sourcing strategies.
- ▶ Engage in whole-of-government IT initiatives.
- ▶ Improve IT capability.

Operational governance bodies review progress, key issues and change management for each of the Department's IT investment projects. Open discussion on investment projects, including those with factors inhibiting their success, ensures that the process remains accountable and transparent.



## The Information Technology Committee

The Information Technology Committee advises the Executive on departmental IT capabilities, strategy, risk, investment and prioritisation and oversees implementation of the IT Strategy.

Steering committees in the Department's two ICT groups manage the IT investment portfolio and services and support the Information Technology Committee in delivering the strategy and work program, including risk management.

## The Evaluation, Research and Evidence Framework 2015–2020

The Evaluation, Research and Evidence Framework 2015–2020 outlines how the Department is strengthening its evidence base and translating evidence into better policy, programs and practices.

After two years in operation, in 2016–17 the framework was updated to ensure that it remains clear and encourages collaboration and communication across the Department, and that work streams are well integrated.

Among other achievements under the framework in 2016–17 were the following:

- ▶ publishing evaluation strategies for jobactive, the Empowering Youth initiatives and the Transition to Work program
- ▶ supporting 13 research activities, including projects examining employment outcomes for Indigenous Australians, pre-release prisoners, mature-age women and migrant workers
- ▶ managing the Research and Evaluation Services Panel, which supports the research and evaluation work of the Department and other government agencies. To date panel members have been engaged for 97 projects, 26 of which are being undertaken by the Department.

In 2017–18, the Department will strengthen its focus on the dissemination and communication of evidence to ensure it realises the benefits of its investment in research and evaluation.

## The Strategy Committee

The Strategy Committee provides a forum for exchanging, testing and challenging ideas about current and future work. As well as considering longer term strategic matters, the committee advises the Executive on the Department's role in achieving short to medium-term departmental and whole-of-government policy priorities. The committee also oversees evaluation, data and research projects, economic and labour market analysis, and policy development.

During 2016–17, the Committee endorsed a number of strategic policies, including developing the program of work for the two-year forward research agenda and options for a departmental data management strategy.

The committee has also considered a broad range of strategic policy papers on topics such as the Department's protocol for ethical conduct when conducting research, mental health and work in Australia, behavioural economics projects in progress, and work being done to redress low workforce participation in regional areas.

The Department will continue to collaborate with other agencies to provide policy advice to government on reviews of migration policy programs. It will also work with other government agencies to ensure that there is a fair workplace relations and workplace health and safety system with a focus on temporary visa holders with a work right, including tackling workplace exploitation.



## REGULATORY REFORM

Employment portfolio agencies and the Department continue to make inroads into reducing unnecessary regulatory burden faced by businesses, community organisations, individuals and families. Among the Department's achievements during 2016–17 were the Youth Employment Package, offering new jobs pathways that saved \$37 million in regulatory burden, reforms to workers' compensation for licensed self-insuring firms saving almost \$1.7 million in regulatory burden per year, and simplifying Fair Entitlements Claims processes saving around \$725,000 in regulatory burden per year.

The Department's Regulation Impact Statements (RIS) were all assessed as compliant with best practice for Australian Government RISs. In addition, Safe Work Australia prepared a number of COAG RISs, including on explosives regulation, managing the risks associated with lead in the workplace, and model work health and safety. All RISs were compliant with COAG requirements. Other policy decisions were supported by certified RIS-like processes—for example, the Royal Commission into Trade Union Governance and Corruption, the Productivity Commission inquiry report on the Workplace Relations Framework and the Fair Work Ombudsman's report on 7-Eleven.

In 2016–17 the portfolio's regulators will complete their second self-assessment under the Government's Regulator Performance Framework. A Department of the Prime Minister and Cabinet review of Regulator Performance Framework implementation in 2015–16 found that the Department of Employment regulators' reports were of high quality and incorporated better practice features.

## RISK MANAGEMENT

Following on from the Department's revised risk and tolerance statement, released in April 2016, in 2016–17 the Department developed a revised Risk Matrix, published in November 2016. Staff using the new matrix assess risk through the lens of the Department's risk appetite and tolerance, making it easier for decision-makers to see where there is scope to apply new ideas and approaches. In June 2017, the Department finalised development of its new enterprise risk management system, RiskNet. The system is designed to help staff make more meaningful risk assessments and provide clearer and more meaningful information for people responsible for accepting risk plans.

RiskNet fully incorporates the Department's new Risk Appetite Statement, so staff can more easily and accurately assess risks against the Department's tolerance levels. It allows the Department to easily track and group together similar risks, helping it remain aware of the bigger picture and manage groups of risks more effectively. RiskNet will support more consistent rating of risks throughout the Department.

Since early 2017 the Department has been redeveloping its Strategic Risk Statement, which highlights priority areas of potential exposure for the period 2017 to 2019. It provides examples of how such risks might be encountered and some advice and strategies for effectively managing these risks. In conjunction with the Risk Appetite and Tolerance Statement, the Strategic Risk Statement will be used to guide decision making, risk management and resource allocation in the Department.

During 2016–17, the Employment Risk and Implementation Committee was disbanded as a result of the decision that reporting on the implementation of key initiatives could be streamlined and delivered from line areas and duplication of reporting could be eliminated. This committee's functions relating to risk oversight and management are now overseen by the Finance and Business Services Committee, where risk is a standing agenda item. The Department continued to achieve strong results in the Comcover Benchmarking Survey of risk maturity, re-affirming a well-embedded and mature culture of risk management.

# FRAUD CONTROL

Fraud and corruption have the potential to damage the performance and reputation of Australian Government programs. The Department seeks to minimise fraud and corruption risks by preventing, detecting, investigating, recording and reporting instances of fraud and corruption through the implementation of policies, procedures and practices that align with the Commonwealth Fraud Control Framework.

In February 2017, the Department's Fraud Control Plan was updated, in keeping with the requirements of the revised Commonwealth Fraud Control Framework. The Department's fraud control framework ensures compliance with other initiatives aimed at protecting public money, public property and the integrity and security of the Department and government.

The Serious Non-Compliance and Investigations Unit operates within the Department's compliance framework and provides assurance to the Executive that serious non-compliance and fraud are not systemic, and that isolated incidents are dealt with promptly and effectively. The unit was established to constitute a singular register of serious non-compliance and fraud within the Department and requires consideration beyond established program assurance mechanisms. The unit interacts with program assurance and risk management areas to ensure that the Department responds in the most appropriate way possible.

# INTERNAL AUDIT

The internal audit function is a central component of the Department's governance framework. The aim is to strengthen accountability and promote good governance and transparency through the provision of independent and objective assurance to add value and improve the Department's operations.

The internal audit team contributes to fostering a culture of accountability, integrity and high ethical standards by encouraging debate and identifying common ground for achieving successful outcomes. Through collaborating with internal and external stakeholders to build and share information and knowledge, team members reinforce the ideas of appropriate use of Commonwealth resources, cost-effectiveness, self-assessment and continuous improvement throughout the Department.

In its independent and objective assurance activities for the Department, in 2016–17 internal audit undertook the following:

- ▶ delivered a program of audits that was responsive to the Department's changing needs and priorities
- ▶ reviewed all tabled Australian National Audit Office performance audit reports and disseminated key lessons learnt and relevant information to appropriate officials in the Department and the Employment portfolio
- ▶ continued its 'no surprises' audit approach through communication with audit stakeholders and building productive working relationships
- ▶ attended, and provided information and advice to departmental governance committees
- ▶ provided a point of contact for and facilitated the Australian National Audit Office's annual financial statements audit and five ANAO performance audit activities involving the Department
- ▶ monitored the implementation of internal and ANAO audit recommendations and provided assistance and advice to business areas responsible for implementing audit recommendations.

The Department's 2016–17 internal audit work program was developed following consultation with the Executive and the Department's Senior Executive Service. Approved by the Audit Committee in July 2016, the theme was resource management in the context of supporting the Secretary in fulfilling her corporate governance responsibilities, risk management, and program and process integrity concerning the proper (efficient, effective, ethical and economical) use of public resources. As part of this, a large part of the program concentrated on emerging risks and increased scrutiny of IT-associated risks.

The program is able to be amended to ensure it remains responsive to emerging risks and relevant to the changing environment. In 2016–17 it was reviewed and amended in response to machinery of government changes, and at 30 June 2017 it consisted of a suite of 12 internal audits.

In 2016–17, the Department commissioned an independent external quality assurance review of the internal audit function against the standards of the Institute of Internal Auditors' International Professional Practices Framework. The conclusion of the review was that the Department's internal audit function has policies, processes and practices that are in accordance with the standards of that framework.

In 2017–18, the internal audit team will continue to:

- ▶ encourage improved internal practices through a focus on continual review of processes and functions
- ▶ assist the Department in being effective, strengthen accountability, and promote good governance and transparency
- ▶ provide advice and guidance on better practice
- ▶ support the Audit Committee in fulfilling its roles and responsibilities.

## The Audit Committee

The Department's Audit Committee is established in accordance with section 45 of the Public Governance, Performance and Accountability Act and associated PGPA Rule 2014. It operates in an oversight capacity and provides independent advice and assurance to the Secretary on the Department's financial reporting, performance reporting, and control frameworks. To ensure the committee's independence, as required under PGPA Rule 2014, the Department's Secretary and Chief Financial Officer do not form part of the committee.

Throughout 2016–17, the committee consisted of five members appointed by the Secretary. The majority of committee members are external to the Department, and all members have a distinguished background in one or more of public sector management and service delivery, financial management and accounting standards, information technology and governance. In 2016–17 the committee met five times. Representatives from the Australian National Audit Office observed and made presentations at these meetings.

During 2017–18, the Audit Committee will continue to focus on providing independent advice to the Secretary in order to support informed decision making in relation to the operation of the Department's financial, performance and risk control systems.

The committee is supported in its work by the internal audit team.

# THE CLIENT SERVICE CHARTER

The Department's client service charter is an overarching statement that provides details of what the Department does and the standards of service our stakeholders can expect. The charter outlines how stakeholders can help improve processes, how to provide feedback, and the rights of clients to have decisions reviewed or to lodge complaints. It also reinforces the Department's commitment to the APS Values and Code of Conduct, the *Privacy Act 1998* and the *Freedom of Information Act 1982*.

The charter is reviewed and updated as necessary to ensure that information is current and continues to meet the needs of clients, stakeholders and the community.

The Department aims to provide a high standard of service to all stakeholders so that it can serve the government and the community and deliver the government's agenda effectively. Links to the client service charter are on the Department's website—see [www.employment.gov.au/about-Department](http://www.employment.gov.au/about-Department).

## PEOPLE

People are at the core of everything the Department does. The Department understands the importance of its people working to achieve a shared vision and strives to create an inclusive workplace in which diversity is valued and all employees are supported. The Department's people have resources to help them maintain a workplace that is flexible, fair, respectful and rewarding.

The Department's People Branch provides guidance and support to managers and other employees to ensure the workforce is fully capable of supporting government, the Minister and the community. The Department's leaders and employees uphold and promote the APS Values and demonstrate leadership, integrity and responsiveness.

In 2016–17, the Department's primary areas of focus included strengthening the capabilities of its workforce, a renewed emphasis on diversity, creation of a flexible and safe workplace, and enhancing leadership capabilities.

In response to *Balancing the Future: The Australian Public Service Gender Equality Strategy 2016–19*, the Department now has its first Gender Equality Action Plan and has reaffirmed its commitment to reconciliation.

Another important departmental priority is accreditation as a White Ribbon workplace. This accreditation supports workplaces in adapting their organisational culture, policies and procedures to equip employees with the knowledge and skills to respond to the problem of violence both in the workplace and in the broader community. Accreditation complements the launch of the Department's first Family and Domestic Violence Policy on 18 October 2016.

To reinforce the Department's commitment to workplace flexibility for all employees—regardless of gender, classification or personal situation—a six-month Flexible by Default trial started on 27 February 2017. It is envisaged that the trial, being run across five branches, will encourage more conversations about workplace flexibility, change attitudes within the organisation to 'if not, why not?' and ensure that managers are supported and encouraged to accommodate flexible working conditions within operational requirements.

## The People and Capability Committee

The People and Capability Committee guides the strategic decisions affecting people management policies and initiatives in the Department. It is responsible for workforce planning, people capability and development, and implementation of the Department's Innovation Framework.

Among the committee's 2016–17 highlights was implementation of the following:

- ▶ the enterprise workforce plan—Workforce for the Future 2016–17
- ▶ a trial of flexible work practices, which began on 27 February 2017
- ▶ the Positive Attendance program, which has resulted in a modest decrease in unscheduled absences in the Department
- ▶ a 360-degree approach to the evaluation of corporate management and supervision programs, which demonstrated the value of the Department's programs to managers
- ▶ the Gender Equality Action Plan 2016–19, which responds to the recommendations of Balancing the Future: The Australian Public Service Gender Equality Strategy 2016–2019.

## Staffing statistics

At 30 June 2017, the Department had a headcount of 2,077 employees—2,006 ongoing and 71 non-ongoing.

**Table 17. Employees by employment status, 30 June 2016 and 2017**

Employment status	30 June 2016			30 June 2017		
	Female	Male	Total	Female	Male	Total
<b>Ongoing</b>						
Full-time	805	800	1,605	812	877	1,689
Part-time	244	41	285	270	47	317
<b>Sub-total</b>	<b>1,049</b>	<b>841</b>	<b>1,890</b>	<b>1,082</b>	<b>924</b>	<b>2,006</b>
<b>Non-ongoing</b>						
Full-time	35	34	69	21	26	47
Part-time	15	11	26	15	9	24
<b>Sub-total</b>	<b>50</b>	<b>45</b>	<b>95</b>	<b>36</b>	<b>35</b>	<b>71</b>
<b>Total</b>	<b>1,099</b>	<b>886</b>	<b>1,985</b>	<b>1,118</b>	<b>959</b>	<b>2,077</b>

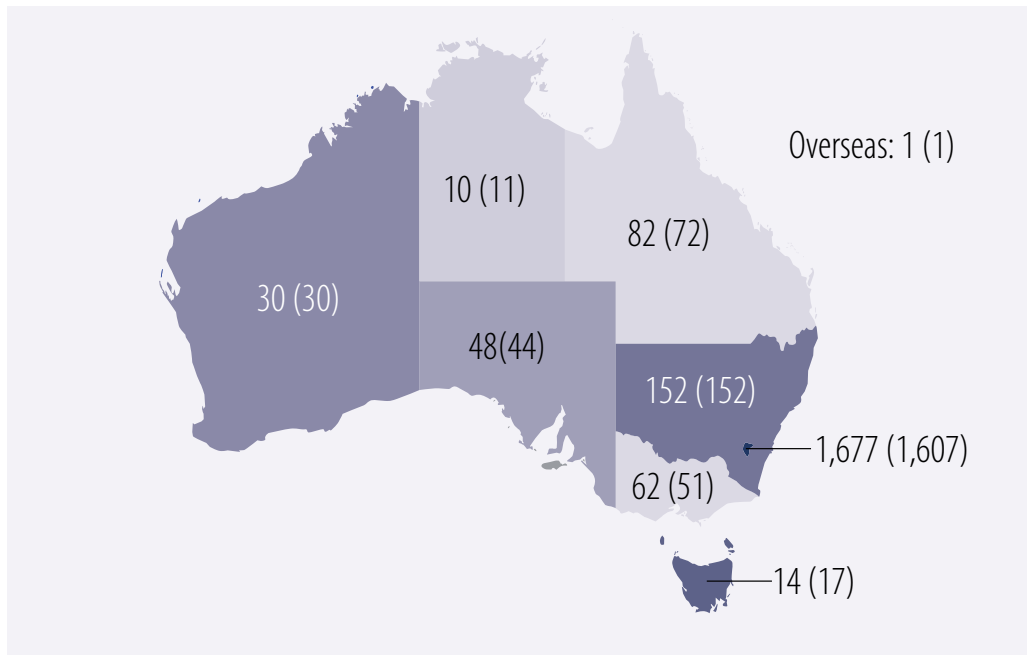


*At 30 June 2017, 56 departmental employees identified as Aboriginal and/or Torres Strait Islander, accounting for 2.7 per cent of the total workforce; this compares with 49 employees at 30 June 2016. Forty-five of these employees are engaged on an ongoing basis and 11 are engaged on a non-ongoing basis.*

**Table 18. Employees by substantive classification, 30 June 2016 and 2017**

Classification	30 June 2016			30 June 2017		
	Female	Male	Total	Female	Male	Total
Trainees	0	0	0	2	0	2
Indigenous Australian Government Development Programme Trainees	4	3	7	4	3	7
Graduates	24	19	43	16	16	32
APS Level 1	7	4	11	1	0	1
APS Level 2	2	5	7	4	6	10
APS Level 3	36	38	74	35	31	66
APS Level 4	117	84	201	140	89	229
APS Level 5	207	117	324	190	143	333
APS Level 6	265	248	513	273	232	505
Executive Level 1	265	236	501	286	288	574
Executive Level 2	93	70	163	92	80	172
Information Technology Specialist	2	14	16	2	13	15
Government Lawyer	11	3	14	8	5	13
Senior Government Lawyer	17	5	22	16	10	26
Principal Government Lawyer	19	9	28	18	11	29
SES Band 1	20	26	46	22	24	46
SES Band 2	8	4	12	7	7	14
SES Band 3	1	1	2	1	1	2
Secretary	1	0	1	1	0	1
<b>Total</b>	<b>1,099</b>	<b>886</b>	<b>1,985</b>	<b>1,118</b>	<b>959</b>	<b>2,077</b>

**Figure 10. Employees by location, at 30 June 2017 (and 30 June 2016)**



## Our workforce strategy and priorities

The Department's enterprise workforce plan, *Workforce for the Future 2016–17*, was launched during the reporting year. As a result of an environmental scan, the plan describes how the Department can continue to maintain a workforce that is best placed to meet its future business priorities. Among the themes expressed in the workforce plan are:

- ▶ **Changing community expectations of government.** This encompasses the notion of 'public value' by increasing stakeholder engagement in the work the Department does through user-centred design projects.
- ▶ **Harnessing technological change.** This entails technological change and digital transformation opportunities that will bring productivity improvements and improve the delivery of departmental programs and services.
- ▶ **Competition for talent.** It is vital to build a strong workforce that can meet the needs of the Australian community and position the Department as an employer of choice.
- ▶ **Complex policy challenges.** A professional, agile and adaptable workforce that will collaborate widely to develop evidenced-based policies, programs and services.

Development of the workforce plan led to consultations with each group and branch to determine current and future workforce planning concerns. This information will also help with devising the Department's next workforce plan, which will span three years.

## Learning and development

During 2016–17, the Department continued to invest in developing its people. Corporately funded learning and development programs were aligned to outcomes in the Department’s Strategic Plan. The Department recognises that there are many ways that people learn and uses a variety of learning options including face-to-face and online learning modules.

A total of 1,256 APS Level 1—Executive Level 2 employees (62 per cent of all APS Level 1—Executive Level 2 employees) participated in face-to-face learning and development programs during the year (see Table 19). Six new face-to-face programs were introduced: Positive Attendance; Domestic and Family Violence—The Role of Managers; Unconscious Bias; Presenting with Influence; Change Management; and Working Collaboratively. The Department also increased the proportion of learning and development provided by Indigenous businesses from one in 2015–16 to six in 2016–17; this represents 38 per cent of total corporate learning and development contracts for APS Level 1—Executive Level 2 employees.

**Table 19. Participation in face-to-face learning and development programs, 2015–16 and 2016–17**

	2015–16	2016–17
Number of participants	1,193	1,256
Number of programs	26 <sup>a</sup>	19 108 individual courses

a. The 26 programs included seven technical programs such as Microsoft Excel and Microsoft Word that users now use through e-learning. There were also a number of programs that were not corporately funded by the Department.

During the year, the Department assessed the effectiveness of the programs offered through program evaluations and the 2016 APS Employee Census results. It also introduced 360-degree feedback to survey behavioural change against the Department’s leadership statement for participants in two flagship supervision and management programs. This demonstrated the value of the Department’s programs to managers.

The Department delivers a highly customisable learning management system, Learnhub, for 39 agencies (including itself). Learnhub has won two awards—the Platinum LearnX Impact Award 2016 for Deployment of a Hosted Learning Management System and the Gold LearnX Impact Award 2016 for eLearning Widespread Adoption. In addition to providing a platform for employees to book into a number of face-to-face courses, the Learnhub system allows employees to learn at their own pace using a range of e-learning tools, Lynda.com, Skillsoft and GoodPractice, and is also accessible from portable devices. Table 20 shows details of employee engagement from 1 July 2016 to 31 May 2017 as compared with 2015–16.



**Table 20. Employee engagement with e-learning, 2015–16 and 1 July 2016 – 31 May 2017**

	2015–16	1 July 2016 to 31 May 2017
Number of in-house courses completed <sup>a</sup>	2,786	3,855
Number of active individual users of Lynda.com <sup>b</sup>	673	819
Number of active individual users of Skillsoft <sup>c</sup>	na	268

na Not available.

a. An employee may complete multiple e-learning courses.

b. Figures reflect the number of active users of Lynda.com as at 30 June 2016 and 30 June 2017.

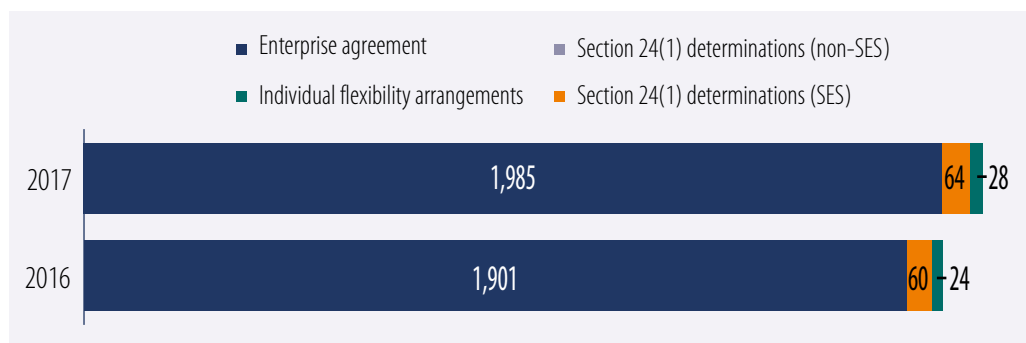
c. Figure reflects the number of active users of Skillsoft as at 30 June 2017.

In keeping with its Leadership Statement, the Department supports the leadership development of its Executive Level and SES cohorts. Forty-three employees from these cohorts participated in a range of executive training programs in 2016–17, including programs for SES members conducted by the Australian Public Service Commission and programs run by the Australia and New Zealand School of Government. The Department engages in post-program appraisal of executive leadership programs: feedback suggests that the programs are of high calibre and encourage reflection and the transfer of knowledge.

## Remuneration and conditions of employment

All non-SES employees in the Department are covered by the Department of Employment Enterprise Agreement 2016–2019, which came into effect on 28 March 2016. It encourages performance and provides for a range of flexible working arrangements to help employees balance their personal and professional lives. The arrangements have been promoted and used extensively during the Department’s Flexible by Default trial. Figure 11 shows the employee agreement statistics as at 30 June 2017.

**Figure 11. Employee agreement statistics, 30 June 2017**



The Department has 28 individual flexibility arrangements in place for non-SES employees; these recognise specialised capabilities and additional responsibilities.

Remuneration and conditions for SES employees are provided for in section 24(1) determinations. In 2016–17 all SES employees had section 24(1) determinations in place.

The Department’s remuneration framework does not provide access to 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. Employees also have access to studies assistance and salary packaging.

## Employee retention

To support the Department’s commitment to creating a flexible and innovative workforce, it is important that the Department’s workforce balances retention of existing knowledge and expertise with some injection of new capabilities to meet future priorities. The voluntary separation rate for the Department in 2016–17 was 10.29 per cent, which is low compared with long-term averages.

Analysis of the Department’s entry and exit surveys shows that factors attracting employees to the Department are comparable with those applicable to the broader APS: the type of work, job–skill match, the nature of the work the Department does and career development opportunities are the top four ‘pull factors’. Less important were the position being a promotion and remuneration benefits. The top four factors encouraging employees to leave the Department are a desire to try a different type of work or have a career change, the person feeling they have achieved all they can in the agency, lack of career opportunity, and interests not matching the person’s job. Less important were the ability to adequately balance work and life, ineffective supervisors and remuneration benefits.



## Salary ranges

**Table 21.** Employee salary ranges, by classification, 30 June 2016 and 2017

Classification	2016 (\$)	2017 (\$)
APS Level 1	27,987 – 51,001	28,547 – 52,021
APS Level 2	54,786 – 58,380	55,882 – 59,548
APS Level 3	61,182 – 63,726	62,406 – 65,001
APS Level 4	66,553 – 71,176	67,884 – 72,600
APS Level 5	73,482 – 78,559	74,852 – 80,130
APS Level 6	82,610 – 90,843	84,262 – 92,660
Executive Level 1	101,583 – 112,271	103,615 – 114,516
Executive Level 2	119,538 – 143,490	121,929 – 146,360
Information Technology Specialist	117,885 – 123,498	120,242 – 125,968
Government Lawyer	63,726 – 90,483	65,001 – 92,660
Senior Government Lawyer	101,583 – 124,438	103,615 – 126,927
Principal Government Lawyer	136,372 – 147,078	139,099 – 150,020
SES Band 1	150,665 – 250,066	153,678 – 255,067
SES Band 2	235,483 – 276,009	212,885 – 276,009
SES Band 3	270,000 – 310,000	300,000 – 330,000

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* and set out in the instrument of assignment, available from the Department of the Prime Minister and Cabinet, at [www.dpmc.gov.au/who-we-are/accountability-and-reporting/secretaries-remuneration](http://www.dpmc.gov.au/who-we-are/accountability-and-reporting/secretaries-remuneration).

## Entry-level recruitment programs

The Department builds its workforce by offering a range of entry-level programs, among them the Graduate Program and the ICT Internship Program, as well as participating in whole-of-government programs such as the ICT Apprenticeship Program, the Australian Government Indigenous Graduate Recruitment 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 working in both the Department and the wider APS. It allows graduates to experience two job rotations in areas that will enhance their knowledge and capability. For the 2016 program, 42 participants celebrated successful completion on 9 December 2016. The 2017 program began in February with 32 participants.

The ICT Internship Program provides work experience opportunities for final-year university students to complement their studies. The Department employed four ICT interns in 2016. Interns who successfully complete the program may be offered a position in the Department's Graduate Program—ICT Discipline. Three 2016 ICT interns were invited into the 2017 Graduate Program; two accepted the offer.

The Department recruited two ICT apprentices as part of the Department of Finance's Information and Communications Technology Entry Level Programs (ICT Apprenticeship and Cadetship Programs). The apprenticeship is a three-year program in which participants work and study part time while completing a diploma qualification.

The Australian Government Indigenous Graduate Recruitment Program, administered by the Australian Public Service Commission, offers the Department a way to attract Indigenous graduates to participate in the Graduate Program. Indigenous graduates have the added benefit of learning, development and networking opportunities within the Department and with other Indigenous employees throughout the APS. The Department has one Indigenous graduate from this program on the 2017 Graduate Program.

The Indigenous Australian Government Development Program, administered by the Department, is a targeted employment and development program for Aboriginal and Torres Strait Islander people. Under the program, new participants are recruited each year and employed in various APS agencies. Program participants are offered ongoing employment and the opportunity to undertake a Diploma of Government and engage in other professional and personal development activities. In the reporting year the program continued to attract new APS agencies and a large number of participants. The 2015–16 program, which ended in December 2016, had 105 commencing participants who were placed in 24 participating APS agencies. Seven of these people were employed in the Department. There are six participants in the 2016–17 cohort.



The 2016 Indigenous Australian Government Development Program graduation, with former program participants Alarna Barratt, Lauchlan Barrett, and Wiradjuri Echoes performer Bevan Smith.



The 2016 Indigenous Australian Government Development Program graduation, with the Department's program participant Skye Clayton and Senator the Hon Nigel Scullion, Minister for Indigenous Affairs.

## Diversity and inclusion

The Department respects and values the contribution of people from diverse backgrounds. It is committed to creating an inclusive workforce that upholds the APS Values by encouraging people to treat each other with respect and honesty and to work together to achieve the Department's vision.

The Department's Diversity Strategy 2015–2017 sets out the overarching framework for developing workplaces that support and embrace all elements of diversity. The strategy encompasses a variety of approaches, including maintaining a workplace that is flexible, fair, equitable and respectful; promoting lifelong learning; leveraging technology and equipment to support staff; addressing barriers to gaining access to career development opportunities; and ensuring that workplace adjustment requirements are met.

The strategy has a strong emphasis on Aboriginal and Torres Strait Islander employees and people with disability, while acknowledging the need to accommodate other areas of diversity such as gender, age and ethnicity. It is an integral part of a suite of corporate strategies, policies and plans that make up the Department's diversity program, and it links directly to the Department's Disability Action Plan and Reconciliation Action Plan and the Multicultural Access and Equality Policy. The current strategy ends in December 2017 and will be reviewed and refreshed in early 2017–18.

The Secretary is a member of the Secretaries Equality and Diversity Council, established under the Secretaries' Board in 2016. The council's purpose is to drive initiatives to break down formal and informal barriers to ensure the APS provides an inclusive and respectful workplace for everyone. The Council will implement APS-wide equality and diversity strategies such as the Gender Equality Strategy, the Commonwealth Aboriginal and Torres Strait Islander Employment Strategy and the APS Disability Employment Strategy. It is supported in its work by an Equality and Diversity Working Group consisting of senior representatives of all departments. The Group Manager, People and Communication, is the Department's representative.

## The Gender Equality Action Plan

The Department supports and promotes workplace gender equality. Achieving gender equality will allow us to realise the benefits of diversity in leadership and decision making, enhance our ability to attract and retain the best people, and establish our credentials as a thought leader on gender and diversity in the workplace.

The key actions and principles set out in the APS Gender Equality Strategy complement the commitments in the Department's Diversity Strategy 2015–2017, Enterprise Agreement 2016–2019, and Enterprise Workforce Plan—Workforce for the Future 2016–17. The Gender Equality Action Plan offers another way of ensuring that the Department is providing a supportive and enabling organisational culture.

As at 30 June 2017, the Department's staff was 53.8 per cent female (1,228 employees) and 46.2 per cent male (959 employees); the SES cohort accounted for 31 females (48.4 per cent) and 33 males (51.6 per cent).

There is an active gender equality employee network in the Department, geniE, and our census results show that the majority of employees are satisfied with their non-monetary employment conditions (including flexible working arrangements).

The Action Plan will be in operation for three years, from December 2016 to December 2019. It will be reviewed in June 2017 with a view to refining it if necessary.

Senior leaders are committing to a panel pledge to support gender balance at internal and external panels, forums, committees and events. The panel pledge is a joint initiative between Chief Executive Women, Male Champions of Change and the Women's Leadership Institute of Australia. The Department's Secretary is a member of the Secretaries Equality and Diversity Council, which has also agreed to adopt the pledge.

## The Disability Action Plan

The aim of the Disability Action Plan is to develop a culture of support and respect in the Department for people with disability—one that reflects a person's contribution and ability and allows for workplace adjustments to be made to maximise their contribution.

The plan focuses on strategies designed to support, attract and retain employees with a disability, to promote disability awareness and to build disability confidence throughout the Department. Through flexible workplace practices, the Department is also committed to supporting employees who care for people with a disability. The plan has three core areas of activity:

- ▶ raising awareness and understanding of disability issues among employees, building manager capability and ensuring that processes are efficient and effective
- ▶ attracting, recruiting and retaining employees with disability
- ▶ improving leadership across the Department.

At 30 June 2017, 77 departmental employees identified as having a disability, making up 3.71 per cent of our total workforce. This compares with 69 employees (3.48 per cent of the workforce) as at 30 June 2016. Seventy-four of these employees are engaged on an ongoing basis and three are engaged on a non-ongoing basis.

The Department appointed a Disability Champion, Helen Willoughby, Group Manager, Delivery and Engagement Group, to provide leadership and support to its employees with disability and to represent the Department externally. Helen uses her role to help improve outcomes for people with disability by raising awareness of their work and needs as employees of the Department.

The Department supports a Disability Employee Network that offers peer support and helps to raise disability confidence. The network is the primary advisory group for the People and Capability Committee on matters affecting employees with disability.

In the reporting year, progress continued to be made on meeting the actions outlined in the Disability Action Plan, including the following:

- ▶ providing corporately funded training to employees and managers—for example, face-to-face training for managers on disability confidence and workplace mental health, as well as e-learning programs on disability awareness and confidence offered by the Australian Public Service Commission
- ▶ applying the RecruitAbility scheme to all vacancies the Department advertises and seeing an increase in the number of applicants who apply to the Department through the scheme
- ▶ raising awareness through promotion of days of significance, such as Hearing Awareness Week, R U OK? Day, World Mental Health Day and the International Day of People with Disability
- ▶ establishment of internal communication tools such as a regular blog and a Disability Employee Network group in Yammer so that employees can share personal stories and articles on initiatives to support people with disability and to raise awareness of disability issues
- ▶ continued participation in the Stepping Into Program—a paid internship designed specifically for university students with disability and coordinated by the Australian Network on Disability, of which we are a gold member
- ▶ refreshing the Workplace Adjustment Policy, providing corporately funded workplace adjustments and introducing a workplace adjustment passport, which enables the recording of workplace adjustment details so that important settings can be easily referenced if an employee relocates to another work point
- ▶ holding a 'Five plus Five' forum, involving four employees with disability and one carer of a person with disability meeting with five members of the Executive or SES and telling of their experiences of working in the Department
- ▶ participating in the AND Access and Inclusion Index, which provides a snapshot of the Department's accessibility, inclusiveness and disability confidence for employees and customers across 10 business areas. The outcomes from this index will contribute to setting priorities for the Department for 2017–18.

## The Reconciliation Action Plan

The Department is committed to achieving reconciliation between Aboriginal and Torres Strait Islander peoples and the wider Australian community. It continues to make efforts to connect Indigenous Australians to work and to foster its own Indigenous workforce at all levels.

The Department's Reconciliation Action Plan 2014–2016 included a number of practical actions and targets for promoting reconciliation within the Department and creating opportunities for our Indigenous employees. To enable Indigenous Australians to share equally in our vision, the Action Plan set out commitments to:

- ▶ deliver policies and programs that achieve strong outcomes for Indigenous Australians
- ▶ build the knowledge, awareness and cultural capability of all staff
- ▶ support the recruitment, retention and career development of Indigenous employees.

During 2016–17, the Department continued to progress actions set out in the Action Plan. These were monitored by the Reconciliation Action Plan Working Group of the People and Capability Committee. Some of the key achievements included:

- ▶ The Department introduced its Skilled Volunteering Program, which matches its employees' skills and experience with projects in local Indigenous organisations. The program offers a unique opportunity for Canberra-based employees to participate in a cultural immersion experience working with local Indigenous community organisations that can benefit from external input. The expectation is that volunteers will have the skills, abilities and positive approach needed to build capability in the organisation they are placed with. In return, the volunteers will be able to enhance their cultural knowledge and experience in line with actions in our Reconciliation Action Plan and the broader government agenda to support Indigenous businesses. To date, five employees have been involved in the program; another five placements are available in 2017. In National Reconciliation Week volunteers shared their experiences and insights with other staff at a lunchtime 'yarning circle'.
- ▶ In July 2016 the Department offered its first advanced cultural awareness one-day course. The course builds on employees' knowledge and cultural capability by exploring contemporary issues faced by Aboriginal and Torres Strait Islander people. Employees also have access to, and are strongly encouraged to complete, the Core Cultural Learning: Aboriginal and Torres Strait Islander Australia e-learning module for Commonwealth agencies.

The Department is continuing its efforts in procuring goods and services from Indigenous suppliers. Examples are obtaining sit-stand desks from Kulbaradi Pty Ltd and the Department's Graduate Program using an Indigenous supplier, Canberra Furnished Apartments, for temporary accommodation when possible.

In June 2017, the Department launched its second reconciliation plan, the Reconciliation Action Plan 2017–2020, re-affirming its commitment to reconciliation and setting out the next steps it will take 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 seeking to increase its Indigenous workforce and create a workplace that is inclusive and focused on career progression for Aboriginal and Torres Strait Islander employees. The Aboriginal and Torres Strait Islander Employment and Career Plan 2016–18 outlines how the Department will improve recruitment practices, identify and develop talent, and build a versatile and engaged Aboriginal and Torres Strait Islander workforce.

The Department has also set a target to increase its Indigenous workforce to 3 per cent (currently sitting at 2.7 per cent) by 2018. The priorities and practical actions outlined in the Aboriginal and Torres Strait Islander Employment and Career Plan 2016–18 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. The following are some of the activities the Department is working on under the Employment and Career Plan:

- ▶ establishing an Aboriginal and Torres Strait Islander employment merit register, whereby candidates apply to be part of the register and are assessed using a competitive merit process. Employment Cluster is trialling the Indigenous Merit List at the APS 5 and 6 classification levels for Program Officer and Policy Officer roles
- ▶ implementing a Talent Management Program for our Indigenous employees at the APS 4 and 5 classification levels to build their capability to move through classification levels.



The Department's Graduate Program has developed marketing materials to attract Aboriginal and Torres Strait Islander graduates by attending career fairs, using Indigenous designs in marketing material, and advertising in the *Generation One Career Guide for Indigenous Graduates*.

The Department has also started to work on telling its story in order to encourage more Indigenous people to consider a career with it, offering Indigenous Australians a chance to influence change and contribute to the development of policies and programs that have a positive impact on the lives of Australians. Improved employment opportunities are also being realised within the Department as it refreshes and streamlines the way it recruits. These initiatives reinforce the Department's commitment to reconciliation and creating parity in employment between Aboriginal and Torres Strait Islander people and other Australians.

## Supporting our Indigenous workforce and reconciliation

The Department's Indigenous Leader, Robert Willmetts, Branch Manager, Employer Mobilisation Branch, has an important role in advising on developing and implementing policies and programs that improve the lives of Indigenous Australians and incorporating a commitment to reconciliation in the Department's work. The Indigenous Leader also has a key role in representing the interests of the Department's Indigenous employees to the Executive, including taking part in governance committees and jointly chairing the Indigenous Staff Committee.

The Department appointed a new Indigenous Champion, Greg Manning, Group Manager, Youth and Programmes Group, in early 2017. The Indigenous Champion plays an important role in efforts to increase, retain and develop the Indigenous presence in the Department. As chair of the Reconciliation Action Plan Working Group, this position also takes forward the key actions in our Action Plan and is actively involved in representational and leadership work across the APS.

## Work health and safety

The Department is committed to providing a safe working environment for all its workers and visitors. An internal compliance audit of the Department's work health and safety arrangements in 2016–17 confirmed that internal governance arrangements meet legislative and regulatory standards and that approaches to employee health and wellbeing are well targeted. Initiatives offered to employees to promote health and wellbeing include annual flu vaccination reimbursement, health and wellbeing seminars, campaigns aligned with national health awareness days, and subscription to a monthly health-at-work newsletter.

In 2016–17, the Department engaged a new Employee Assistance Program provider through an open tender process that enabled a number of other APS agencies to piggyback from a centralised contract. The Employee Assistance Program offers all employees and their immediate families access to free counselling and other support services.

The Work Health Safety Committee continues to be the primary mechanism for consultation and collaboration with departmental employees and other areas of the Department responsible for work health and safety services such as first aid, emergency management, and property and environment services. The Work Health and Safety Committee reports quarterly to the People and Capability Committee, allowing for ongoing monitoring of organisational health and safety and provision of advice to the Executive where required.

## Work health and safety incident reporting

Fifty-five work health and safety incidents were reported for 2016–17, with ‘Miscellaneous and uncategorised’ accounting for the highest proportion (21.8 per cent) of reported incidents (see Table 22). There was an increase in reported incidents of ‘Other contact with chemical or substance’ (9.1 per cent of total reported incidents compared with 2.1 per cent in 2015–16), resulting primarily from several notifications about the same incident involving fumes emanating from IT equipment.

No notifiable incidents were reported to Comcare pursuant to section 38 of the *Work Health and Safety Act 2011*, which requires notification of dangerous incidents or those resulting in serious injury or death.

**Table 22. Work health and safety incidents, by type, 2015–16 and 2016–17**

Mechanism of incident	2015–16 (%)	2016–17 (%)	2016–17 (Number)
Falls on the same level (including trips and slips)	20.8	12.7	7
Miscellaneous and uncategorised mechanisms	25.0	21.8	12
Vehicle accident	2.1	7.3	4
Unspecified mechanism of injury	4.2	7.3	4
Repetitive movement with low muscle loading	4.2	9.1	5
Being hit by moving objects	2.1	3.6	2
Other muscular stress	6.3	3.6	2
Single contact with chemical or substance (excluding insect and spider bites and stings)	2.1	5.5	3
Hitting objects with the body	16.7	10.9	6
Other and multiple mechanisms of injury	10.4	1.8	1
Exposure to mental stress factors	2.1	0	0
Other contact with chemical or substance (including insect and spider bites and stings)	2.1	9.1	5
Contact or exposure to heat and cold	2.1	5.5	3
Exposure to sharp, sudden noise	0	1.8	1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>55</b>

## Attendance

The Department's unscheduled absence rates compare favourably with those of other policy agencies, as reported in the *State of the Service Report*. The Department remains committed to building employee engagement and removing barriers to participation in the workplace.

Training continues to be delivered to managers on how to foster a positive attendance culture and how to have effective attendance conversations. This focus on manager capability—along with a range of early intervention strategies designed to help employees remain at or return to work as quickly as possible following an illness or injury—provides a sound platform for managing unscheduled absences for the year ahead.

## COMMUNICATION

The Department's Communication Branch provides a broad range of communication services to support the Minister and our business areas in communicating government's employment and workplace relations programs and policies to the Australian public. Among the communication strategies underpinning those services are communication campaigns, use of social media, media releases and media liaison, speech writing and event management.

Staff communication and corporate events are delivered to keep staff informed and to continue to build the Department's productive and inclusive workplace culture.

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



### The jobactive campaign

The second phase of the successful campaign to promote jobactive employment services ran from February to June 2017. Advertisements were placed on television and radio and online to encourage employers to use jobactive for their recruitment needs. Advertisements also promoted the Restart mature-age wage subsidy.



## Raising awareness of ParentsNext

An advertising campaign to promote ParentsNext and attract volunteers to the program ran from April to June 2017 in the 10 local government areas in which ParentsNext currently operates. Advertising appeared on digital and social channels along with 'out-of-home' advertisements appearing in and near shopping centres.

The advertising was supported by a series of pop-up shopping centre booths where ParentsNext providers could engage with parents outside their offices and raise community awareness of the program.

An advertisement for the ParentsNext campaign. It features a woman and a young child in the center, surrounded by icons representing various services like a clock, a book, a laptop, and a person. The text reads: 'Want to get work-ready? Get the know-how.' Below this, it says 'Free 1 on 1 support' and 'For parents with kids under 6'. At the bottom, it provides the location: 'Lake Haven shopping centre in the Wyong area' and the dates 'From Monday 15 May - Wednesday 17 May'. It also mentions 'Free face painting for the kids while you chat to a ParentsNext provider.' and the website 'employment.gov.au/parentsnext'. The Australian Government logo is in the top left corner.

Advertisement from the ParentsNext campaign

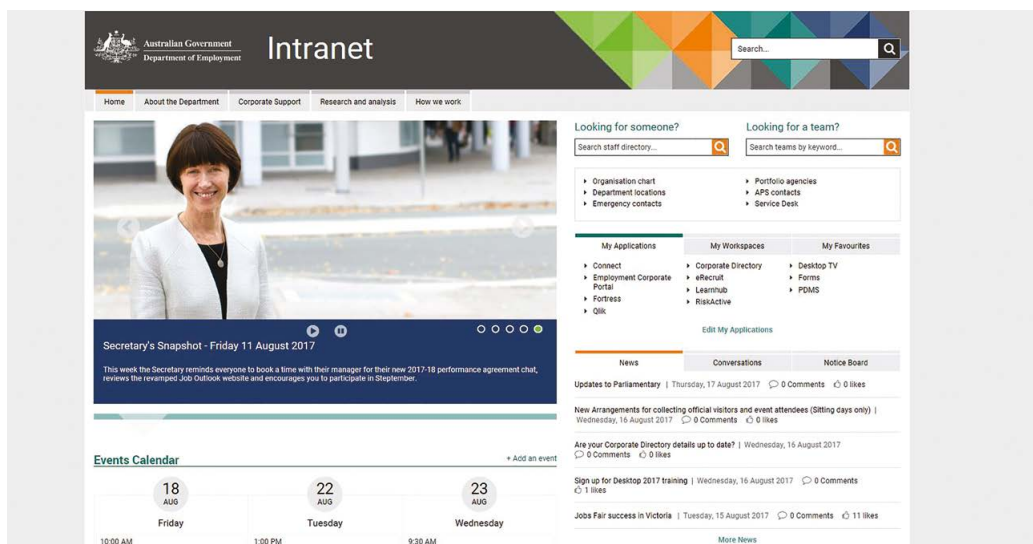
## Communicating with staff

The Communication Branch works closely with the Secretary, the Executive and the wider Department to communicate with staff in an engaging and effective manner. Various platforms are used, including the Secretary's weekly *Snapshot*, the monthly newsletter *Employment WRap*, and regular news stories on the intranet, on blogs and in foyer displays.

The new intranet was launched on Monday 26 June 2017, following an extensive co-design process involving staff from throughout the Department during the preceding 18 months.

In 2016–17, there were a number of internal corporate events and external forums that engaged staff and stakeholders in the work of the Department. The Communication Branch also continued to support the social club, Morty's, which does fundraising for community organisations and facilitates social events. In 2016, \$15,500 was raised for the ACT Domestic Violence Crisis Service.

In 2017–18, the Department will move on to new phases of the jobactive and ParentsNext campaigns and begin work on other campaigns to promote new government programs. All campaigns are supported by communication activities other than paid advertising and include possible expansion of our social media channels to effectively engage with job seekers.



The Department's new intranet, launched in June 2017



## NAIDOC Week 2016

On 5 July 2016 it was standing room only in the Department's national office during a mesmerising NAIDOC Week celebration by Torres Strait Islander musician and storyteller Chris Tamwoy. Chris performed songs he had written in the past several years, including a moving tribute to his grandmother. He also spoke of his family and emphasised the important connection he feels to the Torres Strait Islands, especially Badu Island.

Deputy Secretary Employment, Martin Hehir, addressed the audience, encouraging employees to look for opportunities to continuously improve their knowledge and understanding of Indigenous culture and history. He spoke about his own participation in the Jawun Executive Leadership Program, when he visited the West Kimberley region of Western Australia.

The NAIDOC Week event also featured a flag-bearing segment in which staff paraded the Aboriginal, Torres Strait Islander and Australian flags in ceremonial style.



Photo: Torres Strait Islander musician and storyteller Chris Tamwoy performing during the Department's 2016 NAIDOC Week celebration.

## Spotlight on a successful small business

Staff from the Communication Branch, supported by staff from Audiovisual and Theatre Services, filmed a number of video case studies to highlight some of the great outcomes for people who have been supported under programs implemented by the Department. One of these entailed a February 2017 visit to Other Avenues Collectables, a small business in Perth, to make a video to promote the New Enterprise Incentive Scheme. (The filming coincided with a visit to the business by the Minister, who was there to congratulate the owners on their successful enterprise.) The New Enterprise Incentive Scheme provides training and financial support for eligible people who wish to become entrepreneurs and turn their business idea into a reality.



'A pleasure doing business with you!' Minister Cash with Shane and Danielle from Other Avenues Collectables in Perth

## DATA MANAGEMENT

The Department seeks to increase the use of data to improve its policies and programs, including by making non-sensitive data publicly available. Our work in this area is driven by the Australian Government Public Sector Data Management Agenda.

In 2016–17, we continued to develop our data management strategy. Work focused on coordinating policies, processes and protocols for the sharing and use of data. To date, we have released 13 datasets on the open government data platform, [data.gov.au](http://data.gov.au).

The Department sponsored GovHack in 2016–17. This annual competition encourages people from both the private and the public sectors to use open government data to develop new insights into pressing policy questions. Winning entries created interactive maps that showcased growth industries by location and job creation and industry activity by region. The intention is to sponsor GovHack again in 2017–18.

The Department is working on building its data analysis capabilities. In 2016–17, a number of departmental staff were supported to study data analytics at the Australian National University. These staff augmented their skills, shared their learning with their peers, and were involved in a number of new data projects. Study support for staff will continue in 2017–18.

# INFORMATION TECHNOLOGY

The Department's two information technology groups, Employment Systems Group and Technology and Services Group, provide the IT services that enable us to achieve our strategic goals and outcomes.

On 1 December 2016, a machinery of government change resulted in the transfer of functions and 310 employees from the Shared Services Centre to the Department of Employment. Corporate functions, including ICT functions, were combined under a new Technology and Services Group. The Group provides corporate ICT services to 6,700 users from the Department and nine major clients, the largest of which is the Department of Education and Training. The services provided include end user and mobile computing, application hosting, and corporate application development.

The Department became more agile in its system development approach and embraced the Digital Service Standard in 2016–17. Wherever possible the Department released early versions of our work, through Let's Talk Employment, as prototypes or as beta versions in production. We will continue to improve our user-centred design capabilities in coming years.

The Department built an enterprise data visualisation solution that supports needs throughout the Department and is increasing data visualisation capability for our providers. The Department successfully tested its first gamified mobile app in 2016–17 and will be further promoting and exploring other opportunities for this app. Changes to programs were made to address provider workload and red tape, which included implementing findings from the reviews of the user-centred design projects.

Key projects in 2016–17 included:

- ▶ supporting the implementation of new policies and programs
- ▶ enhancing the range of digital services available to job seekers and employers
- ▶ improving reporting and data analytics capability—including implementation of 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
- ▶ implementing a new online learning management system for providers and program delivery staff
- ▶ developing a new computing platform for the Department and its clients using Windows 10 and Office 2016
- ▶ replacing aging data centre and desktop hardware to enable a secure and robust environment.

## The Digital Transformation Agenda

The Department is committed to making sure that its digital services—for job seekers looking for work, employers looking for staff, employees accessing their entitlements, and the general public and businesses—are easy to find and to use. These services must be designed to ensure that they both meet the needs of individuals and businesses and integrate into the suite of whole-of-government digital services.



The Department continued to build its maturity in building and creating digital services. We delivered new and improved services for businesses and citizens who engage with employment and workplace relations programs including:

- ▶ for job seekers
  - the ability to search for an internship under the PaTH program
  - updating of personal details through the Whole of Government Tell Us Once platform
  - a pilot mobile app to help them stay on track to achieve their goals
  - an interactive calendar that includes employment services provider, Department of Human Services and personal appointments as well as attendance at Work for the Dole activities
  - recording job applications and sharing this information with employment service providers
- ▶ for employers
  - creating and manage internships under the PaTH program
  - streamlined management of wage subsidies
  - interacting with employment services providers
- ▶ enabling insolvency practitioners to exchange information with the Department about the progress of claims for employees seeking access to their entitlements under the Fair Entitlements Guarantee.

In 2016–17, there was an increased focus on promoting engagement with job seekers, employers and providers through a range of online tools including collaboration platforms, websites, Instagram, YouTube, email and messaging. Over 600,000 job seekers have linked their myGov and jobactive accounts. The job seeker mobile app has been downloaded by 190,000 job seekers and 12,000 employers have downloaded the employer app.

## PARLIAMENTARY SERVICES

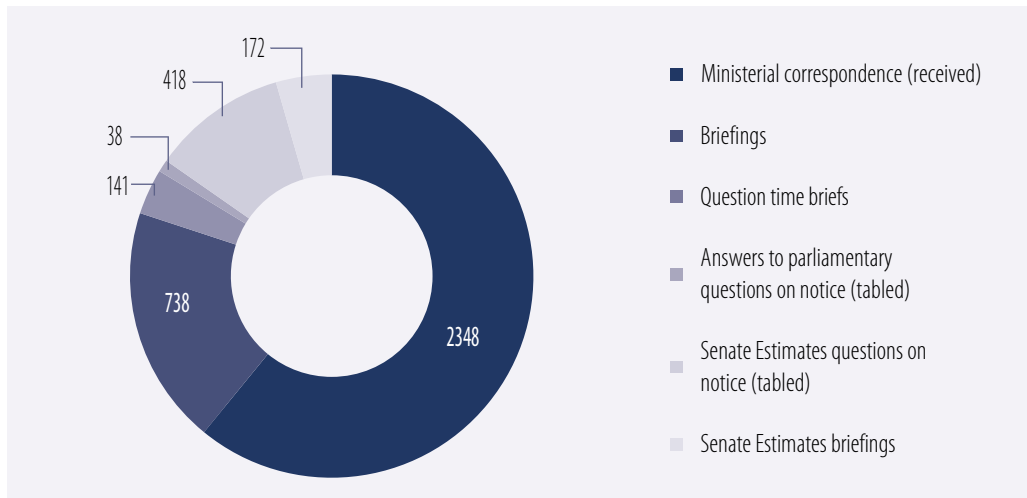
The Department provides high-quality parliamentary services to support the Minister and the Secretary in fulfilling their accountability requirements to Parliament. These services include processing, monitoring and quality-assuring ministerial correspondence and briefings, coordinating question time briefs, and providing support to the Executive and the Minister's office for Senate Estimates hearings.

Parliamentary staff in the Department also maintain the Parliamentary Document Management System, which electronically stores all parliamentary and ministerial documentation.



Emma Hill, Department Liaison Officer, in the grounds of Parliament House

**Figure 12. Parliamentary workflow—documents processed for 2016–17**



In 2016–17, parliamentary staff in the Department remained involved in the ongoing review of business practices in order to streamline reporting and better monitor workflows. The Department was also active in cross-agency Parliamentary Workflow Solution Committee meetings and brought forward ideas to enhance the Parliamentary Document Management System and so deliver business benefits.

In 2017–18, the Department will continue to:

- ▶ deliver high-quality, solution-focused parliamentary support to the Minister and the Secretary
- ▶ collaborate with other departments to develop strategic approaches to identifying opportunities for improving parliamentary workflows and productivity across government
- ▶ anticipate business needs and remain innovative to ensure that parliamentary services are efficient and responsive and align with modern technology
- ▶ maintain the capability of staff using the Parliamentary Document Management System to monitor and manage the workflow of parliamentary documents in order to achieve good record keeping and be accountable.

## ASSET MANAGEMENT

The Department’s assets were managed by the former Shared Services Centre until the function transferred to the Department on 1 December 2016 as a result of machinery of government changes. Non-financial assets, including property and facilities are managed according to the Department’s policies and procedures in the acquisition, issuing, disposal and loss of relevant property, and any relevant assets under construction.

Since 1 December 2016, the Department has also provided asset management services to the Department of Education and Training.

# PURCHASING AND GRANTS

The Department is a non-corporate Commonwealth entity, and its procurement and grant policies and practices are consistent with:

- ▶ all relevant Commonwealth legislation
- ▶ the Australian Government Financial Framework, including the Commonwealth Procurement Rules, the Commonwealth Grants Rules and Guidelines and the Public Governance, Performance and Accountability Act
- ▶ the Secretary's Instructions and the Department of Employment's internal policies and processes.

In relation to procurement and grant activities, the Department provides procurement and grants management advice and guidance on best practices and training, sources ICT goods and services under a centralised model and coordinates contracts and statutory reporting. It helps a number of agencies achieve open, transparent and accountable purchases and value-for-money outcomes by closely working with internal and external stakeholders, using proactive engagement strategies while ensuring that all mandatory reporting obligations are met.

The Department actively communicates with departmental staff about their obligations when undertaking procurement or grant activity by facilitating informed decision making. It continues to be a lead contributor to whole-of-government initiatives aimed at standardising and improving procurement and grants processes while further looking to standardise its own processes and policies and increase its rigour in connection with procurement and grants.

Procurement processes are fair and equitable. It is departmental policy to use panels to select providers while conducting procurement activities in accordance with relevant policies, regulations and legislative requirements.

The Department publishes details of its procurement activities and plans on AusTender. During 2016–17, 48 contracts were exempted from publication on AusTender. The Department is unable to publish details or values of these contracts as doing so would disclose the exempt matters.

In 2016–17, departmental staff were offered procurement and grants information sessions covering a range of subjects, including new processes and changes to existing reporting processes. The Department has made progress in embedding the Indigenous Procurement Policy, which will continue to be a focus into 2017–18.

Information on grants awarded by the Department during 2016–17 is available at [www.employment.gov.au/grants](http://www.employment.gov.au/grants).

## Support for Indigenous businesses and small and medium enterprises

The Department implemented the Indigenous Procurement Policy and internal procurement policies designed to increase opportunities for businesses owned by Aboriginal and Torres Strait Islander people. It works in partnership with Supply Nation in applying the policies to support the participation of Aboriginal and Torres Strait Islander businesses in Australian government procurement activities.

In 2016–17, the Department of the Prime Minister and Cabinet set the Department of Employment a target of 44 contracts to meet the Indigenous Procurement Policy requirements. We achieved 75 contracts with Indigenous enterprises, representing 5.7 per cent of all our contracts.

The Department supports small business participation in the Commonwealth government procurement market. Participation statistics for small and medium enterprises are available on the Department of Finance's website, at [www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts](http://www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts).

The Department 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, at [www.treasury.gov.au](http://www.treasury.gov.au).

## Consultants

The Department engages consultants to provide independent and expert advice or services, taking into account the skills and resources required for the task, the skills available internally and the cost-effectiveness of those options. The decision to engage a consultant is made in accordance with the Public Governance, Performance and Accountability Act and related regulations.

The methods of selection used for consultancies are open tender, prequalified tender, limited tender and panel arrangements (initially selected through either an open tender or a prequalified tender process). Consultants are typically engaged to investigate or diagnose a defined issue or problem; carry out defined research, reviews or evaluations; or provide independent advice, information or creative solutions to assist the Department in decision making.

During 2016–17, the Department entered into 62 new consultancies, involving total actual expenditure of \$4,226,433. In addition, 20 ongoing consultancy contracts were active during the year, involving total actual expenditure of \$2,010,810.

Annual reports contain information about actual expenditure or contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website, at [www.tenders.gov.au](http://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 Government on workplace relations matters and by facilitating parliamentary consideration of legislation that gives effect to government policy. This is supported by the Department's role in providing policy advice.

The Department was involved in the following significant matters before courts and administrative tribunals during 2016–17.

## Equal remuneration applications C2013/5139 and C2013/6333

On 15 July 2013, United Voice and the Australian Education Union filed an application with the Fair Work Commission for an equal remuneration order for employees in long day care centres. On 8 October 2013 the Independent Education Union filed an application for early childhood teachers in long day care centres. The applications were later expanded to include employees working in preschools. These matters are being heard together by a Full Bench of the Fair Work Commission, and the Commonwealth is a respondent to both applications. To date, the Department has made five submissions and appeared at hearings to assist the Fair Work Commission on questions of law and procedural approach.

## The four-yearly review of modern awards—Penalty Rates AM2014/305

On 23 February 2017, a Full Bench of the Fair Work Commission decided, as part of the four-yearly review of modern awards, to reduce certain late night, Sunday and public holiday penalty rates in specified modern awards. In making the decision, the Full Bench sought submissions on transitional arrangements to mitigate impacts of Sunday penalty rate reductions in the relevant awards.

The Government made submissions regarding transitional arrangements on 24 March and 21 April 2017.

On 9 May 2017, officials from the Department appeared before the Fair Work commission in the hearing on transitional arrangements. The Commission's decision on transitional arrangements for the Sunday penalty rate reductions was handed down on 5 June 2017 and took effect on 1 July 2017.

## The Fair Work Commission's annual wage review

In the 2016–17 annual wage review, the Australian Government assisted the Commission by providing:

- ▶ an initial submission setting out the Government's position (29 March 2017)
- ▶ a post-budget submission referring to budget forecasts and measures (12 May 2017)
- ▶ responses to questions raised by the Commission (12 May and 22 May 2017).

In the 2015–16 annual wage review decision, the Fair Work commission also proposed a preliminary hearing into the 2016–17 annual wage review process to deal with the following:

- ▶ United Voice's proposal to adopt a medium-term target for the national minimum wage
- ▶ a review of transitional instruments
- ▶ a review of existing arrangements for employees with disability.

On 24 September 2016, the Department appeared before the Commission at this preliminary hearing and provided a submission on 10 October 2016. On 28 October 2016, the Department responded to questions on notice relating to transitional instruments and on 7 April 2017 the commission made its decision on the preliminary matters. On 17 May 2017, officials from the Department appeared before the commission as part of the substantive proceedings.

On 6 June 2017, the commission released its decision to increase the national minimum wage and award classification wages by 3.3 per cent from 1 July 2017. The decision will increase the national minimum wage to \$694.90 a week (\$18.29 an hour).

### ***All Trades Queensland Pty Limited v Construction, Forestry, Mining and Energy Union and Others C2016/5213***

On 12 August 2016, the Fair Work Commission decided an application for approval of an enterprise agreement made by All Trades Queensland Pty Limited. The commission found that two pre-reform orders of the Queensland Industrial Relations Commission relating to entitlements for some Queensland apprentices expired on 1 January 2014.

All Trades appealed the decision to a Full Bench of the Fair Work Commission. At the request of the Full Bench, the Department made a written submission on 25 November 2016 outlining the history of the transitional arrangements in the move from state systems to the national workplace relations system. The Full Bench dismissed the appeal on 7 February 2017. All Trades then sought judicial review of this decision. The hearing is scheduled for late August 2017.

### ***Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia [2017] FWC 2078***

In May 2016, Deputy President Lawrence of the Fair Work Commission issued a right of entry permit to Mr James Metcher, Secretary of the New South Wales Division of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia.

In late 2016, further information about Mr Metcher came to light and Deputy President Lawrence relisted the matter. The Minister made submissions in these proceedings.

On 14 March 2017, Deputy President Lawrence discontinued the proceedings following Mr Metcher's resignation from the union on 7 March 2017.

### ***Carrigan v Honourable Senator Michaelia Cash [2017] FCAFC 86; Carrigan v Honourable Senator Michaelia Cash [2016] FCA 1466***

On 7 December 2016, the Federal Court dismissed Ms Jane Carrigan's application for judicial review concerning the report of the Hon Peter Heerey AM QC on his inquiry into matters concerning former Vice President Lawler of the Fair Work Commission. The Federal Court found that the proceedings were barred by the *Parliamentary Privileges Act 1987*. On 31 May 2017, the Full Federal Court unanimously dismissed Ms Carrigan's application for leave to appeal the decision.

## **Parliamentary committee inquiries**

The Department appeared before Senate Estimates on three occasions during 2016–17:

- ▶ supplementary estimates—19 October 2016
- ▶ additional estimates—2 and 30 March 2017
- ▶ budget estimates—29 and 30 May 2017.

It assisted the Senate Education and Employment References Committee with its inquiry into the incidence of and trends in corporate avoidance of the Fair Work Act. It also assisted the Joint Parliamentary Committee on Corporations and Financial Services with its inquiry into whistleblower protections in the corporate, public and not-for-profit sectors.

Additionally, the Department assisted the Senate Education and Employment Legislation Committee with its inquiries into a number of Bills:

- ▶ the Fair Work Amendment (Respect for Emergency Services Volunteers) Bill 2016
- ▶ the Building and Construction Industry (Improving Productivity) Bill 2013
- ▶ the Building and Construction Industry (Consequential and Transitional Provisions) Bill 2013
- ▶ the Fair Work (Registered Organisations) Amendment Bill 2014
- ▶ the Seafarers Safety and Compensation Bills package—the Seafarers and Other Legislation Amendment Bill 2016, the Seafarers Safety and Compensation Levies Bill 2016 and the Seafarers Safety and Compensation Levies Collection Bill 2016
- ▶ the Building and Construction Industry (Improving Productivity) Amendment Bill 2017
- ▶ the Fair Work Amendment (Protecting Vulnerable Workers) Bill 2017
- ▶ the Fair Work Amendment (Corrupting Benefits) Bill 2017
- ▶ the Fair Work Amendment (Repeal of 4 Yearly Reviews and Other Measures) Bill 2017.

It also assisted the Senate Economics References Committee with its inquiry into the impact of non-payment of the Superannuation Guarantee.

## Reports by the Auditor-General

During 2016–17, the Australian National Audit Office tabled one report in parliament that made recommendations relating to the Department—Report No. 25 of 2016–17: *The Shared Services Centre*.

The Department agreed with the four recommendations of the audit. When establishing new governance arrangements following the Shared Services Centre machinery of government changes, the Department has actively considered the audit recommendations where relevant.

The Department was also involved in four cross-portfolio reviews:

- ▶ Report No. 3 of 2016–17: *Machinery of Government changes* (as a survey participant)
- ▶ Report No. 7 of 2016–17: *Interim phase of the audits of the financial statements of major general government sector entities for the year ending 30 June 2016*
- ▶ Report No. 33 of 2016–17: *Audits of the financial statements of Australian government entities for the period ended 30 June 2016*
- ▶ Report No. 60 of 2016–17: *Interim report on key financial controls of major entities*.

## Office of the Australian Information Commissioner

During 2016–17, the Office of the Australian Information Commissioner made one finding in relation to the Department involving documents requested under the Freedom of Information Act. Details can be found at [www.austlii.edu.au/au/cases/cth/AICmr/2016/56.html](http://www.austlii.edu.au/au/cases/cth/AICmr/2016/56.html).

## 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 [www.apsc.gov.au](http://www.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 [www.dss.gov.au](http://www.dss.gov.au).

## The Information Publication Scheme

Agencies subject to the Freedom of Information Act 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 <http://docs.employment.gov.au/pages/information-publication-scheme-ips>.

## The International Labour Organization

Australia has been a member of the International Labour Organization since the organization was founded in 1919, and the Department has primary responsibility for the Australian Government's engagement with the organization. Australia is required to report on the 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 it ratified in June 1979.

Tripartite consultation on ILO international standards occurs in several ways. Meetings of the International Labour Affairs Committee (a subcommittee of the National Workplace Relations Consultative Council) are held three times each year. Direct consultation also takes place regularly between the Department and the representative employer and employee organisations (the Australian Chamber of Commerce and Industry and the Australian Council of Trade Unions).

The International Labour Affairs Committee 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 ILO and other relevant international bodies. The committee met three times during the reporting period, on 27 September 2016 and 20 February and 26 May 2017.

In February 2016, the Minister for Employment gave approval for the Department to begin the process for considering ratification of the ILO's Forced Labour Protocol. The Department continues to consult with the Australian Chamber of Commerce and Industry and the Australian Council of Trade Unions, state and territory governments and relevant Commonwealth agencies on the compliance of existing law and practice with the articles of the protocol. The Government will decide whether to proceed with ratification of the protocol based on the outcomes of these consultations.



# PART 5

## OUR FINANCIAL INFORMATION



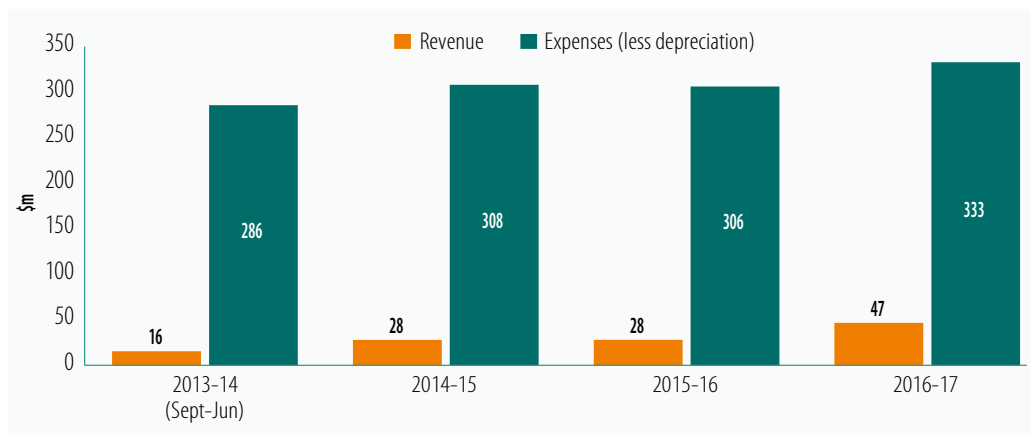
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# FINANCIAL OVERVIEW

## Financial performance—departmental

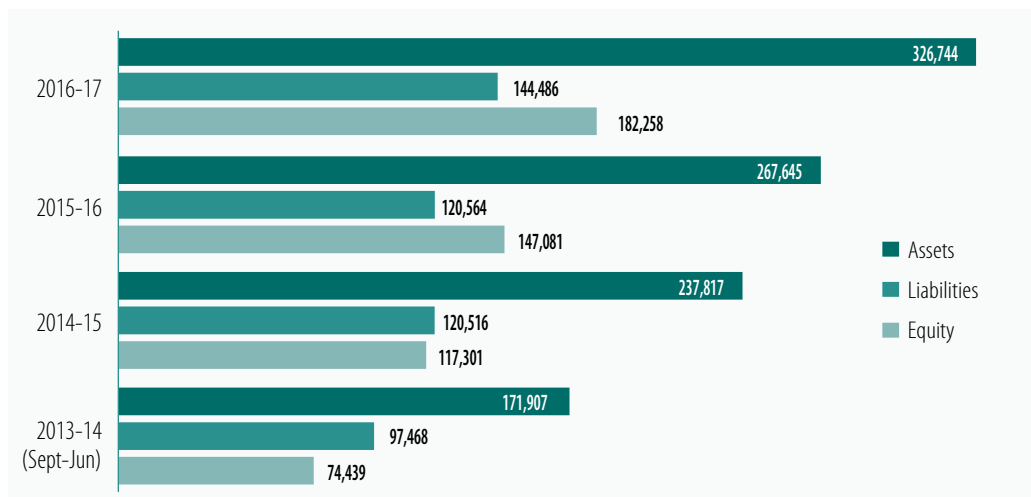
For the 2016–17 financial year, the Department recorded a loss before depreciation and amortisation of \$0.1 million (0.04% of total departmental expenses).

**Figure 13. Departmental financial performance**



The result is in keeping with the Department’s sound financial position as at 30 June 2017, with financial assets of \$159.5 million exceeding total liabilities of \$144.5 million. Non-financial assets were \$167.2 million as at 30 June 2017, primarily reflecting the Department’s IT systems and software, fit-outs, infrastructure and prepayments.

**Figure 14. Departmental financial position**



## Financial performance—administered

In 2016–17, total administered expenses on behalf of Government were \$1,849.3 million, including:

- ▶ \$1,262.3 million in supplier expenses primarily related to jobactive
- ▶ \$229.4 million in subsidies, primarily related to payments made for jobactive wage subsidies and under the *Coal Mining Industry (Long Service Leave) Administration Act 1992*
- ▶ \$254.8 million in personal benefits associated with the New Enterprise Incentive Scheme and payments made under the Fair Entitlements Guarantee program
- ▶ \$96.7 million in grants, primarily related to workers' compensation payments associated with Comcare, the Empowering YOUth Initiatives and ParentsNext programs
- ▶ \$6.1 million in payments for Comcare's appropriation.

Total administered revenue in 2016–17 was \$330.4 million, primarily associated with the levy collections under the *Coal Mining Industry (Long Service Leave) Administration Act 1992* funding arrangements managed by the Coal Mining Industry (Long Service Leave Funding) Corporation (Coal LSL) and a reduction in amounts payable by the Commonwealth under workers' compensation arrangements administered by Comcare but reported in the Department of Employment's financial statements.

Administered assets at 30 June 2017 were \$381.7 million largely associated with investments in the Coal LSL. Administered liabilities were \$2,800.1 million, of which \$2,666.2 million related to amounts payable to Comcare.





## INDEPENDENT AUDITOR'S REPORT

To the Minister for Employment

### Opinion

In my opinion, the financial statements of the Department of Employment for the year ended 30 June 2017:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Department of Employment as at 30 June 2017 and its financial performance and cash flows for the year then ended.

The financial statements of the Department of Employment, which I have audited, comprise the following statements as at 30 June 2017 and for the year then ended:

- Statement by the Accountable Authority and Chief Finance 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 Department of Employment in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). 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 expenses

*Refer to Notes 2.1A, 2.1B and 2.1C 'Labour market assistance to jobseekers and industry'*

A significant portion of the Department of Employment's administered expenses is represented by \$1.39 billion labour market assistance to jobseekers and industry in 2016-17 through the employment services program known as jobactive.

The accuracy and completeness of the department's administered expenses is dependent on the effectiveness of the jobactive compliance program, including the integrity of the screening processes designed to reduce invalid jobactive claims, random sample checks for the validity of payments, and recovery action in respect of invalid payments. I focussed on the effectiveness of the jobactive compliance program designed to manage the risks associated with payments for large volumes of jobactive claims by external service providers based on outsourced arrangements for data collection over many locations.

### How the audit addressed the matter

The audit procedures I applied to address the matter included:

- I evaluated the design of the Department of Employment's jobactive compliance program and tested controls over the IT environment in respect of the Employment Services System used to manage the jobactive claims.
- I assessed the job seeker screening process and tested a sample of the job seeker data and supporting documentation.
- I assessed the Department of Employment's process for analysing the results and error rates generated from the random sample checks which support the recognition of valid payments and re-performed a sample of the department's random checks.
- I also tested, on a sample basis, the recovery of invalid payments made to service providers and the Department of Employment's actions designed to prevent the payment of invalid claims in the future.

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### Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Department of Employment, the Secretary of the Department of Employment is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary of the Department of Employment is responsible for assessing the Department of Employment's ability 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 matters related to going concern as applicable 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 those charged with governance 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 those charged with governance, 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 our 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 our 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



Peter Kerr

Executive Director

Delegate of the Auditor-General

Canberra

5 September 2017

**Department of Employment**

**STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2017 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 will be able to pay its debts as and when they fall due.

Signed.....  


Renée Leon PSM  
Accountable Authority

5 September 2017

Signed.....  


Glen Casson  
Chief Financial Officer

5 September 2017

**Department of Employment**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the period ended 30 June 2017*

	Notes	2017 \$'000	2016 \$'000	Original Budget <sup>1</sup> \$'000
<b>NET COST OF SERVICES</b>				
<b>EXPENSES</b>				
Employee benefits	1.1A	211,105	203,275	208,995
Suppliers	1.1B	116,641	101,847	88,343
Grants	1.1C	346	300	-
Depreciation and amortisation	3.2A	32,885	21,861	27,710
Finance costs	1.1D	-	95	-
Write-down and impairment of assets	1.1E	4,926	371	-
Losses from asset sales		165	463	-
<b>Total expenses</b>		<b>366,068</b>	<b>328,212</b>	<b>325,048</b>
<b>OWN-SOURCE INCOME</b>				
<b>Own-source revenue</b>				
Sale of goods and rendering of services	1.2A	41,932	23,813	13,604
External audit		410	460	460
<b>Total own-source revenue</b>		<b>42,342</b>	<b>24,273</b>	<b>14,064</b>
<b>Gains</b>				
Other gains	1.2B	4,369	3,752	-
<b>Total gains</b>		<b>4,369</b>	<b>3,752</b>	<b>-</b>
<b>Total own-source income</b>		<b>46,711</b>	<b>28,025</b>	<b>14,064</b>
<b>Net cost of services</b>		<b>319,357</b>	<b>300,187</b>	<b>310,984</b>
Revenue from Government		286,351	280,305	283,274
<b>Deficit attributable to the Australian Government</b>		<b>(33,006)</b>	<b>(19,882)</b>	<b>(27,710)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation surplus		-	6,876	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>6,876</b>	<b>-</b>
<b>Total comprehensive loss</b>		<b>(33,006)</b>	<b>(13,006)</b>	<b>(27,710)</b>

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the 2016–17 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**  
**STATEMENT OF FINANCIAL POSITION**  
*as at 30 June 2017*

	Notes	2017 \$'000	2016 \$'000	Original Budget <sup>1</sup> \$'000
<b>ASSETS</b>				
<b>Financial Assets</b>				
Cash and cash equivalents		3,661	3,876	2,316
Trade and other receivables	3.1A	154,967	126,871	116,445
Accrued revenue		898	1,764	4,094
<b>Total financial assets</b>		<b>159,526</b>	<b>132,511</b>	<b>122,855</b>
<b>Non-financial Assets</b>				
Leasehold improvements	3.2A	24,722	23,274	21,637
Infrastructure, plant and equipment	3.2A	29,406	13,714	16,913
Intangibles	3.2A	95,928	88,511	89,472
Prepayments		17,162	9,635	12,011
<b>Total non-financial assets</b>		<b>167,218</b>	<b>135,134</b>	<b>140,033</b>
<b>Total assets</b>		<b>326,744</b>	<b>267,645</b>	<b>262,888</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	3.3A	29,242	17,879	17,918
Other payables	3.3B	43,860	32,959	36,027
<b>Total payables</b>		<b>73,102</b>	<b>50,838</b>	<b>53,945</b>
<b>Provisions</b>				
Employee provisions	6.1A	71,332	67,329	62,037
Other provisions	3.4A	52	2,397	843
<b>Total provisions</b>		<b>71,384</b>	<b>69,726</b>	<b>62,880</b>
<b>Total liabilities</b>		<b>144,486</b>	<b>120,564</b>	<b>116,825</b>
<b>Net assets</b>		<b>182,258</b>	<b>147,081</b>	<b>146,063</b>
<b>EQUITY</b>				
Contributed equity		262,484	194,301	232,534
Reserves		10,252	10,252	3,376
Accumulated deficit		(90,478)	(57,472)	(89,847)
<b>Total equity</b>		<b>182,258</b>	<b>147,081</b>	<b>146,063</b>

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the 2016–17 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**  
**STATEMENT OF CHANGES IN EQUITY**  
*for the period ended 30 June 2017*

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Opening balance</b>								
Balance carried forward from previous period	(57,472)	(37,590)	10,252	3,376	194,301	151,515	147,081	117,301
<b>Adjusted opening balance</b>	<b>(57,472)</b>	<b>(37,590)</b>	<b>10,252</b>	<b>3,376</b>	<b>194,301</b>	<b>151,515</b>	<b>147,081</b>	<b>117,301</b>
<b>Comprehensive income</b>								
Other comprehensive income	-	-	-	6,876	-	-	-	6,876
Deficit for the period	(33,006)	(19,882)	-	-	-	-	(33,006)	(19,882)
<b>Total comprehensive income</b>	<b>(33,006)</b>	<b>(19,882)</b>	<b>-</b>	<b>6,876</b>	<b>-</b>	<b>-</b>	<b>(33,006)</b>	<b>(13,006)</b>
<b>Contributions by owners</b>								
Equity injection - Appropriation	-	-	-	-	7,316	15,408	7,316	15,408
Departmental capital budget	-	-	-	-	27,310	27,378	27,310	27,378
Restructuring	-	-	-	-	33,557	-	33,557	-
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,183</b>	<b>42,786</b>	<b>68,183</b>	<b>42,786</b>
<b>Closing balance attributable to Australian Government</b>	<b>(90,478)</b>	<b>(57,472)</b>	<b>10,252</b>	<b>10,252</b>	<b>262,484</b>	<b>194,301</b>	<b>182,258</b>	<b>147,081</b>

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the 2016-17 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.

*Other Distributions to Owners*

The Financial Reporting Rule (FRR) requires that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

The above statement should be read in conjunction with the accompanying notes.

**Department of Employment**  
**CASH FLOW STATEMENT**  
*for the period ended 30 June 2017*

	2017 \$'000	2016 \$'000	Original Budget <sup>1</sup> \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations	317,938	301,641	286,662
Sale of goods and rendering of services	30,538	24,465	13,604
Net GST received	12,773	13,571	8,834
Other	-	3	-
<b>Total cash received</b>	<b>361,249</b>	<b>339,680</b>	<b>309,100</b>
<b>Cash used</b>			
Employees	208,556	202,642	209,190
Suppliers	122,385	114,271	87,973
Grants	346	300	-
Section 74 receipts transferred to the OPA	30,443	24,286	11,683
<b>Total cash used</b>	<b>361,730</b>	<b>341,499</b>	<b>308,846</b>
<b>Net cash from operating activities</b>	<b>(481)</b>	<b>(1,819)</b>	<b>254</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of infrastructure, plant and equipment	4	23	-
<b>Total cash received</b>	<b>4</b>	<b>23</b>	<b>-</b>
<b>Cash used</b>			
Purchase of infrastructure, plant and equipment	4,031	3,932	3,785
Purchase / development of intangibles	29,259	37,538	25,569
Purchase of leasehold improvements	4,054	982	4,709
<b>Total cash used</b>	<b>37,344</b>	<b>42,452</b>	<b>34,063</b>
<b>Net cash used by investing activities</b>	<b>(37,340)</b>	<b>(42,429)</b>	<b>(34,063)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity—equity injection and capital budget	37,606	41,803	34,063
<b>Total cash received</b>	<b>37,606</b>	<b>41,803</b>	<b>34,063</b>
<b>Net cash from financing activities</b>	<b>37,606</b>	<b>41,803</b>	<b>34,063</b>
<b>Net increase in cash held</b>	<b>(215)</b>	<b>(2,445)</b>	<b>254</b>
Cash and cash equivalents at the beginning of the reporting period	3,876	6,321	2,062
<b>Cash and cash equivalents at the end of the reporting period<sup>2</sup></b>	<b>3,661</b>	<b>3,876</b>	<b>2,316</b>

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the 2016–17 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**  
**ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME**  
*for the period ended 30 June 2017*

	Notes	2017 \$'000	2016 \$'000	Original Budget <sup>1</sup> \$'000
<b>NET COST OF SERVICES</b>				
<b>EXPENSES</b>				
Suppliers	2.1A	1,262,270	1,004,221	1,329,410
Subsidies	2.1B	229,351	165,165	371,350
Personal benefits	2.1C	254,752	337,814	294,023
Grants	2.1D	96,674	90,833	95,135
Write-down and impairment of assets		120	2,293	-
Payments to corporate Commonwealth entities		6,104	7,727	6,119
<b>Total expenses administered on behalf of Government</b>		<b>1,849,271</b>	<b>1,608,053</b>	<b>2,096,037</b>
<b>INCOME</b>				
<b>Revenue</b>				
<b>Taxation revenue</b>				
Other taxes		143,483	144,931	154,618
<b>Total taxation revenue</b>		<b>143,483</b>	<b>144,931</b>	<b>154,618</b>
<b>Non-taxation revenue</b>				
Interest		4	29	-
Commonwealth asset recoveries		47,984	70,529	23,632
Other revenue		138,967	25,237	6,753
<b>Total non-taxation revenue</b>		<b>186,955</b>	<b>95,795</b>	<b>30,385</b>
<b>Total revenue</b>		<b>330,438</b>	<b>240,726</b>	<b>185,003</b>
<b>Total income</b>		<b>330,438</b>	<b>240,726</b>	<b>185,003</b>
<b>Net cost of services</b>		<b>(1,518,833)</b>	<b>(1,367,327)</b>	<b>(1,911,034)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation surplus		96,859	16,239	-
<b>Total other comprehensive income</b>		<b>96,859</b>	<b>16,239</b>	<b>-</b>
<b>Total comprehensive loss</b>		<b>(1,421,974)</b>	<b>(1,351,088)</b>	<b>(1,911,034)</b>

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2016–17. The budgeted financial statements have not been audited.

**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**  
**ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES**  
*as at 30 June 2017*

	Notes	2017 \$'000	2016 \$'000	Original Budget <sup>1</sup> \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents		10	4	-
Trade, taxation and other receivables	4.1A	38,003	42,378	32,269
Other investments	4.1B	337,756	240,897	224,658
<b>Total financial assets</b>		<b>375,769</b>	<b>283,279</b>	<b>256,927</b>
<b>Non-financial assets</b>				
Prepayments		5,901	5,321	5,590
<b>Total non-financial assets</b>		<b>5,901</b>	<b>5,321</b>	<b>5,590</b>
<b>Total assets administered on behalf of Government</b>		<b>381,670</b>	<b>288,600</b>	<b>262,517</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	4.2A	80,979	60,980	52,076
Subsidies	4.2B	36,890	24,135	24,974
Personal benefits	4.2C	3,521	2,753	6,691
Grants	4.2D	2,189	2,168	
Other payables	4.2E	2,676,564	2,810,289	2,770,844
<b>Total payables</b>		<b>2,800,143</b>	<b>2,900,325</b>	<b>2,854,585</b>
<b>Total liabilities administered on behalf of Government</b>		<b>2,800,143</b>	<b>2,900,325</b>	<b>2,854,585</b>
<b>Net liabilities</b>		<b>(2,418,473)</b>	<b>(2,611,725)</b>	<b>(2,592,068)</b>

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2016–17. 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**  
**ADMINISTERED RECONCILIATION SCHEDULE**  
*for the period ended 30 June 2017*

	2017 \$'000	2016 \$'000
<b>Opening assets less liabilities as at 1 July</b>	<b>(2,611,725)</b>	(2,691,246)
<b>Net cost of services</b>		
Income	330,438	240,726
<b>Expenses</b>		
Payments to entities other than corporate Commonwealth entities	<b>(1,843,167)</b>	(1,600,326)
Payments to corporate Commonwealth entities	<b>(6,104)</b>	(7,727)
<b>Other comprehensive income</b>		
Revaluations transferred to reserves	96,859	16,239
<b>Transfers (to)/from the Australian Government</b>		
<b>Appropriation transfers from Official Public Account</b>		
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	<b>1,423,053</b>	1,127,767
Payments to corporate Commonwealth entities	<b>6,237</b>	7,727
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	<b>221,628</b>	288,618
Payments to corporate Commonwealth entities	<b>177,502</b>	182,146
<b>Appropriation transfers to Official Public Account</b>		
Transfers to Official Public Account	<b>(213,194)</b>	(175,649)
<b>Closing assets less liabilities as at 30 June</b>	<b>(2,418,473)</b>	(2,611,725)

**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**  
**ADMINISTERED CASH FLOW STATEMENT**  
*for the period ended 30 June 2017*

	Notes	2017 \$'000	2016 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Interest		4	29
Net GST received		119,253	105,330
Levies		144,992	146,970
Commonwealth asset recoveries		47,984	70,529
Other		2,448	25,330
<b>Total cash received</b>		<u>314,681</u>	<u>348,188</u>
<b>Cash used</b>			
Suppliers		1,374,765	1,153,568
Subsidies		216,596	193,603
Personal benefits		246,091	357,863
Grants		96,653	73,662
Payments to corporate Commonwealth entities		6,104	7,727
<b>Total cash used</b>		<u>1,940,209</u>	<u>1,786,423</u>
<b>Net cash flows used by operating activities</b>		<u>(1,625,528)</u>	<u>(1,438,235)</u>
Cash and cash equivalents at the beginning of the reporting period		4	104
<b>Cash from the Official Public Account for</b>			
– Appropriations		1,828,420	1,606,257
– GST appropriations		134,009	106,756
<b>Total cash from official public account</b>		<u>1,962,429</u>	<u>1,713,013</u>
<b>Cash to the Official Public Account for</b>			
– Appropriations		(213,194)	(175,649)
– Return of GST appropriations		(123,701)	(99,229)
<b>Total cash to official public account</b>		<u>(336,895)</u>	<u>(274,878)</u>
<b>Cash and cash equivalents at the end of the reporting period<sup>1</sup></b>		<u>10</u>	<u>4</u>

1. As shown in the Statement of Financial Position.

The above schedule should be read in conjunction with the accompanying notes.

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Budgetary Reports and Explanations of Major Variances

The following tables provide a comparison between the 2016–17 Portfolio Budget Statements (PBS) budget and the final financial outcome in the 2016–17 financial statements. The Budget is not audited and does not reflect budget estimates provided as part of the 2017–18 Portfolio Budget Statements (PBS). 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; and
- an item below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of an entity.

#### Departmental Major Budget Variances for 2017

Explanations of major variances	Affected line items (and schedule)
Suppliers expense (\$28.3m), Suppliers payable (\$11.3m) and Suppliers payments (\$34.4m) are higher than original budget primarily due to ICT functions assumed from the former Shared Services Centre.	Suppliers (Statement of Comprehensive Income), Suppliers payables (Statement of Financial Position), Suppliers (Cash Flow Statement)
Grants expenses are \$0.3m higher than original budget due to one off grants provided to support departmental outcomes.	Grants (Statement of Comprehensive Income), Grants (Cash Flow Statement)
Depreciation and amortisation expense is \$5.2m higher than original budget due to the transfer of assets from the former Shared Services Centre.	Depreciation and amortisation (Statement of Comprehensive Income)
The Write-down of assets expense is \$4.9m higher than the original budget due to the annual review of asset impairment and useful life.	Write-down of assets (Statement of Comprehensive Income)
Losses from sale of assets expenses are \$0.2m higher than original budget due to assets disposed at the end of their useful life.	Losses from Sale of Assets (Statement of Comprehensive Income)
Own-source revenue (\$28.3m) and receipt from Sale of goods and rendering of services (\$16.9m) are higher than original budget due to functions assumed from the former Shared Services Centre.	Own-source of revenue (Statement of Comprehensive income), Sale of goods and rendering of services (Cash Flow Statement).
Other gains are \$4.4m higher than original budget due to the disposal of lease liabilities and write back of impairment.	Other gains (Statement of Comprehensive income)
Cash is \$1.3m higher than budget due to receipts received at the end of the financial year.	Cash and cash equivalents (Statement of Financial Position)
Trade and other receivables are \$38.5m higher than original budget due to functions assumed from the former Shared Services Centre.	Trade and other receivables (Statement of Financial Position)
Accrued revenue is \$3.2m less than original budget due to invoices for services provided to other agencies being raised ahead of 30 June.	Accrued revenue (Statement of Financial Position)
Leasehold Improvement values have increased by \$3.1m compared to original budget due to new fit out.	Leasehold Improvements (Statement of Financial Position)
Infrastructure, Plant and Equipment was \$12.5m higher than original budget due to assets assumed from the former Shared Services Centre.	Infrastructure, Plant and Equipment (Statement of Financial Position)
Intangible assets (\$6.5m) and payments for Intangibles (\$3.7m) are higher than original budget due to investment in internally developed software.	Intangibles (Statement of Financial Position), Intangibles (Cash Flow Statement)
Prepayments are \$5.2m higher than original budget due to functions assumed from the former Shared Services Centre, increasing IT expenditure.	Other non-financial assets (Statement of Financial Position)
Other payables are \$7.8m higher than original budget due to functions assumed from the former Shared Services Centre increasing IT expenditure.	Other payables (Statement of Financial Position)
Employee provisions are \$9.3m higher than original budget due to the transfer of employees from the former Shared Services Centre	Employee provisions (Statement of Financial Position)
Other provisions are \$0.8m lower than original budget due to the disposal of a lease.	Other provisions (Statement of Financial Position)
Contributed equity is \$30.0m higher than original budget due to functions assumed from the former Shared Services Centre.	Contributed equity (Statement of Financial Position), Contributed equity/capital (Statement of Changes in Equity) Contributed equity—equity injection (Cash Flow Statement)
Asset revaluation surplus is \$6.9m higher than original budget due to other comprehensive income from 2016, this was updated in the revised budget.	Asset revaluation surplus (Statement of Financial Position), Asset revaluation surplus (Statement of Changes in Equity)



## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Explanations of major variances	Affected line items (and schedule)
Appropriations received are \$31.3m higher than original budget due to the impact of additional cash receipts as a result of the functions assumed from the former Shared Services Centre.	Appropriations (cash flow statement)
GST received from the ATO is \$3.9m higher than the original budget due to higher than planned Supplier expenses as a result of ICT functions assumed from the former Shared Services Centre.	Net GST received (Cash Flow Statement)
Section 74 transfers are \$18.8m higher than original budget due to functions assumed from the former Shared Services Centre.	Section 74 transfers to the OPA (Cash Flow Statement)
Purchase of leasehold improvements are \$0.7m lower than original budget due to the timing differences in payments for leasehold improvements.	Purchase Statement)of leasehold Improvements (Cash Flow)

#### Administered Major Budget Variances for 2017

Explanations of major variances	Affected line items (and schedule)
Suppliers expense is \$67.1m lower than original budget due to lower than planned job seeker commencements in jobactive.	Suppliers (Administered Schedule of Comprehensive Income)
Subsidies expense is \$142.0m lower than original budget due to a lag in expenditure as a result of changes to the wage subsidies program that commenced 1 January 2017.	Subsidies (Administered Schedule of Comprehensive Income)
Personal benefits expense (\$39.3m) and Personal benefits payable (\$3.2m) are lower than original budget due in part to the expansion of the New Enterprise Incentive Scheme Program at 1 December 2016.	Personal benefits (Administered Schedule of Comprehensive Income), Personal Benefits (Administered Schedule of Assets and Liabilities)
Personal benefits expense (\$39.3m) and Personal benefits payable (\$3.2m) are lower than original budget due in part to a lower average cost per claim in the Fair Entitlements Guarantee Program (FEG).	Personal benefits (Administered Schedule of Comprehensive Income), Personal Benefits (Administered Schedule of Assets and Liabilities)
Monthly levy collections for the <i>Coal Mining Industry (LSL) Act 1992</i> (Coal LSL) are \$11.1m lower than original budget due to reduced numbers of employees in the sector.	Subsidies and Other Taxes (Administered Schedule of Comprehensive Income)
Commonwealth Asset Recoveries (\$24.4m) and Trade, taxation and other receivables (\$5.7m) are higher than original budget due to higher than planned recoveries relating to the FEG program including activities under the FEG Recovery program.	Commonwealth Asset Recoveries (Administered Schedule of Comprehensive Income), Trade, taxation and other receivables (Administered Schedule of Assets and Liabilities)
Other revenue is \$132.2m higher than original budget due to a reduction of the Comcare liability following an actuarial review.	Other revenue (Administered Schedule of Comprehensive Income)
Other comprehensive income (\$96.9m) and Other Investments (\$113.1m) are higher than original budget as a result of movements in the net asset balance of Coal LSL.	Other comprehensive income – Changes in asset revaluation surplus (Administered Schedule of Comprehensive Income), Other Investments (Administered Schedule of Assets and Liabilities)
Suppliers payable is \$28.9m higher than original budget due to an increase in jobactive accruals.	Suppliers payable (Administered Schedule of Assets and Liabilities)
Subsidies payable is \$11.9m higher than original budget due to an increase in wage subsidies accruals.	Subsidies payable (Administered Schedule of Assets and Liabilities)
Grants payable is \$2.2m higher than original budget due to grant milestones met but not paid at year end.	Grants payable (Administered Schedule of Assets and Liabilities)
Other payables are \$94.3m lower than original budget due to the reduction of the Comcare liability following an actuarial review.	Other payables (Administered Schedule of Assets and Liabilities)

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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## Department of Employment

### 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) for reporting periods ending on or after 1 July 2015; and
- 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.

Unless an alternative treatment is specifically required by an accounting standard or the FRRs, assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow to the department or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments or the Contingencies note.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

##### 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 fair value of leasehold improvements and infrastructure, plant and equipment has been taken to be the market value of similar items as determined by an independent valuer;
- the liability for long service leave has been estimated using an actuarial assessment based on the FRR requirements. This takes into account expected salary growth, attrition and future discounting using the government bond rates;
- 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 relies on the work of actuaries engaged by Comcare relating to balances for Other Payables; and
- the Department relies on the net asset position of the Coal Mining Industry Corporation for Other Investments.

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.

##### 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.

##### New Australian Accounting Standards

No new and amended standards that were applicable to the current reporting period have had a material effect on the entity's financial statement.

##### 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

There have been no events after balance date that have the potential to significantly affect the ongoing structure and financial activities of the Department.

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 1. Departmental Financial Performance

This section analyses the financial performance of the Department of Employment for the year ended 2017.

##### 1.1. Expenses

	2017	2016
	\$'000	\$'000
<b>Note 1.1A: Employee Benefits</b>		
Wages and salaries	162,075	147,518
Superannuation		
Defined contribution plans	15,892	14,144
Defined benefit plans	17,109	17,577
Leave and other entitlements	11,989	19,132
Separations and redundancies	2,683	3,167
Other employee expenses	1,357	1,737
<b>Total employee benefits</b>	<b>211,105</b>	<b>203,275</b>

##### Accounting Policy

Accounting policies for employee related expenses is contained in the People and Relationships section.

	2017	2016
	\$'000	\$'000
<b>Note 1.1B: Suppliers</b>		
<b>Goods and services supplied or rendered</b>		
Consultants	12,877	15,464
Contractors	13,600	12,393
Travel	4,289	3,881
IT services	26,180	19,273
Property	6,242	3,176
Shared services	5,552	-
Resources provided free of charge	410	460
Legal	2,901	2,501
Training	4,158	3,375
Other	13,605	10,817
<b>Total goods and services supplied or rendered</b>	<b>89,814</b>	<b>71,340</b>
Provision of goods	3,201	1,667
Rendering of services	86,613	69,673
<b>Total goods and services supplied or rendered</b>	<b>89,814</b>	<b>71,340</b>
<b>Other suppliers</b>		
Operating lease rentals in connection with		
Minimum lease rentals	25,787	29,235
Contingent rentals	20	12
Workers compensation expenses	1,020	1,260
<b>Total other suppliers</b>	<b>26,827</b>	<b>30,507</b>
<b>Total suppliers</b>	<b>116,641</b>	<b>101,847</b>

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Leasing commitments

Leases for office accommodation. Lease payments are subject to periodic market value or indexed increases.

#### Commitments for minimum lease payments in relation to non-cancellable

operating leases are payable as follows:

Within 1 year	22,765	26,596
Between 1 to 5 years	90,027	84,475
More than 5 years	51,843	69,836
<b>Total operating lease commitments</b>	<b>164,635</b>	<b>180,907</b>

#### 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.

	2017	2016
	\$'000	\$'000
<b>Note 1.1C: Grants</b>		
<b>Private sector</b>		
Non-profit organisations	-	215
Other	346	85
<b>Total grants</b>	<b>346</b>	<b>300</b>

#### **Note 1.1D: Finance Costs**

Discount for surplus lease space	-	95
<b>Total finance costs</b>	<b>-</b>	<b>95</b>

#### **Note 1.1E: Write-Down and Impairment of Assets**

##### Asset write-downs and impairments from

Write-off of receivables—goods and services	1	1
Impairment of receivables—goods and services	-	3
Impairment of leasehold improvements	-	51
Write-off of leasehold improvements	954	170
Write-off of infrastructure, plant and equipment	32	2
Impairment of infrastructure, plant and equipment	2,117	-
Impairment of intangibles	1,822	144
<b>Total write-down and impairment of assets</b>	<b>4,926</b>	<b>371</b>

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 1.2. Income

	2017	2016
	\$'000	\$'000
<b>OWN-SOURCE REVENUE</b>		
<b>Note 1.2A: Sale of Goods and Rendering of Services</b>		
Sales of goods	-	42
Rendering of services	<u>41,932</u>	<u>23,771</u>
<b>Total sale of goods and rendering of services</b>	<u><b>41,932</b></u>	<u><b>23,813</b></u>

#### 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.

#### Subleasing rental income commitments

Sub lease revenue for office accommodation. Vacant office space is sub leased where possible. The total of future minimum lease payments expected to be received over the next five years is \$8.65 million including GST.

	2017	2016
	\$'000	\$'000
<b>Commitments for sublease rental income receivables are as follows:</b>		
Within 1 year	<b>(1,779)</b>	(1,520)
Between 1 to 5 years	<b>(4,963)</b>	(2,406)
More than 5 years	<b>(1,910)</b>	-
<b>Total sublease rental income commitments</b>	<u><b>(8,652)</b></u>	<u>(3,926)</u>

#### Note 1.2B: Other Gains

Gain on write back of restoration provision	275	1,172
First time recognition of assets—infrastructure, plant and equipment	-	50
Write back of provision for surplus lease space	787	1,098
Write back of leaseholds impairment	894	262
Write back of intangibles impairment	337	18
Write back of infrastructure, plant and equipment impairment	652	-
Other	<u>1,424</u>	<u>1,152</u>
<b>Total other gains</b>	<u><b>4,369</b></u>	<u><b>3,752</b></u>

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 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.

##### 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.

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 non-corporate or corporate Commonwealth entity as a consequence of a restructuring of administrative arrangements.

##### 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

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 2. Income and Expenses Administered on Behalf of Government

This section analyses the activities that the Department of Employment does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

##### 2.1. Administered - Expenses

	2017	2016
<b>Note 2.1A: Suppliers</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Services rendered</b>		
Labour market assistance to job seekers and industry	1,238,674	983,296
Industrial relations	23,596	20,925
<b>Total suppliers</b>	<b>1,262,270</b>	<b>1,004,221</b>
<b>Note 2.1B: Subsidies</b>		
<b>Subsidies in connection with</b>		
Labour market assistance to job seekers and industry	85,868	20,234
Industrial relations	143,483	144,931
<b>Total subsidies</b>	<b>229,351</b>	<b>165,165</b>
<b>Note 2.1C: Personal Benefits</b>		
<b>Direct</b>		
Labour market assistance to job seekers and industry	68,709	56,183
Industrial relations	185,160	-
<b>Indirect</b>		
Industrial relations	883	281,631
<b>Total personal benefits</b>	<b>254,752</b>	<b>337,814</b>

##### 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.

##### Note 2.1D: Grants

<b>Public sector</b>		
Australian Government entities	64,227	78,812
<b>Private sector</b>		
Non-profit organisations	4,480	7,641
Other	27,967	4,380
<b>Total grants</b>	<b>96,674</b>	<b>90,833</b>

##### 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 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 Funding section—Appropriations.

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth [2014] HCA 23*, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.



## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 3. Departmental Financial Position

This section analyses the Department of Employment's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

##### 3.1. Financial Assets

	2017	2016
	\$'000	\$'000
<b>Note 3.1A: Trade and Other Receivables</b>		
Goods and services	16,330	3,873
Appropriation receivables—for existing programs	125,667	113,140
GST receivable from the Australian Taxation Office	2,511	2,297
Lease incentives	10,282	7,510
Other	179	54
<b>Total trade and other receivables (gross)</b>	<b>154,969</b>	<b>126,874</b>
Less impairment allowance for goods and services	(2)	(3)
<b>Total trade and other receivables (net)</b>	<b>154,967</b>	<b>126,871</b>

Credit terms are net 30 days.

##### Reconciliation of the Impairment Allowance Movements in relation to 2017

	Goods and services \$'000	Total \$'000
<b>Opening balance</b>	<b>(3)</b>	<b>(3)</b>
Amounts written off	1	1
<b>Closing balance</b>	<b>(2)</b>	<b>(2)</b>

##### Movements in relation to 2016

	Goods and services \$'000	Total \$'000
Opening balance	(10)	(10)
Amounts written off	1	1
Amounts recovered and reversed	10	10
Decrease recognised in net cost of services	(4)	(4)
<b>Closing balance</b>	<b>(3)</b>	<b>(3)</b>

##### Accounting Policy

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 at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Financial Assets

The Department classifies its financial assets in the following category:

- Receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

#### Receivables

Trade receivables, other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'receivables'. The Department's and receivables are measured at their nominal amount less impairment.

#### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of the reporting period.

Financial assets held at cost—if there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

**Department of Employment  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**3.2. Non-Financial Assets**

Note 3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles (2016–17)

	Leasehold improvements \$'000	Other plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
<b>As at 30 June 2016</b>					
Gross book value	23,594	14,579	116,118	839	155,130
Accumulated depreciation and impairment	(320)	(865)	(28,026)	(420)	(29,631)
<b>Net book value 30 June 2016</b>	<b>23,274</b>	<b>13,714</b>	<b>88,092</b>	<b>419</b>	<b>125,499</b>
<b>Additions</b>					
Purchase or internally developed	5,848	12,912	30,286	367	49,413
Restructuring (Note 8.1A)	442	10,094	954	327	11,817
Impairments recognised in net cost of services	-	(2,117)	(1,822)	-	(3,939)
Reversal of impairments recognised in net cost of services	158	653	312	25	1,148
Depreciation/amortisation expense	(4,068)	(5,886)	(22,742)	(189)	(32,885)
Other movements	22	71	(85)	(16)	(8)
Other	(1)	(2)	-	-	(3)
Write-offs	(953)	(33)	-	-	(986)
<b>Total as at 30 June 2017</b>	<b>24,722</b>	<b>29,406</b>	<b>94,995</b>	<b>933</b>	<b>150,056</b>
<b>Total as at 30 June 2017 represented by:</b>					
Gross book value					
Fair value	26,516	38,633	139,761	1,913	206,823
Work in progress	2,187	249	3,482	-	5,918
Accumulated amortisation	-	-	(48,248)	(980)	(49,228)
Accumulated depreciation	(3,975)	(9,476)	-	-	(13,451)
Accumulated impairment	(6)	-	-	-	(6)
<b>Total as at 30 June 2017</b>	<b>24,722</b>	<b>29,406</b>	<b>94,995</b>	<b>933</b>	<b>150,056</b>

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

During 2017, \$1.822 million of internally developed software was impaired (2016: \$0.144m). There were no write offs of internally developed software (2016: nil). There were no write offs of purchased software during 2017 (2016: nil).

There are two leased properties that the Department manages which are due to be vacated within the next 12 months that have leasehold improvement assets. The total net book value of the leasehold improvements, including restoration for these properties, was \$0.69 million as at 30 June 2017.

No impairment loss was required for surplus lease space (2016: nil).

The Department is completing a major IT infrastructure refresh over the next two years. The majority of the assets to be replaced are or will be at the end of their useful life when replaced.

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy below.

Revaluation increments for leasehold improvements and other plant & equipment credited to the asset revaluation reserve were included in the equity section of the Statement of Financial Position, no increments were expensed.

#### **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 valuation less 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 at the end of each reporting period.

Revaluation adjustments were 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.

**Department of Employment**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

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	2017
Leasehold improvements	Lease Term
Infrastructure, plant and equipment	3–25 years

Impairment

All assets were assessed for impairment at 30 June 2017. 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 2017.

**Contractual commitments for the acquisition of property, plant, equipment and intangible assets**

	2017	2017
	\$'000	\$'000
<b>Commitments are payable as follows:</b>		
Within 1 year	<u>16,447</u>	<u>28,513</u>
<b>Total commitments payable</b>	<u>16,447</u>	<u>28,513</u>

## **Department of Employment**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

#### **Note 3.2C: Jointly Controlled Operations**

The Shared Services Centre (SSC) was established by the Department of Employment (Employment) and the Department of Education and Training (Education) as a jointly controlled operation under AASB 11—*Joint Arrangements*. The SSC provided a range of corporate services to both Departments and other client agencies from 1 July 2014 to 30 November 2016.

On 1 December 2016, following a Machinery of Government change, the functions previously supported by the SSC transitioned to new arrangements with core transactional services transferring to the Department of Finance; library and audio visual services transferring to Education; and information and communications technology, assets management, and other corporate services transferring to Employment.

The financial statements of both Employment and Education recognised their interest in the SSC with approximately 50 per cent recognised in both departments accounts up until 30 November 2016.

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 3.3. Payables

	2017	2016
	\$'000	\$'000
<b>Note 3.3A: Suppliers</b>		
Trade creditors	25,936	15,736
Operating lease rentals	3,306	2,143
<b>Total suppliers</b>	<b>29,242</b>	<b>17,879</b>

Settlement is usually made within 30 days.

#### **Note 3.3B: Other Payables**

Salaries and wages	1,497	710
Superannuation	261	129
Separations and redundancies	1,848	1,844
Other employee benefits	1,273	438
Lease incentive	22,454	21,320
Unearned income	2,075	1,261
Accrued expenses	14,452	7,257
<b>Total other payables</b>	<b>43,860</b>	<b>32,959</b>

#### **Accounting Policy**

##### 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.

##### 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.

##### Other Financial Liabilities

Other financial liabilities 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 yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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).

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 3.4. Other Provisions

##### Note 3.4A: Other provisions

	Provision for restoration \$'000	Provision for surplus lease \$'000	Provision for onerous lease \$'000	Total \$'000
<b>As at 30 June 2016</b>	<b>500</b>	<b>1,457</b>	<b>440</b>	<b>2,397</b>
Amounts reversed	(500)	(670)	(466)	(1,636)
Amounts used	-	(735)	(118)	(853)
Discount or change in discount rate	-	-	144	144
<b>Total as at 30 June 2017</b>	<b>-</b>	<b>52</b>	<b>-</b>	<b>52</b>



## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 4. Assets and Liabilities Administered on Behalf of Government

This section analyses assets used to generate financial performance and the operating liabilities incurred as a result the Department of Employment does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

##### 4.1. Administered - Financial Assets

	2017	2016
	\$'000	\$'000
<b>Note 4.1A: Receivables</b>		
Taxation receivables	10,454	11,963
Personal benefits receivables	8,218	16,111
Goods and services receivables	3,819	4,335
GST receivable from the ATO	17,716	12,111
<b>Total receivables (gross)</b>	<b>40,207</b>	<b>44,520</b>
<b>Less impairment allowance</b>		
Goods and services	(2,204)	(2,142)
<b>Total impairment allowance</b>	<b>(2,204)</b>	<b>(2,142)</b>
<b>Total receivables (net)</b>	<b>38,003</b>	<b>42,378</b>

Credit terms are within 30 days.

##### Reconciliation of the Impairment Allowance

###### Movements in relation to 2017

	Goods and services	Total
	\$'000	\$'000
Opening balance as at 1 July 2016	(2,142)	(2,142)
Amounts written off	58	58
Increase recognised in net cost of services	(120)	(120)
<b>Closing balance as at 30 June 2017</b>	<b>(2,204)</b>	<b>(2,204)</b>

###### Movements in relation to 2016

	Goods and services	Total
	\$'000	\$'000
Opening balance as at 1 July 2015	(137)	(137)
Amounts written off	129	129
Increase recognised in net cost of services	(2,134)	(2,134)
<b>Closing balance as at 30 June 2016</b>	<b>(2,142)</b>	<b>(2,142)</b>

##### 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.

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2017	2016
	\$'000	\$'000
<b>Note 4.1B: Other Investments</b>		
<b>Other Investments</b>		
Coal Mining Industry Corporation <sup>1</sup>	<u>337,756</u>	<u>240,897</u>
<b>Total other investments</b>	<u><b>337,756</b></u>	<u><b>240,897</b></u>

The department retains 100 per cent ownership of the listed investment. The principle activity of the Department's administered investment is as follows:

<sup>1</sup>*Coal Mining Industry 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.

#### 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 available-for-sale and are measured at their fair value as at 30 June 2017. 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**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**4.2. Administered - Payables**

	2017	2016
	\$'000	\$'000
<b>Note 4.2A: Suppliers</b>		
Trade creditors and accruals	80,979	60,980
<b>Total suppliers</b>	<b>80,979</b>	<b>60,980</b>
Settlement was made within 30 days.		
<b>Note 4.2B: Subsidies</b>		
Subsidies	36,890	24,135
<b>Total subsidies</b>	<b>36,890</b>	<b>24,135</b>
<b>Note 4.2C: Personal Benefits</b>		
Labour market assistance to job seekers and industry—Direct	411	2,744
Labour market assistance to job seekers and industry—Indirect	18	9
Industrial relations—Direct	3,092	-
<b>Total personal benefits</b>	<b>3,521</b>	<b>2,753</b>
<b>Note 4.2D: Grants</b>		
<b>Private sector</b>		
Non-profit organisations	602	306
Other	1,587	1,862
<b>Total grants</b>	<b>2,189</b>	<b>2,168</b>
<b>Note 4.2E: Other Payables</b>		
Comcare payable <sup>1</sup>	2,666,165	2,802,684
Withholding Payable	3	-
GST payable	10,396	7,605
<b>Total other payables</b>	<b>2,676,564</b>	<b>2,810,289</b>

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 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 5. Funding

This section identifies the Department of Employment's funding structure.

#### 5.1. Appropriations

Note 5.1A: Annual Appropriations (Recoverable GST exclusive)

	2017 Appropriations			Appropriation applied in 2017 (current and prior years) \$'000	Variance <sup>1</sup> \$'000
	Annual appropriation \$'000	Adjustments to appropriation \$'000	Total appropriation \$'000		
<b>DEPARTMENTAL</b>					
Ordinary annual services <sup>3</sup>	286,373	30,443	316,816	317,939	(1,123)
Capital Budget <sup>2</sup>	27,310	12,342	39,652	30,522	9,130
Other services					
Equity	7,316	-	7,316	7,084	232
<b>Total departmental</b>	<b>320,999</b>	<b>42,785</b>	<b>363,784</b>	<b>355,545</b>	<b>8,239</b>
<b>ADMINISTERED</b>					
Ordinary annual services <sup>3</sup>	1,670,953	-	1,670,953	1,418,794	252,159
Administered items					
Payments to corporate Commonwealth entities	6,119	-	6,119	6,104	15
<b>Total administered</b>	<b>1,677,072</b>	<b>-</b>	<b>1,677,072</b>	<b>1,424,898</b>	<b>252,174</b>

- The Ordinary annual services variance relates to increased expenditure as a result of a transfer of functions. The Capital variance is due to timing between goods being received and payment being made. The administered items variance relates to lower than planned administered expenditure.
- Departmental and Administered 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.
- A section 51 determination reducing Administered Ordinary annual services by \$0.95m was processed in 2016-17 and Departmental Ordinary annual services of \$0.02m was quarantined.

#### Accounting Policy

##### Payments to Corporate Commonwealth Entities

Payments to Comcare from amounts appropriated for that purpose are classified as administered expenses of the Department.

**Department of Employment  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2016 Appropriations		Appropriation applied in 2016 (current and prior years) \$'000	Variance <sup>1</sup> \$'000
	Annual appropriation \$'000	Adjustments to appropriation \$'000		
<b>DEPARTMENTAL</b>				
Ordinary annual services <sup>3</sup>	285,566	24,286	309,852	6,674
Capital Budget <sup>2</sup>	27,378	-	27,378	(1,853)
Other services				
Equity	15,408	-	15,408	2,836
<b>Total departmental</b>	<b>328,352</b>	<b>24,286</b>	<b>352,638</b>	<b>7,657</b>
<b>ADMINISTERED</b>				
Ordinary annual services				
Administered items	1,544,684	-	1,544,684	416,914
Payments to corporate entities	7,727	-	7,727	-
<b>Total administered</b>	<b>1,552,411</b>	<b>-</b>	<b>1,552,411</b>	<b>416,914</b>

1. The departmental ordinary annual services variance is due to closing liabilities not yet paid and an operating surplus. The administered items variance relates to lower than planned administered expenditure. The Capital variances are due to timing differences between financial years.

2. Departmental and Administered 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. A section 51 determination reducing Departmental Ordinary annual services by \$5.3m was processed in 2015-16.

**Department of Employment**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')**

	2017	2016
	\$'000	\$'000
<b>Departmental</b>		
<i>Appropriation Act (No. 1) 2015–16</i>	4,309	107,487
<i>Appropriation Act (No. 1) Capital Budget 2015–16</i>	-	2,817
<i>Appropriation Act (No. 4) 2015–16</i>	-	2,836
<i>Appropriation Act (No. 1) 2016–17</i>	103,498	-
<i>Appropriation Act (No. 1) Capital Budget 2016–17</i>	4,384	-
<i>Supply Act (No. 1) Capital Budget 2016–17</i>	7,563	-
<i>Appropriation Act (No. 2) 2016–17</i>	2,005	-
<i>Appropriation Act (No. 3) 2016–17</i>	2,845	-
<i>Appropriation Act (No. 4) 2016–17</i>	1,063	-
Cash at bank	3,661	3,876
<b>Total</b>	<b>129,328</b>	<b>117,016</b>
<b>Administered</b>		
<i>Appropriation Act (No. 1) 2014–15</i>	40,377	40,377
<i>Appropriation Act (No. 1) 2015–16</i>	-	503,112
<i>Appropriation Act (No. 3) 2015–16</i>	-	317
<i>Supply Act (No. 1) 2016–17</i>	1,170	-
<i>Appropriation Act (No. 1) 2016–17</i>	314,010	-
<i>Appropriation Act (No. 3) 2016–17</i>	5,420	-
Cash at bank	10	4
<b>Total</b>	<b>360,987</b>	<b>543,810</b>

**Department of Employment  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 5.1C: Special Appropriations (Recoverable GST exclusive)**

Authority	Type	Purpose	Appropriation applied	
			2017 \$'000	2016 \$'000
<i>Fair Entitlements Guarantee Act 2012—Section 50 (Administered)</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.	150,016	259,980
<i>Coal Mining Industry (Long Service Leave Funding) Act 1992 (Administered)</i>	Unlimited Amount	An Act to manage the long service leave entitlement of the Coal Mining Industry.	144,992	146,970
<i>Safety, Rehabilitation and Compensation Act 1988 (SRC Act) (Administered)</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.	32,510	35,174
<i>Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005 (Administered)</i>	Unlimited Amount	An Act to assign responsibility for the management of certain liabilities relating to asbestos-related claims, and for related purposes.	31,717	28,635
<i>Public Governance, Performance and Accountability Act 2013—Section 77</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.	0	4
<b>Total special appropriations applied</b>			<b>359,235</b>	<b>470,763</b>

1. There was one section 77 payment made with a value of \$408.40.



**Department of Employment**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**5.2. Net Cash Appropriation Arrangements**

	2017	2016
	\$'000	\$'000
<b>Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations<sup>1</sup></b>	<b>(121)</b>	<b>8,855</b>
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u><b>(32,885)</b></u>	<u><b>(21,861)</b></u>
<b>Total comprehensive loss - as per the Statement of Comprehensive Income</b>	<u><u><b>(33,006)</b></u></u>	<u><u><b>(13,006)</b></u></u>

1. From 2010–11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.



## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 6. People and Relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

##### 6.1. Employee Provisions

	2017	2016
	\$'000	\$'000

##### Note 6.1A: Employee Provisions

Leave	<u>71,332</u>	<u>67,329</u>
<b>Total employee provisions</b>	<b><u>71,332</u></b>	<b><u>67,329</u></b>

#### **Accounting Policy**

##### Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. Other long-term employee benefits are measured as 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 entity'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 2017. 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 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 2017 represents outstanding contributions for the final fortnight of the year.

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 6.2. Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The entity has determined the key management personnel across the financial year to be the Secretary, Deputy Secretaries and some Group Managers that reported directly to the Secretary. Key management personnel remuneration is reported in the table below:

	2017	2016
	\$'000	\$'000
<b>Note 6.2A: Key Management Personnel Remuneration</b>		
Short-term employee benefits	1,548	1,542
Post-employment benefits	368	335
Other long-term employee benefits <sup>1</sup>	396	444
<b>Total key management personnel remuneration expenses<sup>2</sup></b>	<b>2,312</b>	<b>2,321</b>

1. Other includes motor vehicle allowances, other allowances and reportable fringe benefits.

2. 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 entity.

The total number of senior management personnel that are included in the above table is 5 (2016: 5).

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.

#### 6.3. 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 disclosed as they are exempt.

Key Management Personnel have completed a declaration concerning related party transactions. Through these declarations the Department has determined there are no related party transactions requiring disclosure.

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 7. Managing Uncertainties

This section analyses how the Department of Employment manages financial risks within its operating environment.

##### 7.1. Contingent Assets and Liabilities

	Claims for Damages and Costs		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Contingent liabilities</b>				
Balance from previous period	-	308	-	308
Liabilities realised	-	(112)	-	(112)
Obligations expired	-	(196)	-	(196)
<b>Total contingent liabilities</b>	-	-	-	-
<b>Net contingent liabilities</b>	-	-	-	-

##### Quantifiable Contingencies

The department has two quantifiable contingencies, which are considered remote. All prior year contingencies have been realised or expired.

##### Accounting Policy

###### Contingent Assets and Contingent Liabilities

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant 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**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Administered**

	Claims for damages or costs		Total	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
<b>Contingent assets</b>				
Balance from previous period	43,738	24,903	43,738	24,903
Re-measurement	43,140	89,379	43,140	89,379
Assets realised	(47,846)	(70,544)	(47,846)	(70,544)
<b>Total contingent assets</b>	<b>39,032</b>	<b>43,738</b>	<b>39,032</b>	<b>43,738</b>
<b>Contingent liabilities</b>				
Balance from previous period	51,558	44,433	51,558	44,433
Re-measurement	(19,446)	7,125	(19,446)	7,125
<b>Total contingent liabilities</b>	<b>32,112</b>	<b>51,558</b>	<b>32,112</b>	<b>51,558</b>
<b>Net contingent assets / (liabilities)</b>	<b>6,920</b>	<b>(7,820)</b>	<b>6,920</b>	<b>(7,820)</b>

Quantifiable Contingencies

The above table reports contingent assets and liabilities in respect of estimated payments and recoveries in relation to dividends for General Employee Entitlements and Redundancy Scheme (GEERS) and the Fair Entitlements Guarantee (FEG). The estimated contingent liability is \$32.1 million. The estimated contingent asset is \$39.0 million.

Unquantifiable Contingencies

As at 30 June 2017, the Department had a number of claims for employee entitlements under the *Fair Entitlements Guarantee Act 2012* which were currently subject to review by the Administrative Appeals Tribunal.

Relating to FEG, it is known that there are employers with outstanding employee entitlements that have been placed into liquidation. The amounts are unable to be quantified as no claim forms have been received.

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 7.2. Financial Instruments

	2017	2016
	\$'000	\$'000
<b>Note 7.2A: Categories of Financial Instruments</b>		
<b>Financial Assets</b>		
<b>Receivables</b>		
Cash and cash equivalents	3,661	3,876
Goods and services receivables	<u>16,328</u>	<u>3,870</u>
<b>Total receivables</b>	<u>19,989</u>	<u>7,746</u>
<b>Total financial assets</b>	<u>19,989</u>	<u>7,746</u>
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	<u>29,242</u>	<u>17,879</u>
<b>Total financial liabilities measured at amortised cost</b>	<u>29,242</u>	<u>17,879</u>
<b>Total financial liabilities</b>	<u>29,242</u>	<u>17,879</u>

#### Accounting Policy

##### Financial Assets

The department classifies its financial assets in the following category:

- receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

##### Receivables

Trade receivables, other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'receivables'. The Department's receivables are measured at their nominal amount less impairment.

##### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of the reporting period.

Financial assets held at cost—if there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

##### 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.

##### Other Financial Liabilities

Other financial liabilities 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 yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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).

**Department of Employment**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2017	2016
	\$'000	\$'000
<b><u>Note 7.2B: Net Gains or Losses on Financial Assets</u></b>		
<b>Receivables</b>		
Write off—goods and services	(1)	(1)
Impairment of receivables—goods and services	-	(3)
<b>Net losses receivables</b>	<u>(1)</u>	<u>(4)</u>
<b><i>Net losses on financial assets</i></b>	<u>(1)</u>	<u>(4)</u>

The carrying amount of financial assets and liabilities is a reasonable approximation of fair value.

**Department of Employment**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

<b>7.3. Administered - Financial Instruments</b>		
	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
<b><u>Note 7.3A: Categories of Financial Instruments</u></b>		
<b>Financial Assets</b>		
<b>Available-for-sale financial assets</b>		
Investments	<b>337,756</b>	240,897
<b>Total available-for-sale financial assets</b>	<b>337,756</b>	240,897
<b>Receivables</b>		
Cash and cash equivalents	<b>10</b>	4
Goods and services receivables	<b>1,615</b>	2,193
<b>Total receivables</b>	<b>1,625</b>	2,197
<b>Total financial assets</b>	<b>339,381</b>	243,094
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors and accruals	<b>80,979</b>	60,980
<b>Total financial liabilities measured at amortised cost</b>	<b>80,979</b>	60,980
<b>Total financial liabilities</b>	<b>80,979</b>	60,980
<b><u>Note 7.3B: Net Gains or Losses on Financial Assets</u></b>		
<b>Available-for-sale financial assets</b>		
Gains recognised in equity	<b>96,859</b>	16,239
<b>Net gains from available-for-sale financial assets</b>	<b>96,859</b>	16,239
<b>Receivables</b>		
Interest revenue	<b>4</b>	29
Write-down and impairment	<b>(120)</b>	(2,293)
<b>Net losses from receivables</b>	<b>(116)</b>	(2,264)
<b>Net gains on financial assets</b>	<b>96,743</b>	13,975

**Department of Employment**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**7.4. Fair Value Measurement**

**Note 7.4A: Fair Value Measurement**

	Fair value measurements at the end of the reporting period	
	2017	2016
	\$'000	\$'000
<b>Non-financial assets</b>		
Leasehold Improvements	22,535	23,265
Infrastructure, plant and equipment	29,157	13,714
<b>Total non-financial assets</b>	<b>51,692</b>	<b>36,979</b>
<b>Total fair value measurements of assets in the Statement of Financial Position</b>	<b>51,692</b>	<b>36,979</b>
<b>Assets not measured at fair value in the statement of financial position</b>		
Leasehold Improvements—AUC	2,187	8
Infrastructure, Plant & Equipment—AUC	249	-
<b>Total assets not measured at fair value in the statement of financial position</b>	<b>2,436</b>	<b>8</b>

**Accounting Policy**

The departments policy under AASB 13—Fair Value Measurement is to test the value assets at least once every 12 months and to obtain a comprehensive valuation at least once every three years. <sup>1</sup>

For 2016–17, Australian Valuation Solutions (AVS) has completed a fair value review all leasehold improvements and Infrastructure Plant and Equipment as at 30 June 2017.<sup>2</sup> The review concluded that there was no material movements in fair value of the Department 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 2017 (2016:Nil)



## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 7.5. Administered - Fair Value Measurement

##### Note 7.5A: Fair Value Measurement

	Fair value measurements at the end of the reporting period using	
	2017	2016
	\$'000	\$'000
<b>Financial assets</b>		
Administered investments	337,756	240,897
<b>Total financial assets</b>	<b>337,756</b>	<b>240,897</b>
<i>Total fair value measurements of assets in the Administered Schedule of Assets and Liabilities</i>	<b>337,756</b>	240,897

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 as available-for-sale financial assets and are measured at their fair value as at 30 June 2017. 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 2017 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 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 8. Other Information

This section provides other disclosures relevant to the Department of Employment financial information environment for the year.

#### Note 8.1A: Departmental Restructuring

	2017		
	Corporate Functions Department of Finance <sup>1</sup>	Corporate Functions Department of Education and Training <sup>2</sup>	Corporate Functions Total
	\$'000	\$'000	\$'000
<b>FUNCTIONS ASSUMED</b>			
<b>Assets recognised</b>			
Trade and other receivables			
Appropriation receivable	-	19,256	19,256
Trade and other receivables	-	970	970
Other financial assets	-	3,202	3,202
Leasehold improvements	-	753	753
Infrastructure, plant and equipment	-	10,565	10,565
Intangibles	-	4,074	4,074
Other non-financial assets	-	6,714	6,714
<b>Total assets recognised</b>	-	<b>45,534</b>	<b>45,534</b>
<b>Liabilities recognised</b>			
Suppliers	-	(815)	(815)
Other payables	-	(1,746)	(1,746)
Employee provisions	-	(5,372)	(5,372)
Other provisions	-	(118)	(118)
<b>Total liabilities recognised</b>	-	<b>(8,051)</b>	<b>(8,051)</b>
<b>Net assets recognised</b>		<b>37,483</b>	<b>37,483</b>
<b>Income assumed</b>			
Recognised by the receiving entity	-	27,375	27,375
Recognised by the Losing entity	-	6,525	6,525
<b>Total income assumed</b>	-	<b>33,900</b>	<b>33,900</b>
<b>Expenses assumed</b>			
Recognised by the receiving entity	-	58,188	58,188
Recognised by the Losing entity	-	46,576	46,576
<b>Total expenses assumed</b>	-	<b>104,764</b>	<b>104,764</b>
<b>FUNCTIONS RELINQUISHED</b>			
<b>Assets relinquished</b>			
Trade and other receivables			
Appropriation receivable	2,047	558	2,605
Trade and other receivables	1	193	194
Leasehold improvements	64	246	310
Infrastructure, plant and equipment	26	445	471
Intangibles	2,374	418	2,792
Other non-financial assets	649	125	774
<b>Total assets relinquished</b>	<b>5,161</b>	<b>1,985</b>	<b>7,146</b>
<b>Liabilities relinquished</b>			
Suppliers	-	(1)	(1)
Other payables	(668)	(6)	(674)
Employee provisions	(1,554)	(466)	(2,020)
Other provisions	-	(525)	(525)
<b>Total liabilities relinquished</b>	<b>(2,222)</b>	<b>(998)</b>	<b>(3,220)</b>
<b>Net assets relinquished</b>	<b>2,939</b>	<b>987</b>	<b>3,926</b>
<b>Net assets assumed</b>	<b>(2,939)</b>	<b>36,496</b>	<b>33,557</b>

1. The Shared Service functions were relinquished to the Department of Finance due to machinery of government changes.

2. The Shared Service functions were assumed/relinquished from/to the Department of Education and Training due to machinery of government of changes.

# PART 6

## APPENDIXES

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# APPENDIX 1: ECOLOGICALLY SUSTAINABLE DEVELOPMENT

The Department of Employment is committed to ecologically sustainable development and reports on its activities under section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*.

The major focus for 2016–17 was completing adjustments of the Department’s property portfolio to minimise cost and wasted energy. National headquarters tenancies have now been settled in 10, 12 and 14 Mort Street and 140–180 City Walk, Canberra, and occupation rates above 80 per cent achieved throughout. Tenancies in state capitals and regional cities continue to be reviewed as leases near expiration to achieve the most cost and energy efficient arrangements available. In some cases, this will mean moving to a hosted arrangement with other Commonwealth entities.

Work on upgrades of the lighting and lighting control systems at 14 Mort Street has begun and will be completed in 2017–18.

## Environmental performance

Environmental management in the Department is focused on reducing negative impacts from energy consumption, waste, water consumption, vehicle fleet, air travel and paper consumption. In line with government policy, the Department is also examining the environmental impacts and opportunities of its procurement policies and practices. The Department’s progress is summarised in Tables 23 to 26.

### Office and building energy use

The Department monitors and works to improve its performance in energy and resource efficiency. Although energy intensity has increased per person (1.29 per cent) and more so per square metre of occupied space (11.72 per cent), greater use of green power has reduced the impact of these changes on actual greenhouse gas emissions to an increase of only 0.33 per cent. Energy intensity per person and per square meter will improve with the upgrades at 14 Mort Street, as noted.

**Table 23. Office and building energy use, 2016–17**

Indicator	2015–16	2016–17	% change
Office tenant light and power energy use per full-time equivalent (MJ/FTE)	7,894.95	7,997.93	+1.29
Office tenant light and power energy use per square metre (MJ/m <sup>2</sup> )	291.96	326.17	+11.72
Greenhouse emissions attributed to office tenant light and power energy use (tonnes/CO <sub>2</sub> -e)	3,129.09	3,139.27	+0.33
Green power purchased, as a percentage of total electricity consumption	7.94%	8.57%	+7.93

Note: CO<sub>2</sub>-e = carbon dioxide equivalent; MJ = megajoule.

## Information and communications technology

The efficient deployment of information and communication technology equipment to staff numbers and the ratio of printers to desktop computers both improved by more than 16 per cent in 2016–17.

**Table 24. ICT sustainability, 2016–17**

Indicator	2015–16	2016–17	% change
Desktop computers to printer ratio	18:1	15:1	–16.67
Desktop devices per end user	1.88	1.57	–16.49

## Vehicle fleet and air travel

The size of the Department’s vehicle fleet has increased by 27.27 per cent since 2015–16, following machinery of government changes which transferred most of the Shared Services Centre, previously shared with the Department of Education and Training, to Employment. The Department continues to provide a range of ICT and property services to the Department of Education and Training and the vehicle fleet is involved in many of these services.

The average Green Vehicle rating of the fleet remains high at 13.4. Overall fuel efficiency in practice has improved and therefore direct greenhouse emissions from fleet operations have risen less than the size of the fleet.

While total flight numbers were higher than in 2015–16, total distance travelled was slightly lower.

**Table 25. Vehicle fleet and air travel, 2016–17**

Indicator	2015–16	2016–17	% change
Total number of fleet vehicles	33	42	+27.27
Average Green Vehicle rating of fleet	13.6	13.4	–0.2
Average fuel consumption of vehicle fleet (litres/100 km)	8.78	8.28	–5.69
Total direct greenhouse emissions of fleet (tonnes CO <sub>2</sub> -e)	39.94	43.68	+9.36
Total number of flights	6,581	7,281	+10.64
Total distance of flights (km)	7,517,270	7,289,278	–3.03

## Resource efficiency and waste

Total paper use was reduced by 12.59 per cent in 2016–17 to 7.08 reams per person.

During the year 49.69 per cent of paper purchased was 100 per cent post-consumer recycled stock. A further 35.93 per cent had significant recycled content and 0.80 per cent was either carbon neutral or had other environmental credentials, such as Forest Stewardship Council certification, leaving only 13.58 per cent coming from virgin stock without environmental standards.

The waste management system in Canberra achieved very good results. In 2016–17, 14.40 tonnes of organic material was diverted from landfill to vermiculture—reducing emissions and producing beneficial worm castings and compost. This is a significant improvement on the 9.98 tonnes recorded in 2015–16.

**Table 26. Resource efficiency and waste, 2016–17**

Indicator	2015–16	2016–17	% change
Office paper purchased by full-time equivalent (A4 reams/FTE)	8.10	7.08	-12.59
Percentage of paper purchased with recycled content	84.98%	85.62%	+0.64
Office paper recycled (kilograms per FTE) <sup>a</sup>	82.61	83.51	+1.09
Total landfill waste produced (kilograms per FTE) <sup>a</sup>	16.73	18.99	+13.51
Total comingled recycling (kilograms per FTE) <sup>a</sup>	10.53	11.90	+11.51
Total organic recycling (kilograms per FTE) <sup>a</sup>	6.67	7.44	+11.54

a. Waste and recycling data available for the ACT only.

## Looking ahead

The lighting upgrade at 14 Mort Street has now commenced and will be completed in 2017–18. This initiative will replace inefficient T8 fluorescent tube lighting with LED panels, which will require 50 per cent less energy to produce the same lighting effectiveness and also eliminate significant expense and waste resulting from the ongoing need to replace fluorescent tubes every few years.



## APPENDIX 2: AGENCY RESOURCE STATEMENTS

**Table 27.** Agency resource statement, 2016–17

	Actual available appropriation for 2016–17	Payments made 2016–17	Balance remaining 2016–17
	\$'000 (a)	\$'000 (b)	\$'000 (a)–(b)
<b>Ordinary annual services<sup>1</sup></b>			
Departmental appropriation <sup>2</sup>	326,025	318,018	8,007
Section 74 retained revenue receipts collected by non-corporate entities	30,443	30,443	–
<b>Total</b>	<b>356,468</b>	<b>348,461</b>	<b>8,007</b>
<b>Administered expenses</b>			
Outcome 1	1,512,245	1,400,599	
Outcome 2	25,947	18,195	
Payments to corporate entities <sup>3</sup>	6,104	6,104	
<b>Total</b>	<b>1,544,296</b>	<b>1,424,898</b>	
<b>Total ordinary annual services</b>	<b>A 1,900,764</b>	<b>1,773,359</b>	
<b>Departmental non-operating</b>			
Equity injections <sup>4</sup>	7,316	7,084	232
<b>Total</b>	<b>7,316</b>	<b>7,084</b>	<b>232</b>
<b>Total available annual appropriations and payments</b>	<b>1,908,080</b>	<b>1,780,443</b>	
<b>Special appropriations limited by criteria/entitlement</b>			
<i>Fair Entitlements Guarantee Act 2012</i>	150,016	150,016	
<i>Coal Mining Industry Long Service Leave Funding Act 1992</i>	144,992	144,992	
<i>Safety, Rehabilitation and Compensation Act 1988</i>	32,510	32,510	
<i>Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005</i>	31,717	31,717	
<b>Total special appropriations</b>	<b>B 359,235</b>	<b>359,235</b>	
<b>Total resourcing and payments (A+B)</b>	<b>2,267,315</b>	<b>2,139,678</b>	

1 Supply Act (No. 1) 2016–17, Appropriation Act (No. 1) 2016–17 and Appropriation Act (No. 3) 2016–17. This also includes prior year departmental appropriation, section 75 transfers, section 74 Retained Revenue Receipts and adjustments for the expected expenditure from the 2016–17 Portfolio Additional Estimates.

2 Includes an amount of \$39.65m for the 2016–17 departmental capital budget. For accounting purposes this amount has been designated as 'contributions by owners'.

3 'Corporate entities' are corporate Commonwealth entities and Commonwealth companies as defined under the PGPA Act.

4 Appropriation Bill (Nos. 2 and 4) 2016–17.

	Actual available appropriation for 2016–17	Payments made 2016–17	Balance remaining 2016–17
	\$'000 (a)	\$'000 (b)	\$'000 (a)–(b)
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or corporate entities through annual appropriations	6,104	6,104	
<b>Total net resourcing and payments for the Department</b>	<b>2,261,211</b>	<b>2,133,574</b>	

**Table 28. Expenses for Outcome 1**

Outcome 1: Foster productive and competitive labour markets through employment policies and programs that assist job seekers into work, meet employer needs and increase Australia's workforce participation.	Budget <sup>1</sup> 2016–17 \$'000 (a)	Actual expenses 2016–17 \$'000 (b)	Variation 2016–17 \$'000 (a)–(b)
<b>Program 1.1: Employment services</b>			
Administered expenses			
Ordinary annual services (Supply Bill No. 1, Appropriation Act No. 1 and 3)	1,512,245	1,425,760	86,485
<b>Departmental expenses</b>			
Departmental appropriation <sup>2</sup>	250,621	250,508	113
Expenses not requiring appropriation in the budget year	21,662	25,507	(3,845)
<b>Total for Outcome 1</b>	<b>1,784,528</b>	<b>1,701,775</b>	<b>82,753</b>
<b>Average staffing level (number)</b>	<b>1,438</b>	<b>1,426</b>	<b>12</b>

1 Full-year budget including any subsequent adjustments made in the 2016–17 Portfolio Additional Estimates.

2 Departmental appropriation combines ordinary annual services (Supply Bill No. 1, Appropriation Act No. 1 and 3), receipts collected by non-corporate Commonwealth entities (section 74) and adjustments for the expected expenditure from the 2016–17 Portfolio Additional Estimates.





**Table 29. Expenses for Outcome 2**

Outcome 2: Facilitate jobs growth through policies that promote fair, productive and safe workplaces.	Budget <sup>1</sup> 2016–17 \$'000 (a)	Actual expenses 2016–17 \$'000 (b)	Variation 2016–17 \$'000 (a)–(b)
<b>Program 2.1: Employee assistance</b>			
Administered expenses			
Ordinary annual services (Supply Bill No. 1, Appropriation Act No. 1 and 3)	12,033	7,042	4,991
Special appropriations	385,166	333,797	51,369
<b>Total for Program 2.1</b>	<b>397,199</b>	<b>340,839</b>	<b>56,360</b>
<b>Program 2.2: Workplace assistance</b>			
Administered expenses			
Ordinary annual services (Supply Bill No. 1, Appropriation Act No. 1 and 3)	13,078	12,341	737
<b>Total for Program 2.2</b>	<b>13,078</b>	<b>12,341</b>	<b>737</b>
<b>Program 2.3: Workers' compensation payments</b>			
Administered expenses			
Ordinary annual services (Supply Bill No. 1, Appropriation Act No. 1 and 3)	6,104	6,104	–
Special appropriations	65,256	64,227	1,029
<b>Total for Program 2.3</b>	<b>71,360</b>	<b>70,331</b>	<b>1,029</b>
<b>Outcome 2 totals by appropriation type</b>			
Administered expenses			
Ordinary annual services (Supply Bill No. 1, Appropriation Act No. 1 and 3)	31,215	25,487	5,728
Special appropriations	450,422	398,024	52,398
<b>Departmental expenses</b>			
Departmental appropriation <sup>2</sup>	82,463	82,265	198
Expenses not requiring appropriation in the budget year	6,614	7,788	(1,174)
<b>Total for Outcome 2</b>	<b>570,714</b>	<b>513,564</b>	<b>57,150</b>
<b>Average staffing level (number)</b>	<b>439</b>	<b>435</b>	<b>4</b>

1 Full-year budget including any subsequent adjustment made in the 2016–17 Portfolio Additional Estimates

2 Departmental appropriation combines ordinary annual services (Supply Bill No. 1, Appropriation Act No. 1 and 3) receipts collected by non-corporate Commonwealth entities (section 74) and adjustments for the expected expenditure from the 2016–17 Portfolio Additional Estimates.

## APPENDIX 3: ADVERTISING AND MARKET RESEARCH

Details of payments made to advertising, market research, polling, media advertising and direct mail organisations by the Department in 2016–17 are provided in Tables 22 to 25. Payments of less than \$13,000 (inclusive of GST) are excluded, consistent with section 311A of the *Commonwealth Electoral Act 1918*.

**Table 30. Advertising expenditure, 2016–17**

Organisation	Service provided	Total \$ paid
J Walter Thompson Australia	Creative development services for jobactive (including Restart) communication campaign	245,036
Venus Communication	Creative development services for ParentsNext communication campaign	265,375

During 2016–17, the Department conducted advertising campaigns for jobactive, Restart and ParentsNext. Further information is available at [www.employment.gov.au](http://www.employment.gov.au) and in the reports on Australian Government advertising prepared by the Department of Finance. These reports are available at [www.finance.gov.au/advertising/index.html](http://www.finance.gov.au/advertising/index.html).

**Table 31. Market research and polling expenditure, 2016–17**

Organisation	Service Provided	Total \$ paid
Taylor Nelson Sofres Pty Ltd (trading as Kantar Public)	Research to inform communication about youth programs under jobactive	181,693
DBM Consultants Pty Ltd	Tracking research for the jobactive (including Restart) campaign	259,925
Whereto Research Based Consulting Pty Ltd	Concept testing research and tracking research for the ParentsNext communication campaign	177,500
Australian Market Research	Developmental research to better understand attitudes of young people towards entrepreneurship and self-employment	98,670
Whereto Research Based Consulting Pty Ltd	Research to determine behaviours, attitudes, assistance needed and effective communication for young people	79,166

**Table 32. Media advertising expenditure, 2016–17**

Organisation	Service Provided	Total \$ paid
Dentsu Mitchell Media Australia	Advertising for the jobactive communication campaign	5,458,958
Dentsu Mitchell Media Australia	Advertising for the jobactive Restart communication campaign	623,913
Dentsu Mitchell Media Australia	Advertising for the ParentsNext communication campaign	454,516
Dentsu Mitchell Media Australia	Advertising on youth websites to promote the jobactive website to young people	44,332
Dentsu Mitchell Media Australia	Advertising on Instagram to promote the jobactive website to young people	50,000

**Table 33. Direct mailing expenditure, 2016–17**

Organisation	Service Provided	Total \$ paid
Torzyn Family Trust (trading as Print Junction)	Direct mail to jobactive providers to encourage them to use the Department's online services to find jobs for job seekers	50,000
Torzyn Family Trust (trading as Print Junction)	Direct mail to recently registered private job seekers to encourage them to use the Department's online services to find work	200,000

## APPENDIX 4: CORRECTIONS

The following error appeared in the Department's 2015–16 annual report.

Table 1, as printed on page 31, contained comparative figures on feedback records received by the National Customer Service Line for the period 2013–14 through to 2015–16. The corrected information is provided in Table 34 below.

**Table 34. Corrections to breakdown of feedback records by type, 2013–14 to 2015–16**

Feedback type	2013–14	2014–15	2015–16
Complaints	8,563	12,222	<del>8,235</del> 17,207
Requests for Information	4,658	6,941	<del>11,324</del> 21,448
Other (e.g. compliments and suggestions)	3,022	3,376	<del>3,464</del> 5,944
<b>Total</b>	<b>16,243</b>	<b>22,539</b>	<b><del>23,023</del> 44,599</b>

# ABBREVIATIONS AND ACRONYMS

ABS	Australian Bureau of Statistics
ACCI	Australian Chamber of Commerce and Industry
ANAO	Australian National Audit Office
APEC	Asia–Pacific Economic Cooperation
APS	Australian Public Service
APSC	Australian Public Service Commission
COAG	Council of Australian Governments
DSS	Department of Social Services
FEG	Fair Entitlements Guarantee
FTE	Full-time equivalent
G20	Group of Twenty
ILO	International Labour Organization
IT/ICT	information technology/information and communication technology
NEIS	New Enterprise Incentive Scheme
OECD	Organization for Economic Co-operation and Development
PAES	Portfolio Additional Estimates
PBS	Portfolio Budget Statements
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PSM	Public Service Medal
RAP	Reconciliation Action Plan
RIS	Regulation Impact Statement
SES	Senior Executive Service
WHS	work health and safety

# GLOSSARY

<b>administered item</b>	Revenues, expenses, assets and liabilities that the government controls, but which an agency or authority manages on the Commonwealth's behalf.
<b>annual performance statement</b>	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.
<b>appropriation</b>	An amount of public monies parliament authorises for spending for a particular purpose.
<b>AusTender</b>	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.
<b>budget measure</b>	A decision by Cabinet or ministers that results in a cost or savings to outlays.
<b>effectiveness indicators</b>	Measures of the joint or independent contribution of outputs and administered items to the achievement of their specified outcome.
<b>jobactive</b>	Employment services arrangements from 1 July 2015.
<b>performance indicators</b>	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.
<b>outcomes</b>	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.
<b>Portfolio Budget Statements</b>	Budget-related papers detailing Budget initiatives and explanations of appropriations specified by outcome and program by each agency within a portfolio.
<b>programs</b>	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.
<b>sustainable development</b>	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

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# LIST OF REQUIREMENTS

This annual report has been prepared in accordance with the Public Governance, Performance and Accountability Amendment (Non-corporate Commonwealth Entity Annual Reporting) Rule 2016 (Division 3A).

**Table 35. Annual report requirements**

Part of report	Description	Requirement	Page
<b>Letter of transmittal</b>			
	Letter of transmittal, signed and dated by the accountable authority on the date final text is approved, with a statement that the report has been prepared in accordance with section 46 of the PGPA Act and any enabling legislation that specifies additional requirements in relation to the annual report	Mandatory	ii
<b>Aids to access</b>			
	Table of contents	Mandatory	iii
	Alphabetical index	Mandatory	190–198
	Glossary and acronyms	Mandatory	180–181
	List of requirements	Mandatory	184–189
	Details of contact officer	Mandatory	Inside back cover
	Department's website address	Mandatory	Back cover
	Electronic address of report	Mandatory	Inside back cover
<b>Review by Secretary</b>			
	A review by the Department's accountable authority (the Secretary)	Mandatory	3–4
<b>Overview of the Department</b>			
	Role and functions	Mandatory	i, 2, 8
	Organisational structure	Mandatory	6
	Outcome and program structure	Mandatory	9
	A description of the Department's purpose as included in the corporate plan	Mandatory	72
	Portfolio structure	Mandatory	iv–v



Part of report	Description	Requirement	Page
	Where outcome and programs administered differ from any Portfolio Budget Statements, Portfolio Additional Estimates Statements or other portfolio estimates statement that was prepared for the Department for the period, details of variation and reasons for change	If applicable, mandatory	Not applicable
<b>Report on performance</b>			
	Annual performance statement in accordance with paragraph 39(1)(b) of the PGPA Act and section 16F of the PGPA Rule.	Mandatory	71–79
<b>Report on financial performance</b>			
	A discussion and analysis of the Department's financial performance	Mandatory	122–123
	A table summarising the total resources and total payments of the Department	Mandatory	175–177
	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 Department; how the Department 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 Department's future operation or financial results.	If applicable, mandatory	Not applicable
<b>Management and accountability</b>			
<b>Corporate governance</b>			
	Information on compliance with section 10 of the PGPA Rule (fraud systems)	Mandatory	ii
	A certification by the Secretary that fraud risk assessments and fraud control plans have been prepared	Mandatory	ii
	A certification by the Secretary 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
	A certification by the Secretary that all reasonable measures have been taken to deal appropriately with fraud relating to the Department	Mandatory	ii
	An outline of structures and processes in place for the Department to implement principles and objectives of corporate governance	Mandatory	83–84

Part of report	Description	Requirement	Page
	A statement of significant issues reported to the Minister under paragraph 19(1)(e) of the PGPA Act that relates to non-compliance with finance law and action taken to remedy the non-compliance	If applicable, mandatory	Not applicable
<b>External scrutiny</b>			
	Information on the most significant developments in external scrutiny and the Department's response to scrutiny	Mandatory	116–120
	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 Department	If applicable, mandatory	116–119
	Information on any reports on operations of the Department by the Auditor-General (other than a report under section 43 of the PGPA Act), a parliamentary committee, or the Commonwealth Ombudsman	If applicable, mandatory	119
	Information on any capability reviews on the entity that were released during the period	If applicable, mandatory	Not applicable
<b>Management of human resources</b>			
	An assessment of the Department's effectiveness in managing and developing employees to achieve departmental objectives	Mandatory	92–107
	Statistics on the Department's APS employees on an ongoing and non-ongoing basis, including: <ul style="list-style-type: none"> <li>– statistics on staffing classification level</li> <li>– statistics on full-time employees</li> <li>– statistics on part-time employees</li> <li>– statistics on gender</li> <li>– statistics on staff location</li> <li>– statistics on employees who identify as Indigenous.</li> </ul>	Mandatory	93–95
	Information on any enterprise agreements, individual flexibility arrangements, determinations, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i>	Mandatory	97–98
	Information on the number of SES and non-SES employees covered by agreements	Mandatory	97–98
	Salary ranges available for APS employees by classification level	Mandatory	99
	A description of non-salary benefits provided to employees	Mandatory	98
	Information on the number of employees at each classification level who received performance pay	If applicable, mandatory	98

Part of report	Description	Requirement	Page
	Information on aggregate amounts of performance pay at each classification level	If applicable, mandatory	Not applicable
	Information on the average amount of performance payment, and range of such payments, at each classification level	If applicable, mandatory	Not applicable
	Information on aggregate amount of performance payments	If applicable, mandatory	Not applicable
<b>Assets management</b>			
	An assessment of effectiveness of assets management where asset management is a significant part of the Department's activities	If applicable, mandatory	114
<b>Purchasing</b>			
	An assessment of departmental performance against the <i>Commonwealth Procurement Rules</i>	Mandatory	116
<b>Consultants</b>			
	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	116
	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	116
	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	116
	A statement that " <i>Annual reports contain information about actual expenditure or contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.</i> "	Mandatory	116

Part of report	Description	Requirement	Page
<b>Australian National Audit Office access clauses</b>			
	If the Department 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	Nil to report
<b>Exempt contracts</b>			
	If the Department 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	115
<b>Small business</b>			
	<i>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."</i>	Mandatory	116
	An outline of the ways in which the procurement practices of the entity support small and medium enterprises	Mandatory	115–116
	If the Department is considered by the Department administered by the Finance Minister as material in nature—a statement that <i>"[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."</i>	If applicable, mandatory	116
<b>Financial statements</b>			
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Part of report	Description	Requirement	Page
<b>Other mandatory information</b>			
	If the entity conducted advertising campaigns, a statement that <i>"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 [entity's website address] 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."</i>	If applicable, mandatory	178
	If the entity did not conduct advertising campaigns, a statement to that effect	If applicable, mandatory	Not applicable
	A statement that <i>"Information on grants awarded to [name of entity] during [reporting period] is available at [entity's website address]."</i>	If applicable, mandatory	115
	Outline of mechanisms of disability reporting, including reference to website for further information	Mandatory	120
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