

# AUSTRALIAN FAIR PAY COMMISSION SECRETARIAT

<b>Section 1: Agency overview and resources .....</b>	<b>167</b>
1.1 Strategic direction .....	167
1.2 Agency resource statement.....	168
1.3 Budget measures .....	169
<b>Section 2: Outcomes and planned performance .....</b>	<b>170</b>
2.1 Outcomes and performance information.....	170
<b>Section 3: Explanatory tables and budgeted financial statements.....</b>	<b>172</b>
3.1 Explanatory tables.....	172
3.2 Budgeted Financial Statements.....	174



# **AUSTRALIAN FAIR PAY COMMISSION SECRETARIAT**

## Section 1: Agency overview and resources

### **1.1 STRATEGIC DIRECTION**

The Australian Fair Pay Commission Secretariat is an independent statutory body responsible for assisting the Australian Fair Pay Commission in the performance of its functions.

The Australian Fair Pay Commission Secretariat:

- supports the Australian Fair Pay Commission in wage setting by providing research and analysis, consultation and submission processes, and monitoring and evaluation services
- undertakes activities to promote public understanding of matters relevant to the Australian Fair Pay Commission's wage-setting function
- provides administrative support to the Australian Fair Pay Commission.

During 2008-09 the Australian Fair Pay Commission Secretariat will continue to:

- build and expand the research base that informs the Australian Fair Pay Commission's wage reviews and wage-setting
- engage stakeholders and the public in wage review processes
- gather data that enables the Australian Fair Pay Commission to monitor the impact of its decisions
- develop and publish information to promote public understanding of wage reviews and wage-setting.

Monitoring – The Economic and Social Indicators Monitoring Report will be published twice yearly and is designed to monitor the outcomes of the Commission's minimum wage-setting decisions and to inform future decisions. It provides public access to information in a format that reflects the factors that the Australian Fair Pay Commission must have regard to in fulfilling its wage-setting function:

- macroeconomic developments
- employment of low-paid workers
- the safety net and work incentives.

Research – A priority for 2008-09 will be the development of industry sector profiles for the Retail sector, the Accommodation cafes and restaurants sector and the Health and community services sector, each of which has a high proportion of minimum wage workers. The Research Advisory Committee will provide advice to the Australian Fair Pay Commission Secretariat on research gaps and priorities for additional commissioned and internal research. A new research initiative in 2008-09 will be a Minimum Wage Research Forum to be held in October 2008. The Forum will bring together international and national research expertise on minimum wage-setting and the impact of minimum wages.

Public and stakeholder engagement – Consultations, stakeholder meetings and the wage-review submission process will continue to be the main initiatives for seeking the views of the Australian public and stakeholder groups. The focus will be on consolidating and improving processes to ensure their continued relevance to stakeholders and the Australian Fair Pay Commission. Following a pilot in 2007-08, the use of on-line discussion forums will be expanded as a tool for informing the Australian Fair Pay Commission on the views of Australians in relation to wage-setting and minimum wage issues.

Promoting public understanding – Providing information about the Australian Fair Pay Commission's processes, wage reviews, and wage-setting will continue as priorities in 2008-09. New initiatives will focus on working with other Portfolio agencies to improve outcomes for members of the public who are seeking information.

## **1.2 AGENCY RESOURCE STATEMENT**

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification. Note: The Australian Fair Pay Commission Secretariat contributes to a sole outcome and has only departmental activity.

**Table 1.1: AFPCS resource statement — Budget estimates for 2008-09 as at Budget May 2008**

	Estimate of prior year amounts available in <b>2008-09</b> \$'000	+ Proposed at Budget <b>2008-09</b> \$'000	= Total Estimate <b>2008-09</b> \$'000	Estimated Appropriation Available  <b>2007-08</b> \$'000
<b>Ordinary Annual Services</b>				
<b>Departmental outputs</b>				
Departmental outputs	5,521	7,479	13,000	8,478
s31 Relevant agency receipts				
<b>Total ordinary annual services</b>	<b>5,521</b>	<b>7,479</b>	<b>13,000</b>	<b>8,478</b>
<b>Total Available Annual Appropriations</b>	<b>5,521</b>	<b>7,479</b>	<b>13,000</b>	<b>8,478</b>

**Third Party Drawdowns from and on behalf of other agencies**

The Australian Fair Pay Commission Secretariat has no third party drawdowns.

**1.3 BUDGET MEASURES**

The Australian Fair Pay Commission Secretariat has no Budget measures for 2008-09.

**Table 1.2: Agency 2008-09 Budget measures**

The Australian Fair Pay Commission Secretariat does not have any new measures since the 2007-08 Additional Estimates. Measures appearing in Budget Paper No. 2 are those that were included in the Australian Fair Pay Commission Secretariat's 2007-08 Portfolio Additional Estimates Statements.

## Section 2: Outcomes and planned performance

### **2.1 OUTCOMES AND PERFORMANCE INFORMATION**

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community. Agencies are required to identify the output groups which demonstrate their contribution to Government outcomes over the coming year.

Each outcome is described below by output groups, specifying the performance indicators and targets used to assess and monitor the performance of the Australian Fair Pay Commission Secretariat in achieving government outcomes.

#### **2.1.1 Outcome 1: Set federal minimum and classification wages to promote the economic prosperity of the people of Australia**

##### **Outcome 1 Strategy**

The Australian Fair Pay Commission Secretariat supports the Australian Fair Pay Commission "set federal minimum and classification wages to promote the economic prosperity of the people of Australia".

In 2008-09 the Australian Fair Pay Commission Secretariat will continue to:

- build and expand the research base that informs the Australian Fair Pay Commission's wage reviews and wage-setting
- engage stakeholders and the public in wage review processes
- gather data that enables the Australian Fair Pay Commission to monitor the impact of its decisions
- develop and publish information to promote public understanding of the federal minimum wage, wage reviews and wage-setting.

### Outcome 1 Resource statement

Table 2.1 provides additional detail of Budget appropriations and the total resourcing for Outcome 1.

**Table 2.1: Total resources for Outcome 1**

	<b>2008-09</b>	2007-08
<b>Outcome 1: Set federal minimum and classification wages to promote the economic prosperity of the people of Australia</b>	<b>Total Estimate of available resources \$'000</b>	Estimated actual \$'000
<b>Output: Wage Setting</b>		
Departmental Output	<b>7,479</b>	8,478
Revenues from other sources (s.31)		
<b>Subtotal for Output 1</b>	<b>7,479</b>	8,478
<b>Total resources for Outcome 1</b>	<b>7,479</b>	8,478

	<b>2008-09</b>	2007-08
<b>Average staffing level (number)</b>	<b>34</b>	38

Note: Departmental Appropriation splits and totals, by outcome and output, are indicative estimates and may change in the course of the budget year as government priorities change.

### Contributions to Outcome 1

<b>Output Group 1.1: Wage-setting</b>	
The Australian Fair Pay Commission Secretariat supports the Australian Fair Pay Commission in wage-setting by;	
<ul style="list-style-type: none"> <li>• providing research and analysis, consultation and submission processes, monitoring and evaluation services to support wage reviews; and</li> <li>• promoting public understanding of matters relevant to the Australian Fair Pay Commission's wage-setting function.</li> </ul>	
Key Performance Indicators	2008-09 Target
Stakeholder satisfaction with wage review process	Satisfactory or above
Stakeholder satisfaction with information	Satisfactory or above

## Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of movements in administered funds, special accounts and government Indigenous expenditure.

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Reconciliation of total available appropriation and outcomes

The Agency Resource Statement (Table 1.1) details the total available appropriation available to an agency from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at Budget. As agencies incur and are funded for future liabilities, generally depreciation and employee entitlements, the total amount of departmental operating appropriation available to an agency is unlikely to be fully utilised in the Budget year. The difference between the agency resource statement and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009-10 Budget year, including amounts related to meeting future obligations to maintain the agency's asset base and to meet employee entitlement liabilities.

**Table 3.1.1: Reconciliation of total available appropriation and outcomes**

	\$'000
<b>Total available departmental operating appropriation (outputs)</b>	13,000
Less estimated payments in 2008-09	(6,995)
<b>Estimated departmental outputs carried forward and available for 2009-10.</b>	<b>6,005</b>



### **3.1.2 Movement of administered funds between years**

The Australian Fair Pay Commission Secretariat has no administered funds. For this reason Table 3.1.2 is not presented.

### **3.1.3 Special Accounts**

The Australian Fair Pay Commission Secretariat has no special accounts. For this reason Table 3.1.3 is not presented.

### **3.1.4 Australian Government Indigenous Expenditure**

The Australian Fair Pay Commission Secretariat has no 2008-09 Australian Government Indigenous Expenditure to report. For this reason Table 3.1.4 is not presented.

## **3.2 BUDGETED FINANCIAL STATEMENTS**

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

Apart from Government appropriation, the Australian Fair Pay Commission Secretariat's only other revenue is gains from resources received free of charge. The Secretariat receives no cash in relation to this revenue.

### **3.2.2 Analysis of budgeted financial statements**

#### **Departmental financial statements**

##### **Budgeted departmental income statement**

In 2008-09, appropriation revenue will be \$0.999 million less than the previous year, as a result of government's policy decision "A Fairer and Flexible Workplace Relations System", as outlined in the 2007-08 Portfolio Additional Estimates. Appropriation revenue again drops in 2010-11 as a result of the same decision. The decreases in appropriation revenue are matched by offsetting reductions in employee and supplier expenses.

In 2011-12, Depreciation and amortisation expenses decrease by \$0.426 million. This reflects the finalisation of amortisation of office fitout, at the end of its expected useful life.

##### **Budgeted departmental balance sheet**

The Secretariat's land and building assets comprise only office fitout, which is depreciated over a five year period, resulting in the significant and steady decline reported in the Balance Sheet.

##### **Budgeted departmental statement of cash flows**

The significant changes in appropriation receipts and in employee and supplier expenses, reflect the changes in the income statement (advised above), and are due to the same policy decision.

### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental income statement  
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	<b>Budget estimate 2008-09 \$'000</b>	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from Government	8,478	<b>7,479</b>	7,480	5,348	5,395
<b>Total revenue</b>	<b>8,478</b>	<b>7,479</b>	<b>7,480</b>	<b>5,348</b>	<b>5,395</b>
<b>Gains</b>					
Other	35	<b>40</b>	45	50	55
<b>Total gains</b>	<b>35</b>	<b>40</b>	<b>45</b>	<b>50</b>	<b>55</b>
<b>Total income</b>	<b>8,513</b>	<b>7,519</b>	<b>7,525</b>	<b>5,398</b>	<b>5,450</b>
<b>EXPENSE</b>					
Employees	4,100	<b>3,513</b>	3,654	2,628	2,707
Suppliers	3,887	<b>3,480</b>	3,345	2,244	2,643
Depreciation and amortisation	526	<b>526</b>	526	526	100
<b>Total expenses</b>	<b>8,513</b>	<b>7,519</b>	<b>7,525</b>	<b>5,398</b>	<b>5,450</b>
Share of operating results of associates and joint ventures accounted for using the equity method	0	<b>0</b>	0	0	0
<b>Surplus (Deficit) before income tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Income tax expense</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Surplus/(Deficit)</b>					
Minority interest in surplus (deficit)	0	<b>0</b>	0	0	0
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	196	196	196	196	196
Trade and other Receivables	5,376	5,860	6,166	6,549	6,524
<b>Total financial assets</b>	5,572	6,056	6,362	6,745	6,720
<b>Non-financial assets</b>					
Land and buildings	1,479	1,004	529	54	2
Infrastructure, plant and equipment	54	4	112	104	56
Intangibles	4	3	4	3	3
Other	59	59	59	59	59
<b>Total non-financial assets</b>	1,596	1,070	704	220	120
Assets held for sale					
<b>Total assets</b>	7,168	7,126	7,066	6,965	6,840
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	761	782	806	809	809
Other	183	231	259	266	251
<b>Total provisions</b>	944	1,013	1,065	1,075	1,060
<b>Payables</b>					
Suppliers	277	277	277	277	277
Other	852	741	629	518	408
<b>Total payables</b>	1,129	1,018	906	795	685
Liabilities included in disposal groups held for sale					
<b>Total liabilities</b>	2,073	2,031	1,971	1,870	1,745
<b>Net assets</b>	5,095	5,095	5,095	5,095	5,095
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	2,598	2,598	2,598	2,598	2,598
Retained surpluses or accumulated deficits	2,497	2,497	2,497	2,497	2,497
<b>Total parent entity interest</b>	5,095	5,095	5,095	5,095	5,095
<b>Total equity</b>	5,095	5,095	5,095	5,095	5,095
<b>Current assets</b>	5,631	6,115	6,421	6,804	6,779
<b>Non-current assets</b>	1,537	1,011	645	161	61
<b>Current liabilities</b>	1,111	1,131	1,154	1,157	1,157
<b>Non-current liabilities</b>	962	900	817	713	588

\* 'Equity' is the residual interest in assets after deduction of liabilities.  
Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows  
(for the period ended 30 June)**

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
<b>Total cash received</b>	0	0	0	0	0
<b>Cash used</b>					
<b>Total cash used</b>	0	0	0	0	0
<b>Net cash from or (used by) financing activities</b>	0	0	0	0	0
<b>Net increase or (decrease) in cash held</b>	0	0	0	0	0
Cash at the beginning of the reporting period	196	196	196	196	196
<b>Cash at the end of the reporting period</b>	196	196	196	196	196

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity – summary of  
movement (Budget year 2008-09)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2008</b>	2,497	0	0	2,598	5,095
Balance carried forward from previous period	0	0	0	0	0
Adjustment for changes in accounting policies	0	0	0	0	0
<b>Adjusted opening balance</b>	2,497			2,598	5,095
<b>Income and expense</b>					
<b>Sub-total income and expense</b>	0	0	0	0	0
Surplus (deficit) for the period	0	0	0	0	0
<b>Total income and expenses recognised directly in equity</b>					
<b>Transactions with owners</b>					
<b>Sub-total transactions with owners</b>	0	0	0	0	0
Transfers between equity components	0	0	0	0	0
<b>Estimated closing balance as at 30 June 2009</b>	2,497	0	0	2,598	5,095

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)**

The Australian Fair Pay Commission Secretariat has no income and expenses administered on behalf of Government. For this reason Table 3.2.5 is not presented.

**Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)**

The Australian Fair Pay Commission Secretariat has no assets and liabilities administered on behalf of Government. For this reason Table 3.2.6 is not presented.

**Table 3.2.7: Schedule of budgeted administered cash flows (for the period ended 30 June)**

The Australian Fair Pay Commission Secretariat has no administered cash flows. For this reason Table 3.2.7 is not presented.

### **3.2.4 Notes to the financial statements**

#### **Accounting Policy**

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

#### **Departmental Revenue from Government**

Revenue from government represents government's purchase of outputs from the Secretariat.

#### **Departmental Expenses – Employees**

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

#### **Departmental Expenses – Suppliers**

This item represents amounts paid or payable to suppliers for goods and services received in the financial year.

#### **Departmental Expenses – Depreciation and Amortisation**

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

Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease. Information technology assets are depreciated over useful lives ranging from three to seven years. Office machines are depreciated over five years.

Forward estimates of depreciation and amortisation expense are made using forecasts of net capital acquisition requirements over the forward years.

**Departmental Assets – Financial Assets – Receivables**

Receivables mainly represent cash reserves held in the Official Public Account.

**Departmental Assets – Non-Financial Assets**

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

Land and Buildings, and Infrastructure, Plant and Equipment are initially brought to account at cost, except for purchases costing less than \$2,000 - which are expensed in the year of acquisition (other than where they form part of the group of similar items that are significant in total).

Computer software, disclosed in the Departmental Balance Sheet as Intangibles, are expensed in the year of acquisition except for purchases or internally developed software costing more than \$2,000 - which are capitalised at cost.

**Departmental Liabilities – Provisions – Employees**

Provision has been made for the Australian Fair Pay Commission Secretariat's liability for employee entitlements arising from services rendered by employees to balance date. This liability encompasses unpaid wages and salaries, annual and long service leave. No provision is made for sick leave.

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

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