Fair Work Commission

Entity resources and planned performance

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# Fair Work Commission

## Section 1: Entity overview and resources

### 1.1 Strategic direction statement

The Fair Work Commission was established by the *Fair Work Act 2009* (FW Act). The Commission is the independent national workplace relations tribunal responsible for administering provisions of the FW Act. The Commission also has responsibilities in relation to the registration, recognition and accountability of unions and employer organisations under the *Fair Work (Registered Organisations) Act 2009*.

The *Road Safety Remuneration Act 2012* established the Road Safety Remuneration Tribunal; an independent national tribunal with functions relating to the road transport industry. The Road Safety Remuneration Tribunal is supported by staff of the Fair Work Commission.

The Fair Work Commission consists of a President, Vice Presidents, Deputy Presidents, Commissioners and Expert Panel Members. The Fair Work Commission also has a General Manager and administrative staff.

The Fair Work Commission has the power to make and vary awards, make minimum wage orders, approve agreements, resolve workplace and other disputes, determine unfair dismissal claims, deal with applications for orders to stop or prevent workplace bullying and make orders in relation to matters such as good faith bargaining and industrial action.

TheFair Work Commission is implementing initiatives aimed at further improving fairness and access to justice; accountability; innovation and efficiency; and productivity and engagement with industry. These initiatives are set out in the publication *Future Directions II,* which is available on the Commission’s website (www.fwc.gov.au).

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### 1.2 Entity resource statement

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

Table 1.1: Fair Work Commission resource statement—Budget estimates for 2015–16 as at Budget May 2015



Table 1.1: Fair Work Commission resource statement—Budget estimates for 2015–16 as at Budget May 2015 (continued)



1 Appropriation Bill (No.1) 2015-16.

2 Estimated adjusted balance carried forward from previous year.

3 Includes an amount of $2.418 million in 2015–16 for the Departmental Capital Budget (refer to Table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

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

5 Repayments not provided for under other appropriations. Amounts received on or before 30 June 2014 were repaid under section 28 of the *Financial Management and Accountability Act 1997*.

Reader note: All figures are GST exclusive.

### **1.3 Budget measures**

Budget measures relating to the Fair Work Commission are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Fair Work Commission 2015–16 Budget measures

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



Prepared on a Government Financial Statistics (fiscal) basis.

## Section 2: Outcomes and planned performance

### 2.1 Outcomes and performance information

Government outcomes are the intended results, impacts or consequences of actions by the government on the Australian community. Commonwealth programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to government outcomes over the Budget and forward years.

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

Outcome 1: Simple, fair and flexible workplace relations for employees and employers through the exercise of powers to set and vary minimum wages and modern awards, facilitate collective bargaining, approve agreements and deal with disputes.

#### Outcome 1 strategy

The Fair Work Commission has a single planned outcome.

##### Outcome expenses statement

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

Table 2.1 Budgeted expenses for Outcome 1



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

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

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

#### Contributions to Outcome 1

Programme 1.1: Dispute resolution, minimum wage setting, orders and approval of agreements

##### Programme objective

To exercise powers under the *Fair Work Act 2009*:

* in accordance with the objects of the Act
* in a manner that is fair and just; is quick, informal and avoids unnecessary technicalities; is open and transparent; and promotes harmonious and cooperative workplace relations.

To exercise powers under the *Road Safety Remuneration Act 2012* in accordance with the objects of the Act.

##### Programme expenses

The functions of the Fair Work Commission and the Road Safety Remuneration Tribunal are prescribed by legislation. New and/or changed legislative requirements may impact forward year expenses.

Table 2.1.1 Programme expenses



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

##### Programme 1.1 Deliverables

The deliverables for the Fair Work Commission are:

* dispute resolution
* determining unfair dismissal applications
* minimum wage decisions
* orders relating to industrial action
* processes relating to modern awards
* approval of agreements
* regulation of registered organisations
* dealing with workplace bullying applications.

The deliverables for the Road Safety Remuneration Tribunal are:

* developing an annual work programme
* making road safety remuneration orders
* dispute resolution
* approval of road transport collective agreements
* conducting research into pay and conditions that could affect safety in the road transport industry.

Table 2.1.1.A Programme 1.1 Deliverables



##### Programme 1.1 Key performance indicators

The key performance indicators for the Fair Work Commission are:

* Improve or maintain the time elapsed from lodging applications to finalising conciliations in unfair dismissal applications.
* Annual wage review to be completed to enable an operative date of 1 July.
* Improve or maintain the time taken to list applications relating to industrial action.
* Improve or maintain the agreement approval time.
* 95 per cent of financial reports required to be lodged by registered organisations under the *Fair Work (Registered Organisations) Act 2009* are assessed for compliance within 40 working days.

The key performance indicators for the Road Safety Remuneration Tribunal are:

* Road safety remuneration orders reviewed within 12 months of expiry of any preceding order.
* An annual work programme is developed.
* Research developed and submissions obtained or received are published on the website in a timely manner as appropriate.

Table 2.1.1.B Key performance indicators

| Key performance indicators | 2014–15  Revised Budget | 2015–16  Budget | 2016–17 Forward Estimate | 2017–18 Forward Estimate | 2018–19 Forward Estimate |
| --- | --- | --- | --- | --- | --- |
| Improve or maintain the time elapsed from lodging applications to finalising conciliations in unfair dismissal applications | 34 Days | 34 Days | 34 Days | 34 Days | 34 Days |
| Annual wage review to be completed to enable an operative date of 1 July | By June 30 | By June 30 | By June 30 | By June 30 | By June 30 |
| Improve or maintain the agreement approval time | 32 Days | 32 Days | 32 Days | 32 Days | 32 Days |
| 95 per cent of financial reports required to be lodged under the *Fair Work (Registered Organisations) Act 2009* are assessed for compliance within 40 working days | 95%/40 days | 95%/40 days | 95%/40 days | 95%/40 days | 95%/40 days |
| Road safety remuneration orders reviewed within 12 months of expiry of any preceding order | Within 12 months | Within 12 months | Within 12 months | Within 12 months | Within 12 months |
| An annual work programme is developed | Annual | Annual | Annual | Annual | Annual |
| Research developed and submissions (subs) obtained or received are published on the website in a timely manner as appropriate | Subs 4 Days | Subs 4 Days | Subs 4 Days | Subs 4 Days | Subs 4 Days |

## 

## Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015–16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and government indigenous expenditure.

### 3.1 Explanatory tables

#### Table 3.1.1: Movement of administered funds between years

The Fair Work Commission has no administered funds. For this reason Table 3.1.1 is not presented.

#### Table 3.1.2: Special accounts

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

#### Table 3.1.3: Australian Government Indigenous expenditure

The Fair Work Commission has no Australian Government Indigenous expenditure. For this reason Table 3.1.3 is not presented.

### 3.2 Budgeted financial statements

#### 3.2.1 Differences in agency resourcing and financial statements

The Fair Work Commission has nil difference to report.

#### 3.2.2 Analysis of budgeted financial statements

The Fair Work Commission is budgeting for a deficit equal to the unappropriated depreciation and amortisation expense in 2015–16 and the three forward years.

Total revenue is estimated to be $81.97 million in 2015–16, and total expenses to be $86.6 million including depreciation and amortisation.

Total assets for 2015–16 are estimated to be $68 million dollars. Non-financial assets reflect the operations of the Commission, being office fit outs, computer and office equipment, and computer software (included in intangibles). The Commission is planning asset acquisitions in the 2015–16 year primarily relating to information technology equipment, software, and minor office accommodation costs.

Total liabilities for 2015–16 are estimated to be $29.9 million. The largest liabilities are accrued employee entitlements.

#### 3.2.3 Budgeted financial statements tables

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



Prepared an Australian accounting standards basis.

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

Note: Impact of net cash appropriation arrangements



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

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



\*Equity is the residual interest in assets after the deduction of liabilities.

Prepared on an Australian accounting standards basis.

Table 3.2.3 Budgeted statement of changes in equity—summary of movement (Budget Year 2015–16)



Prepared on Australian accounting standards basis.

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



Prepared on Australian accounting standards basis.

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



1 Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.

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

3 Includes the following sources of funding:

- current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB)

- donations and contributions

- gifts

- internally developed assets

- s 74 Retained revenue receipts

- proceeds from the sale of assets.

Prepared on Australian accounting standards basis.

Table 3.2.6 Statement of asset movements (2015–16)



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

Prepared on Australian accounting standards basis.

Table 3.2.7 Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)



Prepared on Australian accounting standards basis.

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

The Fair Work Commission has no administered assets and liabilities. For this reason Table 3.2.8 is not presented.

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



Prepared on Australian accounting standards basis.

Table 3.2.10 Schedule of administered capital budget statement (for the period ended 30 June)

The Fair Work Commission has no administered capital budget. For this reason Table 3.2.10 is not presented.

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

The Fair Work Commission has no administered assets and liabilities. For this reason Table 3.2.11 is not presented.

#### 3.2.4 Notes to the financial statements

##### Accounting Policy

The budgeted financial statements have been prepared in accordance with the requirements of the Finance Minister’s Orders issued by the Minister for Finance.

The statements have been prepared:

* on an accrual accounting basis
* in compliance with Australian Accounting Standards and Australian Equivalents to International Financial Reporting Standards (AEIFRS) and other authoritative pronouncements of the Australian Accounting Standards Board and the Consensus Views of the Urgent Issues Group.

##### Departmental Revenue from Government

Revenue from government represents the purchase of outputs from the Fair Work Commission by the government. The changes reflected in the ordinary annual appropriations are a result of those new measures and variations that are explained in Section 1: Agency overview and resources, variations and measures.

##### Departmental Revenue from Other Sources

Revenue from the sale of goods and services will be recognised upon the delivery of the goods or services to customers.

##### Departmental Expenses – Employees

This item will represent payments made and net increases or decreases in entitlements owed to employees for their services provided in the financial year.

##### Departmental Expenses – Suppliers

This item will represent payments to suppliers for goods and services.

##### Departmental Expenses – Depreciation and Amortisation

Property, plant and equipment assets are written-off to their estimated residual values over their estimated useful using, in all cases, the straight-line method of depreciation.

Property plant and equipment assets will be depreciated over their useful lives between three and ten years. Leasehold improvements will be amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

##### Departmental Assets – Financial Assets – Receivables

Receivables represent amounts which will be owing to the Fair Work Commission for goods and services it has provided to external parties and cash reserves held in the Official Public Account.

##### Departmental Assets – Non-Financial Assets

These items represent future economic benefits that the Fair Work Commission will consume in producing outputs. Apart from re-valued assets, the reported value represents the purchase price paid, less depreciation incurred to date in using that asset from the transferring agencies.

Land and Buildings, and Infrastructure, Plant and Equipment will initially be brought to account at cost, except for purchases costing less than $10,000 for leasehold improvements and $2000 for all other classes, which will be expensed in the year of acquisition (other than where they form part of the group of similar items which are significant in total).

Computer software, disclosed in the Balance Sheet as Intangibles, will be expensed in the year of acquisition except for purchases or internally developed software costing more than $2000 which are capitalised at cost.

The Fair Work Commission will annually reassess and adjust the values of Land and Buildings (leasehold improvements), Infrastructure, Plant and Equipment.

##### Departmental Liabilities – Provisions – Employees

Provision will be made for the Fair Work Commissions liability for employee entitlements arising from services rendered by the Fair Work Commission, Members and employees to balance date. This liability will encompass unpaid wages and salaries, annual and long service leave and Judges’ long leave. No provision will be made for sick leave.

The liability for leave expected to be settled within 12 months is to be measured at the nominal amount.

Other employee entitlements payable later than one year will be estimated at the present value of the expected future cash outflows in relation to those entitlements. Attrition rates and pay rises through promotion and wage/salary agreements will be been taken into account.