

OFFICE OF THE FAIR WORK
BUILDING INDUSTRY
INSPECTORATE

OFFICE OF THE FAIR WORK BUILDING INDUSTRY INSPECTORATE

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OFFICE OF THE FAIR WORK BUILDING INDUSTRY INSPECTORATE

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Office of the Fair Work Building Industry Inspectorate (FWBII) is an independent statutory agency, established by the *Fair Work (Building Industry) Act 2012*. FWBII commenced operations on 1 June 2012.

In respect of the building and construction industry, FWBII is primarily responsible for:

- the provision of education, assistance and advice to industry participants regarding their rights and obligations
- inquiring into and investigating acts or practices by industry participants
- commencing civil penalty litigation, or making submissions to the Fair Work Commission, to enforce compliance by industry participants
- representing industry participants who are, or may become, a party to court proceedings or matters before the Fair Work Commission to promote compliance with relevant workplace laws
- referring matters to relevant authorities where appropriate in relation to:
 - *Fair Work (Building Industry) Act 2012*
 - *Fair Work Act 2009, the Fair Work (Transitional Provisions and Consequential Amendments) Act 2009 and the Independent Contractors Act 2006*
 - safety net contractual entitlements
 - awards, agreements and court and tribunal orders
 - the Building Code 2013.

During 2013–14, FWBII plans to achieve the following outcome:

- Enforce workplace relations laws in the building and construction industry and ensure compliance with those laws by all participants in the building and construction industry through the provision of education, assistance and advice.

1.2 AGENCY RESOURCE STATEMENT

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

Table 1.1 Office of the Fair Work Building Industry Inspectorate resource statement – Budget estimates for 2013–14 as at Budget May 2013

	Estimate of prior year amounts available in 2013- 14 \$'000	Proposed at Budget = 2013- 14 \$'000	Total estimate 2013- 14 \$'000	Actual available appropriation 2012- 13 \$'000
Ordinary annual services¹				
Departmental appropriation				
Prior year departmental appropriation ²	41,081	-	41,081	42,314
Departmental appropriation ³	-	24,090	24,090	30,553
s31 Relevant agency receipts ⁴	-	44	44	70
Total	41,081	24,134	65,215	72,937
Total ordinary annual services	A 41,081	24,134	65,215	72,937
Other services				
Departmental non- operating				
Equity injections	-	-	-	-
Total	-	-	-	-
Total other services	B -	-	-	-
Total available annual appropriations	41,081	24,134	65,215	72,937
Total special appropriations	C -	-	-	-
Total appropriations excluding Special Accounts	41,081	24,134	65,215	72,937
Special Accounts				
Total Special Account	D -	-	-	-
Total resourcing				
A+B+C+D	41,081	24,134	65,215	72,937
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or CAC Act bodies through annual appropriations	-	-	-	-
Total net resourcing for Office of the Fair Work Building Inspectorate	41,081	24,134	65,215	72,937

¹ Appropriation Bill (No. 1) 2013- 14

² Estimated adjusted balance carried forward from previous year

³ Includes an amount of \$0.118m in 2013- 14 for the Departmental Capital Budget (refer to table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

⁴ s31 Relevant Agency receipts - estimate

1.3 BUDGET MEASURES

Budget measures relating to the Office of the Fair Work Building Industry Inspectorate are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2 Office of the Fair Work Building Industry Inspectorate 2013-14 Budget measures

Part 1: Measures announced since the 2012-13 MYEFO

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures						
Office of the Fair Work Building Industry Inspectorate — operational efficiencies	1.1					
Departmental expenses			(6,000)	(6,000)	(6,000)	(6,000)
Total			(6,000)	(6,000)	(6,000)	(6,000)
Targeted Savings - Public Service Efficiencies	1.1					
Departmental expenses		(103)	(155)	(204)	(214)	(221)
Total		(103)	(155)	(204)	(214)	(221)
Total expense measures						
Departmental		(103)	(6,155)	(6,204)	(6,214)	(6,221)
Total		(103)	(6,155)	(6,204)	(6,214)	(6,221)

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

Each outcome is described below together with its related programs, specifying the performance indicators and targets used to assess and monitor the performance of FWBII in achieving Government outcomes.

Outcome 1

Enforce workplace relations laws in the building and construction industry and ensure compliance with those laws by all participants in the building and construction industry through the provision of education, assistance and advice

Outcome 1 strategy

Key strategies towards achieving FWBII's outcome in 2013–14 are to:

- conduct investigations into alleged breaches of workplace laws
- commence enforcement action, including civil penalty litigation
- provide ready-access to information on relevant workplace laws and codes of practice
- provide education, assistance and advice to industry participants
- conduct targeted educational and compliance campaigns.

Outcome expense statement

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

Table 2.1 Budgeted expenses for Outcome 1

	2012-13	2013-14
Outcome 1: Enforce workplace relations laws in the building and construction industry and ensure compliance with those laws by all participants in the building and construction industry through the provision of education, assistance and advice.	Estimated actual expenses \$'000	Estimated expenses \$'000
Program 1.1: Education, advice and compliance functions		
Departmental expenses		
Departmental appropriation ¹	29,947	24,016
Expenses not requiring appropriation in the Budget year ²	1,346	1,479
Total for Program 1.1	31,293	25,495
Outcome 1 Totals by appropriation type		
Departmental expenses		
Departmental appropriation ¹	29,947	24,016
Expenses not requiring appropriation in the Budget year ²	1,346	1,479
Total expenses for Outcome 1	31,293	25,495
	2012-13	2013-14
Average Staffing Level (number)	145	100

¹ Departmental Appropriation combines "Ordinary annual services (Appropriation Bill No. 1)" and "Revenue from independent sources (s31)".

² Expenses not requiring appropriation in the Budget year is made up of Depreciation Expense, Amortisation Expense, Audit Fees and Resources Received Free of Charge.

Contributions to Outcome 1

Program 1.1: Education, Advice and Compliance Functions

Program objective

Enforce workplace relations laws in the building and construction industry and ensure compliance with those laws by all participants in the building and construction industry through the provision of education, assistance and advice.

Program expenses

FWBII has not identified any significant trends, changes or variances in the program expenses over the forward years.

Program 1.1 deliverables

The deliverables of FWBII are to:

- promote awareness of, and compliance with, workplace laws by all participants of the building and construction industry
- investigate alleged breaches of workplace laws and undertake targeted educational and compliance activities
- litigate, where necessary, to enforce compliance with workplace laws.

Table 2.1.1A Program 1.1 key performance indicators

Key performance indicators	
Quality	2013–14 target
Level of satisfaction of clients with quality and timeliness of advice and assistance provided by FWBII.	75% of surveyed clients satisfied or highly satisfied.
Timeliness in bringing actions against contraventions of the <i>Fair Work Act 2009</i> , the <i>Independent Contractors Act 2006</i> , the <i>Fair Work (Building Industry) Act 2012</i> , agreements, awards and orders.	File 75% of matters in court within 18 months of the complaint being lodged.
Level of satisfaction of a range of industry participants with contact aimed at promoting appropriate standards of conduct.	75% of surveyed industry participants satisfied or highly satisfied.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2013–14 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

FWBII has no administered funds. For this reason Table 3.1.1 is not presented.

3.1.2 Special Accounts

FWBII has no Special Accounts. For this reason Table 3.1.2 is not presented.

3.1.3 Australian Government Indigenous Expenditure

The 2013–14 Australian Government Indigenous Statement is not applicable because FWBII has no Indigenous-specific expenses. For this reason Table 3.1.3 is not presented.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

FWBII does not have any significant differences to report.

3.2.2 Analysis of budgeted financial statements

An analysis of FWBII's budgeted financial statements for 2013–14 is provided below.

Comprehensive income statement

FWBII is budgeting for a deficit equal to the unappropriated depreciation and amortisation expense in 2013–14 and the three forward years.

Total expenses for 2013–14 are estimated to be \$25.5 million.

Budgeted departmental balance sheet

FWBII has a budgeted net asset position of \$37.9 million in 2013–14.

Total assets for 2013–14 are estimated to be \$45.1 million comprising \$41.9 million of financial assets and \$3.2 million in non-financial assets.

Total liabilities for 2013–14 are estimated to be \$7.2 million with the primary liabilities being accrued employee entitlements which total \$3.8 million, supplier payables of \$0.8 million and lease incentives of \$2.6 million.

3.2.3 Budgeted financial statements tables

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

	Estimated actual	Budget estimate	Forward estimate	Forward estimate	Forward estimate
	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
EXPENSES					
Employee benefits	16,602	12,022	12,535	13,063	13,607
Suppliers	13,403	12,050	11,766	11,584	11,440
Depreciation and amortisation	1,288	1,423	1,492	1,425	1,303
Total expenses	31,293	25,495	25,793	26,072	26,350
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Other	70	44	44	44	44
Total own-source revenue	70	44	44	44	44
Gains					
Other	58	56	58	59	61
Total gains	58	56	58	59	61
Total own-source income	128	100	102	103	105
Net cost of (contribution by) services	31,165	25,395	25,691	25,969	26,245
Revenue from Government	29,877	23,972	24,199	24,544	24,942
Surplus (Deficit) attributable to the Australian Government	(1,288)	(1,423)	(1,492)	(1,425)	(1,303)
Total comprehensive income (loss) attributable to the Australian Government	(1,288)	(1,423)	(1,492)	(1,425)	(1,303)
Note: Impact of Net Cash Appropriation Arrangements					
	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Comprehensive Income (loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations ¹	1,288	1,423	1,492	1,425	1,303
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(1,288)	(1,423)	(1,492)	(1,425)	(1,303)

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

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forw ard estimate 2014-15 \$'000	Forw ard estimate 2015-16 \$'000	Forw ard estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	447	748	750	832	832
Trade and other receivables	41,310	41,192	41,170	36,928	37,187
Total financial assets	41,757	41,940	41,920	37,760	38,019
Non-financial assets					
Land and buildings	2,285	1,308	331	3,392	2,593
Property, plant and equipment	324	204	542	381	373
Intangibles	1,486	1,175	875	575	275
Other non-financial assets	499	500	500	500	500
Total non-financial assets	4,594	3,187	2,248	4,848	3,741
Total assets	46,351	45,127	44,168	42,608	41,760
LIABILITIES					
Payables					
Suppliers	819	819	819	819	819
Total payables	819	819	819	819	819
Provisions					
Employee provisions	3,804	3,804	3,804	3,804	3,804
Other provisions	2,509	2,590	2,680	2,097	2,097
Total provisions	6,313	6,394	6,484	5,901	5,901
Total liabilities	7,132	7,213	7,303	6,720	6,720
Net assets	39,219	37,914	36,865	35,888	35,040
EQUITY*					
Parent entity interest					
Contributed equity	4,618	4,736	5,179	5,627	6,082
Retained surplus (accumulated deficit)	34,601	33,178	31,686	30,261	28,958
Total parent entity interest	39,219	37,914	36,865	35,888	35,040
Total Equity	39,219	37,914	36,865	35,888	35,040

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

Prepared on Australian Accounting Standards basis.

**Table 3.2.3 Departmental statement of changes in equity – summary of movement
(Budget year 2013–14)**

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2013					
Balance carried forward from previous period	34,601	-	-	4,618	39,219
Adjusted opening balance	34,601	-	-	4,618	39,219
Comprehensive income					
Surplus (deficit) for the period	(1,423)	-	-	-	(1,423)
Total comprehensive income	(1,423)	-	-	-	(1,423)
Transactions with owners					
Distributions to owners					
Other	-	-	-	-	-
Contributions by owners					
Departmental Capital Budget (DCBs)	-	-	-	118	118
Other	-	-	-	-	-
Sub-total transactions with owners	-	-	-	118	118
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2014	33,178	-	-	4,736	37,914
Less: non-controlling interests *	-	-	-	-	-
Closing balance attributable to the Australian Government	33,178	-	-	4,736	37,914

Prepared on Australian Accounting Standards basis.

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

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	29,905	23,827	24,287	23,857	24,683
Other	70	41	44	51	105
Total cash received	29,975	23,868	24,331	23,908	24,788
Cash used					
Employees	15,882	11,187	11,668	12,814	13,607
Suppliers	13,868	12,525	12,572	8,270	11,440
Total cash used	29,750	23,712	24,240	21,084	25,047
Net cash from (used by) operating activities	225	156	91	2,824	(259)
INVESTING ACTIVITIES					
Cash received					
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	1,695	15	553	4,025	196
Total cash used	1,695	15	553	4,025	196
Net cash from (used by) investing activities	(1,695)	(15)	(553)	(4,025)	(196)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	1,665	160	464	1,283	455
Total cash received	1,665	160	464	1,283	455
Cash used					
Total cash used	-	-	-	-	-
Net cash from (used by) financing activities	1,665	160	464	1,283	455
Net increase (decrease) in cash held	195	301	2	82	-
Cash and cash equivalents at the beginning of the reporting period	252	447	748	750	832
Cash and cash equivalents at the end of the reporting period	447	748	750	832	832

Prepared on Australian Accounting Standards basis.

Table 3.2.5 Departmental capital budget statement

	Estimated actual	Budget estimate	Forw ard estimate	Forw ard estimate	Forw ard estimate
	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	676	118	443	448	455
Total new capital appropriations	676	118	443	448	455
Provided for:					
Purchase of non-financial assets	676	118	443	448	455
Total Items	676	118	443	448	455
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB ¹	1,665	15	553	1,609	196
Funded internally from departmental resources ²	30	-	-	2,416	-
TOTAL	1,695	15	553	4,025	196
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,695	15	553	4,025	196
Total cash used to acquire assets	1,695	15	553	4,025	196

¹ Does not include annual finance lease costs. Include purchase from current and previous years' Departmental Capital Budgets (DCBs).

² Includes the following sources of funding:

- current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB).
- donations and contributions
- gifts
- internally developed assets
- s31 relevant agency receipts (for FMA agencies only)
- proceeds from the sale of assets

Prepared on an Australian Accounting Standards basis.

Table 3.2.6 Statement of asset movements (2013–14)

	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2013				
Gross book value	8,488	705	2,294	11,487
Accumulated depreciation/amortisation and impairment	(6,203)	(381)	(808)	(7,392)
Opening net book balance	2,285	324	1,486	4,095
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity ¹	-	15	-	15
By purchase - appropriation ordinary annual services ²	-	-	-	-
Total additions	-	15	-	15
Other movements				
Depreciation/amortisation expense	(977)	(135)	(311)	(1,423)
Disposals ³	-	-	-	-
From disposal of entities or (including restructuring)	-	-	-	-
Other	-	-	-	-
Total other movements	(977)	(135)	(311)	(1,423)
As at 30 June 2014				
Gross book value	8,488	720	2,294	11,502
Accumulated depreciation/amortisation and impairment	(7,180)	(516)	(1,119)	(8,815)
Closing net book balance	1,308	204	1,175	2,687

¹ "Appropriation equity" refers to equity injections or Administered Assets and Liabilities appropriations provided through Appropriation Bill (No.2) 2013-14, including CDABs.

² "Appropriation ordinary annual services" refers to funding provided through Appropriation Bill (No.1) 2013-14 for depreciation / amortisation expenses, DCBs or other operational expenses.

³ Net proceeds may be returned to the OPA.

Prepared on an Australian Accounting Standards basis.

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

FWBII has no income and expenses administered on behalf of government. For this reason Table 3.2.7 is not presented.

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

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forw ard estimate 2014-15 \$'000	Forw ard estimate 2015-16 \$'000	Forw ard estimate 2016-17 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Receivables	78	78	78	78	78
Other financial assets	-	-	-	-	-
Total financial assets	78	78	78	78	78
Total assets administered on behalf of Government	78	78	78	78	78
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Other payables	-	-	-	-	-
Total payables	-	-	-	-	-
Total liabilities administered on behalf of Government	-	-	-	-	-

Prepared on an Australian Accounting Standards basis.

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

FWBII has no administered cash flows. For this reason Table 3.2.9 is not presented.

Table 3.2.10 Schedule of administered capital budget

FWBII has no administered capital budget. For this reason Table 3.2.10 is not presented.

Table 3.2.11 Schedule of asset movements – administered

FWBII has no administered assets. For this reason Table 3.2.11 is not presented.

3.2.4 Notes to the financial statements

The budgeted financial statements have been prepared in accordance with the Finance Minister's Orders issued by the Minister for Finance and Deregulation.

The statements have been prepared:

- on an accrual accounting basis
- in compliance with Australian Accounting Standards and Australian Equivalents to International Financial Reporting Standards (AEIFRS) and other authoritative pronouncements of the Australian Accounting Standards Board and the consensus views of the Urgent Issues Group
- having regard to Statements of Accounting Concepts.

Departmental revenue from government

Revenue from government represents the purchase of programs from FWBII by the Government.

Departmental own source revenue

Revenue from the sale of goods and services is recognised upon the delivery of the goods and services to the customers.

Departmental expenses – employee benefits

This item represents payments and net increases or decreases in entitlements owed to employees for their services rendered in the financial year.

Departmental expenses – suppliers

This item represents payments to suppliers for goods and services.

Departmental expenses – depreciation and amortisation

Property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to FWBII using the straight-line method of depreciation. Forward estimates of depreciation expenses are made using forecasts of net capital acquisitions over the forward years.

Departmental assets – financial assets – cash

Cash includes notes and coins held and deposits at call with a bank or financial institution.

Departmental assets – financial assets – receivables

Receivables represent amounts owing to FWBII for cash reserves held in the Official Public Account and prepayments.

Departmental assets – non-financial assets

These items represent future economic benefits that FWBII will consume in producing outputs.

Property, plant and equipment and intangibles are brought to account at cost, except for purchases costing less than \$50,000 for internally developed computer software, less than \$20,000 for leasehold improvements and less than \$2,000 for all other classes, which are expensed in the year of acquisition (other than where they form part of a group of similar items that are significant in total).

Following initial recognition at cost property, plant and equipment are carried at fair value less accumulated depreciation. Valuations are conducted with sufficient frequency to ensure that the carrying amount does not differ materially from the assets' fair values at reporting date.

Departmental liabilities – provisions – employees

Provision has been made for FWBII's liability for employee entitlements arising from services rendered by employees to balance date. This liability encompasses wages and salaries that are yet to be paid, annual and long service leave. No provision is made for sick leave.

Employee entitlements payable are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. Liabilities expected to be settled within twelve months are measured at the nominal amount.

Departmental liabilities – payables – suppliers

Suppliers 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).