



Australian Government
Department of Employment

More Jobs. Great Workplaces.

Annual Report 2015 ▶ 16



OUR INNOVATION JOURNEY



300 IDEAS GENERATED IN THE DEPARTMENT

WITH MANY DEVELOPED AND IMPLEMENTED



COLLABORATIVE LEADERSHIP AND GOVERNANCE

OVERSEEING AND IMPLEMENTING THE INNOVATION FRAMEWORK



CONNECTING PEOPLE TO RESOURCES

INSIDE AND EXTERNAL TO THE DEPARTMENT



PRODUCTIVE WORK ENVIRONMENT AND INNOVATION SPACES AND TOOLS

FOR POLICY DEVELOPMENT AND IMPROVING BUSINESS PROCESSES



INCENTIVES, RECOGNITION AND CELEBRATION

TO ACKNOWLEDGE OUR INNOVATIONS AND LEARN FROM OTHER AGENCIES

OUR INNOVATION AT WORK

SUCCESSFULLY TRANSFERRED

758,096
JOB SEEKERS

TO THE NEW PROGRAM

jobactive

FROM JOB SERVICES
AUSTRALIA



**SEASONAL
WORKERS
PROGRAMME**

THROUGH COLLABORATION ACROSS THE
APS FOR AUSTRALIAN AND PACIFIC REGION

PRODUCTIVITY

IMPROVING
BUSINESS
PROCESSES

DROPPED

THE AVERAGE



FOR PROCESSING
FAIR ENTITLEMENTS
GUARANTEE TO

10.4 WEEKS

FROM 23.6 WEEKS IN 2014-15



OUR FUTURE OF WORK PROJECT
BUILDING STRATEGIES
TO MEET THE
CHALLENGES OF **TOMORROW**

SOCIAL
ENTERPRISE
DEVELOPMENT
POSITIVE
SOCIAL OUTCOMES
AND **BUSINESS GROWTH**

PLUS
INVESTMENT
FUNDS FOR



TRIALLING **GAMIFICATION**
AND BEHAVIOURAL INSIGHTS



Australian Government
Department of Employment

More Jobs. Great Workplaces.

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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.





Australian Government
Department of Employment

Secretary
Renée Leon PSM

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 2015–16 for tabling in parliament. It 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

A handwritten signature in blue ink that reads "Renée Leon".

Renée Leon
21 September 2016

CONTENTS

Letter of transmittal	ii	OUR FINANCIAL INFORMATION	107
Portfolio overview	iv	Financial overview	107
OUR DEPARTMENT	1	Independent auditor's report	109
Secretary's review	1	APPENDIXES	165
Our executive	4	Appendix 1: ecologically sustainable development	165
Our organisational structure	6	Appendix 2: agency resource statements	168
OUR PERFORMANCE	7	Appendix 3: advertising and market research	172
Outcome and program structure	8	Appendix 4: corrections	173
More Jobs: Outcome 1	9	Appendix 5: significant non-compliance with the finance law	174
Great Workplaces: Outcome 2	44	Abbreviations and acronyms	175
Working across our Department	59	Glossary	176
ANNUAL PERFORMANCE STATEMENT	61	List of figures and tables	177
Our purpose	61	List of requirements	179
Outcome 1 results	62	Index	185
Outcome 2 results	65		
Analysis of performance against our purpose	68		
OUR CAPABILITY AND ACCOUNTABILITY	69		
Governance	70		
Regulatory reform	76		
Risk management	77		
Fraud control	78		
Internal audit	78		
Client service charter	80		
People	80		
Communication	93		
Information technology	96		
Parliamentary services	97		
Corporate support services— shared services centre	98		
Purchasing and grants	100		
External scrutiny	101		



PORTFOLIO OVERVIEW

at 30 June 2016

OUR MINISTER



Senator the Hon. Michaelia Cash

Minister for Employment

DEPARTMENT OF EMPLOYMENT

Secretary: Renée Leon PSM

PORTFOLIO AGENCIES

Asbestos Safety and Eradication Agency

Chief Executive Officer: Peter Tighe

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'Neil

Office of the Fair Work Ombudsman

Ombudsman: Natalie James

Office of the Fair Work Building Industry Inspectorate

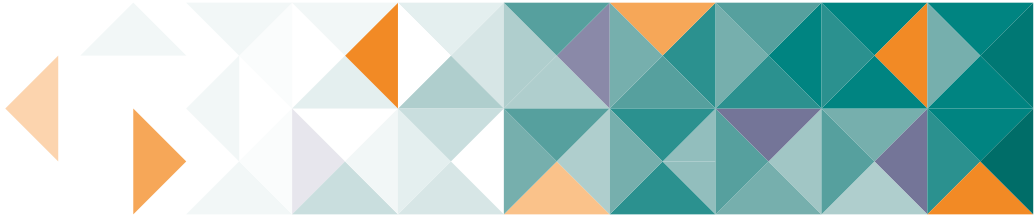
Director: Nigel Hadgkiss

Safe Work Australia

Chief Executive Officer: Michelle Baxter

Workplace Gender Equality Agency

Director: Libby Lyons



OUR DEPARTMENT

SECRETARY'S REVIEW



Secretary of the Department of Employment, Renée Leon PSM

In delivering the Australian Government's employment and workplace relations agenda throughout 2015–16, we strove for excellence in program delivery, innovation and collaboration.

Delivering our vision: More Jobs. Great Workplaces.

The Department continued to deliver our vision for more jobs and great workplaces. During the year, we achieved strong results across the domains of delivery, collaboration, people and being forward-looking, as set out in our Strategic Plan 2014–2017.

The successful introduction of jobactive from 1 July 2015 was a significant achievement for the Department. jobactive delivers employment services to employers and job seekers nationally and is central to achieving the Government's economic and social priorities. We promoted jobactive to employers as a quality recruitment service that can provide them with job-ready employees suited to their businesses. Nearly 350,000 job placements were made through jobactive over the year.

The 30th anniversary of the New Enterprise Incentive Scheme was a reminder that employment programs can provide sustainable benefits—in this case for budding entrepreneurs looking to start a small business. We continue to seek better results for job seekers and employers by developing and trialling innovative and collaborative solutions for specific groups such as young and mature-age job seekers, parents re-entering the workforce and people retrenched following corporate closures.

The Department pursued extensive legislative and other priorities during the year. This included support for high-profile legislation to establish the Australian Building and Construction Commission and the Registered Organisations Commission, as well as legislation related to the abolition of the Road Safety Remuneration System.

The future of work and workplaces

Departmental staff enthusiastically embraced the forward-looking work of supporting entrepreneurs, employers, employees, job seekers and the nation as a whole to benefit from a more diverse economy as technological and other changes reshape our work and workplaces. We are developing future-focused strategies that encourage economic growth and enable individuals and organisations to thrive in this changing environment.

Innovation is now explicitly embedded in the Department's planning and operations. Over the year we continued to explore co-design, user-centred design and enhanced risk management approaches to improve employment results for employers and job seekers.

Among other collaborative and outreach initiatives, I spoke at several industry and community gatherings during the year, specifically to raise awareness of and encourage discussion on the changing nature of work and workplaces. Our efforts in this area cross all boundaries of government, private sector, not-for-profit and community activity and have the potential to generate significant value for the nation as we make the transition to a more diverse economy.

Our people at the core of our business

The approval in February of the Department's first enterprise agreement was a welcome step in continuing to develop the engaged and agile workforce we need to meet future challenges.

I was pleased the Department's 2015 Australian Public Service Employee Census results were once again very positive, confirming strong employee engagement with jobs, colleagues, supervisors and the organisation. Our scores were consistently above APS averages in areas including leadership and workplace culture, and we are working to build on these results with further improvements.

During 2015, the Department participated in a voluntary capability review, facilitated by the Australian Public Service Commission. We continue to build on the many areas of strength identified in the review, and to address the themes of developing thought leadership, contributing to cross-cutting and whole-of-government policy development, making greater use of data and intelligence and creating our future workforce.

Continuing to develop our leadership capability helps to build our future workforce and we expanded our successful management development programs for the APS 6 to Executive Level 2 cohort. I was also proud to launch our Gender Equality Network in Employment, or geniE, to promote gender equality in the workplace and foster a supportive environment in which everyone can flourish regardless of their gender.

Our celebrations of Aboriginal and Torres Strait Islander culture and ongoing support of our Indigenous employees were a highlight throughout the year. Numerous events were held across our offices as part of NAIDOC Week and Reconciliation Week and I am proud of the progress made under our Reconciliation Action Plan. I also launched an Aboriginal and Torres Strait Islander Employment and Career Plan to support our Indigenous employees, we held our second Aboriginal and Torres Strait Islander Staff Workshop, and seven employees participated in the Indigenous Australian Government Development Programme.

The Department's state network continues to be the face of the Department in many communities, filling a crucial role in program delivery, innovation and collaboration and providing feedback on policy and program design. During the year I visited or spoke by video link with all our state and territory offices and I valued the discussions on improving how we work.

In September, we farewelled two ministers, Senator the Hon. Eric Abetz and the Hon. Luke Hartsuyker MP, and welcomed Senator the Hon. Michaelia Cash to the portfolio as Minister for Employment. The transition occurred smoothly and I place on record my appreciation for the professional and effective working relationships between the Department and all ministers and their offices during the year.

As the reporting year closes and we look to the year ahead, I am excited that the Department of Employment continues to play a central role in the realisation of the social, economic and personal benefits of work and healthy workplaces. I thank all employees for their contribution during 2015–16 and look forward to the value we can create for the nation in the future.



Renée Leon

Secretary



OUR EXECUTIVE

Secretary



Renée Leon PSM

BA/LLB (ANU); LLM (Cambridge)

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

Deputy Secretaries



Martin Hehir **Deputy Secretary, Employment**

BEd (ANU)

Martin oversees the Employment Cluster, which contributes to Outcome 1 (see page 9). Martin brings a wealth of experience from across the ACT Government, and his work as a Deputy Secretary in 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 oversees the Workplace Relations and Economic Strategy Cluster, which contributes to Outcome 2 (see page 44). After working for the ACT Government within the education sector, Sandra began working for the Commonwealth in 1998. Prior to her current role, Sandra was Deputy Secretary for Employment at the former Department of Education, Employment and Workplace Relations.

Corporate Group Managers



Jamie Clout
Group Manager, Finance, Legal and Governance

BEC (ANU)

Jamie oversees the corporate services delivered by the Finance, Legal and Governance Group. He joined the Department of Employment in September 2013, following on from similar corporate roles in a range of departments and agencies.



Margaret Kidd PSM
Group Manager, People and Communication

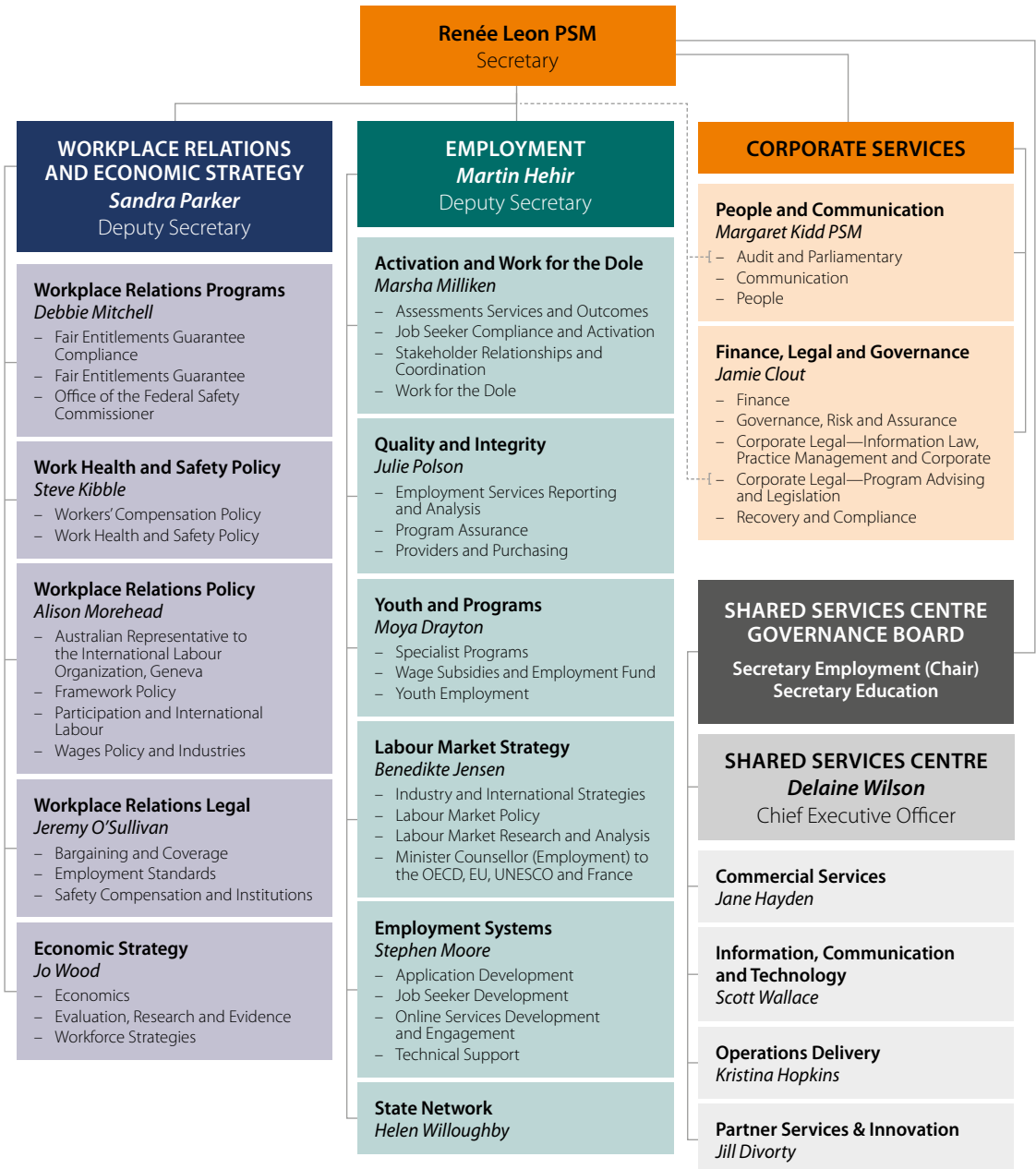
BSc (ANU)

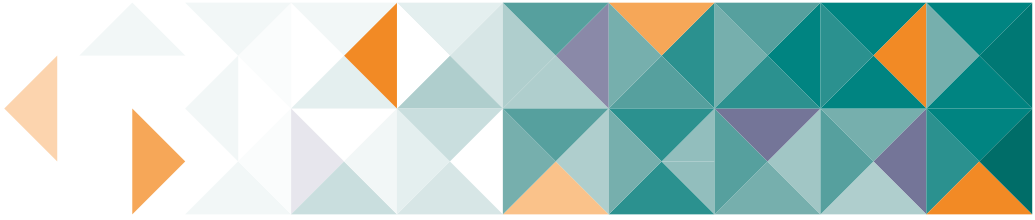
Margaret oversees the corporate services delivered by the People and Communication Group. She has a distinguished career in a range of policy and delivery roles, and has been in the employment portfolio since 2002. In January 2016 she was awarded a Public Service Medal for her policy development to boost female participation in employment.

OUR ORGANISATIONAL STRUCTURE

The Department is structured to deliver its business through the Executive and groups. The Department's organisational structure at 30 June 2016 is shown in Figure 1.

Figure 1 Organisational structure at 30 June 2016





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 create jobs, help job seekers into work and encourage great workplaces, the Department contributes to building Australia’s participation and productivity.

Having a job provides financial security throughout life and enhances self-esteem, social skills and self-confidence. A great workplace is productive—people contribute to the best of their ability and skills and are able to do their jobs safely. Employees and managers are engaged and motivated to look for better ways to do their work.

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, meet employer needs and increase Australia's workforce participation

- ▶ Program 1.1 Employment services

Objectives:

1. Help job seekers find and keep a job
2. Help job seekers move from welfare to work
3. Help job seekers meet their mutual obligations
4. 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

Objectives:

1. The promotion of fair workplaces by ensuring the protection of employee entitlements in certain circumstances
2. To contribute to the productivity agenda by ensuring the operation of the workplace relations system through initiatives designed to encourage employers and employees to adopt flexible and modern workplace relations



MORE JOBS: OUTCOME 1

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.

In working towards this outcome, the Department assists the Australian Government to help more Australians gain paid employment, delivering benefits for individuals, their families and the community.

Highlights

- ▶ On 1 July 2015, the Department started implementing the new employment services model—jobactive—and successfully transferred more than 758,000 job seekers to the new program.
- ▶ The Department established Transition to Work services in targeted areas. The services will provide intensive pre-employment support to young people aged 15 to 21 years to help them become job-ready and to help them into work (including apprenticeships or traineeships) or education.
- ▶ Across Australia, 19 Empowering YOUth Initiatives have been established to provide a variety of new and innovative approaches to help young people aged 15 to 24 years who are unemployed or at risk of unemployment to overcome their barriers and find employment.
- ▶ In preparation for the release of the 2016–17 Budget, the Department designed the \$840.3 million Youth Employment Package to give young people employability skills and real work experience so they can find and keep a job. The package includes a new program, Youth Jobs PaTH (Prepare-Trial-Hire), to support young people into jobs and measures to promote entrepreneurship and self-employment among young people.

Challenges

- ▶ Over the initial months of jobactive, the Department worked intensively with providers to assist them and their job seekers in making the transition to the new arrangements. The Department's focus shifted during the year to supporting the efficient and effective operation of jobactive services. This included working closely with jobactive providers to refine and streamline operational and system requirements.
- ▶ Implementing the Transition to Work services involved extensive consultation with stakeholders, a major procurement process and building a new IT support system. Services were rolled out in phases from mid-February 2016 to early May 2016. The phased approach increased complexity, but frequent and clear communication supported the successful start-up of services.
- ▶ A primary goal of the Empowering YOUth Initiatives was to find the innovative ideas that would have the greatest potential to improve employment outcomes for young people. Defining, identifying and assessing innovation also became the program's greatest challenge. The Department met this challenge through extensive consultation with its Innovation Partnerships team and other internal and external stakeholders across government.

Program 1.1 Employment services

jobactive

On 1 July 2015, jobactive replaced the Job Services Australia program, changing the design and delivery of employment services.



Through jobactive, the Government aims to improve sustainable employment outcomes with services to job seekers and incentives that better meet the needs of employers. Combined with clear expectations of active participation by job seekers, jobactive promotes stronger workforce participation and helps unemployed Australians to reduce their reliance on income support.

As part of the successful implementation of jobactive, 758,096 job seekers were transferred to the new program.

There are five services in jobactive:

- jobactive providers, which assist job seekers to 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
- the New Enterprise Incentive Scheme, which helps eligible job seekers to start and run their own small businesses
- Harvest Labour Services, which gather 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:

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

These objectives provide the framework for measuring and tracking the success of jobactive in achieving Outcome 1.

jobactive providers

jobactive providers give job seekers the practical support they need to prepare for, secure and stay in work, taking into account their individual circumstances. At the same time, providers have a high level of employer engagement to ensure that employers can fill vacancies with job seekers who meet their needs.

In 2015–16, more than 345,000 job placements were recorded by jobactive providers who operate in more than 1,700 locations across Australia.

The jobactive model offers incentives for providers to deliver high-quality services, activate job seekers and achieve sustained employment outcomes. In 2015–16, 36 jobactive providers received or maintained certification under the jobactive Quality Assurance Framework. The remaining eight providers are expected to receive certification by the end of 2016.

A key strength of jobactive is flexibility. jobactive providers can put in place personalised strategies and innovative approaches to working with job seekers, employers and other service providers.

In the first year of jobactive, the Department made a range of refinements to better support jobactive providers. Fine-tuning included paying of advance fees to providers, changes to the Employment Fund to allow greater flexibility for providers and greater access to assistance for job seekers, and recognition of the responsibilities of lead providers in Work for the Dole. These refinements were the direct result of the Department's commitment to consulting with key stakeholders—a commitment that is vital to jobactive continuing to meet its objectives.

Adam's success in finding a job assists others into employment

Job seekers on the Gold Coast participated in a Work for the Dole activity at the National Trust Currumbin Wildlife Sanctuary, a Gold Coast tourist attraction dedicated to the conservation of native flora and the protection of native wildlife.

When Adam started as a Work for the Dole participant at the sanctuary in September 2003, little did he know that 13 years later he would come full circle and help others in the very same program, this time as an activity supervisor.

Adam had been looking for work as an apprentice motor mechanic, but found out about the Work for the Dole program at the Currumbin Wildlife Sanctuary as part of his employment services support. Adam is glad he participated in the program—he says he loved the duties that included general horticulture maintenance, weed control, pruning and gardening—and he took the opportunity to pursue further study in horticulture.



Following his training, Adam was offered casual employment at the sanctuary and he secured a full-time position there a couple of years later. Adam's role as a maintenance supervisor at the sanctuary involves maintaining and building the parks facilities and enclosures. He is now working with job seekers as part of the Work for Dole program, hoping they too will find their pathway into employment.

Adam's first-hand experience has allowed him to support participants to overcome barriers to employment and help them develop their hands-on skills in a work-like environment.

Former Work for the Dole participant Adam is now a Work for the Dole supervisor at Currumbin Wildlife Sanctuary.

Work for the Dole

The introduction of jobactive included the national rollout of the Work for the Dole program. New coordinators were on the ground from 1 May 2015 to source work experience places in preparation for the start of jobactive.

Work for the Dole is an important part of the jobactive model. Most job seekers who are registered with a jobactive provider participate in a Work for the Dole activity (or another approved activity) for six months each year if they have mutual obligation requirements. Participating in Work for the Dole provides job seekers with work-like experience and helps them to make a positive contribution to their communities.

Work for the Dole activities are hosted by not-for-profit organisations and government agencies. The program gives organisations an extra set of hands to work on projects that would not otherwise get done.

In 2015–16, more than 106,000 job seekers participated in over 116,000 Work for the Dole places in around 17,000 Work for the Dole activities across Australia. Early in-program and post-program monitoring data shows that many job seekers are moving into employment after participating in Work for the Dole—27.2 per cent were in employment around three months after completing a Work for the Dole activity.

In 2015–16 the Department conducted a survey of 4,973 job seekers on their experiences of the Work for the Dole program. The survey had a 41.4 per cent response rate.

Respondents reported high levels of satisfaction with their Work for the Dole activities:

- 81.1 per cent were satisfied with the work environment
- 80.0 per cent were satisfied with the level of supervision
- 70.5 per cent were satisfied with the organisation of the activity
- 80.1 per cent were satisfied with the activity in terms of helping the local community.

Job seekers also agreed that their Work for the Dole activity improved their ability to adapt to a new environment (76.1 per cent), their communication skills (70.2 per cent) and their work experience (68.2 per cent).

Work for the Dole has established a work health and safety framework involving Work for the Dole Coordinators, jobactive providers, host organisations and the job seekers themselves. Work for the Dole Coordinators (or providers if they have sourced the activity) 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 any changes are addressed.

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

All work health and safety concerns are taken very seriously. During 2015–16, jobactive providers reported 646 incidents to the Department's insurer, including 500 where injury was sustained by the job seeker. Tragically, a Work for the Dole participant was fatally injured in April 2016. Workplace Health and Safety Queensland is investigating the circumstances of the fatality. The Department immediately undertook a review of the management of Work for the Dole by the jobactive provider involved and risk management in administering Work for the Dole.

Pre-release prisoners—jobhelp trial

The Department, in conjunction with the Victorian Department of Justice and Regulation and the Department of Human Services, trialled jobhelp, a program for pre-release prisoners, in five Victorian prisons. Under the program, prisoners who are not eligible for jobactive are offered employment services in the three months before their release. jobhelp providers liaise with the jobactive providers that will deliver employment services to the participants after their release from prison, providing continuity and increasing engagement.

The jobhelp trial started in February 2016. It is expected to run until late 2017 and provide services to at least 300 prisoners. Findings from the trial will inform the Department's advice to the Government on better ways of delivering services to prisoners and ex-offenders.

New Enterprise Incentive Scheme

In 2015–16 the New Enterprise Incentive Scheme supported the establishment of 5,152 small businesses. The scheme provides accredited small business training, business mentoring and advice to eligible job seekers for up to 52 weeks. Participants may also be eligible for an income support allowance for up to 39 weeks while their businesses are being established.

In March 2016, Senator the Hon Michaelia Cash, Minister for Employment, launched a booklet celebrating the scheme's 30th anniversary. The booklet showcases some of the successful businesses started with the help of the scheme over the past 30 years.



As part of the Government's Youth Employment Package, the Department is working to encourage more people, particularly young people, to consider self-employment as a career pathway. This approach, beginning on 1 December 2016, will offer additional flexibility and support to a wider range of people who want to establish a small business.

Senator the Hon Michaelia Cash launching the booklet, celebrating the scheme's 30th anniversary.

Harvest Labour Services

To support the labour needs of horticultural growers, the Department contracts providers of Harvest Labour Services to link out-of-area workers with jobs picking fruit and other crops in rural and regional areas.

In 2015–16, the five providers filled 12,704 harvest positions in 11 harvest areas—Kununurra, Top End, Tablelands, North Burnett, Southern Queensland, Riverina, Goulburn Valley, Mid Murray, Sunraysia, Riverland and Adelaide Hills.

New Enterprise Incentive Scheme is empowering teen girls in Perth

Kim Smith is the founder of Standing Strong Total Wellness Club for Girls, a unique membership program designed to support, connect and empower girls aged between 10 and 17 years.

The program's Strong Heart, Strong Mind, Strong Body classes are helping girls to improve their confidence and self-esteem, build resilience and self-belief, grow friendships, improve their health and body image, manage stress and gain the tools essential for living happy, healthy and inspired lives.

Kim and her team take a proactive and preventative approach to many of the serious health issues affecting girls today. Their success comes from working in partnership with parents to help families learn new ways to communicate and connect. Standing Strong provides the missing link—qualified psychologists, counsellors, wellness professionals and positive mentors—along with a very special teen club space where girls can relax and be themselves. Standing Strong's innovative club concept provides girls and parents with the ongoing support they need to make it through the challenges of adolescence—together. With an emphasis on long-term relationships, Standing Strong's program is realistic about the time it takes to develop the foundations for a lifetime of happiness, confidence and inner strength.

The success of Standing Strong would not have been possible without the support of the New Enterprise Incentive Scheme. Kim says she will be 'forever grateful for being a part of this fantastic initiative for new businesses'.



Kim Smith from Standing Strong Total Wellness Club for Girls, a New Enterprise Incentive Scheme success.

National Harvest Labour Information Service

The National Harvest Labour Information Service provides comprehensive, up-to-date information about harvest work vacancies on www.harvesttrail.gov.au. The service also coordinates the National Harvest Guide, which provides information about harvest work opportunities, working conditions, transport and accommodation around Australia.

The service links growers, grower associations and employment services, as well as state and territory governments, to promote harvest work opportunities to job seekers and employers.

Program assurance

To support the jobactive expenditure, in 2015–16 the Department implemented a revised process to ensure that payments have been made in line with the contract and guidelines. This included randomly selecting and reviewing between 15,000 and 20,000 payments made to providers each year.

The process complements existing assurance activities, such as risk-based targeted reviews, contract monitoring and the investigation of information received through the employment services tip-off line. The reviews will also help better target and identify risks and inform future program assurance activities.

The results from the random sample process and other program assurance activities feed into each jobactive provider's compliance indicator. Providers whose level of compliance is below minimum expected standards may have their star rating reduced.

Provider performance

The Department uses star ratings to monitor the performance of jobactive providers. The rating system is based on what providers could reasonably be expected to have achieved given performance score for each site across Australia. These scores are compared with a national average performance score to determine the ratings. For example, sites that are 40 per cent or more above the national average are allocated five stars. Star ratings are used by job seekers, providers and the Department to compare, measure and drive improved performance of providers.


The first jobactive star ratings are scheduled for release in August 2016 on Australian JobSearch and the Department's website. After that, they will be released quarterly.

The star ratings measure the performance of providers against contractual performance measures. The main focus is on achieving sustained employment placements that enable job seekers to remain off income support for 26 consecutive weeks. The rating system also assesses the level of job seeker engagement in Work for the Dole and other approved activities.

The first year of jobactive

The performance measures and associated targets for jobactive are reported against in the annual performance statement beginning on page 61. Performance information for 2015–16 includes the period of transition from Job Services Australia to jobactive. Transition is an atypical period in a program, and is not indicative of future performance. This section presents a more detailed discussion about the objectives for jobactive and our progress towards these targets during 2015–16.

Targets are designed to be ambitious but achievable, and to show stakeholders whether the program is achieving its objectives. The 2015–16 targets were set based on Job Services Australia data, with adjustments for major policy changes. Where no past data was available, the Department set the targets based on the best available information. Targets will be reviewed in light of new information as the jobactive program matures.

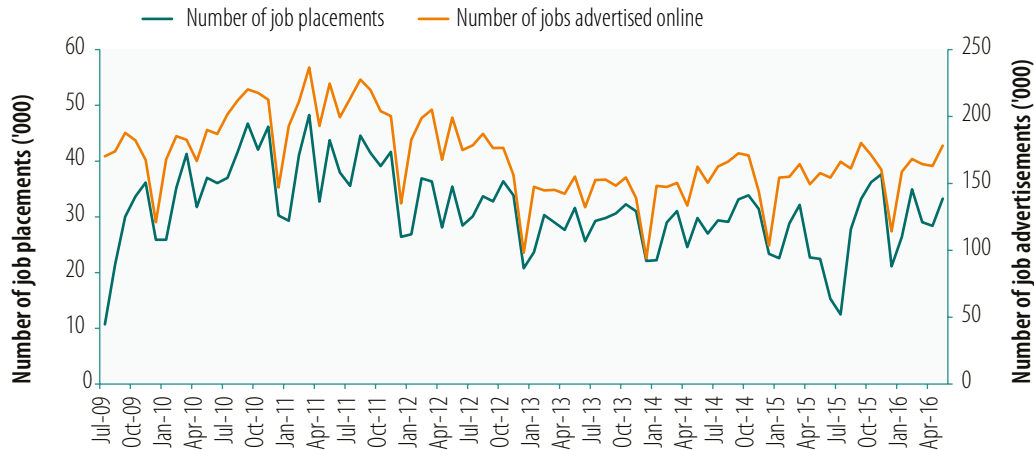


In 2015–16 the Department met or exceeded eight of the 18 targets for the program. Importantly, jobactive providers have recorded more than 345,000 job placements.

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).

In general, as labour market conditions improve, the number of job vacancies advertised increases, meaning there are more jobs available to place job seekers in. 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 versus number of job advertisements, 2009–10 to 2015–16



Objective 1—Help 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. jobactive is designed to encourage employment services providers to assist and facilitate job seekers in finding sustainable employment.

Count of job placements (overall and Indigenous)

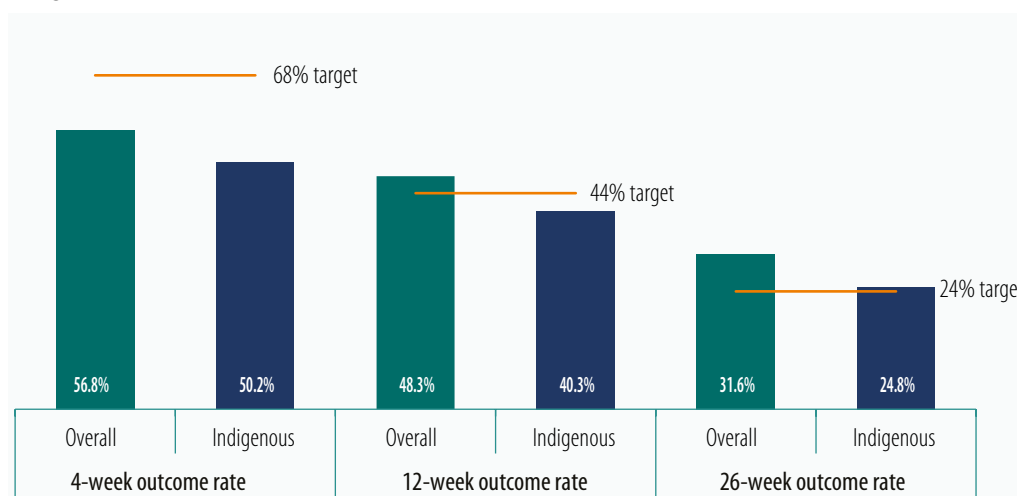
When a job seeker finds a job, or is placed in a job by their provider, the provider records a job placement on the Department’s IT system. The count of job placements measures the total number of jobs that are recorded under jobactive.

Proportion of job placements sustained to four, 12 and 26 weeks (overall and Indigenous)

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

In 2015–16, jobactive met three of the six targets for sustained job placements under objective 1 (see Figure 3).

Figure 3 Proportion of job placements sustained to four, 12 and 26 weeks, overall and Indigenous, 2015–16



jobactive fell short of the target for job placements sustained to four weeks for both Indigenous and overall job seekers. However, this is not necessarily indicative of poor performance. Some job placements are only available for a short time, but still accrue some benefit to the job seeker. Evaluations of the effectiveness of employment services show that multiple short-term job placements can increase the likelihood of a job seeker achieving a sustained employment outcome in the future.

Indigenous performance targets were introduced in the 2015–16 corporate plan as part of the Department’s commitment to the Closing the Gap initiative. Falling short of two of the Indigenous targets is indicative of the challenges in achieving parity in employment between Indigenous Australians and other Australians. The fact that jobactive is meeting the Indigenous target for sustaining job placements to 26 weeks is very positive.

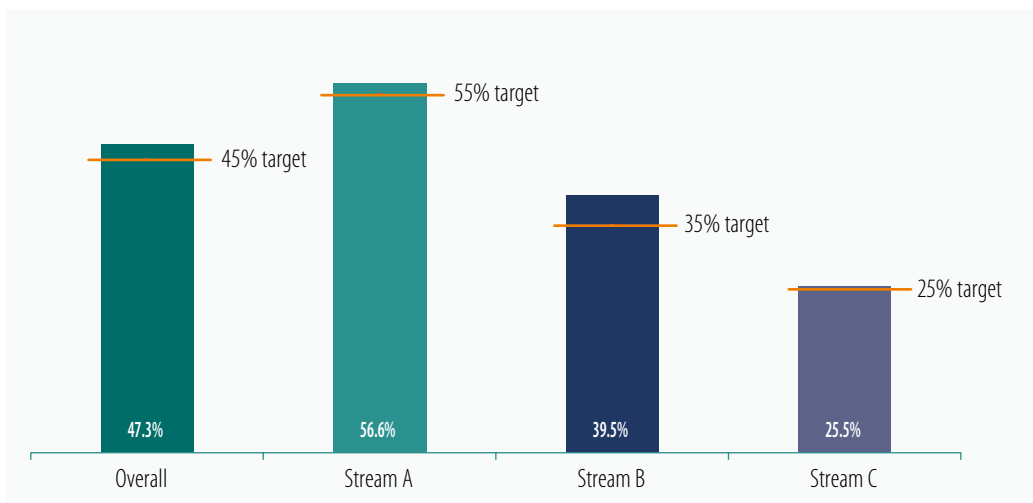
Proportion of job seekers employed three months following participation in jobactive

The Department measures the employment status of each job seeker three months after participating in jobactive to determine whether they have left jobactive or are still an active job seeker.

Some job seekers need assistance to address personal or social barriers before they are ready for employment. Under jobactive, eligible job seekers are assisted through one of three streams. The streams correlate with differing levels of labour market disadvantage. The most job-ready job seekers are assisted through Stream A. Stream B job seekers have some barriers to employment (for example, language barriers). The most disadvantaged job seekers are assisted through Stream C.

The Department has set an overall target and a target for each stream to better reflect the different job seekers assisted through jobactive. In 2015–16, jobactive met each of these performance targets (see Figure 4).

Figure 4 Proportion of all job seekers employed three months after participation in jobactive, 2015–16

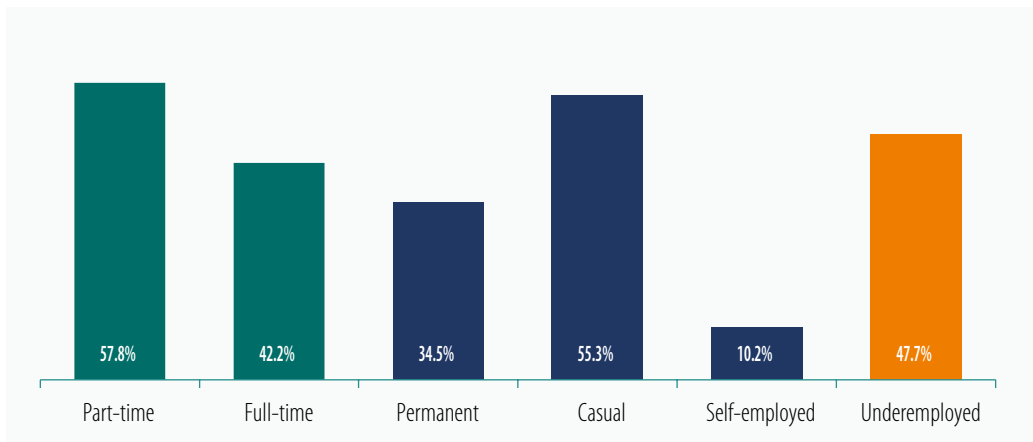


Because employment status is measured three months after participation in the program, this data applies to job seekers who were in jobactive between 1 July 2015 and 29 February 2016. Their employment status was measured between 1 September 2015 and 30 June 2016, three months later.

The Department also monitors the employment status of job seekers three months after they were placed in a job. In 2015–16, 77 per cent of job seekers who were placed in a job were in employment three months later. This is considerably higher than the 12-week paid outcome rate of 47 per cent.

In many cases the job seeker is in employment but the job placement does not lead to a paid outcome for the jobactive provider because it does not meet the conditions of a paid outcome—for example, it is part-time or has inconsistent hours from week to week (see Figure 5).

Figure 5 Employment type of employed job seekers three months after participating in jobactive, 2015–16



Melton Specialist School upgrade empowers the community

Students at Melton Specialist School in West Melbourne have a beautiful new school environment thanks to the support of their local community and a group of participants in the Work for the Dole program.

The activity ran following assistance and donations from local businesses and organisations. Heather Chambers, a Work for the Dole supervisor and qualified horticulturalist and trainer, was responsible for getting the activity off the ground. She says that feedback from the community has been nothing but positive. 'It's incredible what the community and the participants get out of it.'

Participants were involved in all aspects of the school upgrade and learned many new practical skills. They also developed important work habits, such as working in teams and time management, and built their self-esteem. Meeting and working with new people and finding new avenues to apply for jobs was one of the key benefits of the program and has led participants to further study and work.

Matthew Brown, a participant in the first Work for the Dole activity, is now employed as supervisor at the second activity at Melton Specialist School. Job seekers in the second Work for the Dole activity benefited from Matthew's previous experience and the school will continue to receive much-needed assistance to maintain the school grounds and start new projects.



Melton Specialist School's upgraded facilities.

Objective 2—Help job seekers move from welfare to work

Helping job seekers move off welfare and into work can empower them to generate a self-sustaining income and take control of their financial future. It reduces their reliance on the welfare system and improves economic and social outcomes.

Proportion of job seekers moving off income support, or with significantly reduced reliance on income support, six months following 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 was collected for job seekers participating in jobactive between 1 July 2015 and 31 December 2015. Their income support status was measured six months later between, 1 January 2016 and 30 June 2016.

In 2015–16, 43 per cent of job seekers moved off income support or significantly reduced their reliance on income support six months following their participation in jobactive, exceeding the target of 40 per cent. This is encouraging because it indicates that jobactive is helping job seekers become more self-reliant.

Objective 3—Help job seekers meet their mutual obligations

To help increase Australia's workforce participation, it is important to ensure job seekers remain engaged and active while looking for work. To this end, jobactive introduced a new mutual obligation framework and new Work for the Dole arrangements.

The Department is encouraged by the performance of jobactive and recognises the challenges ahead. Most job seekers in jobactive are actively engaged and are participating in the Australian labour market. Increasing job seeker engagement with providers will be a priority in 2016–17. The Department will continue to monitor the performance of jobactive and use the performance framework to drive improved outcomes.

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

Measuring the motivation of job seekers 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 is having a positive impact on job seekers' soft-skill development and their outlook (see Figure 6). The findings support international evidence that shows programs like Work for the Dole help improve employability of participants through the acquisition of soft skills. Encouragingly, 73.8 per cent of job seekers reported that their motivation to find a job improved because of their Work for the Dole activity, almost meeting the target of 75 per cent.

Job seekers also reported increased 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.

Proportion of jobactive appointments attended

Job seekers attend regular appointments with their employment services provider to monitor their progress in their job search efforts. The proportion of provider appointments attended is an established measure of job seeker engagement with their jobactive provider.

Figure 6 Proportion of Work for the Dole participants who reported improvements in their soft skills, 2015–16

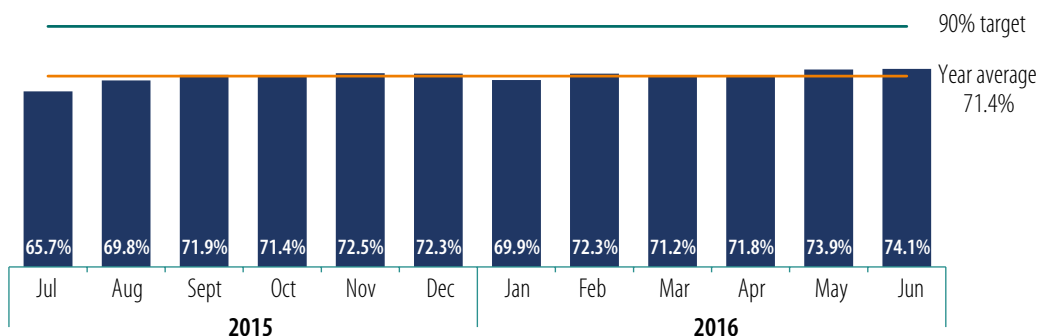


The attendance rate at provider appointments under jobactive in 2015–16 was 71.4 per cent. This figure is calculated excluding appointments that job seekers could not attend for a good reason. While this is below the target of 90 per cent, which as a new target was designed to be aspirational, the attendance rate has climbed steadily since the first few months of jobactive when providers were getting to know their caseload and starting to engage with their job seekers. In June 2016, the attendance rate was 74.1 per cent, above the annual percentage (see Figure 7).

During 2015–16, jobactive providers were much more likely to use the mechanism that temporarily suspends a job seeker’s income support payment after non-attendance. This resulted in higher attendance rates at re-engagement appointments, with evidence of continuous improvement. Providers were also able to recommend to the Department of Human Services that a financial penalty be applied following non-attendance. This alternative mechanism is considered a more effective tool to influence a change in ongoing behaviour of some job seekers. However, as providers have, to date, been reluctant to recommend the application of a financial penalty, the effectiveness of this mechanism has not been quantified.

The Department continues to work with providers on strategies to increase attendance, and a steady increase in the use of the compliance framework is expected to result in further increases in the attendance rate.

Figure 7 Monthly job seeker appointment attendance rate, July 2015 to June 2016



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

Ensuring that job seekers continue to look for work and stay engaged with the Australian labour market is a key 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 within their job plan with their provider.

In 2015–16, 94 per cent of job seekers were actively looking for work. This is 1 percentage point below the target of 95 per cent. jobactive providers have discretion to temporarily reduce or remove the job search requirements if a job seeker is experiencing an unforeseen circumstance or other non-vocational issue. From time to time performance against this indicator may dip below the target, but providers address this with job seekers and the target is expected to be met in the longer term.

Participation in Work for the Dole is increasing job seekers' 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.

Objective 4—jobactive organisations deliver quality services

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

In 2015–16, both performance measures for objective 4 were met. jobactive providers are meeting the needs of employers, and delivering services to job seekers. The Department is committed to ensuring this continues, and will monitor progress to continue to drive improved outcomes.

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 achieve job placements. The Department measures employer satisfaction through a survey of employers' recruitment experiences with jobactive organisations.

Survey results for 2015–16 show that 84 per cent of employers were satisfied with the assistance provided, exceeding the 80 per cent target. The most common reasons for a lack of satisfaction were that the provider had no suitable applicants to refer, or the applicants referred lacked the necessary employability skills.

Proportion of jobactive organisations that meet the service delivery requirements

To ensure the Department is getting value for money by contracting jobactive organisations to deliver employment services, the Department monitors the services that providers are expected to provide. This monitoring is performed through the Department's contract management system.

In 2015–16, 91 per cent of jobactive organisations met their service delivery requirements, exceeding the 80 per cent target.

Work for the Dole leads to a job for Jake

A Northern Territory jobactive provider has helped an enthusiastic Work for the Dole participant find employment with the RSPCA in Darwin.

Jake participated in Work for the Dole at the RSPCA Darwin in early 2016 after his jobactive provider, Max Employment, helped him choose an activity that suited his skills and interests. From day one, Jake demonstrated a keen interest in animals and a willingness to learn.

Staff at the RSPCA were so impressed by Jake's skills, reliability and hard-working attitude that they offered him paid casual work. After two months Jake was offered a full-time position as an animal assistant at the centre, preparing their food and generally enriching the lives of abandoned, neglected, unwanted or sick animals.

Jake enjoys his role and now gets paid to help animals in need like Riley, an American pit bull. Jake said the RSPCA Darwin receives a lot of pit bulls, which are banned in many parts of Australia. When asked about his experiences with Work for the Dole, Jake said the program was a great way to showcase his skills and get back into an everyday routine. Gaining a full-time job out of the experience was a great bonus.



Jake with Riley, an American pit bull, at the RSPCA Darwin.

Funding options to assist job seekers

Employment Fund

The Employment Fund is a flexible funding pool that jobactive providers can use to help eligible job seekers build their experience and skills to get and keep jobs.

The Department made refinements to the Employment Fund during 2015–16 to better meet the needs of job seekers and employers. These refinements responded to feedback from jobactive providers and included expanding allowable training and access to services and improving administration and IT processes.

Relocation Assistance to Take Up a Job

The Department administers the Relocation Assistance to Take Up a Job program, which provides practical and financial assistance to long-term unemployed job seekers who relocate to take up ongoing employment. Eligible job seekers can receive up to \$6,000 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 dependent children can receive up to an extra \$3,000 of assistance.

In 2015–16, 652 job seekers were assisted to relocate to take up employment opportunities. A total of 654 relocation assistance agreements were approved, including 111 for participants of Disability Employment Services.

Wage subsidies

The Department administers a number of wage subsidies that are designed to broker employment opportunities for eligible job seekers. Wage subsidies can be a valuable tool to help assist an employer in taking on a disadvantaged job seeker. They can also support employers in providing job seekers with job-specific training that builds their skills to become fully productive employees.

Wage subsidies support the Government's broader objectives of increasing workforce participation and are a key element of the jobactive model. Wage subsidies of up to \$6,500 are available to employers that hire eligible Indigenous job seekers, young people (under 30 years of age), parents and long-term unemployed job seekers. The Restart wage subsidy for mature-age job seekers (over 50 years of age) includes an additional bonus of up to \$3,500 for a job that lasts 12 months or more.

As part of the 2015–16 Budget, the Government introduced a national wage subsidy pool from 1 July 2015 in response to feedback from stakeholders that wage subsidies needed to be simpler and more flexible to meet the needs of employers. The changes took effect on 1 November 2015 and included:

- expanding eligibility for parents and young job seekers
- introducing flexible arrangements for paying employers to better meet their business needs
- reducing the term for Restart placements from 24 months to 12 months.

The Tasmanian Jobs Programme provided wage subsidies up to \$6,500. This was a two-year trial that closed to new applicants on 31 December 2015. Over the life of the program, 363 job seekers were assisted into jobs with 281 employers.

The number of job seekers being supported by wage subsidies is increasing over time. Actual take-up can be highly volatile and sensitive to labour market changes. In 2015–16, more than 21,283 wage subsidy agreements were entered into with employers, which assisted 20,864 job seekers into a job.

Job Commitment Bonus

In 2015–16 the Department continued to work closely with the Department of Human Services to manage the Job Commitment Bonus. The bonus was intended to provide an incentive for eligible young people to find and keep a job. In the 2016–17 Budget, the Government announced that the bonus will cease on 31 December 2016, subject to the repeal of enabling legislation. Young people qualified to claim as at the repeal date will still be able to lodge a claim.

Employment programs for young people and parents

Transition to Work

The Transition to Work program delivers intensive pre-employment support to young people aged 15 to 21 years who have disengaged from education and are at high risk of becoming long-term unemployed. Intensive pre-employment support improves the work-readiness of participants and helps them gain employment or move into education.

In 2015–16, the first year of the program, a network of 43 providers were contracted to deliver Transition to Work services across Australia. They are mixture of large, medium and small for-profit and not-for-profit organisations that are experienced in working with young people.

The services provide an appropriate mix of individual, group and self-directed activities consistent with the focus on intensive support. They also provide regular post-placement support to participants and ensure employers' expectations are being met.

Employers can access a wage subsidy of up to \$6,500 over 12 months for eligible young job seekers. They can also offer up to four weeks of work experience as part of the National Work Experience Programme.

Empowering YOUTH Initiatives

The Department manages grant funding to community, non-government and not-for-profit organisations to deliver innovative approaches to improve employment outcomes for young people and prevent long-term welfare dependency. The programs supported by this measure will be evaluated to assist government and organisations working with young people to enhance service delivery.

The first Empowering YOUTH Initiatives started operating in April 2016 and a total of 19 organisations had commenced as at June 2016. These organisations range from small to large and are experienced in delivering services to help young people in their communities.

The first funding round targeted young people aged 15 to 24. Preference was given to proposals that sought to prevent unemployment or reduce the risk of long-term unemployment for:

- young people in regional Australia, particularly areas undergoing structural change or with high levels of social disadvantage
- Indigenous young people
- young people from culturally and linguistically diverse backgrounds
- early school leavers.

Each initiative will operate for up to two years.

The types of activities and support offered to young people will depend on the specific barriers to employment being targeted as well as the areas being serviced. Examples of these varied approaches range from business-led initiatives that promote employment opportunities in local communities, to initiatives that combine mentoring within existing work environments and initiatives that provide integrated services to link young people with complex barriers, such as mental health, to employment.

ParentsNext

The Department, in collaboration with the Department of Human Services, implemented the ParentsNext program. The program helps parents plan and prepare for employment while caring for young children. The aim is to increase parents' prospects of employment by the time their children start school.



ParentsNext grants were announced in March 2016 and projects were established in 10 local government areas in April 2016. Project providers work with parents to help them identify education and employment goals, develop a participation plan, and access educational and employment-related activities and child care in their community.

The Department will use activity reports submitted by ParentsNext project providers to monitor performance. The Department will also examine project activity using performance measures derived from administrative data.

The program will be evaluated to determine its effectiveness at helping parents plan and prepare for employment. The Department will work in partnership with project providers to collect qualitative and quantitative data for the evaluation.

Purchasing processes

The Department released an exposure draft of the request for proposal for Transition to Work services in September 2015 and held 11 information sessions nationally to enable the public to provide feedback. Information sessions and webinars were also held on the final Transition to Work model and procurement process. Outcomes of the request for proposal process were announced in three rounds: round one in January 2016, round two in February 2016 and the third and final round in March 2016.

The Department managed the purchasing arrangements for Empowering YOUth Initiatives and ParentsNext through grant processes. The guidelines for the first round of Empowering YOUth Initiatives were released in November 2015 and the guidelines for ParentsNext were released in January 2016. The Department conducted information sessions and webinars to support the release of the guidelines, and notified applicants of the results in March 2016.

The Department developed robust and transparent governance arrangements to support its staff throughout the purchasing processes. The Employment Services Purchasing Hotline—a dedicated service available throughout the purchasing processes—responded to approximately 1,000 calls and emails. As a matter of best practice and to ensure compliance with the *Public Governance, Performance and Accountability Act 2013*, the Department appointed an external probity adviser to oversee the process. This ensured the purchasing was conducted transparently and that interested parties were treated fairly and information was communicated consistently and uniformly.

The Department undertook comprehensive evaluation of submissions and financial viability checks. Recommendations from the evaluation were reviewed by specialist committees and then presented to the delegate, the Department's Deputy Secretary, Employment, for decision.

The Department offered debriefing sessions for all respondents for Transition to Work and unsuccessful applicants for Empowering YOUth Initiatives and ParentsNext. A total of 193 debriefing sessions were delivered.

As a result of the purchasing exercises:

- 44 organisations were offered deeds to deliver Transition to Work services
- 19 organisations were offered grant funding to deliver Empowering YOUth Initiatives
- 25 organisations were offered grant funding to deliver the ParentsNext program.

Mature-age employment and Corporate Champions

In 2015–16 the Department continued to support mature-age job seekers and employers of mature-age workers to keep mature-age Australians engaged in the workforce. The Department delivered a broad advertising campaign encompassing better practice in mature-age employment and the Restart wage subsidy.

The Corporate Champions program continued to support employers to move towards best practice in the recruitment and retention of mature-age staff (45 years and over). Corporate Champions started as a pilot in April 2011, and contracts ceased on 30 June 2016. Over the life of the program, 486 employers were endorsed as Corporate Champions and 68 seminars were delivered to employers to promote the benefits of recruiting and retaining mature-age workers.

The Department will share the learnings of the program, focusing on increasing the recruitment and retention of mature-age job seekers who are at risk of long-term reliance on income support.

Structural adjustment programs

In response to the pressures of structural change in the automotive, forestry and mining industries, the Department provides structural adjustment programs to assist retrenched workers to find new employment as quickly as possible. In 2015–16, the Department managed structural adjustment programs for the automotive industry, the forestry industry in Tasmania, and the following organisations:

- Alinta Energy
- Arrium
- BlueScope Steel
- Caterpillar
- Queensland Nickel.

These programs are delivered as part of jobactive, and have been set up to provide retrenched workers with tailored assistance and access to intensive employment services.

Regional employment facilitators

As a part of several structural adjustment programs, in 2015–16 the Department appointed three regional employment facilitators in Tasmania, North Queensland and the Illawarra region in New South Wales. They 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.

The Geelong employment facilitator has been in operation since 2013 to assist people affected by Geelong's economic transition and to identify and deliver new job opportunities across the region. In 2015–16, the facilitator helped to create employment opportunities in the digital sector, supported the development of small business opportunities in the region, and brought local businesses together to help them increase their ability to innovate to achieve growth and employment.

National Automotive Governance Committee

Representatives from the Department participate in the National Automotive Governance Committee. The committee was established in 2014 and consists of representatives from 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 equip workers with the information, skills and support they need to successfully transition to new jobs when Australia's automotive manufacturing operations close by the end of 2017.

Burnie Jobs Fair

In March 2016, the Department held a Jobs Fair in Burnie, Tasmania, to promote employment opportunities and services to the local community. More than 1,000 members of the community attended the fair, which had 53 exhibitors and promoted around 150 local job opportunities.

Exhibitors at the fair included small and large employers, industry associations, government agencies, employment providers, educational institutions and apprenticeship advisers. There were also information sessions on the local labour market and tips for writing a résumé.

Indigenous early learning engagement project

The Department partnered with the Department of Education and Training and the Department of the Prime Minister and Cabinet to conduct two early learning engagement workshops with regional long day care providers in Queensland.

More than 100 employers attended the workshops and explored issues associated with Aboriginal and Torres Strait Islander engagement in early learning. The workshops established a collaborative space for stakeholders to consider ways to:

- improve the cultural competence of mainstream early childhood education and care services
- increase the proportion of Indigenous educators in the child care and early learning sector
- increase the engagement of Indigenous families and children in child care and early learning.

Childcare providers made a number of commitments at the workshops, including creating a culturally inclusive centre and supporting the employment of Indigenous trainees.

The Department will continue to work with employers to strengthen employment outcomes for Indigenous job seekers.

Seasonal Worker Programme

The Seasonal Worker Programme is administered by the Department with support from the Department of Foreign Affairs and Trade, the Department of Immigration and Border Protection, the Department of Agriculture and Water Resources, Austrade and the Fair Work Ombudsman.

The program contributes to the economic development of Pacific island countries and Timor-Leste by providing access to work opportunities in the Australian agriculture, accommodation and tourism industries. It also offers Australian employers access to a reliable seasonal workforce. Citizens from eligible countries can work in Australia for up to nine months.

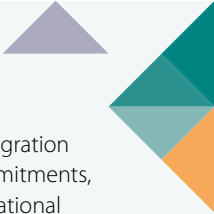
In 2015–16, the Department approved 4,772 seasonal worker placements and 1,902 seasonal workers undertook Australian Government-funded skills training.

In 2015–16 the Department implemented changes to the program as part of the Developing Northern Australia White Paper, including expanding it to the broader agriculture sector and implementing a trial in the tourism industry in northern Australia. From 1 July 2015 the annual cap on program places was removed. Demand is now driven by employers' needs for labour, subject to testing the domestic labour market and offering work to Australian job seekers first.

The Department is continuing to work to ensure that strong protections and support are in place for seasonal workers. The Department made 17 workplace visits across Australia during 2015–16.

Approved employers must be in a sound financial position and demonstrate a history of compliance with Australian workplace relations and immigration legislation and practice. In 2015–16, 69 employers were approved to participate in the program for a period of up to three years, up from 58 employers in 2014–15.

The Department also coordinated a multi-agency submission to the Joint Standing Committee on Migration's inquiry into the program. The committee tabled its report in May 2016.



Work visas and migration programs

The Department advises the Government on employment issues in relation to migration policy and programs and free trade agreements (including temporary entry commitments, labour market, workplace rights and government procurement) and other international agreements and forums.


In 2015, the Department coordinated a whole-of-government submission and appeared at the public hearings of the Senate inquiry into the impact of Australia's temporary work visa programs on the Australian labour market. The Department also provided data and contributed to consultations for the Productivity Commission's inquiry into the migrant intake into Australia.

The Department provided labour market research, analysis and advice to the Ministerial Advisory Council on Skilled Migration.

The Department collaborated with the Department of Immigration and Border Protection on a research project on the experiences of temporary residents.

The Department supported the establishment of the Ministerial Working Group on Protecting Vulnerable Visa Holders to consider measures to improve protections for these workers. The Department worked collaboratively with other government agencies to support the Ministerial Working Group in its examination of the intersection of migration, workplace relations and taxation laws.

The Government established Taskforce Cadena in May 2015 to investigate illegal practices in temporary visa programs. The Department became a member of the taskforce in early 2016, after it was prescribed under the Taxation Administration Regulations 1976.



Customer service statistics

In 2015–16 the Department’s Employment Services Information Line and the National Customer Service Line collectively handled more than 176,000 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 Programme (administered by the Department of the Prime Minister and Cabinet).

As a result of these calls, the Department’s National Customer Service Line actioned 33,947 transfers for job seekers asking to be serviced from a different employment services site.

The National Customer Service Line managed 8,235 complaints relating to jobactive.

Table 1 Breakdown of feedback records by type, 2013–14 to 2015–16

	2013–14	2014–15	2015–16
Feedback type	Number	Number	Number
Complaints	8,563	12,222	8,235
Requests for information	4,658	6,941	11,324
Other (e.g. compliments and suggestions)	3,022	3,376	3,464
Total	16,243	22,539	23,023

Note: Data based on National Customer Service Line records created. Each record may include multiple calls on the same matter.

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.

Organisation for Economic Co-operation and Development

Australia holds membership in the Organisation for Economic Co-operation and Development (OECD). The Department is represented in the OECD primarily by a Minister–Counsellor (Employment). Engagement with the OECD enhances Australia’s capacity to develop employment policy and 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 2015–16. This involved contributing to reviews across a range of policy areas and to the release of two reports: *Mental health and work: Australia* and *Back to work: Australia—improving the re-employment prospects of displaced workers*.

The Department represents Australia in OECD policy forums to influence and drive OECD priorities on employment matters such as the future of work, improved labour market outcomes 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.

International delegations

The Department hosts visiting international delegations from both government and non-government organisations with an interest in Australia's public employment system and policies. Delegations in 2015–16 included officials from the Ministry of Employment, Republic of Korea; the Minister of Human Resources and Social Security, People's Republic of China; the Minister for Employment, Sweden; representatives from the Embassy of Japan; and officials from Arbetsförmedlingen (Swedish Employment Services).



Department of Employment Secretary Renée Leon with the Swedish Minister for Employment, Ms Ylva Johansson, and his Excellency Pär Ahlberger, Ambassador of Sweden.

G20 Employment goals

The Group of Twenty (G20) is the leading forum for international economic cooperation and an important mechanism for global governance. The Department is a member of the G20 Employment Working Group, which discusses approaches to key global employment challenges. Participants exchange policy strategies and best practice in areas such as tackling youth unemployment, boosting female workforce participation, addressing inequality and enhancing employment services.

In 2015, G20 leaders agreed on a goal of reducing the proportion of young people who are most at risk of being permanently left behind in the labour market by 15 per cent by 2025 in G20 countries. They also continued to make progress towards the G20 goal of reducing the gap in the labour force participation rates between men and women by 25 per cent by 2025, which was framed under the Australian G20 presidency in 2014.

Asia–Pacific Economic Cooperation

In 2015–16, the Department continued its engagement with the Asia–Pacific Economic Cooperation (APEC) forum, including leading and coordinating the activities of the APEC Labour and Social Protection Network. The Department also continued to support the broader APEC agenda on regional economic integration and the implementation of the APEC Connectivity Blueprint 2015–2025 and the APEC Human Resources Development Ministerial Action Plan 2015–2018. In 2015, the Department sponsored research into the mobility of labour and skills in the APEC region and in 2016 led a workshop on youth employment strategies during APEC meetings in Peru.

Research and evaluation

The Department conducts research and analysis that provides timely and relevant evidence to support government policy development. This work is supported by the Department’s Evaluation, Research and Evidence Framework 2015–2020, which draws together areas from across the Department to work on and develop the evidence base.

In 2015–16, the Department’s research and evaluation work was used extensively to inform the development of the evaluation of jobactive. Evaluations also focused on the impact and effectiveness of key programs, including the Job Commitment Bonus, Relocation Assistance to Take Up a Job and the Tasmanian Jobs Programme.

The Department’s survey program continued in 2015–16.

jobactive provider survey

The Department surveyed jobactive providers during 2015–16 to gather data about their experiences of and perspectives on the first year of the program. The results will be used to inform program refinement, evaluation and policy design. The Department sought responses from site managers of all full-time jobactive sites.

The survey project was preceded by a qualitative component that involved interviewing a range of jobactive provider staff—from frontline employment consultants to chief executive officers.

Survey of Employers Who Have Recently Advertised

The Department conducts this annual survey to gain an understanding of employers’ ability to recruit the workers they need and identify current and emerging skill shortages. In 2015–16 the Department surveyed around 5,000 employers and assessed a range of labour market indicators. The survey results informed the Department’s submission to the annual review of the Skilled Occupation List, which is used to guide Australia’s independent skilled migration program.

The Department publishes the results of this research on its website as analytical and statistical reports and listings of occupational shortages.

Survey of Employers' Recruitment Experiences

In 2015–16, around 14,000 employers from across the country responded to the Department's Survey of Employers' Recruitment Experiences. Surveys are carried out every year to identify how job seekers can better meet the needs of employers and connect with local opportunities.

In addition to the core component, the survey collects information about the value employers place on work experience, the impact of technological advances, and how people with a mental health condition can better connect with employment opportunities.

The Department uses the survey results to produce reports, resources and presentations. In 2015–16 the Department developed:

- posters and postcards offering job search tips for young people and mature-age people
- regional presentations with employers, jobactive providers and other key stakeholders to identify and discuss challenges and opportunities in the local labour market
- presentations at seminars for career advisers, school teachers and vocational education and training coordinators that identify pathways for young people from school to work
- information sessions for employees of companies with large retrenchments, including Alinta Energy, Ford, Holden and automotive industry supply chain companies.



Postcards developed by the Department to assist employers and job seekers.

During the year, the Department delivered 73 presentations across the country, attended by more than 5,500 stakeholders. Feedback was overwhelmingly positive and copies of the presentations and related information were widely distributed.

Study of Employers' Recruitment Needs

One of the goals of jobactive is for job seekers to better meet the needs of employers. A new survey, the Study of Employers' Recruitment Needs, has been specifically designed to measure the extent to which employers believe that job seekers are meeting their needs. Table 2 contains the 2016 survey results, which show that 81 per cent of employers surveyed believed that the job seekers they had employed through jobactive were meeting their needs either fully or to some extent.

Table 2 Study of Employers' Recruitment Needs survey results, 2016

	2015–16 actual
Met needs	81.1%
Did not meet needs	16.4%
Don't know/can't say/prefer not to say	2.5%

Australian Jobs 2016: a handy guide to where the jobs are

As part of its support for job seekers and those planning for employment, the Department released the 2016 edition of the annual Australian Jobs report on trends in the Australian labour market.

The report helps users to understand where the jobs are and what employers look for when recruiting. The report provides information to support people at all stages of their working lives—whether they are looking for their first job, returning to the workforce or transitioning between sectors. The report also includes summaries for states and territories as well as for industries and occupations.

The 2016 edition focuses on young workers and women, recognising the challenges that women and young people can face when seeking employment. It also provides an overview of the current Australian labour market and highlights major changes within industries and occupations.

Australian Jobs is a highly regarded publication. Around 90,000 copies have been distributed to secondary schools, Centrelink offices, tertiary education institutions and employment intermediaries, including jobactive organisations.



Analysis of trends in the Australian labour market

Labour market conditions

Labour market conditions strengthened between June 2015 and June 2016. The level of employment increased by 225,000 (or 1.9 per cent) to stand at 11,939,600 in June 2016, above the annual average growth rate over the past 10 years. It is worth noting, however, that employment growth was particularly strong in the second half of 2015, up by 181,600 (or 1.5 per cent), compared with a very modest increase of 43,400 (or 0.4 per cent) in the first half of 2016.



Female participation accounted for around 60 per cent of employment growth. In 2015–16, female employment was up by 136,200 compared with 88,800 for males.

The pace of trend employment growth also softened, going from a peak of 31,000 jobs a month in October 2015 to just 8,300 in June 2016.

The increase in employment between June 2015 and June 2016 was due primarily to strong growth in part-time employment, which rose by 134,400 (or 3.7 per cent) to stand at a record high of 3,740,700 in June 2016. On the other hand, the level of full-time employment increased by a more modest 90,600 (or 1.1 per cent) over the period, to 8,198,900 in June 2016. This shift towards part-time employment is also reflected in aggregate monthly hours worked, which rose by a modest 0.6 per cent between June 2015 and June 2016.

Against this background, the level of unemployment in Australia fell by 23,100 (or 3.1 per cent) between June 2015 and June 2016, and the unemployment rate declined, from 6.1 per cent in June 2015 to 5.8 per cent in June 2016. The fall in the unemployment rate occurred in conjunction with a 0.1 percentage point increase in the participation rate over the period, to 64.9 per cent in June 2016.

The improvement in labour market conditions between June 2015 and June 2016 reflects, in part, the ongoing structural shift towards the more labour-intensive services sector. Strong growth was recorded in a number of service-based industries. Employment increased in 12 of the 19 broad industries between May 2015 and May 2016 (latest available data). The largest increases were in health care and social assistance (up by 71,600 or 4.9 per cent), construction (up by 44,300 or 4.3 per cent) and retail trade (up by 40,700 or 3.3 per cent).

By contrast, large declines were recorded in wholesale trade (down by 20,400 or 5.2 per cent), professional, scientific and technical services (down by 19,700 or 2.0 per cent) and manufacturing (down by 15,400 or 1.7 per cent). Employment in mining rose modestly over the period (up by 2,400 or 1.1 per cent). However, this increase should be viewed in the context of the large decline in mining employment (by 47,300 or 17.3 per cent) since its peak in August 2012, resulting from lower commodity prices and the ongoing transition away from the labour-intensive construction phase to the production phase of the cycle.

Reflecting the overall strengthening in the labour market, conditions for young people improved somewhat between June 2015 and June 2016. The youth unemployment rate declined marginally over the period, to stand at 13.2 per cent in June 2016, although it remains more than double the rate recorded for all persons. While the level of youth employment increased over the period by 22,300 (or 1.2 per cent), this was due entirely to a rise in part-time employment (up by 30,400 or 3.2 per cent). By contrast, the level of

youth full-time employment declined (by 8,700 or 1.0 per cent). However, this occurred in conjunction with a 0.6 percentage point increase in the proportion of youth participating in full-time education, which rose to a record high of 52.4 per cent in June 2016.

Notwithstanding the general strengthening in labour market conditions between June 2015 and June 2016, a number of risks to the labour market outlook remain. These include a further moderation of growth in China as its economy transitions away from investment-led growth, and uncertainty around commodity prices, which have fallen considerably from their historic highs in 2011. That said, the Treasury's forecasts in the 2016 Pre-election Economic and Fiscal Outlook are for employment to increase by 1.75 per cent over both 2016–17 and 2017–18. The unemployment rate is expected to decline to 5.5 per cent in 2016–17, and remain at that rate in 2017–18.

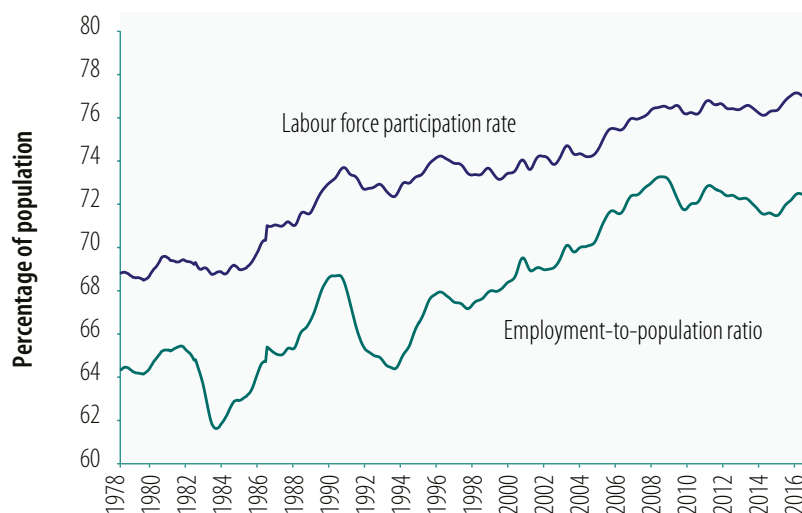
Labour force participation rate and employment-to-population ratio for people aged 15 to 64 years

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 2016, Australia's trend employment-to-population ratio for workforce-age people increased by 0.3 percentage point to 72.4 per cent. The trend workforce-age labour force participation rate increased slightly over the same period to 77.0 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 2016



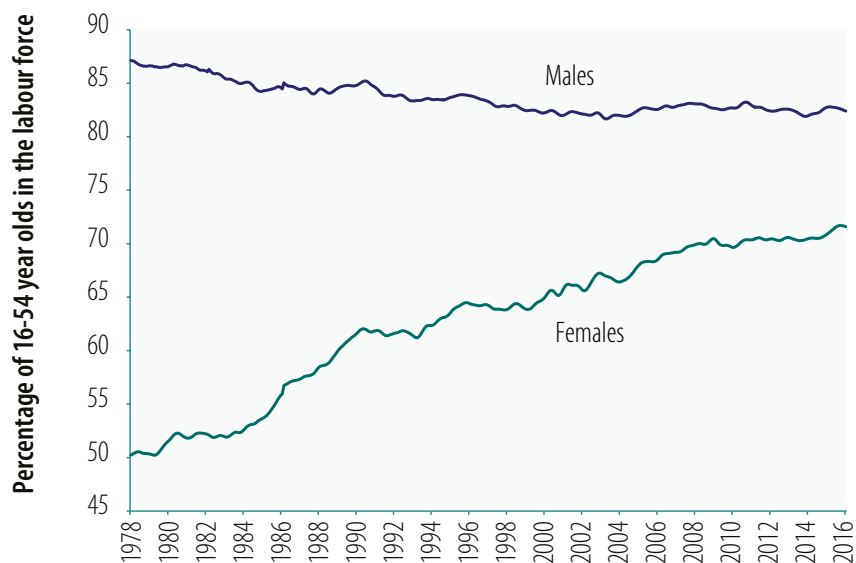
Source: Australian Bureau of Statistics 2016, *Labour force, Australia*, June 2016, catalogue no. 6202.0, Table 18.

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

The gap between male and female labour force participation rates narrowed by 1.1 percentage points over the year to June 2016. This will help Australia to 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 decreased by 0.5 percentage point to 82.2 per cent over the year to June 2016; the female labour force participation rate increased 0.6 percentage point to 71.7 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 aged 15 to 64 years, trend data, February 1978 to June 2016



Source: Australian Bureau of Statistics 2016, *Labour force, Australia*, June 2016, catalogue no. 6202.0, Table 18.

Social Enterprise Development and Investment Funds

Impact investing is the act of investing with the intention of generating a beneficial social or environmental impact as well as a financial return. The Social Enterprise Development and Investment Funds were established in 2011 to catalyse the impact investment market and improve access to finance for social enterprises. The Government provided \$20 million in funding that, through three fund managers (Foresters Community Finance, Social Enterprise Finance Australia and Social Ventures Australia), was matched dollar for dollar by a range of investors to create the first social investment fund of its kind in Australia. Today, the pool of funds exceeds \$41 million.

Since it began, the fund has achieved a range of positive social outcomes for more than 9,000 people, such as employment-readiness, affordable housing and crisis accommodation, e-waste recycling and access to technology. The fund continues to demonstrate the potential of attracting investment to achieve social outcomes. Fund managers have improved access to finance for social enterprise, making 80 loans totalling more than \$22 million.

An evaluation conducted in 2015–16 found that the initiative was successful in growing the initial public investment by more than 120 per cent, stimulating impact investment in Australia more widely, and providing direct and indirect support for the business development of around 400 social enterprises. The Department will continue to work with fund managers and the impact investment sector to support its delivery of a double bottom line—that is, delivering both financial and social outcomes—for government and Australia more widely.

Investment boosts business development in Corryong

In July 2015, Social Enterprise Finance Australia, a Social Enterprise Development Investment Funds manager, provided a loan to the Corryong Neighbourhood Centre to fund the purchase of a commercial bakery business.

Corryong, a township of just 1,400 people in the Upper Murray region of Victoria, has historically experienced significant economic and social challenges. In this geographically isolated labour market, rates of unemployment—particularly youth unemployment—and underemployment are high.

The Corryong Neighbourhood Centre was formed in 2012 by the amalgamation of two community organisations that had been in operation for more than 15 years, and serves as a backbone to support a changing community. Driven by two highly motivated and business-minded coordinators, Sara Jenkins and Michael Leonhard, the centre provides a broad range of services and events for the community.

The Upper Murray Community Bakery is a shining example of their entrepreneurial spirit. When the bakery adjoining the centre went up for sale, Sara and Michael saw an opportunity to diversify their income stream through sustainable trade. With support from Social Enterprise Finance Australia, the coordinators drew up a business plan for transforming the bakery. With a new fitout, menu and more than 10 staff, the bakery started trading under the social enterprise model as the Upper Murray Community Bakery.

Within its first year of trading, the bakery had garnered a 10 per cent growth in sales, expanded its weekend trading hours and taken on additional employees. The centre continues to support and encourage accredited training for bakery staff, offering Certificate III and IV accreditation under an



integrated work and training scheme. It also supports other local employers to participate in the scheme. As a social enterprise, the bakery returns all profits back to the community, ensuring that every dollar spent in-store goes back to help build the local economy. The Upper Murray Community Bakery is going from strength to strength. With a strong training and employment focus, the outlook is positive for Corryong and the wider Upper Murray region to benefit from all that this social enterprise can deliver.

The Upper Murray Community Bakery in Corryong is helping to sustain the local community through its social enterprise venture.

State network

The Department's state network is responsible for frontline delivery of employment programs. Network staff perform a range of functions, including account and contract management, policy development, policy implementation and review, stakeholder engagement and local labour market intelligence gathering. The state network has strong working relationships with providers and employers as well as all levels of government. It has offices in all capital cities and eight regional locations.

A priority for the network in 2015–16 was implementing the Government's new employment services system, jobactive, from 1 July 2015. This included the successful transition of more than 758,000 job seekers from Job Services Australia to jobactive. The jobactive program comprises 66 organisations contracted to deliver employment services, Work for the Dole, the New Enterprise Incentive Scheme, Harvest Labour Services and the National Harvest Labour Information Service.

State network staff worked closely with policy areas and jobactive providers to implement the new services. They assisted job seekers to navigate the change including new site opening procedures, worked closely with providers and participated in contract management and assurance activities. The state network is heavily involved in delivering the Youth Employment Strategy, including the procurement of Transition to Work service providers, the Empowering YOUth Initiatives and ParentsNext. Around 86 state network employees went offline to assist with the procurement process, while the rest continued to deliver high-quality contract management and engagement activities.

A number of stakeholder and employer engagement activities were undertaken throughout 2015–16. The state network worked in partnership with the Department's Labour Market Strategy Group and employment services providers to deliver coordinated employment services programs on behalf of employers. These activities were successful in assisting employers to access suitable candidates through jobactive.

An internal project, focusing on the network's future capacity, was progressed in 2015–16. The work focused on ensuring a high-quality state network based on three major pillars—delivery, engagement and intelligence. The introduction of the three pillars was supported through focus groups, consultations and a targeted learning and development calendar offering a range of training and mentoring opportunities. In addition, the network established a Business Coordination Unit to facilitate a stronger strategic and coordinated approach.

The network is responsible for the National Customer Service Line. The service receives and responds to queries (by phone and email) from job seekers and employers about government-funded employment services, including jobactive, Disability Employment Services, the Community Development Programme, the New Enterprise Incentive Scheme, Transition to Work, Empowering YOUth Initiatives, ParentsNext and wage subsidies, as well as the Australian JobSearch website and tip-off calls from the public. In late 2015, the Department consolidated a number of external telephone lines and redirected them to the National Customer Service Line to ensure the delivery of more consistent and timely customer service. As a result, in 2015–16 the National Customer Service Line received more than 153,000 calls, up from over 94,000 calls in 2014–15.

'Speed dating' Indigenous jobs expo to mark National Reconciliation Week

In May 2016, the Western Australian state office, in collaboration with the Department's Labour Market Strategy Group and jobactive providers, held an Indigenous 'speed dating' jobs expo. It was aimed at increasing the participation of Indigenous Australians in employment and recognising the significance of National Reconciliation Week through celebrating culture. The expo provided valuable opportunities for interaction between job seekers and employers.

The expo was an overwhelming success, with more than 350 Indigenous job seekers engaging with 30 employers seeking to fill around 100 vacancies. Job seekers were given detailed information about a range of industries and available vacancies in the Perth area. Employers conducted informal interviews, assessed résumés and observed the soft skills and presentation of job seekers.

This opportunity to share culture, connect with community and celebrate successes was highlighted by the presence of a leading Aboriginal artist who assisted attendees to create a dot painting. Participants reported that the process was positive and provided a great opportunity to connect and learn about the traditional craft. Special guest David Wirrpanda spoke about his career path as a professional footballer and the importance of never giving up the fight for a meaningful job.

This collaborative event demonstrated the importance of drawing on internal and external alliances to address the more challenging elements of the Department's strategic agenda. The fact that it occurred during Reconciliation Week and in a labour market that has traditionally provided fewer outcomes for Indigenous job seekers made the event more potent.

Based on feedback from employers, follow-up interviews were conducted with around 100 job seekers who are being considered for jobs. The Western Australian office will continue to track and monitor outcomes from the event to inform approaches for future events.



Job seekers and employers participating in the Indigenous jobs expo.

Neil Perry's Burger Project provides specialised pre-employment training to meet employer needs

In New South Wales, in partnership with TAFE NSW Western Sydney Institute, jobactive provider Max Solutions and the state network worked with award-winning chef Neil Perry's Rockpool Group to design a national pre-employment program for Mr Perry's new chain of restaurants, the Burger Project.

The program is modelled on the successful North West Rail Project, with the training customised to meet the needs of the employer. The program provides five key units of competency in hospitality in conjunction with employability and soft skills training. The Burger Project has been involved in job seeker screening and selection, as well as interviewing of graduates on completion.

Tom Sykes, Rockpool Group's Training and Development Manager, says the hospitality industry is 'desperate for good Australian staff', and the Burger Project provides a pathway for young Australians into hospitality work, and a career with the company. Young people can work to become store managers or chefs for the Burger Project, or waiters, managers or chefs in the Rockpool Group. The company is also keen to develop and instil its culture of 'care, high energy and enthusiasm' into its managers and senior staff.

In the first pre-employment program, 10 job seekers completed training and nine were employed by the Burger Project. Another 11 job seekers graduated from the program in May 2016. All are still employed, and feedback from Mr Perry indicates that two or three are likely to progress to supervisory roles in 2016. There are now three Burger Project restaurants in Sydney, and the first Melbourne store opened in May with eight job seekers successfully transitioning into employment. The Burger Project is rolling out more restaurants, offering more opportunities for job seekers to enter the hospitality industry.



Neil Perry and the Burger Project team.

Outlook for Outcome 1

In 2016–17 the Department will implement the measures of the Youth Employment Package. This includes a range of new employment initiatives to give young people the employability skills and real work experience they need to get a job, and to promote entrepreneurship and self-employment among young people.

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. This will include maximising the effectiveness of the Employment Fund and exploring opportunities to minimise red tape.

The Department will continue to monitor Work for the Dole to ensure it is providing job seekers in jobactive with the opportunity to demonstrate and develop the skills, experience and confidence that employers are looking for, while at the same time giving back to the community. Further work will be done to improve the efficiency of the program and support for host organisations.

The Department consulted with stakeholders about ways to further improve wage subsidies and increase take-up. Feedback from the consultations contributed to the development of changes announced in the 2016–17 Budget as part of the Youth Employment Package.

From 1 January 2017, the changes include:

- a new Youth Bonus wage subsidy of up to \$10,000 (GST inclusive) for employers who hire a job seeker under the age of 25
- payment of all wage subsidies to employers over six months instead of 12 months
- increasing the time allowed for employers to commence wage subsidy agreements from 28 days to 12 weeks
- paying wage subsidies as flat rates, as long as they are not more than 100 per cent of the wage
- simplifying the wage subsidy eligibility, agreement and payment processes
- lifting the minimum numbers of hours worked per week from 15 to 20 hours, averaged over the wage subsidy agreement.





GREAT WORKPLACES: OUTCOME 2

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

Throughout 2015–16, the Department, alongside its seven portfolio agencies (see page iv), supported the Government by providing advice on workplace relations policy, including in relation to the Productivity Commission's inquiry into the workplace relations framework and the Royal Commission into Trade Union Governance and Corruption.

The Department continued its important work of administering the Fair Entitlements Guarantee, the Fair Entitlements Guarantee Recovery Programme and the Australian Government Building and Construction WHS Accreditation Scheme.

Highlights

- ▶ The Fair Entitlements Guarantee Recovery Programme is making a significant positive impact on the rate of recovery of funds advanced—\$54.43 million was recovered in 2015–16, compared with \$23.29 million in 2014–15.
- ▶ The Department consulted with industry and advised the Government on options for reforming the Road Safety Remuneration System. On 13 April 2016, the Government announced its intention to abolish the system. The Road Safety Remuneration Repeal Bill 2016 was passed by parliament on 18 April 2016 and took effect on 21 April 2016.
- ▶ On 21 December 2015 the Government released the final report of the Productivity Commission's inquiry into the workplace relations framework. The Department supported the Minister in hosting a series of roundtables with key stakeholders to discuss the report's recommendations.
- ▶ The Department provided policy and legal advice on the final report of the Royal Commission into Trade Union Governance and Corruption, which was tabled in parliament on 30 December 2015. The Department also established and chaired a working group of regulators to investigate the possible breaches of civil laws identified in the Royal Commission's interim report and final report.
- ▶ Data for 2016 shows that building and construction companies accredited by the Federal Safety Commissioner have significantly improved safety outcomes and that increased regulatory efficiency has greatly improved value for money for companies.

Challenges

- ▶ The Office of the Federal Safety Commissioner will continue to work to counter the misconception that accreditation is not feasible for small companies through individual engagement, industry information sessions and enhanced guidance material.
- ▶ Developing improvements for the Commonwealth Seacare scheme is an ongoing and complex undertaking. More legislative action is needed to provide long-term certainty to maritime industry participants about the coverage of the scheme following the Federal Court's decision in *Samson Maritime Pty Ltd v Aucote* [2014] and also to modernise the scheme's workers' compensation and work health and safety arrangements.
- ▶ In response to ongoing reports of temporary overseas workers being exploited in Australian workplaces, the Department is working to ensure that vulnerable workers are protected from exploitation, including through the Seasonal Worker Programme.

Program 2.1 Employee assistance

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 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 assists employees whose employers entered liquidation or bankruptcy on or after 5 December 2012. The General Employee Entitlements and Redundancy Scheme applies to employer liquidation or bankruptcy that occurred before 5 December 2012.

The schemes cover five employment entitlements:

- unpaid wages (up to 13 weeks)
- unpaid annual leave
- unpaid long service leave
- unpaid payment in lieu of notice (up to five weeks)
- unpaid redundancy (up to four weeks for each full year of service).

Payments are subject to a maximum weekly wage cap, which for 2015–16 was \$2,451.00.

Once the Fair Entitlements Guarantee program pays entitlements, it takes the place of the worker as a creditor in the insolvency process. As assets are recovered, the Commonwealth can recoup its outlay through dividends. The trial of the Fair Entitlements Guarantee Recovery Programme, which started on 1 July 2015, has enabled the Department to more proactively pursue actions and increase the recovery of funds. The success of this program is reflected in a strong increase in the proportion of funds recovered in 2015–16 compared with previous years.

During 2015–16:

- significant improvements were made in administering Fair Entitlements Guarantee claims, yielding a 56 per cent decrease in the average time taken to process claims
- \$281.51 million was paid to 14,337 claimants under the Fair Entitlements Guarantee
- \$130,000 was paid to nine claimants under the General Employee Entitlements and Redundancy Scheme
- \$54.43 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 25,058 telephone calls and responded to 14,430 emails about the operation of the schemes
- the Department initiated an internal review of 1,902 Fair Entitlements Guarantee claim decisions under section 37 of the *Fair Entitlements Guarantee Act 2012* (12.2 per cent of the total number claiming assistance)
- claimants made formal requests for review of 920 decisions under section 38 of the Fair Entitlements Guarantee Act (5.9 per cent of the total number claiming assistance).

Section 38 of the Fair Entitlements Guarantee Act enables employees to seek a review by the Department's Secretary following a decision on their claim. If a person then wishes to further challenge the decision, they can apply to the Administrative Appeals Tribunal. In 2015–16, 55 applications were lodged with the Administrative Appeals Tribunal, representing 6 per cent of the total section 38 review decisions made under the Act.

During 2015–16, the Administrative Appeals Tribunal finalised 31 matters:

- On one matter the Department’s decision was set aside.
- In six matters the Department and the claimant reached an agreed outcome.
- In 11 matters the Department’s decision was affirmed or the claimant’s application was dismissed by the Administrative Appeals Tribunal.
- In 13 matters the claimant withdrew their application.

Commonwealth Ombudsman

There were no inquiries raised by the Commonwealth Ombudsman relating to the Fair Entitlements Guarantee or the General Employee Entitlements and Redundancy Scheme.

Insolvency practitioners

In administering the Fair Entitlements Guarantee and the General Employee Entitlements and Redundancy Scheme, the Department works closely with insolvency practitioners to verify unpaid employment entitlements and distribute approved payments. In 2015–16, \$6.24 million was paid to insolvency practitioners for verification and distribution services.

Two major IT projects were developed during 2015–16 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 will streamline the Department’s case-related interactions with insolvency practitioners. Also from 1 July 2016 the Department will pay Fair Entitlements Guarantee amounts directly to claimants—relieving insolvency practitioners from this task and reducing the waiting time for claimants.

Business improvement

During 2015–16 the Department made improvements to the administration of the Fair Entitlements Guarantee program. The Department implemented streamlined claim documentation and revised its approach to requesting data from insolvency practitioners to simplify the process for verifying employee entitlements. The Department also started using the National Document Verification Service (hosted by the Attorney-General’s Department) to simplify identity checks.

The Department undertook a number of activities to strengthen fraud control and compliance of the Fair Entitlements Guarantee in response to the Australian National Audit Office’s performance audit of the scheme, tabled in parliament in April 2015. The activities included improving internal workflow and reporting, and finalising reviews to inform the development of program integrity improvements for increased compliance and accuracy of decision making.

Program 2.2 Workplace assistance

Protected Action Ballots Scheme

Under the *Fair Work Act 2009*, a ballot of eligible employees is required before protected industrial action can be taken to pursue claims during bargaining for an enterprise agreement, except when the action is in response to industrial action by the other party. During 2015–16 the Department met the full cost of 1,303 ballots, paying \$1.84 million under the scheme.

Productivity Education and Training Fund

During 2015–16 the Department continued to administer the Productivity Education and Training Fund. The fund supports peak employer and employee organisations in developing and delivering education programs to enhance workplace productivity. In 2015–16 the Union Education Foundation, the Australian Chamber of Commerce and Industry and the Australian Industry Group delivered the programs in all states and territories, covering both metropolitan and regional areas. The organisations' programs provide information in a range of formats, including seminars, webinars, workshops, training courses, conferences and online resources and news.

The programs started in 2012–13 and will run for between five and 10 years.

Program 2.3 Workers' compensation payments

Special appropriations to Comcare are provided through the Department. The 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

While the gap between male and female labour force participation narrowed considerably from the 1980s to the early 2000s, progress slowed in the years after the global financial crisis. According to Australian Bureau of Statistics data, as at June 2016, the labour force participation rate for workforce-age women in Australia was around 71.7 per cent, compared with around 82.2 per cent for men. Around 2.2 million Australian women of workforce age were not in the labour force, compared with 1.4 million men. More than 10 per cent of women in the labour force were underemployed, compared with around 7 per cent of men.

Increasing women's participation in the workforce is a priority for the Department. The Department is working with other government agencies to develop comprehensive economic and employment policies that will encourage further growth in women's participation.

The Department is an active supporter of the Australian Public Service Gender Equality Strategy, which was released in April 2016. The initiatives set out in the strategy will be implemented in 2016 and 2017. During 2016 departmental staff launched the Gender Equality Network in Employment. The network, known as geniE, aims to promote gender equality across the portfolio and foster an environment in which everyone can flourish, regardless of their gender.

Gender equality reporting

Following the consultation conducted in 2014 on streamlining the gender equality reporting framework, a working group was established in May 2015. The working group comprised gender experts and industry representatives, and was tasked with considering options to improve reporting on workplace gender equality in the non-manager occupational categories.

The working group provided its final advice to the Government in late 2015, which was accepted by the Minister for Employment. The working group recommended that options for automated reporting through the Government's Standard Business Reporting system be explored and tested.

The Workplace Gender Equality Agency is considering a range of options and will develop a pilot to test using Standard Business Reporting or a similar system to automate gender reporting.

Workplace relations policy advice

Centre for Workplace Leadership

The Department continued to contribute funding to the Centre for Workplace Leadership, established at the University of Melbourne in 2013. Total funding for the centre included \$12 million over four years from the Australian Government. Around \$3.4 million was provided in 2015–16, the final year of government funding.

The Department's Secretary is a member of the centre's advisory board, which helps guide the centre's long-term strategic direction and foster industry partnerships. The board met four times in 2015–16 and provided guidance and advice on a number of initiatives and on the centre's governance and future planning.

In April 2016 representatives from the Department attended the centre's third national conference—The Future of Work: People, Place, Technology. Delegates were encouraged to explore changes in leadership practice in Australia, challenge current thinking and discover new ways of increasing workplace productivity.

The centre continued to develop practical workplace training for managers and leaders, and resources and diagnostic tools to help workplaces measure their own performance.

Study of Australian Leadership

In May 2016 the Centre for Workplace Leadership launched the initial findings of the Study of Australian Leadership, a national research study that undertook a baseline assessment of management capabilities and workplace leadership, and the impact they have on workplace climate and performance. The study was conducted over 18 months and surveyed more than 8,000 individuals from 2,700 organisations across Australia. Further information on the Study of Australian Leadership is available through the centre's website.

Royal Commission into Trade Union Governance and Corruption

The final report of the Royal Commission into Trade Union Governance and Corruption was tabled in parliament on 30 December 2015. The Department supported the Minister during the tabling process and assisted with the Government's public release of the final report and its initial response. The initial response included the establishment by the Department of a working group of regulators to oversee the civil referrals made by the Royal Commission. The Department also provided ongoing policy advice to the Government to help inform further consideration of the 79 recommendations contained in the final report.

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 157,000 employees who are paid the national minimum wage and around 1.9 million employees on award classification wages.

On 31 May 2016, the commission announced its decision to increase the national minimum wage and award classification wages by 2.4 per cent. From 1 July 2016, the national minimum wage will increase to \$672.70 a week (\$17.70 an hour).

Coastal shipping reforms

The Department continued to advise the Government on the workplace relations aspects of its coastal shipping reforms. The Shipping Legislation Amendment Bill 2015, which was introduced into the House of Representatives on 25 June 2015, proposed a simplified system, replacing the existing multi-licence arrangements with a single permit. The Bill was voted down by the Senate on 26 November 2015.

Pay equity and participation

The Department continued to provide policy advice on pay equity matters, including the childcare equal remuneration case and calculation of the gender pay gap. The Department also provided inter-agency policy advice on the interaction between workplace laws and other government programs and policies, including the Government's Nanny Pilot Programme, the paid parental leave scheme and efforts to end pregnancy discrimination. The Department commissioned EY Sweeney to conduct research into the costs and benefits for employers of providing workplace supports to employees affected by domestic violence.

Productivity Commission inquiry into the workplace relations framework

The final report of the Productivity Commission's inquiry into the workplace relations framework was tabled in parliament in December 2015. In February 2016 the Department supported the Minister in leading roundtable discussions with key stakeholders to seek their views on the Productivity Commission's final recommendations. Participants included employers, unions, social welfare groups and women's groups. The consultation roundtables, along with policy and technical advice from the Department, will help inform the Government's response to the inquiry.

Safety net, superannuation and awards policy

The Fair Work Commission must review all modern awards every four years. As part of the review, the Fair Work Commission can vary, make or revoke modern awards. The Department continued to provide policy advice to the Government on the current four-yearly review, which started on 1 January 2014.

In 2015, the Senate Education and Employment References Committee held an inquiry into the feasibility of, and options for, creating a national long service standard, and the portability of long service leave and other entitlements. The Department made a submission, providing information on the history and function of long service leave in Australia, and appeared before the committee on 5 February 2016.

The Department continued to work closely with the Treasury to develop policies to implement the Government's commitments to ensure choice of superannuation fund and improve competition, corporate governance and transparency in the superannuation industry. This included policy development after the release of the Government's response to the financial system inquiry and before the introduction of the Superannuation Legislation Amendment (Choice of Fund) Bill 2016.

Coal Mining Industry (Long Service Leave) Corporation

The Department continued to provide assistance to the Coal Mining Industry (Long Service Leave) Corporation. The corporation 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*.

Building and construction industry

The Department continued to provide policy and legal advice to the Government on the Building and Construction Industry (Improving Productivity) Bill 2013 [No. 2] and the Building and Construction Industry (Consequential and Transitional Provisions) Bill 2013 [No. 2]. See page 53 for further information.

The Department also facilitated the transfer of the role of assessing industrial instruments for compliance with the Building Code 2013 to Fair Work Building and Construction, consistent with its functions under the *Fair Work (Building Industry) Act 2012*.

Post-implementation reviews

The post-implementation review of the *Fair Work Amendment (Textile, Clothing and Footwear Industry) Act 2012* was released on 16 December 2015. It assessed whether the Act works effectively and efficiently to provide protections for outworkers.

The Department also completed the first post-implementation review of the *Fair Work Amendment Act 2013*, which covered the provisions that came into effect on 1 July 2013. The changes comprised a range of family-friendly measures, including expansion of the categories of employees who can request flexible working arrangements. The Office of Best Practice Regulation assessed the review as adequate on 30 September 2015. The review found that the amendments were operating with limited impact on business and have generally been accepted by employers.

The Department is undertaking a second post-implementation review of the *Fair Work Amendment Act 2013*, which covers provisions that came into effect on 1 January 2014. The amendments changed the right-of-entry provisions of the Fair Work Act and introduced the Fair Work Commission's workplace bullying jurisdiction. The review will be finalised in 2016.

International labour issues

During 2015–16, the Department provided policy advice to the Government on international labour issues, with a particular focus on the Asia–Pacific region.


A key part of the Department’s international engagement is contributing effectively and constructively to the annual International Labour Conference and meetings of the Governing Body of the International Labour Organization. The Department represented the Government at International Labour Organization Governing Body meetings in November 2015, March 2016 and June 2016, and at the 105th session of the International Labour Conference held in Geneva in June 2016. Australia is representing the Far-East Asia Pacific Sub-Group of countries on the Governing Body for a three-year term until 2017.

During 2015–16 the Department’s Minister-Counsellor (Employment) was Australia’s representative to the International Labour Organization. This role included chairing sessions of the Governing Body meetings in November 2015 and March 2016 and chairing the Committee on Decent Work in Global Supply Chains at the 2016 International Labour Conference.

The Department 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 June 2016.

The Department tabled two International Labour Organization documents in parliament: Amendments to the Code of the Maritime Labour Convention, 2006 on 13 October 2015; and Recommendation No. 204 concerning the Transition from the Informal to the Formal Economy on 3 May 2016. The amendments to the Maritime Labour Convention Code were supported by the Joint Standing Committee on Treaties in its December 2015 report.

Further information on the Department’s international engagement is available on pages 31–33 and 105.



The Australian Government at the International Labour Organization

Government delegates play an active role at International Labour Organization meetings, contributing an Australian perspective to the International Labour Organization's work and future 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 November 2015 the Department sent a representative to the informal consultations on decent work in global supply chains. The consultations involved government delegates from Asia, the Pacific and the Arab States and were held in preparation for the 2016 International Labour Conference.

Discussions at the November 2015 and March 2016 Governing Body meetings covered a range of issues. Topics of key interest to Australia included the labour market implications of the global refugee crisis, the reform of the International Labour Conference, the standards review mechanism, and complaints before the International Labour Organization concerning compliance with ratified conventions. Australia's representative chaired the development cooperation segment of both meetings.

Delegates also attended side meetings with International Labour Organization staff and participated in the Better Work donor meeting in March 2016.

The 2016 International Labour Conference in June hosted three main technical committees: the Committee on Decent Work in Global Supply Chains, the evaluation of the 2008 Declaration on Social Justice for a Fair Globalization, and the first discussion on the revision of the Employment (Transition from War to Peace) Recommendation, 1944 (No. 71).

The Committee on Decent Work in Global Supply Chains was chaired by Australia's representative to the International Labour Organization. After the collapse of the Rana Plaza building in 2013 and factory fires in Pakistan and Bangladesh in 2012, there was a renewed call for global action to achieve decent working conditions in global supply chains. The aim of the conference discussion was to gain a better understanding of the opportunities and challenges of global supply chains for decent work, in order to shape the International Labour Organization's work in this area.

Australia's representative to the International Labour Organization attended meetings throughout 2015–16, such as the informal consultations run by the Tripartite Consultative Group and a discussion with the International Labour Organization's Special Advisor on the Future of Work Centenary Initiative.

Workplace relations legal advice

During 2015–16, 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 matters.

Primary legislation

The Department supported the development and passage through parliament of legislation to implement the Government's workplace relations priorities.

The Department conducted industry consultations and provided advice to the Government on options for reforming the Road Safety Remuneration System. The consultations took place in April 2016 and included public meetings in 10 capital cities and regional centres, teleconferences and written comments. The Department supported the *Road Safety Remuneration Repeal Act 2016*, which was passed by both Houses of Parliament on 18 April 2016. It repealed the *Road Safety Remuneration Act 2012*, abolishing the Road Safety Remuneration Tribunal, and made consequential amendments to other statutes. The repeal took effect from 21 April 2016.

The Road Safety Remuneration Amendment (Protecting Owner Drivers) Bill 2016 was also introduced into parliament on 18 April 2016 to ensure that, if the Road Safety Remuneration Repeal Bill 2016 was not passed, the operation of the Contractor Driver Minimum Payments Order 2016 and any subsequent orders made by the Road Safety Remuneration Tribunal would be suspended until 1 January 2017.

The Department continued to provide advice and assistance to the Government on implementing its election commitment to improve the transparency and accountability of registered organisations. The Fair Work (Registered Organisations) Amendment Bill 2014 [No. 3] was introduced into the House of Representatives after prorogation on 18 April 2016. The Bill would have amended the Act to provide for higher penalties for breaches of civil penalty provisions and introduction of some criminal penalties, provide stricter reporting and disclosure obligations for registered organisations to align with those under the *Corporations Act 2001*, and establish an independent watchdog to ensure the stricter requirements were enforced. The second reading of the Bill was moved, but it was not debated before parliament was dissolved for the 2016 federal election.

The Bill was introduced in the same form as the Fair Work (Registered Organisations) Amendment Bill 2014 [No. 2] and the Fair Work (Registered Organisations) Amendment Bill 2014, both of which failed to pass the Senate. The rejection of these two previous Bills constituted a double-dissolution trigger under section 57 of the Constitution.

In February 2016 the Building and Construction Industry (Improving Productivity) Bill 2013 [No. 2] and the Building and Construction Industry (Consequential and Transitional Provisions) Bill 2013 [No. 2] were introduced into the House of Representatives. The Bills would have re-established the Australian Building and Construction Commission as the specialist workplace relations regulator for the building and construction industry and implemented a range of other industry-specific measures. The Bills were rejected by the Senate in April 2016. These Bills had been first introduced into the parliament in November 2013 and were rejected by the Senate in August 2015. The rejection of these Bills also constituted a double-dissolution trigger under section 57 of the Constitution.

The Department supported the passage of the *Fair Work Amendment Act 2015* through the parliament in November 2015. The Act amends the Fair Work Act to provide, among other things, a new optional process for negotiating greenfields agreements and new rules for paying interest on unclaimed monies held by the Commonwealth for underpaid workers. It also prohibits the 'strike first, talk later' approach to enterprise bargaining and requires that a request for extended unpaid parental leave must not be refused by an employer unless the employee has been given a reasonable opportunity to discuss the request.

The Fair Work Amendment (Remaining 2014 Measures) Bill 2015 was introduced into the House of Representatives in December 2015. The Bill would have amended the Fair Work Act to:

- provide that, on termination of employment, untaken annual leave is paid out as provided by the applicable industrial instrument
- provide that an employee cannot take or accrue leave under the Act during a period in which they are absent from work and receiving workers' compensation
- provide that there will not be a transfer of business when an employee becomes employed with an associate of their former employer after seeking that employment on their own initiative before the termination of their employment with the old employer
- change the requirements for flexibility terms in modern awards and enterprise agreements, and individual flexibility arrangements made under those terms, including requiring a statement by employees that an arrangement meets their genuine needs and leaves them better off overall
- change the right of entry framework by repealing amendments made by the *Fair Work Amendment Act 2013*
- provide that, subject to certain conditions, the Fair Work Commission is not required to hold a hearing or conduct a conference when determining whether to dismiss an unfair dismissal application.

The Bill was not debated before it lapsed at prorogation in April 2016.

Legislative changes for Norfolk Island

The Department developed primary and subordinate legislation to extend Commonwealth workplace relations laws to Norfolk Island from 1 July 2016.

The *Territories Legislation Amendment Act 2016* extends the *Fair Work Act 2009*, *Fair Entitlements Guarantee Act 2012* and *Independent Contractors Act 2006* to Norfolk Island on 1 July 2016. It also inserts rule-making powers, enabling the Minister for Employment to modify, by legislative instrument, the relevant legislative scheme in relation to Norfolk Island from 1 July 2016.

The Fair Work (Norfolk Island) Rule 2016 modifies the Fair Work Act and the Fair Work Regulations 2009 in relation to Norfolk Island from 1 July 2016. Transitional arrangements include delaying the application of modern awards until 1 July 2018, deeming the minimum wage for award- or agreement-free Norfolk Island employees to be 85 per cent of the relevant national wage for one year from 1 July 2016, and preserving accrued employee entitlements.

The Fair Entitlements (Norfolk Island) Rule 2016 modifies the Fair Entitlements Guarantee Act and the Fair Entitlements Guarantee Regulations 2012 to ensure that eligible Norfolk Island employees and textile, clothing and footwear outworkers can access the Fair Entitlements Guarantee scheme from 1 July 2016.

The Norfolk Island Continued Laws Amendment (2016 Measures No. 2) Ordinance 2016 modifies and repeals parts of the Norfolk Island employment law framework from 1 July 2016.

The Norfolk Island Applied Laws Ordinance 2016 and the Norfolk Island Applied Laws Amendment (Long Service Leave) Rule 2016 extend with modifications the *New South Wales Long Service Leave Act 1955* on 1 July 2016, while preserving any pre-existing long service leave entitlements.



Departmental consultation with Norfolk Islanders was vital to understand the impact of reforms on the community and businesses, and identify labour market issues relevant to the establishment of employment services. Workplace relations employees addressed concerns that the reforms would harm the economy.

Between June 2015 and June 2016, the Department provided information about Australian Government services and programs to assist the community to understand the reforms. Information sessions on workplace relations policies and employment services programs, as well as one-on-one interviews with local business owners and the community, helped this process.

Regulations

The Department developed and streamlined regulations to give effect to the Government's workplace relations priorities. The following regulatory improvements were made during 2015–16:

- The Fair Work (Building Industry—Accreditation Scheme) Regulation 2016 repeals and replaces the Fair Work (Building Industry—Accreditation Scheme) Regulations 2005, which were due to sunset on 1 April 2016 in accordance with the *Legislation Act 2003*. The Regulation prescribes the accreditation scheme for persons who wish to carry out Commonwealth-funded building work for the purposes of section 35 of the *Fair Work (Building Industry) Act 2012*.
- The Fair Work (Building Industry) Regulation 2015 repeals and replaces the Fair Work (Building Industry) Regulations 2005, which were due to sunset on 1 October 2015 in accordance with the *Legislation Act*. The Regulation prescribes matters that support the operation of the Fair Work (Building Industry) Act.
- The Building Code (Fitness for Work/Alcohol and Other Drugs in the Workplace) Amendment Instrument 2015 amends the Building Code 2013 to require a building contractor or building industry participant's work health and safety and rehabilitation management system, and in some cases the management plan, to show the way in which drug and alcohol issues in the workplace will be managed. This will ensure that no person performs building work on site while under the influence of alcohol or other drugs.
- The Safety, Rehabilitation and Compensation Amendment (Entities and Other Measures) Regulation 2016 was made in May 2016 and is due to commence on 1 July 2016. This Regulation will remove ComSuper and the Alligator Rivers Region Research Institute (also known as the Environment Research Institute of the Supervising Scientist) from the list of prescribed entities, and make consequential amendments to update references to the *Public Governance, Performance and Accountability Act 2013* in the Safety, Rehabilitation and Compensation Regulations 2002.

Workers' compensation and workplace safety

Workers' compensation policy

The Department led a cross-agency working group that aimed to improve the operation of the Comcare workers' compensation scheme through non-legislative measures. Agencies trialled a variety of initiatives, including focusing on reducing the time it takes for an employee to return to work after an injury, mandatory work health and safety training, and healthy workplaces. The initiatives were successful and the Department is now working with other agencies to share information on these approaches.

The Department developed a legislative framework to manage the exit of Commonwealth authorities from the Comcare scheme and ensure that their workers' compensation liabilities are fully funded by premiums. The *Safety, Rehabilitation and Compensation Legislation Amendment (Exit Arrangements) Act 2016* received royal assent on 10 February 2016. These amendments to the *Safety, Rehabilitation and Compensation Act 1988* enable Comcare to determine and collect exit and regulatory contributions from former Commonwealth authorities and their successors. The amendments also ensure employees injured before the employer's exit continue to be supported by a rehabilitation authority.

Workplace safety policy

The Department provided policy and legal advice to support amendments to the Building Code 2013 that promote higher workplace safety standards. See page 55 for further information.

The Department conducted a review of Safe Work Australia's ongoing role and functions, as required under the *Safe Work Australia Act 2008*. The review included targeted consultation with stakeholders in February and March 2016.

Office of the Federal Safety Commissioner

The Office of the Federal Safety Commissioner administers the Australian Government Building and Construction WHS Accreditation Scheme and works closely with government agencies and industry to ensure effective implementation of the health and safety requirements of the Fair Work (Building Industry) Act.

The scheme, which has operated since 2005, aims to establish best practice in the health and safety systems and practices of building companies that wish to undertake Commonwealth-funded building work. As at 30 June 2016, 391 companies were accredited under the scheme. The Office of the Federal Safety Commissioner had been notified of 1,468 directly and indirectly funded contracts for building work covered by the scheme with a combined value of \$87.35 billion.

The scheme continues to be effective in improving work health and safety on construction worksites. In 2015–16, 95 per cent of accredited companies reported that the scheme had contributed to improving overall safety in the building and construction industry. More than 80 per cent stated that the scheme had improved safety practices in their own companies. Evidence shows that most companies have significantly lower injury rates and workers' compensation premiums within three years of becoming accredited.

The industry has responded positively to the changes during 2015–16 that improve efficiency and reduce red tape for stakeholders, with 91 per cent of accredited companies indicating that the scheme represents value for money. The changes include the introduction of a risk-based compliance model and enhancements to FSC Online to allow online submission of accreditation applications and reports, along with improved guidance material and direct support.

During 2015–16, the Office of the Federal Safety Commissioner held five roadshows across Australia to promote safer workplaces and provide technical assistance to help companies achieve and maintain the safety standards required for accreditation. One hundred per cent of participants found the events to be informative.



In 2015–16, 96 per cent of accredited companies were satisfied with the service provided by the Office of the Federal Safety Commissioner, and more than 98 per cent thought the Federal Safety Officers were professional and knowledgeable.

The Government reaffirmed its commitment to the Office of the Federal Safety Commissioner and the scheme by reissuing the scheme regulations with effect from March 2016.

The Office of the Federal Safety Commissioner is committed to best practice regulatory standards under the Government's Regulator Performance Framework, and will publish its 2015–16 report in late 2016.

Outlook for Outcome 2

The Department will be looking ahead to future policy, such as assisting the Government with policy work relating to the Productivity Commission inquiry into the workplace relations framework and the final report of the Royal Commission into Trade Union Governance and Corruption.

The Department will also be looking ahead to future policy as it co-manages Australia's funding of the International Labour Organization Better Work program with the Department of Foreign Affairs and Trade and considers the possible ratification of the International Labour Organization's Protocol of 2014 to the Forced Labour Convention 1930 (P029). The Department worked collaboratively with other government agencies to support and provide policy advice to the Ministerial Working Group.

The Department—in consultation with Comcare, other Australian Government agencies, and state and territory governments—will contribute to the development of national approaches to work health and safety and workers' compensation regulation. The Department will also continue to represent the Government at Safe Work Australia and the Safety, Rehabilitation and Compensation Commission.

The Department will continue to provide legal and policy advice on the workplace relations system and related matters and support the consideration of legislation before parliament. This will include providing policy advice to help ensure a fair, lawful and safe building industry and to strengthen protections for vulnerable visa holders.

The Department will continue to provide financial assistance to retrenched workers under the Fair Entitlements Guarantee, including developing response strategies in periods of peak demand (for example, a significant corporate collapse or industry transition).


In 2016–17 the Department will continue the trial of the Fair Entitlements Guarantee Recovery Programme. Recovery actions under the program aim to increase the amount available for distribution following the liquidation of employers and reduce the overall cost of the scheme.

The Office of the Federal Safety Commissioner will continue to assist more businesses to achieve and maintain the high accreditation safety standards and will work closely with the construction industry on broader safety issues across the sector.

The Department will work with Seacare scheme stakeholders to provide long-term certainty to the maritime industry about the coverage of the Seacare scheme and to improve the scheme's workers' compensation and work health and safety arrangements.

The Department will continue to monitor labour market conditions and work collaboratively with other agencies to provide policy advice to the Government on reviews of migration programs and the migration framework. The Department will also work with other government agencies to ensure a fair workplace relations system with a focus on temporary visa holders with a work right.

Collaboration in South Australia ensures a smooth transition for retrenched workers



In South Australia, the state network is collaborating with a range of stakeholders, including other Australian Government agencies, the state government, Holden and its suppliers and jobactive providers to ensure a smooth transition for workers who are retrenched across the automotive sector. The closure of Holden in late 2017 will have a significant impact on automotive workers in South Australia and on component manufacturing companies across Australia.

The Department's Adelaide office has been providing information and support to workers since the Automotive Industry Structural Adjustment Programme started in 2008. New support programs for workers have been developed across all levels of government, and it has been important that everyone is aware of the support available.

The Department is one of many agencies delivering information to companies and workers, which means that workers receive a lot of information about different supports they can access, often in a very short space of time.

By collaborating with key state and federal government agencies, the Department is now at the table with companies as they plan their exit strategies. Rather than delivering individual presentations from all interested parties, we are now delivering streamlined information that encompasses all the support available at the federal and state levels.

The messaging has been simplified and includes frequently asked questions that encompass information from across government. A follow-up is undertaken a week after the presentation to ensure that questions and concerns are addressed quickly. This approach enables workers to access information all in one space and start the process before they have received their retrenchment notice.

As a result of this collaborative approach, the Department is better able to inform jobactive providers about pending retrenchments in their regions so they can prepare for what can be quite significant numbers of job seekers. Early intervention is the key to helping workers transition to new and emerging career sectors.



WORKING ACROSS OUR DEPARTMENT

The Economic Strategy group works to facilitate exchange and collaboration across the Department. It develops evidence-based strategies that promote the economic participation of people, particularly those at risk of disadvantage, and help position the Department to influence policy development across government.

Data management strategy

With the assistance of external consultants, the Department is developing a data management strategy to assess its readiness to implement the Australian Government Public Sector Data Management Agenda. The strategy will provide us with a systematic approach to fulfilling our commitment to improved data management and data sharing.

To assist in meeting the challenges and seizing the opportunities presented by the Public Sector Data Management Agenda, the Department appointed a Data Champion. The Data Champion is a central voice for promoting and encouraging better use of the data collected and generated by the Department for policy development and public administration. Part of the role is to work with other agencies' Data Champions and the Department of the Prime Minister and Cabinet towards achieving the goal of making better use of public data to improve service delivery, develop a more effective government approach, and drive the digital economy.

The Future of Work project

The Department initiated the Future of Work project in 2015–16 to promote long-term policy development and thought leadership on the future of work.

A variety of far-reaching changes are starting to affect the Australian labour market and economy. These changes include globalisation, demographic and social change, rapid technological advancements and the development of new business and employment models. They are shaping the jobs of tomorrow.

These changes are offering immense opportunities, along with some uncertainties and challenges. The Future of Work project is developing future-focused strategies that encourage economic growth and enable organisations to thrive in this rapidly changing environment. This includes investigating emerging opportunities and using new technology and innovation to deliver better results.

The project has trialled innovative approaches to promote internal engagement across the Department. The Future of Work Virtual Working Group helps to ensure that the project captures the wide variety of staff experience and expertise. Around 70 employees from across the Department have participated in the Virtual Working Group. The group's monthly meetings are stimulating debate and capturing a broad range of policy perspectives.

Collectively building future-focused strategies in a consistent and comprehensive way will allow Australian people, communities and businesses to make the most of new opportunities as they arise and allow government to effectively manage transitions.

The Department partnered with ANZ, Boston Consulting, the Australian Computer Society and the Commonwealth Scientific and Industrial Research Organisation to publish *Tomorrow's digitally enabled workforce*. This report looks at megatrends and scenarios for the Australian labour market to 2035, and can be accessed online at <http://data61.csiro.au/Our-expertise/Expertise-Strategic-insight/Tomorrows-Digitally-Enabled-Workforce>.

Future of Work Champions

The Department established a senior executive-level inter-departmental committee, the Future of Work Champions. Coordination and collaboration across government agencies is important for navigating the major disruption and transformations in the Australian economy and community that are expected to shape the future of work.

The Future of Work Champions have met three times and attracted a high level of interest from participating departments. Discussions have focused on issues including opportunities for job creation, managing transitions and disruptions across the economy, how policy shapes and responds to the changing nature of work, and building government capability.

The Future of Work Champions will build a knowledge base across government, address data gaps and support policy development.

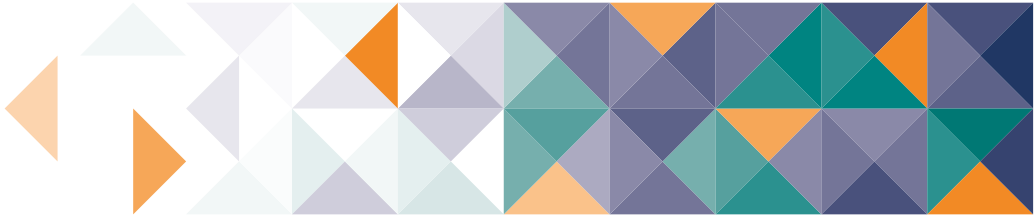
Behavioural economics

Behavioural economics helps the Department realise its objective of supporting Australians in finding and keeping employment in safe, fair and productive workplaces. A realistic understanding of the behaviours and decision making of job seekers and employers is vital to our work. Behavioural economics can help identify and address otherwise hidden psychological obstacles that might affect the choices of job seekers, employers, service providers and employees. This is important for the Department because effective service delivery depends on well-functioning relationships with diverse stakeholders.

During 2015–16 we continued to develop our capability in using behavioural economics approaches to support policy and program design and implementation. This included engaging employees in workshops and discussions and facilitating tailored discussion services with business areas.

As a result, we are applying behavioural economics interventions to a number of portfolio policies and programs such as wage subsidies and online job search. These interventions will be evaluated using robust techniques such as randomised controlled trials, which are considered the gold standard for measuring an intervention's impact.





ANNUAL PERFORMANCE STATEMENT



I, as the accountable authority of the Department of Employment, present the 2015–16 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 PURPOSE

More Jobs. Great Workplaces.

Our role 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 and safe workplaces. We are the primary source of policy advice to government on workplace relations and employment. By providing sound policy advice to create jobs, help job seekers into work and encourage great workplaces, we foster stronger economic growth, building Australia's participation and productivity.

OUTCOME 1 RESULTS

Indicators and targets for Outcome 1 are set out in the Employment Portfolio Budget Statements 2015–16, pages 32 and 33, and on page 9 of the 2015–16 Department of Employment Corporate Plan. Further information and analysis on our performance is detailed in the ‘Our Performance’ chapter, starting on page 9.

Objective 1—Help job seekers find and keep a job

Table 3 Results for objective 1

Indicator	Target	Result
Count of job placements	380,000 overall 38,000 Indigenous	346,324 overall 28,443 Indigenous
Proportion of job placements sustained to four weeks	68%	56.8% overall 50.2% Indigenous
Proportion of job placements sustained to 12 weeks	44%	48.3% overall 40.3% Indigenous
Proportion of job placements sustained to 26 weeks	24%	31.6% overall 24.8% Indigenous
Proportion of job seekers employed three months following participation in jobactive	45% overall	47.3% overall
– Stream A	55%	56.6%
– Stream B	35%	39.5%
– Stream C	25%	25.5%

Analysis

Jobs growth was impacted by the subdued labour market, which continued to limit the number of job opportunities in 2015–16—the first year of the jobactive program; 91 per cent of the job placement target was achieved.

The Indigenous job placement indicator introduced in 2015–16 as part of the Department’s commitment to the Closing the Gap initiative achieved 75 per cent of the target of 38,000. The result is indicative of the challenges in achieving parity in employment between Indigenous Australians and other Australians.



Objective 2—Help job seekers move from welfare to work

Table 4 Results for objective 2

Indicator	Target	Result
Proportion of job seekers moving off income support, or with significantly reduced reliance on income support, six months following participation in jobactive	40%	43.0%

Analysis

In 2015–16 the sustainability of job placements exceeded the target, which indicates jobactive is assisting job seekers to move off income support and become more self-reliant.

Objective 3—Help job seekers meet their mutual obligations

Table 5 Results for objective 3

Indicator	Target	Result
Proportion of Work for the Dole participants who report increased motivation to find a job	75%	73.8%
Proportion of jobactive appointments attended (appointments for activity-tested job seekers, excluding appointments where the job seeker had a valid reason for not attending)	90%	71.4%
Proportion of job seekers (with mutual obligation requirements) who are actively looking for work	95%	94%

Analysis

In 2015–16 the proportion of jobactive appointments attended was affected by the transition from Job Services Australia to jobactive. The attendance rate increased during the year as the Department worked with providers on strategies to increase job seeker attendance and increase the use of the compliance framework.

In 2015–16 the proportion of job seekers actively looking for work was almost met. Over the long term the target is expected to be met.



Objective 4—jobactive organisations deliver quality services

Table 6 Results for objective 4

Indicator	Target	Result
Proportion of employers satisfied with the assistance provided by a jobactive organisation	80%	84%
Proportion of jobactive organisations that meet the service delivery requirements	80%	91%

Analysis

In 2015–16, 91 per cent of jobactive organisations met the service delivery quality requirements that were assessed.

Overall program summary

Table 7 Results for overall program summary

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

¹ The Department is unable to report against this measure in 2015–16. The measure relies on 12 months of data from the Post-Program Monitoring survey, which will not be available until late 2016.

Outcome 1 departmental outputs

Table 8 Results for Outcome 1 departmental outputs

Indicator	Target	Result
Level of satisfaction of service providers with contracted information and support	80%	71.8%

Analysis

Information on the level of satisfaction of service providers with contracted information and support was collected through the 2016 jobactive provider survey. While the result of 71.8 per cent is lower than the target of 80 per cent, it is not unexpected given that jobactive is a new program.

OUTCOME 2 RESULTS

Indicators and targets for Outcome 2 are set out in the Employment Portfolio Budget Statements 2015–16, pages 40–43, and on pages 12–13 of the 2015–16 Department of Employment Corporate Plan. Further information and analysis on our performance is detailed in the ‘Our Performance’ chapter, starting on page 44.

Objective 1—The promotion of fair workplaces by ensuring the protection of employee entitlements in certain circumstances

Table 9 Results for objective 1

Indicator	Target	Result
Fair Entitlements Guarantee—timeliness of processing claims:		
– Percentage of claims processed within 16 weeks of receipt of an effective claim	80%	90%
– Average processing time for all claims	14 weeks	10.4 weeks
Fair Entitlements Guarantee—accuracy	Less than 5% of claim decisions are incorrect	1.5%
Fair Entitlements Guarantee—stakeholder satisfaction:		
– Proportion of claimants satisfied with the Department’s administration of the Fair Entitlements Guarantee	80%	78.9%
– Proportion of insolvency practitioners satisfied with the Department’s administration of the Fair Entitlements Guarantee	80%	93.7%
Building code—timeliness of departmental responses to client requests for assessment of industrial instruments against the code and guidelines	95% completed within 10 working days	99% completed within 10 working days
Australian Government Building and Construction WHS Accreditation Scheme—level of satisfaction of clients with the provision of advice, information, education and promotion of safer workplaces on Australian Government construction sites by the Office of the Federal Safety Commissioner	Effective or above	Effective
Australian Government Building and Construction WHS Accreditation Scheme—timeliness of responding to initial applications for accreditation	90% of accreditation applications assessed and contact made within 10 working days	90%



Analysis

The proportion of Fair Entitlements Guarantee claims processed within 16 weeks increased from 44.6 per cent in 2014–15 to 90 per cent in 2015–16, with an average processing time of 10.4 weeks. The increase is primarily due to efficiencies gained through a range of business process improvements.

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. From 2016–17 it is intended to expand the scope of analysis for this measurement to include all Fair Entitlements Guarantee claim decisions.

The satisfaction of claimants with the Department's administration of the Fair Entitlements Guarantee is a new key performance indicator for 2015–16. Overall claimant satisfaction is highly correlated with the extent to which payments made under the program match claimants' expectations:

- 96.2 per cent of claimants who received all payments they anticipated were satisfied
- 73.9 per cent of claimants who received some of the payments they were anticipating were satisfied
- 16.1 per cent of claimants who received no payment (for example, because they did not meet eligibility conditions) were satisfied
- 88.2 per cent of claimants reported they were satisfied on aggregate measures relating to service quality.

The proportion of insolvency practitioners satisfied with the Department's administration of the Fair Entitlements Guarantee in 2015–16 improved from 86.5 per cent in 2014–15 to 93.7 per cent in 2015–16. This increase in satisfaction coincides with significant reductions in processing time stemming from the Department's business process improvements.

In 2015–16, the Department exceeded the performance estimate for the timeliness of departmental responses to client requests for assessment of industrial instruments against the Building Code 2013 and guidelines. Following a direction made by the Minister for Employment in May 2016, the Department facilitated the transfer of responsibility for assessing industrial instruments against the Building Code 2013 to Fair Work Building and Construction, consistent with its functions under the *Fair Work (Building Industry) Act 2012*.

In 2015–16, the Office of the Federal Safety Commissioner had a positive impact on the safety of building and construction sites. The level of satisfaction of building and construction companies further improved with the introduction of streamlined administrative processes and enhanced support, guidance material and communication activities. In an anonymous survey of all accredited companies in 2015–16, 96 per cent said they were satisfied with the service provided, and 95 per cent said that the Office of the Federal Safety Commissioner had contributed to improving safety in the building and construction industry.

In 2015–16, there continued to be a strong focus on timely and effective engagement with building companies after submission of initial accreditation applications.



Objective 2—To contribute to the productivity agenda by ensuring the operation of the workplace relations system through initiatives designed to encourage employers and employees to adopt flexible and modern workplace relations

Table 10 Results for objective 2

Indicator	Target ¹	Result
The national workplace relations system supports improved productivity outcomes	– Productivity growth as measured by output per hour worked in the market sector (annual, trend terms)	2.3% as at the June quarter 2016
	– ABS wage price index (annual, seasonal adjusted terms)	2.1% as at the June quarter 2016
Incidence of industrial action (allowing for variations in the bargaining cycle)	Working days lost per thousand employees	9.5 as at the June quarter 2016
Enterprise bargaining is used by employers and employees to negotiate pay and conditions	Number of enterprise agreements under the <i>Fair Work Act 2009</i> that have not passed their nominal expiry date	14,461 as at 30 June 2016, covering an estimated 2.17 million employees

ABS = Australian Bureau of Statistics.

¹ There are no pre-determined targets for objective 2 as the indicators are used 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 good policy advice, and shapes the way we deliver our programs.

Analysis

Australian Bureau of Statistics data shows that productivity growth increased, from 1.3 per cent over the year to the June quarter 2015, to 2.3 per cent over the year to the June quarter 2016. This was the result of market sector gross value increasing by 3.0 per cent over the year to the June quarter 2016, while hours worked increased by 0.6 per cent over the same period.

Latest available data shows that growth in the wage price index fell, from 2.3 per cent over the year to the June quarter 2015, to 2.1 per cent over the year to the June quarter 2016.

Australian Bureau of Statistics data shows that the rate of industrial disputes for the June quarter 2016 increased to 9.5 working days lost per thousand employees, compared to 7.3 working days lost per thousand employees in the June quarter 2015. Despite the rise, the rate of industrial disputes remains at near historical lows.

The Department maintains a workplace agreement database, which contains information on all known federal enterprise agreements in operation since the introduction of the Enterprise Bargaining Principle in October 1991. Analysis of the database indicates a fall in the number and coverage of enterprise agreements from 16,367 agreements covering 2.42 million employees as at 30 June 2015 to 14,461 agreements covering 2.17 million employees as at 30 June 2016. The fall in the number of employees covered by agreements is primarily due to the expiry of some large agreements in the retail sector.

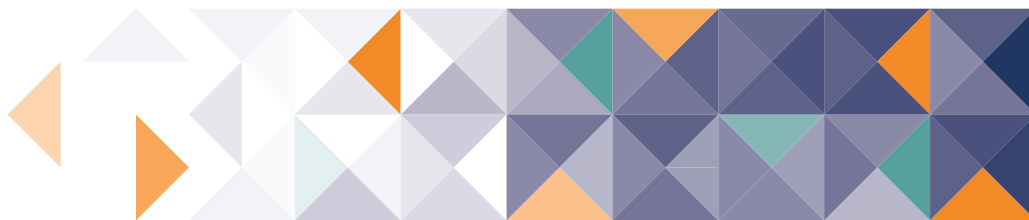
ANALYSIS OF PERFORMANCE AGAINST OUR PURPOSE

During 2015–16 the Department largely delivered against its purpose.

Australia's current labour market is reasonably productive and competitive, as evidenced by the fact that Australia had the equal-14th highest level of labour productivity in 2015 among the 66 countries for which comparable data are available. Our policies and programs, together with the labour market, educational and training programs of other Australian Government agencies, have helped stabilise the average duration of unemployment per labour force member, which has been on an upward trend since the global financial crisis.

While Outcome 2 indicators are also influenced by the macro-economic environment, productivity in the workplace is supported by the Department's provision of policy advice that assists employer and employee bargaining. The latest available data shows that productivity increased by 1.4 per cent over the year to the March quarter 2016 and the rate of industrial disputation remained low. The Department provided timely assistance to redundant employees left with unpaid employee entitlements in 2016, with 14,337 employees receiving valuable access to their entitlements—after employer bankruptcy or liquidation—through the Fair Entitlements Guarantee program. Workplace safety is increasing; administering the Australian Government Building and Construction WHS Accreditation Scheme resulted in safer building and construction sites. The Department completed 99 per cent of client requests for assessment of industrial instruments against the Building Code within 10 working days, exceeding the target of 95 per cent.





OUR CAPABILITY AND ACCOUNTABILITY

The engagement and capability of our people in working with stakeholders internal and external to the Department remain the key drivers of our performance.

An independent capability review facilitated by the Australian Public Service Commission in 2015 showed that the Department has strong organisational capability and a proven record of delivering good outcomes for the community. The review also identified some key opportunities for improvement which the Department is working towards. In 2015–16 the Department initiated a project that aims to position the Department's capability for the future. The project seeks to bring cohesion and shared vision to our efforts, supporting initiatives to work towards a common goal and proactively engage our employees.

Improving our capability

The Department undertook a voluntary capability review in 2015, providing us with a unique chance to define our actual and desired capability and identify opportunities for improvement.

The final report was highly complimentary of many areas of the Department, and raised no serious concerns about our ability to deliver on current and future priorities. It did, however, identify key themes for our future improvement: engaging stakeholders in strategic discussions while demonstrating agility in leading policy thinking; developing a greater understanding and appreciation of customer needs; innovating and developing creative solutions in a challenging labour market; and creating a workforce that combines acknowledged delivery capability with a focus on long-term strategic outcomes.

The Department's response, with the theme of 'Putting thought leadership into action', provides an opportunity to define our shared aspirations for the future. We are strengthening our organisational capability, experimenting with new ways of working together and identifying opportunities to better do our work. Employee workshops, collaborative processes and new approaches such as user-centred design will enable the Department to mature into its future state.

GOVERNANCE

The Department's governance framework is designed to ensure the efficient, effective and ethical use of our resources in accordance with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The PGPA Act establishes a coherent system of governance and accountability, with an emphasis on planning, performance and reporting.

During 2015–16 we continued to implement the requirements of the PGPA Act, while also ensuring the structures and procedures were in place to help our people understand the governance fundamentals of performance, transparency, integrity and collaboration. Our governance framework ensures we are planning strategically at each level of the Department, managing and defining our appetite for risk, and regularly monitoring our performance.

Executive Meeting

At the highest level of our governance structure sits the Executive Meeting, which supports the Secretary in making key decisions for the Department. The focus of the Executive Meeting is the delivery of outcomes, collective decision making and significant operational matters. The Executive Meeting convenes weekly and consists of the Secretary, Deputy Secretaries and the two corporate Group Managers (Group Manager, Finance, Legal and Governance, and Group Manager, People and Communication).

Committees

Our governance committees, that all report to the Executive Meeting, play an important role in the functioning of the Department by overseeing reporting processes, facilitating decision making and providing a forum for discussion. Our governance committees are:

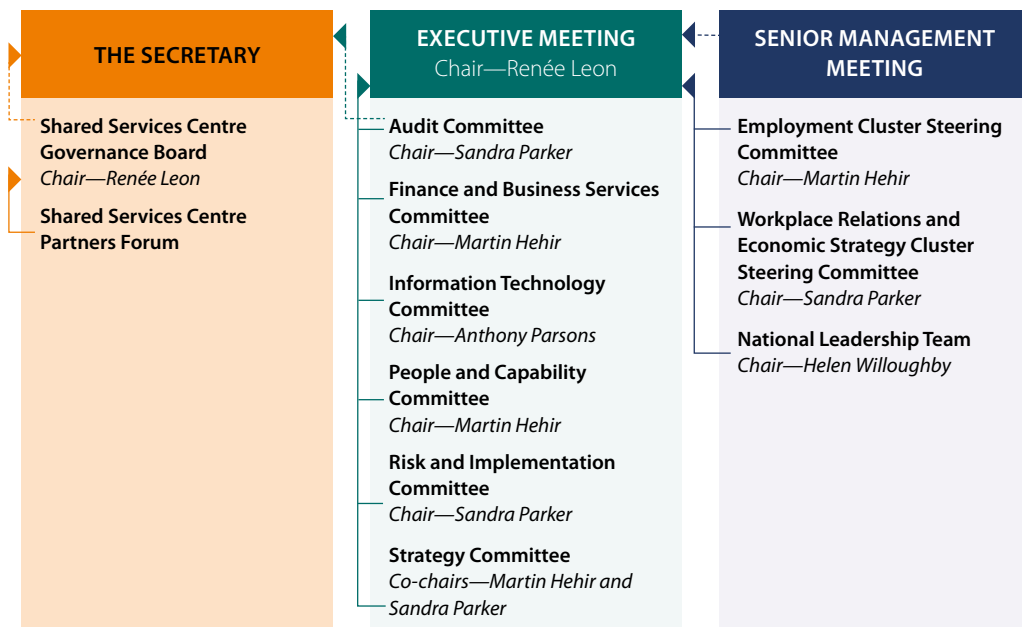
- Audit—assists the Department to comply with its PGPA Act obligations and provides a forum for communication between the Secretary, senior managers and the Department's internal and external auditors (see page 79)
- Finance and Business Services—considers and oversees business improvement practices and the use of resources and procedures to ensure the Department meets its business goals (see page 73)
- Information Technology—considers and oversees the management and use of information technology to enable the Department to meet its program and corporate objectives (see page 74)
- People and Capability—considers and oversees the management of the Department's people and organisational strategies and assists the Department to comply with its work health and safety duties and obligations (see page 81)
- Risk and Implementation—considers and oversees the management of risks to the Department's business delivery and provides strategic oversight of the implementation of government initiatives (see page 78)
- Strategy—provides a forum for discussing strategic issues and opportunities, and promotes the availability of data and insights to enhance Department-wide strategic thinking (see pages 75).

The Audit Committee meets quarterly and each of the other committees meets 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 meet bi-monthly to share ideas and foster a culture of continuous improvement.

The Department's operational committees consist of leadership forums for the state network (National Leadership Team) and for each cluster (Employment Cluster, and Workplace Relations and Economic Strategy Cluster). They have been convened to promote principles of good governance across all levels of the Department. The Senior Management Meeting meets weekly and consists of the Executive and all Group Managers. The Senior Management Meeting provides a shared management perspective on strategic and operational issues.

The Secretary is also chair of the Shared Services Centre Governance Board (see page 98 for more on the board).

Figure 10 Governance committee structure



Planning for performance

Our performance framework provides a foundation of accountability and transparency. Our effective planning guides the way forward to ensure we can achieve our outcomes.

Strategic Plan 2014–2017

Our strategic plan describes our vision, culture and values, and how we will work together to achieve the Government's goals. It reflects the Government's priorities to create jobs, help job seekers into work and foster great workplaces to build Australia's workforce participation and productivity.

The plan reinforces that:

- having a job provides financial security to ensure choice in housing, education and health, and can also enhance self-esteem, social skills and self-confidence
- a great workplace is a productive workplace where people contribute to the best of their ability and skills, and are able to do their jobs safely.

Our four core strategic pillars are set out in the plan:

- delivery—we deliver on the Government’s agenda and its priorities
- forward-looking—we strive to be innovative in everything we do, identifying risks, emerging trends and opportunities
- collaboration—we build and maintain meaningful relationships across the public service and our non-public service partners
- people—an engaged and capable workforce is at the core of our business and our ability to support the Government, our Minister and the community.



The plan highlights our commitment to the Australian Public Service (APS) Values, which require us to be impartial, committed to service, accountable, respectful and ethical.

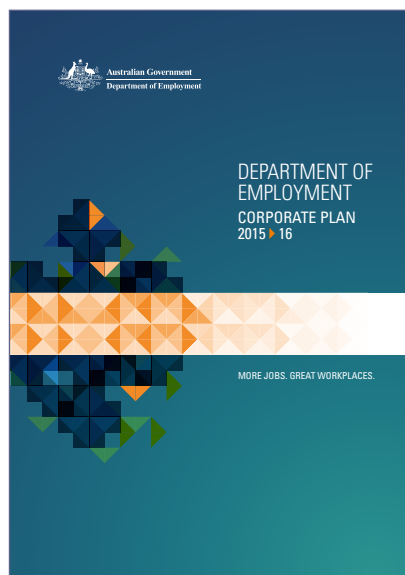
Our strategic plan is our highest level strategic document and flows through all departmental planning, including our corporate planning and business planning processes. It also forms the basis of our strategies and governance policy frameworks. The plan will expire in 2017. Planning is underway for a review and refresh to outline our strategic approach for 2017–18 and beyond.


Corporate plan

We published our first corporate plan in August 2015, fulfilling a core requirement under the PGPA Act and providing a framework for achieving our purpose. The corporate plan aligns with the performance information published in our Portfolio Budget Statements, and is our overarching performance document. It outlines the goals of our activities and the resources and approaches we will use to achieve our purpose.

The plan was developed in consultation with areas from across the Department and drew on existing internal and external publications. In 2015, we formed a working group with our portfolio entities to collaborate and share ideas and lessons learned from the first round of corporate plans. The working group continues to meet regularly on all aspects of the PGPA Act performance framework, including annual performance statements and the 2016–17 corporate plans.

Our results against the performance criteria in our 2015–16 corporate plan and Portfolio Budget Statements are set out in the annual performance statement on pages 61 to 68. Collaboration to develop the 2016–17 corporate plan has begun across the Department.





Finance and Business Services Committee

The Finance and Business Services Committee oversees the effective use of money and resources and the Department's strategies for meeting its business goals. The committee considers opportunities to drive business efficiencies and support innovation, organisational capability and the implementation of the PGPA Act, including communication on accountability, financial management and reporting.

The committee is chaired by Deputy Secretary Martin Hehir and members include a state manager and group, branch and team managers from across the Department. The committee met five times during 2015–16. To refine its scope and purpose, and identify opportunities to add further value to the Department, the committee held an additional planning session.

The committee understands the value of broader employee engagement in driving key departmental initiatives. With this in mind, the committee has been creating a finance strategy to articulate the principles for financial resourcing and promote a positive financial management culture across the Department. In drafting the strategy, committee members have engaged with employees across the Department to seek feedback on current knowledge and capability. Determining what training or support is required will assist all employees to be aware of and meet their financial responsibilities.

In 2016–17 the committee will also work to develop a business performance framework to help the Department better achieve its objectives.

Business planning

We develop business plans in each area of the Department, giving our people 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 in our people.

The business plan template is streamlined to focus on the four core values in our strategic plan and is integrated with other corporate activities, inspiring 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 as individuals and build our culture
- identify activities that further our commitment to reconciliation, reinforcing that Indigenous business is our business.

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

IT Strategic Plan 2014–2017

The IT Strategic Plan 2014–2017, launched in February 2015, guides our information technology direction and efforts and supports our vision of more jobs and great workplaces. The IT strategic plan 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.

An operational governance meeting, Project Review, reviews the progress, key issues and change management of each of the Department's IT investment projects. Open discussion on investment projects, including those with issues hindering their success, ensures that the process remains accountable and transparent.

The IT Strategic Plan 2014–2017, launched in February 2015, guides our information technology direction and efforts and supports our vision of more jobs and great workplaces.



Information Technology Committee

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

A steering committee manages the IT investment portfolio and services, and supports the Information Technology Committee in delivering the strategy and work program, including risk management.

Evaluation, Research and Evidence Framework 2015–2020

Our Evaluation, Research and Evidence Framework 2015–2020 sets out a forward plan to strengthen our evidence base and help us deliver on our priorities. Key achievements in 2015–16 under the framework included:

- producing a publication protocol to structure the way research and evaluation work will be made publicly available under the framework
- publishing a report on the 2014–15 evaluation of the Work for the Dole program

- undertaking a stocktake of departmental data and identifying data that is suitable for public release on www.data.gov.au
- establishing a forward research agenda to ensure the Department's goals for the short, medium and longer term are underpinned by reliable evidence that aligns with the strategic goals and priorities of the Department and the Government
- establishing the Research and Evaluation Services Panel, a 10-year, refreshable panel to support the research and evaluation work of the Department and other federal, state and territory government agencies
- collaborating with external consultants and the Australian National University to anonymise, prepare and store data from the Stepping Stones Longitudinal Survey project with the Australian Data Archives to facilitate public access.

In 2016–17, work will continue on the use of our evidence base to influence the forward thinking around our new programs, policies and practices.

Strategy Committee

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

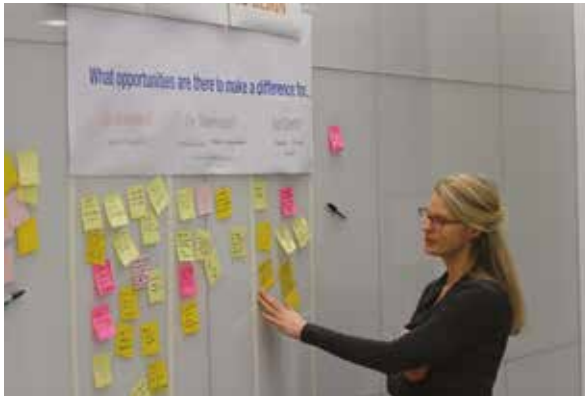
Co-chaired by Deputy Secretaries Martin Hehir and Sandra Parker, the committee consists of representatives from a range of business areas in the Employment and Workplace Relations and Economic Strategy clusters, which fosters strategic linkages across the Department.

During 2015–16 the committee endorsed a number of strategic policies including the Evaluation, Research and Evidence Framework 2015–2020, the 2015–16 research agenda, the behavioural economics strategy, the Innovation Framework 2015–16 and the agenda for the Future of Work project. The committee has also considered a broad range of strategic policy papers on topics including women's workforce participation, youth unemployment, tax reform, occupational segregation and the management of the data and evidence held by the Department within the context of the Government's public sector data agenda.

Innovation Framework 2015–16

The Department connects innovative people, ideas and resources to achieve our vision of more jobs and great workplaces. In the Department, innovation means putting ideas into practice to add value for our people, stakeholders and clients.

The Innovation Framework 2015–16 was designed with staff during Innovation Month in July 2015. It sets the expectation that our people and leaders take action to generate ideas and move good ideas forward to implementation.



Employees contributed ideas to develop the innovation framework

Under the framework, we have taken action across five key areas: idea-generation campaigns; collaborative leadership and innovative governance; connecting people and resources; productive work environment and innovation tools; and incentives, recognition and celebration. We have also begun trialling behavioural economics interventions and user-centred design approaches to improve our policies and services for citizens. The framework will be reviewed and refreshed for 2016–17 as our priorities evolve and change and our innovation culture matures.

REGULATORY REFORM

The Government is progressing reforms to reduce unnecessary regulation and increase competitiveness. In September 2015, the Government announced the strengthened Regulatory Reform Agenda, which aims to reduce the cost of complying with government regulations and introduce more complex reforms to improve productivity, innovation and growth.

Employment portfolio agencies and the Department have continued to make substantial inroads on reducing the regulatory burden faced by businesses, community organisations, individuals and families.

The portfolio reported \$216 million in announced red-tape savings between September 2013 and December 2015, including \$65 million of savings in the 2015 calendar year. These figures were reported in the whole-of-government *Annual red tape reduction report 2015*, published in March 2016. The report is available at cuttingredtape.gov.au/annual-red-tape-reduction-report-2015.

The Department's key achievements during 2015–16 included reducing the reporting requirements for employment services providers by implementing the Government's employment service, jobactive. jobactive also gives providers greater flexibility to tailor their services to the needs of employers and job seekers. The new arrangements are already delivering improved services to unemployed Australians, better helping them to find employment.

We also supported the introduction of the Road Safety Remuneration Repeal Bill 2016 and its passage through parliament. The Bill abolished the Road Safety Remuneration System, effective from 21 April 2016. This means industry operators will no longer need to spend time and resources to comply with the orders, including administrative requirements and increased payment rates for contractor drivers.

The portfolio's regulators will complete their first self-assessments under the Government's Regulator Performance Framework by December 2016.

RISK MANAGEMENT


In 2015–16, in collaboration with Comcover, we developed a new approach to expressing our appetite for and tolerance of risk. Our risk appetite and tolerance statement has matured the way we engage with risk by improving how we compare risks and manage risk-taking. Risks are now framed as a series of comparable risk categories described with practical language and real-world examples to help build a shared understanding.

This work is informing a recalibration of our risk assessment matrix to allow our risk appetite and tolerance statement to be practically applied in day-to-day risk management. Staff using the new matrix will be assessing their 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.

Our risk management framework is closely integrated with our strategic and business planning processes. Improvements to the framework over the past year resulted in a number of relatively high risks being identified early, monitored and controlled.

During 2015–16 the Risk and Implementation Committee worked closely with the other governance committees to ensure overlapping coverage of risk management in the Department and minimise potential threats. For example, the internal audit function mapped our internal controls against our strategic risks to help better coordinate and provide coverage of assurance activities.

The Department again achieved excellent results in the Comcover Benchmarking Survey, reaffirming a well-embedded culture of risk management.



Risk and Implementation Committee

The Risk and Implementation Committee considers several aspects of risk management as part of the Department's risk strategy. These include strategic risk, departmental support, compliance checking, and risk engagement in business areas.

The committee promotes the core principles of public sector governance by monitoring the Department's risk management performance. The committee makes recommendations to the Executive on improving business practices and monitors the implementation of business improvement activities. The committee also biannually reviews and makes recommendations on the Department's risk profile.

Notable committee achievements in 2015–16 were:

- completing a comprehensive overhaul of the Department's risk management framework, including discussion of how to better engage staff with effective risk management practices
- overseeing the development of the Department's risk appetite and tolerance statement, which was launched by the Secretary in April
- endorsing the Department's strategic risk plan
- assisting the Shared Services Centre to improve its risk management practices and awareness.

Looking ahead to 2016–17, in addition to its charter requirements, the committee will focus on recalibrating the risk matrix to reflect the Department's risk appetite and tolerance statement. The committee will also oversee the introduction of a new enterprise risk system and investigate how to further strengthen the Department's risk culture.

FRAUD CONTROL

The Department is committed to actively preventing fraud and protecting the integrity of our business and our reputation. Our internally and externally focused activities assist us to prevent, detect and treat risks, non-compliance and fraud against the Commonwealth. Our fraud control framework ensures compliance with other frameworks for protecting public money, public property and the integrity and security of the Department and the Government. We use our expertise to ensure that customers' needs are met efficiently and that non-compliance and fraud are detected, minimised and mitigated.

In late 2015, a revised fraud control plan was approved by the Secretary and made available to all employees.

INTERNAL AUDIT

The internal audit team forms part of the Department's governance and assurance framework. The team provides independent advice and assurance that the Department's financial controls are operating in an efficient, effective, economical and ethical manner. The team is also the Audit Committee's secretariat. The internal audit function reports to the Audit Committee, and the Chief Internal Auditor is accountable to the Secretary.



Audit Committee

The Department's Audit Committee is established in accordance with section 45 of the PGPA Act and associated PGPA Rule 2014. In 2015–16, the committee met five times.

The committee provides independent advice and assurance to the Secretary on the Department's financial reporting, performance reporting and control frameworks. The work of the committee is supported and assisted by the internal audit team.

To ensure the committee's independence, as required under the PGPA Rule, the Department's Secretary and Chief Financial Officer do not form part of the committee. As at 30 June 2016, the committee consisted of five members appointed by the Secretary for their skills and experience, the majority of whom are external to the Department. All committee members have a distinguished background in the public sector, financial management, IT or governance.

The internal audit team contributes to fostering a culture of accountability, integrity and high ethical standards by encouraging debate and identifying common ground to achieve successful outcomes. By collaborating with internal and external stakeholders to build and share information and knowledge, the team encourages cost-effectiveness, self-assessment and continuous improvement across the Department.

The team is responsible for:

- delivering a program of internal audits
- providing information and advice to the Department's governance committees
- working with key enabling functions within the Department to improve the Department's business performance
- facilitating activities of the Australian National Audit Office (ANAO) that relate to the Department
- monitoring the implementation of internal and ANAO audit recommendations
- reviewing and monitoring ANAO audit reports and better practice publications and distributing relevant information to the Department and, where appropriate, the Shared Services Centre.

The internal audit work program is developed following consultation with the Executive and group and branch managers. It takes account of ANAO activity, is consistent with the Audit Committee's charter and reflects the Department's mission, business and risks. The program is approved by the Audit Committee and is adjusted as necessary to respond to the changing environment, with endorsement from the committee chair. Internal audits may cover any program or activity of the Department, and can encompass reviews of financial and non-financial policies, procedures and operations. Internal audit reports are tabled at the Audit Committee for discussion and provided to the Executive.

The 2015–16 internal audit work program focused on compliance with the PGPA Act, including the enhanced performance framework that commenced on 1 July 2014. A suite of 14 internal audits were approved by the Audit Committee. Themed audits included examination of program assurance and performance, financial reporting, regulatory reporting, IT security and procurement.

In 2016–17 the internal audit team will continue to:

- encourage improved internal practices through a focus on continual review of processes and functions
- assist the Department to be 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.

CLIENT SERVICE CHARTER

Our client service charter is our overarching service statement. It provides details of what we do and the standards of service our stakeholders can expect from us. The charter outlines how our stakeholders can help us improve our processes, how to provide feedback and the rights of our clients to have decisions reviewed or to lodge complaints. The charter also reinforces our commitment to the APS Values and Code of Conduct, the *Privacy Act 1988* and the *Freedom of Information Act 1982*.

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

We aim to provide a high standard of service to all of our stakeholders so that we serve the Government and the community and deliver the Government's agenda effectively. Links to the service charter are on the Department's intranet and on our website at www.employment.gov.au/about-department.

PEOPLE

Our people are at the core of our ability to support the Government, our Minister and the community. Our leaders and staff uphold and promote the APS Values and demonstrate leadership, integrity and responsiveness. These qualities define our culture and were evident in our 2015 APS Employee Census results.

In 2015–16, a key corporate focus was implementing the recommendations arising from the census results and the independently conducted capability review.

The Department had an 87 per cent response rate to the 2015 census, with very positive results across the board. This data confirmed that our employees are strongly engaged with their jobs, colleagues and supervisors, and with the Department more broadly. Employee responses and the Department's scores, which were consistently above the APS averages, affirmed our emphasis on and continued commitment to developing good leadership and nurturing a positive culture. Managers discussed the census results with their teams and recorded ideas for local-level actions in response. Extensive demographic analysis—gender, age, location, classification level, diversity status, tenure, employment status, education and type of work—was undertaken to explore the results more deeply and identify agency-level and tailored responses.

The results provided insights into the shifting priorities of our employees, and enabled us to focus on new and established matters aimed at creating an innovative, flexible and high-performing workplace. The census data highlighted three areas:

- Learning and development—The census showed a 12 per cent increase in people accessing effective learning and development. To maintain this positive momentum, the Department implemented further online learning initiatives and developed three new management programs. More information can be found on pages 81 and 84.

- Supporting diversity—The Indigenous Staff Committee reviewed results for Indigenous employees relating to engagement, career development and rate of disclosure, which showed more support was required. This led to the development of Aboriginal and Torres Strait Islander staff workshops, job-shadowing and mentoring initiatives. A similar process by the Disability Employee Network resulted in a review of the Department’s reasonable adjustment policy and implementation of supporting processes.
- Positive attendance—The census results indicated factors that may be affecting positive attendance, such as supervisor and team engagement and caring responsibilities. This information enabled the Department to develop targeted initiatives and assistance to improve overall attendance and engagement, including online material and a Positive Attendance Program for managers.

The independent capability review, facilitated by the Australian Public Service Commission, reflected our continued work and emphasis on people, leadership and a positive culture. A key recommendation of the capability review was the development of an enterprise workforce plan.

People and Capability Committee

The People and Capability Committee guides the strategic decisions affecting people management issues, policies and initiatives across the Department. It is responsible for workforce planning, people capability and development, and implementation of the innovation framework.

Highlights for the committee in 2015–16 included:

- developing an Interagency Mobility Program, aimed at refreshing our workforce, efficiently and effectively improving skills and knowledge, and enhancing career development opportunities for senior executive employees. A key focus for 2016–17 will be implementing this program
- developing an enterprise workforce plan, which outlines actions for shaping and managing our workforce to ensure we continue to have the capabilities we need to deliver our business outcomes. The plan will be implemented in 2016–17
- guiding the development of the Executive Development, Developing Emerging Managers and Positive Attendance programs in 2015–16. This tailored approach to corporate learning and development has led to a significant increase in the take-up of programs. A focus for 2016–17 will be evaluating the programs offered and assessing the return on investment for the Department.

The committee also oversaw the Department’s enterprise agreement process (see page 85) and implementation of the Reconciliation Action Plan (see page 89), and worked collaboratively with areas across the Department to develop the innovation framework (see page 76). The committee was refreshed in April 2016 to ensure it has the right gender balance and represents a broad and diverse cross-section of views.

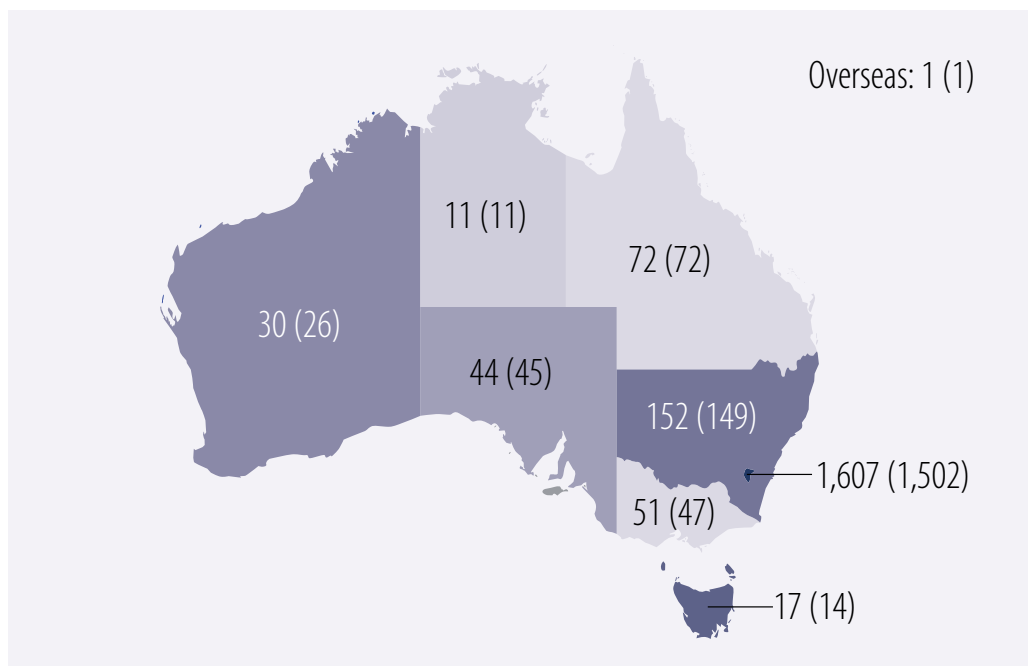
Staffing statistics

At 30 June 2016, the Department had 1,985 employees—1,890 ongoing and 95 non-ongoing.

Table 11 Employees by employment status, at 30 June 2015 and 2016

Employment status	30 June 2015			30 June 2016		
	Female	Male	Total	Female	Male	Total
Ongoing						
Full-time	757	766	1,523	805	800	1,605
Part-time	239	43	282	244	41	285
Subtotal	996	809	1,805	1,049	841	1,890
Non-ongoing						
Full-time	22	22	44	35	34	69
Part-time	14	4	18	15	11	26
Subtotal	36	26	62	50	45	95
Total	1,032	835	1,867	1,099	886	1,985

Figure 11 Employees by location, at 30 June 2016 (and 30 June 2015)





At 30 June 2016, 49 departmental employees identified as Aboriginal and/or Torres Strait Islander, making up 2.47 per cent of our total workforce. This is compared with 48 employees as at 30 June 2015. All of these employees are engaged on an ongoing basis.

Table 12 Employees by classification, at 30 June 2015 and 2016

Classification	30 June 2015			30 June 2016		
	Female	Male	Total	Female	Male	Total
Indigenous Australian Government Development Programme Trainees	2	3	5	4	3	7
Graduates	13	14	27	24	19	43
APS Level 1	0	2	2	7	4	11
APS Level 2	4	2	6	2	5	7
APS Level 3	45	38	83	36	38	74
APS Level 4	111	87	198	117	84	201
APS Level 5	188	124	312	207	117	324
APS Level 6	241	206	447	265	248	513
Executive Level 1	261	228	489	265	236	501
Executive Level 2	96	66	162	93	70	163
Information Technology Specialist	2	13	15	2	14	16
Government Lawyer	8	4	12	11	3	14
Senior Government Lawyer	14	9	23	17	5	22
Principal Government Lawyer	17	7	24	19	9	28
SES Band 1	20	25	45	20	26	46
SES Band 2	8	6	14	8	4	12
SES Band 3	1	1	2	1	1	2
Secretary	1	0	1	1	0	1
Total	1,032	835	1,867	1,099	886	1,985

Workforce strategy and priorities

Our People and Capability Strategy 2014–2016 links with the Strategic Plan 2014–2017 (see page 71) and sets out our actions to maintain a positive culture and an engaged, capable, innovative and adaptive workforce. All employees are encouraged to embed the priorities and leadership behaviours outlined in the strategy in their day-to-day work and interactions with each other.

The strategy sets out five priorities:

- A positive culture—A culture that embraces our vision and values, develops good leaders, helps to create our identity and guides the way we work to support the delivery of our priorities.
- An engaged workforce—People who are productive, feel valued and have a clear understanding of how their work contributes to achieving the Department’s and the Government’s goals.
- A capable workforce—People who have the capabilities they need to work effectively and deliver the Government’s priorities, and understand that effort and achievement are rewarded.
- An innovative workforce—People who continually learn and explore new ways of thinking and working.
- An adaptive, responsive workforce—A workforce that has developed both specialised and broad skills, and readily adapts and responds as demands require.

The People and Capability Committee oversees the implementation of the strategy’s actions.

Key achievements in 2015–16 included the development of the Aboriginal and Torres Strait Islander Employment and Career Plan and the Positive Attendance Program.

In the coming year, the people and capability strategy will be replaced by the enterprise workforce plan as the main driver for future people and capability initiatives.

Learning and development

During 2015–16 we continued to invest in developing our people, with an emphasis on diversity, strong leadership and management skills, writing skills and strategic thinking. In 2015–16, a total of 1,193 staff (60.1 per cent of all staff) participated in formal learning and development programs. Four new management programs were introduced during the year—Developing Emerging Managers for new supervisors, the Executive Management Program for experienced managers, Coaching for Managers, and the Positive Attendance Program.

Table 13 Participation in learning and development programs, 2014–15 and 2015–16

	2014–15	2015–16
Total number of participants	637	1,193
Total number of courses	25	26

Employee development strategies are based on a combination of on-the-job training and formal training programs. Effectiveness is assessed through internal surveys, program evaluations and APS Employee Census results. To assist in collecting and managing this information, including managing face-to-face training, we invested in a new platform, LearnHub. This system allows staff to learn at their own pace using a host of e-learning tools and an online learning portal, lynda.com, accessible from portable devices.

Developing senior leaders and identifying talent continued to be priorities in 2015–16. We introduced a new strategy to support the ongoing development of leadership in the Senior Executive Service (SES) and Executive Level 2 cohort.

Remuneration and conditions of employment

All departmental non-SES employees are covered by the Department of Employment Enterprise Agreement 2016–2019, which came into effect on 28 March 2016. The agreement was negotiated during 2015–16, consistent with the Government’s workplace bargaining policy and a set of bargaining principles established by the Department’s Executive. Before the agreement came into effect, all non-SES employees were covered by the preserved DEEWR Enterprise Agreement 2012–2014.

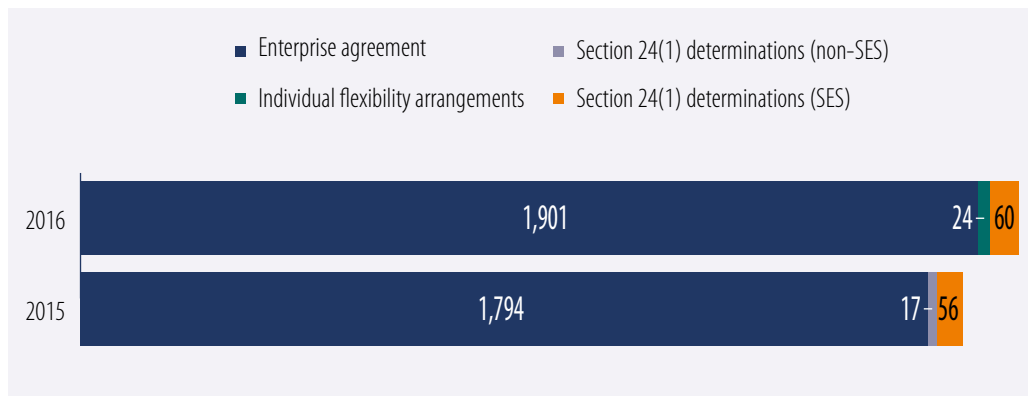
The new enterprise agreement rewards people for their work and helps create a high-performing culture. It provides a range of core conditions of employment and flexible working arrangements.

Under the preserved enterprise agreement, some non-SES employees had determinations made under section 24(1) of the *Public Service Act 1999* that recognised specific capabilities and additional responsibilities. When the new enterprise agreement commenced on 28 March 2016, the non-SES section 24(1) determinations ceased operation, and individual flexibility arrangements were put in place.

Remuneration and conditions for SES employees are provided in section 24(1) determinations. In 2015–16, all SES employees had section 24(1) determinations in place.

The Department’s remuneration framework does not include performance pay for SES or non-SES employees.

Figure 12 Employee agreement statistics, at 30 June 2015 and 2016



Salary ranges

Table 14 shows the salary ranges available for employees by classification level.

Table 14 Salary ranges by classification, at 30 June 2015 and 2016

Classification	2015 \$	2016 \$
APS Level 1	27,172–49,516	27,987–51,001
APS Level 2	53,190–56,680	54,786–58,380
APS Level 3	59,400–61,870	61,182–63,726
APS Level 4	64,61–69,103	66,553–71,176
APS Level 5	71,342–76,271	73,482–78,559
APS Level 6	80,204–88,197	82,610–90,843
Executive Level 1	98,624–109,001	101,583–112,271
Executive Level 2	116,056–139,311	119,538–143,490
Information Technology Specialist	114,451–119,901	117,885–123,498
Government Lawyer	61,870–88,197	63,726–90,483
Senior Government Lawyer	98,624–120,814	101,583–124,438
Principal Government Lawyer	132,400–142,794	136,372–147,078
SES Band 1	144,282–242,783	150,665–250,066
SES Band 2	216,150–267,970	235,483–276,009
SES Band 3	270,000–300,000	270,000–310,000

Note: The Secretary is not included in these figures as 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 through the Department of the Prime Minister and Cabinet (<http://www.dpmc.gov.au/who-we-are/accountability-and-reporting/secretaries-remuneration>).

Non-salary benefits

We provide a range of flexible working arrangements to assist our employees to balance their personal and professional lives, including part-time working hours, flex-time, purchased leave, parental leave, cultural leave and community volunteer leave. Employees can also access studies assistance.

Flexible working arrangements allow us to respond to new and changing business needs, and increase productivity through improved employee engagement. In the 2015 APS Employee Census, our employee engagement score was higher than the APS average.

Workforce planning and employee retention

Ensuring we maintain a capable and adaptable workforce continues to be a priority to enable us to meet our business objectives. The Department undertakes regular analysis of our workforce movements and demographics, including analysis of risks associated with employee movements, to ensure key skills are being retained in the Department. The outcomes and recommended changes to departmental policy are reported to the Executive and People and Capability Committee. The voluntary separation rate for 2015–16 for the Department was 9.97 per cent, which remains low compared with long-term averages.

The recently developed enterprise workforce plan addresses potential capability gaps and identifies actions for effective attraction, recruitment, career and professional development, succession planning and talent management.

Entry-level recruitment programs

The Department offers a range of entry-level recruitment avenues, including the Graduate Program, the ICT Internship Program, the APS Indigenous Pathways Graduate Program and Indigenous Australian Government Development Programme. These programs allow the Department to build and maintain capability and offer participants the chance to gain specific skills and knowledge through on-the-job training and formal learning and development opportunities.

The Graduate Program is a 10-month program offering workplace learning and development tailored to working in the Department and the wider APS. The program allows graduates to experience two job rotations in areas that will enhance their knowledge and capability. All 27 participants in the 2015 program celebrated successful completion on 27 November. The 2016 program began in February with 43 participants.



2016 Department of Employment Graduate Program participants.

The ICT Internship Program provides work experience opportunities for university students in their final year to complement their studies. The Department employed two ICT interns in 2015 and four in 2016. Interns who successfully complete the program may be offered a position in the Department's Graduate Program—ICT Discipline. The two ICT interns from 2015 were accepted into the 2016 Graduate Program.

The APS Indigenous Pathways Graduate Program 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 staff across the APS. One Indigenous graduate participated in and successfully completed the Graduate Program in 2015.

The Indigenous Australian Government Development Programme is a joint initiative of the Department of Employment and the Department of Education and Training, managed on their behalf by the Shared Services Centre. It is widely taken up by other APS agencies and offers participants ongoing employment and the opportunity to undertake a Diploma of Government and other professional and personal development activities. At 30 June 2016, the Department had seven participants in the program.

Diversity and inclusion

We are committed to diversity in all aspects of our work—diversity and inclusion underpin the capability of our workforce. Our Diversity Strategy 2015–2017 sets out the overarching framework for ensuring that our workplaces 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 our people; addressing barriers to gaining access to career development opportunities; and ensuring 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 maintain other areas of diversity such as gender, age and ethnicity. As part of a suite of people strategies, policies and plans, the strategy is aligned closely to the Department's Disability Action Plan, Agency Multicultural Plan and Reconciliation Action Plan, as well as the enterprise workforce plan and strategic plan.

Disability Action Plan

The Disability Action Plan, launched in July 2015, aims 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. Through our flexible workplace practices, we are also committed to supporting our employees who care for people with disability.

The areas of activity identified in the plan include:

- raising awareness and understanding of disability issues among employees, building manager capability, and ensuring our processes efficiently and effectively assist employees with disability or caring responsibilities
- attracting, recruiting and retaining employees with disability
- improving leadership on disability issues across the Department.

The Department appointed a senior manager as the Disability Champion to provide leadership and support to our employees with disability and represent the Department externally. The Disability Champion 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. It is the primary advisory group to the People and Capability Committee on matters affecting employees with disability.

During 2015–16 steady progress was made in implementing the actions outlined in the Disability Action Plan, including:

- delivery of training programs to all employees focused on mental health awareness and disability confidence
- participation in the Australian Public Service Commission's RecruitAbility scheme and applying the RecruitAbility principles to all advertised vacancies
- participation in the Inter-Agency Accessibility Support Unit pilot and its community of practice
- continued participation in the Stepping Into Internship Program facilitated by the Australian Network on Disability.



'Being able to participate in the Stepping Into Internship Program has given me valuable work experience in the workforce. I am fortunate I have been able to work with a supportive and encouraging team who have increased my confidence and abilities in the workplace. A positive aspect of the internship has been the Department of Employment's commitment to encouraging inclusion and diversity within its workforce, which has been a wonderful aspect of the internship.'

— Rebecca, Stepping Into Internship Program participant

Other focuses for the Disability Employee Network over the past 12 months included reviewing the reasonable adjustment policy and processes and holding disability awareness-raising events. Marking days of significance such as International Day of People with Disability and World Mental Health Day helps raise the profile of the network, which is also working to close the gap between those employees with disability who disclose anonymously in the census but do not disclose in the internal human resources system.

Reconciliation Action Plan

The Department is committed to achieving reconciliation between Aboriginal and Torres Strait Islander peoples and the wider Australian community. We are responsible for national policies and programs that help Australians find and keep employment and work in safe, fair and productive workplaces. Through this work we contribute to the Government's priority of getting more Indigenous Australians into work to close the gap on Indigenous disadvantage.

Our Reconciliation Action Plan (RAP) 2014–2016 includes a number of practical actions and targets to promote reconciliation within the Department and create opportunities for our Indigenous employees. To enable Indigenous Australians to share equally in our vision of more jobs and great workplaces, the RAP sets out our commitment to:

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

Connecting Aboriginal and Torres Strait Islander people to careers in the Department

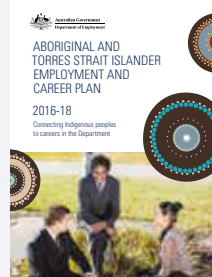
We are committed to increasing our Indigenous workforce and creating a workplace that is inclusive and focused on career progression for our Aboriginal and Torres Strait Islander employees. The Aboriginal and Torres Strait Islander Employment and Career Plan 2016–18 is our tool to improve our recruitment practices, identify and develop talent and build a versatile and engaged Aboriginal and Torres Strait Islander workforce.

The Department has embraced the Government's priority of getting more Indigenous Australians into work. We have set our own target to increase our Indigenous workforce to 3 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 we deliver on what we have promised. The plan supports and complements our Reconciliation Action Plan in helping the Department to remain an employer of choice for Aboriginal and Torres Strait Islander people.

The development and implementation of the plan contribute to achieving our vision of more jobs and great workplaces. We are designing customised internships and cadet programs to give Aboriginal and Torres Strait Islander students and graduates exposure to the Department early in their career, and a targeted recruitment strategy to make it easy to employ Aboriginal and Torres Strait Islander people with the right skills and capabilities to fit the Department's individual work areas.

We have started to work on telling our story to encourage more Indigenous people to consider a career with us. The Department offers 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 we refresh and streamline the way we recruit. These initiatives reinforce our commitment to reconciliation and creating parity in employment between Aboriginal and Torres Strait Islander peoples and other Australians.

Lisa Charles, Senior Indigenous Adviser, said, 'I am excited about the opportunities the plan has created for Aboriginal and Torres Strait Islander employees through fostering careers and development. I am also pleased to see the Department thinking differently about the way we recruit. The inclusive and thoughtful recruitment initiatives in the plan have further opened our doors to people wanting to join the Department of Employment family'.



Indigenous Leader Rob Willmet, Nggunawal Elder Aunty Violet Sheridan, the Secretary and Indigenous Champion Jo Wood at the launch of the Department's Aboriginal and Torres Strait Islander Employment and Career Plan, 15 February 2016.

During 2015–16, we made significant progress in implementing our RAP, which is monitored by the RAP Working Group of the People and Capability Committee. Key achievements included:

- launching the Aboriginal and Torres Strait Islander Employment and Career Plan 2016–18, which supports our goal of increasing our Indigenous workforce and sets out actions to attract and retain Indigenous employees and build an inclusive workplace
- investing in career management, developing leadership qualities and using targeted recruitment measures to increase the representation of Indigenous employees in senior roles
- implementing a suite of activities that support employees to develop their cultural capabilities—such as regular face-to-face cultural awareness training and e-learning—and celebrating significant Aboriginal and Torres Strait Islander events such as National Reconciliation Week and NAIDOC Week.
- embedding cultural protocols in the way we work, including acknowledgment of, and welcomes to, country at the start of meetings and events.

The Department's Indigenous Leader has an important role in advising the Department on developing and implementing policies and programs that improve the lives of Indigenous Australians and embedding a commitment to reconciliation into our work. He 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's Indigenous Champion plays an important role in our efforts to increase, retain and develop the Indigenous presence in the Department. As chair of the RAP Working Group, she takes forward the key actions in our RAP, and is actively involved in representational and leadership work across the APS.

Two areas of focus for 2016–17 will be looking at options to enhance the cultural capability of our workforce and developing our new RAP.

Work health and safety

In 2015–16 the Department continued to prioritise matters related to work health and safety and remained committed to providing a safe working environment for all workers and visitors. The Work Health Safety Committee, consisting of 13 members from across the Department, provided an effective mechanism for consultation and collaboration with the Shared Services Centre, which provides first aid, emergency management, property and environment services.

A number of health and wellbeing initiatives were offered across the Department, including annual flu vaccination reimbursement, health and wellbeing seminars, campaigns aligned with national health awareness days and subscription to a monthly health-at-work newsletter. Free counselling services continued to be provided for all employees and their immediate families through the Employee Assistance Program. This service is also available to managers to assist them in supporting their employees.

Work health and safety incident reporting

A total of 48 incidents were reported in 2015–16, with ‘miscellaneous and uncategorised’ accounting for the highest proportion (25 per cent) of all reported incidents (see Table 15). There was a notable decrease in reported incidents of ‘other muscular stress’ (6.3 per cent of total reported incidents compared to 12.7 per cent in 2014–15), which can be largely attributed to effective preventative work practices and early intervention measures promoted by the Department.

Between 1 July 2015 and 30 June 2016, the Department notified Comcare of one incident 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. This compares with three incidents reported in 2014–15. The affected employee suffered injuries as a result of an unprovoked attack by a member of the public and required a period of time off work. The employee was offered rehabilitation support by the Department. There were no investigations of the Department under Part 10 of the Work Health and Safety Act.

Table 15 Work health and safety incidents by type, 2014–15 and 2015–16

Mechanism of incident	2014–15 (%)	2015–16 (%)	2015–16 (number)
Falls on the same level (including trips and slips)	30.0	20.8	10
Miscellaneous and uncategorised mechanisms	12.7	25.0	12
Vehicle accident	6.3	2.1	1
Unspecified mechanism of injury	9.5	4.2	2
Repetitive movement with low muscle loading	1.6	4.2	2
Being hit by moving objects	8.0	2.1	1
Other muscular stress	12.7	6.3	3
Single contact with chemical or substance (excluding insect and spider bites and stings)	1.6	2.1	1
Hitting objects with the body	8.0	16.7	8
Other and multiple mechanisms of injury	3.2	10.4	5
Fall from a height	1.6	0	0
Exposure to mental stress factors	0	2.1	1
Other contact with chemical or substance (including insect and spider bites and stings)	0	2.1	1
Contact or exposure to heat and cold	3.2	2.1	1
Slide or cave in	1.6	0	0
Total	100	100	48

Attendance

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

In early 2016 we successfully trialled a Positive Attendance Program, delivered by the Department of Human Services and offered to managers. The program was designed to raise awareness of attendance issues and develop techniques to manage the three main drivers of absenteeism: workforce demographics, personal circumstances and employee engagement. The program is now available to all staff on the Department's intranet.

The focus for 2016–17 will include implementing the enterprise workforce plan, which will ensure we are well placed to meet the workforce challenges of the future.

COMMUNICATION

The Department provides specialised expertise and high-quality support to our Minister and key business areas through a broad range of communication functions. Services include developing communication strategies and campaigns to provide information about the Department's programs, and managing events, staff communications and media (including social media and media monitoring).

High-quality public affairs products such as media releases, speeches and online content are important in ensuring the community has access to comprehensive and accurate information about Australian Government policies and programs.

The Department undertakes paid advertising to inform the Australian community about the range of programs and initiatives it administers consistent with the requirements of the Australian Government guidelines on information and advertising campaigns. More information on the Department's advertising can be found in Appendix 3.

Communications staff in the Department continued to provide a tailored approach to internal communication for the Secretary, the Executive and the wider Department. Various platforms are used to communicate the Department's priorities and engage with staff to share information and seek their feedback. The Employment WRap, an all-staff newsletter that showcases news, activities and information from across the Department, is a monthly feature.

In 2016–17 the Department will continue to work on the jobactive campaign, with a particular focus on activities and products other than paid advertising, including expanding our social media channels. A campaign is also proposed to raise awareness of ParentsNext among eligible parents living in the 10 locations where the program is running.

The Department will continue a collaborative process to redesign the intranet. The Department is engaging with staff to identify how they want to collaborate with internal and external stakeholders and ensure those approaches are supported through the redesigned intranet. The new intranet design will be implemented during 2016–17.

In 2015–16 the Department managed a number of internal corporate events and external forums that engaged staff and stakeholders in the work of the Department. The Department also continued to support the social club, Morty's, which engages in fundraising for community organisations and facilitates social events.

jobactive campaign informs employers

An advertising campaign to promote jobactive employment services ran nationally on television, radio and digital channels and in print from September to October 2015. Additional advertising ran from April to May 2016. The campaign aims to encourage employers to contact a jobactive provider for their recruitment needs and so increase the opportunities available to job seekers in jobactive.

A campaign on the Restart component of jobactive ran from February to March 2016. This advertising aimed to promote positive employer attitudes towards mature-age job seekers and encourage take-up of the Restart wage subsidy.



Advertisements from the jobactive and Restart advertising campaigns.

Lively panel discussion on innovative service delivery

A panel discussion on the theme 'Innovative service delivery in the digital age' was hosted on 19 November 2015 from the national office in Canberra. The event was live-streamed to all staff and followed the Secretary's 2015 end-of-year address, which also focused on the Department's innovative approaches to service delivery. The discussion was moderated by journalist and author Karen Middleton, and included the Secretary and guests Paul Shetler, CEO of the Digital Transformation Office, and Dr Hugh Bradlow, Chief Scientist at Telstra Corporation.

Mr Shetler spoke about the role of the Digital Transformation Office in leading the Government's agenda for delivering major government services digitally by default. Dr Bradlow outlined the Telstra experience in improving service delivery through technology and the broader perspective of how technology supports thought leaders to imagine new and better ways to deliver services, knowing that digital technology is there to support them.

In a lively discussion, the panel tackled issues such as the meaning of disruptive innovation for Australia's economy and the future of work, how government can harness emerging technologies and other innovation tools, and the cultural change required for true innovation.



Moderator Karen Middleton with Secretary Renée Leon, Dr Hugh Bradlow and Paul Shetler at the panel discussion on innovative service delivery on 19 November 2015.

INFORMATION TECHNOLOGY

In information technology, 2015–16 was the year to build on the investments of 2014–15—building web and mobile capability and moving off the mainframe by modernising the employment services system and delivering significant additional functionality for job seekers and employers. We are working to ensure that we modernise how we design and build our systems, and better understand the needs of employers and job seekers. We are also working to deliver systems that allow experimentation to test the impact of new approaches.

Key projects in 2015–16 included:

- continuing the migration of the employment services IT system to a new architecture, reducing costs and providing an IT platform that better supports business requirements
- trialling innovative business solutions using gamification and behavioural insights techniques
- supporting the implementation of new policy proposals
- improving support for risk management policy and practices
- enabling business process improvement and red tape reduction across a range of employment and workplace relations programs.

The Department's IT Strategic Plan 2014–2017 (see page 74) continues to guide our information technology direction and efforts.

Digital Transformation Plan

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 they both meet the needs of individuals and businesses and integrate into the suite of whole-of-government digital services.

We have made significant investments in providing complete online coverage for our services to the public. In 2015–16 a digital services engagement team was established to raise awareness of existing digital services and to monitor take-up. The team uses various monitoring tools, feedback and consultation methods to evaluate the effectiveness of, and identify improvements to, our digital services. The team also works to identify new services that could be delivered digitally.

The Secretary and the Minister for Employment endorsed the Department's Digital Transformation Plan in February 2016. The plan outlines how we will:

- improve our digital services
- build new digital services where appropriate
- contribute to the Government's Digital Transformation Agenda.

The plan shows how we will utilise the capability being built under the Digital Transformation Agenda to simplify access to an integrated suite of digital services for individuals and businesses.

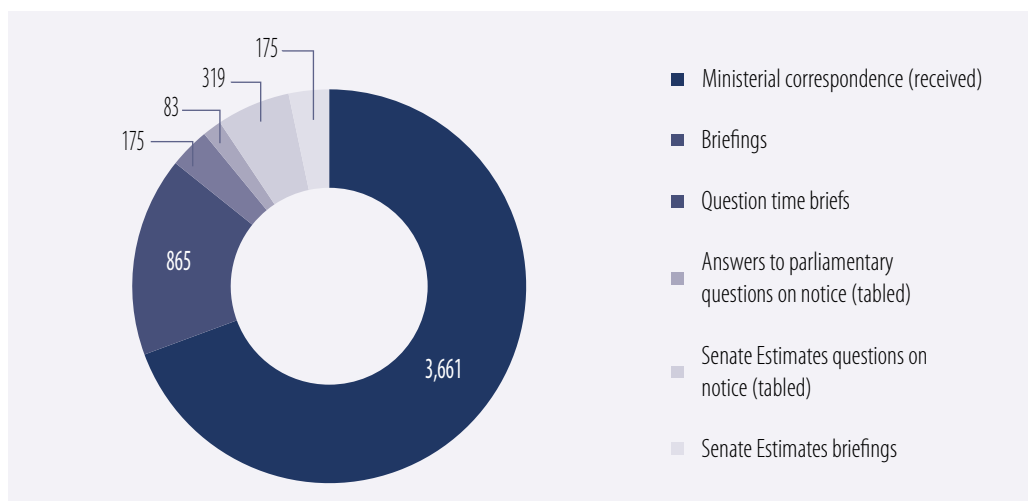
PARLIAMENTARY SERVICES

The Department's parliamentary team provides specialised expertise and support to the Department by delivering high-quality parliamentary services to the Minister, the Secretary and the Department. These services include processing and quality-assuring ministerial correspondence and briefings, coordinating question time briefings, and providing high-level support to the Executive and the Minister's office during Senate Estimates.

During 2015–16 the Department met our Minister's expectations by supporting the full suite of parliamentary activity. In September 2015 we successfully facilitated the coordination requirements for the incoming minister. In the 2016 election period, the Department provided advice in line with the caretaker conventions and coordinated and produced briefing materials for the incoming minister.

Use of the Parliamentary Document Management System supported the Department in monitoring and managing the flow of parliamentary documents.

Figure 13 Parliamentary workflow—documents processed, 2015–16



The Department also actively contributes to the regular meeting of the Parliamentary Workflow Solution Committee, which has whole-of-government participation. This ongoing collaboration with our APS partners makes a significant contribution to improving business practices and productivity across government.

In 2016–17 the Department will continue to:

- provide high-quality and timely parliamentary services to support the Minister and Secretary in fulfilling their accountability requirements to parliament
- collaborate and build productive relationships within and outside the Department on a wide range of parliamentary matters
- review business practices to continually improve parliamentary workflows and streamline processes
- remain innovative and develop skills to ensure our parliamentary services are contemporary and place us in a strong position to meet future challenges.

CORPORATE SUPPORT SERVICES— SHARED SERVICES CENTRE

The Shared Services Centre (SSC) was established jointly by the Department of Employment and the Department of Education and Training to provide shared corporate services for both departments. Under a heads of agreement, the partner departments share some of their corporate functions, including services such as finance and human resource support, property and building access, library and mailroom, IT infrastructure, telephony, design and website support. Strategic corporate functions remain within each partner department.

In 2015–16 the SSC provided services to a small number of agencies outside the partner departments. This has particularly been core transactional services such as payroll and accounts receivable functions.

Shared Services Centre governance

The functions and services delivered by the SSC are agreed upon by the SSC Governance Board. The board oversees the strategic direction and priorities for the SSC and provides guidance on the delivery of shared and common support services to APS clients. Its role includes:

- providing advice, guidance and monitoring of the operations of the SSC
- supporting the long-term viability of the SSC in the context of the whole-of-government shared and common services program
- championing the shared services agenda across government and supporting the growth of the SSC.

The board, which met five times during 2015–16, is chaired by the Secretary of the Department of Employment.

Services for the Department

Recruitment and learning management

The SSC supports the Department to streamline recruitment operations and conduct internal and external recruitment processes. In 2015–16, the SSC's recruitment administration team continued to revise its approach to bulk recruitment activities (such as recruitment for the Graduate Program and the Indigenous Australian Government Development Programme).

The SSC developed a highly customisable learning management system, LearnHub (see page 84 for more information). In April 2016 the SSC 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.

Communication

During 2015–16 the SSC provided the Department with web development, graphic design, print management, audiovisual production, web publishing and digital accessibility services, including event management and streaming of corporate events.

The team produced on-demand video and animated products for the Department, including videos promoting jobactive, Work for the Dole and the Department's Graduate Program, and case studies of autoworkers moving into new employment after redundancy.

Asset management

The SSC manages the Department's non-financial assets, including property and facilities, under the policies maintained by the Department. It supports the Department's policies and procedures by managing the acquisition, issuing, management and disposal of relevant property, loss of relevant property and any relevant assets under construction.

Information technology services

The Department and the SSC jointly provide the IT services that enable the Department to achieve its strategic goals and outcomes. The Department builds, manages and sustains its major business applications, while the SSC provides the rest of the supporting IT services, including the network, internet gateway, application hosting, geospatial reporting, analytic capabilities, and human resource and finance applications.

A significant focus for the SSC during 2015–16 was upgrading the suite of SAP applications to a new cloud platform, SAP HANA Enterprise Cloud. This platform supports the processing of high volumes of data in real time, provides fast performance and improves financial and human resource reporting. It was successfully implemented in June 2016, and will incorporate further functions for the Department throughout 2016–17.

In December 2015 the SSC completed the transition of the IT infrastructure into new data centres at Fyshwick and Hume in the Australian Capital Territory. This move enables compliance with whole-of-government requirements for data centres to optimise value, reduce energy use, minimise the hardware footprint and provide effective, efficient and reliable operational management.

PURCHASING AND GRANTS

The Department's purchasing and grant policies and processes are consistent with all relevant Commonwealth laws, including the *Public Governance, Performance and Accountability Act 2013*. The Department uses AusTender to publish its procurement activities and plans. During 2015–16, 23 contracts were exempted from being published on AusTender. The Department is unable to publish details or values of these contracts as doing so would disclose the exempt matters.

The Department was supported during 2015–16 by the SSC in its reporting requirements. The SSC provided assistance and information for procurement processes and tenders, and managed the Department's panel arrangements.

In 2015–16 departmental staff were offered procurement and grants information sessions covering a range of topical 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 2016–17. In addition, the Department will continue to be lead contributors to whole-of-government initiatives to standardise and improve procurement and grants processes.

Support for Indigenous businesses and small and medium enterprises

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



In 2015–16, the Department of the Prime Minister and Cabinet set the Department a target of seven contracts to meet Indigenous Procurement Policy requirements. The Department achieved 58 contracts with Indigenous providers, representing 5.4 per cent of all our contracts.

The Department supports small business participation in the Commonwealth Government procurement market. Participation statistics for small and medium enterprise and small enterprises are available on the Department of Finance's website at 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, www.treasury.gov.au.

The Department's procurement practices provide appropriate opportunities for small and medium enterprises to compete, and ensure that they are not unfairly discriminated against. For example, the Department uses the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000. Using this suite, which has simple and consistent contract terms and insurance requirements, makes it easier for small businesses to bid for work with the Department.



Grants

Information on grants awarded by the Department during 2015–16 is available at www.employment.gov.au/grants.

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 PGPA 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 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 2015–16, the Department entered into 81 new consultancies, involving total actual expenditure of \$4,842,406. In addition, 19 ongoing consultancy contracts were active during 2015–16, involving total actual expenditure of \$1,144,532.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website at www.tenders.gov.au.

EXTERNAL SCRUTINY

Judicial and administrative tribunal decisions

The Workplace Relations Legal Group supports an effective workplace relations system by providing legal advice to the Minister and the Government on workplace relations issues and by facilitating parliamentary consideration of any legislation necessary to give effect to government policy.

The Department was involved in the following significant matters before courts and administrative tribunals during 2015–16.

Annual wage review

In the 2016 annual wage review, the Australian Government submitted that the Fair Work Commission should take '[a] cautious approach, taking into account the risks to the economic outlook and the need to boost employment and job creation, as well as maintaining wages for those on the minimum wage and those on award classification wages'. The Government provided the commission with:

- an initial submission laying out the Government's position—6 April 2016
- responses to questions raised by the commission—6 May 2016
- a post-budget submission referring to budget forecasts and measures—6 May 2016.

On 10 May 2016 officials from the Department and the Treasury appeared before the commission to provide oral statements.

On 11 May 2016, the Department provided a response to a question on notice from the commission's expert panel about the procedure the panel can adopt, under the *Fair Work Act 2009*, for holding hearings and receiving submissions.

On 31 May 2016, the Fair Work Commission released its decision to increase the national minimum wage and award classification wages by 2.4 per cent from 1 July 2016. The decision will increase the national minimum wage to \$672.70 a week (\$17.70 an hour).

Applications to vary Contractor Driver Minimum Payments Road Safety Remuneration Order 2016 [2016] RSRTFB 6

On 18 December 2015, the Road Safety Remuneration Tribunal issued the Contractor Driver Minimum Payments Road Safety Remuneration Order and it was due to commence on 4 April 2016. The order set mandatory minimum pay rates for contractor drivers working in either supermarket distribution or long-distance operations. In March 2016, more than 30 parties applied to the tribunal seeking to delay commencement of the order until 1 January 2017 on the ground that the industry had not had sufficient time to prepare for the order. The Minister for Employment made submissions in support of the delay. On 1 April 2016, the tribunal decided not to delay the commencement of the order.

National Road Transport Association Ltd v Road Safety Remuneration Tribunal [2016] FCAFC 56

Following the Road Safety Remuneration Tribunal's decision not to delay the commencement of the Contractor Driver Minimum Payments Order, the National Road Transport Association and the Australian Industry Group applied to the Federal Court to have the order quashed, and for a stay of the order.

On 1 April 2016, the Hon. Justice Berna Joan Collier granted a temporary stay on the order pending a further hearing. On 6 April 2016, a full bench of the Federal Court held a further hearing. The Minister for Employment was granted leave to intervene and made submissions in support of a further stay. The full bench determined that it would not extend the stay order, finding that the applicants had not proved that the inconvenience or prejudice of not granting a stay would be greater than the inconvenience or prejudice of further preventing the intended commencement of the order. The matter was discontinued following the repeal of the *Road Safety Remuneration Act 2012* on 21 April 2016, which, among other things, had the effect of extinguishing the order from that point.

Equal Remuneration Decision 2015 [2015] FWCFB 8200

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. The matters are being heard together by a full bench of the commission and the Commonwealth is named as a respondent to both applications.

The full bench determined to initially deal with a range of threshold legal and conceptual issues concerning the equal remuneration provisions in the Fair Work Act before assessing the merits of the applications. The Commonwealth made four written submissions and appeared in oral hearings before the full bench. The Commonwealth submitted that a rigorous approach should be taken to the statutory requirements for the award of an equal remuneration order under Part 2-7 of the Fair Work Act.

The full bench handed down its decision on the threshold legal and conceptual issues on 30 November 2015 and agreed with the Commonwealth's position that each matter should be considered separately. The full bench has not set a date for hearing the substantive merits of the applications, but indicated that such applications would be considered for mention and programming upon the request of any party.

Parliamentary committee inquiries

The Department appeared before Senate Estimates on three occasions during 2015–16, for a total of four days:

- Supplementary Estimates—22 October 2015
- Additional Estimates—11 and 12 February 2016
- Budget Estimates—6 May 2016.

The Department assisted the Senate Education and Employment References Committee with the following inquiries:

- The impact of Australia's temporary work visa programs on the Australian labour market and on the temporary work visa holders
- The feasibility of, and options for, creating a national long service standard, and the portability of long service and other entitlements.

The Department assisted the Senate Education and Employment Legislation Committee with its inquiries into the following Bills:

- Building and Construction Industry (Improving Productivity) Bill 2013 [No. 2] and Building and Construction Industry (Consequential and Transitional Provisions) Bill 2013 [No. 2]
- Fair Work Amendment (Remaining 2014 Measures) Bill 2015
- Social Security Legislation Amendment (Further Strengthening Job Seeker Compliance) Bill 2015
- Fair Work (Registered Organisations) Amendment Bill 2014 [No. 2].

The Department assisted the House of Representatives Education and Employment Committee with its inquiry into inhibitors to employment for small business and disincentives to working for individuals. The committee tabled its report, *Getting business booming*, in March 2016.

The Department assisted the Senate Rural and Regional Affairs and Transport Legislation Committee with its inquiry into the Shipping Legislation Amendment Bill 2015, and coordinated a multi-agency submission to the Joint Standing Committee on Migration's inquiry into the Seasonal Worker Programme.

Reports by the Auditor-General

During 2015–16, the ANAO tabled one report in parliament that made recommendations relating to the Department:

- Report No. 1 of 2015–16: *Procurement initiatives to support outcomes for Indigenous Australians.*

The Department was also involved in one cross-portfolio review:

- Report No. 15 of 2015–16: *Audits of the financial statements of Australian Government entities for the period ended 30 June 2015.*

Office of the Australian Information Commissioner

During 2015–16 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/2015/67.html.

Capability review

During 2015 the Department undertook an Australian Public Service Commission capability review. The final report was published on 12 October 2015. The review is available at www.apsc.gov.au. For more information on the Department's response to the review, see page 69.

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. 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.

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>.

International Labour Organization

Australia has been a member of the International Labour Organization since it was founded in 1919. The Department has primary responsibility for the Australian Government's engagement with the International Labour Organization. Australia is required to report on the tripartite (employers, workers and government) consultations on international labour standards in accordance with obligations under the Tripartite Consultation (International Labour Standards) Convention, 1976 (Convention 144). Australia ratified the convention in 1979.

Tripartite consultations occur in a number of ways. Meetings of the International Labour Affairs Committee—a committee of the National Workplace Relations Consultative Council—are held twice a 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 are to consider matters of substance relating to the International Labour Organization and other relevant international bodies. The committee met twice during the reporting period, on 9 October 2015 and 4 March 2016.

Article 5 of Convention 144 requires consultation on several matters. These are discussed in the following sections, together with the action that took place during the reporting period.

Labour standards

Following the adoption in June 2014 of the Forced Labour Protocol of 2014 to the Forced Labour Convention 1930 (P029) and the Forced Labour (Supplementary Measures) Recommendation, 2014 (No. 203), the Minister gave approval for the Department to commence the process for considering ratification of the protocol. In accordance with Australia's obligations under Convention 144, the Department consulted with the Australian Chamber of Commerce and Industry and the Australian Council of Trade Unions seeking their views on ratification. The Department has also consulted with state and territory governments and other Commonwealth agencies on the compliance of existing law and practice with the articles of the protocol.

The Department also asked the social partners for comments on the submission report to Recommendation No. 204 concerning the Transition from the Informal to the Formal Economy prior to its tabling in Parliament on 3 May 2016.

Re-examination at appropriate intervals of unratified conventions and recommendations

In April 2016, in accordance with Article 19 of the International Labour Organization Constitution, a report was submitted to the International Labour Organization on the following instruments that Australia has not ratified:

- Convention 167, Safety and Health in Construction Convention, 1988
- Recommendation 175, Safety and Health in Construction, 1988
- Convention 176, Safety and Health in Mines Convention, 1995
- Recommendation 183, Safety and Health in Mines, 1995
- Convention 184, Safety and Health in Agriculture Convention, 2001
- Recommendation 192, Safety and Health in Agriculture, 2001
- Convention 187, Promotional Framework for Occupational Safety and Health Convention, 2006
- Recommendation 197, Promotional Framework for Occupational Safety and Health, 2006.

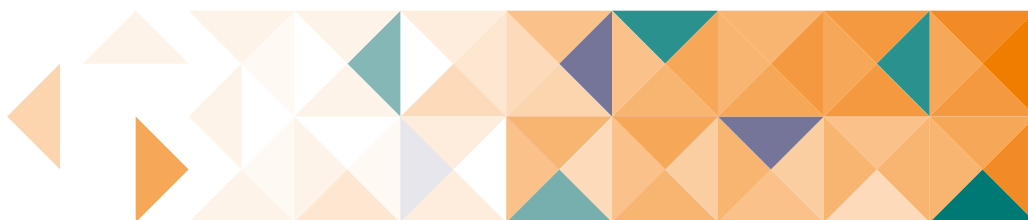
The Australian Chamber of Commerce and Industry and the Australian Council of Trade Unions were invited to provide comments on the report before it was submitted.

Under the International Labour Organization Declaration on Fundamental Principles and Rights at Work, countries that have not ratified the Minimum Age Convention, 1973 (Convention 138) are requested to provide an annual review report on new developments over the last 12 months. Australia provided a report to the International Labour Organization in September 2015 and copies of the report were sent to the Australian Chamber of Commerce and Industry and the Australian Council of Trade Unions.

Reports submitted under Article 22 of the International Labour Organization Constitution

In September 2015, in accordance with Article 22 of the International Labour Organization Constitution, reports were submitted to the International Labour Organization on the following conventions that Australia has ratified:

- Convention 29, Forced Labour Convention, 1930
- Convention 81, Labour Inspection Convention, 1947
- Convention 88, Employment Service Convention, 1948
- Convention 100, Equal Remuneration Convention, 1951
- Convention 111, Discrimination (Employment and Occupation) Convention, 1958
- Convention 155, Occupational Safety and Health Convention, 1981
- Convention 159, Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983
- Convention 162, Asbestos Convention, 1986.



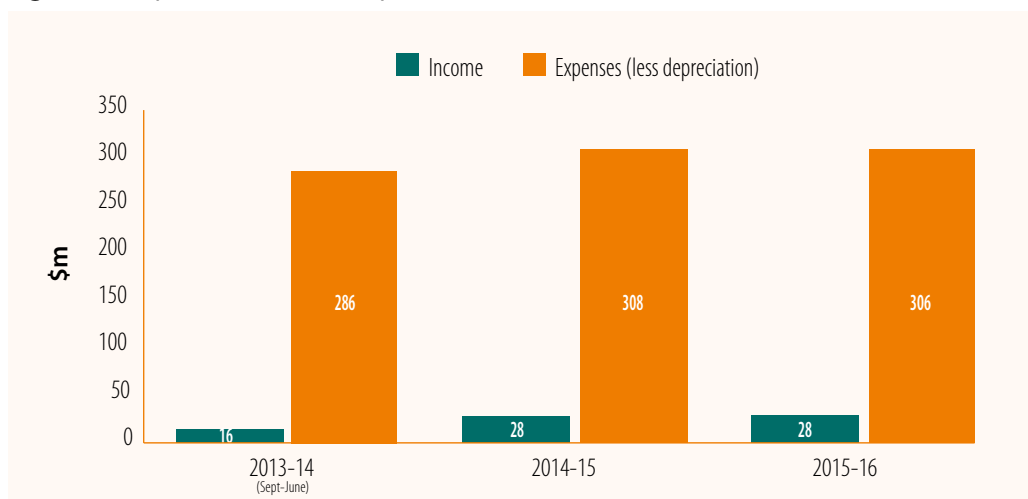
OUR FINANCIAL INFORMATION

FINANCIAL OVERVIEW

Financial performance—departmental

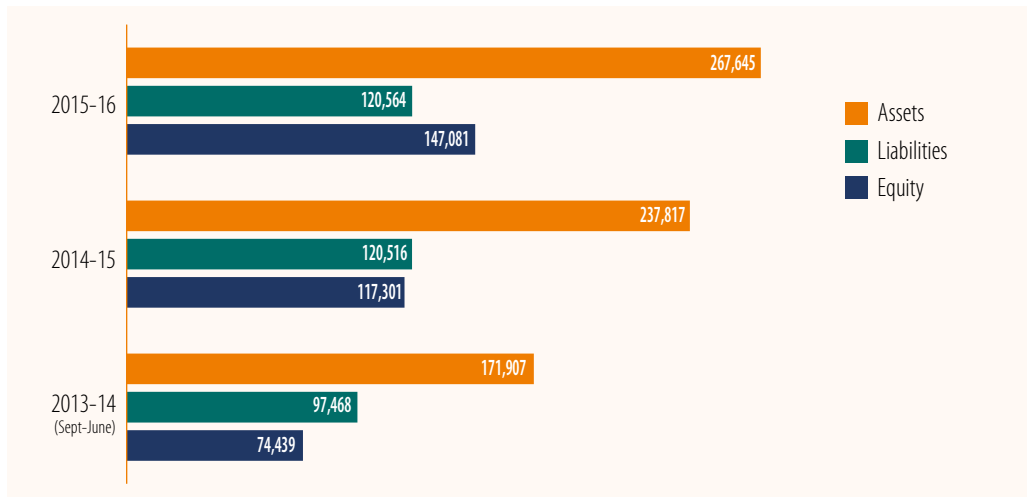
For the 2015–16 financial year the Department recorded a surplus before depreciation and amortisation of \$2.0 million (1 per cent of total departmental revenue).

Figure 14 Departmental financial performance



The result reflects the Department's sound financial position as at 30 June 2016, with financial assets of \$132.5 million exceeding total liabilities of \$120.6 million. Non-financial assets were \$135.1 million as at 30 June 2016, primarily reflecting the Department's IT systems and software, fit-outs, infrastructure and prepayments.

Figure 15 Departmental financial position



Financial performance—administered

In 2015–16, total administered expenses on behalf of Government were \$1,608.1 million, including:

- \$1,004.2 million in supplier expenses primarily related to jobactive
- \$165.2 million in subsidies, primarily related to payments made under the *Coal Mining Industry (Long Service Leave) Administration Act 1992*
- \$337.8 million in personal benefits associated with the New Enterprise Incentive Scheme and payments made under the Fair Entitlements Guarantee program
- \$90.8 million in grants, primarily related to workers’ compensation payments associated with Comcare, the Empowering YOUth Initiatives and ParentsNext programs and payments to the Centre for Workplace Leadership.

Total administered revenue in 2015–16 was \$240.7 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. The result also saw a significant increase in returns through the recovery of asset payments made under the Fair Entitlement Guarantee program.

Administered assets at 30 June 2016 were \$288.6 million largely associated with investments in the Coal Mining Industry Corporation. Administered liabilities were \$2,900.3 million, of which \$2,802.7 million related to amounts payable by the Commonwealth under workers’ compensation arrangements administered by Comcare but reported in the Department of Employment’s financial statements.

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the Minister for Employment

I have audited the accompanying annual financial statements of the Department of Employment for the year ended 30 June 2016, which comprise:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements.

Opinion

In my opinion, the financial statements of the Department of Employment:

- (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 2016 and its financial performance and cash flows for the year then ended.

Accountable Authority's Responsibility for the Financial Statements

The Accountable Authority 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 and is also responsible for such internal control as the Accountable Authority 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.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Australian National Audit Office



John Jones

Executive Director

Delegate of the Auditor-General

Canberra


9 September 2016

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 2016 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.

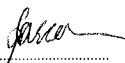
In our opinion, at the date of this statement, there are reasonable grounds to believe that the Department of Employment will be able to pay its debts as and when they fall due.



Signed.....

René Leon PSM
Accountable Authority

9 September 2016



Signed.....

Glen Casson
Chief Financial Officer

9 September 2016

Department of Employment
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000	Original Budget ¹ \$'000
NET COST OF SERVICES				
EXPENSES				
Employee benefits	1.1A	203,275	181,679	218,026
Suppliers	1.1B	101,847	123,520	86,213
Grants	1.1C	300	1,439	-
Depreciation and amortisation	3.2A	21,861	27,875	34,072
Finance costs	1.1D	95	474	-
Write-down and impairment of assets	1.1E	371	848	-
Losses from asset sales		463	224	-
Total expenses		328,212	336,059	338,311
OWN-SOURCE INCOME				
Own-source revenue				
Sale of goods and rendering of services	1.2A	23,813	26,100	17,713
External audit		460	460	460
Total own-source revenue		24,273	26,560	18,173
Gains				
Other gains	1.2B	3,752	1,361	-
Total gains		3,752	1,361	-
Total own-source income		28,025	27,921	18,173
Net cost of services		300,187	308,138	320,138
Revenue from Government		280,305	295,989	286,066
Deficit attributable to the Australian Government		(19,882)	(12,149)	(34,072)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		6,876	-	-
Total other comprehensive income		6,876	-	-
Total comprehensive loss		(13,006)	(12,149)	(34,072)

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the 2015–16 Portfolio Budget Statements.

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

Department of Employment
STATEMENT OF FINANCIAL POSITION
as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000	Original Budget ¹ \$'000
ASSETS				
Financial Assets				
Cash and cash equivalents		3,876	6,321	2,768
Trade and other receivables	3.1A	126,871	116,131	71,568
Other financial assets	3.1B	1,764	4,094	-
Total financial assets		132,511	126,546	74,336
Non-financial Assets				
Leasehold improvements	3.2A	23,274	20,260	20,173
Infrastructure, plant and equipment	3.2A	13,714	13,239	15,580
Intangibles	3.2A	88,511	65,761	65,037
Other non-financial assets	3.2B	9,635	12,011	10,252
Total non-financial assets		135,134	111,271	111,042
Total assets		267,645	237,817	185,378
LIABILITIES				
Payables				
Suppliers	3.3A	17,879	16,720	6,146
Other payables	3.3B	32,959	34,936	11,690
Total payables		50,838	51,656	17,836
Provisions				
Employee provisions	6.1A	67,329	62,596	65,128
Other provisions	3.4A	2,397	6,264	1,315
Total provisions		69,726	68,860	66,443
Total liabilities		120,564	120,516	84,279
Net assets		147,081	117,301	101,099
EQUITY				
Contributed equity		194,301	151,515	187,726
Reserves		10,252	3,376	3,376
Accumulated deficit		(57,472)	(37,590)	(90,003)
Total equity		147,081	117,301	101,099

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the 2015–16 Portfolio Budget Statements.

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 2016

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Opening balance	(37,590)	(25,441)	3,376	3,376	151,515	96,504	117,301	74,439
Balance carried forward from previous period	(37,590)	(25,441)	3,376	3,376	151,515	96,504	117,301	74,439
Adjusted opening balance	(37,590)	(25,441)	3,376	3,376	151,515	96,504	117,301	74,439
Comprehensive income								
Other comprehensive income	-	-	6,876	-	-	-	6,876	-
Deficit for the period	(19,882)	(12,149)	-	-	-	-	(19,882)	(12,149)
Total comprehensive income	(19,882)	(12,149)	6,876	-	-	-	(13,006)	(12,149)
Contributions by owners								
Equity injection - Appropriation	-	-	-	-	15,408	23,987	15,408	23,987
Departmental capital budget	-	-	-	-	27,378	31,024	27,378	31,024
Restructuring	-	-	-	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	42,786	55,011	42,786	55,011
Closing balance attributable to Australian Government	(57,472)	(37,590)	10,252	3,376	194,301	151,515	147,081	117,301
	(57,472)	(37,590)	10,252	3,376	194,301	151,515	147,081	117,301

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the 2015-16 Portfolio Budget Statements.

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) require 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 2016

	Notes	2016 \$'000	2015 \$'000	Original Budget ¹ \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		301,641	281,233	286,530
Sale of goods and rendering of services		24,465	28,130	17,923
Net GST received		13,571	13,559	7,354
Other		3	-	-
Total cash received		<u>339,680</u>	<u>322,922</u>	<u>311,807</u>
Cash used				
Employees		202,642	182,157	218,490
Suppliers		114,271	110,617	93,317
Grants		300	1,439	-
Section 74 receipts transferred to the OPA		24,286	26,198	-
Total cash used		<u>341,499</u>	<u>320,411</u>	<u>311,807</u>
Net cash from operating activities	5.3	<u>(1,819)</u>	<u>2,511</u>	<u>-</u>
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of infrastructure, plant and equipment		23	54	-
Total cash received		<u>23</u>	<u>54</u>	<u>-</u>
Cash used				
Purchase of infrastructure, plant and equipment		3,932	4,591	6,990
Purchase / development of intangibles		37,538	41,634	23,065
Purchase of leasehold improvements		982	7,526	6,156
Total cash used		<u>42,452</u>	<u>53,751</u>	<u>36,211</u>
Net cash used by investing activities		<u>(42,429)</u>	<u>(53,697)</u>	<u>(36,211)</u>
FINANCING ACTIVITIES				
Cash received				
Contributed equity - equity injection and capital budget		41,803	51,838	36,211
Total cash received		<u>41,803</u>	<u>51,838</u>	<u>36,211</u>
Net cash from financing activities		<u>41,803</u>	<u>51,838</u>	<u>36,211</u>
Net increase in cash held		<u>(2,445)</u>	<u>652</u>	<u>-</u>
Cash and cash equivalents at the beginning of the reporting period		6,321	5,669	2,768
Cash and cash equivalents at the end of the reporting period²		<u>3,876</u>	<u>6,321</u>	<u>2,768</u>

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the 2015–16 Portfolio Budget Statements.
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 2016

	Notes	2016 \$'000	2015 \$'000	Original Budget ¹ \$'000
NET COST OF SERVICES				
EXPENSES				
Suppliers	2.1A	1,004,221	1,187,868	1,313,745
Subsidies	2.1B	165,165	281,345	305,930
Personal benefits	2.1C	337,814	384,959	284,525
Grants	2.1D	90,833	89,773	82,959
Write-down and impairment of assets		2,293	155	-
Payments to corporate Commonwealth entities		7,727	7,563	7,727
Total expenses administered on behalf of Government		1,608,053	1,951,663	1,994,886
INCOME				
Revenue				
Taxation revenue				
Other taxes		144,931	159,401	174,618
Total taxation revenue		144,931	159,401	174,618
Non-taxation revenue				
Interest		29	20	-
Commonwealth asset recoveries		70,529	23,278	14,732
Other revenue		25,237	5,643	3,963
Total non-taxation revenue		95,795	28,941	18,695
Total revenue		240,726	188,342	193,313
Total income		240,726	188,342	193,313
Net cost of services		(1,367,327)	(1,763,321)	(1,801,573)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		16,239	79,181	-
Total other comprehensive income		16,239	79,181	-
Total comprehensive loss		(1,351,088)	(1,684,140)	(1,801,573)

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2015–16.

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 fee 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 2016

	Notes	2016 \$'000	2015 \$'000	Original Budget ¹ \$'000
ASSETS				
Financial assets				
Cash and cash equivalents		4	104	-
Trade, taxation and other receivables	4.1A	42,378	32,165	23,336
Other investments	4.1B	240,897	224,658	145,477
Total financial assets		283,279	256,927	168,813
Non-financial assets				
Prepayments		5,321	5,014	5,297
Total non-financial assets		5,321	5,014	5,297
Total assets administered on behalf of Government		288,600	261,941	174,110
LIABILITIES				
Payables				
Suppliers	4.2A	60,980	99,476	21,642
Subsidies	4.2B	24,135	52,573	14,810
Personal benefits	4.2C	2,753	6,692	9,441
Grants	4.2D	2,168	-	459
Other payables	4.2E	2,810,289	2,794,446	2,779,135
Total payables		2,900,325	2,953,187	2,825,487
Total liabilities administered on behalf of Government		2,900,325	2,953,187	2,825,487
Net liabilities		(2,611,725)	(2,691,246)	(2,651,377)

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2015–16.

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

	2016 \$'000	2015 \$'000
Opening assets less liabilities	(2,691,246)	(2,656,569)
Adjustment for errors	-	5,023
Adjusted opening assets less liabilities	(2,691,246)	(2,651,546)
Net cost of services		
Income	240,726	188,342
Expenses		
Payments to entities other than corporate Commonwealth entities	(1,600,326)	(1,944,100)
Payments to corporate Commonwealth entities	(7,727)	(7,563)
Other comprehensive income		
Revaluations transferred to reserves	16,239	79,181
Transfers (to)/from the Australian Government		
Appropriation transfers from Official Public Account		
Administered assets and liabilities appropriations	-	-
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	1,127,767	1,290,262
Payments to corporate Commonwealth entities	7,727	7,563
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	288,618	334,246
Payments to corporate Commonwealth entities	182,146	198,110
Appropriation transfers to Official Public Account		
Transfers to Official Public Account	(175,649)	(185,741)
Restructuring	-	-
Closing assets less liabilities as at 30 June	(2,611,725)	(2,691,246)

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 2016

	Notes	2016 \$'000	2015 \$'000
OPERATING ACTIVITIES			
Cash received			
Interest		29	20
Net GST received		105,330	111,982
Levies		146,970	158,606
Other		95,859	28,982
Total cash received		<u>348,188</u>	<u>299,590</u>
Cash used			
Suppliers		1,153,568	1,308,506
Subsidies		193,603	160,681
Personal benefits		357,863	387,719
Grants		73,662	71,792
Payments to corporate Commonwealth entities		7,727	7,563
Total cash used		<u>1,786,423</u>	<u>1,936,261</u>
Net cash flows used by operating activities	5.3	<u>(1,438,235)</u>	<u>(1,636,671)</u>
Cash and cash equivalents at the beginning of the reporting period		104	-
Cash from the Official Public Account for			
- Appropriations		1,606,257	1,830,183
- GST appropriations		106,756	115,076
Total cash from official public account		<u>1,713,013</u>	<u>1,945,259</u>
Cash to the Official Public Account for			
- Appropriations		(175,649)	(185,741)
- Return of GST appropriations		(99,229)	(122,743)
Total cash to official public account		<u>(274,878)</u>	<u>(308,484)</u>
Cash and cash equivalents at the end of the reporting period¹		<u>4</u>	<u>104</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 2015–16 Portfolio Budget Statements (PBS) budget and the final financial outcome in the 2015–16 financial statements. The Budget is not audited and does not reflect budget estimates provided as part of the 2016–17 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%; 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 2016

Explanations of major variances	Affected line items (and schedule)
The main variance is primarily due to lower than planned expenditure on Leave and Other Entitlements.	Employee Benefits (Statement of Comprehensive Income), Employees (Cash Flow Statement)
Suppliers expense variance is primarily due an increase in expenses for staff training, additional work undertaken for research and analysis and strengthening of assurance activities.	Suppliers (Statement of Comprehensive Income), Suppliers (Cash Flow Statement)
The lower depreciation and amortisation expense compared to budget was mainly due to leases ending and extension of leases.	Depreciation and amortisation (Statement of Comprehensive Income)
Revenue from services and property sub leases contributed to the higher than expected own-source revenue.	Own-source of revenue (Statement of Comprehensive income), Sale of goods and rendering of services (Cash Flow Statement).
The Other gains variance is due to the write back of surplus lease, property ownership movements due to Machinery of Government changes and write off of a provision no longer required. These are one off revenues that were not budgeted for.	Other gains (Statement of Comprehensive income)
This variance is due to the revaluation of the Department's assets.	Other Comprehensive income (Statement of Comprehensive income), Reserves (Statement of Financial Position), Asset Revaluation Surplus (Statement of Changes in Equity)
The Trade Debtors variance is due to increased appropriation receivable and lease incentives. This budget was adjusted to better reflect the outcomes expected for the Department. With this adjustment the variance relates to lease incentives.	Trade and other receivables (Statement of Financial Position)
Accrued Revenue received is lower than expected, as less receivables have been accrued than forecast.	Assets—Other financial assets (Statement of Financial Position)
Leasehold asset values have been increased due to a revaluation as at 30 June 2016.	Leasehold Improvements (Statement of Financial Position)
The variance relates to fit-out works planned for 2015–16 that were delayed due to on-going lease negotiations.	Leasehold Improvements (Cash Flow Statement)
Infrastructure expenditure is below budget due to delays in purchases.	Infrastructure, Plant and Equipment (Statement of Financial Position) & (Cash Flow Statement)
The variance relates to a higher value of internally developed software.	Intangibles (Statement of Financial Position) & (Cash Flow Statement)
The Suppliers payable variance is due to increased accounts payable above what was originally budgeted. This budget was adjusted in the revised budget to better reflect the outcomes expected for the department. With this adjustment, the variance is on budget.	Supplier payables (Statement of Financial Position)
Other payables variance when compared to original budget is attributed to a lease incentive recognised and this has been adjusted in the revised budget. The variance to the revised budget relates to salary accruals at year end.	Other payables (Statement of Financial Position)
Higher Other provisions is mainly due to a provision for surplus lease recorded in 2014–15 and an onerous contract on a lease.	Other provisions (Statement of Financial Position)
The variance relates to a small capital and operating surplus when compared to revised budget.	Accumulated deficit (Statement of Financial Position), Retained Earnings (Statement of Changes in Equity)
The Department received additional Capital and Equity injections associated with new measures. This was amended in the revised budget.	Contributed equity (Statement of Financial Position), Contributed equity/capital (Statement of Changes in Equity) Contributed equity - equity injection (Cash Flow Statement)
GST received from the ATO was higher than the revised budget, mainly due to higher than planned Supplier expenses.	Net GST received (Cash Flow Statement)
There is no budget for the transfer of cash to the OPA from revenue received under Section 74 of the <i>Public Governance, Performance and Accountability Act 2013</i> .	Section 74 transfers to the OPA (Cash Flow Statement)

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Administered Major Budget Variances for 2016

Explanations of major variances	Affected line items (and schedule)
The Supplier and Subsidies expense variance primarily relates to lower than planned job seeker commencements in jobactive due to lower than forecast unemployment rate.	Suppliers & Subsidies (Administered Schedule of Comprehensive Income)
Monthly levy collections for the <i>Coal Mining Industry (LSL) Act 1992</i> (CMIC) have been impacted by the reduced numbers of employees in the sector. This is due to the industry moving from an expansion and construction phase to a more steady production phase.	Subsidies and Other Taxes (Administered Schedule of Comprehensive Income)
Higher than planned Personal Benefits expense primarily relates to the Fair Entitlements Guarantee Program (FEG). The average cost per claim was higher than the original budget estimate.	Personal Benefits (Administered Schedule of Comprehensive Income)
The majority of the variance to budget relates to one debt that was recognised as doubtful after the finalisation of an insolvency process.	Write-down and impairment of Assets (Administered Schedule of Comprehensive Income),
The variance relates 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 and Other receivables (Administered Schedule of Assets and Liabilities)
Higher than planned Other Revenue relates to recoveries of asbestos settlement claims from employers for costs paid by the Commonwealth under the <i>Asbestos Related Claims Act 2005</i> . The original budget was based on prior year outcomes, however by their nature, the recoveries vary from year to year.	Other Revenue (Administered Schedule of Comprehensive Income)
Other revenue was higher than planned due to expenditure estimates from 2014–15 being lower in 2015–16 than expected. As such residual estimates to cover the expenditure have been moved from expenses.	Other Revenue (Administered Schedule of Comprehensive Income)
Higher than planned Other Investments relates to the Government's holdings in CMIC.	Other Investments (Administered Schedule of Assets and Liabilities), Other Comprehensive Income (Administered Schedule of Comprehensive Income)
Supplier payables relate to jobactive accruals for Wage Subsidies and Outcome Fees. The budget was amended at the revised budget which was based on previous year's result. The accrual for jobactive is less than the revised budget mainly due to changes in the way outcome fees are structured under the new jobactive program.	Suppliers Payable (Administered Schedule of Assets and Liabilities)
Subsidies payable relates to a higher than expected end of year accruals when compared to original budget. This was updated at the revised budget and the actuals are now on budget.	Subsidies Payable (Administered Schedule of Assets and Liabilities)
Due to changes in payment processing in 2016–17 under the FEG program, all approved claims were paid in 2015–16 and there are no accruals in 2015–16.	Personal Benefits Payable (Administered Schedule of Assets and Liabilities)
Grants payable actuals reflects grants that have been awarded but not yet paid. It was expected that the majority of the initial milestones would be paid by the end of the financial year.	Grants Payable (Administered Schedule of Assets and Liabilities)

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Budgetary Reports and Explanations of Major Variances	120
Overview	123
1. Departmental Financial Performance.....	125
1.1. Expenses	125
1.2. Income	127
2. Income and Expenses Administered on Behalf of Government	129
2.1. Administered—Expenses	129
3. Departmental Financial Position.....	130
3.1. Financial Assets	130
3.2. Non-Financial Assets.....	132
3.3. Payables	137
3.4. Other Provisions.....	138
4. Assets and Liabilities Administered on Behalf of Government.....	139
4.1. Administered—Financial Assets.....	139
4.2. Administered—Payables.....	140
5. Funding	142
5.1. Appropriations	142
5.2. Net Cash Appropriation Arrangements	146
5.3. Cash Flow Reconciliation	147
6. People and Relationships.....	148
6.1. Employee Provisions	148
6.2. Senior Management Personnel Remuneration	149
7. Managing Uncertainties.....	150
7.1. Contingent Assets and Liabilities	151
7.2. Financial Instruments.....	152
7.3. Administered—Financial Instruments	156
7.4. Fair Value Measurement.....	159
7.5. Administered—Fair Value Measurement	162
8. Other Information.....	163
8.1. Reporting of Outcomes	163

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Overview

Objectives of the Department of Employment

The Department of Employment is an Australian Government controlled entity. It is a not-for-profit entity.

The Department provides advice to the Government and administers programs to achieve the Government's objectives to create more jobs and increase productivity. The Department works in partnership with the states and territories, non-government authorities, jobactive providers and industry.

The Department is structured to meet the following outcomes:

Outcome 1: Fostering 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: Facilitating jobs growth through policies that promote fair, productive and safe workplaces.

The continued existence of the department in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for the department's administration and programs.

The Department's activities contributing toward these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the department, on behalf of the Government, of items controlled or incurred by the Government.

The Department conducts the following administered activities on behalf of the Government:

- aid the gaining of paid employment, delivering benefits for individuals, their families and the community through jobactive providers.
- provide advice and support on the national workplace relations system that encourages employers and employees to agree, and productive and competitive working arrangements to support jobs growth, and advise on workplace health and safety and workers compensation.

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:

- Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2015; and
- Australian Accounting Standards and Interpretations 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;

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

- the jobactive and the Job Commitment Bonus 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

Adoption of New Australian Accounting Standard Requirements

No new and amended standards were issued prior to the signing of the statement by the accountable authority and chief financial officer, were applicable to the current reporting period and had a material effect on the entity's financial statements.

All other accounting standards that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect, on the Department's financial statements.

Future Australian Accounting Standard Requirements

The following new standards, revised standards, interpretations and amending standards were issued by the Australian Accounting Standards Board prior to the sign-off date and apply to future reporting periods, which are expected to have a material impact on the Department's financial statements for future reporting periods:

AASB 2015-6,	<i>Amendments to Australian Accounting Standards—Extending Related Party Disclosures to</i>
AASB 124	<i>Not-for-Profit Public Sector Entities</i>
AASB 15	<i>Revenue from Contracts with Customers</i> —specifies the accounting treatment for all revenue arising from contracts with customers
AASB 16	<i>Leases</i>

All other new standards and interpretations that were issued prior to the sign-off date and are applicable to future reporting periods are not expected to have a future material impact on the entity's financial statements.

Taxation

The Department is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and non-financial assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

2014–15 Comparatives

Comparatives for the 2014–15 financial year have been amended. The changes relate to the mapping of General Ledger accounts only and have not changed the results for the 2014–15 financial year. The main changes are:

- balances were adjusted between Leave and other Entitlements and Wages and Salaries in the Employee benefits category in the Departmental Statement of Comprehensive Income;
- balances were adjusted between Suppliers and Subsidies in the Administered Schedule of Comprehensive Income;
- there have been prior year adjustments to the Short-term employee benefits category in the in the Senior Management Personnel Remuneration note;
- there were other minor adjustments in the Departmental Statement of Comprehensive Income.

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 2016.

1.1. Expenses

	2016 \$'000	2015 \$'000
Note 1.1A: Employee Benefits		
Wages and salaries	147,518	135,974
Superannuation		
Defined contribution plans	14,144	12,392
Defined benefit plans	17,577	16,391
Leave and other entitlements	19,132	14,989
Separations and redundancies	3,167	540
Other employee expenses	1,737	1,393
Total employee benefits	203,275	181,679

Accounting Policy

Accounting policies for employee related expenses is contained in the People and Relationships section.

	2016 \$'000	2015 \$'000
Note 1.1B: Suppliers		
Goods and services supplied or rendered		
Consultants	15,464	8,854
Contractors	12,393	8,980
Travel	3,881	4,512
IT services	19,273	23,896
Property	3,176	8,896
Resources provided free of charge	460	460
Legal	2,501	2,896
Other	14,192	14,332
Total goods and services supplied or rendered	71,340	72,826
Provision of goods	1,667	2,099
Rendering of services	69,673	70,727
Total goods and services supplied or rendered	71,340	72,826
Expenses paid on behalf of portfolio agency	-	19,315
Other suppliers		
Operating lease rentals in connection with		
Minimum lease repayments	29,247	27,938
Workers compensation expenses	1,260	3,441
Total other suppliers	30,507	31,379
Total suppliers	101,847	123,520

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.

	2016	2015
	\$'000	\$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	26,596	30,806
Between 1 to 5 years	84,475	78,273
More than 5 years	<u>69,836</u>	<u>82,882</u>
Total operating lease commitments	<u>180,907</u>	<u>191,961</u>

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.

	2016	2015
	\$'000	\$'000
Note 1.1C: Grants		
Private sector		
Non-profit organisations	215	423
Other	<u>85</u>	<u>1,016</u>
Total grants	<u>300</u>	<u>1,439</u>

Note 1.1D: Finance Costs

Discount for restoration	-	17
Discount for surplus lease space	95	53
Discount for lease incentives	<u>-</u>	<u>404</u>
Total finance costs	<u>95</u>	<u>474</u>

Note 1.1E: Write-Down and Impairment of Assets

Asset write-downs and impairments from

Write-off of receivables—goods and services	1	8
Impairment of receivables—goods and services	3	10
Impairment of leasehold improvements	51	689
Write-off of leasehold improvements	170	2
Write-off of infrastructure, plant and equipment	2	81
Write-off of intangibles	<u>144</u>	<u>58</u>
Total write-down and impairment of assets	<u>371</u>	<u>848</u>

Department of Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.2. Income

OWN-SOURCE REVENUE	2016	2015
	\$'000	\$'000

Note 1.2A: Sale of Goods and Rendering of Services

Sales of goods	42	16
Rendering of services	<u>23,771</u>	<u>26,084</u>
Total sale of goods and rendering of services	<u>23,813</u>	<u>26,100</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 \$3.93 million including GST.

	2016	2015
	\$'000	\$'000
Commitments for sublease rental income receivables are as follows:		
Within 1 year	(1,520)	(3,359)
Between 1 to 5 years	(2,406)	(2,878)
More than 5 years	<u>-</u>	<u>(253)</u>
Total sublease rental income commitments	<u>(3,926)</u>	<u>(6,490)</u>

Note 1.2B: Other Gains

Gain on write back of restoration provision	1,172	229
First time recognition of assets – infrastructure, plant and equipment	50	266
Write back of provision for surplus lease space	1,098	11
Write back of leaseholds impairment	262	155
Write back of intangibles impairment	18	-
Other	<u>1,152</u>	<u>700</u>
Total other gains	<u>3,752</u>	<u>1,361</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

	2016	2015
	\$'000	\$'000
Note 2.1A: Suppliers		
Services rendered		
Labour market assistance to job seekers and industry	983,296	1,170,216
Industrial relations	20,925	17,649
Total suppliers	1,004,221	1,187,865
Note 2.1B: Subsidies		
Subsidies in connection with		
Labour market assistance to job seekers and industry	20,234	121,944
Industrial relations	144,931	159,401
Total subsidies	165,165	281,345
Note 2.1C: Personal Benefits		
Direct		
Labour market assistance to job seekers and industry	56,183	72,515
Indirect		
Industrial relations	281,631	312,444
Total personal benefits	337,814	384,959

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 agreement for the New Enterprise Incentive Scheme under jobactive.

	2016	2015
	\$'000	\$'000
Note 2.1D: Grants		
Public sector		
Australian Government entities	78,812	84,299
Private sector		
Non-profit organisations	7,641	957
Other	4,380	4,517
Total grants	90,833	89,773

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.

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

	2016	2015
	\$'000	\$'000
Note 3.1A: Trade and Other Receivables		
Goods and services	3,873	4,722
Appropriation receivables—for existing programs	113,140	109,207
GST receivable from the Australian Taxation Office	2,297	1,386
Lease incentives	7,510	776
Other	54	50
Total trade and other receivables (gross)	126,874	116,141
Less impairment allowance account		
Goods and services	(3)	(10)
Total impairment allowance account	(3)	(10)
Total trade and other receivables (net)	126,871	116,131
Trade and other receivables (net) expected to be recovered		
No more than 12 months	120,378	116,027
More than 12 months	6,493	104
Total trade and other receivables (net)	126,871	116,131
Trade and other receivables (gross) aged as follows		
Not overdue	124,797	115,876
Overdue by		
0 to 30 days	341	20
31 to 60 days	1,058	60
61 to 90 days	165	28
More than 90 days	513	157
Total trade and other receivables (gross)	126,874	116,141
Impairment allowance account aged as follows		
Overdue by:		
More than 90 days	(3)	(10)
Total impairment allowance	(3)	(10)

Credit terms are net 30 days.

Department of Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Reconciliation of the Impairment Allowance

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)
Closing balance	(3)	(3)

Movements in relation to 2015

	Goods and services \$'000	Total \$'000
Opening balance	(10)	(10)
Amounts written off	10	10
Amounts recovered and reversed	-	-
Decrease recognised in net cost of services	(10)	(10)
Closing balance	(10)	(10)

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.

Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- cash on hand;
- cash held by outsiders; and
- cash in special accounts.

Financial Assets

The Department classifies its financial assets in the following category:

- loans and 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.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. The Department's loans 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.

	2016 \$'000	2015 \$'000
Note 3.1B: Other Financial Assets		
Accrued revenue	1,764	4,094
Total other financial assets	1,764	4,094

All accrued revenue is expected to be received in no more than 12 months.

**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 (2015–16)

	Leasehold improvements \$'000	Other plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 30 June 2015					
Gross book value	28,582	23,697	79,421	701	132,401
Opening adjustment—gross book value	-	-	-	-	-
Accumulated depreciation and impairment	(8,322)	(10,458)	(14,011)	(350)	(33,141)
Opening adjustment—accumulated depreciation and impairment	-	-	-	-	-
Net book value 30 June 2015	20,260	13,239	65,410	351	99,260
Additions					
Purchase or internally developed	982	3,395	37,266	104	41,747
First time recognition	-	50	-	-	50
Reclassification	(951)	920	(3)	34	-
Revaluations recognised in other comprehensive income	6,128	748	-	-	6,876
Impairments recognised in net cost of services	(51)	-	(144)	-	(195)
Reversal of impairments recognised in net cost of services	262	-	18	-	280
Depreciation/amortisation expense	(3,031)	(4,305)	(14,455)	(70)	(21,861)
Disposals					
Other	(155)	(331)	-	-	(486)
Write-offs	(170)	(2)	-	-	(172)
Total as at 30 June 2016	23,274	13,714	88,092	419	125,499
Total as at 30 June 2016 represented by:					
Gross book value					
Fair Value	23,586	14,579	113,208	839	152,212
Work in progress	8	-	2,910	-	2,918
Accumulated amortisation	-	-	(27,585)	(407)	(27,992)
Accumulated depreciation	(10)	(102)	-	-	(112)
Accumulated impairment	(310)	(763)	(441)	(13)	(1,527)
Total as at 30 June 2016	23,274	13,714	88,092	419	125,499

**Department of Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Note 3.2B: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles (2014–15)

	Leasehold improvements \$'000	Other plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 30 June 2014					
Gross book value	21,599	21,582	86,190	706	130,077
Opening adjustment—gross book value	-	80	-	(5)	75
Accumulated depreciation and impairment	(582)	(8,480)	(46,744)	(141)	(55,947)
Opening Adjustment—accumulated depreciation and impairment	155	(80)	-	5	80
Net book value 30 June 2014	21,172	13,102	39,446	565	74,285
Additions					
Purchase or internally developed	7,533	4,990	41,169	-	53,692
First time recognition	-	152	114	-	266
Reclassification	-	-	-	-	-
Revaluations and impairments recognised in other comprehensive income	-	-	-	-	-
Impairments recognised in net cost of services	(689)	-	-	-	(689)
Depreciation/amortisation expense	(7,754)	(4,762)	(15,145)	(214)	(27,875)
Disposals					
From disposal of entities or operations (including restructuring)	-	-	-	-	-
Other	-	(162)	(116)	-	(278)
Write-offs	(2)	(81)	(58)	-	(141)
Total as at 30 June 2015	20,260	13,239	65,410	351	99,260
Total as at 30 June 2015 represented by:					
Gross book value					
Fair Value	27,545	23,697	78,492	701	130,435
Work in progress	1,037	-	929	-	1,966
Accumulated amortisation	-	-	(13,143)	(319)	(13,462)
Accumulated depreciation	(7,432)	(9,239)	-	-	(16,671)
Accumulated impairment	(890)	(1,219)	(868)	(31)	(3,008)
Total as at 30 June 2015	20,260	13,239	65,410	351	99,260

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

During 2016, \$0.144 million of internally developed software was impaired (2015: nil). There were no write offs of internally developed software (2015: \$0.058 million). There were no write offs of purchased software during 2016 (2015: nil).

There are 3 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 \$0.774 million as at 30 June 2016.

No impairment loss was recognised for surplus lease space (2015: \$0.689m, 7 properties).

No material amounts of infrastructure, plant and equipment are expected to be sold or disposed of within the next 12 months.

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	2016
Leasehold improvements	Lease Term
Infrastructure, plant and equipment	3–25 years

Impairment

All assets were assessed for impairment at 30 June 2016. 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 2016.

Contractual commitments for the acquisition of property, plant, equipment and intangible assets	2016
	\$'000
Commitments are payable as follows:	
Within 1 year	<u>28,513</u>
Total commitments payable	<u><u>28,513</u></u>

Commitments reporting has changed from the prior year as such there are no comparatives for this item.

Department of Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2016 \$'000	2015 \$'000
<u>Note 3.2B: Other Non-Financial Assets</u>		
Prepayments	<u>9,635</u>	<u>12,011</u>
Total other non-financial assets	<u>9,635</u>	<u>12,011</u>
Other non-financial assets expected to be recovered in		
No more than 12 months	<u>7,192</u>	<u>10,314</u>
More than 12 months	<u>2,443</u>	<u>1,697</u>
Total other non-financial assets	<u>9,635</u>	<u>12,011</u>

No indicators of impairment were found for other non-financial assets.

Note 3.2C: Jointly Controlled Operations

The Shared Services Centre (SSC) commenced operation on 1 July 2014. The SSC provides operational, transactional, advisory and support functions for information technology and a range of corporate services for the partner departments: the Departments of Employment (Employment) and Education and Training (Education). The SSC also provides services to other agencies across the Commonwealth on a fee for service basis.

The SSC is classed as a joint operation under *AASB 11—Joint Arrangement*, whereby Employment and Education have joint control of the arrangement with rights to the assets and obligations for the liabilities relating to the SSC. The rights and obligations, as well as the contributions by the partner agencies, are underpinned by a Heads of Agreement between the two partner departments. The financial statements of both departments recognise their share of the assets, liabilities, revenues and expenses of the SSC.

The partner's ownership in the SSC is 50:50. Items are generally shared between Employment and Education on 49:51 basis respectively, with the main exception being property related items which are allocated based on occupancy at an agreed date. The resultant overall share of net assets for Employment in 2015–16 is 51 per cent.

Department of Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.3. Payables

	2016	2015
	\$'000	\$'000
Note 3.3A: Suppliers		
Trade creditors	15,736	14,606
Operating lease rentals	2,143	2,114
Total suppliers	17,879	16,720
Suppliers expected to be settled		
No more than 12 months	16,195	15,652
More than 12 months	1,684	1,068
Total suppliers	17,879	16,720

Settlement is usually made within 30 days.

Note 3.3B: Other Payables

Salaries and wages	710	5,842
Superannuation	129	1,004
Separations and redundancies	1,844	108
Other employee benefits	438	468
Lease incentive	21,320	16,817
Unearned income	1,261	3,979
Accrued expenses	7,257	6,718
Total other payables	32,959	34,936
Other payables expected to be settled		
No more than 12 months	14,197	20,142
More than 12 months	18,762	14,794
Total other payables	32,959	34,936

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
As at 30 June 2015	1,030	5,234	-	6,264
Additional provisions made	226	-	440	666
Amounts reversed	(756)	(1,913)	-	(2,669)
Amounts used	-	(1,959)	-	(1,959)
Discount or change in discount rate	-	95	-	95
Total as at 30 June 2016	500	1,457	440	2,397

2016	2015
\$'000	\$'000

Note 3.4A: Other provisions

Provision for restoration	500	1,030
Provision for surplus lease space	1,457	5,234
Provision for onerous lease	440	-
Total other provisions	2,397	6,264

Other provisions expected to be settled

No more than 12 months	1,364	4,224
More than 12 months	1,033	2,040
Total other provisions	2,397	6,264

The Department currently has two agreements for the leasing of premises which have provisions requiring the Department to restore the premises to their original condition at the conclusion of the lease (2015: 3 agreements). The Department has made a provision to reflect the present value of this obligation.

The Department has recognised a provision for surplus lease on six properties. Four properties have a lease end date within 2016–17. One property has a lease end date within two years. One property has a lease end date greater than two years.

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

	2016	2015
	\$'000	\$'000
Note 4.1A: Receivables		
Taxation receivables	11,963	14,002
Personal benefits receivables	16,111	-
Goods and services receivables	4,335	835
GST receivable from the ATO	12,111	17,465
Total receivables (gross)	44,520	32,302
Less impairment allowance		
Goods and services	(2,142)	(137)
Total impairment allowance	(2,142)	(137)
Total receivables (net)	42,378	32,165
Receivables (net) expected to be recovered		
No more than 12 months	42,226	32,072
More than 12 months	152	93
Total receivables (net)	42,378	32,165
Receivables (gross) aged as follows		
Not overdue	41,694	31,682
Overdue by:		
0 to 30 days	9	14
31 to 60 days	163	14
61 to 90 days	180	53
More than 90 days	2,474	539
Total receivables (gross)	44,520	32,302
Impairment allowance aged as follows		
Overdue by:		
More than 90 days	(2,142)	(137)
Total impairment allowance	(2,142)	(137)
Credit terms are within 30 days.		
Reconciliation of the Impairment Allowance		
Movements in relation to 2016		
	Goods and services	Total
	\$'000	\$'000
Opening balance	(137)	(137)
Amounts written off	129	129
Increase recognised in net cost of services	(2,134)	(2,134)
Closing balance	(2,142)	(2,142)
Movements in relation to 2015		

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Goods and services \$'000	Total \$'000
Opening balance	(141)	(141)
Amounts written off	141	141
Increase recognised in net cost of services	(137)	(137)
<i>Closing balance</i>	(137)	(137)

Accounting Policy

Loans and Receivables

Where loans and 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.

	2016 \$'000	2015 \$'000
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Note 4.1B: Other Investments

Other Investments

Coal Mining Industry Corporation ¹	240,897	224,658
Total other investments	240,897	224,658

All Other Investments are expected to be recovered in greater than 12 months.

The Department retains 100 per cent ownership of the listed investment. The principle activity of the Department's administered investment is as follows:

¹*Coal Mining Industry Corporation (CMIC)* –the administration of the Coal Mining Industry Long Service Leave 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 2016. 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.

4.2. Administered—Payables

	2016 \$'000	2015 \$'000
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Note 4.2A: Suppliers

Trade creditors and accruals	60,980	99,475
Total suppliers	60,980	99,475

All suppliers are expected to be settled in no more than 12 months.
Settlement was made within 30 days

Department of Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2016	2015
	\$'000	\$'000
<u>Note 4.2B: Subsidies</u>		
Subsidies	24,135	52,573
Total subsidies	24,135	52,573
All subsidies are expected to be settled in no more than 12 months.		
<u>Note 4.2C: Personal Benefits</u>		
Labour market assistance to job seekers and industry - Direct	2,744	2,142
Labour market assistance to job seekers and industry - Indirect	9	-
Industrial relations - Indirect	-	4,550
Total personal benefits	2,753	6,692
All personal benefits are expected to be settled in no more than 12 months.		
<u>Note 4.2D: Grants</u>		
Private sector		
Non-profit organisations	306	-
Other	1,862	-
Total grants	2,168	-
All grants are expected to be settled in no more than 12 months.		
<u>Note 4.2E: Other Payables</u>		
Comcare payable ¹	2,802,684	2,787,681
GST payable	7,605	6,765
Total other payables	2,810,289	2,794,446
Other payables expected to be settled		
No more than 12 months	7,605	6,765
More than 12 months	2,802,684	2,787,681
Total other payables	2,810,289	2,794,446

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)

	2016 Appropriations					Appropriation applied in 2016 (current and prior years) \$'000	Variance ¹ \$'000
	Appropriation Act Annual Appropriation \$'000	PGPA Act			Total appropriation \$'000		
		AFM \$'000	Section 74 \$'000	Section 75 \$'000			
DEPARTMENTAL							
Ordinary annual services	285,566	-	24,286	-	309,852	303,178	6,674
Capital Budget ²	27,378	-	-	-	27,378	29,231	(1,853)
Other services							
Equity	15,408	-	-	-	15,408	12,572	2,836
Total departmental	328,352	-	24,286	-	352,638	344,981	7,657
ADMINISTERED							
Ordinary annual services							
Administered items	1,544,684	-	-	-	1,544,684	1,127,770	416,914
Payments to corporate Commonwealth entities	7,727	-	-	-	7,727	7,727	-
Total administered	1,552,411	-	-	-	1,552,411	1,135,497	416,914

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.

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**

	2015 Appropriations					Variance ¹ \$'000
	Appropriation Act		PGPA Act		Total appropriation \$'000	
	Annual Appropriation \$'000	AFM \$'000	Section 74 \$'000	Section 75 \$'000		
DEPARTMENTAL						
Ordinary annual services	295,989	-	26,198	-	322,187	61,810
Capital Budget ²	31,024	-	-	-	31,024	(16,595)
Other services						
Equity	23,987	-	-	-	23,987	(2,127)
Total departmental	351,000	-	26,198	-	377,198	43,088
ADMINISTERED						
Ordinary annual services						
Administered items	1,552,552	-	-	-	1,552,552	262,290
Payments to corporate entities	7,563	-	-	-	7,563	-
Total administered	1,560,115	-	-	-	1,560,115	262,290

1. The departmental ordinary annual services variance is due to closing liabilities not yet paid and operating surplus. The administered items variance relates to lower than planned administered expenditure.

The variances in 2014 and 2015 are a timing difference between the purchase of the assets and drawdown of the capital budget.

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. For more information on ordinary annual services appropriation, please see Note 26A: Annual appropriations.

Department of Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2016	2015
	\$'000	\$'000
Departmental		
Appropriation Act (No. 1) 2013–14	-	18,428
Appropriation Act (No. 3) 2013–14	-	195
Appropriation Act (No. 1) 2014–15	-	45,505
Appropriation Act (No. 1) Capital Budget 2014–15	-	2,059
Appropriation Act (No. 3) 2014–15	-	40,409
Appropriation Act (No. 3) Capital Budget 2014–15	-	2,611
Appropriation Act (No. 1) 2015–16	107,487	-
Appropriation Act (No. 1) Capital Budget 2015–16	2,817	-
Appropriation Act (No. 4) 2015–16	2,836	-
Cash at bank	3,876	6,321
Total	117,016	115,528
Administered		
Appropriation Act (No.1) 2013–14	-	25,880
Appropriation Act (No. 1) 2014–15	40,377	191,498
Appropriation Act (No. 3) 2014–15	317	70,792
Appropriation Act (No. 1) 2015–16	503,112	-
Total	543,806	288,170

**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	
			2016 \$'000	2015 \$'000
<i>Fair Entitlements Guarantee Act 2012</i> — Section 50 (Administered)	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.	259,980	307,890
<i>Coal Mining Industry (Long Service Leave Funding) Act 1992</i> (Administered)	Unlimited Amount	An Act to manage the long service leave entitlement of the Coal Mining Industry.	146,970	158,607
<i>Safety, Rehabilitation and Compensation Act 1988</i> (SRC Act) (Administered)	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.	35,174	39,503
<i>Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005</i> (Administered)	Unlimited Amount	An Act to assign responsibility for the management of certain liabilities relating to asbestos-related claims, and for related purposes.	28,635	26,356
<i>Public Governance, Performance and Accountability Act 2013</i> —Section 77	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.	4	-
Total special appropriations applied			470,763	532,356

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5.2. Net Cash Appropriation Arrangements

	2016	2015
	\$'000	\$'000
<i>Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations¹</i>	8,855	15,726
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u>(21,861)</u>	<u>(27,875)</u>
<i>Total comprehensive loss—as per the Statement of Comprehensive Income</i>	<u>(13,006)</u>	<u>(12,149)</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

5.3. Cash Flow Reconciliation

	2016	2015
	\$'000	\$'000
Reconciliation of net cost of services to net cash from (used by) operating activities		
Net cost of services	(300,187)	(308,138)
Revenue from Government	280,305	295,989
Adjustments for non-cash items		
First time recognition of non-financial assets	(50)	(266)
Reversal of impairment losses	(280)	-
Depreciation / amortisation	21,861	27,875
Net write-down and impairment of non-financial assets	367	830
Net losses from sale of assets	463	224
Finance costs	95	474
Asset other movements	-	(153)
Movements in assets and liabilities		
Assets		
Increase in net receivables	(9,853)	(39,504)
Decrease in accrued revenue	2,330	(1,490)
Decrease in prepayments	2,376	4,039
Liabilities		
Increase in employee provisions	4,733	3,036
Increase in supplier payables	1,865	10,157
Decrease in other provisions	(3,867)	3,667
Decrease in unearned income	(2,718)	1,434
Increase in other payables	741	4,337
Net cash from operating activities	(1,819)	2,511
Administered		
Reconciliation of net cost of services to net cash from/(used by) operating activities		
Net cost of services	(1,367,327)	(1,763,321)
GST appropriation	(106,756)	-
Return of GST appropriation	99,229	-
Adjustments for non-cash items		
Net write down of non-financial assets	-	155
Movements in assets/liabilities		
Assets		
Increase in net receivables	(10,213)	(8,987)
Increase in other non-financial assets	(307)	(46)
Liabilities		
Decrease in supplier payables	(38,496)	105,432
Decrease in subsidies payable	(28,438)	10,163
Decrease in personal benefits payable	(3,938)	(2,749)
Increase in other payables	15,003	23,141
Increase in grants payable	2,168	(459)
Increase in GST payable	840	-
Net cash used by operating activities	(1,438,235)	(1,636,671)

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

	2016 \$'000	2015 \$'000
Note 6.1A: Employee Provisions		
Leave	<u>67,329</u>	<u>62,596</u>
Total employee provisions	<u>67,329</u>	<u>62,596</u>
Employee provisions expected to be settled		
No more than 12 months	20,619	18,545
More than 12 months	<u>46,710</u>	<u>44,051</u>
Total employee provisions	<u>67,329</u>	<u>62,596</u>

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. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Department is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the Department's employer superannuation contribution rates, to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2016. 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 Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or the Australian Government Employees Superannuation Trust (AGEST).

The CSS, 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 2016 represents outstanding contributions for the final fortnight of the year.

Department of Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

6.2. Senior Management Personnel Remuneration

Note 6.3A: Senior Management Personnel Remuneration

	2016	2015
	\$'000	\$'000
Short-term employee benefits		
Salary	12,019	12,055
Other ¹	<u>2,177</u>	<u>2,357</u>
Total short-term employee benefits	<u>14,196</u>	<u>14,412</u>
Post-employment benefits		
Superannuation	<u>2,453</u>	<u>2,107</u>
Total post-employment benefits	<u>2,453</u>	<u>2,107</u>
Other long-term employee benefits		
Annual leave accrued	891	990
Long-service leave	<u>299</u>	<u>670</u>
Total other long-term employee benefits	<u>1,190</u>	<u>1,660</u>
Termination benefits		
Separation and redundancy payments	<u>-</u>	<u>135</u>
Total termination benefits	<u>-</u>	<u>135</u>
Total senior executive remuneration expenses	<u>17,839</u>	<u>18,314</u>

1. Other includes motor vehicle allowances, other allowances and reportable fringe benefits.

The total number of senior management personnel that are included in the above table is 68 (2015: 66).

This note was prepared on an accrual basis and excludes acting arrangements, unless these are deemed to be significant long-term acting.

All substantive SES are included as headcount in the note regardless of time engaged with the agency for the reporting period or dollar value of remuneration. Accordingly SES staff movements may result in SES numbers that exceed the number of SES positions.

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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Contingent liabilities				
Balance from previous period	308	180	308	180
New contingent liabilities recognised	-	125	-	125
Re-measurement	-	3	-	3
Liabilities realised	(112)	-	(112)	-
Obligations expired	(196)	-	(196)	-
Total contingent liabilities	-	308	-	308
Net contingent liabilities	-	(308)	-	(308)

Quantifiable Contingencies

The Department does not have any new quantifiable contingencies. All prior year contingencies have been realised or expired.

Unquantifiable Contingencies

As at 30 June 2016, the Department had no contingent liabilities likely to be paid in respect of damages and claims that are not quantifiable.

The Department has one unquantifiable contingent asset in respect of recovery of employee entitlements paid under Act of Grace.

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	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Contingent assets				
Balance from previous period	24,903	22,724	24,903	22,724
Re-measurement	89,379	25,471	89,379	25,471
Assets realised	(70,544)	(23,292)	(70,544)	(23,292)
Total contingent assets	43,738	24,903	43,738	24,903
Contingent liabilities				
Balance from previous period	44,433	114,469	44,433	114,469
Re-measurement	7,125	(70,036)	7,125	(70,036)
Total contingent liabilities	51,558	44,433	51,558	44,433
Net contingent assets / (liabilities)	(7,820)	(19,530)	(7,820)	(19,530)

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 \$51.56 million. The estimated contingent asset is \$43.74 million.

Unquantifiable Contingencies

As at 30 June 2016, 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

	2016	2015
	\$'000	\$'000
Note 7.2A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables		
Cash and cash equivalents	3,876	6,321
Goods and services receivables	3,870	4,712
Total loans and receivables	7,746	11,033
Total financial assets	7,746	11,033
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	17,879	16,720
Total financial liabilities measured at amortised cost	17,879	16,720
Total financial liabilities	17,879	16,720

Accounting Policy

Financial Assets

The Department classifies its financial assets in the following category:

- loans and 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.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. The Department's loans 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.

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

	2016 \$'000	2015 \$'000
<u>Note 7.2B: Net Gains or Losses on Financial Assets</u>		
Loans and receivables		
Write off - goods and services	(1)	(8)
Impairment of receivables - goods and services	(3)	(10)
Net losses on loans and receivables	(4)	(18)
Net losses on financial assets	(4)	(18)

The carrying amount of financial assets and liabilities is a reasonable approximation of fair value.

Note 7.2C: Fair Value of Financial Instruments

	Carrying amount 2016 \$'000	Fair value 2016 \$'000	Carrying amount 2015 \$'000	Fair value 2015 \$'000
Financial Assets				
Cash and cash equivalents	3,876	3,876	6,321	6,321
Goods and services receivables	3,870	3,873	4,712	4,722
Total Financial Assets	7,746	7,749	11,033	11,043
Financial Liabilities				
Trade creditors	17,879	17,879	16,720	16,720
Total Financial Liabilities	17,879	17,879	16,720	16,720

Department of Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.2D: Credit Risk

The Department is exposed to minimal credit risk as loans and receivables were cash, cash on deposit and trade receivables. The maximum exposure to credit risk was the risk that arises from potential default of a debtor. This amount was equal to the total amount of trade receivables of \$3,873,000 (2015: \$4,722,000). The Department assessed the risk of the default on payment and allocated \$3,000 to an impairment allowance account (2015: \$10,000).

The Department has no significant exposures to any concentrations of credit risk. All figures for credit risk referred to did not take into account the value of any collateral or other security.

Maximum exposure to credit risk (excluding any collateral or credit enhancements)	2016	2015
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	3,876	6,321
Goods and services receivables	3,873	4,722
Total	7,749	11,043

In relation to the department's gross credit risk there is no collateral held.

Credit quality of financial instruments not past due or individually determined as impaired	Not past due nor impaired	Not past due nor impaired	Past due or impaired	Past due or impaired
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	3,876	6,321	-	-
Goods and services receivables	1,796	4,457	2,077	265
Total	5,672	10,778	2,077	265

Ageing of financial assets that were past due but not impaired in 2016

	0 to 30	31 to 60	61 to 90	90+	Total
	days	days	days	days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Goods and services receivables	341	1,058	165	510	2,074
Total	341	1,058	165	510	2,074

Ageing of financial assets that were past due but not impaired for 2015

	0 to 30	31 to 60	61 to 90	90+	Total
	days	days	days	days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Goods and services receivables	20	60	28	147	255
Total	20	60	28	147	255

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.2E: Liquidity Risk

The Department's financial liabilities were trade creditors and accrued expenses. The exposure to liquidity risk was based on the notion that the Department will encounter difficulty in meeting its obligations associated with financial liabilities. This was highly unlikely as the Department is appropriated funding from the Australian Government. The Department manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the Department has policies in place to ensure timely payments are made when due and has no past experience of default.

Maturities for non-derivative financial liabilities in 2016

	On demand	Within one year	Between one to two years	Between two and five years	More than five years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade creditors	-	17,104	621	154	-	17,879
Total	-	17,104	621	154	-	17,879

Maturities for non-derivative financial liabilities 2015

	On demand	Within one year	Between one to two years	Between two and five years	More than five years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade creditors	-	15,652	656	109	303	16,720
Total	-	15,652	656	109	303	16,720

Note 7.2F: Market Risk

The Department held basic financial instruments that did not expose the Department to market risks.

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.3. Administered - Financial Instruments

	2016	2015
	\$'000	\$'000
Note 7.3A: Categories of Financial Instruments		
Financial Assets		
Available-for-sale financial assets		
Investments	240,897	224,658
Total available-for-sale financial assets	240,897	224,658
Loans and receivables		
Cash and cash equivalents	4	104
Goods and services receivables	2,193	698
Total loans and receivables	2,197	802
Total financial assets	243,094	225,460
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	60,980	99,476
Total financial liabilities measured at amortised cost	60,980	99,476
Total financial liabilities	60,980	99,476
Note 7.3B: Net Gains or Losses on Financial Assets		
Available-for-sale financial assets		
Gains recognised in equity	16,239	79,181
Net gains from available-for-sale financial assets	16,239	79,181
Loans and receivables		
Interest revenue	29	20
Write-down and impairment	(2,293)	(155)
Net losses from loans and receivables	(2,264)	(135)
Net gains on financial assets	13,975	79,046

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.3C: Fair value of Financial Instruments

	Carrying amount	Fair value	Carrying amount	Fair value
	2016	2016	2015	2015
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Available-for-sale financial assets				
Investments	240,897	240,897	224,658	224,658
Loans and receivables				
Cash at bank and on hand	4	4	104	104
Receivables for goods and services	2,193	4,335	698	835
Total financial assets	243,094	245,236	225,460	225,597
Financial Liabilities				
Financial liabilities measured at amortised cost				
Trade creditors and accruals	60,980	60,980	99,476	99,476
Total financial liabilities	60,980	60,980	99,476	99,476

Note 7.3D: Credit Risk

The administered loans and receivables of the Department were not exposed to a high level of credit risk as the financial assets were trade receivables. The Department manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, the Department had policies and procedures that guide employees' debt recovery techniques that were to be applied.

The Department assessed the risk of the default on payment and allocated \$2.14 million in 2016 (2015: \$0.137m) to an impairment allowance for doubtful debts for goods and services receivables.

The Department held no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired	Not past due nor impaired	Not past due nor impaired	Past due or impaired	Past due or impaired	
	2016	2015	2016	2015	
	\$'000	\$'000	\$'000	\$'000	
Loans and receivables					
Cash at bank and on hand	4	104	-	-	
Goods and services receivables	1,509	215	2,826	620	
Total	1,513	319	2,826	620	
Ageing of financial assets that were past due but not impaired for 2016					
	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Goods and services and other receivables	9	163	180	332	684
Total	9	163	180	332	684
Ageing of financial assets that were past due but not impaired for 2015					
	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Goods and services and other receivables	14	14	53	402	483
Total	14	14	53	402	483

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.3E: Liquidity Risk

The Department's financial liabilities were trade creditors. The exposure to liquidity risk is based on the notion that the department would encounter difficulty in meeting its obligations associated with financial liabilities. This was highly unlikely as the department was appropriated funding from the Australian Government and the department manages its budgeted funds to ensure it had adequate funds to meet payments as they fall due. In addition, the department has policies in place to ensure timely payments were made when due and had no past experience of default.

Maturities for non-derivative financial liabilities in 2016

	On demand \$'000	Within one year \$'000	Between one to two years \$'000	Between two to five years \$'000	More than five years \$'000	Total \$'000
Financial Liabilities						
Trade creditors and accruals	-	60,980	-	-	-	60,980
Total	-	60,980	-	-	-	60,980

Maturities for non-derivative financial liabilities 2015

	On demand \$'000	Within one year \$'000	Between one to two years \$'000	Between two to five years \$'000	More than five years \$'000	Total \$'000
Financial Liabilities						
At amortised cost:						
Trade creditors and accruals	-	99,476	-	-	-	99,476
Total	-	99,476	-	-	-	99,476

The Department has no derivative financial liabilities in the current year and prior year.

Note 7.3F: Market Risk

The Department held basic financial instruments that did not expose it to certain market risks including to 'currency risk' and 'other price risks'.

Department of Employment NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.4. Fair Value Measurement

The following table provides an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the department can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 7.4A: Fair Value Measurements

	Fair value measurements at the end of the reporting period			For Levels 2 and 3 fair value measurements
	2016 \$'000	2015 \$'000	Category (level 1, 2 or 3)	
Non-financial assets				Inputs Used
Leasehold improvements	23,074	18,928	3	Depreciated Replacement Cost The cost to acquire a substitute asset of comparable utility adjusted for depreciation and obsolescence. Depreciation based on lease term
	191	320	3	Depreciated Replacement Cost Current restoration costs (price per square metre of floor area) BPI and Government Bond rates Depreciation based on lease term
Infrastructure, plant and equipment	7,912	4,684	2	Market Approach Fair value estimated with reference to recent market transactions involving plant & equipment
	736	-	3	Market Approach Fair value estimated with reference to recent market transactions involving plant & equipment
	5,066	8,525	3	Depreciated Replacement Cost Current prices for substitute assets. Physical depreciation and obsolescence was determined based on judgement regarding economic and external factors.
Total non-financial assets	36,979	32,457		
Total fair value measurements of assets in the Statement of Financial Position	36,979	32,457		

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2016	2015
	\$'000	\$'000
Assets not measured at fair value in the statement of financial position		
Leasehold Improvements—AUC	8	1,013
Infrastructure, Plant & Equipment—AUC	-	32
Total assets not measured at fair value in the statement of financial position	8	1,045

Accounting Policy

Australian Valuation Solutions (AVS) provided a comprehensive valuation of all leasehold improvements and Infrastructure Plant and Equipment as at 30 June 2016 and has relied upon those outcomes to establish carrying amounts.¹ The Department has a policy of testing the currency of the valuation of various asset classes at least once every 12 months and to obtain a comprehensive valuation at least once every three years. AVS provided written assurance to the Department that the models developed comply with AASB 13.²

The methods utilised to determine and substantiate inputs are derived and evaluated as follows:

Replacement Cost—the amount a market participant would be prepared to pay to acquire or construct a substitute asset of comparable utility without adjustment. The Replacement cost has been determined by current market prices relevant to the location of the asset.

Physical Depreciation and Obsolescence—assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the Depreciated Replacement Cost approach. Under the Depreciated Replacement Cost approach the estimated cost to replace the asset is calculated and then adjusted to take into account physical depreciation and obsolescence.

Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all leasehold improvement assets, the consumed economic benefit/asset obsolescence is determined based on the term of the associated lease.

Market Approach—this approach seeks to estimate the fair value of an asset with reference to recent market transactions involving identical or comparable assets. Professional judgement and available information generated by market transactions involving plant and equipment were used in determining fair value under this approach.

The Department recognises transfers between the levels of the fair value hierarchy to have occurred at the end of the reporting period.³

The carrying amount of assets and liabilities not measured at fair value, are considered to be a reasonable approximation of their fair value.⁴

¹ No non-financial assets were measured at fair value on a non-recurring basis at 30 June 2016 (2015:Nil)

² 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.

³ There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

⁴ The remaining assets and liabilities reported by the Department are not measured at fair value in the Statement of Financial Position.

Department of Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7.4B: Reconciliation for Recurring Level 3 Fair Value Measurements

	Recurring Level 3 fair value measurements—reconciliation for assets					
	Non-financial assets					
	Leasehold Improvements		Infrastructure, plant and equipment		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Opening balance	19,248	20,608	8,525	8,568	27,773	29,176
Total losses recognised in net cost of services ¹	(2,845)	(8,289)	(1,444)	(2,852)	(4,289)	(11,141)
Total gains recognised in comprehensive income	-	(2)	-	(17)	-	(19)
Purchases	666	6,522	252	2,806	918	9,328
Disposals	(239)	-	(325)	-	(564)	-
Reclassifications	-	-	952	-	952	-
Revaluation increment against Statement of Equity	6,435	-	725	-	7,160	-
Transfers into Level 3 ²	-	409	14	20	14	429
Transfers out Level 3 ⁴	-	-	(2,897)	-	(2,897)	-
Closing balance	23,265	19,248	5,802	8,525	29,067	27,773

1. These losses are presented in the Statement of Comprehensive Income under 'depreciation and amortisation' and 'write-down and Impairment of assets'.

2. These gains are presented in the Statement of Comprehensive Income under Other Changes in Asset Revaluation Reserves.

3. There have been asset transfers into level 3 during the year. This is due to an increase in the professional judgement required in using a market approach or a change in the valuation technique from a market approach to a depreciated replacement cost approach.

4. There have been asset transfers out of level 3 during the year. This is due to a change in the valuation technique from a depreciated replacement cost approach to a market approach.

Department of Employment

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.5. Administered - Fair Value Measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are defined below.

Note 7.5A: Fair Value Measurements

	Fair value measurements at the end of the reporting period using			For Levels 2 and 3 fair value measurements		
	2016 \$'000	2015 \$'000	Category Level 1, 2 or 3)	Valuation Techniques	Inputs used	Weighted average
Financial assets						
Administered investments	240,897	224,658	3	Net assets of the entity	Net Assets	
Total financial assets	240,897	224,658		-	-	-
Total fair value measurements of assets in the Administered Schedule of Assets and Liabilities	240,897	224,658		-	-	-

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 2016. 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 2016 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.

Note 7.5B: Reconciliation For Recurring Level 3 Fair Value Measurements

There have been no transfers between levels during the period.

Recurring Level 3 fair value measurements—reconciliation for assets

	Financial assets			
	Administered investments		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Opening balance	224,658	145,477	224,658	145,477
Restructured amount				
Total gains recognised in administered equity	16,239	79,181	16,239	79,181
Closing balance	240,897	224,658	240,897	224,658

**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.

8.1. Reporting of Outcomes

Note 8.1A: Major Classes of Departmental Expense, Income, Assets and Liabilities by Outcome

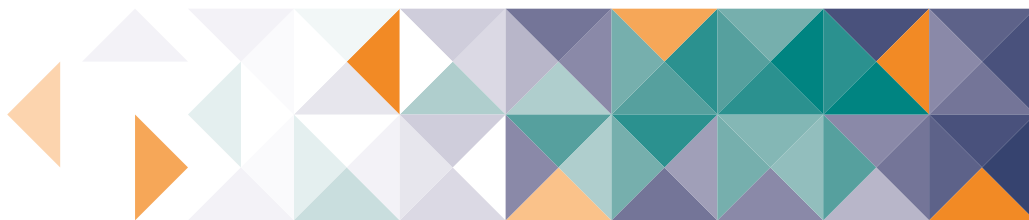
	Outcome 1		Outcome 2		Payments to corporate Commonwealth entities*		Not attributed [†]		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses										
Employee benefits	158,140	147,912	45,135	33,767	-	-	-	-	203,275	181,711
Suppliers	79,233	81,407	22,614	42,113	-	-	-	-	101,847	123,488
Grants	90	589	210	850	-	-	-	-	300	1,439
Depreciation and amortisation	16,750	21,891	5,111	5,984	-	-	-	-	21,861	27,875
Other	723	1,160	206	386	-	-	-	-	929	1,546
Total expenses	254,936	252,959	73,276	83,100	-	-	-	-	328,212	336,059
Income										
Sales of goods and rendering of services	19,012	22,582	5,261	3,978	-	-	-	-	24,273	26,560
Other	2,882	908	870	453	-	-	-	-	3,752	1,361
Total income	21,894	23,490	6,131	4,431	-	-	-	-	28,025	27,921
Expenses										
Suppliers	983,296	1,171,324	20,925	16,544	-	-	-	-	1,004,221	1,187,868
Subsidies	20,234	120,839	144,931	160,506	-	-	-	-	165,165	281,345
Personal benefits	56,183	72,530	281,631	312,429	-	-	-	-	337,814	384,959
Grants	8,929	2,411	81,904	87,362	-	-	-	-	90,833	89,773
Other	2,230	145	63	10	7,727	7,563	-	-	10,020	7,718
Total expenses	1,070,872	1,367,249	529,454	576,851	7,727	7,563	-	-	1,608,053	1,951,663
Income										
Taxation	-	-	144,931	159,401	-	-	-	-	144,931	159,401
Non-taxation revenue	18,369	276	77,426	28,665	-	-	-	-	95,795	28,941
Total income	18,369	276	222,357	188,066	-	-	-	-	240,726	188,342
Net cost of outcome delivery	1,285,545	1,596,442	374,242	467,454	7,727	7,563	-	-	1,667,514	2,071,459

**Department of Employment
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	Outcome 1		Outcome 2		Payments to corporate Commonwealth entities*		Not attributed#		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Assets										
Cash and cash equivalents	-	-	-	-	-	-	3,876	6,321	3,876	6,321
Trade and other receivables	10,665	5,206	3,066	1,718	-	-	113,140	109,207	126,871	116,131
Other financial assets	1,370	2,808	394	1,286	-	-	-	-	1,764	4,094
Leaseholds	17,834	15,977	5,440	4,283	-	-	-	-	23,274	20,260
Infrastructure, plant and equipment	10,342	9,928	3,372	3,311	-	-	-	-	13,714	13,239
Intangibles	75,158	55,897	13,353	9,864	-	-	-	-	88,511	65,761
Other non-financial assets	7,484	9,031	2,151	2,980	-	-	117,016	-	9,635	12,011
Total assets	122,853	98,847	27,776	23,442	-	-	117,016	115,528	267,645	237,817
Liabilities										
Suppliers	13,700	13,130	4,179	3,590	-	-	-	-	17,879	16,720
Other payables	25,254	27,436	7,705	7,500	-	-	-	-	32,959	34,936
Employee provisions	51,588	49,157	15,741	13,439	-	-	-	-	67,329	62,596
Other provisions	1,837	4,919	560	1,345	-	-	-	-	2,397	6,264
Total liabilities	92,379	94,642	28,185	25,874	-	-	-	-	120,564	120,516
Assets										
Cash and cash equivalents	4	86	-	18	-	-	-	-	4	104
Receivables	13,520	17,754	28,858	14,411	-	-	-	-	42,378	32,165
Investments	-	-	240,897	224,658	-	-	-	-	240,897	224,658
Other non-financial assets	-	34	5,321	4,980	-	-	-	-	5,321	5,014
Total assets	13,524	17,874	275,076	244,067	-	-	-	-	288,600	261,941
Liabilities										
Suppliers	59,837	126,153	1,143	647	-	-	-	-	60,980	99,476
Subsidies	12,172	10,971	11,963	14,278	-	-	-	-	24,135	52,573
Personal benefits	2,753	2,221	-	4,471	-	-	-	-	2,753	6,692
Grants	1,986	-	182	-	-	-	-	-	2,168	-
Other payables	7,341	7,541	2,802,948	2,786,905	-	-	-	-	2,810,289	2,794,446
Total liabilities	84,089	146,886	2,816,236	2,806,301	-	-	-	-	2,900,325	2,953,187

* Payments to corporate Commonwealth entities are not related to outcomes. They are included here so the total agrees to the resourcing table. The Department has two outcomes and details of each outcome are provided in the Overview. The Department uses a cost allocation model to determine the attribution of its shared items. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to Appendix 3 of this annual report for Agency resource statements and resources.

Assets and liabilities that could not be reliably attributed to outcomes.



APPENDIXES

APPENDIX 1: ECOLOGICALLY SUSTAINABLE DEVELOPMENT

The Department is committed to improving its ecologically sustainable development and reports on its activities under section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*.

The major focus for 2015–16 was adjusting the Department’s property portfolio following separation from the Department of Education and Training to minimise both costs and wasted energy. National headquarters tenancies have been settled in 10, 12 and 14 Mort Street, Canberra, with occupation rates of 80 per cent. Tenancies in state capitals and regional cities continue to be reviewed as leases expire to achieve the most cost-effective and energy-efficient arrangements available.

Two of the Department’s Canberra tenancies—10 and 12 Mort Street—have excellent energy efficiency profiles; both previously achieved 5.5 Star NABERS Tenancy Energy ratings. However, the tenancy at 14 Mort Street has old, inefficient lighting systems and poor lighting controls. The Department has negotiated a new lease for this tenancy that includes significant funds to upgrade the lighting and lighting control systems in 2016–17.

Environmental performance

The Department’s environmental performance is managed by the Shared Services Centre. Environmental management is focused on reducing impacts from energy consumption, waste, water consumption, vehicle fleet, air travel, paper consumption and procurement policies and practices. The Department’s environmental performance in 2015–16 is summarised in Tables 16 to 18.

For the past two financial years, it was not possible to separate the Department’s environmental impacts from those of the Department of Education and Training and joint reports were submitted. Fully independent data can now be reported, but it is not possible to compare it with data from previous years and note changes. New baseline data is reported and year-to-year comparisons will resume in 2016–17.

Office and building energy use

The Department constantly monitors and works to improve its performance in energy and resource efficiency. In 2015–16, the Department did not meet the Energy Efficiency in Government Operations Policy target of 7,500 megajoules per person per year, recording 7,896 megajoules per person for the year. The main reason for the difference lies in the Department’s older, less efficient property portfolio following the complete separation from the Department of Education and Training. Improving the energy efficiency of the property portfolio will be a priority in 2016–17.

Table 16 Summary of office and building energy use, 2015–16

Indicator	2015–16
Office tenant light and power energy use per full-time equivalent (MJ/FTE)	7,895.95
Office tenant light and power energy use per square metre (MJ/m ²)	291.96
Greenhouse emissions attributed to office tenant light and power energy use (tonnes/CO ₂ -e)	3,129.09
Green power purchased, as a percentage of total electricity consumption	7.94%

CO₂-e = carbon dioxide equivalent; kWh = kilowatt hour; MJ = megajoule.

Information and communications technology

In 2015–16 the Department had 1.88 desktop devices per end user, and a ratio of desktop computers to printers of 18:1.

Vehicle fleet and air travel

The average Green Vehicle Guide rating of the Department’s vehicle fleet in 2015–16 was 13.6, with average fuel consumption of 8.78 litres per 100 kilometres. Most vehicles are used by state and regional offices for engagement with service providers.

Total air kilometres travelled in 2015–16 were 7,517,270.

Table 17 Summary of vehicle fleet and air travel, 2015–16

Indicator	2015–16
Total number of fleet vehicles	33
Average green vehicle rating of fleet	13.6
Average fuel consumption of vehicle fleet (litres/100 km)	8.78
Total direct greenhouse emissions of fleet (tonnes CO ₂ -e)	39.94
Total number of flights	6,581
Total distance of flights (km)	7,517,270

CO₂-e = carbon dioxide equivalent.

Resource efficiency and waste

Paper usage in 2015–16 was 8.1 reams per person, which remains below the Australian Government ICT Sustainability Plan 2010–2015 target of 9 reams per person per year by July 2016.

The Department continues to purchase 100 per cent post-consumer recycled stock for all standard A4 and A3 paper. In 2015–16, 50.82 per cent was 100 per cent post-consumer recycled stock, 34.16 per cent had significant recycled content, and 13.49 per cent had other environmental credentials such as Forest Stewardship Council certification.

The waste management system in Canberra continued to achieve excellent results, with 9.98 tonnes of organic material diverted from landfill to vermiculture—reducing emissions and producing beneficial worm castings and compost.

Table 18 Summary of resource efficiency and waste, 2015–16

Indicator	2015–16
Office paper purchased by FTE (A4 reams/FTE)	8.10
Percentage of paper purchased with recycled content	84.98%
Office paper recycled (kilograms) per FTE ¹	82.61
Total landfill wasted produced (kilograms) per FTE ¹	16.73
Total comingled recycling (kilograms) per FTE ¹	10.53
Total organic recycling (kilograms) per FTE ¹	6.67

FTE = full-time equivalent.

¹ Data available only for offices in the ACT.

APPENDIX 2: AGENCY RESOURCE STATEMENTS

Table 19 Agency resource statement, 2015–16

	Actual available appropriation for 2015–16	Payments made 2015–16	Balance remaining 2015–16
	\$'000 (a)	\$'000 (b)	\$'000 (a)–(b)
Ordinary annual services¹			
Departmental appropriation ²	312,944	308,123	4,821
Section 74 retained revenue receipts collected by non-corporate entities	24,286	24,286	–
Total	337,230	332,409	4,821
Administered expenses			
Outcome 1	1,523,012	1,110,647	–
Outcome 2	21,672	17,123	–
Payments to corporate entities ³	7,727	7,727	–
Total	1,552,411	1,135,497	–
Total ordinary annual services	A 1,889,641	1,467,906	–
Departmental non-operating			
Equity injections ⁴	15,408	12,572	2,836
Total	15,408	12,572	2,836
Total available annual appropriations and payments	1,905,049	1,480,478	–

	Actual available appropriation for 2015–16	Payments made 2015–16	Balance remaining 2015–16
	\$'000 (a)	\$'000 (b)	\$'000 (a)–(b)
Special appropriations			
Special appropriations limited by criteria/entitlement			
<i>Fair Entitlements Guarantee Act 2012</i>	259,980	259,980	–
<i>Coal Mining Industry Long Service Leave Funding Act 1992</i>	146,970	146,970	–
<i>Safety, Rehabilitation and Compensation Act 1988</i>	35,174	35,174	–
<i>Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005</i>	28,635	28,635	–
<i>Public Governance, Performance and Accountability (PGPA) Act 2013—section 77</i>	4	4	–
Total special appropriations	B 470,763	470,763	–
Special accounts			
Opening balance	–	–	–
Total special accounts	C –	–	–
Total resourcing and payments (A+B+C)	2,375,812	2,951,241	–
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or corporate entities through annual appropriations	7,727	7,727	–
Total net resourcing and payments for the Department	2,368,085	1,943,514	–

1 *Appropriation Act (No. 1) 2015–16 and Appropriation Act (No. 3) 2015–16*. This also includes prior year departmental appropriation and section 74 Retained Revenue Receipts.

2 Includes an amount of \$31.0m for the 2015–16 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 Act (Nos. 2 and 4) 2015–16*.

Table 20 Expenses for Outcome 1

	Budget ¹ 2015–16	Actual expenses 2015–16	Variation 2015–16
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.	\$'000 (a)	\$'000 (b)	\$'000 (a)–(b)
Program 1.1: Employment services			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1 and 3)	1,522,705	1,070,872	451,833
Departmental expenses			
Departmental appropriation ²	259,706	237,834	21,872
Expenses not requiring appropriation in the budget year	23,192	17,102	6,090
Total for Outcome 1	1,805,603	1,325,808	479,795
Average staffing level (number)	1,294	1,355	(61)

1 Full-year budget including any subsequent adjustments made to the 2015–16 budget at Additional Estimates.

2 Departmental appropriation combines ordinary annual services (Appropriation Act No. 1 and 3) and section 74 retained revenue receipts.

Table 21 Expenses for Outcome 2

	Budget ¹ 2015–16	Actual expenses 2015–16	Variation 2015–16
Outcome 2: Facilitate jobs growth through policies that promote fair, productive and safe workplaces.	\$'000 (a)	\$'000 (b)	\$'000 (a) - (b)
Program 2.1: Employee assistance			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1 and 3)	6,297	2,754	3,543
Special appropriations	363,762	432,818	(69,056)
Total for Program 2.1	370,059	435,572	(65,513)
Program 2.2: Workplace assistance			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1 and 3)	15,034	15,069	(35)
Total for Program 2.2	15,034	15,069	(35)
Program 2.3: Workers' compensation payments			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1 and 3)	7,727	7,727	–
Special appropriations	63,797	78,813	(15,016)
Total for Program 2.3	71,524	86,540	(15,016)
Outcome 2 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1 and 3)	29,058	25,550	3,508
Special appropriations	427,559	511,631	(84,072)
Departmental expenses			
Departmental appropriation ²	40,203	68,057	(27,854)
Expenses not requiring appropriation in the budget year	3,703	5,219	(1,516)
Total for Outcome 2	500,523	610,457	(109,934)
Average staffing level (number)	497	414	83

1 Full-year budget including any subsequent adjustment made to the 2015–16 budget at Additional Estimates

2 Departmental appropriation combines ordinary annual services (Appropriation Act No. 1 and 3) and section 74 retained revenue receipts.

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 2015–16 are provided in Tables 22 to 25. Payments of less than \$12,700 (inclusive of GST) are excluded, consistent with section 311A of the *Commonwealth Electoral Act 1918*.

During 2015–16, the Department conducted advertising campaigns for jobactive and Restart, and began developing the ParentsNext campaign. Further information is available at 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.

Table 22 Advertising agencies

Organisation	Service provided	Total \$ paid 2015–16
J Walter Thompson Australia	Creative development services for jobactive (including Restart) communication campaign	3,315,086.70

Table 23 Market research and polling organisations

Organisation	Service provided	Total \$ paid 2015–16
Whereto Research Based Consulting Pty Ltd	Research for the ParentsNext communication campaign	139,700.00
Taylor Nelson Sofres Australia Pty Ltd	Developmental research and concept testing for the jobactive (including Restart) communication campaign	431,022.50
DBM Consultants Pty Ltd	Benchmark and tracking research for the jobactive (including Restart) communication campaign	389,958.00
Taylor Nelson Sofres Australia Pty Ltd	Market research on jobactive mobile applications	309,980.00
Reach DM Consolidated Pty Ltd	Purchase of employer contacts for the Survey of Employers' Recruitment Experiences for Employer Pathways	19,800.00
Student Edge Pty Ltd	Conducting focus groups to better understand young and Indigenous participants as part of the post-program monitoring of employment services	24,387.00

Table 24 Media advertising organisations

Organisation	Service provided	Total \$ paid 2015–16
Dentsu Mitchell Media Australia	Advertising for the jobactive Restart communication campaign	5,397,663.00
Dentsu Mitchell Media Australia	Search engine optimisation work for jobactive website	77,000.00
Dentsu Mitchell Media Australia	Advertising for the jobactive communication campaign	5,277,052.68
Dentsu Mitchell Media Australia	Targeted social media campaign to drive downloads of the job seeker application for jobactive	29,348.37
Dentsu Mitchell Media Australia	Targeted social media campaign to drive downloads of the employer application for jobactive	24,999.54
Dentsu Mitchell Media Australia	Transition to Work 2016–2020 purchasing arrangements	37,568.45
Dentsu Mitchell Media Australia	Tasmanian Jobs Programme print and radio advertising July/August 2015	76,528.23

Table 25 Direct mail organisations

Organisation	Service provided	Total \$ paid 2015–16
Iveo	Printing and distribution of jobactive information	148,852.89
The Prospect Shop	Distribution list for the jobactive communication campaign direct mail	60,241.03

APPENDIX 4: CORRECTIONS

The following error was identified in our 2014–15 annual report.

On page 19, names were incorrectly ordered in the photo caption. The caption should read ‘Eamonn Regan (left) and Don Pears from Clifton Fine Furniture’. The final sentence of the case study should read ‘The new employee was the one-thousandth Restart sign-up’.

APPENDIX 5: SIGNIFICANT NON-COMPLIANCE WITH THE FINANCE LAW

As part of our rigorous monitoring of the control environment, the Department has identified that in 2015–16, there were a number of instances where contracts were executed by officials outside of their financial delegations.

There was clear intent to enter the contracts for successful applications in a merit based tender process. The delegate properly approved the allocation of the contracts to the successful tenderers and commitment of funds.

The contracts remain valid and are legally binding. The non-compliance does not present any risks to either the Department or the Commonwealth and there is no impact on the operations or performance of the programs affected.

While the non-compliance does not clearly align to the guidance on what would be considered ‘significant’ under the Department of Finance’s Resource Management Guide 214—Notification of significant non-compliance with the finance law, the Secretary has determined that on balance and in the interests of transparent administration, the breaches should be disclosed.

The Department has taken action to ensure the delegations are applied consistently and is strengthening communications and training processes to ensure that officials are aware of their responsibilities.

ABBREVIATIONS AND ACRONYMS

ABS	Australian Bureau of Statistics
ANAO	Australian National Audit Office
APEC	Asia–Pacific Economic Cooperation
APS	Australian Public Service
DEEWR	Department of Education, Employment and Workplace Relations (former)
IT	information technology
ICT	Information and communication technology
OECD	Organisation for Economic Co-operation and Development
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	Public Governance, Performance and Accountability Rule 2014
RAP	Reconciliation Action Plan
SES	Senior Executive Service
SSC	Shared Services Centre
WHS	work health and safety

GLOSSARY

administered item	Revenues, expenses, assets and liabilities that the Government controls, but which an agency or authority manages on the Commonwealth's behalf.
annual performance statement	A requirement under the <i>Public Governance, Performance and Accountability Act 2013</i> taking effect from 1 July 2015. The statement is designed to provide a line of sight between planned non-financial performance outlined in the Department's corporate plan and actual performance over the reporting period.
appropriation	An amount of public monies parliament authorises for spending for a particular purpose.
AusTender	The Australian Government's web-based procurement system, which provides centralised access to all publicly available approaches to market, multi-use lists, annual procurement plans and reported contracts.
budget measure	A decision by Cabinet or ministers that has resulted in a cost or savings to outlays.
effectiveness indicators	Measures of the joint or independent contribution of outputs and administered items to the achievement of their specified outcome.
jobactive	Employment services arrangements from 1 July 2015.
performance indicators	Financial and non-financial measures used to help define and evaluate an organisation's success. An indicator is usually selected on the basis of relevance as a measure of some aspect of a specific project or operation.
outcomes	The government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community as influenced by the actions of the Government. Actual outcomes are assessments of the end results or impacts actually achieved.
Portfolio Budget Statements	Budget-related paper detailing budget initiatives and explanations of appropriations specified by outcome and program by each agency within a portfolio.
programs	Initiatives that deliver benefits, services or transfer payments to individuals, industry, business or the community as a whole. Government programs are the primary vehicles for agencies to achieve the intended results of their outcome statements.
sustainable development	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

LIST OF FIGURES AND TABLES

Figures	Title	
Figure 1	Organisational structure at 30 June 2016	6
Figure 2	Number of job placements versus number of job advertisements, 2009–10 to 2015–16	16
Figure 3	Proportion of job placements sustained to four, 12 and 26 weeks, overall and Indigenous, 2015–16	17
Figure 4	Proportion of all job seekers employed three months after participation in jobactive, 2015–16	18
Figure 5	Employment type of employed job seekers three months after participating in jobactive, 2015–16	18
Figure 6	Monthly job seeker appointment attendance rate, July 2015 to June 2016	21
Figure 7	Proportion of Work for the Dole participants who reported improvements in their soft skills, 2015–16	21
Figure 8	Labour force participation rate and employment-to-population ratio, people aged 15–64 years, trend data, February 1978 to June 2016	37
Figure 9	Labour force participation rate of males and females aged 15–64 years, trend data, February 1978 to June 2016	38
Figure 10	Governance committee structure	71
Figure 11	Employees by location, at 30 June 2016 (and 30 June 2015)	82
Figure 12	Employee agreement statistics, at 30 June 2015 and 2016	85
Figure 13	Parliamentary workflow—documents processed, 2015–16	97
Figure 14	Departmental financial performance	107
Figure 15	Departmental financial position	108

Tables	Title	
Table 1	Breakdown of feedback records by type, 2013–14 to 2015–16	31
Table 2	Study of Employers' Recruitment Needs survey results, 2016	35
Table 3	Results for objective 1	62
Table 4	Results for objective 2	63
Table 5	Results for objective 3	63
Table 6	Results for objective 4	64
Table 7	Results for overall program summary	64
Table 8	Results for Outcome 1 departmental outputs	64
Table 9	Results for objective 1	65
Table 10	Results for objective 2	67
Table 11	Employees by employment status, at 30 June 2015 and 2016	82
Table 12	Employees by classification, at 30 June 2015 and 2016	83
Table 13	Participation in learning and development programs, 2014–15 and 2015–16	84
Table 14	Salary ranges by classification, at 30 June 2015 and 2016	86
Table 15	Work health and safety incidents by type, 2014–15 and 2015–16	92
Table 16	Summary of office and building energy use, 2015–16	166
Table 17	Summary of vehicle fleet and air travel, 2015–16	166
Table 18	Summary of resource efficiency and waste, 2015–16	167
Table 19	Agency resource statement, 2015–16	168
Table 20	Expenses for Outcome 1	170
Table 21	Expenses for Outcome 2	171
Table 22	Advertising agencies	172
Table 23	Market research and polling organisations	172
Table 24	Media advertising organisations	173
Table 25	Direct mail organisations	173
Table 26	Annual report requirements	179

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 26 Annual report requirements

Part of report	Description	Requirement	Page
Letter of transmittal	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
Aids to access	Table of contents	Mandatory	iii
	Alphabetical index	Mandatory	185–188
	Glossary of abbreviations and acronyms	Mandatory	175
	List of requirements	Mandatory	179–184
	Details of contact officer	Mandatory	Inside back cover
	Department’s website address	Mandatory	Back cover
	Electronic address of report	Mandatory	Inside back cover
Review by Secretary	A review by the Department’s accountable authority (the Secretary)	Mandatory	1–3
Overview of the Department	Role and functions	Mandatory	i, 7, 61
	Organisational structure	Mandatory	6
	Outcome and program structure	Mandatory	8
	Portfolio structure	Mandatory	iv
	Where outcomes and programs 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

Part of report	Description	Requirement	Page
Report on performance			
Annual performance statement	Annual performance statement in accordance with paragraph 39(1)(b) of the PGPA Act and section 16F of the PGPA Rule	Mandatory	61–68
Report on financial performance	A discussion and analysis of the Department's financial performance	Mandatory	107–108
	A table summarising the total resources and total payments of the Department	Mandatory	168–171
	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
Management and accountability			
Corporate governance	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	70–71
	A statement of significant issues reported to the Minister under section 19(1)(e) of the PGPA Act that relates to non-compliance with the finance law and action taken to remedy the non-compliance	If applicable, mandatory	172

Part of report	Description	Requirement	Page
External scrutiny	Information on the most significant developments in external scrutiny and the Department's response to the scrutiny	Mandatory	101–106
	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	101–104
	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	103–104
	Information on any capability reviews on the Department that were released during the period	If applicable, mandatory	69, 104
Management of human resources	An assessment of the Department's effectiveness in managing and developing employees to achieve departmental objectives	Mandatory	80–93
	Statistics on the Department's APS employees on an ongoing and non-ongoing basis, including: <ul style="list-style-type: none"> – statistics on staffing classification level – statistics on full-time employees – statistics on part-time employees – statistics on gender – statistics on staff location – statistics on employees who identify as Indigenous 	Mandatory	82–83
	Information on any enterprise agreements, individual flexibility arrangements, determinations, common law contracts and determinations under section 24(1) of the <i>Public Service Act 1999</i>	Mandatory	85
	Information on the number of SES and non-SES employees covered by agreements, individual flexibility arrangements, contracts and determinations	Mandatory	85
	Salary ranges available for APS employees by classification level	Mandatory	86
	A description of non-salary benefits provided to employees	Mandatory	86
	Information on the number of employees at each classification level who received performance pay	If applicable, mandatory	85

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
Assets management	An assessment of effectiveness of assets management where asset management is a significant part of the Department's activities	If applicable, mandatory	99
Purchasing	An assessment of departmental performance against the Commonwealth Procurement Rules	Mandatory	100
Consultants	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	101
	<i>A statement that '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	101
	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	101
	<i>A statement that 'Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.'</i>	Mandatory	101

Part of report	Description	Requirement	Page
Australian National Audit Office access clauses	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
Exempt contracts	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 Freedom of Information Act, 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	100
Small business	<i>A statement that '[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and medium enterprise and small enterprise participation statistics are available on the Department of Finance's website.'</i>	Mandatory	100
	An outline of the ways in which the procurement practices of the Department support small and medium enterprises	Mandatory	100
	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	100
Financial statements	Annual financial statements in accordance with section 43(4) of the PGPA Act	Mandatory	109–164
Other mandatory information	If the Department 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	172

Part of report	Description	Requirement	Page
	If the Department did not conduct advertising campaigns, a statement to that effect	If applicable, mandatory	Not applicable
	A statement that ' <i>Information on grants awarded by [name of entity] during [reporting period] is available at [entity's website address].</i> '	Mandatory	101
	Outline of mechanisms of disability reporting, including reference to website for further information	Mandatory	104
	Website reference to where the Department's Information Publication Scheme statement pursuant to Part II of the Freedom of Information Act can be found	Mandatory	104
	Correction of material errors in previous annual report	If applicable, mandatory	173
	Information required by other legislation	Mandatory	
	– Work health and safety (schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)		91–92
	– Advertising and market research (section 311A of the <i>Commonwealth Electoral Act 1918</i>)		172–173
	– Ecologically sustainable development and environmental performance (section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)		165–167

INDEX

A

Aboriginal and Torres Strait Islander Employment and Career Plan 2016–18, 3, 84, 90, 91

Aboriginal and Torres Strait Islander peoples, 24, 25

- ‘speed dating’ jobs expo, 41
- early learning engagement project, 28
- job placements, 16, 17, 62
- procurement policy, 100
- staff, 3, 81, 83, 84, 87–8, 89–91

Administrative Appeals Tribunal, 45, 46

advertising, 172

agency resource statement, 2015–16, 168–71

Amendments to the Code of the Maritime Labour Convention, 2006, 51

Annual red tape reduction report 2015, 76

Asia–Pacific Economic Cooperation (APEC), 33

asset management, 99

Audit Committee, 70, 78, 79, 80

Auditor-General reports, 104

audits, 46, 78, 79–80, 109–10

Austrade, 29

Australian Building and Construction Commission, 2, 53

Australian Government Building and Construction WHS Accreditation Scheme, 44, 56, 68

Australian Jobs 2016, 35

Australian JobSearch website, 15, 40

Australian National Audit Office (ANAO), 46, 79, 104, 109–10

Australian Public Service Commission, 2, 69, 81, 104

Australian Public Service Employee Census, 2, 80, 84, 86

automotive industry retrenchments, 58

awards, review of, 49

B

behavioural economics, 60, 75, 76

building and construction industry, 50

Burnie Jobs Fair, 28

business planning, 73

C

capability review, 2, 69, 80, 81, 104

Centre for Workplace Leadership, 48, 108

client service charter, 80

Closing the Gap initiative, 17, 62

Coal Mining Industry (Long Service Leave) Corporation, 50

Coal Mining Industry (Long Service Leave) Payroll Levy Collection Act 1992, 50, 108

coastal shipping reforms, 49

Code of Conduct (APS), 72, 80

committees, 70–1

Commonwealth Electoral Act 1918, 172

Commonwealth Ombudsman, 46

communications, 93, 99

Connectivity Blueprint 2015–2025 (APEC), 33

consultants, 101

Contractor Driver Minimum Payments Road Safety Remuneration Order 2016, 53, 102

Corporate Champions program, 27

Corporate Group Managers, 5

Corporate plan, 17, 65, 72

Corporations Act 2001, 53

corrections, 173

Corryong Neighbourhood Centre, 39

Currumbin Wildlife Sanctuary, 11

D

data centres, 99

Data Champion, 59

data management strategy, 59

Department of Agriculture and Water Resources, 29

Department of Education and Training, 28, 88, 98, 165, 166

Department of Finance, 174

Department of Foreign Affairs and Trade, 29, 51, 57

Department of Human Services, 13, 21, 25, 26, 93

Department of Immigration and Border Protection, 29, 30

Department of Social Services, 31, 49

Department of the Prime Minister and Cabinet, 28, 31, 49, 59, 100

Department of the Treasury, 49, 50, 102

Developing Northern Australia White Paper, 29

Digital Transformation Office, 95

Digital Transformation Plan, 96

Disability Action Plan, 88–9

Disability Employee Network, 81, 89

Disability Employment Services, 24, 31, 40

disability reporting, 104

Diversity Strategy 2015–2017, 89

domestic violence, 49

E

ecologically sustainable development, 165–7

economic strategy, 59, 71, 75

Employee Census (APS), 2, 80, 84, 86

employee assistance, 45–6

employers
 advertised recently survey, 33
 recruitment experience survey, 22, 34
 recruitment needs survey, 34–5
 wage subsidies, 25

Employment Fund, 11, 24, 43

Employment Services Information Line, 31

employment services model. *see* jobactive

Employment Services Purchasing Hotline, 26

Empowering YOUTH Initiatives, 108
 purchasing processes, 26, 27, 40
 services, 9, 25

Enterprise Agreement 2016–2019 (Department of Employment), 85

enterprise agreements, 54, 68

Environment Protection and Biodiversity Conservation Act 1999, 165

Equal Remuneration Decision 2015, 103

Evaluation, Research and Evidence Framework 2015–2020, 33, 75

Executive, 4

Executive Meeting, 70

external scrutiny, 101–6

F

Fair Entitlements Guarantee, 44, 45–6, 57, 66

Fair Entitlements Guarantee Act 2012, 45, 54

Fair Entitlements Guarantee Recovery Programme, 44, 45, 57

Fair Work (Building Industry) Act 2012, 50, 55

Fair Work Act 2009, 47, 54, 102

Fair Work Amendment (Textile, Clothing and Footwear Industry) Act 2012, 50

Fair Work Amendment Act 2013, 50, 54, 103

Fair Work Amendment Act 2015, 53

Fair Work Commission, 49, 54, 102, 103

Fair Work Ombudsman, 29

feedback statistics, 31

Finance and Business Services Committee, 73

finance law, non-compliance, 174

financial performance, 107–8

financial statements, 111–64

fraud control 46, 78

Freedom of Information Act 1982, 80, 104

future of work and workplaces, 2

Future of Work Champions, 60

Future of Work project, 59–60

G

G20 Employment Working Group, 32

Geelong employment facilitator, 27

Gender Equality Network in Employment (geniE), 2, 47

gender equality reporting, 48

Gender Equality Strategy (APS), 47

global supply chains, 51, 52

governance committee structure, 71

Graduate Program, 87, 88, 98, 99

grants, 101

Group of Twenty (G20), 32, 38

H

Harvest Labour Services, 13, 40

Human Resources Development Ministerial Action Plan 2015–2018 (APEC), 33

I

ICT Internship Program, 87

impact investing, 38–9

Independent Contractors Act 2006, 54

Indigenous Australian Government Development Programme, 3, 87, 88, 98

Indigenous Pathways Graduate Program, 87, 88

Indigenous Procurement Policy, 100

Information Publication Scheme, 104

Information Technology Committee, 74

information technology services, 74, 96, 99. *see also* data management strategy

Innovation Framework 2015–16, 75, 76

innovative service delivery panel discussion, 95

insolvency practitioners, 46, 66

Interagency Mobility Program, 81

internal audit, 78, 79–80

international delegations, 32

international engagement, 31–3

international labour issues, 51

International Labour Organization, 51, 52, 57, 105–6

IT Strategic Plan 2014–2017, 74

J

Job Commitment Bonus, 25, 33

job placements, 1, 16, 17

job seekers
 actively looking for work, 22
 attendance at appointments, 20–1
 employment status measurement, 17–18
 funding options, 24–5
 motivation, 20
 mutual obligations, 20
 penalties for non-attendance, 21
 welfare to work, 20

Job Services Australia, 16

jobactive. *see also* Work for the Dole
 communication campaign, 93, 94
 job seeker statistics, 16–18
 objectives, 10, 16, 20, 22

- program assurance, 15
- services, 10
- transition period, 15–16
- jobactive providers, 10–11
 - performance, 15, 22
 - survey, 33, 64
 - suspending income support payments, 21

L

- Labour and Social Protection Network (APEC), 33
- labour force participation, 36, 37–8, 47
- labour market, 30, 32, 33, 35, 39
 - conditions, 16, 24, 29, 36, 58, 62
 - visa and migrant impacts, 30
- labour market analysis, 36–8, 60
- Labour Market Strategy Group, 40, 41
- labour productivity, 68
- labour standards, 105
- leadership, 48
- LearnHub, 84, 98
- legislation, 53–4, 55
- Legislation Act 2003*, 55
- long service standard, 50, 103

M

- market research, 172–3
- mature-age employment, 24, 27, 94
- Max Solutions, 42
- Melton Specialist School, 19
- migration programs, 30
- Minister for Employment, iv, 3, 13, 48, 54, 66, 96, 102
- Ministerial Advisory Council on Skilled Migration, 30
- Ministerial Working Group on Protecting Vulnerable Visa Holders, 30

N

- Nanny Pilot Programme, 49
- National Automotive Governance Committee, 28
- National Customer Service Line, 31, 40
- National Disability Strategy 2010–2020, 104
- National Harvest Labour Information Service, 15, 40
- National Labour Consultative Council Act 1977*, 105
- National Reconciliation Week, 41, 91
- National Road Transport Association Ltd v Road Safety Remuneration Tribunal* [2016] FCAFC 56, 102
- National Work Experience Programme, 25
- Neil Perry's Burger Project, 42
- New Enterprise Incentive Scheme, 2, 13–14, 40, 108
- New South Wales Long Service Leave Act 1955*, 54
- Norfolk Island, 54–5

O

- Office of Best Practice Regulation, 50
- Office of the Australian Information Commissioner, 104
- Office of the Federal Safety Commissioner, 44, 56–7, 58, 66
- Organisation for Economic Co-operation and Development (OECD), 31
- organisational structure, 6
- Outcome 1
 - aims, challenges and highlights, 9
 - expenses, 170
 - objectives, 8, 62, 63, 64
 - outlook, 43
 - Program 1.1: Employment services, 10–30
 - results, 62–4
- Outcome 2
 - aims, challenges and highlights, 44
 - expenses, 172
 - objectives, 8, 65, 67
 - outlook, 57
 - Program 2.1: Employee assistance, 45–6
 - Program 2.2: Workplace assistance, 47
 - Program 2.3: Workers' compensation payments, 47
 - results, 65–8
- outcome and program structure, 8

P

- ParentsNext program, 26, 27, 40, 93, 108
- parliamentary committee inquiries, 103
- parliamentary services, 97
- Parliamentary Workflow Solution Committee, 97
- pay equity, 49
- People and Capability Committee, 81, 84, 87, 88, 91
- portfolio agencies, iv
- Positive Attendance Program, 93
- prisoners, jobhelp trial, 13
- Privacy Act 1988*, 80
- Productivity Commission inquiry into the workplace relations framework, 49, 57
- Productivity Education and Training Fund, 47
- program structure, 8
- Protected Action Ballots Scheme, 47
- Public Governance, Performance and Accountability Act 2013*, 26, 55, 61, 70, 72, 73, 79, 101
- Public Service Act 1999*, 85
- purchasing, 26–7, 100
- purpose, 61, 68

R

- Recommendation No. 204 concerning the Transition from the Informal to the Formal Economy, 51, 105
- Reconciliation Action Plan, 89, 90

recruitment, 87–8, 98
 regional employment facilitators, 27
 registered organisations, 53, 103
 Registered Organisations Commission, 2
 regulations, 55
 regulatory reform, 76–7
 Relocation Assistance to Take Up a Job program, 24, 33
 research and evaluation, 33–5. *see also* labour market analysis
 Restart wage subsidy, 24, 27, 94
 retrenched workers, 29, 57, 58
 Risk and Implementation Committee, 77, 78
 risk management, 77
Road Safety Remuneration Act 2012, 53, 102
Road Safety Remuneration Repeal Act 2016, 53
 Road Safety Remuneration System, 2, 44, 53, 77
 Royal Commission into Trade Union Governance and Corruption, 44, 49, 57
 RSPCA, Darwin, 23

S

Safe Work Australia, 56, 57
Safe Work Australia Act 2008, 56
Safety, Rehabilitation and Compensation Act 1988, 56
Safety, Rehabilitation and Compensation Legislation Amendment (Exit Arrangements) Act 2016, 56
 Seasonal Worker Programme, 29
 Secretary, 4
 review, 1–3
 Senate Education and Employment References Committee, 50, 103
 Shared Services Centre (SSC), 78, 79
 communications, 99
 Governance Board, 98
 services to Department, 88, 91, 98–101, 165
 services to other agencies, 101
 Social Enterprise Development and Investment Funds, 38–9
 Social Ventures Australia, 38, 39
 staff
 attendance, 93
 conditions of employment, 85–6
 diversity and inclusion, 88–91
 Employee Census (APS), 2, 80, 84, 86
 learning and development, 40, 80, 81, 84, 87, 88, 91
 remuneration, 85–6
 retention, 87
 statistics, 82–3
 Standing Strong Total Wellness Club, Perth, 14
 state network, 40
 Strategic Plan 2014–2017, 71–2, 84
 Strategy Committee, 75
 structural adjustment programs, 27–8
 Study of Australian Leadership, 48

Study of Employers' Recruitment Needs, 34–5
 superannuation fund, 50
 Survey of Employers' Recruitment Experiences, 22, 34

T

TAFE NSW Western Sydney Institute, 42
 Taskforce Cadena, 30
 Tasmanian Jobs Programme, 24, 33, 43
Territories Legislation Amendment Act 2016, 54
 Transition to Work
 purchasing process, 26–7, 40
 services, 9, 25

U

Upper Murray Community Bakery, 39

V

Values (APS), 72, 80
 Victorian Department of Justice and Regulation, 13
 vision, 7

W

wage review 2016, 49, 102
 wage subsidies, 24, 25, 43, 94
 work experience, 12, 25, 87
 Work for the Dole, 10, 11–12, 19, 20, 22
 personal stories, 11, 19, 23
 skills improvement, 21
 work health and safety, 12
 Work for the Dole Coordinators, 10, 12
 work health and safety, 56, 91, 92
Work Health and Safety Act 2011, 92
 Work Health Safety Committee, 91
 work visas programs, 30
 workers' compensation, 47, 56, 108
 workforce planning, 87
 workforce strategy, 84
 workplace assistance, 47
 Workplace Gender Equality Agency, 48
 Workplace Health and Safety Queensland, 12
 workplace relations legal advice, 52–5
 Workplace Relations Legal Group, 101

Y

youth
 pre-employment support, 9, 25
 self-employment support, 13–14
 Youth Bonus wage subsidy, 43
 Youth Employment Package, 9, 13, 43
 Youth Jobs PaTH (Prepare-Trial-Hire), 9

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The Department was recognised for its annual reporting by the Australasian Reporting Awards, achieving gold in 2015 following a bronze accomplishment in 2014. The awards provide organisations an opportunity to benchmark their annual reports with the aim of ongoing improvement in the quality of reporting.





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