



Australian Government  
Department of Employment

# ANNUAL REPORT 2014▶15

More Jobs. Great Workplaces.

**JOB SERVICES  
AUSTRALIA**  
**2,281,734**  
**JOB PLACEMENTS**

BETWEEN JULY 2009 AND JULY 2015

**FAIR ENTITLEMENTS  
GUARANTEE**

AND THE GENERAL EMPLOYEE ENTITLEMENTS  
AND REDUNDANCY SCHEME **SUPPORTED**

**19,074**  
**REDUNDANT WORKERS**

**366 COMPANIES  
ACCREDITED**

UNDER THE AUSTRALIAN GOVERNMENT

**BUILDING AND CONSTRUCTION**

**OVER 186,000 CALLS**  
TO THE EMPLOYMENT SERVICES  
INFORMATION LINE AND THE  
NATIONAL CUSTOMER SERVICE LINE

WORK FOR THE DOLE

**26,700 PLACES  
CREATED**

**135% OF THE EXPECTED  
NUMBER OF PLACES**

**51 REGIONS ACROSS  
AUSTRALIA**  
FROM 1 MAY 2015



**NEW ENTERPRISE  
INCENTIVE SCHEME**

**CELEBRATED 30  
YEARS**



NEIS HAS HELPED AROUND **150,000** PEOPLE  
ESTABLISH THEIR OWN BUSINESS SINCE 1985

**IN 2014-15,**

THE DEPARTMENT  
**REDUCED**

FLEET VEHICLES BY **49.3%**



AND KILOMETRES  
TRAVELLED BY **59.99%**



**999**  
FEMALE  
EMPLOYEES

**844**  
MALE  
EMPLOYEES



**48** DEPARTMENTAL EMPLOYEES IDENTIFY AS  
ABORIGINAL AND/OR TORRES STRAIT ISLANDER

▶ IN EARLY 2015 WE LAUNCHED OUR  
**AGENCY MULTICULTURAL PLAN**

▶ OUR CULTURE OF SUPPORT IS ENHANCED  
BY OUR **DISABILITY ACTION PLAN**

▶ INDIGENOUS BUSINESS IS OUR BUSINESS  
—OUR CONTINUED COMMITMENT IN  
OUR **RECONCILIATION ACTION PLAN**



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

# ANNUAL REPORT 2014▶15

**More Jobs. Great Workplaces.**



# LETTER OF TRANSMITTAL

 **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 present the Department of Employment's annual report for 2014–15. It reflects the guidelines as approved by the Joint Committee of Public Accounts and Audit.

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




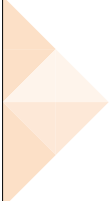

- has prepared fraud risk assessments and a fraud control plan
- has in place appropriate fraud prevention, detection, investigation and reporting mechanisms that meet the specific needs of the department
- has taken all reasonable measures to appropriately deal with fraud relating to the department.

Yours sincerely



**Renée Leon**  
Secretary  
30 September 2015

## OUR REPORT

 <p><b>OUR DEPARTMENT</b> Secretary's review and an overview of the department</p>	 <p><b>OUR PERFORMANCE</b> Summary of our performance in 2014–15</p>	 <p><b>OUR OPERATIONS AND ACCOUNTABILITY</b> Our operations and accountability, including governance, our people, communications, external scrutiny and the Shared Services Centre</p>
 <p><b>FINANCIAL STATEMENTS</b> Our 2014–15 financial statements, including the Auditor-General's report</p>	 <p><b>APPENDIXES</b> Additional information about our operations and mandatory reporting requirements</p>	

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# PORTFOLIO OVERVIEW

at 30 June 2015

## MINISTERS



**Senator the Hon. Eric Abetz**  
Minister for Employment



**The Hon. Luke Hartsuyker MP**  
Assistant 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 Building Industry Inspectorate**

Director: Nigel Hadgkiss

### **Office of the Fair Work Ombudsman**

Ombudsman: Natalie James

### **Safe Work Australia**

Chief Executive Officer: Michelle Baxter

### **Workplace Gender Equality Agency**

Director: Helen Conway



# OUR DEPARTMENT

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

## OUR VISION

### **More Jobs. Great Workplaces.**

Employment is central to the Australian way of life. Having a job provides financial security, enabling choice of investment in housing, education and health and enhancing self-esteem, social skills and self-confidence. We want every Australian to have the opportunity to get ahead and build a better life for themselves and their families, and for employers to have confidence to grow their businesses and hire new employees.

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. In a productive workplace employees and managers are engaged and motivated to look for better ways to do their work. As well as being good places to work, these workplaces are generally more efficient and profitable.

Our vision is built on the government's plans for stronger economic growth. By providing effective advice on policies that will create jobs, help job seekers into work and encourage great workplaces, the Department of Employment contributes to building Australia's participation and productivity.

# OUR ORGANISATIONAL STRUCTURE

The department is structured to deliver its business through the Executive and groups. The department's organisational structure at 30 June 2015 is shown in Figure 1.

**Figure 1** Organisational structure at 30 June 2015





# SECRETARY'S REVIEW



## Secretary for the Department of Employment

Renée Leon

In the department's first full year of operation we achieved substantial progress towards our vision of *More Jobs. Great Workplaces*. We did this working across the domains of delivery, collaboration, people and being forward-looking, as set out in our Strategic Plan 2014–2017.

We also provided responsive support to our portfolio ministers, the Minister for Employment, Senator the Hon. Eric Abetz, and the Assistant Minister for Employment, the Hon. Luke Hartsuyker MP, and the Australian Government as a whole.

## Delivery

The department is increasingly recognised for our ability to deliver robust policy advice, effective programmes and valued services in support of the government and the community.

The government's new five-year model for employment services, *jobactive*, was prepared for launch on 1 July 2015 following the release of the tender in October 2014. The successful delivery of *jobactive* is a significant milestone in the department's history, requiring years of preparation and development by many people. I thank Martin Hehir, Deputy Secretary, Employment, and everyone involved. The national Work for the Dole programme was also launched as part of *jobactive* with 53 forums held for potential host organisations in May and June. I am confident that we will achieve some excellent results for employers and job seekers through the innovative and client-focused improvements embedded in *jobactive*.

In September 2014 we were the lead agency in organising and hosting the successful G20 Labour and Employment Ministerial meeting in Melbourne. The department supported Minister Abetz in his role as chair, providing secretariat services for this logistically complex event. This was a welcome opportunity to showcase Australian employment and workplace relations policies and programmes internationally. The meeting contributed to strengthening global economic growth, improving international employment outcomes and boosting resilience in the face of future events affecting the labour markets of participating nations.

During the year we supported the government in the complex and dynamic area of workplace relations and I thank Sandra Parker, Deputy Secretary, Workplace Relations and Economic Strategy, for her leadership in these areas. We contributed to the government's submission to the Fair Work Commission's Annual Wage Review, and assisted Safe Work Australia to examine model work health and safety laws for red tape reduction opportunities.

Our exceptional governance structure—linking the corporate, strategic, business and individual performance plans—continues to enable the department to clearly outline our performance targets and how we will deliver against them at organisational, team and individual levels. Regular review of the structure and planning tools ensures ongoing effectiveness and reinforces our commitment to innovation in what we do.

## Collaboration

Collaboration is essential to being a high-performing organisation and I have asked all of the department's employees to strengthen our collaborative efforts within the government sector and externally with the private, academic and community sectors.

I chaired the governance board of the Shared Services Centre during the year. The centre is an innovative development in public service administration and collaboration at the Commonwealth level, having been established in 2014 to share the corporate support and enabling services of the Department of Employment and the Department of Education and Training between the two partner departments and with other government agencies. The Shared Services Centre continues to expand the number of agencies served—most recently including the Department of the Prime Minister and Cabinet.

## People

A positive and connected culture and effective leadership are also crucial to a high-performing organisation. During 2014–15 we invested in the development of our current and future leaders to support them in being inspiring, honest, accessible, effective communicators and able to build respectful and lasting relationships with colleagues at all levels.

In November I was proud to present the inaugural Secretary's Achievement Awards, recognising excellence in the work of our employees.

The state network undertakes a valuable and demanding role, including as our point of contact with many of our employment partners. I was very pleased to visit all state offices in the network through the year and personally acknowledge the excellent work underway.

In the department we consider Indigenous business is our business. We promote a positive culture of recognition and advancement, marking significant national events such as NAIDOC Week and using our Reconciliation Action Plan to engage all employees. Our active Indigenous staff committee is led by Indigenous Leader Rob Willmetts and supported by our Indigenous Champion, Jo Wood. I was delighted to welcome five new Indigenous Australian Government Development Programme recruits to the department in November.

## Forward-looking

Moving into 2015–16 we are building on our strengths in delivery by seeking further opportunities to use our expertise, capability and data in the service of the Australian community.

We are also maintaining our focus on implementing the Australian Government's agenda of working with employers to create more jobs, ensuring job seekers are job-ready, fine-tuning the workplace relations system and improving return to work outcomes for injured workers. We continue to contribute to the government's red tape reduction target.

As a department we are always looking for innovative ways to achieve our vision of *More Jobs. Great Workplaces*. We are forging a collective mindset of being thought-leaders in our areas of expertise, consciously embedding innovation into every aspect of our work through the implementation of an innovation framework. This will add to our already strong capability to respond rapidly to economic and social trends affecting Australian workforces, workplaces and job seekers.

In early 2015 the department participated in a voluntary capability review, facilitated by the Australian Public Service Commission. The report noted many areas of strength in our capabilities and highlighted possible areas where our abilities could be improved. At the time of publishing this report we are developing a capability improvement plan to address these findings and outline the possible benefits to be realised—I look forward to overseeing this process of growth and continuous improvement.

Finally, I thank everyone in the Department of Employment for the positive way they have approached their work during 2014–15 and the significant achievements made. I look forward to continuing to work with all employees and our partners to deliver more jobs and high-performing workplaces as we serve the government and, through it, the Australian community.



**Renée Leon**

Secretary

October 2015

## OUR EXECUTIVE



### The department's Executive at 30 June 2015

Left to right: Vicki Rundle, Martin Hehir, Renée Leon, Sandra Parker and Jamie Clout.

## SECRETARY

### Renée Leon

Renée has been in the public sector for over 20 years, and in 2013 was awarded a Public Service Medal for outstanding public service to public administration and law in leadership roles in the ACT and the Commonwealth. She is qualified in arts and law and holds a Masters in Law from Cambridge University. Renée is a Fellow of the Australian Institute of Public Policy at the Australian National University.

Renée was appointed Secretary of the Department of Employment on 18 September 2013.

## DEPUTY SECRETARY

### Workplace Relations and Economic Strategy—Sandra Parker

Sandra began her public service career in the ACT education and training sector in 1994, moving to the Commonwealth in 1998. She has held various policy and programme positions in vocational education and training, social policy and workplace relations. She was the head of the Office of the Australian Safety and Compensation Council from 2005 to 2008. Before her current role, Sandra was Deputy Secretary for Employment at the former Department of Education, Employment and Workplace Relations.

## DEPUTY SECRETARY

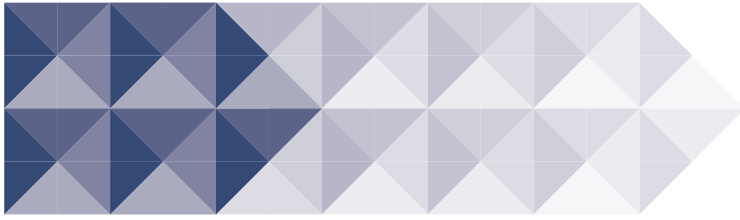
### Employment—Martin Hehir

Martin took up the role of Deputy Secretary, Employment, in August 2014 after holding a Deputy Secretary role in the Department of Education and former Department of Education, Employment and Workplace Relations since 2012. Prior to this he held a number of senior positions across ACT Government agencies.

## GROUP MANAGERS

### Corporate Services—Jamie Clout and Vicki Rundle

Our corporate services are overseen by Jamie Clout (Group Manager, Finance, Legal and Governance) and Vicki Rundle (Group Manager, People and Communication).



# OUR PERFORMANCE

## OUTCOME AND PROGRAMME STRUCTURE



### Outcome 1

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

- Programme 1.1 Employment services



### Outcome 2

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

- Programme 2.1 Employee assistance
- Programme 2.2 Workplace assistance
- Programme 2.3 Workers' compensation payments



## OUTCOME 1

**Martin Hehir**

Deputy Secretary, Employment

*Outcome 1 aims to foster a productive and competitive labour market by developing and implementing policies and programmes that assist job seekers into work, meet employers' needs and increase Australia's workforce participation.*

During 2014–15 the department focused on setting the agenda for employment services for the next five years. A major component of this work was designing the new employment services model—jobactive—to ensure its seamless implementation on 1 July 2015. This included developing new payment and performance arrangements and strengthening the mutual obligation framework to ensure that job seekers remain active and engaged while looking for work.

The department continued to provide efficient, effective support to Job Services Australia providers in the last year of operation of the Job Services Australia model, monitor labour market conditions in Australia, and provide quality policy advice to the government in order to maximise workforce participation and boost Australia's productivity.

## Highlights

- In 2014–15 the Job Services Australia programme recorded its two-millionth job placement since it began on 1 July 2009.
- The department developed the new and innovative employment services model, jobactive, which on 1 July 2015 will replace Job Services Australia.
- The department established a new quality assurance framework for jobactive providers, for implementation from 1 July 2015 as part of the jobactive Deed 2015–2020.
- The department successfully phased in the Work for the Dole programme in 18 selected areas across Australia. Work for the Dole Coordinators began work nationally on 1 May 2015 and are part of jobactive.
- The department provided policy advice to government on the development of the \$330 million jobs package, including a flagship Youth Employment Strategy, as part of the Growing Jobs and Small Business package announced in the 2015–16 Budget.
- The department organised the 2014 G20 Labour and Employment Ministerial Meeting, chaired by Senator the Hon. Eric Abetz, Minister for Employment, in Melbourne during September. The group of international ministers reached agreement on key global issues such as female participation and workplace safety.
- During 2014–15, 117 new employers committed to the Corporate Champions programme, bringing the total number of employers assisted to 486.

## Challenges

The department prepared for the implementation of jobactive in addition to managing existing employment services and introducing Work for the Dole in 18 selected areas. Ensuring a smooth transition and continuity of services for job seekers and employers from Job Services Australia to jobactive was a priority.

The challenge of ensuring that job seekers were in Work for the Dole places in a timely fashion during 2014–15 was addressed by communicating clearly with Job Services Australia providers about their contractual obligations and the benefits of the Work for the Dole programme to job seekers.

Labour market conditions continued to influence the success of job seekers in securing work and, as a result, Job Services Australia's performance against key performance indicators. The department's Survey of Employers' Recruitment Experiences showed that recruitment conditions remained challenging for job seekers in 2014–15, with average applicant numbers well above levels recorded in previous years.

## Programme 1.1 Employment services

### Farewelling Job Services Australia

This was the final year of Job Services Australia, the Australian Government's primary employment services programme available to all job seekers entitled to work in Australia. Starting on 1 July 2015, the programme is being replaced by jobactive.

Since Job Services Australia began on 1 July 2009, the department has contracted a total of 116 Job Services Australia providers, selected through a competitive tender process, and monitored and supported them as they delivered services to job seekers in more than 2000 locations across the country.

Over the six years of the programme, the government spent \$8.2 billion and assisted more than 3.5 million job seekers. Job Services Australia recorded 2,281,734 job placements, of which nearly 970,000 achieved the 13-week employment and education outcome and more than 600,000 the 26-week outcome.

Job Services Australia had a strong focus on delivering services to a range of priority groups, including Aboriginal and Torres Strait Islander people, mature-age job seekers, youth job seekers, job seekers with disability, and culturally and linguistically diverse job seekers. Over the life of the programme, Job Services Australia recorded:

- 220,000 job placements for Aboriginal and Torres Strait Islander people
- 310,000 job placements for mature-age job seekers (aged 50 and over)
- 725,000 job placements for youth job seekers (aged under 25)
- 425,000 job placements for job seekers with disability
- 325,000 job placements for culturally and linguistically diverse job seekers.

Job seeker attendance rates at all appointments with employment services providers in 2014–15 increased by 2 percentage points on the previous year, from 65 per cent to 67 per cent. Changes to job seeker compliance arrangements led to a significant increase, from 65 per cent to 80 per cent, in attendance rates at reconnection appointments, which job seekers are required to attend in order to re-engage with their provider following an initial failure to attend.

See pages 25–30 for a summary and analysis of the programme's performance against its deliverable and key performance indicators in 2014–15.

### Preparing for the new employment services programme—jobactive

Throughout 2014–15, the department worked on the development and implementation of the new employment services model, jobactive.

The introduction of jobactive on 1 July 2015 is part of the government's overall commitment to building a strong and prosperous economy that promotes stronger workforce participation by working-age Australians and helps more job seekers move from welfare to work. This demand-driven programme will receive funding of over \$6 billion over four years (from 2015–16 to 2018–19).

A network of providers has been contracted to deliver jobactive across Australia. They are a mix of large, medium and small, for-profit and not-for-profit organisations that are experienced in delivering services and support for job seekers and employers.



## *How jobactive will work*

There are five jobactive services:

- Forty-four jobactive providers will assist job seekers to find and keep a job and ensure employers are receiving candidates that meet their business needs.
- Nineteen Work for the Dole Coordinators will source suitable Work for the Dole activities in the not-for-profit and government sectors. These activities will help prepare job seekers for the work environment.
- Twenty-one organisations delivering the New Enterprise Incentive Scheme will help eligible job seekers to start and run their own small businesses. Support includes accredited small business training, business advice and mentoring for up to 52 weeks as well as an allowance for up to 39 weeks.
- Five Harvest Labour Services will gather information on vacancies from growers and supply eligible job seekers to horticultural producers in regions that have a need for out-of-area harvest workers.
- The National Harvest Labour Information Service will continue to coordinate information about harvest opportunities across Australia.

The jobactive programme is a new system that is more flexible and responsive to the needs of job seekers and employers. It has been designed to:

- ensure that job seekers better meet the needs of employers
- increase job seeker engagement by introducing stronger mutual obligation requirements
- increase job outcomes for unemployed Australians
- reduce prescription and red tape for service providers.



## **Launching jobactive**

Ms Sarah Henderson MP, Member for Corangamite, Senator the Hon. Eric Abetz, Minister for Employment, Prime Minister the Hon. Tony Abbott MP, and the Hon. Luke Hartsuyker MP, Assistant Minister for Employment, announcing jobactive on 31 March 2015 in Geelong, Victoria.

The jobactive performance framework will emphasise achieving sustainable employment outcomes and ensuring that job seekers are satisfying their mutual obligation requirements. For the first time, collaboration between providers and contractual compliance will also be recognised through the star ratings model.

## Star ratings

Under Job Services Australia, star ratings were used by:

- job seekers to compare the performance of providers in their local area
- providers as a measure of their performance
- the department to drive improved performance and allocate business share to providers.

Star ratings will continue to be used in the delivery of jobactive, enabling the department to monitor the performance of providers based on what providers could reasonably be expected to have achieved, given the unique set of job seekers they assist in their specific labour market.

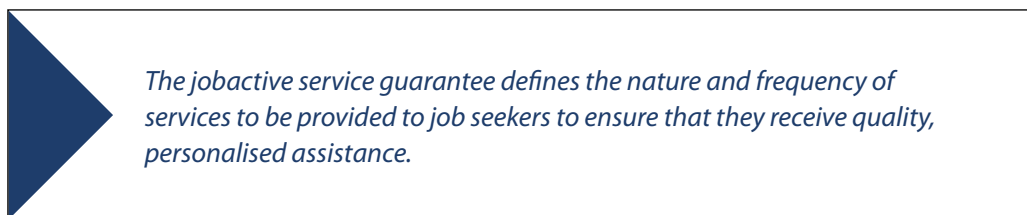
The ratings measure the relative performance of providers against contractual performance measures. The main focus is on efficiency—the average time taken by a provider in comparison with other providers to assist participants into employment—and effectiveness—the proportions of participants for whom placements and outcomes are achieved.

The star ratings model calculates a performance score for each site across Australia and uses those scores to calculate a national average performance score. Star ratings are then allocated by comparing the scores for individual sites to the national average. For example, sites that are 40 per cent or more above the national average are allocated five stars.

## Quality assurance framework

During 2014–15 the department developed and established a new quality assurance framework for implementation from 1 July 2015 as part of the jobactive Deed 2015–2020. The introduction of certification of jobactive providers recognises that the quality of service delivery is integral to provider performance.

All jobactive providers will be required to be certified within the first year of the programme. The service guarantee reflects the government's expectations of jobactive providers, stating the minimum level of service each job seeker can expect to receive as well the requirements they need to meet while looking for employment.



To complement service guarantees, each jobactive provider is required to publish service delivery plans setting out, for the information of job seekers and employers, the additional services that job seekers and employers can expect to receive. The department will also use the plans to measure the tender commitments of providers against services actually delivered. The last of the plans were finalised in May 2015 and they can be viewed on the service page for each provider on the Australian JobSearch website.

The mutual obligation framework for job seekers has been simplified and extended to ensure job seekers remain active and engaged while looking for work. Job seekers with mutual obligation requirements will generally need to enter into a job plan with their jobactive provider setting out all the activities they are required to undertake to help them find work.

The new employment services system is less prescriptive and will allow jobactive providers to be more innovative and explore new ways to support job seekers to gain the skills and attributes that employers need. Also, to encourage greater efficiency through economies of scale, 51 employment regions will replace the 110 employment service areas under Job Services Australia. There will be, at most, seven jobactive providers in an employment region.

### ***Preparing for implementation***

Throughout 2014–15, the department worked on programme design, IT development, brand design, communication and stakeholder engagement and training to prepare for the introduction of jobactive.

### **JobSearch website development**

The department made a range of modifications to the Australian JobSearch website to support the introduction of jobactive and improve the focus on providing job seekers with the tools they need. A dashboard provides job seekers with information about their search history, résumé updates and employment services providers, as well as a number of self-help tools. In some cases, employment services providers can access data through the dashboard, enabling them to provide tailored services to and initiate discussions with job seekers.

As part of these changes, in December 2014 JobSearch moved to using myGov as the sign-in system for job seekers. All job seekers are now required to use myGov to access their JobSearch accounts. This change reflects the department's ongoing commitment to provide best-practice online security and simplify access to government services online. By 30 June 2015, more than 70,000 job seekers had linked their JobSearch accounts to myGov.

In December 2014 the department released a new and improved Job Seeker JobSearch app. The app allows job seekers to enjoy the benefits of the JobSearch website on the go. It is available for free from the Google Play Store and Apple App Store, and since its release it has been downloaded more than 53,000 times. In early July 2015, the department is scheduled to release a new Employer jobactive app. This app will allow employers to create and manage vacancies, find potential candidates and find employment services providers on the go.

On 27 June 2015, the upgraded website was rebranded 'jobactive, powered by JobSearch'.

### **Job Seeker Classification Instrument**

The Job Seeker Classification Instrument is used to measure a job seeker's relative difficulty in gaining and maintaining employment and helps identify the level of support they will need to help them find work. Job seekers must have an assessment when they first register for Australian Government employment assistance, and whenever their circumstances change.

The Job Seeker Classification Instrument uses 18 factors and a number of sub-factors that have been identified—through ongoing formal research, expert advice and consultations—as having a significant relationship with a job seeker's likelihood of remaining unemployed for another year. These factors include age and gender, educational attainment, English proficiency, geographic location, and disability or medical conditions.

During the year, the department re-estimated the Job Seeker Classification Instrument; the results will be implemented in jobactive from 1 July 2015.

## ***The jobactive procurement process***

The department released an exposure draft of the purchasing arrangements for the jobactive programme on 28 July 2014. Sixteen information sessions were held nationally to allow the public to provide feedback before the release of the request for tender in early October 2014. A further 14 sessions were held to explain the requirements of the tender, including the procurement process. The Employment Services Information Hotline—a dedicated hotline available to tenderers throughout the procurement process—responded to approximately 900 calls and emails between the release of the exposure draft and the announcement of tender results.

Robust and transparent governance arrangements were developed to support staff during the procurement process. As a matter of best practice and to ensure compliance with the *Public Governance, Performance and Accountability Act 2013*, an external probity adviser was appointed to oversee the process. This ensured the process was conducted transparently, including that interested parties were treated fairly and that information was communicated consistently and uniformly.

After tenders closed, staff evaluated the submissions and conducted financial viability checks. Recommendations from the evaluation were reviewed by a specialist committee comprising senior departmental managers and state office managers. The recommendations from the committee were then presented to the delegate, the department's Deputy Secretary, Employment, Martin Hehir, for decision. Outcomes of the procurement were announced on 31 March 2015, and 66 jobactive deeds and 19 deeds for Work for the Dole Coordinators were dispatched.

The department offered debriefing sessions for all successful and unsuccessful tenderers; 88 organisations requested a debriefing.

## ***Transition arrangements***

The department established comprehensive transition arrangements to support the smooth transfer from Job Services Australia to jobactive and minimise disruption for job seekers, employers and providers.

A number of strategies were implemented to help job seekers understand the transition process and let them know what to expect under the new arrangements. Registered Job Services Australia job seekers were notified about the changes through two advices. The first was sent in April 2015 to provide general information about jobactive and the transition process. The second was sent in late May and early June 2015 to advise job seekers of their status under the new arrangements, and provide the details of their new jobactive provider, steps they could follow to change their provider, and how to get more information. The department also published fact sheets and information for job seekers on its website.

After the successful tenderers were announced, a dedicated Transition Hotline was set up to respond to job seeker queries. The department also released a number of online tools to support job seekers through the transition process. For example, new functions were added to Australian JobSearch so that job seekers could see which jobactive provider they were transitioned to and select a different provider.

The department provided extensive support to jobactive organisations, including releasing guidelines and learning centre modules. Webinar sessions were also held that provided detailed information about jobactive and its IT system. A national forum was held in April 2015 for organisations delivering jobactive in order to build connections and encourage collaboration.

## Work for the Dole

From 1 July 2014, the department phased in a new Work for the Dole programme in 18 selected areas across Australia. Job seekers aged 18 to 29 years who were registered with a Job Services Australia provider in the selected areas and who had a work experience activity requirement were required to participate.

The Work for the Dole programme is designed to help job seekers gain the skills and experience they need to move from welfare to work, while at the same time making a positive contribution to their local community.

From 1 July 2014 to 30 June 2015, more than 26,700 Work for the Dole places were created in the department's database. This corresponds to around 4200 Work for the Dole activities, and more than 25,500 commencements in those activities. The Work for the Dole programme has achieved 92 per cent of its expected number of commencements (27,709) and 135 per cent of its expected number of places sourced (19,792).

The department is in the process of evaluating the 2014–15 programme to identify learnings, drawing on feedback from the state network and Job Services Australia providers. The department also conducted work health and safety audits and surveyed participants, providers and host organisations.

Work for the Dole Coordinators under jobactive commenced in each of the 51 employment regions on 1 May 2015, following a competitive tender process. They started early so that they could work with local not-for-profit organisations to source Work for the Dole places for the commencement of jobactive on 1 July 2015.

### Work for the Dole participants restore RSL hall

After hearing about Work for the Dole, members of the Bangalow RSL Branch in northern New South Wales sought assistance from the programme to refurbish the Bangalow RSL Hall. The local community used the hall for a range of activities—such as the local darts club, performances by the local public school, dance and yoga classes, social and fundraising events, and community group meetings—but it was in urgent need of an upgrade.

The project started with a group of 10 Work for the Dole participants, expanding at its peak to 15. The local community was quick to embrace the project and its participants, and local RSL members were soon daily visitors to the site. A number of the members were retired tradespeople and took on a mentoring role, sharing their significant technical knowledge and skills with participants.

The work included internal and external painting, sanding and polishing timber floors, installing a new ceiling in the kitchen, creating an outdoor memorial area and cleaning up the garden, building a covered outdoor eating area and refurbishing the toilet block. Participants learned about the use of power tools, painting techniques, working in a team, workplace health and safety, and basic construction.

The refurbishment was completed in time for Anzac Day 2015 celebrations. The hall is now regularly booked for functions and events and is a valued facility in the local community. Six of the Work for the Dole participants have since gained employment or moved into further study, and the others have moved on to other activities.

## Work for the Dole participants restore local waterways in Bundaberg, Queensland

Saltwater Creek in Bundaberg is an integral waterway for the surrounding ecosystem. Native animals and the water quality of Baldwin Swamp, and ultimately the Burnett River, all rely on the creek's ability to function. The creek runs through residential and industrial areas of Bundaberg, and in recent years had become clogged with noxious vegetation and rubbish transported by floodwater in 2013, as well as illegal dumping.

Recognition of the need for regeneration of this important tributary and expansion of the Baldwin Swamp Environmental Park resulted in the creation of a Work for the Dole activity—the Saltwater Creek Rehabilitation Project. Initiated by Work for the Dole Coordinator Mission Australia, the project started in early 2015.

Bundaberg Landcare teamed up with a Job Services Australia provider to work on removing weeds and rubbish, expanding the environmental park to strengthen the local ecosystem, and enhancing the community space. Eight job seekers participated in the activity and achieved a range of outcomes, including acquiring skills in nursery and pest management and bush regeneration, experience working alongside others and employment.

The project succeeded in its goals of regenerating the region and providing job seekers with meaningful agricultural and horticultural foundation skills. The creek and its banks were cleared of environmental and health hazards, and more than 300 trees were planted to expand the riparian buffer zone. This work will improve connectivity of the creek ecosystems, provide more habitat for native wildlife, and contribute to improved water quality in the region.

The project is an example of how collaboration between local organisations, employment services providers and a Work for the Dole Coordinator can achieve long-term results for individuals and communities.

## New Enterprise Incentive Scheme

In 2014–15 the department's New Enterprise Incentive Scheme supported the establishment of 5946 small businesses. The scheme provides accredited small business training, business advice and mentoring to eligible job seekers who are interested in starting and running a small business. Once their business has started, the job seekers are eligible for an allowance (equivalent to Newstart) to support them into sustainable self-employment. In 2015, the New Enterprise Incentive Scheme celebrated its 30th anniversary.

*Since its establishment in 1985, the New Enterprise Incentive Scheme has helped around 150,000 people establish their own small businesses. In the process they have developed new business opportunities and created jobs for themselves and other job seekers.*

## MORE JOBS.

The New Enterprise Incentive Scheme will be streamlined and continue under jobactive with 21 providers delivering services nationwide. Organisations contracted directly by the department will arrange small business training for job seekers interested in starting a new small business and provide business mentoring and coaching to participants accepted into the scheme.



Dave Court at his store, Created Range.

### **New Enterprise Incentive Scheme delivers winning results in South Australia**

Dave Court, a 23-year-old job seeker from South Australia, established his Adelaide-based street-wear clothing label 'foolsandtrols' after completing a Certificate IV in Small Business Management. He received mentoring and assistance through the New Enterprise Incentive Scheme while he was studying, and successfully completed his programme in April 2015.

Dave's products are manufactured in Adelaide, using Australian woven fabric, and the business has received certification from Ethical Clothing Australia for its ethically and environmentally responsible products.

Dave has since consolidated his award-winning business by supporting others to realise their dreams in clothing design. Passionate about promoting South Australian clothing designers, Dave now showcases young artists and designers in his independent boutique fashion store, Created Range. He was the 2014 winner of the Career Kick Start Award in the South Australia Channel 9 Young Achiever Awards.

With his strong emphasis on art and design, Dave has also received commissions to paint murals and has exhibited at art shows, festivals and galleries. In 2014 Dave received the Best Social Innovation and Cultural Initiative Award in the Renew Adelaide Awards and was selected to exhibit in the Helpmann Academy Graduate Exhibition.

## Harvest Labour Services

The department contracts providers of Harvest Labour Services to help growers supplement local labour with out-of-area workers. Harvest Labour Services providers filled approximately 18,600 harvest labour positions in 15 harvest areas throughout Australia in 2014–15.

As part of jobactive, five Harvest Labour Services providers will serve 11 harvest areas—Kununurra, Top End, Tablelands, North Burnett, Southern Queensland, Riverina, Goulburn Valley, Mid Murray, Sunraysia, Riverland and Adelaide Hills.

## Indigenous mentoring pilot

The department designed and implemented the Indigenous mentoring pilot to test whether culturally appropriate mentoring support improves employment sustainability for Indigenous job seekers. Between 1 July 2012 and 30 June 2015, 2784 Indigenous job seekers participated in the pilot. The department is developing a fact sheet for jobactive providers to build on the lessons learned from the pilot in order to increase employment outcomes for Indigenous job seekers.

## Relocation Assistance to Take Up a Job

The department administers the Relocation Assistance to Take Up a Job programme, which started on 1 July 2014. The programme replaced the previous labour mobility programme, Move 2 Work, which ceased on 30 June 2014.

The programme provides practical and financial assistance to long-term unemployed job seekers who relocate to take up ongoing employment. Eligible job seekers who are registered with employment services providers can receive assistance of up to \$6000 when they move to a regional area or up to \$3000 if they move to a capital city for a new job. Families with dependent children can receive up to an extra \$3000 of assistance. A total of 477 job seekers (401 from Job Services Australia and 76 from Disability Employment Services) were assisted under the programme during 2014–15.

## Tasmanian Jobs Programme

The department implemented changes to the Tasmanian Jobs Programme to provide a stronger incentive for employers to hire eligible job seekers into sustainable, ongoing employment. Placements for the programme are delivered through employment services providers.

Any Tasmanian business that employs eligible job seekers on a full-time basis for at least six months is now eligible to receive \$6500 (previously \$3250). In addition, any Tasmanian business that employs eligible job seekers in part-time work (with a minimum of 25 hours per week) for at least six months is eligible to receive \$3250. To be eligible, a job seeker must have been resident in Tasmania for the preceding six months, received an eligible income support payment for the same period and had participation requirements.

Since the changes came into effect on 13 May 2015, there has been an 8.2 per cent increase in job seekers gaining employment through the programme.





Eamonn Regan (left) and Don Pears from Clifton Fine Furniture.

## Tasmanian Jobs Programme helps job seekers and small businesses

The Tasmanian Jobs Programme has helped businesses and job seekers in Tasmania. The Tasmanian Cask Company makes casks for the distillery industry. The company took on a job seeker who was registered with Workskills Incorporated, a longstanding employment services provider in Tasmania. The company was pleased to be one of the first employers to benefit from the enhanced Tasmanian Jobs Programme and receive a wage subsidy of \$6500.

Clifton Fine Furniture is an award-winning furniture manufacturer in the Launceston area. Don Pears from Clifton Fine Furniture recognised the value of mature-age and experienced workers, and was able to use subsidies from both the Tasmanian Jobs Programme and the Restart programme (available to mature-age job seekers) to take on an additional employee. The new employee was the one-thousandth Restart sign-up.

## Job Commitment Bonus

The department worked closely with the Department of Human Services to implement the Job Commitment Bonus on time and to the parameters agreed by government. The Job Commitment Bonus provides an incentive for young Australians aged 18 to 30 years to find a job, keep it and stay off welfare. An eligible young Australian who has been on Newstart or Youth Allowance as a job seeker for 12 months or more will receive a Job Commitment Bonus payment of \$2500 if they find a job and stay off welfare for 12 months. They will receive a further payment of \$4000 if they remain in work and off welfare for another 12 months (24 months altogether). The initiative started on 1 July 2014 and the first payments will be available from July 2015.

## Youth Employment Strategy—Transition to Work

A key feature of the Growing Jobs and Small Business package, announced as part of the 2015–16 Budget, is the Youth Employment Strategy—Transition to Work programme. The programme will provide intensive pre-employment assistance to young job seekers aged 15 to 21 years who have completely disengaged from work or education, are at high risk of becoming long-term unemployed and require more intensive assistance. Intensive pre-employment assistance will improve the work-readiness of participants so they can gain employment, move into education or participate effectively in jobactive.

The department consulted with employers and the welfare sector in 2014–15. Transition to Work services will commence progressively across employment regions from January 2016.

### Intensive support for vulnerable job seekers

During 2014–15, the department worked closely with a range of government agencies, including the Department of the Treasury and the Department of Social Services, to develop policy underpinning the employment measures announced in the 2015–16 Budget that focus on making job seekers more employable, reducing the costs to businesses of taking on new staff, and ensuring job seekers are meeting their obligations and actively looking for work.

The 2015–16 Budget also included two new programmes, targeted at assisting young people who are at greatest risk of long-term welfare dependency to become job-ready and find employment.

The Innovative Youth Trials will provide grants to community and non-government organisations to trial innovative and localised programmes to help around 10,000 young people at high risk of welfare dependency to find a job. The programme, worth \$55 million, is due to begin in January 2016.

The Supporting Parents to Plan and Prepare for Employment programme, worth \$90.6 million, will continue the most successful elements of the Helping Young Parents and Supporting Jobless Families measures, which are in the trial phase. It will provide early intervention for parents with a focus on getting them job-ready earlier and, in particular, by the time their youngest child goes to school. The department has extended the existing trials to 31 March 2016 (they were due to end on 30 June 2015), at which point they will transition to the new programme.

The Helping Young Parents measure works on a compulsory model of activity participation, while Supporting Jobless Families involves voluntary activity participation. Results from the Helping Young Parents interim evaluation have demonstrated that parents are completing Year 12 or equivalent qualifications and children are participating in early childhood development activities at a higher proportion than a comparison group:

- The Helping Young Parents trial participants' attainment rate of Year 12 or equivalent is 11.9 per cent compared with 4.2 per cent attainment for the comparison group.
- A significantly larger proportion of the Helping Young Parents trial participants were using a childcare service compared with the comparison group (8.3 percentage point difference).

The voluntary nature of the Supporting Jobless Families measure makes it more difficult to determine specific outcomes achieved as parents are under no obligation to report their level of participation in activities to the Department of Human Services. The Supporting Parents to Plan and Prepare for Employment programme will continue, and from 1 April 2016 will place a compulsory activity requirement on the parents in the programme.

## Seasonal Worker Programme

The department led the whole-of-government implementation of the Seasonal Worker Programme, a low-skilled seasonal migration programme with an aid objective involving Pacific Island countries and Timor-Leste. The department manages agreements with participating employers, engages with industry, and manages relationships with officials in partner country governments.

During 2014–15 the department worked with industry stakeholders to extend the programme's reach. Fifty-nine employers are now approved to participate in the programme. In 2014–15, there were 3177 seasonal worker placements and 1346 seasonal workers undertaking Australian Government-funded skills training. The department also negotiated and entered into an agreement with the Republic of Fiji for its participation in the programme.

Following an announcement by Senator the Hon. Eric Abetz, Minister for Employment, the department worked to provide the horticulture sector with additional programme places in response to increasing demand.

The department convened the second Seasonal Worker Programme conference in August 2014, which attracted strong participation by industry and international officials. The biennial conference provides an opportunity for participants and stakeholders from partner countries, employers, registered training organisations and other Australian government agencies to share knowledge and discuss challenges. Before the conference, the department hosted nine partner country delegates on a visit to Queensland farms, where they viewed work demonstrations.

The department provided policy advice to the government on changes to the programme resulting from the white paper on developing northern Australia, and prepared to implement the changes in 2015–16. This includes uncapping the number of programme participants; concluding the trial of arrangements in the accommodation, aquaculture, cane and cotton sectors and rolling them into the ongoing programme; expanding the programme to include other occupations in the agriculture industry; and increasing flexibility for employers. The department also started preparing for the rollout of a trial of other seasonal labour mobility arrangements in the northern Australian tourism industry in 2015–16.

## Mature-age employment

As the Australian population ages, it is now more important than ever to foster workforce participation by encouraging experienced workers to remain in the workforce and pass their skills and knowledge on to others. The department, through the Restart and Corporate Champions programmes, provides support for mature-age job seekers, and their employers, aimed at keeping mature-age Australians engaged in the workforce.

## ***Restart***

The Restart programme, which began on 1 July 2014, provides a wage subsidy of up to \$10,000 to employers that employ mature-age job seekers who have been unemployed and on income support for at least six months.

Restart is delivered through employment services providers, who play an important role in promoting the wage subsidy to employers and mature-age job seekers. They refer suitable candidates to employers, enter into Restart agreements and manage the payments.

As at 30 June 2015, a total of 1735 mature-age job seekers had been placed into jobs through Restart.

The department consulted with stakeholders about ways to improve the programme and increase take-up of the wage subsidy. Feedback from the consultations contributed to the development of changes to Restart announced in the 2015–16 Budget. The changes include payment of the subsidy over 12 instead of 24 months from 1 November 2015. Large employers that take on 10 or more mature-age job seekers will also be able to negotiate the timing of payments to help meet the up-front costs associated with hiring multiple employees, such as group training and induction.

### **Restarting a Career**

The Restart programme has provided an opportunity for a mature-age job seeker who lacked confidence in returning to the workforce, had low job search computing skills and was unsure about what he wanted to do. His employment consultant booked him into Job Services Australia provider Direct Recruitment's training programme, 'Marketing Me', which is designed to increase job seeker confidence and develop skills in looking for and applying for jobs. The programme gave the job seeker skills in interview preparation, which increased his confidence in the interview process.

The job seeker, keen to get back into the workforce and happy to be referred to any suitable position, interviewed for and was successful in gaining a role with a camper manufacturing company in his local area. With duties such as general assembly and refitting of motor homes, the position enabled him to use his prior experience and skills. Direct Recruitment negotiated the Restart agreement and provided the company and the job seeker with post-placement support.

Before gaining the job, the job seeker had been unemployed for more than two years. After an initial struggle with some elements of returning to work, he overcame these challenges and now loves the work he is doing and is recognised as a great employee who is committed to his role.

## ***Corporate Champions***

The Corporate Champions programme supports employers to move towards best practice in their recruitment and retention of mature-age staff (aged 45 years and over). The programme assists employers with assessing their workplace strategies and developing action plans to improve their workplace practices. It also provides wage subsidy assistance and information on topics such as positive age management and career planning.

During 2014–15, the department facilitated and participated in 20 seminars for employers and employment services providers across Australia to increase awareness of the benefits to business of employing mature-age people and the government assistance that is available.

## MORE JOBS.

Corporate Champions are employers that have agreed to demonstrate leadership in the recruitment and retention of mature-age workers. Endorsed Corporate Champions employers receive up to \$20,000 worth of tailored support and assistance from an industry expert. As at 31 May 2015, 486 Corporate Champions employers had been endorsed under the programme.

The department ran a national advertising campaign to complement the Restart and Corporate Champions programmes and to raise awareness of the positive contributions mature-age workers make to the workforce.



*The industry with the largest number of Corporate Champions is health care and social assistance; it is also the industry with the largest mature-age workforce and is expected to be a growth industry in coming years.*

### State network

The department's state network has a presence in all capital cities and in eight regional centres across Australia and employed 382 staff as at 30 June 2015. The network is responsible for the frontline delivery of the department's employment programmes, and network employees maintain strong relationships with employment services providers and employers. The network's functions include contract management, policy development and implementation, stakeholder engagement and local labour market research. The network also has strategic relationships with other stakeholders, including the Department of Social Services, the Department of the Prime Minister and Cabinet and other Commonwealth, state, territory and local government organisations.

In 2014–15 a major part of the state network's work was managing the transition from Job Services Australia to jobactive. The tender assessment process represented a significant additional body of work—134 network staff were directly involved in the process. The network also continued to deliver its core contact management business during this period. After the successful tenderers were announced, the network worked with the department's policy and programme areas and employment services providers to ensure a smooth transition for employers, job seekers and other stakeholders to jobactive. The network also contributed to the planning of jobactive policy by being actively involved in targeted policy working groups throughout the year.

Employment support officers from the state network supported the introduction of Work for the Dole in 18 selected areas across the country in July 2014. The officers were responsible for the initial implementation of the programme. They worked closely with the programme area in the department's national office on ongoing programme design, and worked with employment services providers to ensure commencements and successful collaboration between providers and host organisations.

Following a competitive tender process, Work for the Dole Coordinators were appointed to the lead role in developing and delivering places; they began delivering services in August 2014. The programme is proving highly successful in providing young job seekers with work-like places, targeted at building their work experience and capabilities.

In preparation for the start of jobactive and the national rollout of Work for the Dole, the state network held Work for the Dole forums for host organisations across the country during May and June 2015. More than 2200 individual registrations were received from 960 organisations for 53 separate locations. The forums were highly successful in engaging with local stakeholders to build community awareness of jobactive, the national implementation of Work for the Dole from 1 July 2015 and the benefits of the programmes.

The state network is also responsible for managing the National Customer Service Line. The service line receives and responds to job seeker enquiries related to government-funded employment services, including jobactive, Disability Employment Services, the Remote Jobs and Communities Programme and Job Services Australia. In 2014–15 the service line received more than 94,000 calls, up from 45,500 calls in 2013–14. The increased call volume was a result of the transition from Job Services Australia to jobactive and the new job seeker compliance arrangements. Further information about the department’s customer service line is on page 39.



Robert Willmet, Queensland State Manager and Indigenous Leader; Lennett Sandy, Australia Post; Melinda Shekle, Western Australia state office; and Ian Richards, Western Australia State Manager, at the Western Australia state office forum, June 2015.

## ‘Changing it up’ for reconciliation

A Western Australia state office forum held during Reconciliation Week was a great way to promote the achievement of higher employment outcomes for Indigenous job seekers. Held in June 2015 and facilitated by the department’s Indigenous Leader, Robert Willmet, the forum demonstrated the 2015 Reconciliation Week theme of ‘Change It Up’. The state office co-hosted the forum with Crown Perth.

The forum brought together significant employers, such as Woolworths and Australia Post, with employment services providers, all of whom have a common interest in Indigenous employment. Employers took the opportunity to share what they have done to engage, retain and develop Indigenous staff, as well as what both they and employment services providers could improve in the future. The employment services providers shared information on their service offers and plans for Indigenous employment. Ivan Neville from the department’s Labour Market Research and Analysis Branch gave a presentation on challenges and opportunities for Indigenous job seekers in the labour market.

Forum participants heard an inspirational address from Rosemary May, a young Indigenous Australian who is building a career with the Crown Group. Her success came after being referred by, and receiving assistance from, an employment services provider.

Crown’s Group Manager of Indigenous Employment, Sean Armistead, reflected that, ‘Although everyone should be proud of what had been achieved to date, we all need to do more to ensure that we make progress in closing the gap’.

## Programme performance

*In 2014–15, the department met or exceeded six of the 19 key performance indicator targets for Programme 1.1.*

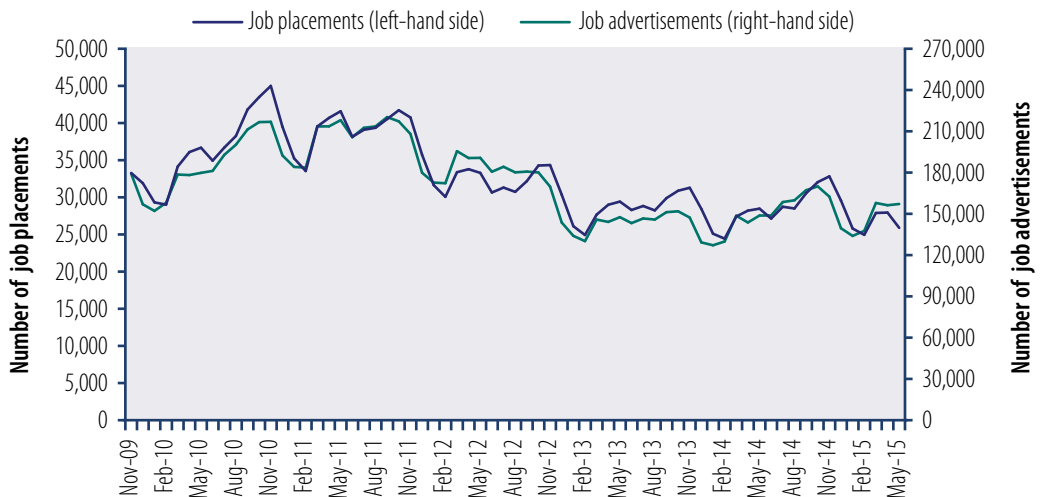
The subdued labour market continued to limit the number of job opportunities for job seekers in 2014–15—the final year of the Job Services Australia programme. Only 72 per cent of the headline annual 450,000 job placement target was achieved (see Table 1).

**Table 1** Programme 1.1 deliverable

	2013–14	2014–15 estimate	2014–15 actual
<b>Job Services Australia</b>			
Total job placements achieved	337,632	450,000	324,342

The strong influence of labour market conditions on achievement of targets is demonstrated by the close relationship between the department’s internet vacancy index and job placements in Job Services Australia, as shown in Figure 2. In general, the number of job vacancies increases as labour market conditions improve, which means there are more jobs to place job seekers into. By contrast, in subdued labour markets, vacancies fall, making it harder for job seekers to gain employment. This helps to explain why the annual job placement target was only achieved once during the six years of the Job Services Australia programme (in 2010–11).

**Figure 2** Number of Job Services Australia job placements versus internet vacancy index, 2009 to 2015



Tables 2 to 6 show the department's results for the key performance indicators for Programme 1.1 in 2014–15 and the previous year. The department met or exceeded seven of the 19 key performance indicator targets in 2014–15.

Under the Job Services Australia programme, fully eligible job seekers were assisted in one of four streams depending on their level of labour market disadvantage. The most job-ready job seekers were assisted in Stream 1, while job seekers with the most severe barriers to employment were assisted in Stream 4. For each stream, the department measured the programme's effectiveness by the percentage of job seekers moving into work or study or off benefit (Newstart or Youth Allowance (other)) three months after participation in the programme. Longer term off-benefit outcomes were measured 12 months after participation.

For 2014–15, the department amended the targets for five key performance indicators. The Stream 2 employment outcome and off-benefit targets were lowered, and the employment targets for Streams 1 and 3 were increased to reflect recent performance.

The proportion of job seekers achieving employment outcomes and moving off benefit was below targeted rates. However, job seekers moved into education and training at higher than targeted rates and the cost of moving job seekers into work was below target levels.

The department will report on a new range of performance measures and targets in 2015–16 to reflect the objectives of the jobactive programme.

**Table 2 Cost per employment outcome for employment services delivered by Job Services Australia**

Key performance indicator	2013–14	2014–15 estimate	2014–15 actual
Streams 1–3	\$1,890	\$3,000	\$1,794
Stream 4	\$6,971	\$12,000	\$7,177

Note: The cost per employment outcome for Job Services Australia is calculated as the cost of job seekers assisted divided by the number of job seekers employed (as measured through the department's Post-Programme Monitoring Survey) in the reporting period.

**Table 3 Proportion of job seekers in employment three months following participation in employment services**

Key performance indicator	2013–14	2014–15 estimate	2014–15 actual
Stream 1	55.1%	60%	55.2%
Stream 2	41.2%	40%	39.5%
Stream 3	33.4%	35%	32.6%
Stream 4	23.6%	25%	21.8%



**Table 4** Proportion of job seekers in education or training three months following participation in employment services

Key performance indicator	2013–14	2014–15 estimate	2014–15 actual
Stream 1	22.5%	15%	21.1%
Stream 2	24.8%	15%	24.9%
Stream 3	22.6%	15%	23.1%
Stream 4	20.2%	15%	22.7%

**Table 5** Proportion of job seekers off benefit three months following participation in employment services

Key performance indicator	2013–14	2014–15 estimate	2014–15 actual
Stream 1	50.1%	55%	47.2%
Stream 2	34.9%	40%	31.7%
Stream 3	21.9%	35%	20.1%
Stream 4	24.7%	30%	21.9%

**Table 6** Proportion of job seekers off benefit 12 months following participation in employment services

Key performance indicator	2013–14	2014–15 estimate	2014–15 actual
Stream 1	63.5%	65%	61.9%
Stream 2	48.5%	50%	46.3%
Stream 3	32.9%	40%	31.0%
Stream 4	34.0%	35%	31.3%

The deliverable and key performance indicators presented in Tables 1 to 6 are based on departmental administrative and programme monitoring data. The department also measures the effectiveness of employment services through the following broad indicators:

- unemployment rates for disadvantaged groups
- the labour force participation rate and the employment-to-population ratio for people of workforce age (15–64 years)
- the average duration of unemployment per labour force member.

These broad indicators are based on Australian Bureau of Statistics data and so provide externally available indicators of performance. In addition to the effectiveness of employment services, the outcomes for these broad indicators also depend on economic and labour market conditions, so those two factors are described first, before the broad indicators are discussed.

## ***Economic conditions***

Both the global and Australian economies expanded at a moderate pace in 2014–15. In seasonally adjusted terms, Australia's real gross domestic product grew by 2.0 per cent over the year to the June quarter 2015, which is higher than in Japan, but lower than in India, China, the United States and the United Kingdom.

The Australian economy is still in the slow process of a major economic transformation—away from growth led mainly by investment in mineral and energy resources to the broader-based drivers of activity in the non-resources sector. Over the past year, the volume of mining exports rose, while commodity prices and the terms of trade (the ratio of the export price to the import price) fell. Profits dropped by 7.2 per cent over the year to the June quarter 2015, and total compensation to employees (wages, salaries and supplements) rose by around 2.2 per cent over the same period. Overall, labour market conditions remained soft, and the unemployment rate was elevated.

## ***Labour market conditions***

Against the backdrop of subdued global growth and below-trend economic activity domestically, the Australian labour market improved somewhat, although underlying conditions remained soft. For instance, the level of employment rose by 224,400 (or 1.9 per cent) between June 2014 and June 2015 to stand at a record high of 11,768,600. Full-time employment increased by 133,500 (1.7 per cent) over the period to 8,156,200 in June 2015, also a record high. Part-time employment rose by 90,900 (2.6 per cent) to a record high of 3,612,400 in June 2015. The stronger growth in part-time work reflects, at least in part, a rise in underemployment, which increased by 104,200 (10.9 per cent) over the year to the May quarter 2015 (latest available data).

Employment growth was mixed across industries over the year to May 2015, with employment increasing in 10 industries and declining in nine. Professional, scientific and technical services recorded the largest gain, adding almost 100,000 new jobs to the economy over the past year. Solid increases were also recorded in Australia's largest employing industry, health care and social assistance (up by 67,300), as well as in accommodation and food services (48,100), transport, postal and warehousing (24,700) and construction (23,500). Manufacturing employment fell by 9700, and the longer term outlook for manufacturing remains subdued, although the fall in the Australian dollar over the past year provided some relief. The largest fall in employment was recorded in mining (down by 33,300), as the industry continues to transition from a construction phase to a less labour-intensive production and export phase and as projected future mining investment falls. A large decline in employment was also recorded in agriculture, forestry and fishing (20,200), but employment in the industry is projected to rise slightly in the medium term.

The level of unemployment increased by 10,500 (1.4 per cent) in 2014–15, while the unemployment rate fell marginally, from 6.1 per cent in June 2014 to 6.0 per cent in June 2015. The slight fall in the unemployment rate occurred in conjunction with a 0.1 percentage point increase in the participation rate, to 64.8 per cent in June 2015, although it remains below the peak of 65.8 per cent in November 2010.

Reflecting the underlying soft labour market conditions that continue to prevail, the level of long-term unemployment (people unemployed for 52 weeks or more) increased by 2900 (or 1.7 per cent) between June 2014 and June 2015, to 183,300. The level of very long-term unemployment (people unemployed for 104 weeks or more) also rose, by 9900 (or 12.6 per cent) to 89,000 in June 2015.

While youth labour market conditions improved slightly over 2014–15, the cohort remains disadvantaged. For instance, the level of youth employment increased by 33,000 (1.8 per cent) over the period, while the youth unemployment rate declined by 0.2 percentage point to stand at 13.3 per cent in June 2015, although it remains more than double the rate for all persons.

Labour market conditions, while improving somewhat in the first half of 2015, are expected to remain reasonably soft. The latest Treasury budget forecasts are for employment to increase by 1.5 per cent in 2015–16, before rising to 2 per cent in 2016–17; Treasury expects the unemployment rate to reach 6.5 per cent in the June quarter 2016 before declining to 6.25 per cent in the June quarter 2017.

The department provides current labour market data for employment services providers and the general public through the Labour Market Information Portal website. Table 7 provides a five-year view of the variances in unemployment rates across segments of the labour force.

**Table 7 Unemployment rates for disadvantaged groups, 2010–11 to 2014–15**

Population group	2010–11	2011–12	2012–13	2013–14	2014–15
People from culturally and linguistically diverse backgrounds (15 years and older) <sup>a</sup>	5.7	5.7	6.3	6.7	6.8
Lone parents (with children aged under 15 years) <sup>a</sup>	11.4	11.1	11.9	11.6	13.2
People with disability (15–64 years) <sup>b</sup>	na	9.4	na	na	na
Youth (15–24 years) <sup>c</sup>	11.4	11.4	11.9	12.6	13.7
Aboriginal and Torres Strait Islander Australians (15–64 years) <sup>d</sup>	na	na	20.9	na	na

na = not available.

Note: Data are for the financial year (July to June) and in original terms unless otherwise stated. Historical statistics reported in previous annual reports have been impacted by revisions made by the ABS to Labour Force Survey estimates, as a result of updated population benchmarks as released in Australian Demographic Statistics (cat. no. 3101.0). The currently quoted unemployment rate for Indigenous Australians is based on the full suite of responses to the 2012–13 Australian Aboriginal and Torres Strait Islander Health Survey by the ABS. The unemployment rate for youth is in seasonally adjusted terms.

Sources:

- a Australian Bureau of Statistics, Labour force, Australia, detailed—electronic delivery, July 2015, cat. no. 6291.0.55.001.
- b Australian Bureau of Statistics, Disability, ageing and carers, Australia: summary of findings, 2012, cat. no. 4430.0.
- c Australian Bureau of Statistics, Labour force, Australia, June 2015, cat. no. 6202.0, Table 17, seasonally adjusted.
- d Calculation based on figures from the National Aboriginal and Torres Strait Islander Health Survey, 2012–13, Australian Bureau of Statistics 2013, customised report.

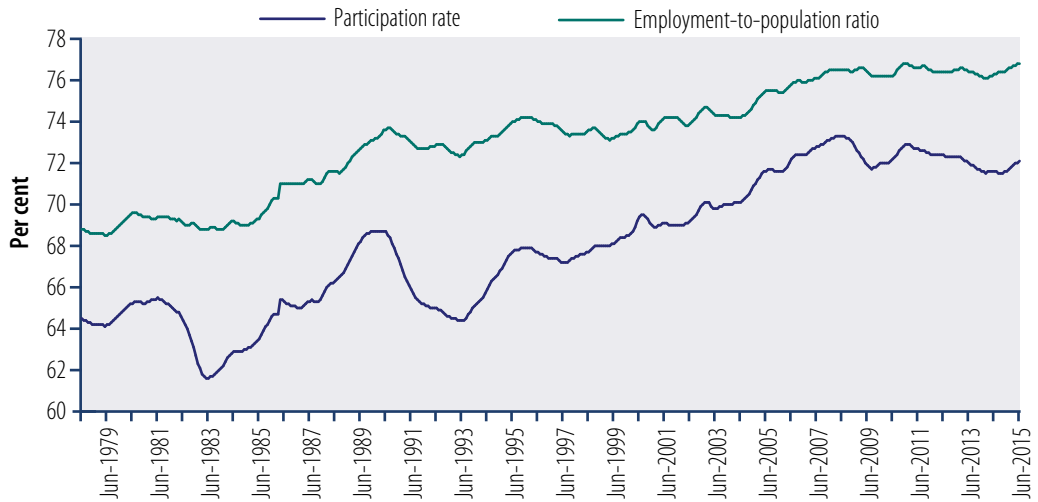
### ***Labour force participation rate and employment-to-population ratio for people aged 15–64 years***

The labour force participation rate refers to the proportion of the workforce-age population (people aged 15–64 years) that is either employed or looking for work. It is used to determine whether an increasing proportion of the population is working or looking for work and is a good indicator of the total supply of labour. However, it does not include those who are marginally attached to the labour force, such as discouraged job seekers.

The employment-to-population ratio refers to the proportion of the workforce-age population that is employed. This ratio is influenced by both labour demand and effective labour supply factors. It is also a good summary indicator for measuring labour market performance relative to other countries, particularly those in the Organisation for Economic Co-operation and Development (OECD).

Australia’s trend employment-to-population ratio for workforce-age people increased by 0.5 percentage point over the year to June 2015, to 72.1 per cent (see Figure 3). The trend workforce-age participation rate also increased by 0.5 percentage point over the same period, and was 76.8 per cent in June 2015.

**Figure 3** Labour force participation rate and employment-to-population ratio, people aged 15–64 years, trend data, June, 1978 to 2015

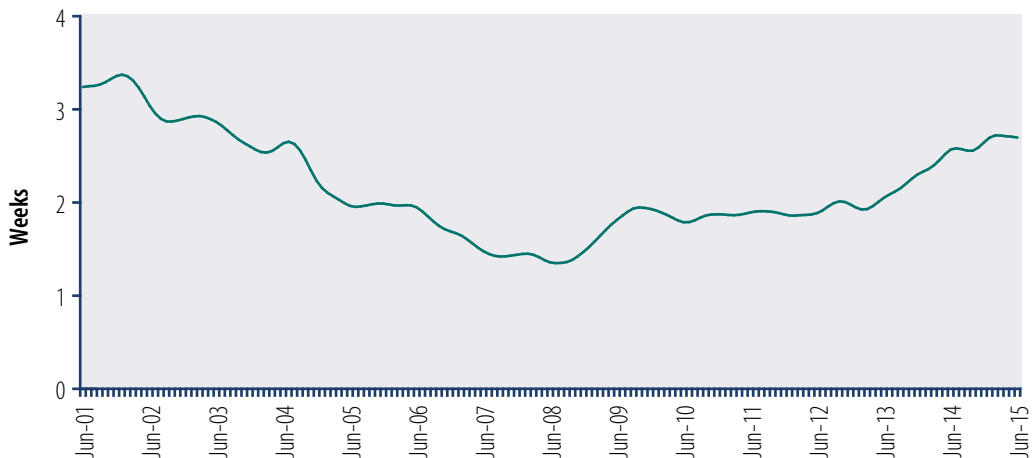


Source: Australian Bureau of Statistics 2015, *Labour force, Australia, June 2015*, cat. no. 6202.0, Table 18.

### Average duration of unemployment

Changes in the average duration of unemployment per labour force member indicate the ability of unemployed people to find work. Figure 4 provides a time series for this measure in trend terms for the past 14 years. In the 12 months to June 2015, the average duration of unemployment per labour force member increased marginally, from 2.6 weeks to 2.7 weeks.

**Figure 4** Average duration of unemployment per labour force member, June, 2001 to 2015



Source: Based on data from SuperTABLE Data Cube UM1 and Spreadsheet Table 01 in Australian Bureau of Statistics 2015, *Labour force, Australia, detailed—electronic delivery, June 2015*, cat. no. 6291.0.55.001. These statistics were seasonally adjusted and trended by the department.

## Industry and cross-agency collaboration

The department recognises that collaboration and fostering positive relationships with internal and external stakeholders enables more effective delivery of our strategic priorities. During 2014–15 we worked with government at the Commonwealth, state, territory and local levels to share our knowledge and expertise and gain critical information and assistance.

We take an active approach with stakeholders to ensure that programmes in the Employment portfolio are effectively contributing to the achievement of government priorities across whole-of-government challenges such as deregulation, rural and Indigenous affairs, disability services and responses to major crisis events.


### Working in partnership to meet industry demand

In the Northern Territory, the department worked in collaboration with the Department of Industry and Science, the Northern Territory Government, the Housing Industry Association and the provider STEPS Education and Training to address the skills shortage in Darwin's building and construction industry. A tailored employment programme called Get Skilled was developed to upskill a group of job seekers for a range of jobs in the building and construction industry, including trade assistants, apprenticeships and other entry-level positions.

The department brought together the Housing Industry Association, STEPS and Job Services Australia providers in Darwin to facilitate the implementation of the programme and encourage suitable referrals. The programme was embraced by Job Services Australia providers, who referred job seekers from across Darwin.

The programme was based on a holistic approach and involved eight weeks of industry-related literacy and numeracy training under the STEPS Skills for Education and Employment (SEE) programme, to ensure that job seekers with low language, literacy and numeracy levels developed skills to further their education and employment opportunities. The programme also involved units of a Certificate II in Construction and a one-day-a-week industry job placement. Participants were provided with additional placement support through their Job Services Australia providers.

Sixteen of the 20 participants successfully completed the employment programme, as well as SEE. Of these, two secured full-time employment in construction, two gained apprenticeships and three continued with further training. The programme is a good example of the success that can be achieved through collaborative approaches.



*Industry, employers and training organisations working in collaboration produce positive outcomes for disadvantaged job seekers.*



Graduates of the fourth Sydney Metro West Rail Link pre-employment course with Helen Willoughby, NSW/ACT State Manager (second from left), and other key stakeholders.

## Pre-employment training unlocks jobs for disadvantaged job seekers on the North West Rail Link

In New South Wales, the state network worked with the NSW Government, TAFE Western Sydney Institute and local employment services providers to garner the support of major contractors on the North West Rail Link. The aim of the project is to assist employers to fill vacancies with locally based disadvantaged job seekers. TAFE Western Sydney Institute developed a series of pre-employment training courses to meet employer needs.

A 29-year-old job seeker was referred to the training course after being unemployed for three and a half years. Facing barriers including anxiety and low self-esteem, the job seeker reported that he was feeling demoralised and inadequate after several unsuccessful job applications. He grasped the opportunity of working in a hands-on environment and attended training every day. As his knowledge and skills in the industry grew, his confidence increased.

He graduated from the course and, after a series of interviews, started employment. He has been working full-time for several months and says that he is feeling happy and more confident, and his employer says that he is very impressed with his attitude and work ethic.

The results have been impressive—to date, of the 33 job seekers who commenced training, 95 per cent graduated and over 70 per cent gained employment. The fourth graduation of the course was held recently, where the department's NSW/ACT State Manager Helen Willoughby spoke of the benefits of the course to all involved. 'It is exciting to see the programme produce such great results for both job seekers and employers,' Helen said.

## Responding to community and industry needs

In response to the restructuring occurring in the automotive industry, the department worked closely with the Department of Human Services, the Department of Education and Training and state governments to provide information and seamless support for retrenched automotive workers. Representatives from the department are part of a governance committee responsible for ensuring that retrenched workers from automotive manufacturing firms and relevant supply chains receive training, skills and career advice to help them become job-ready.

In 2014–15, the department conducted labour market, industry and employment services sessions for affected automotive workers in Victoria and South Australia. The department also managed four structural adjustment programmes—the BlueScope Steel Labour Adjustment Programme, the Textile, Clothing and Footwear Structural Adjustment Programme, the Automotive Industry Structural Adjustment Programme and the Forestry Industry in Tasmania Structural Adjustment Programme—to support workers who were made redundant.

## Assistance for retrenched workers in the Geelong area

During 2014–15, the department continued to assist unemployed people in the Geelong area. The area is undergoing a period of significant structural adjustment following the closures of a number of large-scale businesses in recent years, including Ford Australia and Alcoa.

The department continued to fund a Geelong employment facilitator to work with stakeholders—including the government, employers, employment services, training providers and the community sector—to identify and fund local projects and activities to generate employment opportunities and assist retrenched workers in Geelong. Activities have included job fairs; workshops on job-seeking skills, résumé writing and interview skills; and taster programmes that enable retrenched workers to experience working in non-traditional industries such as the community sector.

## Launceston jobs fair and workshop

On 11 March 2015, the department held a jobs fair in Launceston, Tasmania, to promote employment opportunities and services to the local community. A total of 929 people attended the fair, which had 43 exhibitors and promoted around 230 local job opportunities.

Senator the Hon. Eric Abetz, Minister for Employment, launched the event with Eric Hutchinson MP, Federal Member for Lyons. The fair featured a range of exhibitors, including small and large employers, industry associations, government agencies, employment services providers, educational institutions and apprenticeship advisers. There were also information sessions on the local labour market and tips for writing a résumé.

Staff from the department's national and Tasmanian state offices supported the event and talked with the community about departmental programmes and resources, including the benefits of the Tasmanian Jobs Programme and the Australian JobSearch website.

On 12–13 March 2015, the department hosted a joint Commonwealth, Tasmanian Government and OECD workshop on job creation and local economic development. The workshop brought together representatives from the OECD, employers, policy makers and other stakeholders to learn from international experiences and share local perspectives. The workshop sought to understand the challenges faced by employers in order to further support more and better quality jobs in Tasmania.

## Workforce participation policy

### *Disability Employment Services*

Although responsibility for managing the Disability Employment Services contract moved to the Department of Social Services (DSS) in 2013, the Department of Employment continues to closely liaise with DSS on matters relating to the delivery of the programme, such as data collection and sharing.

### *Support for job seekers with disability*

The department is an active contributor to the development of the Disability Employment Taskforce, established by the government in April 2015 and led by DSS. The taskforce is reviewing the effectiveness of the current range of support services for job seekers with disability, with a view to developing a new national disability employment framework in 2016. The aim of the framework will be to improve employment outcomes for people with disability by developing a more flexible system of employment services that gives individuals more choices and control and better meets employer needs.

Around 410,000 job seekers identified as having a disability are supported through employment services at any point in time, with 220,000 of these job seekers supported through jobactive.

### *Work visas and migration programmes*

The department advised the government on portfolio interests in migration programmes and free trade agreements (including temporary entry commitments, labour market, workplace rights and government procurement) and other bilateral and multilateral international agreements and forums.

In May 2015, the department coordinated a whole-of-government submission to the Senate inquiry into the impact of Australia's temporary work visa programmes on the Australian labour market and on the visa holders.

During 2014–15 the department also provided advice to the Department of the Prime Minister and Cabinet regarding a range of employment and labour market issues.

## Research and evaluation

Targeted research, analysis and evaluation activities underpin the department's policy development and programme management work. These activities combine in-house expertise in administrative data systems and research and evaluation with the expertise and independence of external consultants.

In 2014–15, data from the department's research and evaluation database and employment services system were used extensively in the development of jobactive, the next employment services model. The department's ongoing survey programme continued in 2014–15.

### **Survey of Employment Services Providers**

The department conducted the annual Survey of Employment Services Providers in February and March 2015 and invited the managers of all sites in the Job Services Australia programme to participate in an online survey. A random sample of providers was also invited to participate in qualitative interviews. This information gives the department an insight into providers' attitudes, perceptions and experiences of interacting with the department, working with employers, servicing job seekers, the governance model, and the administration of government-funded incentives.



## Survey of Employers

The department also ran the Survey of Employers in 2014–15. This survey is conducted every two years and seeks to better understand employers’:

- recruitment experiences and servicing requirements
- drivers of satisfaction and dissatisfaction with using government-funded employment services providers and programmes
- barriers to using government-funded employment services
- attitudes towards specific job seeker target groups.

Employers from across Australia are invited by the department to participate in the study, which has both qualitative and quantitative components.

## Post-Programme Monitoring Survey

The Post-Programme Monitoring Survey of job seekers assisted through employment services is a longstanding survey conducted by the department. Improvements to the survey will be implemented to support the monitoring of jobactive. In early 2015, a specialist statistical consultant provided advice on various aspects of the survey to maximise its robustness and cost-effectiveness. An external consultant also undertook cognitive testing of the survey with job seekers to ensure that the questions asked are relevant and meaningful to participants and effective in obtaining a response.

Planning and design work also began for the evaluation of jobactive.

## Survey of Employers’ Recruitment Experiences

In 2014–15 the department surveyed more than 11,000 employers from 37 regions across Australia to identify how job seekers can better meet the needs of employers and connect with local opportunities. The Survey of Employers’ Recruitment Experiences collects information on employer demand for labour and skills, particularly looking at employers’ recent recruitment experiences and future recruitment intentions.

The survey regions included capital cities, the 18 Work for the Dole trial sites, northern Australia and other employment service areas where there has been strong interest in recruitment activity.

The survey findings, together with other labour market information, inform the development of strategies to better match job seekers with job opportunities. In 2014–15, as in 2013–14, the survey results show that, regardless of the strength of the local labour market, there are still opportunities for job seekers across all skill levels. The survey also provides insights into recruitment and identifies what employers are looking for in job applicants and how job seekers, including young, Indigenous and mature-age people, can better connect with employment opportunities.

The department used the results of the surveys in reports and presentations at a wide range of events during the year, including:

- whole-of-government events attended by stakeholders such as employment services providers, training organisations, federal and state departments and local councils to develop local solutions to regional employment challenges
- careers seminars aimed at teachers, career advisers and students, which identify pathways from school to work
- information sessions for employees of companies with large announced redundancies, including Electrolux and Holden
- events for employers and industry such as business breakfasts.

In 2014–15, the department delivered 66 presentations across the country. These presentations were attended by more than 4600 stakeholders who received targeted information on their local labour market and potential opportunities. Feedback from presentations was overwhelmingly positive and copies of the presentations and related information were widely distributed.

The Survey of Employers' Recruitment Experiences reports and presentations are published on the department's website at [www.employment.gov.au/regionalreports](http://www.employment.gov.au/regionalreports) and on the Labour Market Information Portal at <http://lmip.gov.au>.

## **Survey of Employers Who Have Recently Advertised**

To gain an understanding of employers' ability to recruit the workers they need, and to identify current and emerging skill shortages, during 2014–15 the department spoke with more than 5000 employers and assessed a range of labour market indicators. The Survey of Employers Who Have Recently Advertised assesses the labour market for around 100 skilled occupations, focusing mainly on professions and trades but also including a small number of management, technician and other occupations. The findings informed the department's submission to the annual review of the Skilled Occupation List, which is used to guide Australia's independent skilled migration programme.

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

## **Australian Jobs 2015**

Australian Jobs is the department's annual report on trends in the Australian labour market. The 2015 edition was released in April 2015.

The report helps job seekers to understand where the jobs are and what employers look for when recruiting. It 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.

Recognising the challenges that young and mature-age people seeking employment can face, the 2015 report includes an analysis of the labour market for these groups, identifying key employing industries and providing useful tips on looking for a job. It also highlights the importance of non-technical skills, like communication and teamwork, in gaining and keeping a job.

Around 90,000 copies have been distributed, providing a vital resource for secondary schools, Centrelink offices, tertiary education institutions and employment intermediaries, including newly announced jobactive organisations.

Australian Jobs is a highly regarded publication and feedback on the 2015 edition has been overwhelmingly positive.

## Monthly Leading Indicator of Employment

The Leading Indicator of Employment, produced monthly by the department, provides advance warnings of whether employment is likely to grow faster or slower than its long-term trend rate of growth. The report anticipates movements through the use of a composite index of series that have been shown to lead employment over the last two decades. For example, when the leading indicator is rising following a trough, employment may grow above its long-term trend rate of growth.

The indicator is designed to give advance warning of ‘turning points’ in employment trends. The average lead time of the indicator—or the time between a peak or trough in the indicator and the corresponding peak or trough in cyclical employment—is slightly over a year. A turning point in the indicator is said to be confirmed when there are six consecutive monthly movements in the same direction after the turning point. A rise or fall in the indicator does not necessarily mean that the level of employment will immediately rise or fall—rather, it implies that after a lag, the growth rate of employment may rise above or fall below its centred six-year trend rate of about 1.3 per cent a year.

In response to the effects of the global recession and structural economic changes on the Australian labour market, the department reviewed the components of the indicator, releasing the final results in November 2014. The department launched an improved version in January 2015, which should enable improvement in the predictive performance of the indicator while allowing a reasonable degree of continuity with the former version.

## Engagement with international organisations

The department makes a strategic investment in its international engagement. The three main goals are building the evidence base for domestic policy development and programme delivery, promoting an Australian Government view internationally and meeting our international obligations.

Australia holds membership in the OECD and the department is represented by a Minister-Counsellor (Employment). During 2014–15, the department participated in major OECD projects on social policies for youth, displaced workers, and mental health and work. The department’s contribution to the last project was in partnership with the Department of Social Services, with an international synthesis report published in March 2015. An Australia-specific report is expected in late 2015.

In 2014–15, the department was active in the Asia–Pacific Economic Cooperation (APEC) forum, participating in a variety of projects to build employment and living standards. The 6th APEC Human Resources Development Ministerial Meeting, held in Vietnam in September 2014, focused on promoting quality employment and strengthening people-to-people connectivity in the region through human resource development. At the meeting, APEC members agreed on a new action plan for 2015–2018. The department also continued to chair the APEC Labour and Social Protection Network and participated in a high-level policy dialogue on human capacity development hosted by Papua New Guinea.

The department hosted visiting international delegations from both government and non-government organisations with an interest in Australia’s best-practice public employment system and policies. Delegations in 2014–15 included officials from the UK Department for Work and Pensions, the New Zealand Productivity Commission, the Singapore Ministry of Social and Family Development, and the Timor-Leste National Petroleum Authority and Secretariat of State for Vocational Training and Employment.



The Minister for Employment, Senator the Hon. Eric Abetz, with the Secretary of the Department of Employment, Renée Leon (right), and the co-chair of the G20 Taskforce on Employment, Margaret Kidd, at the G20 Labour and Employment Ministerial Meeting, September 2014.

## G20 Labour and Employment Ministerial Meeting

As G20 president in 2014, Australia steered a global agenda to strengthen economic growth and job creation. The department played an important role in ensuring employment was central to the agenda. During the year, the department hosted a series of G20 Taskforce on Employment meetings, which provided the foundation for a strong G20 Labour and Employment Ministerial Meeting in September. The department led discussions with international counterparts on key global employment challenges, exchanging policy strategies and best practice in areas ranging from local job creation and skills mismatching, to safer workplaces and gender equity.

G20 Labour and Employment Ministers made progress on a number of key global issues, agreeing on strategies to prevent structural unemployment, create better jobs and boost participation. Ministers laid the groundwork for the G20 Leaders' Summit in November 2015, at which there was agreement on a goal to substantially reduce the gender gap in labour force participation by 2025, and to take action to ensure young people are in education, training or employment.

*'We agree to the goal of reducing the gap in participation rates between men and women in our countries by 25 per cent by 2025, taking into account national circumstances, to bring more than 100 million women into the labour force, significantly increase global growth and reduce poverty and inequality.' Extract from the G20 Leaders' Communiqué, Brisbane Summit, November 2014*

A first for 2014 was the creation of G20 Employment Plans. Each G20 member outlined the challenges their labour markets face and the steps they will take to address those challenges across a range of policy areas. The plans are living documents—members will continue to develop and implement their employment plans in the years to come.

Hosting the G20 was a significant body of work, drawing in more than 200 staff from across the department and other agencies to advise on global issues and host ministerial delegations from more than 24 countries and the heads of international organisations.

## Customer service statistics

In 2014–15, the department’s Employment Services Information Line and National Customer Service Line collectively handled more than 186,000 calls from the public about employment support services.

The Customer Service Line managed 39,501 Job Services Australia feedback items, including 12,222 complaints, 6,491 requests for information and 16,692 transfers of job seekers between employment services providers (Table 8).

**Table 8 Breakdown of feedback by type, 2014–15**

Feedback type	Percentage of total	Number
Complaints	30.94	12,222
Requests for information	17.57	6,941
Transfers of job seekers	42.94	16,962
Other (e.g. compliments and suggestions)	8.55	3,376
<b>Total</b>	<b>100</b>	<b>39,501</b>

**Table 9 Outcome 1 departmental outputs—client satisfaction**

Performance indicator	2014–15 estimate	2014–15 actual
Level of satisfaction of service providers with contracted information and support	80%	89.4%

## Outcome 1 cross-outcome work

Each year, various areas of the department combine to provide input to the Australian Government’s submission to the Fair Work Commission’s annual wage review. The department’s contribution to the 2014–15 review included analysis of the current state of the labour market as well as developments for key groups including youth, the long-term unemployed, lone parents, jobless families, and regional labour markets. See page 46 for more information on the review.

The department advised the government on portfolio interests related to the industry innovation and competitiveness agenda and the ongoing Tax White Paper process.

To support higher labour force participation, the department undertook economic research and analyses into a broad range of issues affecting the Australian labour market, and particularly disadvantaged job seekers.

The department has been active in developing its capability to apply behavioural economics approaches to support policy and programme design and implementation. By using behavioural economics as part of a broader evidence-based approach, the department can drive continued improvement in outcomes for Australian job seekers, employers, jobactive providers and employees.

## Innovation through collaboration

Ex-offenders have one of the lowest employment outcome rates of all cohorts serviced by employment services providers. Ex-offenders often face more complex hurdles than any other job seekers because of the long periods of time they spent out of the workforce and real or perceived stigma associated with their criminal record.

Most pre-release prisoners are not currently eligible for services from an employment services provider—a complex situation that prompted the department to develop an innovative strategy. During 2014–15 two areas within the department—the Job Seeker Programmes Branch and the Evaluation, Research and Evidence Branch—partnered with the Victorian State Department of Justice to trial a new approach. The trial investigated new ways to assist ex-offenders, by extending basic jobactive servicing to participating prisoners in Victoria, to achieve two ambitious and worthwhile outcomes: increase employment opportunities post-release and reduce recidivism.

Over the longer term, it is hoped that the trial will generate an effective approach that could be integrated into jobactive and rolled out nationally.

## Outlook

The department will ensure that jobactive services are operating and job seekers are connected quickly and effectively to jobactive providers once the programme starts on 1 July 2015. The department will provide comprehensive training to jobactive providers to assist them to understand the requirements for achieving certification under the quality assurance framework.

Successful implementation of an expanded national Work for the Dole programme is a focus for the department, as well as ensuring eligible job seekers are in Work for the Dole places from 1 July 2015.

The department will implement the employment-related measures of the Growing Jobs and Small Business package. This includes a range of new employment measures that provide incentives for employers to take on unemployed job seekers, build employability skills (particularly for young people) and strengthen job seeker obligations. A further three employment services programmes are scheduled for procurement during 2015–16.

In 2015–16 the department will be implementing the \$1.2 billion national wage subsidy pool as part of the Growing Jobs and Small Business package. Wage subsidies will be available for young people, mature-age people, parents and Indigenous Australians after six months of unemployment and for all other job seekers after 12 months of unemployment.

The Department of Social Services and the department will work collaboratively to develop the investment approach to welfare to inform future policy advice. The new approach will use actuarial valuations of lifetime costs of welfare and services to identify the groups of people most at risk of welfare dependency and then to determine the impact of policy and operation change on future welfare costs.

The department will continue to monitor labour market conditions in Australia and provide policy advice to the government to enable employment services to respond to emerging labour market and economic developments, and to bolster workforce participation and Australia's productive capacity.

As co-chair of the G20 Employment Working Group, the department will work with Turkey to support the implementation of employment-related G20 commitments.



## OUTCOME 2

**Sandra Parker**

Deputy Secretary, Workplace Relations and Economic Strategy

*Outcome 2 facilitates jobs growth by developing and implementing policies that promote fair, productive and safe workplaces.*

The department, alongside its seven portfolio agencies—the Asbestos Safety and Eradication Agency; Comcare (including the Safety, Rehabilitation and Compensation Commission and the Seafarers' Safety, Rehabilitation and Compensation Authority); the Fair Work Commission; the Office of the Fair Work Building Industry Inspectorate; the Office of the Fair Work Ombudsman; Safe Work Australia; and the Workplace Gender Equality Agency—works to achieve this outcome by managing the Commonwealth workplace relations, work health and safety, and workers' compensation frameworks; leading economic policy, research and evaluation; and administering the Fair Entitlements Guarantee and the Australian Government Building and Construction WHS Accreditation Scheme.

The department focuses on economic prosperity by identifying the key economic challenges facing the nation and developing departmental policies that meet these challenges. By analysing the drivers of labour market disadvantage and business performance, as well as the role of human capital in the workplace, the department works to support increased levels of workforce participation and wellbeing. Information on the department's formal evaluation and research of employment services programmes in 2014–15 can be found on pages 34–37 of this report; our work in the deregulation area is detailed on pages 81–82.

## Highlights

- In March 2015, the department worked with the Department of the Treasury to prepare the government's submission to the Fair Work Commission's annual wage review. The review considers the national minimum wage, which affects around 157,000 employees, as well as award classification wages, which affect around 1.9 million employees. The department also continued to engage with the Fair Work Commission's four-yearly review of modern awards.
- The department made a submission to the Productivity Commission review of the workplace relations framework.
- The department undertook business process improvements to modernise the administration of the Fair Entitlements Guarantee programme and ensure accurate and timely payments to redundant workers.
- The department supported the introduction of amendments to the *Safety, Rehabilitation and Compensation Act 1988* into parliament in March 2015. The amendments will modernise the workers' compensation arrangements for all APS employees as well as employees of the ACT Government and of 33 self-insured national companies.
- The department led an APS-wide strategy to improve the way the public service prevents workplace injuries and assists injured workers to return to work.
- Following the department's 2014 review of the Australian Government Building and Construction WHS Accreditation Scheme, the government agreed to implement 23 of the review's 25 recommendations in full and the remaining two with minor modifications. Implementation of the recommendations was largely completed during the year, including regulatory changes that took effect from 1 January 2015.
- The department contributed to Safe Work Australia's examination of how model work health and safety laws could be improved to reduce red tape and make it easier for businesses and workers to comply. The department also reviewed the governance arrangements for Safe Work Australia, which included a review of the Intergovernmental Agreement for Regulatory and Operational Reform in Occupational Health and Safety.
- The department led an inter-departmental committee that advised the government on a response to the ACT Government's request for assistance to deal with Mr Fluffy loose-fill asbestos in houses in the Australian Capital Territory.

## Challenges

Demand in the Fair Entitlements Guarantee programme continued to be high with the average time to process claims in 2014–15 significantly increasing. The department is undertaking significant process improvements to reduce the wait time for workers seeking assistance under the scheme.

Developing a comprehensive reform package for the Commonwealth Seacare scheme is an ongoing and complex undertaking. The department's work on the reforms was delayed by the need to develop a response to the Federal Court's decision in *Samson Maritime Pty Ltd v Aucote* [2014]. Work on the reforms recommenced following the passage of the *Seafarers Rehabilitation and Compensation and Other Legislation Amendment Act 2015*. The Minister made a commitment to introduce legislation to reform the Seacare scheme by the end of 2015.



## Programme 2.1 Employee assistance

The department administers the Fair Entitlements Guarantee and the General Employee Entitlements and Redundancy Scheme, which provide a safety net to protect the entitlements of workers who have lost their jobs as a result of bankruptcy or liquidation of their employer where the employer has not made arrangements to cover employee entitlements. The Fair Entitlements Guarantee is a legislative scheme that provides assistance to employees whose employers went bankrupt or entered liquidation on or after 5 December 2012. The General Employee Entitlements and Redundancy Scheme applies to employer bankruptcies and liquidations that occurred before 5 December 2012.

*During 2014–15 the department advanced approximately \$301.04 million under the Fair Entitlements Guarantee and \$11.39 million under the General Employee Entitlements and Redundancy Scheme to 19,074 Australian workers after they lost their jobs as a result of their employers' insolvency and had unpaid employment entitlements.*

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); and unpaid redundancy (up to four weeks for each full year of service). Payments are subject to a maximum weekly wage cap, which for 2014–15 was \$2451.00.

During 2014–15:

- more than \$23.29 million was recovered from liquidated companies on behalf of the Commonwealth through creditor dividends in the winding-up process
- \$301.04 million was paid to 18,849 claimants under the Fair Entitlements Guarantee
- \$11.39 million was paid to 225 claimants under the General Employee Entitlements and Redundancy Scheme
- the Fair Entitlements Guarantee hotline handled 38,230 telephone calls and responded to 19,408 emails about the operation of the schemes
- the department initiated an internal review of 1347 Fair Entitlements Guarantee claim decisions under section 37 of the *Fair Entitlements Guarantee Act 2012* (8.3 per cent of the total number claiming assistance)
- claimants made formal requests for review of 944 Fair Entitlements Guarantee decisions under section 38 of the *Fair Entitlements Guarantee Act* (5.8 per cent of the total number claiming assistance).

Twenty-one appeals to the Administrative Appeals Tribunal were lodged by Fair Entitlements Guarantee claimants who were dissatisfied with the outcomes of their claims following the department's review (2.2 per cent of the total number of employees seeking a section 38 review). Twelve appeals were finalised without adverse findings. Two decisions were affirmed, three decisions were set aside with the department's agreement and seven matters were either dismissed, withdrawn or did not proceed because the tribunal judged that they were not able to succeed.

The department responded to one matter from the Commonwealth Ombudsman relating to Fair Entitlements Guarantee assistance. The Commonwealth Ombudsman closed its inquiry without making any adverse findings about the department's administration of the scheme.

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 2014–15, \$6.07 million was paid to insolvency practitioners for verification and distribution services.

The Australian National Audit Office completed a performance audit of the administration of the programme and tabled its report in parliament in April 2015. The report contained one recommendation designed to strengthen the department's management of fraud risk by increasing the focus on prevention and detection. The department accepted the recommendation and is working to strengthen fraud control and compliance. The department is also actioning other areas to strengthen programme performance. These relate to managing risk and non-compliance, maintaining working relationships with insolvency practitioners, developing stronger mechanisms to measure claimant satisfaction, and conducting programme evaluations.

The department completed research on the influences on company creation and destruction in Australia (the rates of start-ups, insolvencies and other wind-ups) to gain a better understanding of the drivers of spending on the Fair Entitlements Guarantee.



### The Fair Entitlements Guarantee at work

On 5 September 2014, Chassis Brakes International Castings Pty Ltd, a company involved in transport equipment manufacturing, entered liquidation. Most of the 79 permanent and casual employees made redundant were left with unpaid employment entitlements on termination and applied for financial assistance under the Fair Entitlements Guarantee.

The department advanced more than \$8.3 million to eligible redundant workers.

Chassis Brakes International is one of the 2630 company insolvencies in 2014–15 where assistance was provided to redundant workers under either the Fair Entitlements Guarantee or the General Employee Entitlements and Redundancy Scheme.

## Programme 2.2 Workplace assistance

The objective of this programme is to ensure the successful operation of the workplace relations system through initiatives designed to encourage employers and employees to adopt productive and modern workplace relations.

### 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 2014–15 the government met the full cost of 1037 ballots, paying \$1.39 million under the scheme.

## National Workplace Education Programme

In 2014–15 the department continued to fund the National Workplace Education Programme. The programme provided a one-off grant of \$10 million to the Union Education Foundation in 2010 to deliver national workplace education programmes to employee representatives over a five-year period. The programme ended on 30 June 2015.

## Productivity Education and Training Fund


During 2014–15 the department continued to implement the Productivity Education and Training Fund. The fund supports peak employer and employee organisations in developing and delivering education programmes to enhance workplace productivity. The programmes are being delivered by the Union Education Foundation, the Australian Chamber of Commerce and Industry and the Australian Industry Group.

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

## Gender equality reporting

In 2014, the government sought to identify ways to streamline the gender equality reporting framework while continuing to meet the policy objectives of the *Workplace Gender Equality Act 2012*. The department worked with the Department of the Prime Minister and Cabinet and consulted widely with stakeholders through roundtable meetings, a formal submission process and an electronic survey.

From 1 April 2015, organisations are no longer required to report data on issues such as the remuneration of CEOs or equivalent and contract workers. Reporting on parental leave continues but is more targeted to focus on the retention and turnover of employees after a period of parental leave. This replaces the requirement to report on the number of requests and approvals for extensions to parental leave. Reporting against certain gender equality indicators—including the gender composition of the workforce and governing bodies, flexible working arrangements and equal remuneration—remains unchanged.



*In February 2015, the government announced changes that will provide the most value for employers for the effort of reporting. The changes will reduce the cost of compliance with the framework by more than one-third for each reporting organisation, while maintaining the integrity of the gender data.*

To further improve gender reporting arrangements, in May 2015 Senator Michaelia Cash, the Minister Assisting the Prime Minister for Women, established a working group of stakeholders, supported by the department. The working group is examining potential improvements to the non-manager occupational categories used in gender reporting. The department engaged a research consultant to provide analysis and advice to the working group on non-manager categories, and is liaising with the Workplace Gender Equality Agency. The working group will report back to government in the second half of 2015.

## Programme 2.3 Workers' compensation payments

Special appropriations to Comcare are provided through the department. This includes special appropriations under the *Safety, Rehabilitation and Compensation Act 1988* for the payment of pre-premium claims expenses (before 1 July 1989) and under the *Asbestos-related Claims (Management of Commonwealth Liabilities) Act 2005* for asbestos-related claims settlements. Expenses for claims accepted since 1 July 1989 do not require appropriation as they are funded from Comcare's premium revenue.

Further information regarding the operations of Comcare can be found at [www.comcare.gov.au](http://www.comcare.gov.au).

During 2014–15, Comcare paid \$32.7 million for incapacity, treatment and other costs for claims resulting from injuries that occurred before 1 July 1989 (pre-premium). The outstanding claims provision for pre-premium claims reduced from \$409.2 million in 2013–14 to \$368.4 million in 2014–15.

**Table 10 Programme 2.3 performance indicators**

Performance indicator	2014–15 estimate	2014–15 actual
Durable return to work rate (i.e. the percentage of injured workers from premium-paying organisations with 10 or more days lost time, who had submitted a claim seven to nine months prior to interview, and who were working in a paid job at the time of interview)	90%	na
Funding ratio (i.e. the percentage of premium-related total assets to premium-related liabilities)	71%	76%
Commonwealth average premium rate	2.12%	2.12%
Employer satisfaction with recovery and support services	61%	na
Injured worker satisfaction with recovery and support services	81%	62%

na = unavailable.

In 2014–15, Comcare settled 70 per cent of asbestos claims within 180 days; the 65 per cent target has been reached or surpassed for the last four reporting periods. The target is determined in accordance with the rules and timetables of the courts of each jurisdiction and performance can also be affected by the involvement of third parties.

Comcare recovered 24 per cent of the value of asbestos claims settlements from third parties in 2014–15. This result was significantly above the 5 per cent target and is an improvement on the 2013–14 result of 8 per cent.

## Workplace relations policy advice

### Annual wage review

Together with the Treasury, the department managed the government's participation in the Fair Work Commission's 2015 review of minimum wages. This included drafting the government's submissions, preparing responses to questions asked by the commission, and attending public hearings.

On 2 June 2015, the commission released its decision to increase the national minimum wage and award classification wages by 2.5 per cent. From 1 July 2015, the national minimum wage will increase to \$656.90 a week (\$17.29 an hour).

## **Productivity Commission review of Australia's workplace relations system**

The department continued to advise the government on the progress of the Productivity Commission's review of the workplace relations system. The terms of reference for the review require the Productivity Commission to assess the performance of the workplace relations framework, including the Fair Work Act, focusing on key social and economic indicators important to the wellbeing, productivity and competitiveness of Australia and its people. The Productivity Commission released five issues papers on 22 January 2015 and invited public submissions. The department made a submission on 13 March 2015 and is continuing to monitor progress of the review. The final report is due to the government on 30 November 2015.

## **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 includes \$12 million over four years from the government, of which around \$3.4 million was provided in 2014–15. The Secretary of the Department of Employment 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 five times in 2014–15 and provided guidance and advice on a number of the centre's initiatives as well as its governance and future planning.

In April 2015 representatives from the department attended the centre's second national conference—The Future of Work: People, Place, Technology. The centre is developing practical workplace training for managers and leaders and creating resources to help workplaces measure their own performance. One of the centre's projects involves using the results of its national study of Australian leadership to establish a benchmark for effective leadership.

The centre also completed the Workplace Gender and Equality Strategy Project, which was commissioned by the department. Through this project, the centre worked with 10 organisations to develop a strategy to promote and achieve gender equality in the workplace, building on their existing workplace policies and practices. The results are presented as case studies for other organisations to consider.

## **Safety net and awards policy**

The department continued to provide policy advice to the government on the Fair Work Commission's four-yearly review of modern awards. In 2014–15 the government made a submission on part-time and casual employment and another on accident 'make-up' pay. The department also provided information in response to a request by the president of the commission during the hearing of the annual leave common issue. This information went to the construction of section 90(2) of the Fair Work Act and updated the commission on the status of the Fair Work Amendment Bill 2014.

## **Superannuation**

The department provided policy advice to the government on the Fair Work Commission's four-yearly review of default superannuation terms in modern awards.

The department continued to work closely with the Treasury to develop policy to implement the government's election commitments on competition, corporate governance and transparency in the superannuation industry.

## Transparency and accountability of registered organisations

The department continued to provide advice and assistance to the government on the implementation of its election commitment on accountability of registered organisations.

The department assisted with developing the Fair Work (Registered Organisations) Amendment Bill 2014 [No. 2], which includes measures to strengthen the reporting and disclosure requirements for registered organisations and their officers; increase civil penalties and introduce criminal penalties; and establish a registered organisations commission as an independent monitor and regulator.

The Bill was introduced into parliament on 19 March 2015. It replicates the Fair Work (Registered Organisations) Amendment Bill 2014, which was introduced into parliament on 19 June 2014 and rejected by the Senate on 2 March 2015.

## Post-implementation reviews

The department conducted a post-implementation review of the *Fair Work Amendment (Textile, Clothing and Footwear Industry) Act 2012* which assessed whether the Act works effectively and efficiently to provide protections for outworkers. The review was prepared by the department and was assessed as adequate by the Office of Best Practice Regulation on 5 September 2014.

The department conducted a post-implementation review of the *Fair Work Amendment (Transfer of Business) Act 2012*. The review was assessed as adequate by the Office of Best Practice Regulation on 22 August 2014.

## Coastal shipping reforms


The department provided workplace relations policy advice on the government's coastal shipping reforms, announced by the Deputy Prime Minister, the Hon. Warren Truss MP, on 20 May 2015. The department worked closely with the Department of Infrastructure and Regional Development and the Office of Parliamentary Counsel in drafting the Shipping Legislation Amendment Bill 2015. The Bill was introduced into parliament on 25 June 2015.

## International engagement

During 2014–15, the department provided policy advice to the government on international labour issues, with a particular focus on the Asia–Pacific region.

The department's international engagement includes the annual International Labour Conference and meetings of the Governing Body of the International Labour Organization (ILO). The department represented the government at ILO Governing Body meetings in November 2014, March 2015 and June 2015, and at the 104th session of the International Labour Conference held in Geneva in June 2015. Australia is representing the Far-East Asia Pacific Sub-Group of countries on the Governing Body for a three-year term until 2017.

During 2014–15 the department's Minister-Counsellor (Employment) was Australia's representative to the ILO. This role included chairing sessions of the Governing Body meetings in November 2014 and March 2015 and chairing the Committee on Labour Protection at the 2015 International Labour Conference.




*Chairing the ILO Governing Body meetings gave Australia an opportunity to provide strategic influence and take a leadership role internationally.*

At the conference, a departmental representative chaired a sub-committee on the Cook Islands' application for ILO membership. Departmental delegates participated in drafting a new recommendation on facilitating the transition from the informal (unregulated) to the formal economy and contributed to discussions on labour protection and employment creation in small and medium-sized enterprises.

In 2014–15, the department continued to support the ILO in implementing measures to improve the functioning of the conference and the Governing Body, in order to ensure the ILO is well placed to remain relevant in the contemporary world of work. In addition, the department provided advice to the government on a new protocol and recommendation on forced labour (adopted at the 2014 International Labour Conference), which has particular relevance for the Asia–Pacific region.

Australia's international labour engagement included close work with Australia's social partners—the Australian Chamber of Commerce and Industry and the Australian Council of Trade Unions. The social partners jointly administered the Pacific Growth and Employment Project, funded under the ILO – Australian Government Partnership Agreement 2010–2015, until its conclusion in November 2014. The project was designed to improve vocational skills and employment opportunities for young people and their families in Pacific Island countries. It was piloted in Papua New Guinea's transport sector and Vanuatu's tourism sector.




## **Increasing employment opportunities through the Pacific Growth and Employment Project**

On 5 December 2014, Senator the Hon. Eric Abetz, Minister for Employment, acknowledged the Australian Council of Trade Unions' and the Australian Chamber of Commerce and Industry's achievement in increasing employment opportunities in the Pacific through the Pacific Growth and Employment Project.

Over the past two years, the project has increased employment opportunities in Papua New Guinea and Vanuatu by drawing on the experience of Australian businesses to develop strategies that prepare young people for employment and create opportunities for the indigenous workforce. The project also focused on skills development, and Australian standard training certificates are now being provided in the transport sector in Papua New Guinea.

The project also led to increased opportunities for private enterprise engagement in the region and provided a strong foundation for ongoing employment growth and skills development in the Pacific.



## Workplace relations legal advice

During 2014–15, the department provided legal advice to portfolio ministers, portfolio agencies and other stakeholders about the operation of the national workplace relations system; developments arising from relevant court and tribunal decisions in federal, state and territory jurisdictions; and work health and safety and workers' compensation.

### Primary legislation

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

The *Construction Industry Amendment (Protecting Witnesses) Act 2015* amended the *Fair Work (Building Industry) Act 2012* to extend the period during which the director of the Fair Work Building Industry Inspectorate can apply to a nominated presidential member of the Administrative Appeals Tribunal for an examination notice by a further two years (until 1 June 2017). The amendment took effect from 20 May 2015.

The Fair Entitlements Guarantee Amendment Bill 2014 was introduced into the House of Representatives in September 2014. It would amend the *Fair Entitlements Guarantee Act 2012* to cap the maximum amount of redundancy pay entitlement available under the Fair Entitlements Guarantee scheme at 16 weeks, consistent with the National Employment Standards.

The Fair Work Amendment Bill 2014 was introduced into the Senate in August 2014. The Bill would amend the Fair Work Act to implement elements of the government's 2013 election commitments.

The Fair Work Amendment (Bargaining Processes) Bill 2014 was introduced into the parliament on 27 November 2014. It passed the House of Representatives on 9 February 2015 and was introduced into the Senate on 10 February 2015. The Bill would amend the Fair Work Act to give effect to the government's commitment to enterprise bargaining.

The Fair Work (Registered Organisations) Amendment Bill 2014 [No. 2] was introduced into the parliament in March 2015. It would amend the *Fair Work (Registered Organisations) Act 2009* to establish a registered organisations commission, strengthen officers' and organisations' reporting and disclosure obligations, increase civil penalties and introduce certain criminal penalties. The Bill was reintroduced into parliament in the same form as the Fair Work (Registered Organisations) Amendment Bill 2014.

The Seafarers Rehabilitation and Compensation and Other Legislation Amendment Bill 2015 was introduced into parliament in February 2015 following the Federal Court's decision in *Samson Maritime Pty Ltd v Aucote* [2014] FCAFC 182. The Federal Court's decision interpreted the Seafarers Act—and potentially the *Occupational Health and Safety (Maritime Industry) Act 1993* which has very similar coverage provisions—as having a much broader application than has previously been understood by regulators, maritime industry employers and maritime unions.

The Bill amended the coverage provisions of the Seafarers Act and the Maritime Industry Act, from their enactment in 1992 and 1993, respectively, until 26 May 2015 when the Bill received royal assent. The amended coverage provisions align with how the Seacare scheme had previously been understood to apply. Seafarers not covered by the Seacare scheme are covered by the relevant workers' compensation and work health and safety legislation of the state in which they work. The Bill passed the parliament on 14 May 2015.

The Safety, Rehabilitation and Compensation Legislation Amendment (Exit Arrangements) Bill 2015 was introduced into parliament on 25 February 2015 and passed the House of Representatives on 12 May 2015. It would amend the *Safety Rehabilitation and Compensation Act 1988* to ensure that existing employers have ongoing rehabilitation responsibilities and enable Comcare to recover premiums and regulatory contributions if any employers leave the Comcare scheme.



The Safety, Rehabilitation and Compensation Legislation Amendment (Improving the Comcare Scheme) Bill 2015 was introduced into parliament on 25 March 2015. It is the first major update to the Comcare scheme since its establishment in 1988. The Bill would implement, in part or whole, recommendations of the 2012 review of the Safety, Rehabilitation and Compensation Act by Mr Peter Hanks QC and Dr Allan Hawke AC. The Bill would also make other changes to the Act following further consultations and analysis to support better return-to-work outcomes and a more efficient scheme.

## Regulations

The department supported the development of regulations to give effect to the government's workplace relations priorities. The following regulations were made during 2014–15:

- The Fair Work (Building Industry—Accreditation Scheme) Amendment Regulation 2014 implemented the government's response to the 2014 review of the Office of the Federal Safety Commissioner and the Australian Government Building and Construction WHS Accreditation Scheme. The Regulation also made a number of amendments that had been identified by the Federal Safety Commissioner to improve the clarity and effectiveness of the accreditation scheme. The majority of the amendments commenced on 1 January 2015.
- The Work Health and Safety Amendment Regulation 2015 (No. 1) made technical amendments to the Work Health and Safety Regulations 2011 that were agreed by the workplace relations ministers in April 2014.
- The Work Health and Safety Amendment (Public Authorities) Regulation 2014 amended the Work Health and Safety Regulations 2011 to prescribe Medibank Private Ltd and Star Track Express Pty Ltd as 'public authorities'.

## Workplace safety

### 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 2012*.

The scheme 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 2015, 366 companies were accredited under the scheme. The Office of the Federal Safety Commissioner had been notified of 1302 directly and indirectly funded contracts for building work covered by the scheme with a combined value of \$67.86 billion.

Following the 2014 review of the scheme, on 1 January 2015, the Office of the Federal Safety Commissioner implemented a number of legislative changes designed to modernise and streamline the scheme. These included an extension of the joint venture arrangements for international companies to domestic companies, and the removal of a number of barriers to the application process, including the requirement to have certification to AS/NZS 4801 which sets out the requirements for an occupational health and safety management system.

A comprehensive review of the scheme's audit criteria was also completed in 2014–15, which included producing plain-English guidance material on the criteria. The guidance is designed to assist companies to better understand the Federal Safety Commissioner's expectations about safety systems and onsite implementation.

The Office of the Federal Safety Commissioner implemented a number of administrative enhancements to the scheme, including a new risk-based approach to compliance with scheme criteria and developed FSC Online, a web-based accreditation application system. FSC Online was released on 1 May 2015. Roadshow presentations about changes to scheme requirements started around the country.

The department conducted an open tender to refresh the standing panel for Federal Safety Officers in 2014–15. Federal Safety Officers assess compliance with scheme criteria at onsite audits on behalf of the Federal Safety Commissioner.

## Outcome 2 effectiveness indicators

The effectiveness of Outcome 2 in achieving the government’s policy and programme objectives is measured through the indicators set out in Table 11 and described in greater detail below.

The department closely monitors and analyses these indicators and advises the Minister accordingly.

**Table 11 The federal workplace relations system supports improved productivity outcomes**

Performance indicator	Year to June quarter 2014	Year to June quarter 2015
Labour productivity as measured by gross value added per hour worked in the market sector (annual, trend terms)	1.9%	0.7%
Australian Bureau of Statistics wage price index (annual, seasonally adjusted terms)	2.5%	2.3%

Note: ABS figures, as cited in previous annual reports, are subject to revision as more complete and accurate information becomes available.

**Table 12 Low incidence of industrial action (allowing for variations in the bargaining cycle)**

Performance indicator	Year to June quarter 2014	Year to June quarter 2015
Working days lost per thousand employees	8.5	7.3

**Table 13 Collective bargaining is widely used by employers and employees to negotiate pay and conditions**

Performance indicator	Year to June quarter 2014	Year to June quarter 2015
Number of workplaces whose employees had their pay determined by an enterprise agreement made under the <i>Fair Work Act 2009</i> <sup>a</sup>	6410 Fair Work Act agreements approved	5481 Fair Work Act agreements approved

a Information on the number of workplaces covered by the enterprise agreement stream of the Fair Work Act is not available. The number of agreements made under the Fair Work Act has been used as a proxy.

## Wages and earnings

The Australian Bureau of Statistics' wage price index is the preferred measure of wages growth. The index increased by 2.3 per cent (seasonally adjusted) over the year to the June quarter 2015, down from 2.5 per cent over the year to the June quarter 2014. The softening of wages growth reflects the current state of the labour market.

Public sector wages grew by 2.5 per cent over the year to the June quarter 2015, and private sector wages increased by 2.2 per cent. In industry terms (original data), the highest wage growth was in financial and insurance services (2.8 per cent) and the lowest was in professional, scientific and technical services (1.7 per cent).

## Productivity

Labour productivity—as measured by real gross value added per hour worked in the market sector—increased by 0.7 per cent (trend terms) over the year to the June quarter 2015, down from 1.9 per cent growth over the year to the June quarter 2014.

Market sector real gross value added increased by 2.4 per cent, while hours worked (in the market sector) increased by 1.7 per cent. It should be noted that short-term measures of productivity are prone to volatility and cyclical effects and should therefore be interpreted with caution.

## Industrial disputes

Rates of industrial disputation declined over the year. Through the year to the June quarter 2015, 7.3 working days were lost per thousand employees. This was down from 8.5 working days lost per thousand employees through the year to the June quarter 2014. Through the year to the June quarter 2015, 76,800 working days were lost due to industrial disputes.

The construction industry accounted for the largest number of working days lost (29,800), followed by the combined education and training, health care and social assistance industries (9,400).

It should be noted that industrial disputes data are prone to short-term fluctuations and should be treated with caution.

## Agreement making

A total of 5481 enterprise agreements were approved by the Fair Work Commission in the year to 30 June 2015, compared to 6410 agreements approved in the year to 30 June 2014. Most industries experienced a lower rate of agreement-making, but in terms of the number of agreements, the decrease was most pronounced in the construction, health care and social assistance industries. This is at least partly due to industry bargaining cycles, with enterprise agreements typically lasting three to four years. The average annualised wage increase under the enterprise agreements approved in the year to 30 June 2015 was 3.4 per cent (the same as in the year to 30 June 2014).

## Outcome 2 departmental outputs

**Table 14** Departmental outputs for Outcome 2

Performance indicator	2014–15 estimate	2014–15 actual
Fair Entitlements Guarantee—timeliness of processing claims	90% of requests for verified entitlement data are initiated within two weeks of claim receipt or liquidation date (whichever is later)	90.5%
	90% of eligibility and advance decisions are made within four weeks of receiving verified entitlement data	90.2%
Fair Entitlements Guarantee—accuracy of processing claims	90% of eligibility and advance decisions are accurate having regard to the information available when making the decision	99.3%
Fair Entitlements Guarantee—stakeholder satisfaction	80% of stakeholders (insolvency practitioners) are satisfied with the administration of the Fair Entitlements Guarantee	86.5% of surveyed stakeholders gave a rating of satisfied or above
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
Office of the Federal Safety Commissioner—timeliness of responding to initial applications for accreditation	More than 90% of accreditation applications are assessed and contact is made with the applicant within 10 working days	93%
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

## Outcome 2 cross-outcome work


The department's Economic Strategy group works across the APS to develop evidence-based policies that promote the economic participation of people, particularly those at risk of disadvantage. The group provides advice on the economy, migration policy and trade agreements; manages the portfolio's data research and evaluation programmes; and works closely with internal and external stakeholders on policy development and research.

### Outlook

In 2015–16 the department will lead the delivery of the Fair Entitlements Guarantee recovery programme, which was announced in the 2015–16 Budget. The programme involves funding liquidators or legal practitioners to undertake proceedings that will increase the amount available for distribution following the liquidation of an employer. The aims of the programme are to improve the recovery of funds to the Fair Entitlements Guarantee and reduce the overall cost of the scheme. The programme will be trialled for two years with a budget of \$11.5 million. Further funding will be subject to a review in 2017.

The department has a significant forward work programme on work health and safety and workers' compensation, including finalising the comprehensive reform package for the Seacare scheme. Together with Comcare, other Commonwealth agencies and international leaders, the department will continue to lead policies that aim to prevent work-related injuries and disease and improve return-to-work outcomes for injured workers.

The department will advise the government on the Productivity Commission's review of the workplace relations framework, the Royal Commission into Trade Union Governance and Corruption, and the government's deregulation agenda.



*In 2015–16 the department will continue to work with portfolio agencies to support the government to deliver national workplace relations systems to underpin jobs growth and promote fair and safe workplaces for all Australians.*

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.



**MORE JOBS. GREAT WORKPLACES.**



# OUR OPERATIONS AND ACCOUNTABILITY

*2014–15 was a very successful year for the People and Communication and Finance, Legal and Governance groups—we provided high-quality and responsive services to the department, which has been acknowledged through the positive feedback received.*

The capability, commitment and willingness of our people to work collaboratively with stakeholders across the department remains our strongest asset. By working to understand the department’s business we are able to identify challenges and opportunities to provide tailored services that best meet the needs of our stakeholders.

## GOVERNANCE

In 2014–15 we continued to improve our governance framework to enhance our organisational capability and enable efficient and effective service delivery and policy design. The Department of Employment Strategic Plan 2014–2017 continued to provide a strong foundation for building the culture and leadership of the department. These tools and structures set the direction to achieve our vision—*More Jobs. Great Workplaces.*

The department’s governance framework consists of structures and procedures that help our people to implement and understand the governance fundamentals—performance, transparency and integrity, and collaboration.

# Executive meeting

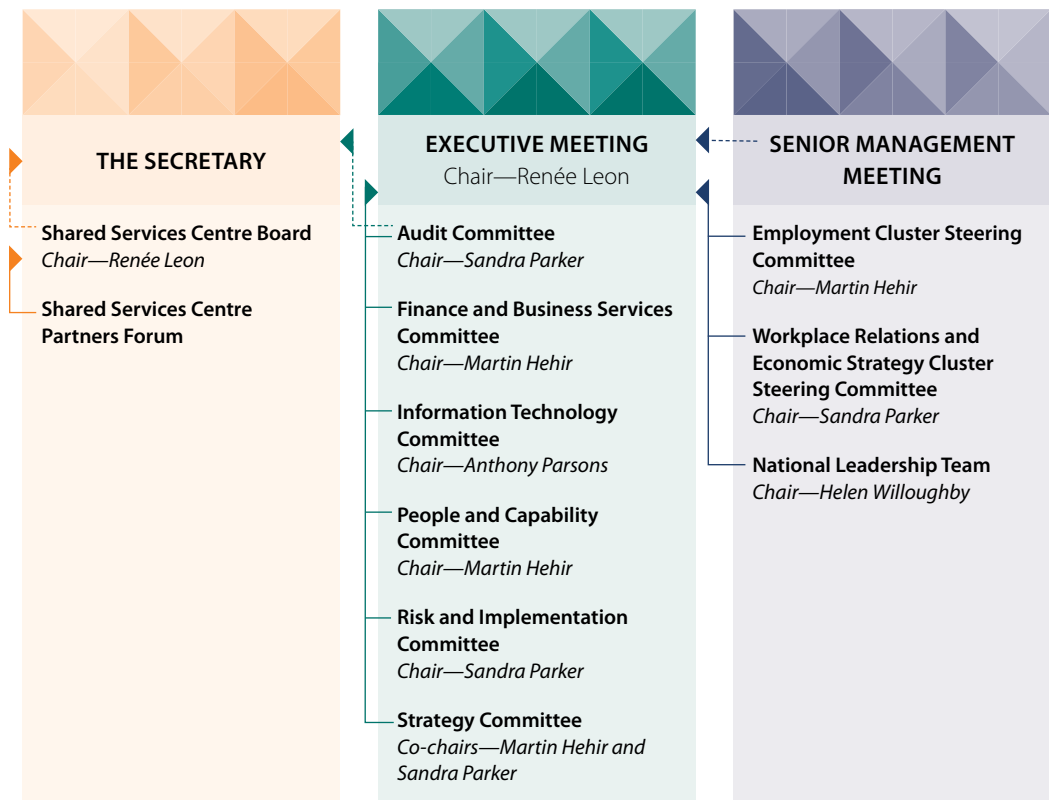
The Executive meeting supports the Secretary with making key decisions for the department, focusing on the delivery of outcomes, collective decision making and operational matters. Committee membership consists of the Secretary, Deputy Secretaries, the Group Manager, Finance, Legal and Governance, and the Group Manager, People and Communication.

Executive meetings are held every Monday and are followed by the release of an employee communiqué that summarises discussions and outcomes.

# Committees

Our committees are established to provide leadership, oversee decision making, accountability and management, and ensure effective and consultative policy development and efficient service delivery. They report to and are overseen by the Executive Meeting and work closely with sub-committees and inter-departmental committees.

**Figure 5 Governance structure**





The department's six top-tier committees are:

- **Audit**—assists the department to comply with its obligations under the Commonwealth resource management framework and provides a forum for communication between the Secretary, senior managers and the department's internal and external auditors
- **Finance and Business Services**—considers and oversees the use of money, resources and procedures to ensure the department meets its business goals
- **Information Technology**—considers and oversees the management and use of information technology to enable the department to meet its programme and corporate objectives
- **People and Capability**—considers and oversees the management of people and organisational strategies and assists the department to comply with its work health and safety duties and obligations
- **Risk and Implementation**—considers and oversees the management of risks to the department's business delivery and provides strategic oversight on the implementation of government initiatives
- **Strategy**—provides a forum for discussing strategic issues and opportunities, and promotes the availability of data and insights to enhance department-wide strategic thinking.

The committees meet approximately six times per year, with additional meetings if necessary, and provide quarterly activity and yearly strategic reports. They are supported by secretariats that meet monthly to share ideas and lessons learned and foster a culture of continuous improvement.

The department is also guided by operational committees:

- **Senior Management Meeting**—a weekly meeting of the Executive with all group managers to provide a shared management perspective on strategic and operational issues
- **Employment Cluster and Workplace Relations and Economic Strategy Cluster** leadership forums in each cluster (the collection of groups led by a deputy secretary) that promote the principles of good governance at the group and branch levels
- **National Leadership Team**—a management forum for leaders from the state network and national office.

The Secretary is also chair of the Shared Services Centre (SSC) board, which receives input from the SSC Partners Forum. The forum, established under the authority of the secretaries of the partner departments—Employment, and Education and Training—was formed to identify, examine, resolve or refer matters of direct interest to the partner departments and the SSC and advise on governance and strategic matters specified in the heads of agreement concerning the two partner departments. Further information about governance arrangements of the SSC is on page 83.

## Committee structure review

Our committee structure is reviewed annually to ensure that it continues to enhance our performance and help deliver on the government's priorities. The 2014 review included an assessment against our strategic priorities, the requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the principles in the Australian National Audit Office (ANAO) better practice guide on public sector governance.

Recommendations from the review included broadening the scope of the Finance Committee to include business improvement activities, and the Implementation Committee to include risk activities. The membership of committees was also broadened to include representatives at the Senior Executive Service (SES) band 1 and Executive Level (EL) 2 levels so that a wide range of perspectives and views are considered.

The Strategy Committee was established in late 2014 to oversee policy development, research and evaluation, as recommended by the review. The committee is intended to be a think-tank for developing longer term strategies and influencing the longer term direction and resourcing decisions of the department.

In response to the review's findings, the department made administrative changes to enhance the reporting of meeting decisions and outcomes, and ensure transparency and communication of decision making. The department also drafted guidance to support the committee members and secretariats in their roles, including a guide to governance that provides context and support to our people.

## Planning

### Strategic Plan 2014–2017

The department's strategic plan outlines how we will deliver on the government's priorities, work together and build the culture of the department.

The plan reflects the government's priorities to create jobs, help job seekers into work and foster great workplaces to build Australia's 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.

The plan sets out strategies and priorities to ensure that we are a department that:

- *delivers* on the government's agenda and its priorities
- is *forward-looking* and strives to be innovative in everything we do
- *collaborates* meaningfully across the public service
- has *people* at the core of our business.

The plan is put into action through the annual business planning process and is available on the department's website at <http://strategicplan.employment.gov.au>.

### 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 and individual performance agreements. 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 pillars of the strategic plan—delivery, collaboration, forward-looking and people—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. The plans are living documents and are reviewed and updated as needed to reflect any changes in priorities; they are reviewed biannually to track progress.

## Corporate plan

During 2014–15 we worked on developing the department's first corporate plan, a requirement for all entities under the PGPA Act and the enhanced Commonwealth performance framework. The first plan will be published in August 2015 and will be reported against in the annual performance statement in our 2015–16 annual report.

The corporate plan will set out our strategies for achieving our purposes and describe how success will be measured. In the annual performance statement we will assess the extent to which we succeeded in achieving our purposes.

As part of the development of the plan, we drew on information from internal and external publications and consulted with areas from across the department to gather information and seek feedback. To assist our portfolio entities with developing their plans, we formed a working group to collaborate and share ideas and lessons learned.

## IT Strategic Plan 2014–2017

The department has a key dependency on information technology to support policy development, programme delivery and staff productivity. The department's IT strategic plan, released in early 2015, guides our information technology direction and efforts and has seven high level strategies that work to:

- **increase data analytics capability**—supporting evidence-based policy development, programme delivery and evaluation through efficient data collection, collation, analysis and presentation
- **increase efficiency and reduce red tape**—effectively implementing government programmes, streamlining processes and reducing the burden associated with programme participation and compliance
- **enable innovative business models**—developing new service delivery methods as technology advances
- **support high staff productivity**—increasing amenity and productivity by delivering modern and functional IT support
- **implement effective IT sourcing strategies**—securing the right tools and IT infrastructure components on a cost-effective, capable and reliable basis
- **engage in whole-of-government IT initiatives**—exploring opportunities for data-sharing, simplifying access and shared services arrangements
- **improve IT capability**—aligning investment with organisational strategies and priorities, responding efficiently to changing demands.

The IT strategic plan enables the department to map how IT will be used to help achieve the objectives outlined in the department's strategic plan, and is supported by the IT work plan which details the approved IT investment priorities, projects and services.

## Evaluation Research and Evidence Framework 2015–2020

During 2014–15, the department developed a framework that will ensure that our evaluation and research agenda is coherent, supports evidence-based policy and maximises the use of data and analysis. The framework was developed in the context of the PGPA Act and the department’s strategic plan.

The framework sets out goals under four pillars to focus our work:

- **evaluation**—provide timely and relevant evidence that supports reviews of current programmes and provides an evidence base for new programmes
- **research**—ensure the research agenda for the department is coherent and linked to policies
- **data management**—establish a programme of principles that improve data quality, accessibility and capability
- **capability**—enhance the skills and capability of staff in the production and use of evidence.

The pillars are supported by overarching strategies of governance, communication and engagement, which will provide the structure for continuous improvement. Projects under the framework will collectively seek to address complex issues and support the department to deliver on strategic priorities over the next five years.

Working groups with participants from across the department will deliver the projects identified under the framework. The responsible officer for the framework is the manager of the Evaluation, Research and Evidence Branch, who will report to the Strategy Committee on the progress of projects over the next five years.

### Looking ahead

During 2015–16 our governance activities will focus on continuous improvement and the ongoing implementation of the PGPA Act. The department will:

- build on the establishment of the Strategy Committee as our think-tank
- embed and promote the Evaluation, Research and Evidence Framework 2015–2020 and IT strategic plan to develop long-term strategies and use data and analysis to enhance policy design and service delivery
- launch our corporate plan and align our performance reporting and business planning processes with the plan.

A governance review will be conducted in mid-2015 to ensure that we continue to meet the needs of the community, reduce duplication and refine processes, and build our organisational capability.

## Innovation at work

Innovation is core to our business—being forward-looking is one of the four pillars of our strategic plan—and will guide the future direction of the work we do. In the department, innovation is defined as ideas successfully applied—and it is something that everyone does. It is about problem-solving in a new way. Most innovation happens through small improvements, but we also focus on making changes to our business and big ideas.

A highlight of the department's calendar is Innovation Month. During the next Innovation Month in July 2015, we will work together to design an innovation framework for the department. The framework will improve the visibility of innovation already occurring in the department and provide a focus for additional efforts over the next 12 months. At the end of Innovation Month, the Secretary will be presented with the framework designed by our employees.

## Risk management

Risk management in the department is integrated with our strategic and business planning processes, ensuring risks to delivery are actively identified, managed and monitored. A higher level of compliance was achieved in risk management during the year, with expansion of the Implementation Committee to include risk activities and the continued positive engagement of the Executive. We revised our risk management policy and framework to more directly align with the PGPA Act and the Commonwealth Risk Management Policy.

The department again achieved excellent results in the Comcover Benchmarking Survey, which in 2015 moved away from numerical scoring to a six-level maturity model aligned with the nine elements of the Commonwealth Risk Management Policy. Participation in the survey became mandatory for the first time in 2015. The department achieved an 'advanced' maturity level overall—higher than any other policy entity in the survey. This result reaffirms the department's well-embedded culture of risk management.

The department is continuing to work with Comcover on developing tailored risk appetite and tolerance statements, which will include significant revisions to the department's risk matrix. Comcover has engaged Deloitte to guide the department through the process. Once the statements are finalised, the department will start work on system design for a new risk management approach that will more effectively link the customer relationship module, which is currently used to manage provider risk in employment services, to a more fully integrated department-wide risk management system.

## Fraud control

The department is committed to preventing fraud in all aspects of our business. Our fraud control framework aims to ensure that we maintain a high level of service to the community by protecting public money and property and the integrity, security and reputation of the department.

The framework ensures that fraud against, and losses incurred by, the department are minimised; and that if fraud occurs, it is rapidly detected, effectively investigated and dealt with through appropriate sanctions (including criminal prosecution).

In 2014–15, the department promoted fraud awareness and managed fraud risks by:

- continuing to integrate fraud risk assessment into our business planning processes
- providing an interactive online fraud awareness training package for employees
- maintaining a suite of fraud control guidance documents for all employees
- developing a new fraud control plan, which will be implemented in 2015–16 and ensure compliance with the requirements of the PGPA Act
- providing advice to programme and policy areas on fraud risk analysis and management
- investigating instances of possible fraud in accordance with the Australian Government Investigations Standards and the Commonwealth Fraud Control Framework 2014.

## Internal audit

The internal audit team forms part of the department's governance and assurance framework. The team provides independent assurance, advice and controls designed to contribute to the effective management of the department's business risks, achievement of objectives and improvement of business performance. The team is also the Audit Committee's secretariat.

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 internal audit function is also responsible for:

- delivering a programme of audits
- providing information and advice to the department's key governance committees
- 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
- facilitating ANAO activities related to the department.

The internal audit work programme, developed following consultations with the Executive and group and branch managers, outlines a three-year forward plan of potential internal audits. The programme takes account of ANAO activity, is consistent with the Audit Committee's charter and reflects the department's mission, business and risks. The programme is approved by the Audit Committee and operates on a financial year basis. It is adjusted as necessary to respond to the changing environment, with endorsement from the Audit Committee chair.

The 2014–15 internal audit work programme focused on assuring the risks, processes and arrangements resulting from the September 2013 machinery-of-government changes, including the establishment and operation of the Shared Services Centre, and the introduction of the PGPA Act.

The internal audit function reports to the Audit Committee and the chief internal auditor is accountable to the Secretary.

## Client service charter

Our departmental client service charter is a statement of what we do and the standards of service our stakeholders can expect. 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 the department's commitment to the APS Values and Code of Conduct, the *Privacy Act 1998* and the *Freedom of Information Act 1982*.


We use the charter as a guide to measure and monitor our performance, and review and update the content on an annual basis. In 2014–15 the department tailored and updated information on the website to better meet the needs of clients, stakeholders and the community.

This charter is the overarching client service statement for the department. Departmental programmes also employ specific charters which apply to their particular business activities.

The department aims to provide a high standard of service to all its stakeholders to serve the government and the community and to 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](http://www.employment.gov.au/about-department).

## PEOPLE

Our people are at the core of our ability to support the government, our ministers and the community. Our leaders and staff uphold and promote the APS Values and demonstrate leadership, integrity and responsiveness. These qualities define the department's culture, and were evident in our 2014 APS employee census results.



*'This is a great place to work. Our APS census results are really positive and they show that our people are committed to their jobs, they are happy with our leadership and we really enjoy working together.'*

James, People Branch, September 2014

The department's People and Capability Strategy links with the Strategic Plan 2014–2017 and sets out our actions to maintain a positive culture and an engaged, capable, innovative and adaptive workforce.

The strategy guides our work practices at all levels. Everyone in the department is a leader—in our teams and in our daily interactions with colleagues and with our clients and stakeholders. 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 2014 APS employee census provided a rich source of data on employee engagement, with 89 per cent of the department's employees responding. Managers discussed the census results with their teams and recorded ideas for local-level actions in response to the results. Extensive demographic analysis—including gender, age, location, classification level, diversity status, tenure, employment status, education and type of work—was undertaken to explore the census results more deeply and identify agency-level and tailored responses.

## Staffing statistics

At 30 June 2015 the department had 1867 employees—1805 ongoing and 62 non-ongoing.

**Table 15 Ongoing employees by employment status, 30 June 2014 and 2015**

	30 June 2014			30 June 2015		
	Female	Male	Total	Female	Male	Total
Full-time	765	790	1555	757	766	1523
Part-time	226	48	274	239	43	282
<b>Total</b>	<b>991</b>	<b>838</b>	<b>1829</b>	<b>996</b>	<b>809</b>	<b>1805</b>

**Table 16 Non-ongoing employees by employment status, 30 June 2014 and 2015**

	30 June 2014			30 June 2015		
	Female	Male	Total	Female	Male	Total
Full-time	5	5	10	22	22	44
Part-time	3	1	4	14	4	18
<b>Total</b>	<b>8</b>	<b>6</b>	<b>14</b>	<b>36</b>	<b>26</b>	<b>62</b>

**Table 17 Employees by location, 30 June 2014 and 2015**

	30 June 2014			30 June 2015		
	Female	Male	Total	Female	Male	Total
New South Wales	64	83	147	67	82	149
Victoria	31	21	52	26	21	47
Queensland	44	24	68	48	24	72
Western Australia	16	10	26	17	9	26
South Australia	23	11	34	30	15	45
Tasmania	9	4	13	9	5	14
Australian Capital Territory	805	687	1492	825	677	1502
Northern Territory	6	3	9	9	2	11
Overseas	1	1	2	1	0	1
<b>Total</b>	<b>999</b>	<b>844</b>	<b>1843</b>	<b>1032</b>	<b>835</b>	<b>1867</b>



**Table 18** Employees by classification, 30 June 2014 and 2015

	30 June 2014			30 June 2015		
	Female	Male	Total	Female	Male	Total
Cadets	1	1	2	0	0	0
Indigenous Australian Government Development Programme Trainees	1	3	4	2	3	5
Graduates	12	11	23	13	14	27
APS Level 1	0	0	0	0	2	2
APS Level 2	2	1	3	4	2	6
APS Level 3	40	31	71	45	38	83
APS Level 4	118	92	210	111	87	198
APS Level 5	175	130	305	188	124	312
APS Level 6	237	200	437	241	206	447
Executive Level 1	253	239	492	261	228	489
Executive Level 2	91	75	170	96	66	162
Information Technology Specialist	2	14	16	2	13	15
Government Lawyer	7	2	9	8	4	12
Senior Government Lawyer	11	8	19	14	9	23
Principal Government Lawyer	16	6	22	17	7	24
SES Band 1	19	25	41	20	25	45
SES Band 2	11	6	16	8	6	14
SES Band 3	2	0	2	1	1	2
Secretary	1	0	1	1	0	1
<b>Total</b>	<b>999</b>	<b>844</b>	<b>1843</b>	<b>1032</b>	<b>835</b>	<b>1867</b>

## People priorities

The department's People and Capability Strategy sets out five people 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 department to deliver on our priorities.
- **An engaged workforce**—People who are productive, have a clear understanding of how their work contributes to achieving the government's goals, and feel valued.
- **A capable workforce**—People who have the capabilities they need to work effectively, 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.

All staff had the opportunity to contribute to the development of the strategy. Department-wide workshops gave employees the chance to share ideas about how to implement the people priorities, offering practical ways that the department and our leaders, teams and branches and our people individually can contribute to each priority.

The People and Capability Committee steered the development of the strategy and will continue to guide its implementation. Environmental scanning and analysis of our workforce data were used in the development process to strengthen the strategy.

## Leading at all levels—our leadership statement

Good leadership shapes everyone's experience in the workplace. It helps keep our people engaged and builds a positive culture, and provides people with the clarity and focus they need to deliver the department's objectives in the best possible way.

In our department we expect our leaders to display positive leadership behaviours and exemplify what it is to be a good leader. These principles are outlined in a leadership statement, which we expect to be embodied not just in our senior managers, but in people of all levels across the department.

By committing to the qualities and behaviours in the statement, our leaders aim to create an environment where we can get the best out of our people.

Our leaders are expected to demonstrate the following behaviours:

- **Empower**—We encourage our people to develop their skills and build their confidence. We provide opportunities for learning and mobility within the department.
- **Communicate**—We share information, communicate well about change, listen to our people and give feedback. Our communication is genuine, timely and clear.
- **Work creatively**—We look for new and innovative ways to deliver our work and support and encourage our people to do the same.
- **Collaborate**—We work collegiately and collaboratively with people across our department, the APS and our stakeholders. We encourage teamwork and enable our people to engage with a range of stakeholders.
- **Adapt**—We adapt to change in a proactive and constructive way. We encourage our people to embrace change and see it as an opportunity.

- **Engage with risk**—We address risk positively and find the best solution to deliver our priorities.
- **Trust and encourage curiosity**—We show confidence in our people and share responsibility with them. We are open to discussion of new ideas and ways to improve our performance.
- **Expect and recognise high performance**—We set high standards and make sure our expectations are clear, work with people in a constructive and open way, and award and recognise them when they perform well.

## Learning and development

During 2014–15 the department continued to invest in the development of its people, with an emphasis on strong leadership and management skills as well as core skills such as writing and strategic thinking.

A new corporate learning and development plan was developed in 2014 that clearly articulates the department’s approach to learning and development and identifies five capability development priorities—leadership, management expertise, core skills, succession planning and talent development. Staff development strategies are based on a combination of on-the-job and formal training methods, and we evaluate their effectiveness through internal surveys, programme evaluations and APS employee census results.

A management development programme began in early 2015 for 100 APS 6, EL 1 and EL 2 staff. The programme was specifically designed for the department and aims to strengthen the capability and confidence of our managers in areas such as risk and financial management, performance management and innovation. Participants and their managers have given the programme positive reviews, and employees have reported notable positive changes in their managers’ capability. The programme will continue in 2015–16.

Senior leadership development continued to be a priority for the department. A programme of 360-degree feedback assessments was run for SES and EL 2 staff to identify individual development needs and benchmark leadership capability for the department. The programme provided feedback from various sources, including external stakeholders, and focused on areas of strength as well as opportunities for improvement.

## Remuneration and conditions of employment

A new enterprise agreement is currently being negotiated, consistent with the government’s workplace bargaining policy and a set of bargaining principles established by the department’s Executive. Through the enterprise bargaining process, the department aims to achieve a fair and responsible outcome for employees and the department and an enterprise agreement that rewards people for their work and helps to create a high-performing workplace culture.

The department issued a notice of employee representational rights on 30 July 2014, formally inviting employees to appoint a bargaining representative to represent them during the bargaining process.

Until a new enterprise agreement is in place, all non-SES employees are covered by the preserved DEEWR Enterprise Agreement 2012–2014. The agreement provides a range of core conditions of employment and flexible working arrangements. When the department was created on 18 September 2013, a determination was signed under section 24(3) of the *Public Service Act 1999* that preserved the conditions of employment that non-SES and SES employees had in place prior to that date.

Twenty-three non-SES employees have arrangements that recognise specific capabilities and additional responsibilities. Seventeen of these are supplementary section 24(1) determinations and a further six retained individual flexibility arrangements that were in place prior to the preservation of the DEEWR enterprise agreement.

At 30 June 2015, 56 SES employees had section 24(1) determinations in place establishing their employment terms and conditions.

## Salary ranges

Table 19 shows the salary ranges available for employees by classification level. Salary ranges are unchanged between the 2013–14 and 2014–15 years.

**Table 19** Salary ranges by classification, 2013–14 and 2014–15

Classification	2013–14	2014–15
APS Level 1	27,172—49,516	27,172—49,516
APS Level 2	53,190—56,680	53,190—56,680
APS Level 3	59,400—61,870	59,400—61,870
APS Level 4	64,615—69,103	64,615—69,103
APS Level 5	71,342—76,271	71,342—76,271
APS Level 6	80,204—88,197	80,204—88,197
Executive Level 1	98,624—109,001	98,624—109,001
Executive Level 2	116,056—139,311	116,056—139,311
Information Technology Specialist	114,451—119,901	114,451—119,901
Government Lawyer	61,870—88,197	61,870—88,197
Senior Government Lawyer	98,624—120,814	98,624—120,814
Principal Government Lawyer	132,400—142,794	132,400—142,794
SES Band 1	140,000—245,000	140,000—245,000
SES Band 2	206,000—279,000	206,000—279,000
SES Band 3	270,000—300,000	270,000—300,000

Note: The Secretary is not included in these figures as remuneration arrangements for departmental secretaries are set out under a separate instrument.

**Table 20** Employment agreement statistics at 30 June 2014 and 2015

	30 June 2014			30 June 2015		
	Section 24(1) determinations	Enterprise agreement	Total	Section 24(1) determinations	Enterprise agreement	Total
SES	59	0	59	56	0	56
Non-SES	10	1773	1783	17	1794	1811
<b>Total</b>	<b>69</b>	<b>1773</b>	<b>1842</b>	<b>73</b>	<b>1794</b>	<b>1867</b>

## Performance pay

During 2014–15, no SES employees were granted performance pay. The enterprise agreement for non-SES employees does not provide access to performance pay.

## Non-salary benefits

The department provides a range of flexible working arrangements to assist 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 the department to respond to new and changing business needs, and increase productivity through improved employee engagement. The 2014 APS employee census showed that the department had higher levels of employee engagement than the APS average.

## Workforce planning and employee retention

Ensuring we maintained a capable and adaptable workforce continued as a priority over the year in order to meet business objectives.

The department undertakes regular analysis of our workforce movements and demographics and reports the outcomes to the Executive and People and Capability Committee along with recommended changes to department policy. This includes analysis of risks associated with employees' movements to ensure key skills are being retained in the department. The overall separation rate for the department remained low compared with long-term averages.

The flexibility of the department's workforce was demonstrated during the year in the way we successfully delivered the job services tender and related work associated with the jobactive programme. These outcomes were achieved primarily by existing departmental employees, who were able to move from their usual roles into the tender team and apply their expertise in managing employment contracts. At the same time, they gained valuable experience and skills they could take back to their work groups.

Building and maintaining our workforce capability and implementing effective succession planning strategies will be continuing priorities for the year ahead to ensure that we can meet the challenges associated with the delivery of jobactive.

The department started developing an enterprise workforce plan that aims to identify workforce risks such as retention and loss of critical skills, as well as articulate strategies to develop capability, manage performance, plan for succession and manage talent, and articulate how to position the workforce in 2015–16 to best deliver business outcomes. The workforce strategies required to mitigate these risks are set out in a people and capability implementation plan.

We will continue to monitor and manage recruitment actions in 2015–16 to ensure that roles are advertised at appropriate classification levels, consistent with work-level standards.

## Entry-level recruitment programmes

The department offers a range of entry-level recruitment programmes, including the Employment Graduate Programme, Employment ICT Internship Programme, Indigenous Cadetship Programme, and Indigenous Australian Government Development Programme. These programmes 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 Employment Graduate Programme is a 10-month programme offering workplace learning and development tailored to working in the department and the wider APS. The programme allows graduates to experience two job rotations in areas that will enhance their knowledge and capability. The 2015 programme started in February with 27 participants.



Our graduates visiting Parliament House in February 2015.

## The department welcomes our 2015 graduates

Every February the department receives a shot of energy and enthusiasm as a new set of graduates join. This year we welcomed 27 graduates with backgrounds in a range of fields including ICT, legal, economics and applied statistics and generalist disciplines. Of the 27 graduates, two are based in the state network—one in the New South Wales state office and another in the Western Australia state office—and two are in the Shared Services Centre. The rest are based in the national office.

Our graduates started with a two-day orientation programme that gave them a snapshot of the department's priorities for the year ahead and an overview of our policies and procedures. It was also an opportunity to network with their cohort, their teams and graduate alumni.

Over the 10-month programme, they participate in two work placements, the second of which will start in July. They will build their APS skills through a blend of on-the-job learning, learning from each other during graduate-specific sessions, and learning from our leaders at 'Grad-Meets' sessions. The learning and development opportunities we offer graduates include training courses in essential writing in the APS, Indigenous cultural awareness, presentations and public speaking, and constructive conversations. They can also participate in the Australian Public Service Commission's series for graduates, which incorporates A Taste of Government, The Great APS Graduate Debate, Q&A—An APS Panel Discussion and Candid Reflections from Inspiring APS Leaders.

In consultation with their supervisors, graduates also have the opportunity to enhance their skills specific to their discipline and/or work area through training of their choice. They also run an active fundraising programme to support a community-based organisation of their choice.

The department's graduate programme is rated very highly by graduates. It was ranked eighth on the list of the best Australian Government agency programmes in the Australian Association of Graduate Employers' survey of the 2014 graduate intake. Overall, the department ranked 40th out of 100 organisations across all industries.

The department's ICT Internship Programme provides work experience opportunities for university students to complement their studies. The department employed three ICT interns in 2014 and one in 2015. Subject to successful completion of the programme, interns may be offered a position in the department's Graduate Programme—ICT Discipline.

The Indigenous Cadetship Programme offers career development opportunities for Aboriginal and Torres Strait Islander students by providing an opportunity to study full-time as well as gain work experience in a government agency. At 30 June 2015, the department had one cadet.

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 together with other professional and personal development activities. At 30 June 2015, the department had five participants in the programme.


## Diversity and inclusion

The department is committed to diversity in all aspects of our work. Diversity and inclusion underpin the capability of our workforce. The department's Diversity Strategy was finalised in 2014–15 and sets out the overarching framework to ensure that our workplaces support and embrace all elements of diversity. The strategy encompasses a variety of activities, including maintaining a workforce that is flexible, fair, equitable and respectful, promoting lifelong learning, leveraging ICT 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 People and Capability Strategy and the strategic plan.

## Disability Action Plan

The department's Disability Action Plan 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.



*At 30 June 2015, 3.38 per cent of departmental employees identified as having, or supporting a person with, disability.*

Three areas of activity in the plan are to:

- raise awareness and understanding of disability issues among employees, build manager capability, and ensure our processes efficiently and effectively assist employees with disability or caring responsibilities
- attract, recruit and retain employees with disability
- improve leadership across the department including establishing the disability employee network and highlighting Executive engagement.

The department's Disability Champion is state network manager Helen Willoughby, state manager of the NSW/ACT office. As the Disability Champion, Helen provides important leadership and support to our employees with disability. The Disability Champion represents the department externally and provides leadership across the APS by contributing to the APS Disability Champions Network and other related forums. Helen is deeply committed to the disability sector and uses her role to help improve the outcomes for people with disability by raising awareness of their work and needs as employees of the department.



*'As this department's Disability Champion I want to ensure that our colleagues working with a disability are given every opportunity to thrive and succeed.'*

Helen Willoughby, September 2014

The department supports a disability employee network that offers peer support, helps to raise disability confidence, and is the primary advisory group to the department's People and Capability Committee on matters affecting employees with disability.

## Agency Multicultural Plan

Our Agency Multicultural Plan 2014–15, launched in early 2015, aims to ensure equitable access to the department's services and programmes. It supports our communication and engagement with culturally and linguistically diverse communities and organisations. The plan is embedded in the department's business processes to ensure that multicultural access and equity is incorporated into policy development and programme and service delivery. The department's multicultural champion is Martin Hehir, Deputy Secretary, Employment.


## 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 programmes 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 policy and programmes 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.






*Forty-eight departmental employees identified as Aboriginal and/or Torres Strait Islander—2.57 per cent of our total workforce—at 30 June 2015. All of these employees are engaged on an ongoing basis.*

During 2014–15, 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:

- introducing ‘policy circles’ to enable different areas across the department to consult with working groups of Indigenous staff on how the programmes and services the department delivers are designed, evaluated or communicated about
- providing all staff with access to a cultural awareness e-learning course and opportunities to attend face-to-face cultural awareness training
- updating our cultural protocols to ensure that we work with Aboriginal and Torres Strait Islander people respectfully and in a way that recognises their culture and heritage
- holding the department’s inaugural Aboriginal and Torres Strait Islander employee workshop, which brought together staff from across the country to focus on career development and to assist employees to reach their potential
- providing encouragement and support to Indigenous employees to develop individual career management plans, including access to professional career coaches, job shadowing and co-mentoring with senior managers
- celebrating significant Aboriginal and Torres Strait Islander events such as National Reconciliation Week and NAIDOC Week.

The department’s Indigenous Leader, Queensland State Manager Robert Willmet, has an important role in advising on the department’s development and implementation of policies and programmes 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 key governance committees and jointly chairing the Indigenous Staff Committee.



*‘I’m proud to be the department’s Indigenous Leader. Indigenous business is our business. I’m keen to ensure this is a department where Indigenous staff enjoy working and feel they make a valuable contribution.’*

Robert Willmet, September 2014

The department’s Indigenous Champion, Group Manager Jo Wood, 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 she is actively involved in representational and leadership work across the APS.



Lisa Charles, the department's Senior Indigenous Adviser, event host Lisa Perez, special guest actor Lex Marinos, our Indigenous Leader Rob Willmetts, People and Communication Group Manager Vicki Rundle and Ngambri Elder Paul House celebrating National Reconciliation Week in June 2015.

## National Reconciliation Week celebrations in the department

National Reconciliation Week, which ran from 27 May to 3 June 2015, was celebrated across the department, with staff participating in a range of events in all parts of the country.

There was a lot of activity in the state network, including morning and afternoon teas, visits to places of significance and cross-agency activities. The Western Australia office co-hosted a forum with Crown Perth to talk about jobactive and how it will support Indigenous employment, and staff from the South Australia office attended a National Reconciliation breakfast.

The national office kicked off its celebrations with a lunch-time visit to the National Museum of Australia for a guided tour of the First Australians: Gallery of Aboriginal and Torres Strait Islander Peoples. The department's Indigenous Champion, Jo Wood, led a group of more than 35 staff who absorbed the history of the first Australians through stories and interactive displays.

An all-staff event was the centrepiece of the week. Australian entertainment industry veteran Lex Marinos gave staff an insight into his experience growing up in regional Australia and the close affinity he has had with Indigenous Australians throughout his life and career. The event was officially opened by Ngambri Elder Paul House, and the department's Indigenous Leader and the Secretary spoke about the importance of reconciliation for them personally and for the department.

The HarmonE choir joined in the celebrations with two performances—'Stomping the Ground' and 'Sesere eeye', a traditional song from the Torres Strait Islands. Lisa Charles, the department's Senior Indigenous Adviser, presented Vicki Rundle, Group Manager, People and Communication, with artwork for the department on behalf of the Indigenous Staff Network and the Indigenous Staff Committee. The artwork, titled *Networks*, was developed in collaboration with the Indigenous Staff Network and will remain on display in the department.

## Work health and safety

The department is committed to providing a safe and healthy workplace for all employees with the aim of minimising the risk of injury and disease. The department's health and safety arrangements are in accordance with the *Work Health and Safety Act 2011*.

The Work Health and Safety Committee focuses on continuous improvement in the management of workplace health and safety and provides an effective consultative mechanism for employees and departmental representatives.

The network of health and safety representatives was refreshed during the year following significant accommodation relocations of many work groups. The department continued to meet all employer obligations and to effectively manage health and safety risks.

### Work health and safety incident reporting

A total of 63 incidents were reported in 2014–15, with 'falls, including slips and trips' accounting for the highest proportion (30 per cent) of all reported incidents (see Table 21). There was an increase in reported incidents of 'other muscular stress' (12.7 per cent of total reported incidents), which was partly related to the accommodation moves.

Between 1 July 2014 and 30 June 2015, the department notified Comcare of three incidents pursuant to section 38 of the Work Health and Safety Act. This compares with two incidents reported to Comcare in the period 18 September 2013 to 30 June 2014. The three notifiable incidents were quite disparate in nature and were unforeseeable. Two of the affected employees required minimal time off work; the third employee continues to receive rehabilitation support to assist their return to work.

There were no investigations of the department under Part 10 of the Work Health and Safety Act.

**Table 21** Work health and safety incidents by type, 2013–14 and 2014–15

Mechanism of incident	2013–14		2014–15 %
	DEEWR incidents (%)	Department of Employment incidents (%)	
Falls on the same level (including trips and slips)	34	30	30
Miscellaneous and uncategorised mechanisms	5.6	15	12.7
Vehicle accident	5.6	10	6.3
Unspecified mechanism of injury	1.9	10	9.5
Repetitive movement with low muscle loading	17	7.5	1.6
Being hit by moving objects	0	7.5	8
Other muscular stress	11.3	5	12.7
Single contact with chemical or substance (excluding insect and spider bites and stings)	0	5	1.6
Hitting objects with the body	3.8	2.5	8
Other and multiple mechanisms of injury	1.9	2.5	3.2
Fall from a height	0	2.5	1.6
Exposure to variations in pressure (other than sound)	0	2.5	0
Exposure to mental stress factors	7.5	0	0
Other contact with chemical or substance (includes insect and spider bites and stings)	3.8	0	0
Contact or exposure to heat and cold	3.8	0	3.2
Contact with electricity	1.9	0	0
Slide or cave in	0	0	1.6

## Attendance

The department's unscheduled absence rates compare favourably with other policy agencies. We remain committed to building employee engagement and removing barriers to participation in the workplace. During the year, a positive attendance pilot began in several areas of the department, which involves manager participation in positive attendance training, meetings with senior managers to discuss ways to boost attendance, and the provision of regular and detailed attendance information to managers.

## COMMUNICATION

The department's Communication Branch supports the department's business areas to achieve their goals and outcomes by developing and implementing communication strategies and campaigns, events, media (including social media and media monitoring), speechwriting and staff communications.

High-quality communication products such as publications, media releases, speeches and online content are important in ensuring that the community has access to comprehensive and accurate information about our policies and programmes. The department works with our portfolio Ministers' offices, the Executive, business areas, journalists and other stakeholders to ensure information and presentation are consistent and effective.

In accordance with the requirements of the Australian Government guidelines on information and advertising campaigns, the department undertakes paid advertising to inform affected members of the Australian community about the range of programmes and initiatives we administer. More information on the department's advertising is in Appendix 3.

Two major communications achievements for the department during 2014–15 were the Restart wage subsidy campaign and a campaign for jobactive.



### Restart wage subsidy and mature-age employment communication campaign

The second and final phase of the Restart wage subsidy and mature-age employment communication campaign occurred between February and April 2015. The goal of the campaign was to promote positive employer attitudes towards employing mature-age job seekers, while raising awareness and encouraging take-up by employers of the Restart wage subsidy. It included newspaper, magazine, radio and digital advertising. Radio and press advertisements were translated into six languages (Arabic, Cantonese, Mandarin, Vietnamese, Greek and Italian).

Developmental research and creative development for the campaign started in 2013–14, and the first phase of advertising went live in July 2014 and ran through November 2014.

Further information on the Restart wage subsidy is available on the department's website at [www.employment.gov.au/restart-wage-subsidy](http://www.employment.gov.au/restart-wage-subsidy).



## jobactive campaign

As part of the preparation for the introduction of jobactive on 1 July 2015, campaign development including benchmark research began in mid-2014. The jobactive campaign aims to promote the new employment service, which is about meeting the needs of job seekers and employers to improve job outcomes.

The jobactive name and brand were developed in 2014–15. Further development of creative elements will continue in 2015–16, and it is likely that promotion will be through television, press, radio and digital advertising.

Further information on the jobactive programme is available on the department's website at [www.employment.gov.au/jobactive](http://www.employment.gov.au/jobactive).



## Employment delivers G20 success

The G20 Labour and Employment Ministerial Meeting team, coordinated by the Communication Branch and made up of more than 130 staff from across the department, was responsible for delivering a highly successful ministerial meeting in September 2014.

The meeting hosted dignitaries from many nations representing the world's largest advanced and emerging economies. Everyone involved in the preparation and delivery of this logistically complex event showed tremendous energy and dedication to delivering a world-class summit, earning high praise from ministers and delegates. Both the department and the Australian Government were proud of the team for representing Australia so warmly and professionally.

The Communication Branch continued to provide a tailored approach to internal communication for the Secretary, the Executive and the wider department. Internal communications on various platforms are used to communicate the department's priorities and engage with staff to share information and seek their feedback.

The Communication Branch also supports the department's social club, Morty's, which engages in fundraising for community organisations and facilitates social events. The branch provides the link between the social club and the department's Executive and assists with the promotion of staff events.

## PARLIAMENTARY SERVICES

The parliamentary team plays a key role in providing expertise and support to the department and our Ministers and portfolio agencies across a broad range of parliamentary matters. The team's responsibilities include processing and quality-assuring ministerial correspondence and briefings, coordinating question time briefings, and providing high-level support to the Executive and Ministers' offices during Senate Estimates.

In the second half of 2014, the department implemented the new parliamentary document management system. The rollout, which started with a pilot for two departmental groups in October 2014, was part of a whole-of-government parliamentary workflow solution that will provide government agencies with a consistent system by mid-2016. The remainder of the department transitioned to the new system in November 2014.

During 2014–15 the parliamentary team processed 4610 items of ministerial correspondence, 1750 Senate Estimates questions on notice and 965 briefings on behalf of the department and portfolio agencies.

## DEREGULATION

The Australian Government is committed to reform that reduces the burden of regulation, removes unnecessary regulation, lifts regulatory performance, boosts productivity and increases competitiveness.



*Since 3 October 2013 the portfolio has reported more than \$150 million in announced deregulatory savings.*

Employment portfolio agencies and the department have made great progress in cutting red tape to businesses, community organisations and individuals. As reported in the department's Annual Deregulation Report September 2013 – December 2014, published in March 2015, the portfolio has reported more than \$150 million in deregulatory savings since 3 October 2013. Measures identified in 2014–15 included:

- modernising and streamlining the Australian Government Building and Construction WHS Accreditation Scheme to reduce barriers to entry for small businesses to undertake Commonwealth-funded work, without reducing safety standards
- releasing the Building and Construction Industry (Fair and Lawful Building Sites) Code 2013 to ensure Commonwealth-funded building projects are delivered on time and on budget
- streamlining gender reporting under the *Workplace Gender Equality Act 2012* to reduce the burden on employers
- simplifying administrative requirements under the Seasonal Worker Programme to reduce the reporting burden on participating employers.

The report is available at [www.employment.gov.au/annual-deregulation-report](http://www.employment.gov.au/annual-deregulation-report).

During 2014–15 the department's deregulation unit developed strategies to help the portfolio find effective alternatives to regulation and move away from regulation as a default policy. This is part of a broader initiative to build a culture of best practice across the portfolio. These strategies fall into the following categories:

- Target levers for change—determine red tape reduction target and repeal days, forward work programme, regulation audit, regulatory policy processes and new policy proposals.
- Develop capabilities—build a suite of tools, support policy and programme areas, run targeted workshops and articulate the deregulation performance indicators.
- Drive change—support leaders, engage staff and deliver a communications plan.
- Foster relationships—facilitate work across the portfolio, with the Secretary and SES employees, cluster deregulation contacts and an internal deregulation reference group.

The unit has built relationships with deregulation contacts across the department and within each of the portfolio agencies, enabling an ongoing conversation about the outcomes and expectations of the deregulation agenda. The unit collaborates with areas across the portfolio by:

- supporting policy and programme areas to understand the regulatory burden management framework and cost regulations, prepare regulation impact statements and develop new policy proposals
- developing useful information and tools for deregulation and policy development, such as quick guides, assessment templates, checklists and regulatory costing guides
- developing best practice case studies
- supporting leaders with regular information and updates.

The unit has also developed deregulation performance indicators for inclusion in the performance agreements of SES employees. This will ensure that all senior executives have a clear responsibility to personally support the deregulation agenda in ways relevant to their work.

Throughout 2015 the department will maintain the commitment to the deregulation agenda. We will continue to develop our forward work programme to ensure deregulation targets are achieved and real efficiencies for Australian businesses and the community are realised. Reform opportunities in the government's priority areas of small business and inter-agency and cross-jurisdictional reforms will be a particular area of focus.

The department will work with portfolio agencies to implement the regulator performance framework and assist regulators to develop and identify metrics to measure performance. We will also develop an approach to the external validation of regulators' self-assessments. These will be assessed over 2015–16 with findings published in the second half of 2016.

In support of the government's principle to remove Australian regulation where trusted international standards exist, the department will lead the portfolio's investigation of opportunities for applying international standards and risk assessments. This will be subject to rigorous assessment criteria with the goal of removing unnecessary compliance requirements, costs and delays for business. More broadly, the department and wider portfolio will continue to promote best practice in regulation, minimise regulation and use risk-based approaches in the targeting of compliance activities.



# CORPORATE SUPPORT SERVICES

The department established the Shared Services Centre in partnership with the Department of Education and Training as a joint operation to provide shared corporate services for both departments. The two partner departments continue to provide ongoing funding and staffing support to enable the operations of the SSC. The SSC is accountable to the two departments and overseen by a governance board.

The SSC is based on a shared services model that allows both departments to share corporate functions such as corporate IT, human resources, finance support, property management, design and website development, and library and mailroom services. The collaboration is designed to reduce costs and increase efficiencies through the consolidation and standardisation of processes. The SSC is building on the work undertaken by the former Department of Education, Employment and Workplace Relations to improve and maximise the efficiencies of corporate functions.

The SSC provides additional services to other departments and agencies on a cost-recovery basis, and is committed to a culture of continuous service improvement, providing analysis and identifying solutions to best meet customer needs.



*As at 30 June 2015, the Department of Employment had 309 employees working in the Shared Services Centre.*

## Shared Services Centre governance

The SSC's Chief Executive Officer, Delaine Wilson, was appointed in October 2014. Ms Wilson is an experienced manager, specialising in the leadership of operational areas including shared service initiatives for large organisations.

In 2014–15, the SSC developed a new vision statement—*Leaders in exceptional and innovative shared services solutions*—and released a suite of strategic documents that were endorsed by the board in June 2015:

- SSC Strategic Plan 2015–2017—key strategies and priorities that the SSC will work on to deliver its vision
- Marketing and Growth Strategy—the SSC's approach to sales and marketing
- IT Strategy—how the SSC will use technology to realise opportunities in its business and support the delivery of its vision.

The board oversees the strategic direction and priorities for the SSC. The board supports the extension of services by the SSC more broadly to the benefit of the APS as a whole. The members of the board at 30 June 2015 were:

- Renée Leon PSM, Secretary of the Department of Employment, chair
- Lisa Paul AO PSM, Secretary of the Department of Education and Training
- Delaine Wilson, Chief Executive Officer of the SSC, ex-officio member
- John Lloyd PSM, Australian Public Service Commission representative
- Stein Helgeby, Department of Finance representative
- Natalie James, Fair Work Ombudsman, client agency representative
- Julian Barrington-Smith, independent member.

The board met eight times during the year.

## Priorities

In line with the strategic priorities of the department and the Australian Government, the SSC is identifying new ways of delivering services to derive additional value for taxpayers.

The SSC's service delivery is underpinned by four strategic goals. The SSC will:

- ensure cultural alignment with users to deliver a high-performing organisation
- optimise its service delivery to achieve operational excellence and improve productivity
- focus on continuous improvement of its services
- commercialise its partner model.

## Services for the department

### Recruitment

The SSC supports the department to maintain compliance with the government's APS recruitment arrangements and effectively manage approved external recruitment processes. The recruitment administration team has assisted the department by streamlining the processes associated with the generation of offer letters and commencement of new employees.

In 2014–15 the SSC provided support to the department for recruitment processes, including bulk exercises such as the graduate recruitment round and the Indigenous Australian Government Development Programme.

## Recognition at the APS Diversity Awards

The Indigenous Australian Government Development Programme—first managed by the former Department of Education, Employment and Workplace Relations and now by the SSC on behalf of the two partner departments—won the inaugural prize at the 2014 APS Diversity Awards in the Indigenous Employment category.

The APS Diversity Awards are designed to recognise and reward innovative programmes aimed at improving diversity in the APS, particularly in the areas of disability and Indigenous employment. Nominated programmes are considered against criteria such as making a difference, being innovative, being sustainable and replicable, supporting collaboration and one APS and reflecting the agency's commitment to APS-wide diversity.

The programme, designed to increase Indigenous Australians' participation in the APS, was recognised for building participants' confidence and capability as well as forming lasting linkages between participating agencies and Indigenous Australians. The programme has been continuously improved and strengthened with 53 participants in 2014–15, an increase from 32 in 2013–14.

## Communication

During 2014–15 the SSC provided the department with web development, communications design and audiovisual services, including event management and webcasting of corporate events. Over time it is anticipated that standardising services and increasing the customer base will reduce unit costs and enable the SSC to operate more innovatively.

The SSC audiovisual team worked collaboratively and liaised with delegate countries and their respective media organisations to provide support for the G20 Labour and Employment Ministerial Meeting in Melbourne. The team provided valuable oversight of the complex broadcast arrangements and assistance with the management of broadcast issues.

*The SSC audiovisual team worked with the department to establish a purpose-built facility to enable on-demand webcasting and facilitate two-way engagement with staff and stakeholders across Australia.*

The team also produced on-demand video and animated products for the department that included video products promoting the benefits of the Work for the Dole programme, the changes resulting from the implementation of jobactive from 1 July 2015 and video addresses by the Federal Safety Commissioner.

The design and web development teams rebranded the department's website, developing a contemporary design to reflect the department's key business objectives. The visual identity was complemented with navigation tools to enable access to information on the website.

## Asset management

The SSC manages the department's non-financial assets, including property and facilities, under the policies maintained by the department. The department's policies and procedures, listed in the Secretary's instructions, emphasise whole-of-life asset management as well as specifying how the department manages the acquisition, issuing, management and disposal of relevant property, loss of relevant property and any relevant assets under construction.

In 2014–15 the SSC developed a centralised gifts and benefits register and completed a stocktake to validate the existence and location of department-owned assets.

## Purchasing and grants

The SSC supports the department's purchasing and grant processes, including training, and facilitates and advises on policy and process review. The SSC also facilitates internal and external reporting on procurement and grants activities.

The department retains responsibility for the approval, conduct, documentation and reporting of procurement and grants processes. This includes responsibility for authorising policy and processes related to procurement and grants practices in the department. The department also continues to be a lead contributor to whole-of-government initiatives to standardise and improve procurement and grants processes.

### *Purchasing*

The department's purchasing policies and practices, implemented by the SSC, are consistent with all relevant Commonwealth laws, the Commonwealth financial framework (including the Commonwealth Procurement Rules) and other relevant policies. Specialist legal and probity advice is available to all areas of the department engaged in procurement.

The department uses AusTender to publish its procurement activities and plans. As a result, the department's procurement activities are readily communicated and accessible to all business enterprises. No contracts were exempt from AusTender reporting during 2014–15.

### *Aboriginal and Torres Strait Islander businesses*

The department implemented the Indigenous Opportunities 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.

### *Small businesses*

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

The department recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Department of the Treasury's website at [www.treasury.gov.au/PublicationsAndMedia/Publications?q=payments+to+small+business&go=1](http://www.treasury.gov.au/PublicationsAndMedia/Publications?q=payments+to+small+business&go=1).

The department's mechanisms for supporting small businesses include:

- using standardised contracts for low-risk procurements valued under \$80,000
- incorporating Australian industry participation plans in whole-of-government procurement where applicable
- implementing the small business engagement principles (outlined in the government's industry innovation and competitiveness agenda), such as communicating in clear, simple language and presenting information in an accessible format
- using electronic systems or other processes to facilitate on-time payment performance, including the use of payment cards.

## **Grants**

Information on grants awarded by the department during 2014–15 is available at [www.employment.gov.au](http://www.employment.gov.au).

## **Consultants**

Through the SSC, 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 2014–15, the department entered into 36 new consultancies, involving total actual expenditure of \$1,931,591. In addition, seven ongoing consultancy contracts were active during 2014–15, involving total actual expenditure of \$221,842.

Information on the value of contracts and consultancies is available on the AusTender website at [www.tenders.gov.au](http://www.tenders.gov.au).

## **Information technology**

Delivery of the department's outcomes is supported by a range of IT services, including application development and support, business analytics and geospatial reporting, application hosting, infrastructure provisioning and other support services. Responsibility for the department's IT is shared between the department, which continues to sustain and develop its major business applications, and the SSC, which manages the rest of the IT services for the department.

The SSC provides the department with human resource and finance IT services. During 2014–15 a comprehensive SAP Connect platform upgrade was completed, which will enable the SSC to migrate core services onto SAP's high-performance analytical application—a new super-fast database technology platform—during 2015–16.

As a leader in the adoption of cloud computing within government, the SSC has established 240 servers in the public cloud, used for the development and testing of applications and enabling the department to take advantage of the flexibility offered by cloud computing where privacy and performance constraints allow. The SSC also began a data centre relocation project to align with whole-of-government data centre

policy and provide a high-quality managed service with increased redundancy and reliability. The relocation project is complex; the transition to different locations involves many interrelated components which must be carefully planned and managed. Despite the challenges, the project is on schedule for completion by December 2015.

The information security operations and forensics team provides security and authentication services to the department, using new technologies to enhance security by reducing vulnerabilities of the department's websites and applications.



The successful implementation of SAS Visual Analytics software last year is supporting decision makers by enabling them to easily and quickly visualise and understand their data to make better policy, programme and corporate decisions. Enhanced geospatial capabilities for the department's labour market information portal are also assisting employees to better understand labour markets at the national, state, labour force region, employment service area and statistical local area levels.

## EXTERNAL SCRUTINY

### Judicial and administrative tribunal decisions

The Workplace Relations Legal Group supports an effective workplace relations system by providing legal advice to our portfolio Ministers and the government on key and emerging workplace relations issues and by facilitating parliamentary consideration of legislation that gives effect to government policy.

During the year the department was involved in the following significant matters before courts and administrative tribunals.

#### Annual wage review

In the 2015 annual wage review, the department on behalf of the Australian Government submitted that the Fair Work Commission should take a 'cautious approach, taking into account 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 department provided the commission with:

- an initial submission laying out the government's position (27 March 2015)
- responses to questions raised by the commission (15 May 2015)
- a post-budget submission outlining the budget forecasts and relevant budget measures (15 May 2015).

On 19 and 20 May 2015, officials from the department and the Treasury appeared before the Fair Work Commission to outline and explain the government's position.

On 2 June 2015, the Fair Work Commission released its decision to increase the national minimum wage and award classification wages by 2.5 per cent. Starting on 1 July 2015, the national minimum wage will be \$656.90 a week (\$17.29 an hour).

### ***Asmar v Fair Work Commission [2015] FCA 16***

On 5 December 2014, Justice Beach of the Federal Court heard an application brought by Diana Asmar and Kimberley Kitching of the Health Services Union Victoria No. 1 Branch to prohibit the Fair Work Commission from continuing an inquiry into the potential revocation of fraudulently obtained entry permits. The applicants contended that the Fair Work Commission's general revocation power in section 603 of the *Fair Work Act 2009* did not include the power to revoke a right-of-entry permit.

The Fair Work Commission indicated that as an independent tribunal it would not take an active role in the proceeding. In the absence of any other appropriate contradictor, the Minister for Employment successfully intervened under section 569 of the Fair Work Act and made submissions that rejected the applicants' argument.

Justice Beach dismissed the application, finding that there was no compelling reason to narrow the operation of section 603 to exclude a power to revoke a decision relating to the issue of a right-of-entry permit.

### ***Teys Australia Beenleigh Pty Ltd v Australasian Meat Industry Employees Union [2015] FCAFC 11***

In November 2014, the full court of the Federal Court heard an appeal against the decision in *Teys Australia Beenleigh Pty Ltd v Australasian Meat Industry Employees Union* [2014] FWCFB 1313, in which the full bench of the Fair Work Commission quashed an earlier Fair Work Commission decision to approve an enterprise agreement. The employer sought judicial review. The union separately sought a declaration as to the legal effect of the decision to quash the approval. The applications to appeal were heard together.

The Minister for Employment intervened in relation to the scope of the Fair Work Commission's power to quash a decision on appeal. This issue had not previously been considered by a court. The Federal Court found that the commission can only quash a decision to approve an enterprise agreement at the point when the agreement is approved, such that the agreement is taken to never have had legal effect.

### ***Toyota Motor Corporation Australia Ltd v Mamara [2014] FCAFC 84***

In May 2014, the full court of the Federal Court heard Toyota's appeal against the decision in *Marmara v Toyota Motor Corporation Australia Ltd* [2013] FCA, in which the primary judge found that the employer's proposal to vary an enterprise agreement during its nominal term was a contravention of the 'no extra claims' clause in that agreement and a breach of section 50 of the Fair Work Act.

The Minister for Employment intervened and argued that 'no extra claims' clauses in enterprise agreements could not override the variation provisions of the Fair Work Act. On 18 July 2014, the full court of the Federal Court upheld Toyota's appeal and found that the 'no extra claims' clause could not prevent the employer from pursuing variations to the enterprise agreement, as that would be inconsistent with the Fair Work Act.

## Parliamentary committee inquiries

The department appeared before Senate Estimates on five occasions during 2014–15, for a total of six days:

- Supplementary Estimates—23 October and 14 November 2014
- Additional Estimates—26 February and 10 April 2015
- Budget Estimates—1 and 2 June 2015.

## Senate Education and Employment References Committee

The department assisted the committee with the following inquiry:

- The impact of Australia’s temporary work visa programs on the Australian labour market and on the temporary work visa holders.

## Senate Education and Employment Legislation Committee

The department assisted the committee with its inquiries into the following Bills:

- Fair Work (Registered Organisations) Amendment Bill 2014 [No. 2]
- Safety, Rehabilitation and Compensation Amendment (Improving the Comcare Scheme) Bill 2015 [Provisions]
- Construction Industry Amendment (Protecting Witnesses) Bill 2015
- Safety, Rehabilitation and Compensation Legislation Amendment Bill 2014, and Safety, Rehabilitation and Compensation Legislation Amendment (Exit Arrangements) Bill 2015
- Fair Work Amendment (Bargaining Processes) Bill 2014
- Seafarers Rehabilitation and Compensation and Other Legislation Amendment Bill 2015 [Provisions]
- Social Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014 [Provisions]
- Fair Entitlements Guarantee Amendment Bill 2014.

## Reports by the Auditor-General

During 2014–15, the Australian National Audit Office tabled one report in parliament that made recommendations relating to the department:

- Audit Report No. 32 2014–15: *Administration of the Fair Entitlements Guarantee*.

The department was also involved in the following cross-portfolio review:

- Audit Report No. 16 2014–15: *Audits of the financial statements of Australian Government entities for the period ended 30 June 2014*.

## Office of the Australian Information Commissioner

During 2014–15 the Office of the Australian Information Commissioner made one finding in relation to the department involving documents requested under the *Freedom of Information Act 1982*. Details can be found at [www.austlii.edu.au/au/cases/cth/AICmr/2014/115.html](http://www.austlii.edu.au/au/cases/cth/AICmr/2014/115.html).



## Disability reporting mechanisms

Since 1994, Commonwealth agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service Report and the APS Statistical Bulletin. These reports are available at [www.apsc.gov.au](http://www.apsc.gov.au). From 2010–11, departments and agencies were no longer required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. The first of these reports was released in 2014 and is available at [www.dss.gov.au](http://www.dss.gov.au).

## Information Publication Scheme

Agencies subject to the *Freedom of Information Act 1982* are required to publish information to the public as part of the Information Publication Scheme. This requirement is in Part II of the Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the scheme's requirements. The department's publication plan is available at <http://docs.employment.gov.au/pages/information-publication-scheme-ips>.

## INTERNATIONAL LABOUR ORGANIZATION

Australia has been a member of the International Labour Organization (ILO) since it was founded in 1919, and the department has primary responsibility for the Australian Government's ILO engagement. Australia is required to report on the tripartite (three-part—employers, workers and government) consultations concerning international labour standards in accordance with obligations under the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144). Australia ratified the convention in June 1979.

Tripartite consultation on ILO international standards occurs in a number of ways. Meetings of the International Labour Affairs Committee—a committee of the National Workplace Relations Consultative Council—are held twice each year. Direct consultation also takes place regularly between the department and the representative employer and employee organisations, the Australian Chamber of Commerce and Industry and the Australian Council of Trade Unions.

The International Labour Affairs Committee was established in 1978 under section 12(1) of the *National Labour Consultative Council Act 1977*. Its terms of reference are to consider matters of substance relating to the ILO and other relevant international bodies. The committee met twice during the reporting period, on 17 October 2014 and 27 February 2015.

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.

## Forced labour protocol and recommendation

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 documents were tabled in the Parliament of Australia on 13 May 2015. Prior to tabling, the department provided a copy of the submission report to the Australian Chamber of Commerce and Industry and the Australian Council of Trade Unions.

## Re-examination at appropriate intervals of unratified conventions and recommendations

In February 2015, in accordance with Article 19 of the ILO Constitution, a report was submitted to the ILO on the following ILO instruments that Australia has not ratified:

- Migration for Employment Convention (Revised), 1949 (No. 97)
- Migration for Employment Recommendation (Revised), 1949 (No. 86)
- Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143)
- Migrant Workers Recommendation, 1975 (No. 151).

Prior to submission, the Australian Chamber of Commerce and Industry and the Australian Council of Trade Unions were given the opportunity to review and comment on the report.

Under the Declaration on Fundamental Principles and Rights at Work, countries that have not ratified the Minimum Age Convention, 1973 (No. 138) are requested to provide an annual review report on new developments over the last 12 months. Australia provided a report to the ILO in August 2014 and copies of the report were sent to the Australian Chamber of Commerce and Industry and the Australian Council of Trade Unions.

## Questions arising out of reports made to the ILO under Article 22 of the ILO Constitution

In September 2014, in accordance with Article 22 of the ILO Constitution, reports were submitted to the ILO on the following ILO conventions that Australia has ratified:

- Forced Labour Convention, 1930 (No. 29)
- Abolition of Forced Labour Convention, 1957 (No. 105)
- Employment Policy Convention, 1964 (No. 122)
- Workers' Representatives Convention, 1971 (No. 135)
- Dock Work Convention, 1973 (No. 137)
- Labour Administration Convention, 1978 (No. 150)
- Termination of Employment Convention, 1982 (No. 158)
- Labour Statistics Convention, 1985 (No. 160)
- Worst Forms of Child Labour Convention, 1999 (No. 182)
- Maritime Labour Convention, 2006.



# FINANCIAL STATEMENTS



## CFO'S OVERVIEW

**Glen Casson**  
Chief Financial Officer

### Financial performance—departmental

The 2014–15 financial year was the first full year of operation of the department and it recorded a surplus before depreciation and amortisation of \$15.7 million (5 per cent of total departmental revenue).

Key drivers of the result were:

- higher than planned own-source revenue retained under section 74 of the *Public Governance, Performance and Accountability Act 2013* from property subleases and fees for service through the Shared Services Centre
- revenue received from other Commonwealth agencies for capitalised enhancements to IT systems managed by the department that increased operating revenue but not expense
- lower than planned staffing costs and higher capitalisation of employee costs associated with software development to support the implementation of jobactive.

The result places the department in a sound financial position as at 30 June 2015, with financial assets of \$126.5 million exceeding total liabilities of \$120.5 million. Non-financial assets were \$111.3 million as at 30 June 2015, primarily reflecting the department's IT systems and software, fit-outs, infrastructure and prepayments.

## Financial performance—administered

In 2014–15, total administered expenses on behalf of government were \$1951.7 million, including:

- \$1,298.4 million in supplier expenses primarily related to Job Services Australia
- \$170.8 million in subsidies, primarily related to payments made under the *Coal Mining Industry (Long Service Leave) Administration Act 1992*
- \$385.0 million in personal benefits associated with the New Enterprise Incentive Scheme and payments made under the Fair Entitlements Guarantee programme
- \$89.8 million in grants, primarily related to workers' compensation payments associated with Comcare, mature-age employment programmes and payments to the Centre for Workplace Leadership.

Total administered revenue in 2014–15 was \$188.3 million, primarily associated with 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, and recoveries of certain payments made under the Fair Entitlements Guarantee programme and asbestos-related claims.

Administered assets at 30 June 2015 were \$261.9 million, largely associated with investments in the Coal Mining Industry Corporation. Administered liabilities were \$2953.2 million, of which \$2794.4 million related to amounts payable by the Commonwealth under workers' compensation arrangements administered by Comcare but reported in the department's financial statements due to Comcare's status as a corporate entity.



## 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 2015, 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;
- Schedule of Commitments;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement;
- Administered Schedule of Commitments; and
- Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

### *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. The Accountable Authority is also responsible for such internal control as 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.

***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 2015 and its financial performance and cash flows for the year then ended

Australian National Audit Office



John Jones

Executive Director

Delegate of the Auditor-General

Canberra

12 September 2015

**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 2015 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

11 September 2015

Signed.....  


Glen Casson  
Chief Financial Officer

11 September 2015

**Department of Employment**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the period ended 30 June 2015*

	Notes	2015 \$'000	2014 \$'000
<b>NET COST OF SERVICES</b>			
<b>EXPENSES</b>			
Employee benefits	4A	181,711	171,548
Suppliers	4B	123,488	91,679
Grants	4C	1,439	1,925
Depreciation and amortisation	8A	27,875	43,362
Finance costs	4D	474	35
Write-down and impairment of assets	4E	848	19,046
Losses from asset sales		224	1,576
<b>Total expenses</b>		<b>336,059</b>	<b>329,171</b>
<b>OWN-SOURCE INCOME</b>			
<b>Own-source revenue</b>			
Sale of goods and rendering of services	5A	26,100	13,813
External audit		460	465
<b>Total own-source revenue</b>		<b>26,560</b>	<b>14,278</b>
<b>Gains</b>			
Gains from sale of assets		-	436
Other gains	5B	1,361	821
<b>Total gains</b>		<b>1,361</b>	<b>1,257</b>
<b>Total own-source income</b>		<b>27,921</b>	<b>15,535</b>
<b>Net cost of services</b>		<b>308,138</b>	<b>313,636</b>
Revenue from Government		295,989	288,195
<b>Deficit attributable to the Australian Government</b>		<b>(12,149)</b>	<b>(25,441)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not subject to subsequent reclassification to net cost of services</b>			
Changes in asset revaluation surplus		-	3,376
<b>Total other comprehensive income</b>		<b>-</b>	<b>3,376</b>
<b>Total comprehensive loss</b>		<b>(12,149)</b>	<b>(22,065)</b>



**Department of Employment**  
**STATEMENT OF FINANCIAL POSITION**  
*as at 30 June 2015*

	Notes	2015 \$'000	2014 \$'000
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash equivalents		6,321	5,669
Trade and other receivables	7A	116,131	73,454
Other financial assets	7B	<u>4,094</u>	<u>2,604</u>
<b>Total financial assets</b>		<u>126,546</u>	<u>81,727</u>
<b>Non-financial Assets</b>			
Leasehold improvements	8A	20,260	21,017
Infrastructure, plant and equipment	8A	13,239	13,102
Intangibles	8A	65,761	40,011
Other non-financial assets	8B	<u>12,011</u>	<u>16,050</u>
<b>Total non-financial assets</b>		<u>111,271</u>	<u>90,180</u>
<b>Total assets</b>		<u>237,817</u>	<u>171,907</u>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	9A	16,720	6,146
Other payables	9B	<u>34,936</u>	<u>29,165</u>
<b>Total payables</b>		<u>51,656</u>	<u>35,311</u>
<b>Provisions</b>			
Employee provisions	10A	62,596	59,560
Other provisions	10B	<u>6,264</u>	<u>2,597</u>
<b>Total provisions</b>		<u>68,860</u>	<u>62,157</u>
<b>Total liabilities</b>		<u>120,516</u>	<u>97,468</u>
<b>Net assets</b>		<u>117,301</u>	<u>74,439</u>
<b>EQUITY</b>			
Contributed equity		151,515	96,504
Reserves		3,376	3,376
Accumulated deficit		<u>(37,590)</u>	<u>(25,441)</u>
<b>Total equity</b>		<u>117,301</u>	<u>74,439</u>

**Department of Employment**  
**STATEMENT OF CHANGES IN EQUITY**  
*for the period ended 30 June 2015*

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Opening balance</b>								
Balance carried forward from previous period	(25,441)	-	3,376	-	96,504	-	74,439	-
<b>Adjusted opening balance</b>	<b>(25,441)</b>	<b>-</b>	<b>3,376</b>	<b>-</b>	<b>96,504</b>	<b>-</b>	<b>74,439</b>	<b>-</b>
<b>Comprehensive income</b>								
Other comprehensive income	-	-	-	3,376	-	-	-	3,376
Deficit for the period	(12,149)	(25,441)	-	-	-	-	(12,149)	(25,441)
<b>Total comprehensive income</b>	<b>(12,149)</b>	<b>(25,441)</b>	<b>-</b>	<b>3,376</b>	<b>-</b>	<b>-</b>	<b>(12,149)</b>	<b>(22,065)</b>
<b>Contributions by owners</b>								
Equity injection - Appropriation	-	-	-	-	23,987	2,127	23,987	2,127
Departmental capital budget	-	-	-	-	31,024	21,265	31,024	21,265
Restructuring (Note 10)	-	-	-	-	-	73,112	-	73,112
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,011</b>	<b>96,504</b>	<b>55,011</b>	<b>96,504</b>
<b>Closing balance attributable to Australian Government</b>	<b>(37,590)</b>	<b>(25,441)</b>	<b>3,376</b>	<b>3,376</b>	<b>151,515</b>	<b>96,504</b>	<b>117,301</b>	<b>74,439</b>

**Department of Employment**  
**CASH FLOW STATEMENT**  
*for the period ended 30 June 2015*

	Notes	2015 \$'000	2014 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations		281,233	262,471
Sale of goods and rendering of services		28,130	16,405
Net GST received		<u>13,559</u>	<u>8,357</u>
<b>Total cash received</b>		<u>322,922</u>	<u>287,233</u>
<b>Cash used</b>			
Employees		182,157	165,197
Suppliers		110,617	94,897
Grants		1,439	1,925
Section 74 receipts transferred to the OPA		<u>26,198</u>	<u>84</u>
<b>Total cash used</b>		<u>320,411</u>	<u>262,103</u>
<b>Net cash from operating activities</b>	12	<u>2,511</u>	<u>25,130</u>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of infrastructure, plant and equipment		<u>54</u>	<u>439</u>
<b>Total cash received</b>		<u>54</u>	<u>439</u>
<b>Cash used</b>			
Purchase of infrastructure, plant and equipment		4,591	2,665
Purchase / development of intangibles		41,634	19,025
Purchase of leasehold improvements		<u>7,526</u>	<u>205</u>
<b>Total cash used</b>		<u>53,751</u>	<u>21,895</u>
<b>Net cash used by investing activities</b>		<u>(53,697)</u>	<u>(21,456)</u>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity - restructure		-	1,995
Contributed equity - equity injection and capital budget		<u>51,838</u>	<u>-</u>
<b>Total cash received</b>		<u>51,838</u>	<u>1,995</u>
<b>Net cash from financing activities</b>		<u>51,838</u>	<u>1,995</u>
<b>Net increase in cash held</b>		<u>652</u>	<u>5,669</u>
Cash and cash equivalents at the beginning of the reporting period		<u>5,669</u>	<u>-</u>
<b>Cash and cash equivalents at the end of the reporting period<sup>1</sup></b>		<u>6,321</u>	<u>5,669</u>

1. As shown in the Statement of Financial Position.

**Department of Employment**  
**SCHEDULE OF COMMITMENTS**  
*as at 30 June 2015*

	2015	2014
<b>BY TYPE</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Commitments receivable</b>		
Sublease rental income <sup>1</sup>	(6,490)	(10,424)
Other commitments receivable	(109)	-
Net GST recoverable on commitments	<u>(20,752)</u>	<u>(10,694)</u>
<b>Total commitments receivable</b>	<b><u>(27,351)</u></b>	<b><u>(21,118)</u></b>
<b>Commitments payable</b>		
<b>Other commitments</b>		
Operating leases <sup>1</sup>	191,961	81,028
IT commitments <sup>2</sup>	17,118	27,164
Research and development	28	30
Other <sup>3</sup>	<u>21,554</u>	<u>22,628</u>
<b>Total other commitments</b>	<b><u>230,661</u></b>	<b><u>130,850</u></b>
<b>Net commitments by type</b>	<b><u>203,310</u></b>	<b><u>109,732</u></b>
<b>BY MATURITY</b>		
<b>Commitments receivable</b>		
<b>Operating lease income</b>		
Within one year	(3,359)	(4,374)
Between one to five years	(2,878)	(4,924)
More than five years	<u>(253)</u>	<u>(1,126)</u>
<b>Total operating lease income</b>	<b><u>(6,490)</u></b>	<b><u>(10,424)</u></b>
<b>Other commitments receivable</b>		
Within one year	(5,488)	(5,209)
Between one to five years	(7,838)	(4,931)
More than five years	<u>(7,535)</u>	<u>(554)</u>
<b>Total other commitments receivable</b>	<b><u>(20,861)</u></b>	<b><u>(10,694)</u></b>
<b>Total commitments receivable</b>	<b><u>(27,351)</u></b>	<b><u>(21,118)</u></b>
<b>Commitments payable</b>		
<b>Operating lease commitments<sup>1</sup></b>		
Within one year	30,806	30,360
Between one to five years	78,273	43,442
More than five years	<u>82,882</u>	<u>7,226</u>
<b>Total operating lease commitments</b>	<b><u>191,961</u></b>	<b><u>81,028</u></b>
<b>IT commitments<sup>2</sup></b>		
Within one year	10,501	13,680
Between one to five years	<u>6,617</u>	<u>13,484</u>
<b>Total IT commitments</b>	<b><u>17,118</u></b>	<b><u>27,164</u></b>
<b>Research and development commitments</b>		
Within one year	<u>28</u>	<u>30</u>
<b>Total research and development commitments</b>	<b><u>28</u></b>	<b><u>30</u></b>

**Department of Employment**  
**SCHEDULE OF COMMITMENTS**  
*as at 30 June 2015*

	2015	2014
	\$'000	\$'000
<b>Other commitments<sup>3</sup></b>		
Within one year	18,931	19,665
Between one to five years	<u>2,623</u>	<u>2,963</u>
<b>Total other commitments</b>	<u>21,554</u>	<u>22,628</u>
<b>Total commitments payable</b>	<u>230,661</u>	<u>130,850</u>
<b>Net commitments by maturity</b>	<u>203,310</u>	<u>109,732</u>

Note: Commitments are GST inclusive where relevant.

<sup>1</sup> Operating leases included are effectively non-cancellable and comprise:

Nature of lease	General description of leasing arrangement
Leases for office accommodation	Lease payments are subject to periodic market value or indexed increases.
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 \$6.5 million including GST.
Agreement for provision of motor vehicles to senior executive officers	No contingent rentals exist. There are no renewal or purchase options available to the department.

<sup>2</sup> IT commitments include contracts for data services, IT software licensing and hardware maintenance agreements.

<sup>3</sup> Other commitments include a range of contracts such as fees for provision of services.

**Department of Employment**  
**ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME**  
*for the period ended 30 June 2015*

	Notes	2015 \$'000	2014 \$'000
<b>NET COST OF SERVICES EXPENSES</b>			
Suppliers	18A	1,298,369	1,333,586
Subsidies	18B	170,844	161,784
Personal benefits	18C	384,959	212,836
Grants	18D	89,773	37,279
Write-down and impairment of assets		155	203
Payments to corporate Commonwealth entities		7,563	1,433
<b>Total expenses</b>		<b>1,951,663</b>	<b>1,747,121</b>
<b>INCOME</b>			
<b>Revenue</b>			
<b>Taxation revenue</b>			
Other taxes		159,401	133,578
<b>Total taxation revenue</b>		<b>159,401</b>	<b>133,578</b>
<b>Non-taxation revenue</b>			
Interest		20	6
Commonwealth asset recoveries		23,278	16,778
Other revenue		5,643	3,969
<b>Total non-taxation revenue</b>		<b>28,941</b>	<b>20,753</b>
<b>Total revenue</b>		<b>188,342</b>	<b>154,331</b>
<b>Gains</b>			
Reversals of previous asset write-downs and impairment		-	155
<b>Total gains</b>		<b>-</b>	<b>155</b>
<b>Total income</b>		<b>188,342</b>	<b>154,486</b>
<b>Net cost of services</b>		<b>(1,763,321)</b>	<b>(1,592,635)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not subject to subsequent reclassification to net cost of services</b>			
Changes in asset revaluation surplus		79,181	28,752
<b>Total other comprehensive income</b>		<b>79,181</b>	<b>28,752</b>
<b>Total comprehensive loss</b>		<b>(1,684,140)</b>	<b>(1,563,883)</b>

**Department of Employment**  
**ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES**  
*as at 30 June 2015*

	Notes	2015 \$'000	2014 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents		104	-
Trade and other receivables	20A	32,165	23,340
Other investments	20B	224,658	145,477
<b>Total financial assets</b>		<b>256,927</b>	<b>168,817</b>
<b>Non-financial assets</b>			
Prepayments		5,014	4,968
<b>Total non-financial assets</b>		<b>5,014</b>	<b>4,968</b>
<b>Total assets administered on behalf of Government</b>		<b>261,941</b>	<b>173,785</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	21A	127,076	21,641
Subsidies	21B	24,973	14,810
Personal benefits	21C	6,692	9,441
Grants	21D	-	459
Other payables	21E	2,794,446	2,784,003
<b>Total payables</b>		<b>2,953,187</b>	<b>2,830,354</b>
<b>Total liabilities administered on behalf of Government</b>		<b>2,953,187</b>	<b>2,830,354</b>
<b>Net liabilities</b>		<b>(2,691,246)</b>	<b>(2,656,569)</b>

**Department of Employment**  
**ADMINISTERED RECONCILIATION SCHEDULE**  
*for the period ended 30 June 2015*

	2015 \$'000	2014 \$'000
<b>Opening assets less liabilities</b>	<b>(2,656,569)</b>	-
Adjustment for errors	<b>5,023</b>	-
<b>Adjusted opening assets less liabilities</b>	<b>(2,651,546)</b>	-
<b>Net cost of services</b>		
Income	<b>188,342</b>	154,486
<b>Expenses</b>		
Payments to entities other than corporate Commonwealth entities	<b>(1,944,100)</b>	(1,745,688)
Payments to corporate Commonwealth entities	<b>(7,563)</b>	(1,433)
<b>Other comprehensive income</b>		
Revaluations transferred to reserves	<b>79,181</b>	28,752
<b>Transfers (to)/from the Australian Government</b>		
<b>Appropriation transfers from Official Public Account</b>		
Administered assets and liabilities appropriations	-	80
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	<b>1,290,262</b>	1,439,078
Payments to corporate Commonwealth entities	<b>7,563</b>	1,433
Special appropriations (unlimited)		
Payments to corporate Commonwealth entities	<b>198,110</b>	159,388
Payments to entities other than corporate Commonwealth entities	<b>334,246</b>	162,615
<b>Appropriation transfers to Official Public Account</b>		
Transfers to Official Public Account	<b>(185,741)</b>	(152,610)
Restructuring	-	(2,702,670)
<b>Closing assets less liabilities as at 30 June</b>	<b>(2,691,246)</b>	<b>(2,656,569)</b>



**Department of Employment**  
**ADMINISTERED CASH FLOW STATEMENT**  
*for the period ended 30 June 2015*

	Notes	2015 \$'000	2014 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Interest		20	6
Net GST received		111,982	144,261
Levies		158,606	127,622
Other		28,982	20,747
<b>Total cash received</b>		<b>299,590</b>	<b>292,636</b>
<b>Cash used</b>			
Suppliers		1,308,506	1,482,956
Subsidies		160,681	154,999
Personal benefits		387,719	205,671
Grants		71,792	55,743
Payments to corporate Commonwealth entities		7,563	1,433
<b>Total cash used</b>		<b>1,936,261</b>	<b>1,900,802</b>
<b>Net cash flows used by operating activities</b>	22	<b>(1,636,671)</b>	<b>(1,608,166)</b>
<b>Net decrease in cash held</b>		<b>(1,636,671)</b>	<b>(1,608,166)</b>
Cash and cash equivalents at the beginning of the reporting period		-	-
<b>Cash from the Official Public Account for</b>			
- Appropriations		1,830,183	1,762,594
- GST appropriations		115,076	43,205
		<b>1,945,259</b>	<b>1,805,799</b>
<b>Cash to the Official Public Account for</b>			
- Appropriations		(185,741)	(152,610)
- Return of GST appropriations		(122,743)	(45,023)
		<b>(308,484)</b>	<b>(197,633)</b>
<b>Cash and cash equivalents at the end of the reporting period<sup>1</sup></b>		<b>104</b>	<b>-</b>

1. As shown in the Statement of Financial Position

**Department of Employment**  
**ADMINISTERED SCHEDULE OF COMMITMENTS**  
*for the period ended 30 June 2015*

	2015	2014
<b>BY TYPE</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Commitments receivable</b>		
Net GST recoverable on commitments	<u>(855,520)</u>	<u>(145,685)</u>
<b>Total commitments receivable</b>	<u>(855,520)</u>	<u>(145,685)</u>
<b>Commitments payable</b>		
<b>Other commitments</b>		
Employment programs	9,222,564	1,592,246
Goods and services	177,798	3,519
Grants	<u>3,446</u>	<u>6,770</u>
<b>Total other commitments</b>	<u>9,403,809</u>	<u>1,602,535</u>
<b>Net commitments by type</b>	<u><u>8,548,289</u></u>	<u><u>1,456,850</u></u>
<b>BY MATURITY</b>		
<b>Commitments receivable</b>		
Within one year	(147,212)	(144,861)
Between one to five years	<u>(708,308)</u>	<u>(824)</u>
<b>Total commitments receivable</b>	<u>(855,520)</u>	<u>(145,685)</u>
<b>Commitments payable</b>		
<b>Other Commitments</b>		
Within one year	1,619,334	1,593,469
Between one to five years	<u>7,784,474</u>	<u>9,066</u>
<b>Total other commitments</b>	<u>9,403,809</u>	<u>1,602,535</u>
<b>Net commitments by maturity</b>	<u><u>8,548,289</u></u>	<u><u>1,456,850</u></u>

Note: All commitments are GST inclusive where relevant.

The value of commitments is determined based on expected value of services contracted, but yet to be performed under the agreement.

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

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 1: Summary of Significant Accounting Policies

##### 1.1 Objectives of Employment

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

The department provides advice to the Government and administers programmes 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, job service 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 programmes 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 programmes is dependent on Government policy and on continuing funding by Parliament for the department's administration and programmes.

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 job service 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.

##### 1.2 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 2014; 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 FFRs, 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.

Due to the Machinery of Government changes on 18 September 2013, comparatives for 2013-14 are from 19 September 2013 to 30 June 2014.

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the department has made 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; and
- the liability for long service leave has been estimated using an actuarial assessment based on the FRR requirements. This takes into account expected salary growth, attrition and future discounting using the government bond rates.

The 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.

#### 1.4 New Australian Accounting Standards

##### Adoption of New Australian Accounting Standard Requirements

The following 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:

AASB 1055 Budgetary Reporting - March 2013 (Principal) – this requires the department to explain significant variances between the original budget and actual expenditure.

AASB 2015-7 The department has early adopted AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. AASB 2015-7 amends AASB 13 *Fair Value Measurement* to provide disclosure relief to not-for-profit public sector entities from certain disclosures about the fair value measurements of property, plant and equipment held for their current service potential rather than to generate net cash inflows. This includes relief from disclosures of quantitative information about the significant unobservable inputs used in fair value measurements and of the sensitivity of certain fair value measurements to changes in unobservable inputs.

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 departments financial statements for future reporting periods:

AASB 2015-2, AASB 101 *Presentation of Financial Statements* - Initiatives to improve disclosures.

AASB 15 *Revenue from Contracts with Customers* – specifies the accounting treatment for all revenue arising from contracts with customers.

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.

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### 1.5 Revenue

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.

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.

#### 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 (refer to Note 1.7).

#### 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.

#### 1.6 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 Note 1.7).

#### Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

#### 1.7 Transactions with the Government as Owner

##### 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 FRR require that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

## **Department of Employment**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

#### **1.8 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 2014 and which has been assessed by the department as being relevant for 2015. 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 2015 represents outstanding contributions for the final fortnight of the year.

#### **1.9 Leases**

An operating lease is a lease that is not a finance lease and where the lessor effectively retains substantially all such risks and benefits.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

#### Lease 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.

#### **1.10 Fair Value Measurements**

The department deems transfers between the levels of the fair value hierarchy to have occurred at the end of the reporting period.

## **Department of Employment**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

#### **1.11 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.

#### **1.12 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.

#### **1.13 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).

#### **1.14 Contingent Liabilities and Contingent Assets**

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

### 1.15 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.

### 1.16 Property, Plant and Equipment

#### 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:

<i>Asset Class</i>	<i>Fair value measurement</i>
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.

#### 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:

<i>Asset Class</i>	<i>2015</i>
Leasehold improvements	Lease term
Infrastructure, plant and equipment	3-25 years

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

### Impairment

All assets were assessed for impairment at 30 June 2015. 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.

#### **1.17 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 2015.

#### **1.18 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.

#### **1.19 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 below, 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.

##### *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.

##### *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.

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### *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.

#### *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 2015. 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.

#### *Prepayments*

All administered prepayments are current assets.

#### *Grants and Subsidies*

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:

- (i) the services required to be performed by the grantee have been performed; or
- (ii) 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.

#### *Personal Benefits*

The department administers personal benefit programmes 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 Job Services Australia.

#### *Payments to Corporate Commonwealth Entities*

Payments to Comcare from amounts appropriated for that purpose are classified as administered expenses of the department. The appropriation to the department is disclosed in Table A of the appropriations note.

#### **Note 2: 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**

**Note 3: Net Cash Appropriation Arrangements**

	2015	2014
	\$'000	\$'000
<i><b>Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations<sup>1</sup></b></i>	<b>15,726</b>	21,297
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u>(27,875)</u>	<u>(43,362)</u>
<i><b>Total comprehensive loss - as per the Statement of Comprehensive Income</b></i>	<u><b>(12,149)</b></u>	<u><b>(22,065)</b></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**

**Note 4: Expenses**

	2015	2014
	\$'000	\$'000
<b><u>Note 4A: Employee Benefits</u></b>		
Wages and salaries	122,601	113,789
Superannuation		
Defined contribution plans	12,392	9,929
Defined benefit plans	16,391	16,899
Leave and other entitlements	28,362	23,025
Separations and redundancies	540	6,546
Other employee expenses	1,425	1,360
<b>Total employee benefits</b>	<b>181,711</b>	<b>171,548</b>

**Note 4B: Suppliers**

**Goods and services supplied or rendered**

Consultants	8,854	9,775
Contractors	8,980	1,795
Travel	4,512	2,165
IT services	24,180	23,467
Property	8,838	6,522
Resources provided free of charge	460	7,403
Legal	2,870	1,041
Other	14,100	7,210
<b>Total goods and services supplied or rendered</b>	<b>72,794</b>	<b>59,378</b>

**Goods and services are made up of**

Provision of goods - related parties	52	84
Provision of goods - external parties	2,047	3,536
Rendering of services - related parties	6,145	11,663
Rendering of services - external parties	64,550	44,095
<b>Total goods and services supplied or rendered</b>	<b>72,794</b>	<b>59,378</b>

**Expenses paid on behalf of portfolio agency<sup>1</sup>**

<b>19,315</b>	<b>-</b>
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**Other suppliers**

**Operating lease rentals in connection with**

Minimum lease repayments - related parties	2,758	-
Minimum lease repayments - external parties	25,180	30,174
Workers compensation expenses	3,441	2,127
<b>Total other suppliers</b>	<b>31,379</b>	<b>32,301</b>
<b>Total suppliers</b>	<b>123,488</b>	<b>91,679</b>

1. Payments made to the Office of the Fair Work Building Industry Inspectorate to cover their operating costs from 1 July 2014 to 31 January 2015, due to legislative instruments not being enacted under the *PGPA Act 2013*.

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

	2015	2014
	\$'000	\$'000

**Note 4C: Grants**

**Private sector**

Non-profit organisations	423	1,139
Other	1,016	786
<b>Total grants</b>	<b>1,439</b>	<b>1,925</b>

**Note 4D: Finance Costs**

Unwinding of discount for restoration	17	35
Unwinding of discount for surplus lease space	53	-
Discount on lease incentives	404	-
<b>Total finance costs</b>	<b>474</b>	<b>35</b>

**Note 4E: Write-Down and Impairment of Assets**

**Asset write-downs and impairments from**

Write-off of receivables - goods and services	8	13
Impairment of receivables - goods and services	10	10
Impairment of leasehold improvements	689	159
Write-off of leasehold improvements	2	-
Write-off of infrastructure, plant and equipment	81	75
Impairment of infrastructure, plant and equipment	-	2,878
Write-off of intangibles	58	33
Impairment of intangibles	-	15,878
<b>Total write-down and impairment of assets</b>	<b>848</b>	<b>19,046</b>

**Note 5: Income**

**OWN-SOURCE REVENUE**

**Note 5A: Sale of Goods and Rendering of Services**

Sales of goods - external parties	16	5
Rendering of services - related parties	21,935	8,911
Rendering of services - external parties	4,149	4,897
<b>Total sale of goods and rendering of services</b>	<b>26,100</b>	<b>13,813</b>

**Note 5B: Other Gains**

Gain on write back of restoration provision	229	-
First time recognition of assets – infrastructure, plant and equipment	266	689
Write back of provision for surplus lease space	11	-
Write back of leaseholds impairment	155	-
Other	700	132
<b>Total other gains</b>	<b>1,361</b>	<b>821</b>

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

### Note 6: 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 entity 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 6A: Fair Value Measurements

	Fair value measurements at the end of the reporting period			For Levels 2 and 3 fair value measurements	
	2015 \$'000	2014 \$'000	Category (Level 1, 2 or 3)	Valuation Techniques <sup>1</sup>	Inputs Used
<b>Non-financial assets</b>					
Leasehold Improvements	-	409	2	Replacement Cost	Replacement cost new (price per square metre)
	18,928	20,608	3	Depreciated Replacement Cost	Replacement cost new (price per square metre) Useful life (consumed economic benefit/ obsolescence of asset)
	320	-	3	Present Value	Current restoration costs (price per square metre) Discount rate
					Indexation rates
Infrastructure, plant and equipment	-	101	2	Replacement Cost	Replacement cost new (price per square metre)
	4,684	4,433	2	Market Approach	Adjusted market transactions
	8,525	8,568	3	Depreciated Replacement Cost	Replacement cost new (price per square metre) Useful life (consumed economic benefit/ obsolescence of asset)
<b>Total non-financial assets</b>	<b>32,457</b>	<b>34,119</b>			
<b>Total fair value measurements of assets in the Statement of Financial Position</b>	<b>32,457</b>	<b>34,119</b>			

1. There has been no change to valuation techniques.

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

	2015 \$'000	2014 \$'000
<b>Assets not measured at fair value in the statement of financial position</b>		
Leasehold Improvements—AUC	1,013	-
Infrastructure, Plant & Equipment—AUC	32	-
<b>Total assets not measured at fair value in the statement of financial position</b>	<b>1,045</b>	<b>-</b>

The Department has a number of assets and liabilities not measured at fair value in the Statement of Financial Position. The carrying amounts of these assets and liabilities are considered to be a reasonable approximation of their fair value.

**Fair value measurement—highest and best use**

The Department's assets are held for operational purposes not for the purposes of deriving a profit. The current use of all controlled assets is considered the highest and best use.

**Recurring and non-recurring Level 3 fair value measurements—valuation processes**

Australian Valuation Solutions (AVS) provided a comprehensive valuation of all leasehold improvements as at 30 June 2014. 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. Significant Level 3 inputs used by the department are derived and evaluated as follows:

Leasehold improvements, infrastructure, plant and equipment—depreciated replacement cost

Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured using the depreciated replacement cost (DRC) approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take into account its economic useful life and obsolescence (accumulated depreciation). The economic useful lives and asset obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration.



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

**Note 6B: 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	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance</b>	<b>20,608</b>	24,946	<b>8,568</b>	12,966	<b>29,176</b>	37,912
Total losses recognised in net cost of services <sup>1</sup>	<b>(8,289)</b>	(6,870)	<b>(2,852)</b>	(6,025)	<b>(11,141)</b>	(12,895)
Total gains recognised in comprehensive income	<b>(2)</b>	3,376	<b>(17)</b>	-	<b>(19)</b>	3,376
Purchases	<b>6,522</b>	507	<b>2,806</b>	1,728	<b>9,328</b>	2,235
Disposals	-	(1,351)	-	(101)	-	(1,452)
Transfers into Level 3 <sup>2</sup>	<b>409</b>	-	20	-	<b>429</b>	-
<b>Closing balance</b>	<b>19,248</b>	20,608	<b>8,525</b>	8,568	<b>27,773</b>	29,176

1. These losses are presented in the Statement of Comprehensive Income under 'depreciation and amortisation' and 'write-down and Impairment of assets'.

2. Transfers into level 3 represent assets that were moved from AUC level 2 category into level 3 during the year.

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

**Note 7: Financial Assets**

	2015	2014
	\$'000	\$'000
<b><u>Note 7A: Trade and Other Receivables</u></b>		
Goods and services - related parties	4,319	5,763
Goods and services - external parties	1,229	1,296
Appropriation receivables - for existing programs	109,207	65,080
GST receivable from the Australian Taxation Office	1,386	1,325
<b>Total trade and other receivables (gross)</b>	<b>116,141</b>	<b>73,464</b>
<b>Less impairment allowance account</b>		
Goods and services	(10)	(10)
<b>Total impairment allowance account</b>	<b>(10)</b>	<b>(10)</b>
<b>Total trade and other receivables (net)</b>	<b>116,131</b>	<b>73,454</b>
<b>Trade and other receivables (net) expected to be recovered</b>		
No more than 12 months	116,027	72,677
More than 12 months	104	777
<b>Total trade and other receivables (net)</b>	<b>116,131</b>	<b>73,454</b>
<b>Trade and other receivables (gross) aged as follows</b>		
Not overdue	115,876	72,068
Overdue by		
0 to 30 days	20	232
31 to 60 days	60	153
61 to 90 days	28	218
More than 90 days	157	793
<b>Total trade and other receivables (gross)</b>	<b>116,141</b>	<b>73,464</b>
<b>Impairment allowance account aged as follows</b>		
Overdue by:		
More than 90 days	(10)	(10)
<b>Total impairment allowance</b>	<b>(10)</b>	<b>(10)</b>

Credit terms are net 30 days.

**Reconciliation of the Impairment Allowance**

**Movements in relation to 2015**

	Goods and services \$'000	Total \$'000
<b>Opening balance</b>	<b>(10)</b>	<b>(10)</b>
Amounts written off	10	10
Decrease recognised in net cost of services	(10)	(10)
<b>Closing balance</b>	<b>(10)</b>	<b>(10)</b>

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

**Note 7A: Financial Assets (continued)**

<b>Movements in relation to 2014</b>		
	Goods and services \$'000	Total \$'000
<b>Opening balance</b>	-	-
Decrease recognised in net cost of services	(10)	(10)
<b>Closing balance</b>	(10)	(10)
	<b>2015</b>	2014
	<b>\$'000</b>	\$'000

**Note 7B: Other Financial Assets**

Accrued revenue	<b>4,094</b>	2,604
<b><i>Total other financial assets</i></b>	<b>4,094</b>	2,604

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**

**Note 8: Non-Financial Assets**

**Note 8A: 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
<b>As at 30 June 2014</b>					
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
<b>Net book value 30 June 2014</b>	<b>21,172</b>	<b>13,102</b>	<b>39,446</b>	<b>565</b>	<b>74,285</b>
<b>Additions</b>					
Purchase or internally developed	7,533	4,990	41,169	-	53,692
First time recognition	-	152	114	-	266
Impairments recognised in net cost of services	(689)	-	-	-	(689)
Depreciation/amortisation expense	(7,754)	(4,762)	(15,145)	(214)	(27,875)
Disposals					
Other	-	(162)	(116)	-	(278)
Write-offs	(2)	(81)	(58)	-	(141)
<b>Total as at 30 June 2015</b>	<b>20,260</b>	<b>13,239</b>	<b>65,410</b>	<b>351</b>	<b>99,260</b>
<b>Total as at 30 June 2015 represented by:</b>					
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)
<b>Total as at 30 June 2015</b>	<b>20,260</b>	<b>13,239</b>	<b>65,410</b>	<b>351</b>	<b>99,260</b>

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

### **Note 8A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2014 -15) (continued)**

There were no indicators of impairment identified for internally developed software during 2015 (2014: \$15.8m). During 2015, \$0.58 million of internally developed software was written off (2014: nil). There were no write offs of purchased software during 2015 (2014: \$0.33m).

There are 5 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 \$0.59 million as at 30 June 2015.

An impairment loss of \$0.69 million was recognised for 7 properties associated with surplus lease space (2014: \$0.159m, 5 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 stated at Note 1.

Revaluation increments for leasehold improvements credited to the asset revaluation reserve were included in the equity section of the Statement of Financial Position, no increments were expensed.

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

**Note 8A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles (2013-14) (continued)**

	Leasehold improvements \$'000	Other plant & equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
<b>As at 19 September 2013</b>					
Gross book value	25,283	18,267	67,102	184	110,836
Accumulated depreciation and impairment	-	-	-	-	-
<b>Net book value 19 September 2013<sup>1</sup></b>	<b>25,283</b>	<b>18,267</b>	<b>67,102</b>	<b>184</b>	<b>110,836</b>
Additions					
Purchase or internally developed	360	3,367	19,088	-	22,815
First time recognition	380	309	-	527	1,216
Reclassification	-	(28)	-	28	-
Revaluations and impairments recognised in other comprehensive income	3,376	-	-	-	3,376
Impairments recognised in the operating result	(159)	(2,878)	(15,824)	(54)	(18,915)
Depreciation/amortisation expense	(6,753)	(5,602)	(30,920)	(87)	(43,362)
Disposals					
From disposal of entities or operations (including restructuring)	(119)	(28)	-	-	(147)
Other	(1,351)	(230)	-	-	(1,581)
Write-offs	-	(75)	-	(33)	(108)
<b>Net book value 30 June 2014</b>	<b>21,017</b>	<b>13,102</b>	<b>39,446</b>	<b>565</b>	<b>74,130</b>
<b>Net book value as of 30 June 2014 represented by:</b>					
Gross book value					
Fair Value					
Work in progress	21,190	21,582	84,686	706	128,164
Accumulated amortisation	409	-	1,504	-	1,913
Accumulated depreciation	-	-	(30,920)	(87)	(31,007)
Accumulated impairment	(582)	(5,602)	-	-	(5,602)
<b>Net book value 30 June 2014</b>	<b>21,017</b>	<b>13,102</b>	<b>39,446</b>	<b>565</b>	<b>74,130</b>

1. Opening balances represent the balances transferred as a result of the 18 September 2013 restructure (Refer Note 11).

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

	2015 \$'000	2014 \$'000
<b><u>Note 8B: Other Non-Financial Assets</u></b>		
Prepayments	<u>12,011</u>	<u>16,050</u>
<b>Total other non-financial assets</b>	<b><u>12,011</u></b>	<b><u>16,050</u></b>
<b>Other non-financial assets expected to be recovered in</b>		
No more than 12 months	10,314	13,743
More than 12 months	<u>1,697</u>	<u>2,307</u>
<b>Total other non-financial assets</b>	<b><u>12,011</u></b>	<b><u>16,050</u></b>

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

**Note 9: Payables**

**Note 9A: Suppliers**

Trade creditors - related parties	136	745
Trade creditors - external parties	14,470	2,658
Operating lease rentals - external parties	<u>2,114</u>	<u>2,743</u>
<b>Total suppliers</b>	<b><u>16,720</u></b>	<b><u>6,146</u></b>
<b>Suppliers expected to be settled</b>		
No more than 12 months	15,652	4,047
More than 12 months	<u>1,068</u>	<u>2,099</u>
<b>Total suppliers</b>	<b><u>16,720</u></b>	<b><u>6,146</u></b>

Settlement is usually made within 30 days.

**Note 9B: Other Payables**

Salaries and wages	6,252	5,176
Superannuation	1,004	976
Separations and redundancies	108	5,242
Other employee benefits	58	210
Lease incentive	16,817	6,548
Unearned income	3,979	2,545
Accrued expenses	<u>6,718</u>	<u>8,468</u>
<b>Total other payables</b>	<b><u>34,936</u></b>	<b><u>29,165</u></b>
<b>Other payables expected to be settled</b>		
No more than 12 months	20,142	25,317
More than 12 months	<u>14,794</u>	<u>3,848</u>
<b>Total other payables</b>	<b><u>34,936</u></b>	<b><u>29,165</u></b>

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

**Note 10: Provisions**

	2015 \$'000	2014 \$'000
<b>Note 10A: Employee Provisions</b>		
Leave	62,596	59,560
<b>Total employee provisions</b>	<b>62,596</b>	<b>59,560</b>

**Employee provisions expected to be settled**

No more than 12 months	18,545	18,239
More than 12 months	44,051	41,321
<b>Total employee provisions</b>	<b>62,596</b>	<b>59,560</b>

**Note 10B: Other Provisions**

Provision for restoration	1,030	1,315
Provision for surplus lease space	5,234	1,282
<b>Total other provisions</b>	<b>6,264</b>	<b>2,597</b>

**Other provisions expected to be settled**

No more than 12 months	4,224	759
More than 12 months	2,040	1,838
<b>Total other provisions</b>	<b>6,264</b>	<b>2,597</b>

	Provision for restoration \$'000	Provision for surplus lease space \$'000	Total \$'000
<b>As at 30 June 2014</b>	<b>1,315</b>	<b>1,282</b>	<b>2,597</b>
Additional provisions made	14	4,346	4,360
Amounts reversed	(316)	(11)	(327)
Amounts used	-	(436)	(436)
Unwinding of discount or change in discount rate	17	53	70
<b>Total as at 30 June 2015</b>	<b>1,030</b>	<b>5,234</b>	<b>6,264</b>

The department currently has three 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 (2014: 5 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 nine properties. Three of these properties have lease end dates in 2015–16. Five properties have 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**

**Note 11: Restructuring**

**Note 11A: Departmental Restructuring**

	2014			
	Employment and Workplace Relations Functions Department of Education, Employment and Workplace Relations <sup>1</sup>	State Network and Corporate Functions Department of Education <sup>2</sup>	Indigenous Functions Department of the Prime Minister and Cabinet <sup>3</sup>	Disability Employment Functions Department of Social Services <sup>4</sup>
	\$'000	\$'000	\$'000	\$'000
<b>FUNCTIONS ASSUMED</b>				
<b>Assets recognised</b>				
Cash and cash equivalents	1,995	-	-	-
Trade and other receivables	21,858	-	-	-
Other financial assets	3,948	-	-	-
Leasehold improvements	25,283	-	-	-
Infrastructure, plant and equipment	18,267	-	-	-
Intangibles	67,286	-	-	-
Other non-financial assets	18,893	-	-	-
<b>Total assets recognised</b>	<b>157,530</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities recognised</b>				
Suppliers	(5,194)	-	-	-
Other payables	(17,344)	-	-	-
Employee provisions	(71,176)	(14,277)	-	-
Other provisions	(1,526)	-	-	-
<b>Total liabilities recognised</b>	<b>(95,240)</b>	<b>(14,277)</b>	<b>-</b>	<b>-</b>
<b>Net assets/(liabilities) recognised</b>	<b>62,290</b>	<b>(14,277)</b>	<b>-</b>	<b>-</b>
<b>Income assumed</b>				
Recognised by the receiving entity	303,685	-	-	-
Recognised by the losing entity	41,538	-	-	-
<b>Total income assumed</b>	<b>345,223</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses assumed</b>				
Recognised by the receiving entity	(329,126)	-	-	-
Recognised by the losing entity	(83,340)	-	-	-
<b>Total expenses assumed</b>	<b>(412,466)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUNCTIONS RELINQUISHED</b>				
<b>Assets relinquished</b>				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	-	-	-	-
Other financial assets	-	-	-	-
Leasehold improvements	-	-	119	-
Infrastructure, plant and equipment	-	-	27	1
Other non-financial assets	-	-	-	-
<b>Total assets relinquished</b>	<b>-</b>	<b>-</b>	<b>146</b>	<b>1</b>
<b>Liabilities relinquished</b>				
Suppliers	-	-	-	-
Other payables	-	-	-	-
Employee provisions	-	(6,504)	(9,970)	(8,772)
<b>Total liabilities relinquished</b>	<b>-</b>	<b>(6,504)</b>	<b>(9,970)</b>	<b>(8,772)</b>
<b>Net liabilities relinquished</b>	<b>-</b>	<b>(6,504)</b>	<b>(9,824)</b>	<b>(8,771)</b>

## **Department of Employment**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

#### **Note 11A: Departmental Restructuring (continued)**

##### **Notes**

1. The employment and workplace relation functions were assumed from the Department of Education, Employment and Workplace Relations (DEEWR) as a result of the Administrative Arrangement Orders on 18 September 2013.
2. Responsibility for corporate and state network functions in relation to the former DEEWR were acquired/relinquished from/to the Department of Education on 28 February 2014. The transfer of staff followed the transfer of function resulting from the Administrative Arrangement Orders on 18 September 2013.
3. Indigenous functions were relinquished to the Department of the Prime Minister and Cabinet (PM&C) during 2013-14 as a result of Administrative Arrangements Orders on 18 September 2013.
4. The disability and income support functions were relinquished to the Department of Social Services (DSS) during 2013-14 as a result of Administrative Arrangements Orders on 18 September 2013.
5. The net assets assumed from DEEWR and Education was \$48,013,000 and net liabilities relinquished to Education, PM&C and DSS was \$25,099,000.
6. In respect of functions assumed/relinquished, the net book values of assets and liabilities were transferred/received for no consideration.

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

**Note 11B: Administered Restructuring**

	2014		
	Employment and workplace relations	Indigenous functions relating to employment	Disability employment functions
	Department of Employment and Workplace Relations <sup>1</sup>	Department of the Prime Minister and Cabinet <sup>2</sup>	Department of Social Services <sup>3</sup>
	\$'000	\$'000	\$'000
<b>FUNCTIONS ASSUMED</b>			
<b>Assets recognised</b>			
Cash on hand	78	-	-
Trade and other receivables	17,357	-	-
Other non-financial assets	2,329	-	-
Investments	116,725	-	-
<b>Total assets recognised</b>	<b>136,489</b>	<b>-</b>	<b>-</b>
<b>Liabilities recognised</b>			
Payables	(2,840,851)	-	-
<b>Total liabilities recognised</b>	<b>(2,840,851)</b>	<b>-</b>	<b>-</b>
<b>Net liabilities recognised</b>	<b>(2,704,362)</b>	<b>-</b>	<b>-</b>
<b>FUNCTIONS RELINQUISHED</b>			
<b>Assets relinquished</b>			
Trade and other receivables	-	63	2,801
<b>Total assets relinquished</b>	<b>-</b>	<b>63</b>	<b>2,801</b>
<b>Liabilities relinquished</b>			
Payables	-	(4,556)	-
<b>Total liabilities relinquished</b>	<b>-</b>	<b>(4,556)</b>	<b>-</b>
<b>Net (liabilities)/assets relinquished</b>	<b>-</b>	<b>(4,493)</b>	<b>2,801</b>
<b>Expenses</b>			
Recognised by gaining entity	1,321,024	-	-
Recognised by losing entity	345,604	-	-
<b>Total expenses</b>	<b>1,666,628</b>	<b>-</b>	<b>-</b>
<b>Income</b>			
Recognised by gaining entity	153,802	-	-
Recognised by losing entity	24,266	-	-
<b>Total income</b>	<b>178,068</b>	<b>-</b>	<b>-</b>

## **Department of Employment**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

#### **Note 11B: Administered Restructuring (continued)**

##### **Notes**

1. The employment and workplace relations functions were assumed from the former DEEWR on 18 September 2013 as a result of the Administrative Arrangement Orders.
2. Indigenous functions were relinquished to PM&C during 2013-14 as a result of the Administrative Arrangement Orders on 18 September 2013.
3. Disability employment functions were relinquished to the DSS during 2013-14 due to the Administrative Arrangement Order of 18 September 2013.
4. The net liabilities assumed from DEEWR were \$2,704,362,000, net liabilities relinquished to PM&C were \$4,493,000 and net assets relinquished to DSS were \$2,801,000.
5. In respect of functions assumed/relinquished, the net book values of assets and liabilities were transferred/received for no consideration

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

**Note 12: Cash Flow Reconciliation**

	2015	2014
	\$'000	\$'000
<b>Reconciliation of net cost of services to net cash from (used by) operating activities</b>		
Net cost of services	(308,138)	(313,636)
Revenue from Government	295,989	288,195
<b>Adjustments for non-cash items</b>		
First time recognition of non-financial assets	(266)	(689)
Depreciation / amortisation	27,875	43,362
Net write-down and impairment of non-financial assets	830	19,023
Net losses from sale of assets	224	1,140
Finance costs	474	35
Asset other movements	(153)	-
Restructure	-	(39,572)
<b>Movements in assets and liabilities</b>		
<b>Assets</b>		
Increase in net receivables	(39,504)	(50,062)
Increase in accrued revenue	(1,490)	(2,604)
Decrease / (increase) in prepayments	4,039	(16,050)
<b>Liabilities</b>		
Increase in employee provisions	3,036	59,560
Increase in supplier payables	10,157	4,701
Increase in other provisions	3,667	1,315
Increase in other payables	5,771	30,412
<b>Net cash from operating activities</b>	<u><u>2,511</u></u>	<u><u>25,130</u></u>

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

**Note 13: Contingent Assets and Liabilities**

	Claims for Damages and			
	Costs		Total	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<b>Contingent liabilities</b>				
Balance from previous period	180	-	180	-
New contingent liabilities recognised	125	244	125	244
Re-measurement	3	(64)	3	(64)
<b>Total contingent liabilities</b>	<b>308</b>	<b>180</b>	<b>308</b>	<b>180</b>
<b>Net contingent liabilities</b>	<b>(308)</b>	<b>(180)</b>	<b>(308)</b>	<b>(180)</b>

Quantifiable Contingencies

The above table reports contingent liabilities in respect of claims for damages of \$0.308 million (2014: \$0.180).

The department had no contingent assets in respect of claims for damages.

Unquantifiable Contingencies

As at 30 June 2015, the department had no contingent liabilities likely to be paid in respect of damages and claims that are not quantifiable.

Significant Remote Contingencies

The value of contingent liabilities where the likelihood of payment is remote is \$60.0 million. This represents the indemnities provided to the Administrator and the Assistant Administrators of the Health Services Union.

In addition to the unquantifiable contingencies listed above, the department has provided an indemnity to the Reserve Bank of Australia against loss or damage arising from the bank acting in good faith on the instructions given to it under the provision of the contract for the department's transactional banking services for any error, mistake, fraud or negligence and any failure of the department to observe its obligations. The likelihood of any payment being required under the indemnity is remote and unquantifiable.

The department has also provided for four (4) indemnities in relation to venue hire agreements which are considered to be remote and unquantifiable.

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

**Note 14: Senior Management Personnel Remuneration**

	2015	2014
	\$'000	\$'000
<b>Short-term employee benefits</b>		
Salary	11,090	8,843
Other <sup>1</sup>	2,357	1,722
<b>Total short-term employee benefits</b>	<u>13,447</u>	<u>10,565</u>
<b>Post-employment benefits</b>		
Superannuation	2,107	1,880
<b>Total post-employment benefits</b>	<u>2,107</u>	<u>1,880</u>
<b>Other long-term employee benefits</b>		
Annual leave accrued	990	621
Long-service leave	670	368
<b>Total other long-term employee benefits</b>	<u>1,660</u>	<u>989</u>
<b>Termination benefits</b>		
Separation and redundancy payments	135	200
<b>Total termination benefits</b>	<u>135</u>	<u>200</u>
<b>Total senior executive remuneration expenses</b>	<u><u>17,349</u></u>	<u><u>13,634</u></u>

The total number of senior management personnel that are included in the above table is 66 (2014: 86).

This note was prepared on an accrual basis and excludes acting arrangements, unless these are deemed to be significant long-term acting.

In 2014, the reporting period was from 19 September 2013 to 30 June 2014.

Due to changes in reporting requirements 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. This is particularly evident in 2014 due to the Machinery of Government changes.

1. Other includes motor vehicle allowances, other allowances and reportable fringe benefits.

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

**Note 15: 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 the partners on a 50:50 basis, 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 2014–15 is 52%.



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

**Note 16: Financial Instruments**

**Note 16A: Categories of Financial Instruments**

	2015 \$'000	2014 \$'000
<b>Financial Assets</b>		
<b>Loans and receivables</b>		
Cash and cash equivalents	6,321	5,669
Goods and services receivables	5,538	7,049
<b>Total loans and receivables</b>	<u>11,859</u>	<u>12,718</u>
<b>Total financial assets</b>	<u>11,859</u>	<u>12,718</u>
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	16,720	6,146
<b>Total financial liabilities measured at amortised cost</b>	<u>16,720</u>	<u>6,146</u>
<b>Total financial liabilities</b>	<u>16,720</u>	<u>6,146</u>

**Note 16B: Net Gains or Losses on Financial Assets**

<b>Loans and receivables</b>		
Write off - goods and services	(8)	(13)
Impairment of receivables - goods and services	(10)	(10)
<b>Net losses on loans and receivables</b>	<u>(18)</u>	<u>(23)</u>
<b>Net losses on financial assets</b>	<u>(18)</u>	<u>(23)</u>

The carrying amount of financial assets and liabilities is a reasonable approximation of fair value.

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

**Note 16C: 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 \$5,548,000 (2014: \$7,059,000). The department assessed the risk of the default on payment and allocated \$10,000 to an impairment allowance account (2014: \$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 of other security.

<b>Maximum exposure to credit risk (excluding any collateral or credit enhancements)</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>		
Cash and cash equivalents	<b>6,321</b>	5,669
Goods and services receivables	<b>5,548</b>	7,059
<b>Total</b>	<b>11,869</b>	12,728

In relation to the department's gross credit risk there is no collateral held however in 2015, 11 limited indemnities were given in respect of venue hire between the Commonwealth and third parties.

<b>Credit quality of financial instruments not past due or individually determined as impaired</b>	<b>Not past due nor impaired</b>	<b>Not past due nor impaired</b>	<b>Past due or impaired</b>	<b>Past due or impaired</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	<b>6,321</b>	5,669	-	-
Goods and services receivables	<b>5,283</b>	5,663	<b>265</b>	1,396
<b>Total</b>	<b>11,604</b>	11,332	<b>265</b>	1,396

**Ageing of financial assets that were past due but not impaired in 2015**

	<b>0 to 30 days</b>	<b>31 to 60 days</b>	<b>61 to 90 days</b>	<b>90+ days</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Goods and services receivables	<b>20</b>	<b>60</b>	<b>28</b>	<b>147</b>	<b>255</b>
<b>Total</b>	<b>20</b>	<b>60</b>	<b>28</b>	<b>147</b>	<b>255</b>

**Ageing of financial assets that were past due but not impaired for 2014**

	<b>0 to 30 days</b>	<b>31 to 60 days</b>	<b>61 to 90 days</b>	<b>90+ days</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Goods and services receivables	232	153	218	783	1,386
<b>Total</b>	232	153	218	783	1,386

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 16D: Liquidity Risk

The Department's financial liabilities were trade creditors. 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 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
<b>Total</b>	-	15,652	656	109	303	16,720

#### Maturities for non-derivative financial liabilities 2014

	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	-	4,047	1,045	584	470	6,146
<b>Total</b>	-	4,047	1,045	584	470	6,146

#### Note 16E: Market Risk

The department held basic financial instruments that did not expose the department to market risks.

#### **Note 17: Financial Assets Reconciliation**

		2015	2014
		\$'000	\$'000
<b>Financial assets</b>	<b>Notes</b>		
<b>Total financial assets as per Statement of Financial Position</b>		<b>126,546</b>	81,727
<b>Less: non-financial instrument components</b>			
Appropriations receivable	7A	109,207	65,080
GST receivable from the ATO	7A	1,386	1,325
Accrued revenue	7B	4,094	2,604
<b>Total non-financial instrument components</b>		<b>114,687</b>	69,009
<b>Total financial assets as per financial instruments note</b>	16A	<b>11,859</b>	12,718

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

**Note 18: Administered - Expenses**

<b>Note 18A: Suppliers</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Services rendered</b>		
Labour market assistance to job seekers and industry - external parties	<b>1,280,720</b>	940,845
Industrial relations - external parties	<b>17,649</b>	7,974
Assistance to people with disabilities - related parties	-	73,240
Assistance to people with disabilities - external parties	-	311,527
<b>Total suppliers</b>	<b>1,298,369</b>	<b>1,333,586</b>
<b>Note 18B: Subsidies</b>		
<b>Subsidies in connection with</b>		
Labour market assistance to job seekers and industry - external parties	<b>11,443</b>	19,916
Industrial relations - related parties	<b>159,401</b>	133,578
Assistance to people with disabilities - external parties	-	8,290
<b>Total subsidies</b>	<b>170,844</b>	<b>161,784</b>
<b>Note 18C: Personal Benefits</b>		
Labour market assistance to job seekers and industry - direct	<b>72,515</b>	56,823
Industrial relations - indirect	<b>312,444</b>	156,013
<b>Total personal benefits</b>	<b>384,959</b>	<b>212,836</b>
<b>Note 18D: Grants</b>		
<b>Public sector</b>		
Australian Government entities (related parties)	<b>84,299</b>	30,812
<b>Private sector</b>		
Non-profit organisations	<b>957</b>	1,521
Other	<b>4,517</b>	4,946
<b>Total grants</b>	<b>89,773</b>	<b>37,279</b>

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 19: 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.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity 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 19A: Fair Value Measurements

	Fair value measurements at the end of the reporting period using			For Levels 2 and 3 fair value measurements		
	2015 \$'000	2014 \$'000	Category Level 1, 2 or 3)	Valuation Techniques	Inputs used	Weighted average
<b>Financial assets</b>						
Administered investments	224,658	145,477	3	Net assets of the entity	Net Assets	
<b>Total financial assets</b>	<b>224,658</b>	<b>145,477</b>		-	-	-
<b>Total fair value measurements of assets in the Administered Schedule of Assets and Liabilities</b>	<b>224,658</b>	<b>145,477</b>		-	-	-

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 2015. 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 2015 are unchanged from the prior year.

Changing inputs to the level 3 hierarchy valuations to reasonably possible alternate assumptions would not significantly change amounts recognised in net cost of service or other comprehensive income.

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

**Note 19B: 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	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance</b>	<b>145,477</b>	116,725	<b>145,477</b>	116,725
Total gains recognised in administered equity	<b>79,181</b>	28,752	<b>79,181</b>	28,752
<b>Closing balance</b>	<b>224,658</b>	145,477	<b>224,658</b>	145,477

**Note 20: Administered - Financial Assets**

	2015	2014
	\$'000	\$'000
<b>Note 20A: Receivables</b>		
Taxation receivables - related parties	<b>14,002</b>	13,207
Goods and services receivables - related parties	<b>124</b>	-
Goods and services receivables - external parties	<b>711</b>	543
GST receivable from the ATO	<b>17,465</b>	9,731
<b>Total trade and other receivables (gross)</b>	<b>32,302</b>	23,481
<b>Less impairment allowance</b>		
Goods and services	<b>(137)</b>	(141)
<b>Total impairment allowance</b>	<b>(137)</b>	(141)
<b>Total trade and other receivables (net)</b>	<b>32,165</b>	23,340
<b>Trade and other receivables (net) expected to be recovered</b>		
No more than 12 months	<b>32,072</b>	23,340
More than 12 months	<b>93</b>	-
<b>Total trade and other receivables (net)</b>	<b>32,165</b>	23,340
<b>Receivables (gross) aged as follows</b>		
Not overdue	<b>31,682</b>	22,939
Overdue by:		
0 to 30 days	<b>14</b>	24
31 to 60 days	<b>14</b>	125
61 to 90 days	<b>53</b>	85
More than 90 days	<b>539</b>	308
<b>Total trade and other receivables (gross)</b>	<b>32,302</b>	23,481
<b>Impairment allowance aged as follows</b>		
Overdue by:		
More than 90 days	<b>(137)</b>	(141)
<b>Total impairment allowance</b>	<b>(137)</b>	(141)
Credit terms are within 30 days.		

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

**Reconciliation of the Impairment Allowance**

**Movements in relation to 2015**

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

**Movements in relation to 2014**

	Goods and services \$'000	Total \$'000
Opening balance	-	-
Increase/(decrease) recognised in net cost of services	(141)	(141)
<b>Closing balance</b>	<b>(141)</b>	<b>(141)</b>
	<b>2015</b>	2014
	<b>\$'000</b>	<b>\$'000</b>

**Note 20B: Other Investments**

**Other Investments**

Coal Mining Industry Corporation <sup>1</sup>	<u>224,658</u>	<u>145,477</u>
<b>Total other investments</b>	<u><b>224,658</b></u>	<u><b>145,477</b></u>

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). 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.

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

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

**Note 21: Administered - Payables**

	2015	2014
	\$'000	\$'000

**Note 21A: Suppliers**

Trade creditors and accruals - external parties	<u>127,076</u>	<u>21,641</u>
<b>Total suppliers</b>	<b><u>127,076</u></b>	<b><u>21,641</u></b>

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

**Note 21B: Subsidies**

**Subsidies in connection with**

Related parties	14,001	13,207
External parties	<u>10,972</u>	<u>1,603</u>
<b>Total subsidies</b>	<b><u>24,973</u></b>	<b><u>14,810</u></b>

All subsidies are expected to be settled in no more than 12 months.

**Note 21C: Personal Benefits**

Labour market assistance to job seekers and industry - direct	2,142	2,166
Industrial relations - external parties	<u>4,550</u>	<u>7,275</u>
<b>Total personal benefits</b>	<b><u>6,692</u></b>	<b><u>9,441</u></b>

All personal benefits are expected to be settled in no more than 12 months.

**Note 21D: Grants**

**Private sector**

Non-profit organisations	<u>-</u>	<u>459</u>
<b>Total grants</b>	<b><u>-</u></b>	<b><u>459</u></b>

All grants are expected to be settled in no more than 12 months.

Settlement is made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility.



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

	2015	2014
	\$'000	\$'000
<b>Note 21E: Other Payables</b>		
Comcare payable <sup>1</sup>	2,787,681	2,769,241
GST payable	6,765	14,762
<b>Total other payables</b>	<b>2,794,446</b>	<b>2,784,003</b>
<b>Other payables expected to be settled</b>		
No more than 12 months	6,765	14,762
More than 12 months	2,787,681	2,769,241
<b>Total other payables</b>	<b>2,794,446</b>	<b>2,784,003</b>

1. The amount payable to Comcare represents amounts payable by the Commonwealth for:

- workers compensation claims resulting from injuries that occurred prior to 1 July 1989, referred to as 'pre-premium' claims;
- workers compensation claims resulting from injuries that have occurred since 1 July 1989, referred to as 'premium' claims; and
- the management of asbestos related personal injury common law disease claims against the Commonwealth.

Full details of the amounts payable may be found in the Comcare annual report.

**Note 22: Administered - Cash Flow Reconciliation**

	2015	2014
	\$'000	\$'000
<b>Reconciliation of net cost of services to net cash from / (used by) operating activities</b>		
Net cost of services	(1,763,321)	(1,592,635)
<b>Adjustments for non-cash items</b>		
Net write down of non-financial assets	155	203
Reversals of previous asset write-downs and impairments	-	(155)
<b>Movements in assets / liabilities</b>		
<b>Assets</b>		
(Increase) / decrease in net receivables	(8,987)	(6,225)
(Increase) / decrease in other non-financial assets	(46)	(2,639)
<b>Liabilities</b>		
Increase / (decrease) in supplier payables	105,432	(2,201)
Increase in subsidies payable	10,163	6,785
Increase / (decrease) in personal benefits payable	(2,749)	7,164
Increase / (decrease) in other payables	23,141	(18,922)
Increase / (decrease) in grants payable	(459)	459
<b>Net cash used by operating activities</b>	<b>(1,636,671)</b>	<b>(1,608,166)</b>

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

**Note 23: Administered - Contingent Assets and Liabilities**

	Claims for damages or costs		Total	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<b>Contingent assets</b>				
Balance from previous period	22,724	20,172	22,724	20,172
New contingent assets recognised	-	2,615	-	2,615
Re-measurement	25,471	19,049	25,471	19,049
Assets realised	(23,292)	(19,112)	(23,292)	(19,112)
<b>Total contingent assets</b>	<b>24,903</b>	<b>22,724</b>	<b>24,903</b>	<b>22,724</b>
<b>Contingent liabilities</b>				
Balance from previous period	114,469	90,126	114,469	90,126
Re-measurement	(70,036)	24,343	(70,036)	24,343
<b>Total contingent liabilities</b>	<b>44,433</b>	<b>114,469</b>	<b>44,433</b>	<b>114,469</b>
<b>Net contingent assets / (liabilities)</b>	<b>(19,530)</b>	<b>(91,745)</b>	<b>(19,530)</b>	<b>(91,745)</b>

*Quantifiable Contingencies*

The above table reports contingent assets and liabilities in respect of estimated payments and recoveries in relation to dividends for General Employee Entitlements and Redundancy Scheme (GEERS), the Fair Entitlements Guarantee (FEG), and proceedings in the Dust Disease Tribunal as a result of the department's administration in prior years. The estimated contingent liability is \$44.433 million. The estimated contingent asset is \$24.903 million.

*Unquantifiable Contingencies*

As at 30 June 2015, 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.

*Significant Remote Contingencies*

The value of contingent assets and liabilities where the likelihood of receipt or payment is remote is nil.

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

**Note 24: Administered - Financial Instruments**

	2015	2014
	\$'000	\$'000
<b>Note 24A: Categories of Financial Instruments</b>		
<b>Financial Assets</b>		
<b>Available-for-sale financial assets</b>		
Investments	224,658	145,477
<b>Total available-for-sale financial assets</b>	<b>224,658</b>	<b>145,477</b>
<b>Loans and receivables</b>		
Cash and cash equivalents	104	-
Goods and services receivables	698	402
<b>Total loans and receivables</b>	<b>802</b>	<b>402</b>
<b>Total financial assets</b>	<b>225,460</b>	<b>145,879</b>
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	127,076	21,641
Grants payables	-	459
<b>Total financial liabilities measured at amortised cost</b>	<b>127,076</b>	<b>22,100</b>
<b>Total financial liabilities</b>	<b>127,076</b>	<b>22,100</b>
<b>Note 24B: Net Gains or Losses on Financial Assets</b>		
<b>Available-for-sale financial assets</b>		
Gains recognised in equity	79,181	28,752
<b>Net gains from available-for-sale financial assets</b>	<b>79,181</b>	<b>28,752</b>
<b>Loans and receivables</b>		
Interest revenue	20	6
Reversal of impairment - goods and services	-	155
Write-down and impairment	(155)	(203)
<b>Net losses from loans and receivables</b>	<b>(135)</b>	<b>(42)</b>
<b>Net gains on financial assets</b>	<b>79,046</b>	<b>28,710</b>

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

**Note 24C: Fair value of Financial Instruments**

	Carrying amount	Fair value	Carrying amount	Fair value
	2015	2015	2014	2014
	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>				
<b>Available-for-sale financial assets</b>				
Investments	224,658	224,658	145,477	145,477
<b>Loans and receivables</b>				
Cash at bank and on hand	104	104	-	-
Receivables for goods and services	698	711	402	543
<b>Total financial assets</b>	<b>225,460</b>	<b>225,473</b>	<b>145,879</b>	<b>146,020</b>
<b>Financial Liabilities</b>				
<b>Financial liabilities measured at amortised cost</b>				
Trade creditors	127,076	127,076	21,641	21,641
Grants payable	-	-	459	459
<b>Total financial liabilities</b>	<b>127,076</b>	<b>127,076</b>	<b>22,100</b>	<b>22,100</b>

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

**Note 24D: 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 \$0.137 million in 2015 (2014: \$0.141m) 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
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<b>Loans and receivables</b>				
Cash at bank and on hand	104	-	-	-
Goods and services receivables	91	1	620	542
<b>Total</b>	<b>195</b>	<b>1</b>	<b>620</b>	<b>542</b>

**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 receivables	14	14	53	402	483
<b>Total</b>	<b>14</b>	<b>14</b>	<b>53</b>	<b>402</b>	<b>483</b>

**Ageing of financial assets that were past due but not impaired for 2014**

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Goods and services receivables	24	125	85	167	401
<b>Total</b>	<b>24</b>	<b>125</b>	<b>85</b>	<b>167</b>	<b>401</b>

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

**Note 24E: 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 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
<b>Financial Liabilities</b>						
Trade creditors	-	127,076	-	-	-	127,076
<b>Total</b>	-	127,076	-	-	-	127,076

**Maturities for non-derivative financial liabilities 2014**

	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
<b>Financial Liabilities</b>						
At amortised cost:						
Trade creditors	-	21,641	-	-	-	21,641
Grants payable	-	459	-	-	-	459
<b>Total</b>	-	22,100	-	-	-	22,100

The department has no derivative financial liabilities in the current year and prior year.

**Note 24F: 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'.

**Note 25: Administered – Financial Assets Reconciliation**

		2015 \$'000	2014 \$'000
<b>Financial assets</b>	<b>Notes</b>		
<b>Total financial assets as per Administered Schedule of Assets and Liabilities</b>		<b>256,927</b>	168,817
<b>Less: non-financial instrument components</b>			
GST receivable from Australian Taxation Office	20A	17,465	9,731
Taxation receivables	20A	14,002	13,207
<b>Total non-financial instrument components</b>		<b>31,467</b>	22,938
<b>Total financial assets as per financial instruments note</b>	24A	<b>225,460</b>	145,879

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

**Note 26: Appropriations**

**Note 26A: Annual Appropriations (Recoverable GST exclusive)**

	2015 Appropriations						Appropriation applied in 2015 (current and prior years) \$'000	Variance <sup>1</sup> \$'000	Section 51 determinations \$'000
	Appropriation Act		PGPA Act			Total appropriation \$'000			
	Annual Appropriation \$'000	AFM \$'000	Section 74 \$'000	Section 75 \$'000	Section 76 \$'000				
<b>DEPARTMENTAL</b>									
Ordinary annual services	327,013	-	26,198	-	-	353,211	45,215	-	
Other services									
Equity	23,987	-	-	-	-	23,987	(2,127)	-	
<b>Total departmental</b>	<b>351,000</b>	<b>-</b>	<b>26,198</b>	<b>-</b>	<b>-</b>	<b>377,198</b>	<b>43,088</b>	<b>-</b>	
<b>ADMINISTERED</b>									
Ordinary annual services									
Administered items	1,552,552	-	-	-	-	1,552,552	262,290	-	
Payments to corporate Commonwealth entities	7,563	-	-	-	-	7,563	-	-	
<b>Total administered</b>	<b>1,560,115</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,560,115</b>	<b>262,290</b>	<b>-</b>	

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.

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

Note 26A: Annual Appropriations ('Recoverable GST exclusive') (continued)

	2014 Appropriations							Appropriation applied in 2014 (current and prior years) \$'000	Variance \$'000
	Appropriation Act		FMA Act				Total appropriation \$'000		
	Annual Appropriation \$'000	Appropriations reduced <sup>1</sup> \$'000	AFM <sup>2</sup> \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000			
<b>DEPARTMENTAL</b>									
Ordinary annual services	195	-	-	-	16,672	309,265	326,132	274,060	52,072
Other services	2,127	-	-	-	-	-	2,127	-	2,127
Equity									
<b>Total departmental</b>	<b>2,322</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,672</b>	<b>309,265</b>	<b>328,259</b>	<b>274,060</b>	<b>54,199</b>
<b>ADMINISTERED</b>									
Ordinary annual services									
Administered items	14,321	(127,366)	-	1,440	-	1,576,708	1,465,103	1,439,078	26,025
Payments to CAC Act bodies	1,433	-	-	-	-	-	1,433	1,433	-
Other services									
Administered assets and liabilities	2,967	(2,887)	-	-	-	-	80	80	-
<b>Total administered</b>	<b>18,721</b>	<b>(130,253)</b>	<b>-</b>	<b>1,440</b>	<b>-</b>	<b>1,576,708</b>	<b>1,466,616</b>	<b>1,440,591</b>	<b>26,025</b>

1. Appropriations reduced under Appropriation Acts (No. 1, 3 & 5) 2013-14: sections 10.11 and 12 and under Appropriation Acts (No. 2, 4 & 6) 2013-14: sections 12, 13 and 14. Departmental appropriations do not lapse at the end of the financial year. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.

As with departmental appropriations, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of the Appropriations Acts (Nos 1, 3 & 5) 2013-14 and section 12 of Appropriation Acts (No. 2, 4 & 6) 2013-14, the appropriation is taken to be reduced to the required amount specified in Table F of this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination which is disallowable by Parliament.

2. Advance to the Finance Minister (AFM) – Appropriation Acts (No. 1, 3 & 5) 2013-14: section 13 and Appropriation Acts (No. 2, 4 & 6) 2013-14: section 15.

3. Administered and departmental variances are due to the 18 September 2013 restructure and resultant section 32 transfers relating to opening and closing liabilities.



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

**Note 26B: Departmental and Administered Capital Budgets (Recoverable GST exclusive)**

	2015 Capital Budget Appropriations		Total Capital Budget Appropriations \$'000	Capital Budget Appropriations applied in 2015 (current and prior years)			Variance <sup>3</sup> \$'000
	Appropriation Act	PGPA Act		Payments for non-financial assets <sup>2</sup> \$'000	Payments for other purposes \$'000	Total payments \$'000	
	Annual Capital Budget \$'000	Section 75 \$'000					
<b>DEPARTMENTAL</b> Ordinary annual services Departmental Capital Budget <sup>1</sup>	31,024	-	31,024	47,619	-	47,619	(16,595)

	2014 Capital Budget Appropriations		Total Capital Budget Appropriations \$'000	Capital Budget Appropriations applied in 2014			Variance <sup>3</sup> \$'000
	Appropriation Act	FMA Act		Payments for non-financial assets <sup>2</sup> \$'000	Payments for other purposes \$'000	Total payments \$'000	
	Annual Capital Budget \$'000	Section 32 \$'000					
<b>DEPARTMENTAL</b> Ordinary annual services Departmental Capital Budget <sup>1</sup>	-	21,265	21,265	-	-	-	21,265

Notes:

1. 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.
2. Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.
3. The variances in 2014 and 2015 are a timing difference between the purchase of the assets and drawdown of the capital budget.

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

**Note 26C: Unspent Annual Appropriations ('Recoverable GST exclusive')**

	2015	2014
	\$'000	\$'000
<b>Departmental</b>		
Appropriation Act (No. 1) 2013-14	18,428	41,493
Appropriation Act (No. 1) Capital Budget 2013-14	-	21,265
Appropriation Act (No. 3) 2013-14	195	195
Appropriation Act (No. 4) 2013-14	-	2,127
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. 4) 2014-15	-	-
Cash at bank	6,321	5,669
<b>Total</b>	<b>115,528</b>	<b>70,749</b>
<b>Administered</b>		
Appropriation Act (No.1) 2013-14	25,880	141,654
Appropriation Act (No. 3) 2013-14	-	11,592
Appropriation Act (No. 4) 2013-14	-	2,887
Appropriation Act (No. 1) 2014-15	191,498	-
Appropriation Act (No. 3) 2014-15	70,792	-
<b>Total</b>	<b>288,170</b>	<b>156,133</b>

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

**Note 26D: Special Appropriations ('Recoverable GST exclusive')**

Authority	Type	Purpose	Appropriation applied	
			2015 \$'000	2014 \$'000
<i>Fair Entitlements Guarantee Act 2012 - Section 50</i> (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.	307,890	144,647
<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.	158,607	127,622
<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.	39,503	31,766
<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.	26,356	17,968
<b>Total special appropriations applied</b>			<b>532,356</b>	<b>322,003</b>

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

**Note 27: Reporting of Outcomes**

The department has two outcomes and details of each outcome are provided in the front of the 2014–15 Annual Report. The department uses a cost allocation model to determine the attribution of its shared items.

**Note 27A: Net Cost of Outcome Delivery**

	Outcome 1		Outcome 2		Payments to corporate Commonwealth entities*		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Departmental</b>								
Expenses	252,959	231,015	83,100	98,111	-	-	336,059	329,126
Own-source income	23,490	10,872	4,431	4,618	-	-	27,921	15,490
<b>Administered</b>								
Expenses	1,367,249	1,414,696	576,851	330,992	7,563	1,433	1,951,663	1,747,121
Income	276	2,577	188,066	151,909	-	-	188,342	154,486
<b>Net cost of outcome delivery</b>	<b>1,596,442</b>	<b>1,632,262</b>	<b>467,454</b>	<b>272,576</b>	<b>7,563</b>	<b>1,433</b>	<b>2,071,459</b>	<b>1,906,271</b>

Outcomes are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to Appendix 2 of this annual report for Agency resource statements and resources.

\* Payments to corporate Commonwealth entities are not related to outcomes. They are included here so the total agrees to the resourcing table.

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

Note 27B: Major Classes of Departmental Expense, Income, Assets and Liabilities by Outcome

	Outcome 1		Outcome 2		Not attributed <sup>#</sup>		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Expenses</b>								
Employee benefits	147,938	121,208	33,773	50,340	-	-	181,711	171,548
Suppliers	81,381	64,744	42,107	26,890	-	-	123,488	91,634
Grants	589	461	850	1,464	-	-	1,439	1,925
Depreciation and amortisation	21,891	30,007	5,984	13,355	-	-	27,875	43,362
Other	1,160	14,595	386	6,062	-	-	1,546	20,657
<b>Total expenses</b>	<b>252,959</b>	<b>231,015</b>	<b>83,100</b>	<b>98,111</b>	-	-	<b>336,059</b>	<b>329,126</b>
<b>Income</b>								
Sales of goods and rendering of services	22,582	9,985	3,978	4,248	-	-	26,560	14,233
Income from government	203,254	199,432	92,735	88,763	-	-	295,989	288,195
Other	908	887	453	370	-	-	1,361	1,257
<b>Total income</b>	<b>226,744</b>	<b>210,304</b>	<b>97,166</b>	<b>93,381</b>	-	-	<b>323,910</b>	<b>303,685</b>
<b>Assets</b>								
Cash and cash equivalents	-	-	-	-	6,321	5,669	6,321	5,669
Trade and other receivables	5,206	4,851	1,718	2,159	109,207	66,444	116,131	73,454
Other financial assets	2,808	1,918	1,286	686	-	-	4,094	2,604
Leaseholds	15,977	14,545	4,283	6,472	-	-	20,260	21,017
Infrastructure, plant and equipment	9,928	9,067	3,311	4,035	-	-	13,239	13,102
Intangibles	55,897	34,009	9,864	6,002	-	-	65,761	40,011
Other non-financial assets	9,031	13,524	2,980	2,526	-	-	12,011	16,050
<b>Total assets</b>	<b>98,847</b>	<b>77,914</b>	<b>23,442</b>	<b>21,880</b>	<b>115,528</b>	<b>72,113</b>	<b>237,817</b>	<b>171,907</b>
<b>Liabilities</b>								
Suppliers	13,130	4,253	3,590	1,893	-	-	16,720	6,146
Other payables	27,436	21,071	7,500	9,376	-	-	34,936	30,447
Employee provisions	49,157	41,219	13,439	18,341	-	-	62,596	59,560
Other provisions	4,919	910	1,345	405	-	-	6,264	1,315
<b>Total liabilities</b>	<b>94,642</b>	<b>67,453</b>	<b>25,874</b>	<b>30,015</b>	-	-	<b>120,516</b>	<b>97,468</b>

Outcomes are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to Appendix 2 of this annual report for Agency resource statements and resources. <sup>#</sup> Assets and liabilities that could not be reliably attributed to outcomes.

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

**Note 27C: Major Classes of Administered Expenses, Income, Assets, and Liabilities by Outcome**

	Outcome 1		Outcome 2		Payments to corporate Commonwealth entities		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Expenses</b>								
Suppliers	1,280,720	1,325,612	17,648	7,974	-	-	1,298,369	1,333,586
Subsidies	11,443	28,206	159,401	133,578	-	-	170,844	161,784
Personal benefits	72,530	56,812	312,429	156,024	-	-	384,959	212,836
Grants	2,411	3,873	87,362	33,406	-	-	89,773	37,279
Other	145	193	10	10	7,563	1,433	7,718	1,636
<b>Total expenses</b>	<b>1,367,249</b>	<b>1,414,696</b>	<b>576,851</b>	<b>330,992</b>	<b>7,563</b>	<b>1,433</b>	<b>1,951,663</b>	<b>1,747,121</b>
<b>Income</b>								
Taxation	-	-	159,401	133,578	-	-	159,401	133,578
Non-taxation revenue	276	2,422	28,665	18,331	-	-	28,941	20,753
Gains	-	155	-	-	-	-	-	155
<b>Total income</b>	<b>276</b>	<b>2,577</b>	<b>188,066</b>	<b>151,909</b>	<b>-</b>	<b>-</b>	<b>188,342</b>	<b>154,486</b>
<b>Assets</b>								
Cash and cash equivalents	86	-	18	-	-	-	104	-
Receivables	17,754	10,186	14,411	13,154	-	-	32,165	23,340
Investments	-	-	224,658	145,477	-	-	224,658	145,477
Other non-financial assets	34	-	4,980	4,968	-	-	5,014	4,968
<b>Total assets</b>	<b>17,874</b>	<b>10,186</b>	<b>244,067</b>	<b>163,599</b>	<b>-</b>	<b>-</b>	<b>261,941</b>	<b>173,785</b>
<b>Liabilities</b>								
Suppliers	126,153	21,539	923	102	-	-	127,076	21,641
Subsidies	10,971	1,604	14,002	13,206	-	-	24,973	14,810
Personal benefits	2,221	2,240	4,471	7,201	-	-	6,692	9,441
Grants	-	459	-	-	-	-	-	459
Other payables	7,541	14,752	2,786,905	2,769,251	-	-	2,794,446	2,784,003
<b>Total liabilities</b>	<b>146,886</b>	<b>40,594</b>	<b>2,806,301</b>	<b>2,789,760</b>	<b>-</b>	<b>-</b>	<b>2,953,187</b>	<b>2,830,354</b>

Outcomes are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to Appendix 2 of this annual report for Agency resource statements and resources.

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 28: Budgetary Reports and Explanations of Major Variances

The following tables provide a comparison between the 2014–15 Portfolio Budget Statements (PBS) budget and the final financial outcome in the 2014–15 financial statements. The Budget and Revised Budget is not audited and does not reflect budget estimates provided as part of the 2015–16 Portfolio Budget Statements (PBS). However, major changes in budget have been explained as part of the variance analysis where relevant.

#### Note 28A: Departmental Budgetary Reports

##### Statement of Comprehensive income

for the period ended 30 June 2015

	Actual	Budget estimate		Revised
	2015	Original <sup>1</sup>	Variance <sup>2</sup>	budget <sup>3</sup>
	\$'000	\$'000	2015	2015
			\$'000	\$'000
<b>NET COST OF SERVICES</b>				
<b>EXPENSES</b>				
Employee benefits	181,711	192,604	(10,893)	211,414
Suppliers	123,488	80,601	42,887	104,957
Grants	1,439	200	1,239	200
Depreciation and amortisation	27,875	37,102	(9,227)	30,349
Finance costs	474	-	474	-
Write-down and impairment of assets	848	-	848	-
Losses from asset sales	224	-	224	-
<b>Total expenses</b>	<b>336,059</b>	<b>310,507</b>	<b>25,552</b>	<b>346,920</b>
<b>OWN-SOURCE INCOME</b>				
<b>Own-source revenue</b>				
Sale of goods and rendering of services	26,100	17,454	8,646	20,182
Other Revenue	460	400	60	400
<b>Total own-source revenue</b>	<b>26,560</b>	<b>17,854</b>	<b>8,706</b>	<b>20,582</b>
<b>Gains</b>				
Other gains	1,361	620	741	-
<b>Total gains</b>	<b>1,361</b>	<b>620</b>	<b>741</b>	<b>-</b>
<b>Total own-source income</b>	<b>27,921</b>	<b>18,474</b>	<b>9,447</b>	<b>20,582</b>
<b>Net cost of services</b>	<b>308,138</b>	<b>292,033</b>	<b>16,105</b>	<b>326,338</b>
Revenue from Government	295,989	254,931	41,058	295,989
<b>Deficit attributable to the Australian Government</b>	<b>(12,149)</b>	<b>(37,102)</b>	<b>24,953</b>	<b>(30,349)</b>
<b>Total comprehensive loss</b>	<b>(12,149)</b>	<b>(37,102)</b>	<b>24,953</b>	<b>(30,349)</b>

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2014–15.

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

3. Employment's revised budgeted financial statement that was presented to parliament in respect of the reporting period was the Portfolio Additional Estimates Statements 2014–15. Employee and Supplier budgets have been amended from the revised budget to align budget with actuals. The total expense budget did not change.

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

### Statement of Financial Position

as at 30 June 2015

	Actual	Budget estimate		Revised
		Original <sup>1</sup>	Variance <sup>2</sup>	budget <sup>3</sup>
	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	6,321	2,768	3,553	2,768
Trade and other receivables	116,131	71,137	44,994	67,921
Other financial assets	4,094	4,111	(17)	4,111
<b>Total financial assets</b>	<b>126,546</b>	<b>78,016</b>	<b>48,530</b>	<b>74,800</b>
<b>Non-financial Assets</b>				
Leasehold improvements	20,260	38,263	(18,003)	21,344
Infrastructure, plant and equipment	13,239	20,318	(7,079)	13,770
Intangibles	65,761	75,371	(9,610)	63,678
Other non-financial assets	12,011	15,941	(3,930)	10,252
<b>Total non-financial assets</b>	<b>111,271</b>	<b>149,893</b>	<b>(38,622)</b>	<b>109,044</b>
<b>Total assets</b>	<b>237,817</b>	<b>227,909</b>	<b>9,908</b>	<b>183,844</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	16,720	8,019	8,701	6,146
Other payables	34,936	26,902	8,034	11,690
<b>Total payables</b>	<b>51,656</b>	<b>34,921</b>	<b>16,735</b>	<b>17,836</b>
<b>Provisions</b>				
Employee provisions	62,596	60,380	2,216	65,592
Other provisions	6,264	1,235	5,029	1,315
<b>Total provisions</b>	<b>68,860</b>	<b>61,615</b>	<b>7,245</b>	<b>66,907</b>
<b>Total liabilities</b>	<b>120,516</b>	<b>96,536</b>	<b>23,980</b>	<b>84,743</b>
<b>Net assets</b>	<b>117,301</b>	<b>131,373</b>	<b>(14,072)</b>	<b>99,101</b>
<b>EQUITY</b>				
Contributed equity	151,515	197,066	(45,551)	151,515
Reserves	3,376	-	3,376	3,376
Accumulated deficit	(37,590)	(65,693)	28,103	(55,790)
<b>Total equity</b>	<b>117,301</b>	<b>131,373</b>	<b>(14,072)</b>	<b>99,101</b>

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2014–15. Contributed equity and Reserves budgets have been amended from the original budget to align budget with actuals. The total equity budget did not change.

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

3. Employment's revised budgeted financial statement that was presented to parliament in respect of the reporting period was the Portfolio Additional Estimates Statements 2014–15. Trade and other receivables and Other financial assets budgets have been amended from the revised budget to align budget with actuals. The total assets budget did not change.



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

Statement of Changes in Equity  
for the period ended 30 June 2015

	Retained earnings			Asset revaluation surplus			Contributed equity			Total			
	Budget estimate			Budget estimate			Budget estimate			Budget estimate			
	Actual	Original <sup>1</sup>	Revised	Actual	Original <sup>1</sup>	Revised	Actual	Original <sup>1</sup>	Revised	Actual	Original <sup>1</sup>	Revised	
	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Opening balance	(25,441)	(28,591)	3,150	3,376	-	3,376	96,504	163,965	(67,461)	74,439	135,374	(60,935)	74,439
Balance carried forward from previous period	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment for errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment for changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Adjusted opening balance</b>	<b>(25,441)</b>	<b>(28,591)</b>	<b>3,150</b>	<b>3,376</b>	<b>-</b>	<b>3,376</b>	<b>96,504</b>	<b>163,965</b>	<b>(67,461)</b>	<b>74,439</b>	<b>135,374</b>	<b>(60,935)</b>	<b>74,439</b>
<b>Comprehensive income</b>													
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment to provision for restoration	-	-	-	-	-	-	-	-	-	-	-	-	-
Deficit for the period	(12,149)	(37,102)	24,953	-	-	-	-	-	-	(12,149)	(37,102)	24,953	(30,349)
<b>Total comprehensive income</b>	<b>(12,149)</b>	<b>(37,102)</b>	<b>24,953</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,149)</b>	<b>(37,102)</b>	<b>24,953</b>	<b>(30,349)</b>
<b>Contributions by owners</b>													
Equity injection -	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation	-	-	-	-	-	-	23,987	5,926	18,061	23,987	5,926	18,061	23,987
Departmental capital budget	-	-	-	-	-	-	31,024	27,174	3,850	31,024	27,174	3,850	31,024
Return of Unspent Appropriation	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring (Note 10)	-	-	-	-	-	-	-	1	(1)	-	1	(1)	-
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,011</b>	<b>33,101</b>	<b>21,910</b>	<b>55,011</b>	<b>33,101</b>	<b>21,910</b>	<b>55,011</b>
<b>Closing balance attributable to Australian Government</b>	<b>(37,590)</b>	<b>(65,693)</b>	<b>28,103</b>	<b>3,376</b>	<b>-</b>	<b>3,376</b>	<b>151,515</b>	<b>197,066</b>	<b>(45,551)</b>	<b>117,301</b>	<b>131,373</b>	<b>(14,072)</b>	<b>99,101</b>

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2014-15. Contributed equity and Reserves budgets have been amended from the original budget to align budget with actuals. The total equity budget did not change.
2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.
3. Employment's revised budgeted financial statement that was presented to parliament in respect of the reporting period was the Portfolio Additional Estimates Statements 2014-15.

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

### Cash Flow Statement

for the period ended 30 June 2015

	Actual	Budget estimate		Revised
		Original <sup>1</sup>	Variance <sup>2</sup>	budget <sup>3</sup>
	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Appropriations	281,233	254,861	26,372	292,803
Sale of goods and rendering of services	28,130	17,454	10,676	22,996
Net GST received	13,559	-	13,559	9,236
<b>Total cash received</b>	<b>322,922</b>	<b>272,315</b>	<b>50,607</b>	<b>325,035</b>
<b>Cash used</b>				
Employees	182,157	192,534	(10,377)	216,986
Suppliers	110,617	79,781	30,836	110,950
Grants	1,439	-	1,439	-
Section 74 receipts transferred to the OPA	26,198	-	26,198	-
<b>Total cash used</b>	<b>320,411</b>	<b>272,315</b>	<b>48,096</b>	<b>327,936</b>
<b>Net cash from operating activities</b>	<b>2,511</b>	<b>-</b>	<b>2,511</b>	<b>(2,901)</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash received</b>				
Proceeds from sales of leasehold improvements	54	-	54	-
<b>Total cash received</b>	<b>54</b>	<b>-</b>	<b>54</b>	<b>-</b>
<b>Cash used</b>				
Purchase of infrastructure, plant and equipment	4,591	6,000	(1,409)	5,410
Purchase / development of intangibles	41,634	25,600	16,034	41,799
Purchase of leasehold improvements	7,526	1,500	6,026	7,802
<b>Total cash used</b>	<b>53,751</b>	<b>33,100</b>	<b>20,651</b>	<b>55,011</b>
<b>Net cash used by investing activities</b>	<b>(53,697)</b>	<b>(33,100)</b>	<b>(20,597)</b>	<b>(55,011)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Cash received</b>				
Contributed equity - capital budget	51,838	33,100	18,738	55,011
<b>Total cash received</b>	<b>51,838</b>	<b>33,100</b>	<b>18,738</b>	<b>55,011</b>
<b>Net cash from financing activities</b>	<b>51,838</b>	<b>33,100</b>	<b>18,738</b>	<b>55,011</b>
<b>Net increase in cash held</b>	<b>652</b>	<b>-</b>	<b>652</b>	<b>(2,901)</b>
Cash and cash equivalents at the beginning of the reporting period	5,669	2,768	2,901	5,669
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>6,321</b>	<b>2,768</b>	<b>3,553</b>	<b>2,768</b>

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2014–15. Purchase of infrastructure, plant and equipment, Purchase of/development of Intangibles and Purchase of leasehold improvements budgets have been amended from the original budget to align budget with actuals. The total Investing Cash used budget did not change.

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

3. Employment's revised budgeted financial statement that was presented to parliament in respect of the reporting period was the Portfolio Additional Estimates Statements 2014–15. Employee and Supplier budgets have been amended from the revised budget to align budget with actuals. The total Operating Cash used budget did not change.

## Department of Employment

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than 10%
- 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.

#### Note 28B: Departmental Major Budget Variances for 2015

Explanations of major variances	Affected line items (and schedule)
The Machinery of Government changes of 18 September 2013 were not finalised until June 2014. The 2014–15 Portfolio Budget Statements reported the best estimate based on information available. This contributed to variances for Expenses, Assets, Liabilities and Equity to varying degrees.	Employee Benefits, Suppliers (Statement of Comprehensive Income) Trade and other receivables Non-Financial Assets, Contributed Equity, Reserves and Accumulated Deficit (Statement of Financial Position)
Lower than planned staffing numbers and higher capitalisation of employee costs associated with the development of software to support the implementation of jobactive reduced Employee Benefits by \$10.9m against the original budget.	Employee Benefits (Statement of Comprehensive Income), Employees (Cash Flow Statement)
Suppliers were \$42.9m higher against budget primarily due to the use of contractors to support the implementation of jobactive, additional legal costs, recognition of surplus lease, additional staff training. An additional, \$24.2m in suppliers budget was provided in the revised budget from the finalisation of the Machinery of Government changes and jobactive bringing the spend above budget down to \$18.7m.	Suppliers (Statement of Comprehensive Income) Suppliers (Cash Flow Statement)
During the year, the department provided funding for several non-reciprocal research projects that directly support the strategic priorities of the portfolio, which increased Grants by \$1.2m against the original budget.	Grants (Statement of Comprehensive Income) Grants (Cash Flow Statement)
Write-down and impairment of assets primarily relates to the fit out of properties that had surplus lease provisioned in 2014–15, for which the department does not budget.	Write-down and impairment of assets (Statement of Comprehensive Income)
The department received funding that was not in the original budget from other departments to assist with the coordination of the G20 Labour and Employment Ministerial meeting in Melbourne and higher than planned funding from other departments for tender and IT services and revenue from the Shared Services Centre for property sub-leases and fees for service.	Own-source revenue (Statement of Comprehensive Income) Sale of goods and rendering of services (Cash Flow Statement)
The first time recognition of assets, the disposal of make-good from a terminated lease increased Other Gains. These are all one off revenues and not budgeted for.	Other gains (Statement of Comprehensive Income)
Operating and capital surpluses, higher than planned payables and the finalisation of the Machinery of Government changes increased the Appropriation Receivable by \$44.2m against the original budget.	Trade and other receivables (Statement of Financial Position)
When the original budget was set, asset balances were not settled due to the Machinery of Government changes. This was addressed in the revised budget.	Leasehold Improvements, Infrastructure, Plant and Equipment and Intangibles (Statement of Financial Position)
Software licences required to maintain replaced systems reduced, as such decreasing prepayments against the original budget.	Other non-financial assets (Statement of Financial Position)
Higher than planned creditor payables increased Supplier Payables against the budget due to higher than planned supplier expenses.	Supplier payables (Statement of Financial Position)
Higher than planned accrued expenses and revenue received in advance and a lease incentive associated with the department's national office increased Other Payables against the original budget. The lease incentive is amortised over the life of the lease.	Other payables (Statement of Financial Position)
The department has recognised a provision for surplus lease on nine properties. Three of these properties have lease end dates in 2015–16. Five properties have a lease end date within two years. One property has a lease end date greater than two years.	Other provisions (Statement of Financial Position)
As the Machinery of Government changes were not finalised this significantly impacted the variance against the original budget. The Department also received an additional \$21.9m in Capital and Equity injections associated with new measures.	Contributed Equity (Statement of Financial Position) Equity injection – appropriation, Departmental capital budget (Statement of Changes in Equity)
The assets of the department were revalued as at 30 June 2014. This reserve value was not known at the time of preparing the original budget.	Reserves (Statement of Financial Position) Asset Revaluation Surplus (Statement of Changes in Equity)
A capital and operating surplus in 2014–15 reduced the Accumulated Deficit by \$28.9m against the original budget. The variance against the revised budget is \$18.2m.	Accumulated deficit (Statement of Financial Position) Retained Earnings (Statement of Changes in Equity)
GST received from the ATO was \$4.3m higher than the revised budget 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)
A later than planned transfer to a new data centre reduced Purchase of Infrastructure Plant and Equipment by \$0.8m against the revised budget.	Purchase of Infrastructure Plant and Equipment (Cash Flow Statement)

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

**Note 28C: Administered Budgetary Reports**

**Administered Statement of Comprehensive income**

for the period ended 30 June 2015

	Actual	Budget estimate		Revised budget <sup>3</sup>
		Original <sup>1</sup>	Variance <sup>2</sup>	
	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000
<b>NET COST OF SERVICES</b>				
<b>EXPENSES</b>				
Suppliers	1,298,369	1,344,198	(45,829)	1,414,647
Subsidies	170,844	225,882	(55,038)	226,091
Personal benefits	384,959	284,958	100,001	288,346
Grants	89,773	72,208	17,565	66,451
Write-down and impairment of assets	155	-	155	-
Payments to corporate Commonwealth entities	7,563	7,563	-	7,563
<b>Total expenses</b>	<b>1,951,663</b>	<b>1,934,809</b>	<b>16,854</b>	<b>2,003,098</b>
<b>INCOME</b>				
<b>Revenue</b>				
<b>Taxation revenue</b>				
Other taxes	159,401	174,618	(15,217)	174,618
<b>Total taxation revenue</b>	<b>159,401</b>	<b>174,618</b>	<b>(15,217)</b>	<b>174,618</b>
<b>Non-taxation revenue</b>				
Interest	20	-	20	-
Commonwealth asset recoveries	23,278	14,732	8,546	14,732
Other revenue	5,643	3,993	1,650	3,993
<b>Total non-taxation revenue</b>	<b>28,941</b>	<b>18,725</b>	<b>10,216</b>	<b>18,725</b>
<b>Total revenue</b>	<b>188,342</b>	<b>193,343</b>	<b>(5,001)</b>	<b>193,343</b>
<b>Total income</b>	<b>188,342</b>	<b>193,343</b>	<b>(5,001)</b>	<b>193,343</b>
<b>Net cost of services</b>	<b>(1,763,321)</b>	<b>(1,741,466)</b>	<b>(21,855)</b>	<b>(1,809,755)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation surplus	79,181	-	79,181	-
<b>Total other comprehensive income</b>	<b>79,181</b>	<b>-</b>	<b>79,181</b>	<b>-</b>
<b>Total comprehensive loss</b>	<b>(1,684,140)</b>	<b>(1,741,466)</b>	<b>57,326</b>	<b>(1,809,755)</b>

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2014–15. Suppliers, Subsidies, Personal Benefits, and Grants have been amended from the original budget to align budget with actuals. The total expense budget did not change.

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

3. Employment's revised budgeted financial statement that was presented to parliament in respect of the reporting period was the Portfolio Additional Estimates Statements 2014–15. Suppliers, Subsidies, Personal Benefits, and Grants have been amended from the revised budget to align budget with actuals. The total expense budget did not change.

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

**Administered Statement of Financial Position**

as at 30 June 2015

	Actual	Budget estimate		Revised budget <sup>3</sup>
		Original <sup>1</sup>	Variance <sup>2</sup>	
	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	104	-	104	-
Trade and other receivables	32,165	41,406	(9,241)	23,336
Other investments	224,658	-	224,658	145,477
<b>Total financial assets</b>	<b>256,927</b>	<b>41,406</b>	<b>215,521</b>	<b>168,813</b>
<b>Non-financial assets</b>				
Other non-financial assets	5,014	4,957	57	4,980
<b>Total non-financial assets</b>	<b>5,014</b>	<b>4,957</b>	<b>57</b>	<b>4,980</b>
<b>Total assets administered on behalf of Government</b>	<b>261,941</b>	<b>46,363</b>	<b>215,578</b>	<b>173,793</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	127,076	42,435	84,641	21,642
Subsidies	24,973	28,427	(3,454)	14,810
Personal benefits	6,692	3,352	3,340	9,441
Grants	-	-	-	459
Other payables	2,794,446	2,797,472	(3,026)	2,791,124
<b>Total payables</b>	<b>2,953,187</b>	<b>2,871,686</b>	<b>81,501</b>	<b>2,837,476</b>
<b>Interest bearing liabilities</b>				
Loans	-	-	-	-
<b>Total interest bearing liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities administered on behalf of Government</b>	<b>2,953,187</b>	<b>2,871,686</b>	<b>81,501</b>	<b>2,837,476</b>
<b>Net liabilities</b>	<b>(2,691,246)</b>	<b>(2,825,323)</b>	<b>134,077</b>	<b>(2,663,683)</b>

1. Employment's original budgeted financial statement that was first presented to parliament in respect of the reporting period was the Portfolio Budget Statements 2014–15.

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

3. Employment's revised budgeted financial statement that was presented to parliament in respect of the reporting period was the Portfolio Additional Estimates Statements 2014–15.

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

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.

<b>Note 28D: Administered Major Budget Variances for 2015</b>	
<b>Explanations of major variances</b>	<b>Affected line items (and schedule)</b>
Lower than planned commencements in Job Services Australia and a new measure to pro-rata service fees for Job Services Australia providers in the final quarter of 2014–15 to account for the commencement of jobactive on 1 July 2015, reduced Suppliers by \$45.8m against the original budget.	Suppliers (Administered Schedule of Comprehensive Income)
Monthly levy collections under the <i>Coal Mining Industry (LSL) Act 1992</i> (CMIC) programme have averaged \$12.3m since December 2014 against the original budget estimate of \$15.0m, reducing Subsidies, Other Taxes and Subsidies Payable.	Subsidies (Administered Schedule of Comprehensive Income), Subsidies Payable (Administered Schedule of Assets and Liabilities)
The continued pause of the Wage Connect wage subsidy programme since December 2013 and lower than planned take-up of the Restart wage subsidy programme owing to the static labour market, reduced Subsidies by \$39.5m against the original budget.	Subsidies (Administered Schedule of Comprehensive Income)
Higher than planned Personal Benefits primarily relates to the Fair Entitlements Guarantee programme. Under the programme, the department processed 21,808 claims against the original budget estimate of 15,988 claims. Additionally, anticipated savings from a 2014 Budget measure to reduce the redundancy cap to 16 weeks from 1 January 2015 was factored into the original budget. This measure has not yet passed the Parliament which has impacted on the average claim costs.	Personal Benefits (Administered Schedule of Comprehensive Income), Personal Benefits Payable (Administered Schedule of Assets and Liabilities)
Monthly levy collections under the <i>Coal Mining Industry (LSL) Act 1992</i> (CMIC) programme have averaged \$12.3m since December 2014 against the original budget estimate of \$15.0m, reducing Subsidies, Other Taxes and Subsidies Payable.	Other Taxes (Administered Schedule of Comprehensive Income) Trade and other receivables (Administered Schedule of Assets and Liabilities)
Higher than planned Commonwealth Asset Recoveries relates to the Fair Entitlements Guarantee programme. Under the programme, funding is recovered through insolvency processes for the Commonwealth. The original budget was based on prior year outcomes, however by their nature, the recoveries vary from year to year.	Commonwealth Asset Recoveries (Administered Schedule of Comprehensive Income)
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)
Higher than planned Other Investments relates to the Government’s holdings in the Coal Mining Industry (Long Service Leave Funding) Corporation. The budget was revised at the 2014–15 Portfolio Additional Estimates Statements to \$145.5m. CMICs financial position increased \$79.2m in the last financial year.	Other Investments (Administered Schedule of Assets and Liabilities)
Suppliers Payables were higher than planned due to accruals for the Job Services Australia programme for the Employment Pathway Fund and Outcome Fees to account for the programme ending on 30 June 2015.	Suppliers Payable (Administered Schedule of Assets and Liabilities)



# APPENDIXES

## 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 department's environmental management activities were focused on reducing impacts from energy, water and paper consumption, waste, travel, transport and procurement policies and practices. We continue to evaluate and improve our operational efficiency to ensure that our activities contribute to successful long-term outcomes and to increase our understanding of sustainability beyond the environmental scope.

The department's activities are consistent with the ecologically sustainable development principles (section 3A of the Act) that state 'decision making processes should effectively integrate both long-term and short-term economic, environmental, social and equitable considerations'. More information on the environmentally sustainable development principles can be found at [www.environment.gov.au/esd](http://www.environment.gov.au/esd).

### ICT Sustainability Plan

The Australian Government's ICT Sustainability Plan 2010–2015 is a five-year plan that will assist Commonwealth agencies to better align their use of ICT with the government's overall sustainability agenda.

Under this plan, we have targets, actions and reporting obligations for our ICT operations. More information on the sustainability plan is available at [www.environment.gov.au](http://www.environment.gov.au).

### Environmental performance

The environmental performance of the department is managed on its behalf by the Shared Services Centre. Due to the accommodation and operations of the department not being fully separated from the Department of Education and Training, an aggregated report for both departments is provided for 2014–15.

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 progress is summarised in Tables 22 to 27.

## Office and building energy use

The department constantly monitors and works to improve its performance in energy and resource efficiency. In 2014–15, the department again surpassed the Energy Efficiency in Government Operations Policy target of 7500 megajoules per person per year at 6876 megajoules per person for the year.

Improvement in the energy efficiency of data centre operations is expected through the data centre transition process that began in 2014–15. Moving departmental applications and systems out of older data centres, off legacy hardware and onto new platforms hosted at more efficient facilities, consistent with the directions set out in the Australian Government Data Centre Strategy 2010–2025, will help achieve this.

Continuing improvements to the energy efficiency of the department's property portfolio, particularly the tenancy at 14 Mort Street, Canberra, are expected to achieve improvements in energy intensity in 2015–16.

**Table 22 Summary of office and building energy use, 2013–14 and 2014–15**

Indicator	2013–14	Change (%)	2014–15
Total office tenant light and power electricity consumption (kWh)	6,863,055	–3.17%	6,652,138
Total office tenant light and power energy consumption (MJ)	24,706,998	–3.17%	23,947,696
Office tenant light and power energy use per full-time equivalent (MJ/FTE)	6432.44	+6.89%	6,875.59
Office tenant light and power energy use per square metre (MJ/m <sup>2</sup> )	222.68	–0.93%	220.61
Greenhouse emissions attributed to office tenant light and power energy use (tonnes/CO <sub>2</sub> -e)	6087.30	–14.07%	5,230.90
Green power purchased, as a percentage of total electricity consumption	6.09%	+50.90%	9.19%

kWh = kilowatt hours

MJ = mega joules

FTE = full-time equivalent

CO<sub>2</sub>-e = carbon dioxide equivalent.

## Information and communications technology

Since the 2010 release of the Australian Government ICT Sustainability Plan 2010–2015, the department has reduced the running costs, resource consumption and environmental impacts of ICT operations through initiatives including the use of energy efficient monitors, virtual servers and print-on-demand for multifunction devices that default to duplex and black-and-white printing.

In 2014–15 there was a slight increase in desktop energy per end user (up from 213 kilowatt hours in 2013–14 to 287 in 2014–15), a slight increase in the number of desktop devices per end user (up from 1.82 in 2013–14 to 1.95 in 2014–15), and a decrease in the ratio of desktop computers to printers (from 13:1 in 2013–14 to 12:1 in 2014–15). These results are attributed to approved business demand for additional dual-monitor configurations, additional computers for users and the provision of additional printers for senior executives. The exemption of more desktop computers from power management has reduced the proportion of these devices that are powered off after hours from 93 per cent to 86 per cent.



**Table 23 Summary of ICT sustainability, 2013–14 and 2014–15**

Indicator	2013–14	Change (%)	2014–15
Desktop devices per end user (including laptops)	1.84	+6.0%	1.95
Desktop computers to printer ratio	13:1	-7.7%	12:1
Desktop computers off (or sleeping) after hours	93%	-7.5%	86%
Desktop energy per end user (kWh per annum, averaged across agency)	231	+24.2%	287

## Vehicle fleet and air travel

The average Green Vehicle Guide rating of the departments' combined vehicle fleet improved slightly from last financial year, and the size of the fleet has significantly decreased. This led to a significant reduction in fuel consumption proportional to the reduction in the fleet size. Overall, the department maintained previous standards of fleet efficiency.

Total air kilometres travelled in 2014–15 were very similar to 2013–14, demonstrating that the significant reductions achieved in previous years are being maintained.

**Table 24 Summary of vehicle fleet use, 2013–14 and 2014–15**

Indicator	2013–14	Change (%)	2014–15
Total number of fleet vehicles	140	-49.3%	71
Average green vehicle rating of fleet	13.3	-1.5%	13.1
Total fuel purchased (kilolitres)	86.73	-57.70%	36.69
Total distance travelled (kilometres)	900,520	-59.99%	360,284
Average fuel consumption of vehicle fleet (litres/100 kilometres)	9.63	+5.71%	10.18
Total direct greenhouse emissions of fleet (tonnes CO <sub>2</sub> -e)	201.62	-65.19%	70.18

CO<sub>2</sub>-e = carbon dioxide equivalent.

**Table 25 Summary of greenhouse emissions, 2013–14 and 2014–15**

Indicator	2013–14	Change (%)	2014–15
Total greenhouse emissions (tonnes CO <sub>2</sub> -e)	6,288.92	-15.71%	5,301.08
Total greenhouse emissions per FTE (tonnes CO <sub>2</sub> -e/FTE)	1.64	-7.32%	1.52

CO<sub>2</sub>-e = carbon dioxide equivalent

FTE = full time equivalent.

**Table 26 Summary of air travel, 2013–14 and 2014–15**

Indicator	2013–14	Change (%)	2014–15
Total number of flights	12,746	+8.15%	13,785
Total distance of flights (kilometres)	10,026,378	+5.44%	10,571,562

## Resource efficiency and waste

Paper use fell by 21.52 per cent in 2014–15, from 7.9 reams per person per annum in 2013–14 to 6.2, reflecting the department’s efforts in increasing the use of electronic filing. Usage is now significantly below the Australian Government ICT Sustainability Plan 2010–2015 target of 9 reams per person per annum by July 2015.

The department continued to purchase recycled stock for all standard A4 and A3 paper. In 2014–15 82.49 per cent of all paper purchased had some recycled content and 64.53 per cent was either carbon neutral or 100 per cent post-consumer recycled stock.

The waste management system in Canberra continued to achieve very good results, with 25.8 tonnes of organic material diverted from landfill to vermiculture—reducing emissions and producing beneficial worm castings and compost.

**Table 27 Summary of resource efficiency and waste, 2013–14 and 2014–15**

Indicator	2013–14	Change (%)	2014–15
Office paper purchased by FTE (A4 reams/FTE)	7.9	-21.52%	6.2
Percentage of paper purchased with recycled content	97.90%	-15.74%	82.49%
Office paper recycled (tonnes)	122.12	+51.65%	185.20
Total landfill waste produced (tonnes)	115.00	+10.99%	127.64
Total comingled recycling (tonnes)	61.43	-5.66%	57.95
Total organic recycling (tonnes)	25.10	+2.71%	25.80

FTE = full time equivalent.

## 2: AGENCY RESOURCE STATEMENTS

**Table 28** Agency resource statement, 2014–15

		Actual available appropriation for 2014–15	Payments made 2014–15	Balance remaining 2014–15
		\$'000 (a)	\$'000 (b)	\$'000 (a) - (b)
<b>Ordinary annual services<sup>1</sup></b>				
Departmental appropriation <sup>2</sup>		327,013	281,798	45,215
Section 74 receipts collected by non-corporate entities		26,198	26,198	–
<b>Total</b>		<b>353,211</b>	<b>307,996</b>	<b>45,215</b>
<b>Administered expenses</b>				
Outcome 1		1,524,317	1,264,426	–
Outcome 2		28,235	25,836	–
Payments to non-corporate entities		7,563	7,563	–
<b>Total</b>		<b>1,560,115</b>	<b>1,297,825</b>	<b>–</b>
<b>Total ordinary annual services</b>	<b>A</b>	<b>1,913,326</b>	<b>1,605,821</b>	<b>–</b>
<b>Departmental non-operating</b>				
Equity injections <sup>3</sup>		23,987	26,114	(2,127)
<b>Total</b>		<b>23,987</b>	<b>26,114</b>	<b>(2,127)</b>
<b>Total other services</b>	<b>B</b>	<b>23,987</b>	<b>26,114</b>	<b>(2,127)</b>
<b>Total available annual appropriations and payments</b>		<b>1,937,313</b>	<b>1,631,935</b>	<b>–</b>

**Table 28** Agency resource statements, 2014–15 (continued)

	Actual available appropriation for 2014–15	Payments made 2014–15	Balance remaining 2014–15
	\$'000 (a)	\$'000 (b)	\$'000 (a) - (b)
<b>Special appropriations</b>			
<b>Special appropriations limited by criteria/entitlement</b>			
<i>Fair Work Entitlement Guarantee Act 2012</i>	307,890	307,890	–
<i>Coal Mining Industry (LSL) Funding Act 1992</i>	158,607	158,607	–
<i>Safety, Rehabilitation and Compensation Act 1988</i>	39,503	39,503	–
<i>Asbestos-related Claims (Management of Commonwealth Liabilities Act) 2005</i>	26,356	26,356	–
<b>Total special appropriations</b>	<b>C</b> 532,356	532,356	–
<b>Special accounts</b>			
Opening balance	–	–	–
<b>Total special account</b>	<b>D</b> –	–	–
<b>Total resourcing and payments (A+B+C+D)</b>	<b>2,469,669</b>	<b>2,164,291</b>	<b>–</b>
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or non-corporate entities through annual appropriations	7,563	7,563	–
<b>Total net resourcing and payments for Employment</b>	<b>2,462,106</b>	<b>2,156,728</b>	<b>–</b>

1 Includes section 75 transfers and Appropriation Bill (No. 3) 2014–15; also includes prior year departmental appropriation.

2 Includes an amount of \$31.0m for the 2014–15 departmental capital budget. For accounting purposes this amount has been designated as 'contributions by owners'.

3 Appropriation Bill (Nos. 2 and 4) 2014–15.

**Table 29** Expenses for Outcome 1

<b>Outcome 1: Foster a productive and competitive labour market through employment policies and programmes that assist job seekers into work, meet employer needs and increase Australia's workforce participation.</b>	<b>Budget<sup>1</sup></b>	<b>Actual</b>	<b>Variation</b>
	<b>2014–15</b>	<b>Expenses</b>	<b>2014–15</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Programme 1.1: Employment services</b>			
<b>Administered expenses</b>			
Ordinary annual services (Appropriation Bill No. 1)	1,435,833	1,367,249	68,584
<b>Total for Programme 1.1</b>	<b>1,435,833</b>	<b>1,367,249</b>	<b>68,584</b>
<b>Outcome 1 totals by appropriation type</b>			
<b>Administered expenses</b>			
Ordinary annual services (Appropriation Bill No. 1)	1,435,833	1,367,249	68,584
<b>Departmental expenses</b>			
Departmental appropriation <sup>2</sup>	254,739	228,805	25,934
Expenses not requiring appropriation in the budget year	26,638	24,154	2,484
<b>Total for Outcome 1</b>	<b>1,717,210</b>	<b>1,620,208</b>	<b>97,002</b>
<b>Average staffing level (number)</b>	<b>1,212</b>	<b>1,182</b>	<b>30</b>

1 Full-year budget being the expected actual expenditure from the 2015–16 Portfolio Budget Statements.

2 Departmental appropriation combines ordinary annual services (Appropriation Bill No. 1) and receipts collected by non-corporate Commonwealth entities (section 74).

**Table 30 Expenses for Outcome 2**

<b>Outcome 2:</b> Facilitate jobs growth through policies that promote fair, productive and safe workplaces.	<b>Budget<sup>1</sup></b> 2014–15	<b>Actual</b> <b>Expenses</b> 2014–15	<b>Variation</b> 2014–15
	\$'000 (a)	\$'000 (b)	\$'000 (a) - (b)
<b>Programme 2.1: Employee assistance</b>			
<b>Administered expenses</b>			
Ordinary annual services (Appropriation Bill No. 1)	13,317	11,665	1,652
Special appropriations	438,123	466,450	(28,327)
<b>Total for Programme 2.1</b>	<b>451,440</b>	<b>478,115</b>	<b>(26,675)</b>
<b>Programme 2.2: Workplace assistance</b>			
<b>Administered expenses</b>			
Ordinary annual services (Appropriation Bill No. 1)	14,643	14,437	206
<b>Total for Programme 2.2</b>	<b>14,643</b>	<b>14,437</b>	<b>206</b>
<b>Programme 2.3: Workers' compensation payments</b>			
<b>Administered expenses</b>			
Ordinary annual services (Appropriation Bill No. 1)	7,563	7,563	–
Special appropriations	72,956	84,299	(11,343)
<b>Total for Programme 2.3</b>	<b>80,519</b>	<b>91,862</b>	<b>(11,343)</b>
<b>Outcome 2 totals by appropriation type</b>			
<b>Administered expenses</b>			
Ordinary annual services (Appropriation Bill No. 1)	35,523	33,665	1,858
Special appropriations	511,079	550,749	(39,670)
<b>Departmental expenses</b>			
Departmental appropriation <sup>2</sup>	60,783	78,919	(18,136)
Expenses not requiring appropriation in the budget year	4,312	4,181	131
<b>Total for Outcome 2</b>	<b>611,697</b>	<b>667,514</b>	<b>(55,817)</b>
<b>Average staffing level (number)</b>	<b>483</b>	<b>481</b>	<b>2</b>

1 Full-year budget being the expected actual expenditure from the 2015–16 Portfolio Budget Statements.

2 Departmental appropriation combines ordinary annual services (Appropriation Bill No. 1) and receipts collected by non-corporate Commonwealth entities (section 74).

### 3: ADVERTISING AND MARKET RESEARCH

Details of payments made to advertising, market research, polling, media advertising and direct mail organisations by the department in 2014–15 are provided in Tables 31–34. Payments of less than \$12,565 (inclusive of GST) are excluded, consistent with section 311A of the *Commonwealth Electoral Act 1918*.

During 2014–15, the department conducted advertising campaigns for Restart and mature-age employment programmes, and began developing the jobactive campaign. Further information is available at [www.employment.gov.au](http://www.employment.gov.au) and in the reports on Australian Government advertising prepared by the Department of Finance. These reports are available at [www.finance.gov.au/advertising/index.html](http://www.finance.gov.au/advertising/index.html).

**Table 31 Advertising agencies**

Organisation	Service provided	Total \$ paid 2014–15
Mitchell & Partners Australia Pty Ltd	Advertising for Restart and mature-age employment programmes communication campaign	1,801,036.67

**Table 32 Market research and polling organisations**

Organisation	Service provided	Total \$ paid 2014–15
Hall & Partners   Open Mind Pty Ltd	Services to deliver benchmarking, tracking and evaluation research for the Experience+ mature-age employment programme's communication campaign	87,230.00
Cultural Perspectives Pty Ltd	Market research and advice to support the department to become an employer of choice for Indigenous Australians	78,045.00
Lighthouse Data Collection	Provision of fieldwork services for 2014 survey of capital cities	75,460.00
Taylor Nelson Sofres Australia Pty Ltd	Developmental research, brand and creative concept testing and refinement services for the jobactive communication campaign	527,230.00
DBM Consultants Pty Ltd	Benchmark, tracking and evaluation research for the jobactive communication campaign	100,000.00

**Table 33 Media advertising organisations**

Organisation	Service provided	Total \$ paid 2014–15
J Walter Thompson Australia	Creative development pitch and travel fees for the jobactive communication campaign	17,355.80
Ogilvy and Mather (Melbourne)	Creative development pitch and travel fees for the jobactive communication campaign	18,454.68
Adcorp	Advertising for Request for Tender for the provision of Work for the Dole Coordinator services 2014–15	16,196.08

**Table 34** Direct mail organisations

Organisation	Service provided	Total \$ paid 2014–15
Fuji Xerox Business Force Pty Ltd	Personalisation and mailing services	179,763.93
Blue Star Group	Personalisation and mailing services	38,583.56



## 4: CORRECTIONS

The following error was identified in our 2013–14 annual report.

Table 20, as printed on page 58, contains figures for employees by classification at 30 June 2014. The corrected table is shown below.

**Table 35 Correction to employees by classification at 30 June 2014**

Classification	Female	Male	Total
Cadets	1	1	2
Indigenous Australian Government Development Programme Trainees	1	3	4
Graduates	12	11	23
APS Level 1	0	0	0
APS Level 2	2	1	3
APS Level 3	40	31	71
APS Level 4	118	92	210
APS Level 5	175	130	305
APS Level 6	237	200	437
Executive Level 1	253	239	492
Executive Level 2	<b>91 94</b>	<b>75 76</b>	170
Information Technology Specialist	2	14	16
Government Lawyer	7	2	9
Senior Government Lawyer	11	8	19
Principal Government Lawyer	16	6	22
SES Band 1	19	<b>25 22</b>	41
SES Band 2	<b>11 8</b>	<b>6 8</b>	16
SES Band 3	2	0	2
Secretary	1	0	1
<b>Total</b>	<b>999</b>	<b>844</b>	<b>1843</b>

# ACRONYMS

ABS	Australian Bureau of Statistics
ANAO	Australian National Audit Office
APEC	Asia–Pacific Economic Cooperation
APS	Australian Public Service
COAG	Council of Australian Governments
DEEWR	Department of Education, Employment and Workplace Relations (former)
DSS	Department of Social Services
EL	Executive Level
FEG	Fair Entitlements Guarantee
ILO	International Labour Organization
IT	information technology
NEIS	New Enterprise Incentive Scheme
OECD	Organisation for Economic Co-operation and Development
PAES	Portfolio Additional Estimates
PBS	Portfolio Budget Statements
PGPA	<i>Public Governance, Performance and Accountability Act 2013</i>
PSM	Public Service Medal
RAP	Reconciliation Action Plan
SEE	Skills for Education and Employment
SES	Senior Executive Service
SSC	Shared Services Centre
WHS	work health and safety

# GLOSSARY

<b>administered item</b>	Revenues, expenses, assets and liabilities that the government controls, but which an agency or authority manages on the Commonwealth's behalf.
<b>appropriation</b>	An amount of public monies parliament authorises for spending for a particular purpose.
<b>AusTender</b>	The Australian Government's web-based procurement system, which provides centralised access to all publicly available approaches to market, multi-use lists, annual procurement plans and reported contracts.
<b>budget measure</b>	A decision by Cabinet or ministers that has resulted in a cost or savings to outlays.
<b>effectiveness indicators</b>	Measures of the joint or independent contribution of outputs and administered items to the achievement of their specified outcome.
<b>jobactive</b>	Employment services arrangements from 1 July 2015.
<b>Job Services Australia</b>	Employment services until 30 June 2015.
<b>performance indicators</b>	Financial and non-financial measures used to help define and evaluate an organisation's success. An indicator is usually selected on the basis of relevance as a measure of some aspect of a specific project or operation.
<b>outcomes</b>	The government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community as influenced by the actions of the government. Actual outcomes are assessments of the end results or impacts actually achieved.
<b>Portfolio Budget Statements</b>	Budget-related paper detailing budget initiatives and explanations of appropriations specified by outcome and programme by each agency within a portfolio.
<b>Programmes</b>	Government programmes deliver benefits, services or transfer payments to individuals, industry, business or the community as a whole and are the primary vehicles for government agencies to achieve the intended results of their outcome statements.
<b>sustainable development</b>	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

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# LIST OF REQUIREMENTS

This annual report has been prepared in accordance with the Department of the Prime Minister and Cabinet's *Requirements for annual reports for departments, executive agencies and other non-corporate Commonwealth entities*.

**Table 36** Annual report requirements

Part of report	Description	Requirement	Page
	Letter of transmittal	Mandatory	ii
	Table of contents	Mandatory	iii
	Index	Mandatory	188–196
	Glossary	Mandatory	181
	Contact officer(s)	Mandatory	Inside back cover
	Internet home page address and internet address for report	Mandatory	Inside back cover
Review by secretary	Review by departmental secretary	Mandatory	3–5
	Summary of significant issues and developments	Suggested	3–5
	Overview of department's performance and financial results	Suggested	3–5; 93–34
	Outlook for following year	Suggested	5
	Significant issues and developments—portfolio	Portfolio departments—suggested	3–5
	Departmental overview	Role and functions	Mandatory
	Organisational structure	Mandatory	2
	Outcome and programme structure	Mandatory	7
	Where outcome and programme structures differ from Portfolio Budget Statements, Portfolio Additional Estimates Statements or other portfolio statements accompanying any other additional appropriation Bills (other portfolio statements), details of variation and reasons for change	Mandatory	Not applicable
	Portfolio structure	Portfolio departments—mandatory	iv

**Table 36 Annual report requirements (continued)**

Part of report	Description	Requirement	Page
Report on performance	Review of performance during the year in relation to programmes and contribution to outcomes	Mandatory	8–55
	Actual performance in relation to deliverables and key performance indicators set out in Portfolio Budget Statements, Portfolio Additional Estimates Statements or other portfolio statements	Mandatory	8–55
	Where performance targets differ from the Portfolio Budget Statements or Portfolio Additional Estimates Statements, details of both former and new targets, and reasons for the change	Mandatory	8–55
	Narrative discussion and analysis of performance	Mandatory	8–55
	Trend information	Mandatory	8–55
	Significant changes in nature of principal functions or services	Suggested	Not applicable
	Performance of purchaser–provider arrangements	If applicable, suggested	86–87
	Factors, events or trends influencing departmental performance	Suggested	8–55
	Contribution of risk management in achieving objectives	Suggested	63
	Performance against service charter customer service standards, complaints data, and the department’s response to complaints	If applicable, mandatory	65
	Discussion and analysis of the department’s financial performance	Mandatory	93–94
	Discussion of any significant changes in financial results from the prior year, from budget or anticipated to have a significant impact on future operations	Mandatory	93–168
	Agency resource statement and summary resource tables by outcomes	Mandatory	173–176
<b>Management and accountability</b>			
Corporate governance	Agency heads are required to certify their agency’s actions in dealing with fraud	Mandatory	ii
	Statement of the main corporate governance practices in place	Mandatory	57–59
	Names of the senior executive and their responsibilities	Suggested	6
	Senior management committees and their roles	Suggested	58–59

**Table 36 Annual report requirements (continued)**

Part of report	Description	Requirement	Page
	Corporate and operational plans and associated performance reporting and review	Suggested	60–62
	Internal audit arrangements including approach adopted to identifying areas of significant financial or operational risk and arrangements to manage those risks	Suggested	63–64
	Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	64
	How nature and amount of remuneration for SES officers is determined	Suggested	69–70
External scrutiny	Significant developments in external scrutiny	Mandatory	88–91
	Judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner	Mandatory	88–89
	Reports by the Auditor-General, a parliamentary committee, the Commonwealth Ombudsman or an agency capability review	Mandatory	43, 90
Management of human resources	Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	65, 68–69
	Workforce planning, staff retention and turnover	Suggested	71
	Impact and features of enterprise or collective agreements, individual flexibility arrangements, determinations, common law contracts and Australian workplace agreements	Suggested	69–70
	Training and development undertaken and its impact	Suggested	68–69
	Work health and safety performance	Suggested	77–78
	Productivity gains	Suggested	65–79
	Statistics on staffing	Mandatory	66–70
	Statistics on employees who identify as Indigenous	Mandatory	75
	Enterprise or collective agreements, individual flexibility arrangements, determinations, common law contracts and Australian workplace agreements	Mandatory	69–70
	Performance pay	Mandatory	71
Assets management	Assessment of effectiveness of assets management	If applicable, mandatory	86
Purchasing	Assessment of purchasing against core policies and principles	Mandatory	86



**Table 36 Annual report requirements (continued)**

Part of report	Description	Requirement	Page
Consultants	The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website.	Mandatory	87
Australian National Audit Office access clauses	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	Nil to report
Exempt contracts	Contracts exempted from publication in AusTender	Mandatory	86
Small business	Procurement initiatives to support small business	Mandatory	86–87
Financial statements	Financial statements	Mandatory	95–168
Other mandatory information	Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i> )	Mandatory	77–78
	Advertising and market research (section 311A of the <i>Commonwealth Electoral Act 1918</i> ) and statement on advertising campaigns	Mandatory	177–178
	Ecologically sustainable development and environmental performance (section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i> )	Mandatory	169–172
	Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	Not applicable
	Grant programmes	Mandatory	87
	Disability reporting—explicit and transparent reference to agency-level information available through other reporting mechanisms	Mandatory	73–74
	Information Publication Scheme statement	Mandatory	91
	Correction of material errors in previous annual report	If applicable, mandatory	179
	Agency resource statements and resources for outcomes	Mandatory	173–176
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