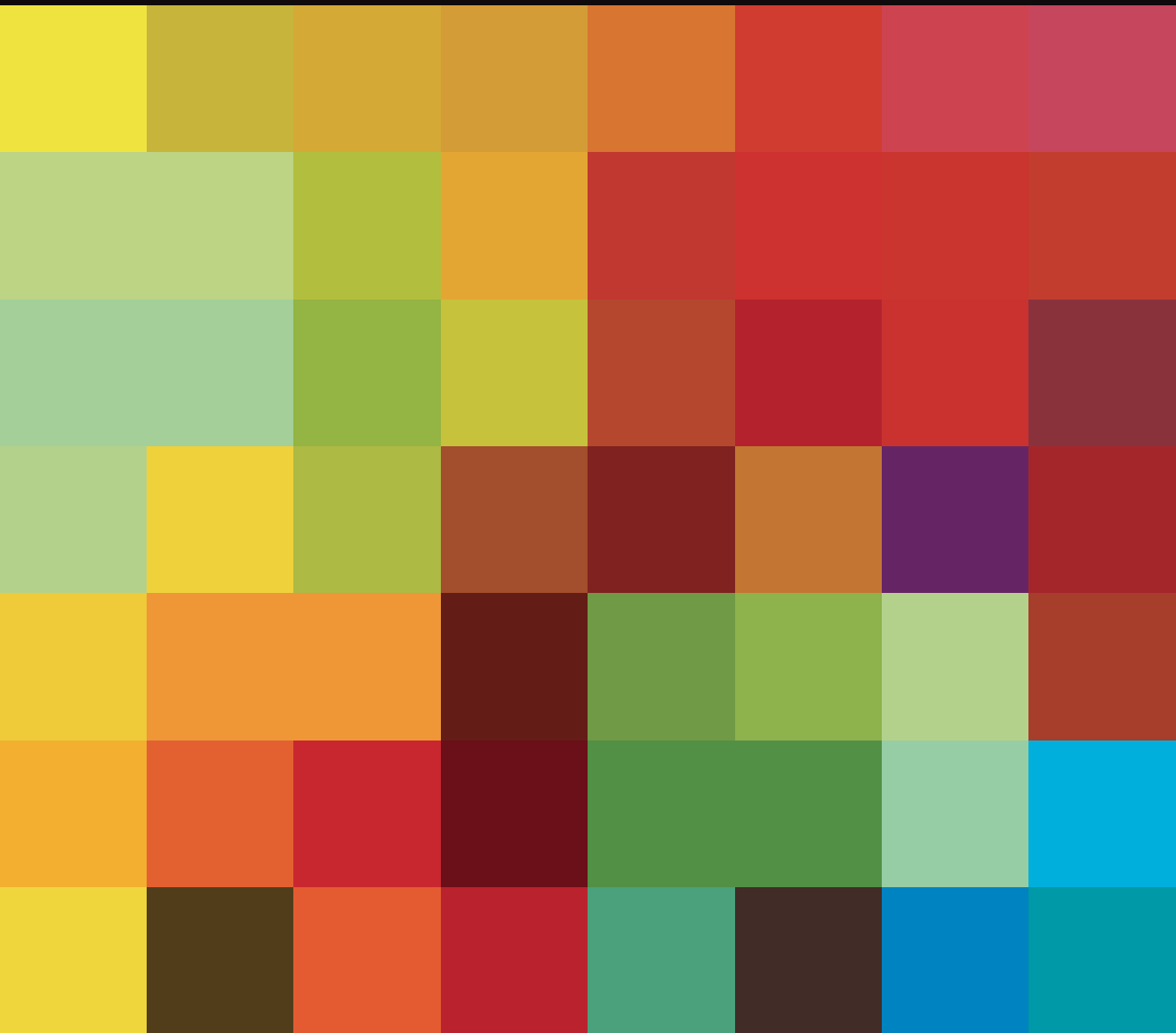




Australian Government

Fair Work OMBUDSMAN

ANNUAL REPORT 2011-12



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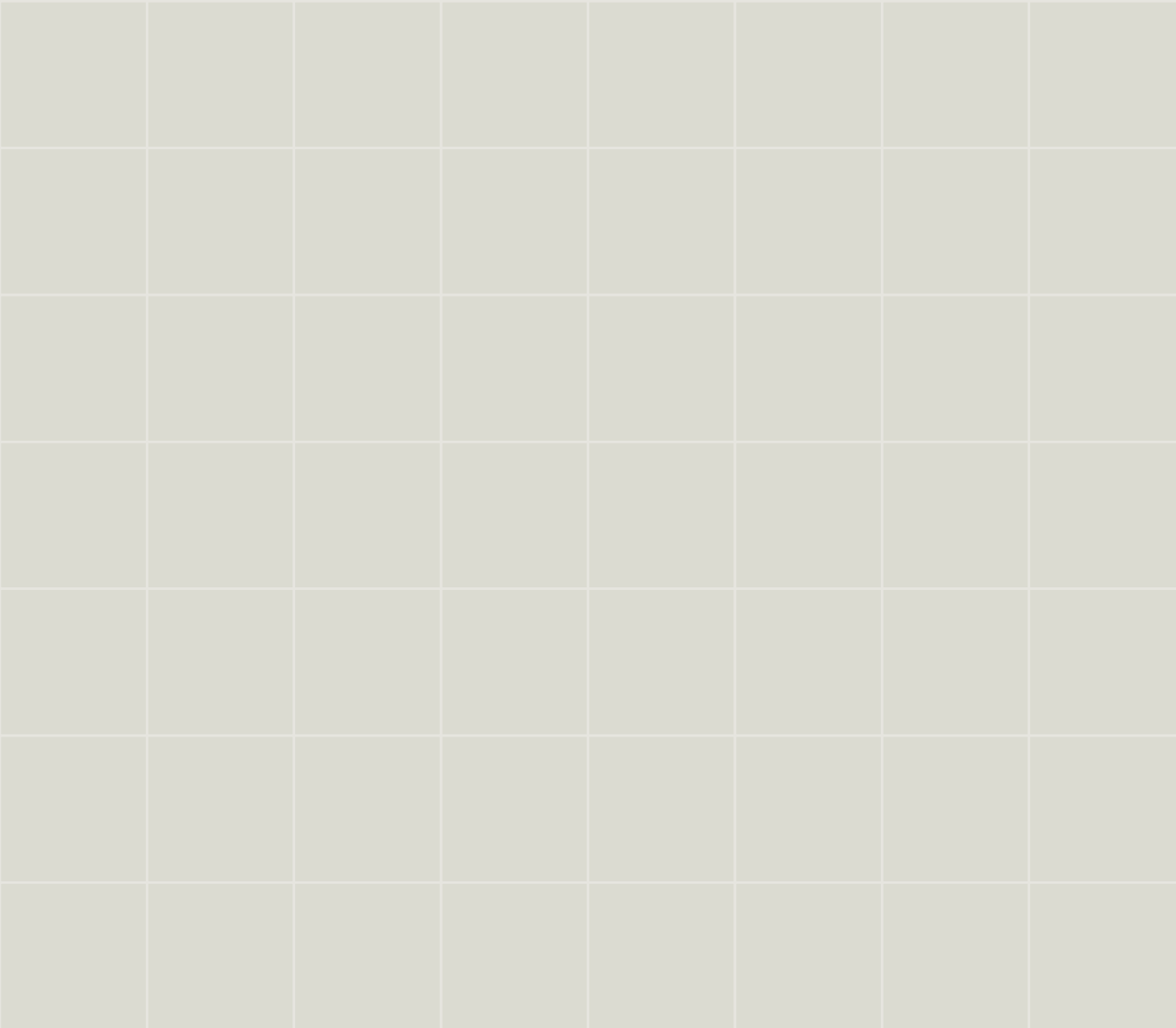
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Fair Work OMBUDSMAN

ANNUAL REPORT 2011-12





Australian Government

Fair Work

OMBUDSMAN

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The Hon Bill Shorten MP
Minister for Employment and Workplace Relations
Parliament House
CANBERRA ACT 2600

Dear Minister

I am pleased to present to you the Fair Work Ombudsman annual report for the year ending 30 June 2012.

Section 686 of the *Fair Work Act 2009* and Section 70 of the *Public Service Act 1999* require me to provide you with a report to present to Parliament. I advise that this report has been prepared in accordance with Section 70 of the *Public Service Act 1999* and the guidelines approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit.

Yours sincerely

Nicholas Wilson
FAIR WORK OMBUDSMAN

25 September 2012

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ABOUT THIS REPORT

This Annual Report for the Fair Work Ombudsman documents activities and performance from 1 July 2011 to 30 June 2012. In preparing this report the *Requirements for Annual Reports* prepared by the Department of the Prime Minister and Cabinet and approved by the Joint Committee of Public Accounts and Audit have been followed.

ENQUIRIES AND COMMENTS

The Fair Work Ombudsman welcomes comment on this report. Enquiries and feedback may be directed to:

Annual Report Coordinator
Fair Work Ombudsman
GPO Box 9887
Melbourne VIC 3001

Telephone: (03) 9603 0842
Email: communications@fwo.gov.au

Visit www.fairwork.gov.au for more information about the Fair Work Ombudsman or go to www.fairwork.gov.au/annualreport to download a copy of this report.

ACKNOWLEDGEMENTS

Annual Report Team: Kylie Mathews, Richard Woolnough, Sandra Scalise.

Thank you to all the Fair Work Ombudsman employees who have contributed to this report, and a special thanks to all members of the Communications branch who provided assistance in its development.

STRUCTURE

The report is presented in seven parts:

Section 1: Fair Work Ombudsman's review

A review of the operations of the agency by the Fair Work Ombudsman.

Section 2: Overview of services

An introduction to the agency and an overview of its structure and function.

Section 3: Report on performance

Agency performance in relation to the outcome and program structure described in the 2011-12 Portfolio Budget Statement. The Fair Work Ombudsman's performance in relation to strategic goals that support this outcome is also addressed.

Section 4: Management and accountability

A report on the agency's management practices, including the corporate governance framework, Executive Committee structure, human and financial resources, internal controls, external scrutiny, financial management and commentary on the agency's financial performance.

Section 5: Financial statements

Includes the audited financial statements for 2011-12 and the audit report.

Section 6: Appendices

Includes statistics and other mandatory information.

Section 7: References

Includes a glossary, a list of abbreviations a general index and a list of annual report requirements.

Performance snapshot

During 2011-12, the Fair Work Ombudsman achieved the following results through working with the community:

- Provided education, assistance and advice in response to more than 772 409 enquiries received through Fair Work Infoline services.
- Provided information and resources for more than 3.6 million visitors to fairwork.gov.au, including 261 000 industry section visits and 642 000 fact sheet downloads.
- Finalised 28 412 complaints and 6 547 audits, recovering more than \$39 million for 18 497 employees.
- Achieved court ordered penalties of more than \$1.5 million in 37 matters decided.
- Informed the public of the agency's role through more than 300 media releases, resulting in 1 336 print articles, more than 94 hours of radio coverage and over 55 hours of television coverage.
- Updated the suite of self-service online tools which were visited on average more than 18 500 times per week, an increase of 2 500 on previous years.



1

FAIR WORK
OMBUDSMAN'S
REVIEW

FAIR WORK OMBUDSMAN'S REVIEW

In the past year, the Fair Work Ombudsman has been working to reframe its services in a way that helps more people, more significantly, and it will be continuing to reframe its services in coming months and years to do this even more strongly.

Within this Annual Report, you will find information and data about many of our activities which are undertaken nationally, and all of which connect strongly to our legislated mandate of the promotion of harmonious, productive and cooperative workplace relations and compliance with the *Fair Work Act 2009* (the Fair Work Act) and awards and agreements made under the Act.

We interact with greater than three million people a year – we advise; we assist; we educate; and we ensure compliance. As we move through the transition to modern awards and also respond to changes in community demands and changes in funding we need to ensure our services are optimally linked to our legislated mandate.

Building knowledge of Australia's workplace relations safety net and the steps which can be taken to follow it is our legislated mandate, and we recognise that the greatest public good to be achieved from the safety net will come as we find better ways for Australians to be aware of their rights and obligations, and to be given confidence their rights and obligations can be accessed.

There is a strong case to ensure our services are directed where they are most effective; and this means actively working to find ways in which our higher level (and thereby more costly) services are offered where they can have most effect; and that citizens approaching us for basic or non-contentious issues are encouraged to use voluntary resolution or self-service inquiry tools.

Callers to the Fair Work Infoline invariably seek information about their basic rights and conditions. For example, they might ask what hourly rate they are entitled to; what has happened to the rate in recent times; and how the rate translates into penalty time they work. Increasingly citizens are finding this information online, faster and with higher accuracy, through one of the automated tools available online such as PayCheck Plus.

A case example is how the Fair Work Infoline handled this year's minimum wage adjustment by Fair Work Australia. Usually, our workload peaks in the two months after the decision. A combination of more timely availability of online wage information and some innovative call diversion work by staff and team leaders in the Fair Work Infoline and Communications branch resulted in the number of calls answered reducing when compared with the same period in the previous year, even though the number of calls entering the phone queue increased. Once in the queue, callers were actively encouraged to find the information they wanted at specific web pages.

We read into this experience (and many others like it) that citizens are prepared to use alternate services, provided they are timely, robust and of a good standard.



NICHOLAS WILSON, FAIR WORK OMBUDSMAN

This is part of a realisation that the cost of directly answering the most basic information requests is that we have a reduced ability to deal with more complex or involved matters, or the ones which involve people with greater vulnerability. As an example, for the 61% of callers who are employees, we realise our current methodology of focussing on basic information calls could well keep us from talking in detail with employees, battling to balance their family needs with the pressures of work, about the strategies they could use to discuss parental flexibilities with their employers. Likewise, the current arrangements mean we have a reduced ability to talk in greater depth with the 33% of callers who are employers, who will sometimes want to discuss how they could approach a difficult conversation with an employee they believe is under-performing.

In short, change projects now underway in the Fair Work Ombudsman are aimed at finding ways to release capacity in the Fair Work Infoline and other services. Through the greater use of self-help technologies, we can get to the most important enquiries and thereby create greater value for the community.

And so it is with our compliance activities as well. The more time we can direct towards targeting our efforts to the industries or regions with greater compliance issues or the employees with the most vulnerable employment profile, the more closely our results can be aligned to our statutory objectives.

In the past year our greatest success has been something which is probably not our most obvious success.

In recent years, the Fair Work Ombudsman has assiduously built a community case for compliance with the workplace relations safety net. On a daily basis, through our public affairs campaign and through the thousands of interactions our staff have in every part of Australia, we mount an obvious case for following the standards of the safety net and the consequences of deliberate avoidance of the duties it contains.

Yet behind this very public success sits a potentially more important result, which demonstrates positive action by employers, and the embedding of good practice into how businesses are working. For some time, staff have been reporting to me their anecdotal view of the benefits of targeted compliance activities, which work with defined industries or regions or types of employees to actively assess the extent of non-adherence to the safety net.

FAIR WORK OMBUDSMAN'S REVIEW

One of our industry campaign reports issued during the year (the National Security Industry Follow-up Campaign – reported at page 41 of this Annual Report) – takes this view beyond anecdote. Around three-quarters of the 392 completed audits showed employers were acting on their obligations in the 2011-12 campaign. In contrast, less than half (47%) of the same employers were following their obligations in the 2009 campaign.

This is a considerable turn-around that shows how industries will change behaviours with sufficient information and assistance.

Our practice, processes and culture are to work constructively with everyone who approaches us.

As Fair Work Ombudsman, I am completely independent in my decision making and I am accountable for these decisions in several directions, including in the Australian Parliament, the Courts and with the Commonwealth Ombudsman. All matters received by my staff and I are considered impartially and, with rare exception, neither my staff or I act on behalf of any person (the exception is dealt with in s682(1)(f) of the the Fair Work Act, which enables me to represent employees or outworkers in certain circumstances).

This is why I emphasise within my Office the development and strengthening of dispute resolution processes.

At one level, the facts should speak for themselves. Of the 28 412 "breach" complaints and investigations completed by my staff in the past year, there was a need perceived by my staff and I to proceed to Court in only 51 of them. Of the \$39.8 million in underpaid money recovered by Fair Work Inspectors in the past year, just \$379 416 was recovered as a result of determinations by the Courts.

While it is entirely understandable that individuals and entities pursued by my Office through the Courts may object to the commencement of litigation, or they and their representatives may describe the action in all sorts of unflattering ways or claim it is heavy-handed, the use of litigation as an enforcement methodology is used sparingly and carefully. It is also used very rarely where the duty-holder has corrected any underpayment and recognised that until that point they were acting in breach of their obligations. By the time a litigation is filed in Court, the duty-holder has always had a chance to explain what has gone on and has had many opportunities to rectify underpayments or the practices we say have led to their non-compliance.

In the course of the year we have strengthened the processes used by us to enforce the Orders made by Courts. This has been done in the belief it is not in the interests of the administration of justice, or for the Australian community generally, for the Orders of Courts to go unenforced. The Fair Work Ombudsman now routinely takes debt recovery actions on behalf of the Commonwealth against persons and entities who have not complied with orders made against them in proceedings originally taken by the Office (and where there is some evidence the person or entity has assets that can be recovered on behalf of the Commonwealth). All such monies that are recovered in this way go to the Commonwealth Consolidated Revenue Fund, (and not to the Office of the Fair Work Ombudsman), consistent with the way in which all civil penalties are dealt with.

Steps taken during the year to strengthen our culture of voluntary resolution of complaints include systematising the work undertaken after a complaint is received to ensure that in most cases the duty-holder is made aware of the complaint, so they can themselves, enquire into and correct any problem that might exist. Our objective is to have this done without the need for the matter to be dealt with by a Fair Work Inspector. In the last year, over one-third of all underpayment complaints were resolved in this way.

The steps taken to strengthen our voluntary resolution culture have also included establishing a Mediation Pilot in which trained staff mediators work at arms length from inspectors to see if the parties to a complaint can, themselves, resolve issues that would normally go through to an inspector for investigation.

Internally, I am pleased to report on success with efforts taken by the Fair Work Ombudsman over recent years to improve our gender balance in senior levels of the organisation. The proportion of women in Senior Executive Service (SES) positions is now close to half (whereas it was under 25% in 2009); and the proportion of women in the combined SES and Executive Level 2 grouping is also above 50% (see page 112 of this Annual Report).

The work of our staff was externally recognised on several occasions during the year, which not only lends credibility to many of the matters reported on in this Annual Report, but also highlights the very high standard of the individuals or teams concerned.

- Our National Employer Program received a Commendation Award at the Prime Minister's Awards for Excellence in Public Sector Management.
- Our Legal Group was recognised on two occasions by the Australian Corporate Law Association (ACLA) – our NSW legal team was named as the ACLA NSW Legal Team of the Year, and our national legal practice was named by ACLA as a finalist in their 2011 National Awards, in the category of Australian In-house Legal Team of the Year (large).
- Su Kearns, our Group Manager, Corporate and Strategic Development, was named the Australian Human Resources Institute's Dave Ulrich Human Resources Leader of the Year.
- The Fair Work Ombudsman was a finalist in the 2011 Diversity@Work Employment and Inclusion Awards in the category of Employment and Inclusion of Gender Diversity.
- Our PayCheck Plus system was a finalist in the Department of Finance and Deregulation "Excellence in e-Government" 2012 Awards, in the Service Delivery category.

I am particularly pleased to highlight these occasions for award, and congratulate all of our staff involved.

Nicholas Wilson

Fair Work Ombudsman



2

OVERVIEW OF SERVICES

ABOUT THE FAIR WORK OMBUDSMAN

The Fair Work Ombudsman is an independent statutory agency created by the Fair Work Act on 1 July 2009. It forms part of the Education, Employment and Workplace Relations portfolio.

The appointed Fair Work Ombudsman and Agency Head is Nicholas Wilson.

The Fair Work Ombudsman has a **vision** to achieve fair Australian workplaces, and a **mission** to work with Australians to educate, and ensure fairness and justice in the workplace.

The Fair Work Ombudsman works to achieve this by:

- providing advice and assistance to the Australian public about their workplace rights and obligations
- investigating complaints or suspected contraventions of workplace laws, awards and agreements and litigating, where necessary, to ensure compliance
- maintaining an active awareness of the wider political, social and economic landscape to inform strategy; and
- building a model workforce that is harmonious, cooperative and productive.

The Fair Work Ombudsman is impartial, and provides services to employers and employees throughout Australia free of charge through the Fair Work Infoline and fairwork.gov.au. The agency also engages in other education and compliance activities such as campaigns, audits, investigations, mediation and litigation.

ORGANISATIONAL STRUCTURE

FAIR WORK OMBUDSMAN Nicholas Wilson						
Customer Service	Field Operations	Legal Group	Policy, Education and Partnership Group	Corporate and Strategic Development	Finance and Information Management	Agency Change Projects
Alfred Bong Group Manager			Bill Loizides Group Manager	Su Kearns Group Manager	Mark Scully Group Manager	Michelle Baxter Group Manager
Michael Clark Executive Director Customer Contact	Steve Ronson Executive Director Regional Services and Targeting	Janine Webster Chief Counsel	Tom O'Shea Executive Director Policy and Partnerships	Giorgina Strangio Executive Director Human Resources	Karsten Lehn Executive Director Project Management Office	
Naomi Bleeser Executive Director Process Innovation and Knowledge Services	Greg Robertson Executive Director (A/g) Complex Investigations and Innovation		Lynda McAlary-Smith Executive Director Education and Major Employers	Sandra Scalise Executive Director (A/g) Communications and Governance	Leanne Fry Chief Information Officer Information Technology	

FIGURE 1 ORGANISATIONAL STRUCTURE AT 30 JUNE 2012

OVERVIEW OF SERVICES

SERVING THE AUSTRALIAN PUBLIC

The Fair Work Ombudsman's services can be accessed through a national network of offices in capital cities, states and territories.

At 30 June 2012, the Fair Work Ombudsman had a presence in 27 centres across Australia. The Fair Work Ombudsman also had a further 26 state partner offices in Queensland, South Australia and New South Wales delivering Fair Work Ombudsman services.

The offices directly operated and staffed by the Fair Work Ombudsman provide services within a 50km radius of 76% of the Australian working age population and within a 300 km radius of 98% of the working age population.

The addition of offices operated by state partner agencies means that 82% of Australian employed persons are within 50km of either a Fair Work Ombudsman or state partner office, and 99% of Australian employed persons are within a 300km radius of either a Fair Work Ombudsman or state partner office. For more information on state partner agencies, see page 36 of this Annual Report.

FIGURE 2 OFFICE LOCATIONS

Fair Work Ombudsman office locations		State partner agency office locations	
NSW	Sydney Coffs Harbour Newcastle Orange Penrith* Wagga Wagga	Campbelltown Newcastle Penrith*	Wollongong Sydney
VIC	Melbourne Bendigo Traralgon Warrnambool		
QLD	Brisbane Cairns Gold Coast Rockhampton Toowoomba Townsville	Bundaberg Cairns Gladstone Ipswich Logan Lutwyche Mackay Mt Gravatt	Nambour Robina Rockhampton Roma Toowoomba Townsville Warwick
WA	Perth Bunbury Broome Kalgoorlie		
SA	Adelaide Mount Gambier Port Augusta	Adelaide Berri Keswick	Mount Gambier Port Lincoln Port Pirie Whyalla
TAS	Hobart Launceston		
ACT	Canberra		
NT	Darwin		

*During 2011-12 the state partner agency presence in Penrith was replaced with a presence by the Fair Work Ombudsman.





3

**REPORT ON
PERFORMANCE**

REPORT ON PERFORMANCE

THE OUTCOME AND PROGRAM: WORKPLACE COMPLIANCE

The purpose of the Fair Work Ombudsman's Annual Report is to account for progress towards the Government's planned outcome of achieving workplace compliance through advice, education and, where necessary, enforcement.

This outcome and a program of supporting education services and compliance activities are outlined in the Fair Work Ombudsman's Portfolio Budget Statement for 2011-12. The program identifies the following deliverables:

- provide information, advice and education on the requirements and flexibilities of workplace laws to foster voluntary compliance
- investigate claims regarding alleged breaches of workplace laws and undertake targeted activities; and
- litigate, where necessary, to enforce compliance with workplace laws.

An analysis of the Fair Work Ombudsman's results against key performance indicators for these deliverables, as outlined in the Portfolio Budget Statement, is provided in this section of the Annual Report.

The Fair Work Ombudsman had developed a strategic plan for 2011-12 to support program and outcome delivery. The five key goals of this plan were:

- 1 Educating workplace participants.
- 2 Ensuring effective compliance.
- 3 Building an effective organisational profile and sustainable relationships.
- 4 Implementing effective business processes.
- 5 Building capabilities in people and culture.

The end of the 2011-12 financial year marks the culmination of this plan, and the development of a new strategy for the Fair Work Ombudsman to deliver Government outcomes moving forward. The Fair Work Ombudsman's foreword on page 2 of this Annual Report provides further insight on the agency's vision and future direction.

DELIVERING THE OUTCOME

This section of the Annual Report outlines the Fair Work Ombudsman's performance against the key performance indicators, program deliverables and outcome for 2011-12.

The Fair Work Ombudsman's activities and achievements in relation to the agency's five strategic goals for 2009-12 are also highlighted in this section.

MEETING PERFORMANCE TARGETS

The Fair Work Ombudsman's results against the key performance indicators for the 2011-12 reporting period are outlined in the table below.

TABLE 1 PROGRAM DELIVERABLES: EDUCATION SERVICES AND COMPLIANCE ACTIVITIES

Key performance indicator	Target	2011-12 results	2010-11 results	2009-10 results
Targeted campaigns:				
National	4	4	4	3
State (number of campaigns in each state/territory)	2	At least 2 in each state	At least 2 in each state apart from New South Wales	At least 2 in each state apart from Queensland
Investigations into complaints about breaches of federal agreements or awards completed within 90 days (% of total complaints)	80%	68%	61%	75%
Calls to the Contact Centre resolved at the first point of contact (% of total calls)	80%	98%	97%	95%
Availability of Contact Centre services (% of availability during advertised hours)	99%	99%	95%	99%
Availability of website (time available as a % of total time)	99%	99%	99%	99%

REPORT ON PERFORMANCE

FIGURE 3 COMPLAINTS RECEIVED VERSUS COMPLAINTS FINALISED 2009-12

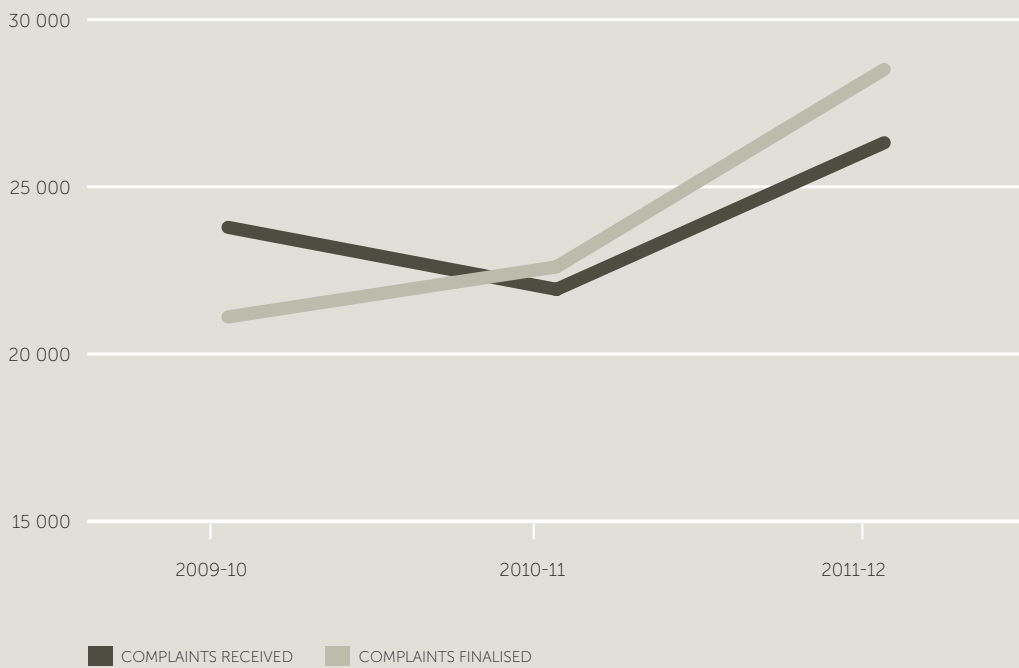


TABLE 2 COMPLAINTS RECEIVED VERSUS COMPLAINTS FINALISED 2009-12

	2011-12	2010-11	2009-10
Complaints received	26 366	21 890	23 698
Complaints finalised	28 412	22 523	21 070

Note: The number of complaints resolved was higher than the number of complaints received as some complaints lodged in 2010-11 were resolved in 2011-12.



The number of complaints completed in 90 days continued to improve in 2011-12, unhindered by a 20% increase in complaints received.

Analysis 2011-12: performance against the Portfolio Budget Statement's key performance indicators

The Fair Work Infoline met all targets for key performance indicators (KPIs) in relation to the Fair Work Infoline's advisory, assistance and education functions.

The Fair Work Infoline (13 13 94) offered 100% availability during advertised hours, with email and Live Chat services at 99% availability. This marked a return to usual performance levels, following a minor decrease last year in availability which was attributed to the Fair Work Infoline's provision of assistance during the Queensland floods.

The agency met key performance indicators for national campaigns and state campaigns, with four delivered nationwide and two delivered per state during 2011-12. In relation to state and territory targeted campaigns, a joint campaign targeting the takeaway and restaurant industry was held across the Northern Territory, South Australia and Western Australia. This campaign has been included in the total number of state and territory campaigns undertaken in each of these locations.

Results for investigations into complaints about breaches of federal agreements or awards completed within 90 days saw a 7% increase to 68% completed in 2011-12. For more information, refer to Table 1 on page 15.

Coupled with a 20% increase in the total number of complaints received in the same period, there has been a significant improvement on the number of complaints completed in 90 days.

These improvements in the agency's performance regarding investigations can be attributed to a number of factors.

Resolving a greater number of cases earlier in the complaints process via alternative methods for dispute resolution, such as Assisted Voluntary Resolution and Mediation, has seen a more timely resolution of some complaints without requiring a full investigation treatment. For more information on these measures, see pages 34-35 of this Annual Report.

A growing foundation of technical advice and experience in addressing workplace compliance in the new modern award system, implemented 1 January 2010, has enabled the Fair Work Ombudsman to improve the efficiency of the agency's complaints resolution and investigation processes.

Enhancements to the agency's case management system have improved the efficiency of business processes associated with the administering and reporting of complaints.

These factors, coupled with a concerted focus in the second half of 2011-12 on resolving the oldest ongoing complaints, have enabled the Fair Work Ombudsman to improve the agency's results against the KPI for resolving complaints within the last financial year. The agency's performance against this KPI is expected to continue to improve throughout 2012-13.

The Fair Work Ombudsman's performance against the agency's KPIs provides quantifiable evidence of the agency's progress towards program deliverables and achieving the Government's planned outcome of workplace compliance.

Further evidence of the agency's achievements in support of outcome delivery is provided in relation to the 2009-12 strategic goals.

GOAL ONE

EDUCATING WORKPLACE PARTICIPANTS

RAISING AWARENESS AND EMPOWERING THE COMMUNITY

Snapshot of activities in 2011-12:

- Responded to 772 409 written, telephone and online enquiries.
- Received more than 6.5 million visits to fairwork.gov.au and more than one million downloads of educational fact sheets, Best Practice Guides and templates.
- Developed a bi-monthly subscription based eNewsletter.
- Launched an improved online wage tool PayCheck Plus, which has received over 497 000 visits.
- Implemented strategies to educate specific groups of vulnerable workers including apprentices, trainees and people from culturally and linguistically diverse (CALD) backgrounds.

The Fair Work Ombudsman is charged with promoting harmonious, productive and cooperative workplace relations and compliance with workplace laws. In 2011-12, the Fair Work Ombudsman increased the agency's focus on education and delivered a range of products and initiatives to support the agency's education mandate.

Raising awareness of workplace relations laws and regulations is essential to ensuring that the Australian workplace community develops a greater understanding of their workplace rights and obligations.

Education is an important component of the work towards the agency's vision of fair Australian workplaces, and supports the Fair Work Ombudsman's compliance activities. By providing tailored tools and resources, the Fair Work Ombudsman empowers workplace participants to make well-informed decisions and minimises unintentional non-compliance with the Fair Work Act.

The Fair Work Ombudsman has remained responsive to changes in technology, and the way in which the Australian public communicates and accesses information. To continually improve the agency's services, the suite of online tools and resources available via fairwork.gov.au was refined in 2011-12.

A research-based approach to implementing education strategies was also instrumental in assisting the Fair Work Ombudsman in understanding the needs of workplace participants. Research informed the development of the agency's e-Newsletter and workplace relations tools as an example of a best practice approach to education.

Collaborative relationships with other government agencies and industry bodies such as the Australian Taxation Office, Australian Securities and Investments Commission and the Department of Industry, Innovation, Science, Research and Tertiary Education continued to assist in developing innovative solutions to implementing the Fair Work Ombudsman's educational strategies and making information about workplace laws more accessible and easier to understand.



Adam Rodgers

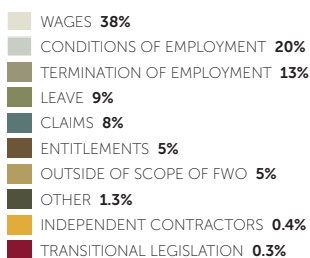
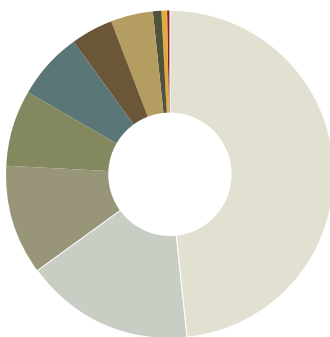
PROVIDING ADVICE ON WHAT MATTERS MOST

Providing advice upfront: the Fair Work Infoline

The Fair Work Infoline was the front line for advice in 2011-12 with over 140 dedicated Fair Work Advisers answering 772 409 enquiries and providing tailored assistance through telephone calls, Live Chat, email and post.

The nature of calls to the Fair Work Infoline was similar in 2011-12 to previous years with wages the most common reason workplace participants sought advice and information. The Fair Work Ombudsman continued to encourage the use of self-directed tools and resources via fairwork.gov.au to provide an effective and relevant means of access to workplace relations information.

FIGURE 4 NATURE OF CALLS TO THE FAIR WORK INFOLINE 2011-12



To me, education is about empowering employers and employees with the knowledge to work cooperatively and productively within their own workplaces. By providing people with effective tools and resources, we are enabling them to understand and own their workplace rights and obligations.

Adam Rodgers

Director Education

REPORT ON PERFORMANCE

GOAL ONE CONTINUED

TABLE 3 CALLERS TO THE FAIR WORK INFOLINE BY FINANCIAL YEAR

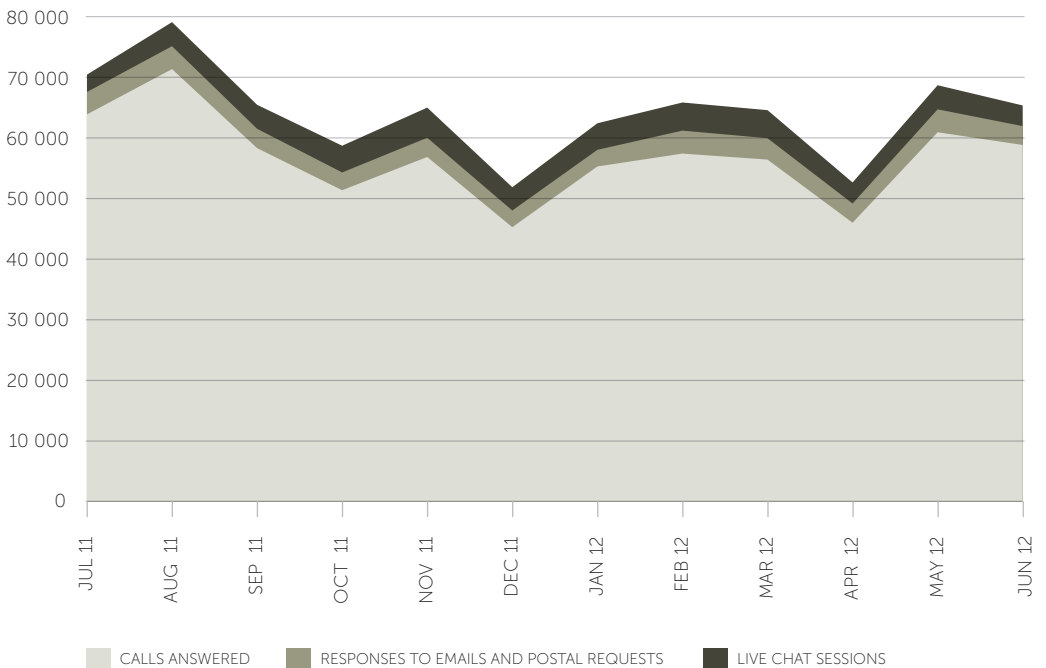
	2011-12	2010-11	2009-10
Callers who identified themselves as employers	33%	37%	34%
Callers who identified themselves as employees	61%	62%	59%
Callers who did not identify as employers or employees	6%	1%	7%
Total	100%	100%	100%

TABLE 4 FAIR WORK INFOLINE ASSISTANCE AND ADVICE BY FINANCIAL YEAR

	2011-12	2010-11	2009-10
Calls for advice and assistance answered	683 992	825 218	1 108 648
Assistance offered through Live Chat sessions	48 665	54 743	35 421
Responses to email and postal requests for assistance	39 752	36 443	22 589
Total	772 409	916 404	1 166 658

33% of callers to the Fair Work Infoline identify themselves as employers, while 61% of callers to the Fair Work Infoline identify themselves as employees.

FIGURE 5 FAIR WORK INFOLINE ASSISTANCE AND ADVICE PROVIDED BY MONTH



The Fair Work Ombudsman responded to 143 995 (16%) less enquiries via the Fair Work Infoline in 2011-12, however there was an increase in the number of callers resolving their enquiries through interactive voice response self service information.

This rose by 91% from 52 066 in 2010-11 to 99 272 in 2011-12, and contributed to the reduction in calls answered by the Fair Work Infoline.

As illustrated in Figure 5, the Fair Work Ombudsman typically experiences the highest volume of enquiries to the Fair Work Infoline leading up to and following the Annual Wage Review that takes effect from 1 July each year.

GOAL ONE CONTINUED

LISTENING AND FINDING BETTER WAYS TO ASSIST

The Australian workplace relations landscape is dynamic, and new issues regularly emerge. In 2011-12 the Fair Work Ombudsman continued to engage in dialogue and respond promptly to provide advice on workplace relations matters and ensure workplace compliance.

The agency created a range of new tools and resources in response to matters of public interest and the need for clarity regarding workplace rights and obligations.

Snapshot of activities for 2011-12:

- Enhanced a 'My business' section of fairwork.gov.au to assist small and medium business owners to understand their workplace rights and obligations, which has been visited 51 494 times since its launch in November 2011.
- Updated the Fair Work Ombudsman's suite of online tools in response to feedback, to create PayCheck Plus. PayCheck Plus is a new consolidated wage tool with improved functionality that enables workplace participants to calculate wage rates for themselves. The tool has been used over 497 000 times since its launch in September 2011.
- Created online Trainee Wage Calculators for 15 different industries that automate the process for calculating transitional rates of pay for trainees. Previously, this information could only be obtained by contacting the Fair Work Infoline or undertaking an extensive series of manual calculations. The calculators have been used 27 453 times since their creation in March 2012.
- Published a new fact sheet on internships, vocational placements and unpaid work in response to an identified lack of public awareness on these issues. The fact sheet was released in October 2011 and has been downloaded 2 001 times.
- Launched an online Leave Calculator to enable employers and employees to calculate accumulated leave entitlements themselves. The calculator has received 84 855 visits in the first 5 months following release.



The Fair Work Ombudsman's PayCheck Plus, Trainee Wage Calculators and Leave Calculator are widely used, and have been collectively accessed more than 609 308 times.

Internships & unpaid work: identifying myths and misunderstandings

In the last financial year, the Fair Work Ombudsman identified confusion around the legitimacy of unpaid work practices and internships.

Anecdotal evidence suggests that the prevalence of unpaid work arrangements, including 'internships' and 'work trials', is growing within the community.

While not wanting to prevent genuine developmental opportunities, the challenge for the Fair Work Ombudsman is to determine the parameters that need to be in place to ensure unpaid work arrangements remain lawful and prevent exploitation.

The issue of unpaid work is complex, and raises the dilemma of providing young workers the opportunity to gain experience in a workplace setting, without being subject to exploitation.

Workplace laws require an employee who performs valuable work to be paid, however there are arrangements including formal internships which form part of recognised study, or work experience which does not involve work that a paid employee would otherwise perform.

The fine line between experience and exploitation received significant attention after the publication of the articles "How to get free labour" in *The Age* and "Employees can be free and easy" in the *Sydney Morning Herald* on 11 August 2011.

The articles encouraged employers to take advantage of unpaid labour through the use of 'internships'. In response to public concern, the Fair Work Ombudsman commenced an initiative to provide the community clarity regarding the legitimacy of these arrangements.

To further educate the Australian public and clarify misconceptions, the Fair Work Ombudsman developed a fact sheet on internships, unpaid work experience and vocational placements.

The Fair Work Ombudsman consulted extensively with stakeholders, including the Australian Industry Group, the Australian Council of Trade Unions, the Australian Chamber of Commerce and Industry and leading academics, prior to releasing the fact sheet in October 2011.

The Fair Work Ombudsman also launched a dedicated section on fairwork.gov.au in December 2011, which by 30 June 2012 had received 5 701 visitors.

Applying a broader perspective

The Fair Work Ombudsman recognised the need for a broader approach to address unpaid work that involved raising community awareness and developing targeted education and compliance strategies. To assist, the agency commissioned a research report into unpaid work practices to clarify distinctions between engaging employees in genuine work experience arrangements and internships, and illegitimate or exploitative arrangements.

The body of research is currently being undertaken by preeminent workplace relations academics Professor Andrew Stewart and Rosemary Owens from the University of Adelaide.

The purpose of the initiative is to assist the Fair Work Ombudsman in understanding current practices and identifying the legitimacy of different unpaid work arrangements. This will enable the Fair Work Ombudsman to develop evidence based education and compliance strategies to ensure that workers have the ability to gain experience in a workplace setting and are not subject to exploitation.

REPORT ON PERFORMANCE

GOAL ONE CONTINUED

Getting involved early: Fair Start Project

In 2011-12 the Fair Work Ombudsman launched the Fair Start project to tackle the issue of underpayments to apprentices, trainees and young workers.

This approach was instigated following internal reports indicating that a number of the Fair Work Ombudsman's incoming complaints and phone calls were in relation to apprentice and trainee entitlements.

The Fair Start project team liaised with a wide range of key stakeholders including representatives from state and territory training authorities, and the:

- Office of the Training Advocate
- Group Training Australia
- Australian Council of Trade Unions
- Department of Employment, Education and Workplace Relations
- Australian Chamber of Commerce and Industry
- National Association of Australian Apprenticeship Centres
- Australian Industry Group
- Training Ombudsman
- Australian Hairdressing Council.

As part of the consultation process, the Fair Work Ombudsman invited stakeholders to attend a joint project team meeting with the Fair Start team to refine the scope of the problem and discuss potential solutions.

The research and consultation process highlighted that Australian Apprenticeship Centres (AACs) were unique in being the single organisation that had mandatory contact with both the employer and the employee during the apprenticeship. In many circumstances it was found that the AAC was the only body to provide advice and assistance to the employer, and the employee, for the life of the relationship.

A focussed strategy on educating AACs about the Fair Work system was determined as the most likely way to yield benefit in preventing future underpayment issues.

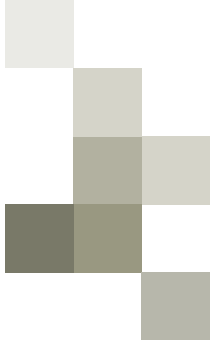
The Fair Start project specifically aimed to assist state and territory training authorities and Australian Apprenticeship Centres to identify the correct award that applied to the apprentice or trainee in their training contract.

To achieve this, the Fair Work Ombudsman developed and delivered face-to-face training on the use of the Fair Work Ombudsman's tools and resources to seven training authorities and Australian Apprenticeship Centres. Training included:

- advice on the Fair Work Ombudsman's role
- a tour and explanation of website content specific to apprentices and trainees; and
- a tutorial on the Fair Work Ombudsman's online tools – including PayCheck Plus and Award Finder.

This training will now be adapted for online delivery to ensure state training authorities and Australian Apprenticeship Centres have ongoing access to the information for future use.

The Fair Work Ombudsman will continue developing this pro-active approach to problem solving and will work to integrate it as a component of the agency's educative work.



Fair Work Ombudsman materials provide information on workplace rights and entitlements in 27 different languages.

Addressing diversity: assisting culturally and linguistically diverse (CALD) clients

The Fair Work Ombudsman continued to recognise that ethnic diversity within Australia requires information to be provided in multiple languages for greater accessibility to all workers and employers.

In 2011-12 the Fair Work Ombudsman's ongoing culturally and linguistically diverse (CALD) strategy aimed to identify information gaps and develop resources for workplace participants in collaboration with community organisations to ensure the provision of relevant and accessible information.

The Fair Work Ombudsman built upon its CALD strategy in a number of ways, including:

- developing videos entitled *Working in Australia: What you need to know* and *Employing Staff in Australia*, which were translated into 14 languages and are available via the Fair Work Ombudsman's YouTube channel
- developing materials on fairwork.gov.au which have been translated into 27 different languages
- developing a dedicated page on fairwork.gov.au for international students' to locate information on workplace rights
- using social media and tweeting workplace relations information in Korean, Cantonese and Vietnamese
- delivering presentations about Fair Work Ombudsman services to international students at educational institutions
- distributing posters and brochures to Migrant Resource Centres and community groups across the country in relevant languages; and
- encouraging the sharing and dissemination of workplace relations information through collaboration with local community groups.

The Fair Work Ombudsman also established a 'Barefoot Tutors' program in 2011 to provide further information and reach within the CALD community.

Barefoot Tutors was based on a self-service model that allowed community leaders to educate members of their own communities on workplace rights and entitlements with the assistance of an in-language presentation, speaking notes and hand-outs.

The presentation covered topics including workplace laws, the National Employment Standards, employees' rights at work and where to go for help. It also included a number of role-play opportunities for participants.

In a trial of the program in early 2012, the Fair Work Ombudsman worked with Sydney-based Asian Women at Work (AWATW), a support organisation for Asian women workers including outworkers.

AWATW was chosen for the trial due to its strong community presence – the group has a membership base of 1 300. It is a trusted source of information for its members, providing English classes, support groups, hobby groups, social activities and community legal education.

During the Barefoot Tutors trial, Vietnamese and Mandarin speaking community workers from AWATW presented the program to their colleagues, which helped gauge the program's suitability for the wider CALD community.

The program was very well received by both the community leaders and group members.

Due to the success of the pilot, an expansion of the Barefoot Tutors program is now under way.

Using a range of innovative communication channels provided the Fair Work Ombudsman with an effective means to engage vulnerable members of the workplace relations community, and further spread the agency's message of workplace education and compliance.

REPORT ON PERFORMANCE

GOAL ONE CONTINUED

ENABLING PEOPLE TO HELP THEMSELVES

The Fair Work Ombudsman is committed to delivering workplace relations education and enabling employers and employees to locate the right information about workplace laws, entitlements and responsibilities.

Throughout 2011-12, the agency continued to take onboard feedback from the Australian public on the workplace relations matters of greatest interest, and preferred means of delivery for workplace relations information.

In response to this feedback, the Fair Work Ombudsman has continued to provide new online tools and improved existing resources, enabling employers and employees to access information at a time that suits them.

Snapshot of fairwork.gov.au performance:

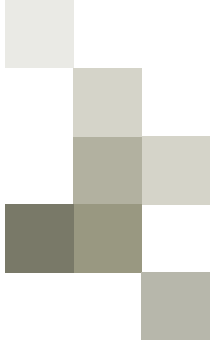
- Provided access to workplace relations information via fairwork.gov.au for 6 595 855 visitors.
- Delivered tailored information to 261 892 visitors to 14 industry based pages on fairwork.gov.au
- Wage rate information was distributed to 990 343 workplace participants through the Fair Work Ombudsman's online pay tools.

The Fair Work Ombudsman's website: fairwork.gov.au

The Fair Work Ombudsman's website fairwork.gov.au serves as an effective channel for workplace participants seeking access to information regarding their workplace rights and responsibilities.

In 2011-12 visitors to fairwork.gov.au increased by 44% compared to 2010-11. There was also a 51% increase in unique visitors to fairwork.gov.au with 3 683 873 visits in 2011-12 compared to 2 436 016 the previous year.

An increased number of workplace participants elected to engage with the Fair Work Ombudsman via online mediums.



Over 3.6 million people have been provided with advice and assistance via the Fair Work Ombudsman's website, fairwork.gov.au.

TABLE 5 VISITS TO FAIRWORK.GOV.AU

	2011-12	2010-11
Visits to fairwork.gov.au	6 595 855	4 576 336*
Unique visitors to fairwork.gov.au	3 683 873	2 436 016
Visits to industry pages	261 892	159 000

*Please note that the Fair Work Ombudsman's Annual Report for 2010-11 under reported total visits to fairwork.gov.au. The website was relaunched in September 2010, and the figure reported (3 554 634) did not take into account visits between July and September 2010. The revised figure for the total number of visits to fairwork.gov.au in 2010-11 is 4 576 336.

The Fair Work Ombudsman continued to encourage businesses to be pro-active with workplace compliance through fairwork.gov.au, and provided workplace participants with a range of self service tools, information and assistance.

In 2011-12, the agency evolved fairwork.gov.au to meet the changing needs of workplace participants in response to feedback from the Australian workplace community.

In September 2011 a mechanism was introduced on fairwork.gov.au allowing visitors to provide feedback on all website pages by rating the page content as 'Helpful' or 'Not Helpful' as part of an agency-wide commitment to quality assurance.

This information was used to implement improvements to fairwork.gov.au, and refine plans for the systematic review of existing website content.

The Fair Work Ombudsman also increased the range of industry-specific content available on fairwork.gov.au to ensure access to tailored and relevant information. New web content was created in response to significant legislative changes and matters of public interest, such as the *Road Safety Remuneration Act 2012*, and the equal remuneration decision in the Social and Community Services industry.

These strategies and the ongoing expansion of fairwork.gov.au have enabled the Fair Work Ombudsman to deliver effective and accessible information on workplace relations, and further the agency's objectives of workplace education and ensuring compliance.

REPORT ON PERFORMANCE

CASE STUDY: WORKING TOGETHER TO IMPROVE INDUSTRY

The Fair Work Ombudsman plays an important role in the operation of the new Road Safety Remuneration system. This system was a result of a Government initiative to improve road safety by reducing monetary incentives for transport workers to drive unsafely. The system established the *Road Safety Remuneration Act 2012*, which created the new Road Safety Remuneration Tribunal.

Under the *Road Safety Remuneration Act 2012*, the Fair Work Ombudsman has two key responsibilities:

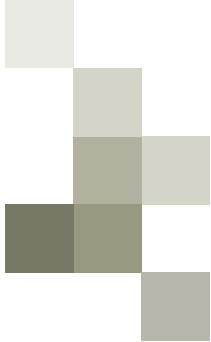
- provide education, advice and assistance to the road transport industry about the legislation; and
- monitor and enforce compliance by all participants in the industry with the *Road Safety Remuneration Act 2012* and any applicable enforceable instruments.

In preparation for the system, which commenced on 1 July 2012, the Fair Work Ombudsman worked collaboratively with other government agencies and industry bodies to develop an education strategy to explain and promote the changes.

The initial stage of the strategy has been completed with the release of a dedicated Road Transport industry page on fairwork.gov.au in mid June 2012. The page provides an overview of the system, who it applies to and how it will affect them.

In the new financial year, the Fair Work Ombudsman will continue to work with industry partners to implement an ongoing education and communication strategy and monitor compliance in line with the agency's responsibilities.





GOAL ONE CONTINUED

Pro-active help for businesses: launch of the eNewsletter

The Fair Work Ombudsman's eNewsletter was launched in November 2011 as a means of pro-actively disseminating information and assisting workplace participants to improve their knowledge and understanding of Australia's workplace relations system.

The Fair Work Ombudsman's eNewsletter has gained momentum since its inception, with the number of subscribers steadily increasing from 663 in November 2011 to 2 517 in June 2012.

The eNewsletter's ability to engage workplace participants has been significant. More than 70% of subscribers opened each edition of the eNewsletter sent to them.

The eNewsletter also invited readers to follow links to informational tools located on fairwork.gov.au, which met with considerable success. More than 65% of readers followed direct links from the editions of the eNewsletter to access further information via fairwork.gov.au.

The eNewsletter demonstrated the Fair Work Ombudsman's support for pro-active education strategies, and allowed the sending of information directly to subscribers who elected to receive the electronic publication on a bi-monthly basis.

The eNewsletter was developed for a target audience in line with audience preferences for the type and frequency of information provision. Employers were identified as the group most likely to benefit from information on the following:

- changes to new workplace rules and regulations
- changes to award rates of pay; and
- clarification on key workplace relations issues.

The Fair Work Ombudsman will continue to improve the eNewsletter communication channel to ensure it remains a relevant source of information on changes to workplace laws and workplace compliance.

Expanding what works: online tools and resources

As part of a commitment to empowering workplace participants, the Fair Work Ombudsman has continued to expand the suite of tools and resources available via fairwork.gov.au that enable employers and employees to understand and comply with their workplace relations obligations.

These free of charge tools can be easily accessed and customised by businesses, and particularly small employers, to simplify their employment and record keeping practices.

At the end of 2011-12 the Fair Work Ombudsman's comprehensive suite of educational products included:

- 12 Best Practice Guides
- 38 fact sheets
- over 50 templates
- interactive webinars
- a subscription based e-Newsletter; and
- an improved online wage tool PayCheck Plus.

User feedback and download volumes of the tools and resources provided in the previous financial year demonstrated that the agency's clients valued and utilised a particular style of information delivery in the form of practical examples, templates and tailored, accessible guidance.

REPORT ON PERFORMANCE

GOAL ONE CONTINUED

Expanding what works: online tools and resources continued

As a result, the Fair Work Ombudsman continued to expand and promote the agency's suite of tools and resources.

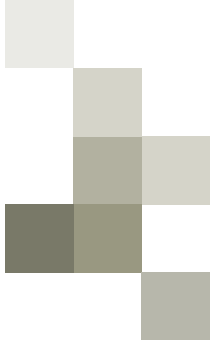
In 2011-12 these initiatives included:

- An upgrade to the agency's pay tools with the release of PayCheck Plus, a new online wage tool incorporating additional features and increased functionality. This was complemented with the release of Trainee Wage Calculators for 15 different industries.
- The launch of a Leave Calculator, which enables users to calculate annual leave and personal leave entitlements quickly and easily.
- The creation of new fact sheets on emerging issues, including:
 - uniforms and clothing in the retail industry
 - internships, vocational placements and unpaid work
 - understanding on-hire employee services
 - 457 visa holders' rights at work, developed in partnership with the Department of Immigration and Citizenship.
- The release of new templates designed to assist small businesses lacking dedicated payroll functions in managing their employment responsibilities.
- A webinar program on current workplace relations topics and campaigns.

- The development of dedicated resources for franchises, including an Employer Obligations Guide. The Employer Obligations Guide provides a concise overview of obligations under the Fair Work Act, and includes frequently asked questions and hyperlinks to other relevant Fair Work Ombudsman tools and resources. The Guide is available through fairwork.gov.au and is designed to be easily integrated in a franchisor's operations manual or used as a stand-alone education resource.
- The launch of an electronic eNewsletter subscription to help employers keep up to date with topical issues and developments in workplace relations.
- An interactive quiz to help workers determine their status as an employee or contractor.

Templates designed to simplify the work involved with keeping employment records and recording agreements between employees and employers were a popular item downloaded from fairwork.gov.au with 373 963 templates in total downloaded in 2011-12. The most popular template among those downloaded was one for pay slips, which received over 67 000 views.

Fact sheets outlining minimum rights and responsibilities of employees, employers and contractors under Australia's workplace laws were also popular, with 642 697 in total downloaded in 2011-12.



The Fair Work Ombudsman expanded the agency's tailored online small business tools in 2011-12 and launched an employer specific eNewsletter.

TABLE 6 EDUCATIONAL RESOURCES AND DOWNLOADS

	2011-12	2010-11
Fact sheets available	38	32
Fact sheets downloaded	642 697	633 000
Best Practice Guides available	12	12
Best Practice Guides downloaded	68 699	65 888
Templates available	51	44
Templates downloaded	373 963	448 000

The Fair Work Ombudsman's Best Practice Guides continued to assist small businesses to implement the right initiatives in areas such as gender pay equity, balancing work and family commitments and employing young workers. More than 68 000 Best Practice Guides were downloaded in 2011-12.

Through its National Franchise Program, the Fair Work Ombudsman has also developed tailored resources to support franchisors in educating franchisees about their rights and obligations under the national workplace laws.

Expanding the Fair Work Ombudsman's suite of online tools continued to assist in the delivery of tailored and accessible information on workplace relations and working towards to the agency's outcome of workplace compliance.

INCORPORATING EDUCATION WITH COMPLIANCE

Helping business prepare for audits of their workplace relations practices

Education formed an integral part of the Fair Work Ombudsman's work towards the outcome of workplace compliance. Each year, national and state-based compliance campaigns target specific industries with businesses audited by Fair Work Inspectors to assess compliance.

To help employers understand their obligations under workplace laws, every targeted campaign held in 2011-12 contained an education phase. These pre-audit phases of targeted campaigns were introduced to engage peak industry bodies of the pending audit and inform businesses in those industries of their workplace obligations.

More information on the Fair Work Ombudsman's national and state targeted campaigns is available on pages 37-41 of this Annual Report.

GOAL TWO

ENSURING EFFECTIVE COMPLIANCE

LOOKING FOR BETTER WAYS TO ACHIEVE COMPLIANCE

Snapshot of compliance activities for 2011-12:

- 28 412 complaint investigations were finalised, recovering a total of \$33.6 million for 11 923 Australian employees.
- 6 547 targeted campaign audits were finalised, recovering a total of \$6.2 million of 6 574 Australian employees.
- Fair outcomes were achieved in relation to more than 9 700 complaints finalised by Assisted Voluntary Resolution.
- Voluntary compliance was achieved via eight Enforceable Undertakings.
- Serious, wilful and repeated non-compliance was addressed with the commencement of 51 litigations.
- Court ordered penalties totalling \$1.5 million were achieved in 37 litigation cases decided.
- Three large enterprises were encouraged to be pro-active about compliance with workplace laws through the negotiation of Pro-active Compliance Deeds.

The Fair Work Ombudsman continued to innovate and evolve the agency's approach to ensuring workplace participants complied with their obligations under workplace laws, in the interests of creating fair Australian workplaces and promoting harmonious, productive and cooperative workplace relations.

In 2011-12 the Fair Work Ombudsman had an integrated approach to ensuring effective compliance that included:

- targeted campaign auditing
- pro-actively encouraging businesses to improve compliance
- facilitating voluntary rectification of non-compliance issues; and
- litigation activity aimed at general and specific deterrence.

The agency's compliance activities were both pro-active – working with specific industry sectors and large businesses to improve their understanding and application of workplace laws in their workplaces, and reactive – responding to complaints raised directly by workplace participants.



Steve Ronson

The majority of the Fair Work Ombudsman's compliance efforts involved working co-operatively with employers and employees to resolve non-compliance issues and therefore enhancing businesses' commitment to long term compliance. However intentional, serious or repeated breaches of the law and workplace regulations received more serious treatment such as litigation.

Protecting the rights of vulnerable workers is a key responsibility of the Fair Work Ombudsman. In 2011-12 the agency was active in ensuring that the rights of vulnerable groups, such as migrant workers and young people, were protected.

The Fair Work Ombudsman also continued to work closely with state partner agencies to deliver consistent education and compliance across Australia, as it has done since the introduction of the national workplace relations system in January 2010.

The Fair Work Ombudsman's compliance and education activities are supported by more than 600 Fair Work Inspectors. This includes 183 Fair Work Inspectors working in state partner agencies and 92 dual badged Fair Work Building Industry Inspectors.

Together with the agency's educational activities, the Fair Work Ombudsman's compliance measures encouraged increased adherence with workplace laws across Australia and protected vulnerable groups from exploitation in the workplace. The agency's educational activities are discussed in greater detail in Goal 1 of this Annual Report on pages 18-31.

In terms of compliance, we are here to help people who want to do the right thing, and ensure there is no disadvantage to doing the right thing. If we encounter significant and serious non-compliance, it is essential we act in a way that maintains confidence and a level playing field for all.

Steve Ronson

*Executive Director,
Regional Services and Targeting*

REPORT ON PERFORMANCE

GOAL TWO CONTINUED

WORKING TOGETHER TO ACHIEVE COMPLIANCE

In 2011-12 complaints were typically received by the Fair Work Ombudsman from employees who had checked their entitlements and had been unsuccessful in attempting to resolve a pay, conditions or workplace rights issue directly with their employer.

More than half of monies recovered for underpaid workers came via voluntary compliance measures, consistent with previous years' results.

Employees can request a Fair Work Ombudsman complaint form by calling the Fair Work Infoline (13 13 94) or by downloading it from fairwork.gov.au. Complaints can be lodged by post, fax or in person. Information on fairwork.gov.au sets out the complaints process, documentation that may be needed and how to comment on the agency's services.

In the first instance, complaints were ordinarily addressed through Assisted Voluntary Resolution and Mediation measures, and, if unresolvable, escalated to formal investigation.

Of the \$39.8 million recovered for underpaid workers nationally via Fair Work Ombudsman compliance activities in 2011-12, more than 55% was recovered through voluntary measures.

Assisted Voluntary Resolution

Assisted Voluntary Resolution (AVR) was at the front end of the Fair Work Ombudsman's complaint handling process in 2011-12 with Fair Work Inspectors working directly with the employee, and their employer, to reach a fair and mutually acceptable resolution, without immediately resorting to a formal investigation.

Through the AVR process, employers and employees were provided information about their entitlements and obligations under workplace laws, had aspects of the complaint explained to them and were guided through any matters in dispute.

During AVR proceedings Fair Work Inspectors supported both parties in reaching a mutually acceptable and appropriate solution, but did not make determinations about whether a contravention had occurred and did not require the parties to agree to a proposed solution.

Overall, 34% (9 754) of complaints were resolved by the AVR process in 2011-12, an increase of 19% from the 8 215 resolved in 2010-11.

In 2011-12 the average resolution time for complaints in AVR was 24 days, which compares to 110 days for a full investigation. AVR proved to be an expeditious solution for all parties and a cost effective compliance tool for the agency.

The large majority of complaints not resolved via AVR in 2011-12 were referred to Fair Work Inspectors for formal assessment and determination. In most cases Fair Work Inspectors were able to achieve voluntary rectification of non-compliance issues.



**83% of cases referred to the Fair Work Ombudsman
Mediation team were resolved during the Mediation process.**

Mediation

In 2011-12 the Fair Work Ombudsman launched a new approach to voluntary compliance through a process of Mediation.

A 12 month Mediation Pilot Program was launched by the Fair Work Ombudsman in March 2012 and established a specialist team of accredited mediators committed to resolving workplace disputes between parties.

The Mediation Pilot Program extended the agency's service offering to clients with an emphasis on working directly with employers and employees to achieve voluntary compliance.

The results were overwhelmingly successful, with 83% of cases referred to the team resolved during the Mediation process.

The Mediation Pilot Program focused on assisting parties in a workplace dispute to reach a mutual agreement about how to resolve their disagreement on their own terms.

Mediation is a voluntary and confidential process, which usually involves a telephone meeting between the complainant, the party complained against and a mediator from the Fair Work Ombudsman.

At the discretion of the Fair Work Ombudsman, Mediation was used during any stage of the complaint process, including during an investigation. Further information on the Mediation Pilot Program is available on pages 77-79 of this Annual Report.

GOAL TWO CONTINUED

TABLE 7 STATE PARTNER AGENCY COMPLAINTS AND AUDITS

	2011-12	2010-11	Jan-July 2010
Complaints referred to state partner agencies	4 790	4 299	2 362
Complaints finalised by state partner agencies	5 369	4 414	1 031
Audits finalised by state partner agencies	1 656	1 824	376

State partner agency arrangements

The Fair Work Ombudsman continued to work closely with state partner agencies in 2011-12 to deliver services and achieve compliance with workplace laws across Australia.

The formal three year partnership between the Fair Work Ombudsman and state partner agencies began on 1 January 2010 with the introduction of the first national workplace relations system.

At that time, arrangements were established with New South Wales, Queensland, South Australia and Tasmania. Victoria had already referred its industrial relations powers to the Australian Government in 1996. Western Australia chose not to refer its industrial relations powers to the Australian Government.

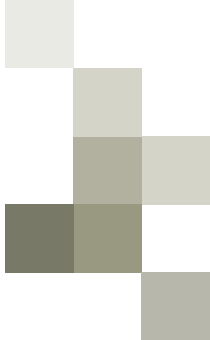
The state partner agency arrangements have allowed existing state department agencies to continue to undertake compliance activities in partnership with the Fair Work Ombudsman.

Throughout 2011-12, state partner agencies supported the Fair Work Ombudsman's compliance strategies, including national campaigns, and initiated state based campaigns targeting private hospitals, nursing homes, clothing outworkers and the car park industry.

In 2011-12 state partner agencies conducted 11 479 educational visits to Australian workplaces, providing information to employers in New South Wales, Queensland and South Australia. Fair Work Inspectors visited an additional 620 employers in Tasmania, assisting them to comply with workplace laws.

State partner agencies finalised a total of 5 369 complaints in 2011-12, which were received directly from employees. The number of complaints finalised by state partner agencies has increased each year since January 2010.

The contracts for state partner arrangements are due to end on 31 December 2012, and are currently under consideration by state and Australian government.



Rather than a single focus on 'catching' employers not complying with workplace laws, the Fair Work Ombudsman's campaigns also included an 'information and awareness' phase.

Targeted campaigns

Each year the Fair Work Ombudsman targets specific industries with national, state and territory based education and compliance campaigns to assist employers to improve their workplace relations practices. Targeted campaigns are a way the Fair Work Ombudsman works collaboratively with industry bodies to promote compliance with the Fair Work Act.

The overarching aim of targeted campaigns are to 'change behaviour' in the long term by combining education and compliance activities. The nature and function of targeted campaigns are closely aligned with the Fair Work Ombudsman's vision of fair Australian workplaces.

The Fair Work Ombudsman targets employers in industries and regions that are considered a high compliance risk and require intervention. Often these industries employ vulnerable workers, such as migrants and young people.

By conducting national, state and territory based campaigns the Fair Work Ombudsman can be responsive and target issues that arise within specific industries or regions, across Australia.

For example, the Fair Work Ombudsman's Queensland office received a number of complaints and enquiries associated with wage and commission payments to real estate sales staff. In a competitive industry such as real estate, employers who fail to adhere to workplace obligations may gain an unfair advantage over their competitors at the expense of employees receiving due entitlements.

Provisions contained within the Real Estate Industry Award 2010 require employers to lodge agreements for non commission and commission only real estate sales representatives. These agreements are required to be negotiated by employers and employees, recorded in writing, signed and subsequently lodged with the Queensland Property Industry Register.

Following receipt of complaints regarding industry practices, the Fair Work Ombudsman assessed compliance with Award provisions as part of the Queensland Real Estate Industry Regional Campaign.

The campaign focussed on employers operating businesses in Queensland metropolitan and regional areas. Of the 156 audits completed, 75 employers were compliant while 81 had contraventions. Most employers contacted were found to be aware of the campaign, and welcomed the opportunity to clarify their obligations with the Fair Work Ombudsman.

In 2011-12, rather than a single focus on 'catching' employers not complying with workplace laws, the Fair Work Ombudsman's campaigns began with an 'information and awareness' phase with targeted industries receiving information on their workplace rights and obligations.

Fair Work Inspectors initially directed employers to the Fair Work Ombudsman's online resources and provided advice and assistance where required.

A more recent feature of the agency's educational activities was the use of webinars. These were successfully trialled in campaigns to support employers, enabling the effective presentation of workplace relations information, and the opportunity to ask questions of Fair Work Inspectors without employers having to leave their business premises. For more information, see page 84 of this Annual Report.

REPORT ON PERFORMANCE

GOAL TWO CONTINUED

Targeted campaigns continued

In formulating and executing campaigns in 2011-12, the Fair Work Ombudsman worked closely with industry associations and unions in all targeted industries to maximise the impact and reach of campaigns.

Contact was made prior to campaign commencement to notify key union and association stakeholders of the campaign objectives and strategy, and to encourage them to work collaboratively with the Fair Work Ombudsman through the delivery of the campaign.

During the agency's National Clerical Worker Campaign for example, which targeted the accounting and recruitment industries, the Recruiting and Consulting Services Association (RCSA) offered to conduct a webinar for its members. Their own industrial relations lawyer provided an overview of the Clerks (Private Sector) Award 2010 and the Fair Work Ombudsman provided an overview of the campaign and what to expect when selected for audit.

Additionally, when the Fair Work Ombudsman met with the Accommodation Association of Australia (AAoA) prior to running the Queensland Accommodation Campaign, the AAoA indicated their willingness to work cooperatively with the Fair Work Ombudsman to promote the Fair Work message. The AAoA undertook their own audit first, and organised a webinar and three seminars. Through these, the Fair Work Ombudsman was able to provide an overview of the campaign, and the AAoA provided information on the Hospitality Industry (General) Award 2010.

Following the information and awareness phase, the Fair Work Ombudsman selected a sample number of businesses for audit to assess whether they were operating in accordance with the Fair Work Act. This involved Fair Work Inspectors checking an employer's records to make sure they were compliant with award and legislative requirements, and providing advice and assistance to achieve compliance where this was not the case.

Maintaining productive relationships with industry associations and unions enabled the Fair Work Ombudsman to promote workplace compliance more effectively and generated a wider understanding and awareness of campaign work in particular industries.

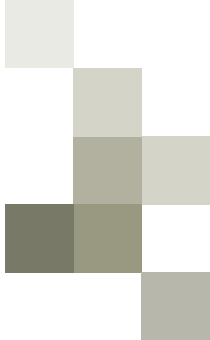
National campaign results

In 2011-12 the Fair Work Ombudsman was involved in the following four national campaigns:

- Retail Industry Campaign
- Security Industry Follow-Up Campaign
- Clerical Workers Campaign; and the
- Vehicle Repair & Maintenance Campaign.

Campaign reports are available via fairwork.gov.au.

In 2011-12, national campaigns resulted in compliance audits of 3 329 businesses, resulting in 1 986 workers sharing in \$1 504 339 recovered in unpaid wages and entitlements. These results represented a significant decrease in audits conducted and monies recovered (63%) from national campaigns in comparison with 2010-11 outcomes. However, an increase in state and territory campaign activity has led to an increase in total campaign audits and recoveries. See Tables 8 and 9 on page 39 of this Annual Report for more information.



Webinars have been successful in providing small businesses with information and assistance as part of the Fair Work Ombudsman's targeted audit campaigns.

TABLE 8 TOTAL NATIONAL AND STATE/TERRITORY CAMPAIGN AUDITS FINALISED

	2011-12	2010-11	2009-10
New South Wales/Australian Capital Territory	1 846	1 892	807
Victoria	1 211	906	1 057
Queensland	1 969	1 934	553
Western Australia	521	609	637
South Australia	676	1 123	372
Tasmania	214	211	173
Northern Territory	110	104	79
Total	6 547	6 779	3 678

TABLE 9 TOTAL MONIES RECOVERED FOR EMPLOYEES THROUGH NATIONAL AND STATE/TERRITORY CAMPAIGNS

	2011-12	2010-11	2009-10
New South Wales/Australian Capital Territory	\$974 761	\$751 885	\$1 271 055
Victoria	\$1 281 277	\$2 303 699	\$1 170 860
Queensland	\$2 233 379	\$796 103	\$471 514
Western Australia	\$953 721	\$402 427	\$774 035
South Australia	\$416 303	\$195 850	\$372 594
Tasmania	\$202 994	\$192 046	\$151 326
Northern Territory	\$96 440	\$96 522	\$56 444
Total	\$6 158 875	\$4 738 532	\$4 267 828

REPORT ON PERFORMANCE

GOAL TWO CONTINUED

State and territory campaigns

In addition to the national campaigns, the Fair Work Ombudsman was involved in 22 state and territory campaigns across Australia in 2011-12. Each of these campaigns responded to specific state and territory issues, and created opportunities for the Fair Work Ombudsman to reach regional and remote areas.

Fair Work Inspectors conducting audits in regional areas in 2011-12 reported being welcomed by employers keen to receive information about their responsibilities. In 2011-12 the Fair Work Ombudsman was involved in the following state and territory campaigns:

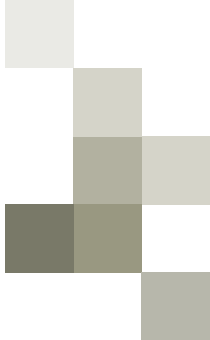
1	NSW/ACT Fair Work Info Statement Audit Program 2011-12
2	NSW Real Estate Audit Program 2011-12
3	VIC Mornington Peninsula Record Keeping
4	VIC Building Industry Apprentices
5	VIC Hairdressing Industry Apprentices
6	VIC Regional Transport Industry – follow-up phase
7	QLD Ekka Program 2011
8	QLD Accommodation Campaign
9	QLD Aged Care Audit Program
10	QLD Compliance Program
11	QLD Real Estate Follow Up Campaign
12	QLD Suburban Brisbane Food Courts
13	QLD Clothing Manufacturers Audit Program
14	WA Traffic Controllers Campaign
15	WA/SA/NT Joint Takeaway/Restaurant Campaign

16	SA South East Tourism Audit Program
17	SA Dentists, Orthodontists and Medical Rooms Audit Program
18	SA Private Hospitals, Aged Care Centres Audit Program
19	TAS Is it Workplace Right?
20	TAS Young Hospitality Workers Campaign
21	ACT Restaurants Audit Program 2011-12
22	NT Hair and Beauty Audit Program

In 2011-12, 4 588 workers from across Australia received a share of \$4 654 536 in unpaid wages and entitlements as a result of state and territory campaigns.

Some of the underpayments recovered relate to campaigns undertaken in previous financial years.

These results represented a significant increase in monies recovered from state and territory campaigns in comparison with the \$585 843 recovered in 2010-11, and continued an upward trend of monies recovered from state and territory campaigns.



6 574 workers received \$6 158 875 in unpaid wages and penalties as a result of audit activities – an increase of \$1.5 million from 2010-11.

CASE STUDY: MAKING A DIFFERENCE

National Security Industry Follow-Up Campaigns

The Fair Work Ombudsman's success in using national campaigns to raise business compliance with workplace laws was demonstrated by the results of the National Security Industry Follow-Up Campaign held in 2011-12.

The National Security Follow-Up Campaign assessed the compliance of businesses in the security industry and found that there had been a significant increase in the level of compliance since the industry was the target of an initial campaign in 2009.

The campaign involved audits of three groups of employers: those employers who the Fair Work Ombudsman audited in 2009, employers the agency had recently investigated (or were in receipt of intelligence regarding) and employers that had recently registered their security business.

The audits assessed time and wages records and also examined contract for service arrangements. Campaign results found that compliance with workplace laws for each of these groups was 73%, 75% and 79% respectively. This was a significant improvement on the 47% compliance rate found in the 2009 campaign.

As well as informing the security industry of its compliance obligations, the Fair Work Ombudsman had used the initial 2009 national campaign to assist the industry to better understand its obligations by providing the Australian Security Industry Association with \$103 475 in funds as part of the Shared Industry Assistance Program.

The association produced a guide for employers within the security industry, which included information such as hours of work, breaks, shift work penalties, employment status, employee records, payslips and rates of pay. Seminars were also held across Australia attracting almost 300 participants.

The Fair Work Ombudsman will continue to monitor the security industry, recognising that while the National Security Industry Follow-Up Campaign had shown improvements in the level of compliance, 25% of businesses were still found to be operating in contravention of workplace laws.

Of the contraventions identified, 36% related to the underpayment of wages and a total of \$427 000 was recovered for 730 employees as at 30 June 2012.



GOAL TWO CONTINUED

FIRM BUT FAIR – WE GET INVOLVED

Investigating complaints

Investigating complaints remained an important and significant component of the Fair Work Ombudsman's work in 2011-12 as part of the ongoing commitment to achieving fairer workplaces by ensuring compliance with Australian workplace laws.

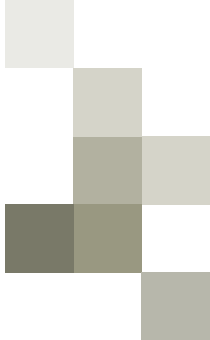
In 2011-12 the Fair Work Ombudsman finalised 28 412 complaints, continuing an upward trend in the number of complaints finalised each year.

In 2011-12 the Fair Work Ombudsman received 26 366 complaints and finalised 28 412; in 2010-11, the Fair Work Ombudsman received 21 890 complaints and completed 22 523.

Notwithstanding a 20% increase in complaints, the Fair Work Ombudsman increased the number of wage and conditions complaints resolved in less than 90 days from a KPI result of 61% in 2010-11 to a KPI result of 68% in 2011-12. Refer to Table 1 on page 15 of this Annual Report for more information.

TABLE 10 COMPLAINTS FINALISED BY STATE AND TERRITORY

	2011-12	2010-11	2009-10
NSW	8 543	6 351	4 265
VIC	7 394	6 103	4 942
QLD	6 824	5 682	4 545
WA	2 274	1 825	1 862
SA	2 138	1 525	1 169
TAS	654	492	561
ACT	305	312	3 321
NT	280	233	405
Total	28 412	22 523	21 070



Investigating complaints remained an important and significant component of the Fair Work Ombudsman's work towards achieving fairer Australian workplaces.

As Table 11 demonstrates, the Fair Work Ombudsman steadily improved the number of complaints resolved within 90 days throughout 2011-12.

TABLE 11 COMPLAINTS FINALISED WITHIN 90 DAYS BY MONTH

	Jul 2011	Aug 2011	Sep 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012
Complaints finalised within 90 days	61%	57%	59%	60%	62%	66%	73%	72%	73%	73%	74%	73%

This increase in the agency's efficiency and productivity can be attributed to:

- a concerted focus by the agency in the second half of 2011-12 on resolving the oldest ongoing complaints
- a growing foundation of technical advice and experience with the new Fair Work system, which has enabled Fair Work Inspectors to assess and investigate complaints more effectively
- the enhancement and stabilisation of the Fair Work Ombudsman's case management system, which has improved the efficiency of business processes associated with administering and reporting on complaints; and
- the greater use of alternative and less formal dispute resolution tools, which have enabled a more timely resolution of complaints without requiring a full investigation treatment.

The Fair Work Ombudsman is optimistic that the investigation key performance indicator will continue improving throughout 2012-13 as a result of these measures.

REPORT ON PERFORMANCE

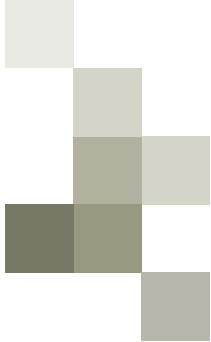
GOAL TWO CONTINUED

TABLE 12 PAYMENTS RECOVERED FROM COMPLAINTS AND TARGETED AUDITS

	2011-12		2010-11		2009-10	
	Number of individuals receiving payments	Payment	Number of individuals receiving payments	Payment	Number of individuals receiving payments	Payment
NSW	4 576	\$16 943 043	4 182	\$8 215 143	4 718	\$7 654 595
VIC	3 877	\$7 733 402	3 556	\$7 573 146	3 164	\$6 904 332
QLD	4 906	\$8 642 650	5 142	\$6 082 183	3 749	\$4 255 171
WA	2 244	\$2 665 608	1 480	\$1 788 843	1 634	\$2 650 444
SA	1 875	\$2 425 607	1 048	\$1 579 496	976	\$1 712 649
TAS	344	\$641 840	1 186	\$858 767	420	\$871 561
ACT	490	\$501 282	224	\$384 857	1 178	\$1 752 457
NT	185	\$256 069	542	\$273 382	249	\$394 447
Total	18 497	\$39 809 501	17 360	\$26 755 817	16 088	\$26 195 656

In 2011-12, \$39.8 million in back-pay was recovered for more than 18 000 workers nationally, and the average amount recovered per employee rose from \$1 541 to \$2 152.

This increase of \$13 053 684 million can be largely attributed to two specific matters in 2011-12, which collectively recovered \$8.2 million for 501 employees.



CASE STUDY: TAKING A STANCE AGAINST PREGNANCY DISCRIMINATION

After returning to work a week after suffering a miscarriage, a Sydney woman in her 30s was demoted and told not to complain by her employers, who were prosecuted by the Fair Work Ombudsman in 2012 for breaches of the Fair Work Act.

The employee, who had migrated to Australia from China seven years before, had told her employers she was pregnant in 2009, saying she intended to take some leave around the time of the birth.

The woman's employers told her she might not be able to return to her office position after the baby was born. After medical complications, the woman suffered a miscarriage and took a week's sick leave in August 2009.

On her return to work from sick leave, the employee was demoted from office duties to packaging duties. She was instructed to train a new employee who had been placed into her previous office role, and told that she was not to complain.

The employee's new work environment involved standing the whole time, was primarily manual labour, was up to 20 degrees warmer than the office in summer, involved little or no client contact and did not require use of English-speaking skills.

When the employee complained and asked to resume her previous office duties, she was refused and told that: 'many employees resign when they fall pregnant and then stay at home in bed'.

In February 2012, Federal Court Justice Dennis Cowdroy imposed a \$23 730 fine against Sydney husband-and-wife Ding Guo Wang and Xiao Yu Zhang, who operated a commercial printing business at Riverwood.

The couple also agreed to pay the employee \$2 207 for economic loss she suffered as a result of the demotion, after earlier voluntarily back-paying her more than \$6 000 that had been underpaid.

Justice Cowdroy said Wang and Zhang had: 'engaged in abusive action against (the employee) on the grounds of her gender and pregnancy' and their conduct represented a 'gross violation' of their obligations under the Fair Work Act.

Justice Cowdroy inferred that the employee was ultimately dismissed in December 2009 as a result of her complaints to her employer and after she had lodged an official complaint with the Fair Work Ombudsman.



GOAL TWO CONTINUED

TABLE 13 DISCRIMINATION COMPLAINTS AND OUTCOMES

	2011-12	2010-11
Complaints received	1040	1171
Outside the Fair Work Ombudsman's jurisdiction	28%	43%
Matters proceeding to investigation	182	294
Discrimination matters filed in court	2	2
Executed Enforceable Undertakings	3	1

Addressing workplace discrimination

The Fair Work Ombudsman helped protect workers from unlawful workplace discrimination in 2011-12 by engaging workplace participants and raising awareness that the agency would make employers accountable for breaches of the Fair Work Act.

Educational measures and publicity of discrimination through prosecutions, use of Enforceable Undertakings and the provision of information via fairwork.gov.au played a role in making the Australian community aware of their rights and obligations in relation to workplace discrimination.

In 2011-12, the Fair Work Ombudsman increased awareness and compliance with workplace anti-discrimination laws in the Australian community by using educational measures including:

- initiation of prosecutions and the execution of Enforceable Undertakings
- improvement of access to information about discrimination on fairwork.gov.au

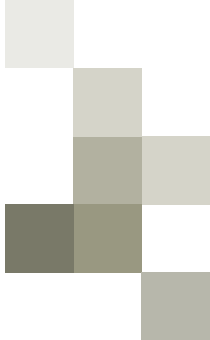
- delivery of a Disability Discrimination Education Campaign, and;
- clarification of the jurisdiction of the Fair Work Ombudsman and strengthening of links with other anti-discrimination bodies to facilitate the consideration of complaints that fell outside the agency's jurisdiction.

Two successful prosecutions of discrimination relating to pregnancy, another relating to disability and three Enforceable Undertakings were widely publicised and assisted the Fair Work Ombudsman in delivering a strong deterrence message to employers in 2011-12.

The Fair Work Ombudsman received 1 040 complaints relating to workplace discrimination in 2011-12, with 28% of complaints falling outside the agency's jurisdiction.

Of the 1 040 complaints received and assessed by the Fair Work Ombudsman, 182 cases were referred for further investigation.

Of the 182 cases referred for investigation, 142 were closed due to lack of evidence, were outside the Fair Work Ombudsman's jurisdiction or were withdrawn.



Eight Enforceable Undertakings were entered into in 2011-12, providing \$2.1 million in back-pay to employees, and a mechanism to ensure continued compliance from businesses.

A further eight were resolved via educational visits, voluntary compliance and Mediation, while the remaining 32 were under investigation.

The most common complaints within this group related to physical or mental disability, pregnancy and race. Physical or mental disability was most commonly referred for investigation with 45 matters reviewed.

Workplace discrimination is a complex issue in Australia. The Fair Work Ombudsman only has the power to investigate discrimination as defined under the Fair Work Act, and only where other state and federal laws do not exclude the operation of the Fair Work Act.

As a result, many complaints received were outside the agency's jurisdiction.

Making use of Enforceable Undertakings

The use of Enforceable Undertakings added flexibility to the Fair Work Ombudsman's approach to addressing cases of significant non-compliance in 2011-12, with the agency entering into Enforceable Undertakings with eight employers to achieve strong voluntary compliance outcomes.

Enforceable Undertakings were an important enforcement mechanism and an alternative to litigation in addressing matters of significant non-compliance, and avoiding the expense and delay associated with litigation.

Enforceable Undertakings also provided the Fair Work Ombudsman with opportunities for ensuring continued compliance, which may not have been achievable through litigation.

In 2011-12 the Fair Work Ombudsman used Enforceable Undertakings in cases that served the public interest with a focus on future compliance, and sufficiently rectifying the relevant contraventions.

The process of entering into an Enforceable Undertaking involves an employer admitting they have contravened workplace laws and providing the Fair Work Ombudsman with a written commitment to undertake certain actions.

Enforceable Undertakings can include an employer committing to:

- rectifying non-compliance, including back-payment of entitlements
- apologising to the workplace participants affected by the contraventions
- revamping workplace policies and procedures
- providing accredited workplace relations training for the employer's staff
- making a donation to a not-for-profit organisation; and
- providing ongoing reports to the Fair Work Ombudsman that demonstrate compliance with workplace laws.

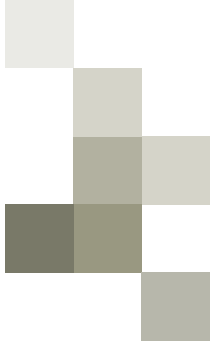
Eight Enforceable Undertakings were finalised in 2011-12, providing a total of \$2 147 427 in back-pay to employees. Further information on Enforceable Undertakings is provided in Table 14 on pages 48-51 of this Annual Report.

REPORT ON PERFORMANCE

GOAL TWO CONTINUED

TABLE 14 ENFORCEABLE UNDERTAKINGS RECEIVED IN 2011-12

Date of undertaking	Nature of contravention	Employer
19/08/2011	Wages and conditions	Joyson Orchards Pty Ltd
2/09/2011	Wages and conditions	Ivanho & Kew Pty Ltd and Woon Lan Melissa Kew
5/09/2011	Wages and conditions	Masuya Enterprise Pty Ltd, Izakaya Mushashi Pty Ltd, Makoto Sushi Pty Ltd and Wasabi Enterprises Pty Ltd
17/10/2011	Wages and conditions	Super A-Mart Pty Ltd



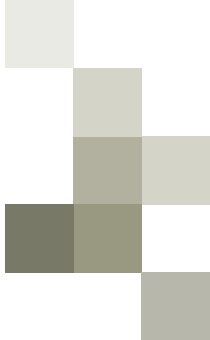
Amount of underpayment	Additional obligations
\$195 188	<ul style="list-style-type: none"> • Future workplace relations compliance • Public notice • Workplace relations compliance training • Future workplace relations compliance audit activity and reporting • Future reporting regarding attempts to locate former employees • Future cooperation with the Fair Work Ombudsman.
\$902	<ul style="list-style-type: none"> • Future workplace relations compliance • Letter of apology to employee • Workplace relations compliance training • Rectification of non-compliant agreement making process • Future workplace relations compliance audit activity • Reporting to the Fair Work Ombudsman.
\$517 117	<ul style="list-style-type: none"> • Future workplace relations compliance • Pay all outstanding amounts owed in underpayments to affected employees • Letter of apology to all affected employees • Paid meeting of affected employees • Public notice • Workplace relations compliance training • Future reporting to Fair Work Ombudsman.
\$1 376 281	<ul style="list-style-type: none"> • Future workplace relations compliance • Pay all outstanding amounts owed in underpayments to affected employees • Letter of apology to all affected employees • Paid meeting of affected employees • Donation of \$120 000 to Working Women’s Centre Queensland • Workplace notice, social media notice, public notice in <i>The Australian</i> newspaper • Preparation of workplace relations compliance manual • Workplace relations compliance training • Future workplace relations compliance audit activity • Reporting to the Fair Work Ombudsman.

REPORT ON PERFORMANCE

GOAL TWO CONTINUED

TABLE 14 ENFORCEABLE UNDERTAKINGS RECEIVED IN 2011-12 / CONTINUED

Date of undertaking	Nature of contravention	Employer
15/12/2011	Wages and conditions	BPL Adelaide Pty Ltd
13/03/2012	Discrimination	Buxton (Sandringham) Pty Ltd
17/05/2012	Discrimination	James Hardie Australia Pty Ltd
27/06/2012	Discrimination	Sebastion Pty Ltd



Amount of underpayment	Additional obligations
\$57 940	<ul style="list-style-type: none"> • Future workplace relations compliance • Workplace apology notice • Public notice in <i>The Advertiser</i> newspaper • Preparation of workplace relations compliance manual • Workplace relations compliance training • Future workplace relations compliance audit activity • Reporting to the Fair Work Ombudsman.
N/A	<ul style="list-style-type: none"> • Future workplace relations compliance • Letter of apology to affected employee • Monetary compensation to affected employee • Social media notice • Participation in workplace relations compliance training.
N/A	<ul style="list-style-type: none"> • Future workplace relations compliance • Letter to affected prospective employee • Donation of \$10 000 to AED Legal Centre • Workplace notices • Public notice in <i>The Australian</i> newspaper • \$30 000 compensation payment to affected prospective employee.
N/A	<ul style="list-style-type: none"> • Future workplace relations compliance • Commitment to the procurement of broader industry workplace relations advice • Attendance at workplace relations training • Letter to affected employee with regards to Enforceable Undertaking and an apology • Workplace notices • Public notice in <i>The Melville Times</i> community newspaper and <i>Hair Biz</i> magazine • \$2 000 monetary compensation to affected employee.

CASE STUDIES: PROTECTING THE VULNERABLE FROM DISCRIMINATION

Buxton (Sandringham) Pty Ltd

Melbourne real estate agency Buxton (Sandringham) Pty Ltd, a franchise of the Buxton Group, contravened the anti-discrimination provisions of the *Fair Work Act 2009* by dismissing an employee on the basis of her age.

The company had dismissed the employee, a 23-year-old personal assistant, because of her "overall young look".

The Fair Work Ombudsman investigated the matter after the employee lodged an official complaint.

Following the cooperation of Buxton (Sandringham), the Fair Work Ombudsman entered into an Enforceable Undertaking with the company as an alternative to litigation.

As part of the Enforceable Undertaking, the company agreed:

- to apologise to the woman
- pay her \$1 200 in compensation
- revamp its workplace policies
- develop new recruitment and termination policies
- commission workplace relations compliance training for its directors, and;
- alert other Buxton Group franchisees to its breach.

James Hardie Australia Pty Ltd

Building materials company James Hardie Australia Pty Ltd (James Hardie) was also found to have discriminated against a job applicant in Perth.

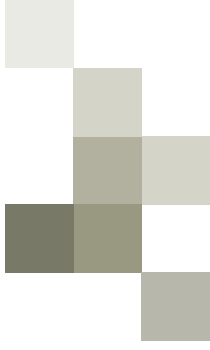
In 2010, James Hardie offered the man the position, conditional on satisfactory completion of a medical assessment.

During the medical assessment the man disclosed a long-term shoulder injury, which the assessor reported would involve injury risks and restrictions if he performed heavy lifting or had to climb ladders. As a result, James Hardie withdrew the job offer.

The Fair Work Ombudsman determined that the physical tasks were not an inherent part of the man's position. The agency also found that the company had unlawfully discriminated against the employee by requiring him to complete a medical assessment that went beyond assessing his ability to perform the inherent requirements of the position, and by refusing to employ him because of his physical disability.

James Hardie admitted contravening the relevant anti-discrimination provisions of the *Fair Work Act 2009* and entered into an Enforceable Undertaking with the Fair Work Ombudsman. This included agreeing to pay the man \$30 000 compensation, revamping the company's workplace policies and delivering training in relation to recruitment practices and workplace discrimination.

The company also agreed to donate \$10 000 to the AED Legal Centre, established to support workers with disabilities.



Three Pro-active Compliance Deeds were initiated in 2011-12, impacting on a combined workforce of 48 500 staff nationally, and operating in industries that typically employ vulnerable workers such as young people and migrants.

GOAL TWO CONTINUED

Achieving outcomes: Pro-active Compliance Deeds

In 2011-12 the Fair Work Ombudsman shifted the agency's compliance focus towards large and medium-sized enterprises by adopting a pro-active and cooperative approach to ensuring compliance with workplace laws.

McDonald's Australia Limited

Pro-active Compliance Deeds involve large employers agreeing to self-audit a significant proportion of their workforce, report the results to the Fair Work Ombudsman and voluntarily correct any non-compliance issues found. Additionally, employers must commit to working with the Fair Work Ombudsman to resolve future workplace complaints.

In 2010-11, McDonald's Australia Limited became the first enterprise to enter into a Pro-active Compliance Deed, agreeing to self-audit the 2009 and 2010 pay packets of 8 500 employees out of its 85 000-strong national workforce. The Fair Work Ombudsman will publish a report on the outcomes of the Deed.

Building on this successful engagement with McDonald's Australia Limited, in 2011-12 the Fair Work Ombudsman entered into Pro-active Compliance Deeds with three more large employers – Domino's Pizza Enterprises Limited, Red Rooster Foods Pty Ltd and Spotless Services Limited as an alternative to full investigation measures.

These three organisations combined have over 48 500 staff nationally, and operate in industries (hospitality and cleaning) that typically employ vulnerable workers such as migrants and young people.

Engaging with these large national employers through Pro-active Compliance Deeds is an efficient way of helping to ensure compliance in relation to the significant number of workers currently employed.

Working closely with these large organisations to identify and improve policies and practices that are inconsistent with workplace laws means that the impact of the Fair Work Ombudsman's work will continue to directly benefit future employees of these companies.

Entering into Pro-active Compliance Deeds has allowed the companies to publicly show corporate responsibility and to demonstrate to the thousands of workers on their payrolls their commitment to ensuring the payment of full lawful entitlements.

The initiative shown by the companies that have entered into Pro-active Compliance Deeds demonstrates an excellent model for other companies to follow.

The use of Pro-active Compliance Deeds remains an effective enforcement tool.

REPORT ON PERFORMANCE

GOAL TWO CONTINUED

Defining sham contracting

Deliberately or recklessly denying employees their rightful wages and entitlements by classifying them as 'contractors' rather than employees is known as sham contracting.

The Fair Work Ombudsman released a report on these practices entitled *Sham contracting and the misclassification of workers in the cleaning services, hair and beauty and call centre industries: Report on the preliminary outcomes of the Fair Work Ombudsman Sham Contracting Operational Intervention* in November 2011. The report is available at www.fairwork.gov.au.

This report analysed the results of an audit of 450 working relationships in the cleaning, hair and beauty and call centre industries by the Fair Work Ombudsman.

The audits were conducted in 2010-11 and focused on clarifying workplace relationships and establishing whether people working within these industries were genuine contractors or had been incorrectly classified as employees.

The Fair Work Ombudsman's report found broadly that a significant number of businesses had engaged contractors that should have been classified as employees, but the majority of these instances were not deliberate.

As a result of the findings, the Fair Work Ombudsman undertook pro-active educational activities and developed an interactive online quiz to assist individuals and businesses identify whether their workplace relationship was a genuine contracting arrangement.

The Fair Work Ombudsman protected vulnerable groups from sham contracting with pro-active education campaigns to prevent employers avoiding their obligations to pay minimum rates and entitlements.

As part of this strategy, the Fair Work Ombudsman developed online tools, such as an interactive quiz and case studies to educate the community about the nature of contracting arrangements. More than 2 200 people have visited the tool since its launch in February 2012.

Instances of deliberate sham contracting, where employers intentionally disguised employee relationships to gain unfair advantage, continued to draw a strong response from the Fair Work Ombudsman.



The Fair Work Ombudsman litigated where alleged offenders refused to voluntarily rectify non-compliance, and where serious or repeat contraventions were involved.

ENFORCEMENT AND ACCOUNTABILITY

While the Fair Work Ombudsman prefers to use voluntary compliance measures to address non-compliance with Australian workplace laws, the agency reserves the use of civil penalty litigation to address the most serious and repeat contraventions.

When deciding compliance actions, the Fair Work Ombudsman considers explanations of non-compliance and the wider context of a duty-holder's decision making. The Fair Work Ombudsman's litigation policy *Guidance Note 1 – Litigation Policy*, available at fairwork.gov.au, guides decisions on commencing litigations, including a public interest test.

Litigation activities by the Fair Work Ombudsman are transparent, accountable, constructive, effective and are not made capriciously. The Fair Work Ombudsman is a model litigant, with civil penalty litigation only pursued where necessary in accordance with the agency's mandate of ensuring compliance with Australian workplace laws.

As well as protecting the rights of Australian workers, the Fair Work Ombudsman is also aware of the wider ramifications of creating a level playing field for Australian businesses with successful litigations helping to negate the unfair advantage employers may gain by underpaying employees.

In 2011-12 the Fair Work Ombudsman generally commenced litigation as a result of alleged offenders refusing to rectify non-compliance issues voluntarily, or where serious or repeated contraventions were involved.

Other factors considered in litigation decisions included:

- the public interest in proceeding
- the need to deter others from similar contraventions
- the involvement of vulnerable workplace participants, such as foreign or young workers
- whether workplace participants suffered significant consequences as a result of the workplace law contravention; and
- whether there was a need for judicial clarification of workplace laws.

In 2011-12 there were 37 litigations initiated by the Fair Work Ombudsman that were decided in Court, which resulted in Court-ordered penalties totalling \$1.5 million. A schedule of total penalties imposed is provided in Table 15 on page 57 of this Annual Report.

REPORT ON PERFORMANCE

CASE STUDY: SIGNIFICANT PENALTY FOR EXPLOITING FOREIGN WORKERS

Taj Palace Tandoori Indian Restaurant Pty Ltd, which operated a restaurant of the same name in Footscray, was penalised \$60 000 and restaurant manager and part-owner Nathi Singh Rawat was penalised a further \$12 000.

The restaurant sponsored the cook, an Indian man in his 30s who spoke little English, to come to Australia on a 457 work visa. He was paid a flat rate of \$752 a week, often working 60 to 70 hours, including nights and weekends.

The cook was underpaid his minimum hourly rate, shift allowances, annual leave entitlements and penalty rates for overtime, night, weekend and public holiday work.

Over a 10 month period, he was underpaid a total of \$24 217.

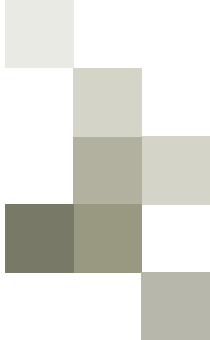
Federal Magistrate Grant Riethmuller found that the employee was vulnerable and it was likely that his ability to understand and exercise his rights would have been hampered.

In his judgment, Federal Magistrate Riethmuller said: "A feature of Australian society that is particularly attractive to immigrants from around the world is the industrial law system that attempts to ensure fair wages and working conditions for employees."

"The employee in this case was more vulnerable than the average Australian worker as his visa was conditional upon his employment, and he came from a country where wages and working conditions are very poor."

"In the context of this case, it appears that this was simply an exploitation of a foreign worker."

"The need to ensure compliance, particularly with respect to vulnerable workers, such as those on work visas, those who come to Australia without strong language skills, and those with little education, is crucial to a just society and the avoidance of exploitation."



Litigation matters relating to the underpayment of wages and entitlements comprised the majority of the Fair Work Ombudsman's cases, representing 78% of all proceedings commenced.

GOAL TWO CONTINUED

TABLE 15 CIVIL PENALTY LITIGATION AND ENFORCEABLE UNDERTAKINGS

	Civil penalty litigations commenced and Enforceable Undertakings approved for negotiation	Decisions and Enforceable Undertakings received	Penalties	Underpayments recovered	Enforceable Undertakings accepted
2005-06*	9	0	\$0	\$0	0
2006-07*	58	19	\$387 035	\$0	0
2007-08^	65	53	\$1 536 140	\$91 930	0
2008-09^	78	39	\$1 680 206	\$821 779	3
2009-10	53	60	\$2 019 756	\$684 746	4
2010-11	55	40	\$2 165 965	\$2 017 612	11
2011-12	51	45	\$1 536 143	\$379 415	8
Total	369	256	\$9 325 245	\$3 995 482	26

* Under the former Office of Workplace Services

^ Under the former Workplace Ombudsman

As was the case in previous years, litigation matters relating to the underpayment of wages and entitlements comprised the majority of cases, representing 78% of all proceedings commenced. A list of the types of contraventions litigated is provided in Table 16 on page 59.

In 2011-12 the Fair Work Ombudsman was also resolute in prosecuting other types of matters and using litigation to test less established areas of workplace law, including those relating to adverse action, discrimination, sham contracting and procurement chain liability.

A number of significant litigations were decided in 2011-12. Further information on these is available via fairwork.gov.au.

REPORT ON PERFORMANCE

CASE STUDY: PENALTY FOR COMPANY WITH A HISTORY OF UNDERPAYING STAFF

Henna Group Pty Ltd

The Fair Work Ombudsman's litigation against Henna Group Pty Ltd, which formerly operated a chain of shoe stores and a warehouse in Melbourne, and the company's group manager Sahil Rasul and sole director Bulbula Amin, was finalised in 2011-12.

Federal Magistrate Grant Riethmuller found that Rasul and Amin were responsible for Henna Group deliberately underpaying four employees – three store managers and a sales assistant – a total of \$16 036.

Federal Magistrate Riethmuller ordered Henna Group to pay a penalty of \$160 000 and to back-pay the workers.

Due to the financial position of the company, the Court ordered that a portion of those penalties be paid to the workers to ensure their entitlements were met.

Rasul and Amin were each ordered to pay a further \$30 000 in penalties.

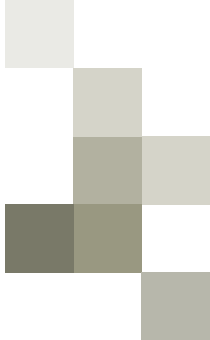
In deciding the penalties, Federal Magistrate Riethmuller accepted evidence that five previous underpayment complaints against the Henna Group dating back to 2007 had been sustained, requiring the company to back-pay five employees a total of \$6 775.

Federal Magistrate Riethmuller said in his judgment: "The history of the matter indicates a deliberate disregard of industrial obligations.

"The lack of co-operation with the Fair Work inspectors also suggests that the Respondents have a complete disregard for the entitlements of their employees.

"There is a need for general deterrence and to send a message to the community, and in particular small employers, that employers must make steps to ensure correct employee entitlements are paid."





The Small Claims Procedure was used in earnest in 2011-12 to provide parties to a workplace complaint with an efficient and effective means to progress matters through Court.

GOAL TWO CONTINUED

TABLE 16 TYPES OF BREACHES WHERE CIVIL PENALTY LITIGATION WAS LAUNCHED AND ENFORCEABLE UNDERTAKINGS ACCEPTED IN 2011-12

Types of breaches	Litigation commenced	Enforceable Undertakings accepted
Adverse action	5	0
Discrimination	0	3
Failure to pay fairness test compensation and failure to make and keep pay records	0	1
General protections	2	0
Sham contracting	4	0
Wages and conditions	40	4
Total	51	8

Expanding procedures: progressing Small Claims matters more efficiently

Following a successful pilot in 2010-11, the Small Claims Procedure was used in earnest in 2011-12 to provide parties to a workplace complaint with an efficient and effective means to progress matters through Court.

With the support of the Federal Magistrates Court, the Fair Work Ombudsman assisted parties in Victoria, New South Wales, Queensland and the Australian Capital Territory with underpayment complaints, utilising the Small Claims Procedure in the Federal Magistrates Court. The Fair Work Ombudsman also assisted with Small Claims in Western Australia which were heard in the Industrial Magistrates Court.

The Small Claims Procedure is outlined in section 548 of the Fair Work Act and can be used for amounts of up to \$20 000. The procedure cannot be used if an applicant is seeking a pecuniary penalty order against the respondent. The Fair Work Ombudsman works closely with the Courts to assist lay people to seek Court orders for contraventions of the Fair Work Act.

Matters involving the Small Claims Procedure are run in an informal manner, as the Court is not bound by any rules of evidence or procedure. Legal representation is generally not allowed in a Small Claims Procedure unless the Court agrees.

A Fair Work Inspector or lawyer from the Fair Work Ombudsman may seek leave to appear as a 'Friend of the Court'. In this capacity they do not act for either party, but instead can assist the Court on points of law or raise awareness of important aspects of the case.

REPORT ON PERFORMANCE

GOAL TWO CONTINUED

TABLE 17 SMALL CLAIMS HEARD AND AMOUNTS AWARDED

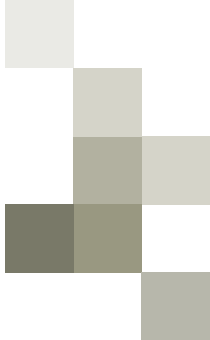
State	2011-12		2010-11	
	Small claims heard	Total amount awarded	Small claims heard	Total amount awarded
NSW	21	\$90 563	2	Settled at mediation
VIC	46	\$109 966	36	\$86 174
QLD	12	\$25 393	0	0
WA	9	\$37 661	0	0
ACT	4	\$3 363	0	0
Total	92	\$266 946	38	\$86 174

A typical complaint dealt with under the Small Claims Procedure might involve a dispute about one or more of the following elements:

- annual leave
- payment in lieu of notice; and
- wages or allowances.

During 2011-12, 92 Small Claims Applications were heard before the Federal Magistrates Court. A total of \$266 946 was ordered in favour of applicants during that period.

This result represented a significant increase of more than 140%. Orders made in favour of the applicant increased by more than 150%.



In 2011-12 the Fair Work Ombudsman commenced three litigation actions in which procurement chain liability-related breaches of workplace laws have been alleged involving vulnerable and low paid workers.

**Holding wrong-doers to account:
procurement chain liability**

The Fair Work Ombudsman scrutinised the procurement chains of large private and public organisations having identified that some organisations were giving insufficient attention to compliance with workplace laws when making procurement decisions.

The issue is a high priority for the Fair Work Ombudsman because large organisations choosing the lowest-cost contractor in a procurement process can sometimes result in employees of the contractor later being underpaid their minimum lawful entitlements.

The Fair Work Ombudsman has sought to pro-actively engage with large organisations to improve understanding and compliance in this regard, through initiatives such as the National Employer Program. For more information, see pages 70-72 of this Annual Report.

In 2011-12 the Fair Work Ombudsman commenced three litigation actions in which procurement chain liability-related breaches of workplace laws have been alleged involving vulnerable and low paid workers.

Procurement decisions of duty holders must enable workers' minimum lawful entitlements to be met. Where it may be found that a duty holder has actual or inferred knowledge or was wilfully blind to the underpayment of workers and did not take action to prevent the underpayments through its contracting practices, the Fair Work Ombudsman will dedicate significant resources to forensically examine employment practices.

The agency's actions are to ensure workplace compliance and to hold non-compliant parties to account.

The Fair Work Ombudsman's strong stance on procurement chain liability sends a message to the community that it is not acceptable for companies to outsource work to the lowest-cost contractor and turn a blind eye to the fact that the contracting price paid will induce non-compliance with workplace laws and unfair treatment of low-paid workers.

Such behaviour can be detrimental to an organisation's reputation and may also be considered unlawful.

Contracting can be a positive business practice when performed lawfully and correctly, providing flexibility and efficiency in resource allocation.

However, all parties should undertake due diligence when outsourcing work to contractors, particularly to lowest-cost providers, to ensure lower costs are attributable to the contractors' efficiencies and not due to the potential exploitation of workers.

The Fair Work Ombudsman will continue to strategically use compliance and education activities to create awareness among large organisations that it is not acceptable to be indifferent regarding the treatment of people that work for, and within, their organisations just because they do not directly employ them.

CASE STUDY: TAKING INNOVATIVE LEGAL ACTION

Securing almost \$1 million for workers

The Fair Work Ombudsman's unprecedented action against the operator of a NSW abattoir illustrates the commitment of the agency's inspectors and legal staff in ensuring workers receive their full lawful entitlements.

The Fair Work Ombudsman's long-running investigation and prosecution against Stuart Bruce Ramsey and his company Ramsey Food Processing Pty Ltd, operators of the South Grafton abattoir, culminated in success in the Federal Court in October 2011.

Justice John Buchanan found that Ramsey was responsible for his company breaching workplace laws by denying 11 abattoir employees a total of \$71 768 in severance pay, accrued annual leave and payment in lieu of notice when their employment was terminated in 2008.

The Court made orders for the payment of the underpayment amounts to the employees and a separate hearing decided the penalties to be imposed.

However, concern was felt when the closure of the abattoir was announced almost immediately following the judgment.

Given Ramsey's history of non-compliance – he had shut down companies he controlled in 2006 to avoid paying court penalties and back-paying workers – abattoir workers were understandably worried their redundancy pay, accrued annual leave and long service leave entitlements would not be paid.

The Fair Work Ombudsman responded by launching unprecedented action in the Federal Court to obtain an injunction against the Ramsey Group of companies in an effort to ensure all workers at the abattoir received the full lawful entitlements owed to them.

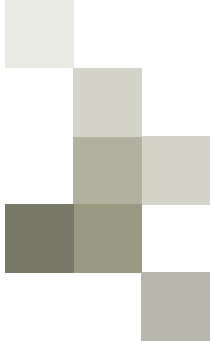
The Fair Work Ombudsman's action successfully secured an agreement for Ramsey and two companies he controlled to transfer \$1.5 million to a trust account for the purpose of meeting current and future employee entitlements, and to give the Fair Work Ombudsman access to employment documents detailing the entitlements of abattoir workers.

The Court action enabled the Fair Work Ombudsman to determine what entitlements were owed to workers and to ultimately have \$985 000 of the Ramsey group of companies' funds released from the trust to meet those entitlements shortly before Christmas 2011.

The Court action also enabled the agency to ensure that significant accrued entitlements of workers who transferred to the abattoir's new operators were recognised. The Ramsey group of companies no longer operates the South Grafton abattoir.

After the injunction proceedings were concluded the Federal Court handed down a judgment imposing penalties in relation to the orders made in October 2011. The judgment led to Ramsey and Ramsey Food Processing Pty Ltd being fined a total of \$115 200, close to the maximum possible penalty of \$118 800.

Justice Buchanan referred to the "deliberate, calculated and systematic refusal to comply with the *Workplace Relations Act 1996* and to take advantage of the vulnerability of the complainant employees" when noting the seriousness of the breaches.



GOAL THREE

BUILDING AN EFFECTIVE ORGANISATIONAL PROFILE AND SUSTAINABLE RELATIONSHIPS

Snapshot of activities for 2011-12:

- Partnered with 57 large employers and eight national franchisors employing a combined total of over 366 000 employees through the National Employer Program and National Franchise Program.
- Generated over \$21 million in media coverage.
- Developed a suite of educational videos on workplace relations, which have received over 21 600 views on YouTube.
- Provided advice, assistance and education at 31 targeted events around Australia.
- Issued over 500 tweets via social media.

The Fair Work Ombudsman is a respected member of the workplace relations community. In 2011-12, the Fair Work Ombudsman continued to grow a strong organisational profile and effective and sustainable relationships with representatives of the Australian workforce.

In 2011-12 the Fair Work Ombudsman embarked on a social media strategy, which was designed to complement the engagement of Australian workplace participants via traditional media using national and regional media outlets.

Establishing a social media presence has allowed the Fair Work Ombudsman to remain accessible and engage in the right conversations, with the right people, at the right time. This has helped the agency tailor relevant strategies for workplace compliance and education, and improve workplace participants' awareness of their workplace rights and obligations.

The Fair Work Ombudsman has also developed long-term sustainable partnerships with large Australian enterprises through initiatives like the National Employer Program. These partnerships, and open ongoing dialogue, ensure that employers across Australia are committed to operating in line with workplace laws.

The effectiveness of the Fair Work Ombudsman's engagement initiatives are backed by the agency's understanding of broad, contemporary issues in the social, political and economic landscape. The agency has responded to a range of emerging matters in 2011-12, including sham contracting, unpaid work trials and phoenixing.

The Fair Work Ombudsman remains committed to working collaboratively to address matters of public interest affecting the workplace relations community.

OUR PLACE IN THE COMMUNITY

Having a strong organisational profile and effective and sustainable relationships enabled the Fair Work Ombudsman to ensure that:

- workplace participants and the workplace community were aware of the agency's role and the services the agency provided
- the agency was highly regarded as an accurate and reliable source of workplace relations information in Australia; and
- the agency was recognised as an effective workplace regulator.



Lynda McAlary-Smith

RAISING AWARENESS OF WHO WE ARE AND WHAT WE STAND FOR

Generating publicity for workplace relations

The Fair Work Ombudsman continued to work with the Australian media to raise awareness of workplace relations regulations and to educate the public about rights and obligations of employees and employers.

The Fair Work Ombudsman's media releases resulted in 1 336 print articles, 94 hours of radio coverage, and 57 hours of television coverage.

The agency's social media presence has also played a large part in raising awareness through channels such as Facebook, Twitter and YouTube.

Engaging with the media enabled the Fair Work Ombudsman to reach business operators in every corner of the country and inform them that there was an agency they could contact for free advice on complying with their obligations under workplace laws.

Utilising these types of communication channels was particularly important for educating and engaging with workers most vulnerable to unfair treatment, such as young, foreign and regional workers who may have been unaware of their workplace rights. Research has shown that these types of groups, and particularly young people, are likely to access the internet and utilise social media.

Having worked in the field of workplace relations for some time, I can say that working collaboratively with key partners and stakeholders is critical to achieving workplace compliance. The Fair Work Ombudsman is committed to maintaining lasting and productive relationships within the workplace community.

Lynda McAlary-Smith

Executive Director Education and Major Employers

GOAL THREE CONTINUED

Generating publicity for workplace relations continued

The Fair Work Ombudsman also publicised significant prosecutions to deliver a strong deterrence message to employers. The agency issued media releases designed to provide information to prevent exploitation, as well as those that delivered a clear message to employers that the Fair Work Ombudsman would not tolerate the exploitation of workers.

Front-page articles on Fair Work Ombudsman activity in newspapers ranging from *The Adelaide Advertiser* and *The Australian Financial Review*, to *The Maitland Mercury* and *The Swan Hill Guardian* in 2011-12 helped to achieve this aim.

Fair Work Ombudsman spokespeople also gave interviews on programs ranging from Paul Murray's 6PR morning show and SBS radio, to Channel 10's *The Circle* and Student Youth Network (SYN) FM in 2011-12 to increase workers' awareness that there was somewhere they could turn for assistance if they believed they had been treated unfairly.

Failing to comply with workplace laws is not always deliberate, and can arise from a lack of awareness of workplace rights and obligations.

The Fair Work Ombudsman's efforts in pro-actively generating reports that featured in small business news websites, trade media publications and a range of other media outlets has contributed to achieving the agency's outcome of raising awareness of workplace laws.

Getting involved in the conversation: social media

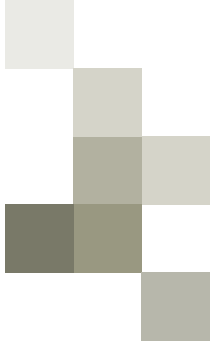
In addition to reaching Australian workplace participants via traditional media, the Fair Work Ombudsman has significantly expanded the agency's social media presence and pro-actively engaged in online conversations about workplace relations to educate people in a helpful, timely and relevant way.

Engaging with social media allowed the Fair Work Ombudsman to quickly identify emerging issues, correct misinformation and respond widely to enquiries and concerns.

During the Fair Work Ombudsman's social media monitoring activity, a blog post about unpaid work and internships was identified on a popular blog site which sparked much conversation from both sides of the debate on employing interns.

The Fair Work Ombudsman entered the conversation to correct the facts, and provide further information on unpaid work and internships, which was warmly welcomed by the owner of the blog.

The article generated over 178 comments, was shared 33 times on Facebook and mentioned 37 times on Twitter. This example demonstrated the Fair Work Ombudsman's capacity to add value to the workplace community by continuing to engage in effective communication with the Australian public.



The Fair Work Ombudsman has expanded the agency's social media presence and proactively engaged in online conversations about workplace relations to share knowledge in a timely and relevant way.

By interacting directly with the Australian public through social media, the Fair Work Ombudsman has gained greater insight into the community and their understanding of the Fair Work system.

This insight has allowed the Fair Work Ombudsman to continue to provide relevant information on matters of public interest.

In using social media, the Fair Work Ombudsman advanced open communication in line with the agency's aims of remaining transparent, accountable, responsive and effective.

Use of social media also created more ways for workplace participants to access the services of the agency in support of the Fair Work Ombudsman's education and compliance objectives.

The Fair Work Ombudsman will continue to build the agency's social media presence and remain involved in online conversations to further the strategy for educating workplace participants, and will work with key social media influencers to increase the reach of education messages to the Australian public.

Facebook

Following the success of the Facebook *Fair Work Fair Day* campaign page the previous year, in February 2011 the Fair Work Ombudsman created a general Facebook page that has generated 871 likes, 120 posts, and reached over 350 000 Facebook users.

Posts on Facebook were generally aligned with the agency's education and compliance activities, however the Fair Work Ombudsman also used this forum to respond to current issues and trends.

When Fair Work Inspectors identified that it was common practice for retail employers to require staff to purchase work clothing from their shop without reimbursement, social media channels were used to clarify circumstances when these practices were not permissible.

Using these types of communication channels enabled the Fair Work Ombudsman to clarify workplace matters directly as conversations took place.

REPORT ON PERFORMANCE

GOAL THREE CONTINUED

Twitter

The number of followers of the Fair Work Ombudsman's Twitter account (@fairwork_gov_au) increased by over 570%, from 266 to 1 788.

The Fair Work Ombudsman issued over 500 tweets, which were re-tweeted more than 600 times by Twitter users, further spreading the Fair Work Ombudsman's message of workplace compliance and education.

A large proportion of the agency's Twitter followers are human resource and workplace relations professionals who rely on the Fair Work Ombudsman's Twitter channel to receive timely updates on workplace regulations and the agency's activities.

As these types of professionals share the information the Fair Work Ombudsman provides among their own networks, the agency's educational message gains further momentum.

YouTube

In 2011-12 the Fair Work Ombudsman continued to develop strategies for educating and communicating with vulnerable groups in the workplace relations community.

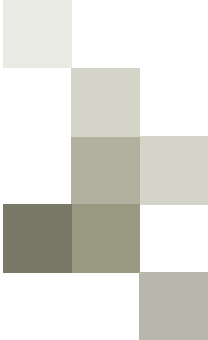
The agency identified videos as an accessible and preferred medium for a range of groups including those with disabilities and low levels of literacy. The Fair Work Ombudsman developed a suite of videos available on the agency's YouTube channel www.youtube.com/fairworkgovau.

The Fair Work Ombudsman's workplace relations videos have been viewed a total of 21 631 times during 2011-12. *Working in Australia*, a video for employees, was translated into 14 different languages and received positive feedback from viewers.

Videos for employers, entitled *Employing staff in Australia*, were also made available on YouTube in 12 languages. In the first three months following its release, the Fair Work Ombudsman's Korean workplace relations video attracted more than 1 500 views, providing evidence of the popularity and effectiveness of the medium.

The Fair Work Ombudsman's YouTube channel also houses videos on the Fair Work Information Statement in Auslan and recordings of all Fair Work Ombudsman webinars.

The Fair Work Ombudsman's YouTube channel now houses a total of 56 workplace relations videos, and illustrates the agency's commitment to finding ways to remain relevant and accessible to workplace participants.



Fair Work Ombudsman workplace relations videos have been translated into 14 languages and viewed on YouTube 21 631 times.

Being in the right place at the right time: attending events and public forums

During 2011-12 the Fair Work Ombudsman attended 31 strategically targeted events around Australia to educate specific groups on workplace rights and the Fair Work Ombudsman's role.

This included attendance at rural events such as the Beef Australia Expo near Rockhampton, and talking to young workers at universities during orientation week activities.

It is estimated that over 200 000 people attended events where the Fair Work Ombudsman was represented in 2011-12.

Attendance at events enabled the Fair Work Ombudsman to raise greater awareness on the role and function of the agency in protecting the rights of workplace participants.

It also allowed a means for the agency to interact directly with members of the Australian public and remain engaged in the right conversations.

Through these strategies, the Fair Work Ombudsman was able to remain aware of the issues that mattered most to workplace participants to inform the agency's strategic goals and program of work.



AUSTRALIAN GOVERNMENT JOBS AND SKILLS EXPO. FROM LEFT TO RIGHT: FAIR WORK OMBUDSMAN REPRESENTATIVES MATTHEW TORO, KYLIE MATHEWS AND RICHARD WOOLNOUGH.

GOAL THREE CONTINUED

WORKING TOGETHER FOR BETTER OUTCOMES

During 2011-12, the Fair Work Ombudsman collaborated with a range of stakeholders from the workplace relations community including large national employers, government agencies, unions and industry associations to provide targeted and specific information for workplace participants.

Working with representatives from larger groups enabled the Fair Work Ombudsman to maximise the agency's reach within the workplace community.

Successful examples of the agency's collaborative approach to achieving workplace compliance are highlighted below:

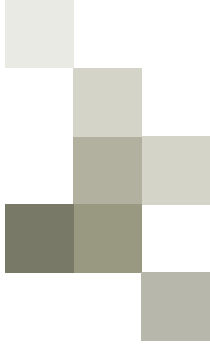
- Worked cooperatively with 57 large employers as part of the National Employer Program, providing workplace relations advice affecting more than 320 000 employees.
- Provided tailored advice and information about workplace relations practices and policies affecting more than 39 000 employees through working collaboratively with eight franchisors as part of the National Franchise Program.
- Developed and delivered dedicated training for state training authorities and Australian Apprenticeship Centres about the Fair Work Ombudsman's role and resources for apprentices and trainees.
- Worked collaboratively with other government agencies to develop policy initiatives.
- Provided tailored advice to employer organisations and unions through a dedicated telephone and email service.
- Delivered targeted education and monitored compliance of employers of migrant workers as part of the National Overseas Workers Initiative through collaboration with the Department of Immigration and Citizenship, industry associations and unions.
- Consulted widely with industry associations and organisations to develop and deliver four national and 22 state and territory campaigns.
- Worked collaboratively with community groups to implement a culturally and linguistically diverse strategy, which included developing a Barefoot Tutors Program to assist vulnerable workers.

National Employer Program

In 2011-12, large enterprises gained assistance in understanding and correctly applying Australian workplace laws within their organisations by participation in the Fair Work Ombudsman's National Employer Program.

Since its inception in mid 2010 the National Employer Program has engaged with 57 employers employing 327 960 employees across a number of industries including retail, manufacturing, health and community services, and the public sector.

Participation in the National Employer Program involves close review of business workplace policies and practices by Fair Work Ombudsman staff. The aim of the program is to ensure participating employers are compliant with their obligations, and to provide an ongoing, personalised contact within the Fair Work Ombudsman for advice and information.



CASE STUDY: AWARD FOR EXCELLENCE IN PUBLIC SECTOR MANAGEMENT

National Employer Program

The success of the National Employer Program was formally recognised in December 2011, when the Fair Work Ombudsman won a Commendation Award at the prestigious Prime Minister's Awards for Excellence in Public Sector Management.

The Prime Minister's Awards encourage and recognise better practice and innovation across all levels of the Australian Government.

The Fair Work Ombudsman received the Commendation Award in recognition of the National Employer Program's innovative approach to education in a traditional regulatory environment.

The award also recognised that the National Employer Program had a positive effect on large national employers and employees, through the development and maintenance of positive client relationships.

The Institute of Public Administration Panel received 25 nominations in total covering federal, state and local government initiatives.

The Fair Work Ombudsman's National Employer Program was awarded a Commendation Award among nominations from a broad range of agencies.



FROM LEFT TO RIGHT: LOUISE PETERS, GEOFF CASSON, SHELLEY WILLIAMS, NICHOLAS WILSON (FAIR WORK OMBUDSMAN), LYNDAL MCALARY-SMITH AND LOWRI BURMAN.

GOAL THREE CONTINUED

National Employer Program continued

The Fair Work Ombudsman offers a range of services to program participants. An employer can select the services that are most appropriate for their business or discuss alternatives with their adviser. For example, a Fair Work Ombudsman adviser can:

- review any workplace policies, procedures, contracts or agreements for consistency with the Fair Work Act and identify areas where the business can improve or strengthen its workplace practices
- advise on areas of workplace relations that an employer identifies are of interest or concern; and
- provide guided instruction on the agency's tools and resources.

Feedback on the National Employer Program has been positive, with a number of employers recommending the program to other businesses and organisations.

Employers who participated in the National Employer Program have continued to provide feedback on the perceived value for their business in participating.

The program has provided an effective means of pro-actively engaging with employers to further the agency's outcome of achieving compliant Australian workplaces.

Assisting small business: National Franchise Program

In early 2012, the Fair Work Ombudsman launched the pilot National Franchise Program, offering franchisors an opportunity to protect their brand by pro-actively working with the Fair Work Ombudsman to support fair and compliant workplaces in their franchise business.

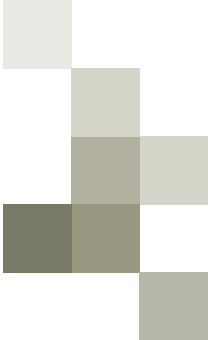
The program was developed in partnership with key industry stakeholders within the franchise sector.

Following a call for expressions of interest to participate in the program, the Fair Work Ombudsman selected eight franchises in the fast food, real estate, pharmacy, home care, hair, beauty, banking and finance industries.

These franchises collectively employed more than 39 000 employees.

Benefits to participating franchisors included:

- access to a dedicated adviser to assist with enquiries specific to the franchise
- practical guidance regarding ways to promote and support compliance with workplace laws across the franchise business
- free tools and resources to educate franchisees about the Fair Work Act, including a tailored guide and franchisee education seminars, and;
- greater visibility of, and control over, workplace issues arising in their franchise business.



The Fair Work Ombudsman extended the agency's reach to more than 39 000 employees through the National Franchise Program.

To tie in with this program, the Fair Work Ombudsman attended a national series of Franchising and Business Opportunities Expos in Sydney and Perth in 2011-12, and will attend similar expos in Brisbane and Melbourne in 2012-13.

Attendance at these events provided an opportunity for the agency to engage directly with franchisors and franchisees about their obligations and provide further information on the benefits of the National Franchise Program for participants.

In 2011-12, the Fair Work Ombudsman also conducted a webinar for franchisees around Australia. Using new technology and tools such as webinars provides a cost effective and accessible means for the agency to address large groups of stakeholders and further the Fair Work Ombudsman's message of education and workplace compliance.

The franchise webinar remains conveniently accessible for businesses via fairwork.gov.au.

The National Franchise Program has received a strong level of interest from participants and positive feedback. A full assessment of the effectiveness of the pilot will be undertaken in the following financial year to inform its continuation.

GOAL THREE CONTINUED

MAINTAINING AN ACTIVE AWARENESS

The Fair Work Ombudsman's program of education and compliance activities was informed by an ongoing awareness of social, economic and political shifts in the Australian landscape.

Maintaining an active environmental awareness enabled the Fair Work Ombudsman to respond promptly and efficiently to the needs of the Australian public.

Tackling complexity: phoenixing

The Fair Work Ombudsman identified an increasing trend in companies engaging in phoenix-like behaviours to avoid paying employee entitlements and Court awarded penalties.

In response, the Fair Work Ombudsman commissioned PricewaterhouseCoopers Australia (PWC) to conduct research into the incidence and impact of phoenixing activities on the national workplace relations system. PWC published a report of their findings, *Sizing the problem and matching solutions* (the report), which is publicly available on fairwork.gov.au.

The term 'phoenixing' has been used to describe companies that collapse with a range of debts and liabilities and, like the bird in Greek mythology, rise from the ashes a short time later.

Phoenixing is a pervasive unlawful activity that causes significant harm to Australian workers and businesses. The report estimates the annual cost of phoenixing on the Australian economy at between \$1.78 billion and \$3.19 billion, including between \$191 million and \$655 million in unpaid wages and other employment entitlements.

The report makes a series of recommendations about measures for addressing phoenixing, including cross-agency approaches to targeting phoenix behaviour and educating the community about indicators of phoenixing activity.

In line with the report's recommendations, the Fair Work Ombudsman recognised the importance of taking a cross-agency approach to educating the community about indicators of phoenixing activity and effectively targeting phoenixing behaviour.

The Fair Work Ombudsman has jurisdiction over some of the consequences of phoenix activities, including non-payment of employment entitlements, while the Australian Taxation Office and the Australian Securities and Investments Commission have jurisdiction over other aspects, including tax avoidance and corporate responsibilities.

The Fair Work Ombudsman has established relationships with a range of bodies including the Australian Taxation Office and the Australian Securities and Investments Commission and will continue to work collaboratively to deliver a coordinated response to the problem of phoenixing for the workplace relations community.



Maintaining an active environmental awareness enabled the Fair Work Ombudsman to respond promptly and efficiently to the needs of the Australian public.

Responding to issues that affect the community: unpaid work trials

The rules and practices around unpaid work were among the emerging issues that came to the forefront in workplace relations for 2011-12.

The issue of unpaid work trials generated 31 print articles, over 16 hours of radio coverage and over eight hours of television coverage in April 2012.

The Fair Work Ombudsman identified a lack of current information on unpaid work trials. The agency then commissioned a research report into unpaid work practices to clarify distinctions between engaging employees in genuine work experience arrangements and internships, and instances where workplace exploitation is taking place.

The body of research into this issue, undertaken by Professor Andrew Stewart and Rosemary Owens from the University of Adelaide in April 2012, remains in progress. The outcome of this research will guide the Fair Work Ombudsman's strategy towards educating the community on unpaid work arrangements for the future.

Clarifying work relationships: when contracting is a sham

Following an audit of 450 working relationships in the cleaning, hair, beauty and call centre industries in 2010-11, the Fair Work Ombudsman released a report in November 2011 entitled the *Sham contracting and the misclassification of workers in the cleaning services, hair and beauty and call centre industries report* (the report).

The findings of the report indicated that:

- a significant number of businesses had incorrectly engaged contractors that according to the Fair Work Ombudsman's assessment, should have been engaged as employees
- these types of 'sham contracting' arrangements did not appear to be deliberate
- sham contracting was likely to be prevalent within a wide range of industries; and
- the Fair Work Ombudsman should continue to undertake measures to protect the rights and entitlements of vulnerable workers from sham contracting arrangements.

The report also found that some businesses deliberately avoided their workplace relations responsibilities by knowingly entering into commercial relationships with lower-cost providers and procuring workers on below-award rates of pay.

Further information on sham contracting is available on page 54 of this Annual Report.

GOAL FOUR

IMPLEMENTING EFFECTIVE BUSINESS PROCESSES

KEEPING UP TO DATE

The Fair Work Ombudsman is committed to maintaining effective business processes to support the agency's advisory, education and regulatory functions in working towards fairer and compliant Australian workplaces.

The importance of reviewing and improving operating activities to achieve productivity gains was identified as a key goal of the agency's 2009-12 strategic plan.

Snapshot of key activities for 2011-12:

- Broadened the Fair Work Ombudsman's outlook on best practice processes by reviewing the operations of other public service regulators and modelling recommendations.
- Re-shaped business models to support more pro-active approaches to compliance and successfully trialled alternative dispute resolution mechanisms such as Mediation.
- Improved accessibility and timeliness in providing information on matters of public interest, such as Fair Work Australia's Annual Wage Review, through promotion and effective management of new communication channels.
- Laid the foundation for future improvements in operations and client service through quality assurance measures.
- Delivered greater consistency and accessibility in calculating wage-related information through the development of a consolidated online wage tool PayCheck Plus.
- Made significant savings in resources through maintaining the right to conduct in-house litigation.

In 2011-12, the Fair Work Ombudsman efficiently delivered the program of work required to support the agency's outcome through an ongoing focus on establishing and maintaining effective systems and processes.

TAKING A TAILORED APPROACH TO RESOLVING COMPLAINTS

Mediation

The Fair Work Ombudsman took significant steps in 2011-12 to assess and modify the approach to dealing with issues of non-compliance, as part of the agency's strategic plan.

Historically the agency had focussed on traditional means of addressing workplace breaches through formal investigation processes. However, during the 2009-12 strategic period the Fair Work Ombudsman had shifted from a 'one size fits all' approach to non-compliance to a tailored strategy to address incoming claims.

Following the Fair Work Ombudsman's successful integration of 'front-end' investigation approaches such as Assisted Voluntary Resolution, further strategies were implemented in 2011-12 to enable earlier resolution of workplace disputes.

In March 2012, the Fair Work Ombudsman launched a 12 month Mediation Pilot Program to establish a specialist team of workplace relations mediators.

Mediation is a voluntary process that involves employers and employees reaching mutual resolution to workplace disputes. With the exception of deliberate and systemic non-compliance, most matters are suitable for referral to Mediation. The process is ordinarily conducted by telephone and can commence promptly following receipt of a complaint.

Mediation has proven a cost effective means of resolving workplace disputes, and presents an expedient alternative to traditional investigative and litigation-based compliance measures.



Karsten Lehn

As a public service agency we are accountable to the Government and the Australian public for the way we operate and manage our resources. Efficiency in business practices is critical to productivity, and we will continue to look for new ways to improve the way that we operate.

Karsten Lehn

Executive Director

Project Management Office

REPORT ON PERFORMANCE

GOAL FOUR CONTINUED

Mediation continued

In the first four months of the pilot's operation, from March–June 2012, 83% of the 608 workplace disputes scheduled for Mediation were resolved.

Of the total disputes received by the Mediation Team, 85 were settled prior to Mediation.

This emphasises the potential for self-assisted dispute resolution and validates the Fair Work Ombudsman's approach to empowering employers and employees through education strategies.

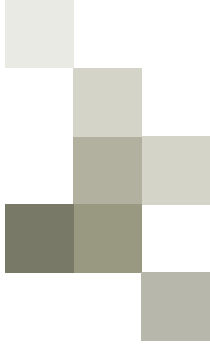
The results from the Fair Work Ombudsman's Mediation pilot have demonstrated the effectiveness of a tailored approach to dispute resolution in improving efficiency in complaint handling. The pilot also highlights the importance of reviewing existing practices and trialling new measures to improve operational efficiency and client service.

The 12 month Mediation Pilot continues in 2012-13 and will include reviews of up to 1 000 workplace disputes. Early successes have indicated the potential for an enhanced role for mediation within the agency, subject to further analysis of the pilot's results.

More information about the Fair Work Ombudsman's Mediation Pilot Program is provided on page 35 of this Annual Report.

TABLE 18 MATTERS RESOLVED THROUGH MEDIATION

Matters settled through Mediation	420	69%
Matters settled prior to Mediation	85	14%
Total matters settled through Mediation	505	83%
Matters not settled	103	17%
Total Mediation matters	608	100%



CASE STUDY: ACHIEVING OUTCOMES THROUGH MEDIATION

Brenda*, an employee at a small business, lodged a complaint with the Fair Work Ombudsman after feeling intimidated by her employer and uncomfortable directly discussing issues relating to hours of work and excess hours over the Christmas period.

After preliminary case evaluation by the Fair Work Ombudsman's Assisted Voluntary Resolution team, Brenda's case was deemed suitable for Mediation. The Mediation Team organised a telephone Mediation session with Brenda and her employer, and Brenda was granted permission from her employer to take time off work to participate.

In the telephone Mediation, Brenda tentatively summarised her issues and expressed concern about her inability to raise issues directly with her employer.

The Mediator prompted both Brenda and the employer to itemise their respective issues, and coordinated discussion to ensure each issue had been resolved before moving onto the next. By facilitating frank and open discussion between the parties, the Mediator was able to facilitate an agreement for the resolution of issues between both parties.

Following this joint discussion in Mediation, private sessions were held with Brenda and the employer to ensure the joint discussion had covered all areas of concern.

The resolution included an agreement between both parties that there would be frank and open conversation in the future, and that Brenda should not be concerned about raising workplace matters with her employer.

Brenda was concerned that her employment could be impacted by lodging a complaint against her employer, however her employer reassured her that all matters were resolved and it was time to move forward. After the telephone Mediation session was complete, Brenda returned to work.

The outcome of the Mediation process effectively addressed Brenda's concerns and allowed her to feel comfortable continuing to work for the employer.

N.B. *For privacy reasons, names have been changed.



GOAL FOUR CONTINUED

FINDING BETTER WAYS TO EDUCATE

Expanding the suite of online tools: PayCheck Plus

Throughout 2011-12, the Fair Work Ombudsman maintained an ongoing strategic focus on improving the delivery of workplace relations education to enable better client service and further the agency's outcome for workplace compliance.

The way the Australian public interacts, communicates and consumes information is continually shifting in response to factors like the rise of social media. The Fair Work Ombudsman has also shifted its approach in line with the agency's strategic goals for 2009-12 and has harnessed new technology and communication channels to remain engaged in these conversations and deliver the agency's education message.

FIGURE 6 PAYCHECK PLUS USAGE BY MONTH





Leanne Fry

By example, the Fair Work Ombudsman's suite of online applications has proven an innovative and effective means of delivering information on pay and penalty rates.

Following the successful launch of PayCheck, Payroll Check and the Pay Rates Calculator in 2010, the Fair Work Ombudsman took steps to consolidate the most useful elements of these tools into one improved online application.

Feedback received from users of the existing tools was analysed to guide development, with further input sought from 136 key stakeholder groups within the workplace relations community.

An enhanced online tool known as 'PayCheck Plus', was successfully launched by the Fair Work Ombudsman in September 2011. Additional features of the consolidated application enabled users to:

- find pay entitlements easily by job title or award
- calculate hourly, shift or weekly pay rates according to rostered hours
- calculate single or multiple rates of pay, penalty rates and loadings simultaneously for one employee or a payroll of staff
- automatically adjust rates of pay in line with Fair Work Australia's Annual Wage Review
- access all modern award information in one centralised location
- export a detailed breakdown of modern award transitional calculations; and
- keep a record of wage rate calculations by printing or saving results.

The opportunities new technology presents to enhance business systems and processes, and improve our own productivity, are vast. As a forward-thinking public service agency, the Fair Work Ombudsman willingly embraces these opportunities to find more cost effective and streamlined ways of operating.

Leanne Fry

*Chief Information Officer
Information Technology*

REPORT ON PERFORMANCE

GOAL FOUR CONTINUED

Expanding the suite of online tools: PayCheck Plus continued

PayCheck Plus formed an integral part of the Fair Work Infoline's customer services, and helped to achieve the agency's aims of providing workplace advice and assistance.

Fair Work Infoline advisers regularly used PayCheck Plus during calls with employers and employees to explain pay rate calculations and demonstrate how they could calculate wage rates and entitlements.

During 2011-12 PayCheck Plus received an average of 49 000 visits per month.

PayCheck Plus also proved to be an effective alternative channel for information on the Annual Wage Review, with visits escalating by 22% between April and June 2012.

In line with the Fair Work Ombudsman's commitment to quality assurance, PayCheck Plus users were also able to subscribe to information on updates that may affect basic rates of pay or entitlements.

In 2011-12, PayCheck Plus's availability via fairwork.gov.au 24 hours a day, seven days a week, enabled the Fair Work Ombudsman to serve the workplace community and deliver education on workplace relations outside as well as during standard business hours – in a manner and time that best suited workplace participants.

The Fair Work Ombudsman's ongoing focus on developing new and innovative means of delivering information, such as PayCheck Plus, enabled greater efficiency in educating workplace participants and furthered the agency's outcome for workplace compliance.



Effective management of communication channels and processes achieved improvements in the accessibility and timeliness of information delivery.

CASE STUDY: IMPROVING INFORMATION CHANNEL MANAGEMENT

Providing education on the Annual Wage Review

The Fair Work Ombudsman utilised a range of business systems and processes to educate the Australian public on workplace relations matters.

Effective management of these systems and processes was critical during peak periods for the Fair Work Ombudsman, such as the period leading up to, and immediately after, Fair Work Australia's Annual Wage Review on 1 July each year.

Calls to the Fair Work Infoline typically increase during this period by around 40%, as employers begin to adjust payroll systems and employees enquire about the impact of the Annual Wage Review on their workplace entitlements.

The Fair Work Ombudsman adopted a multi-faceted approach to communication in 2011-12 to address the increase in phone calls resulting from the Annual Wage Review.

This involved disseminating information via a range of communication channels, including fairwork.gov.au, Facebook, Twitter, PayCheck Plus, Live Chat, a tailored subscription service and ongoing stakeholder relations with workplace professionals and key employer and employee groups.

This approach aimed to:

- inform workplace participants of relevant information in the most timely fashion
- increase expediency and accessibility in delivering information; and
- align all internal and external communication on the Annual Wage Review.

The following provides evidence of the effectiveness of this strategy in the lead up to the Annual Wage Review:

- 10 000 subscribers signed up for Annual Wage Review subscription services in less than one month
- visits to PayCheck Plus increased by 22%; and
- messages on Facebook and Twitter attracted over 1 000 views per post for the period.

Effective management of communication channels and processes achieved improvements in the accessibility and timeliness of information delivery leading up to the Annual Wage Review, in line with the Fair Work Ombudsman's strategic objectives and outcome of education and workplace compliance.

REPORT ON PERFORMANCE

CASE STUDY: MAKING THE MOST OF NEW TECHNOLOGY

Campaign webinars

One of the key objectives of any targeted campaign is to educate employers about their rights and obligations. During 2011-12, the Fair Work Ombudsman adopted a new educational approach to reach this target audience with the introduction of webinars – interactive, live, web-based seminars.

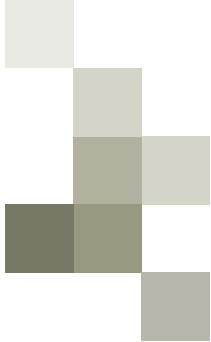
The Fair Work Ombudsman's first webinar on 17 August 2011 was developed for accountants, one of the sectors targeted as part of the National Clerical Workers Campaign 2011. The webinar provided details of the campaign, an overview of the Clerks – Private Sector Award 2010 and information about the self help tools available on fairwork.gov.au.

The webinar attracted 486 participants and resulted in 120 questions from the participants. Webinar slides, questions and answers were posted on the agency's website.

Subsequent surveys of the participants supported the webinar's perceived success. The webinar was rated useful in terms of the content that was covered and as a means of delivering information. Feedback has indicated that participants found webinars to be convenient and effective as they could participate from the comfort of their office.

In light of this, the Fair Work Ombudsman will continue to host webinars for national campaigns and other activities moving forward.





GOAL FOUR CONTINUED

WORKING TOGETHER FOR BETTER OUTCOMES

Agency Collaboration Project

Collaboration and engagement with Fair Work Building & Construction in 2011-12 delivered mutual benefits for the agencies, which worked together to identify opportunities for shared efficiencies and increased effectiveness in office support functions.

The Agency Collaboration Project was launched in December 2011 by the Fair Work Ombudsman and the Chief Executive of Fair Work Building & Construction, Leigh Johns. The project provided a formalised structure for expanding existing collaboration practices between the two agencies and aimed to share skills, expertise and resources to improve businesses processes and apply best practice approaches to deliver corporate services.

A total of 31 joint projects have been initiated to date as part of the Agency Collaboration Project. Highlights have included:

- the Fair Work Ombudsman's provision of payroll services on behalf of Fair Work Building & Construction staff under a service level agreement
- formalised arrangements to share human resource expertise in workforce planning, talent management, learning and development, employee engagement, entry and exit procedures and case management
- co-locating offices in all capital cities (except Melbourne), including shared training and video conferencing facilities

- developing joint security policies and procedures, allowing the agencies to share expertise and experience
- collaboratively developing Health and Safety Arrangements to ensure dual agency compliance with work health and safety legislation
- adopting an online performance management system for both agencies
- mapping existing IT arrangements and services, including identifying savings through sharing of policies, procedures, systems and expertise; and
- co-branding committee guidelines including tools and resources for use by committees in both agencies.

The Fair Work Ombudsman and Fair Work Building & Construction will continue to work closely together to ensure the ongoing alignment of corporate services and the provision of efficiencies in operational practices in serving the Australian community.

GOAL FOUR CONTINUED

Expanding our knowledge of best practice: Advisory, Conciliation and Arbitration Service (ACAS)

The Fair Work Ombudsman broadened the agency's perspective on best practice business models to support advisory, education and compliance functions in the 2011-12 reporting period.

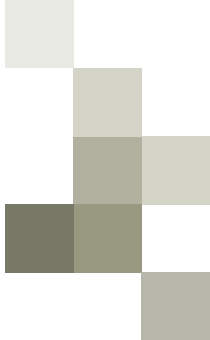
Representatives of the Fair Work Ombudsman and Fair Work Building & Construction were invited to attend a two day workshop comparing business processes with the United Kingdom's Advisory, Conciliation and Arbitration Service (ACAS) in May 2012.

ACAS is internationally recognised as a leader in resolving workplace disputes and providing education on workplace relations matters in addition to dispute resolution procedures. Like the Fair Work Ombudsman, ACAS is an impartial body and works cooperatively with a wide range of groups within the workplace relations community.

When reviewing business processes, the Fair Work Ombudsman has considered the lessons and experiences shared during the workshop, including ACAS's best practice education and dispute resolution model.



NICHOLAS WILSON, FAIR WORK OMBUDSMAN AND JOHN TAYLOR, CEO, UNITED KINGDOM'S ADVISORY, CONCILIATION AND ARBITRATION SERVICES (ACAS).



CHANGING THE WAY WE OPERATE

Customer Service Charter

During 2011-12, the Fair Work Ombudsman continued to strengthen and improve the agency's operations and provided accessible and high quality service in line with the Customer Service Charter, and in support of efficient program delivery.

The Fair Work Ombudsman's Customer Service Charter is available via fairwork.gov.au and outlines the agency's guiding principles for delivery of effective customer service and openness to public scrutiny.

Over the course of the last financial year, the number of Commonwealth Ombudsman reviews of investigations by the Fair Work Ombudsman, stemming from the Customer Service Charter, reduced by 23%.

No adverse findings were made in the 13 reviews conducted. For more information, refer to Table 19 below.

This reduction in reviews can be attributed to the agency's rigorous internal review processes and commitment by staff to satisfy requirements for public scrutiny.

TABLE 19 COMMONWEALTH OMBUDSMAN REVIEWS OF FAIR WORK OMBUDSMAN INVESTIGATIONS

	2011-12	2010-11	2009-10
Commonwealth Ombudsman investigations	13	17	5
Number relating to Fair Work Ombudsman	11	12	4
Number relating to state partner agencies	2	5	1
Adverse findings	0	1	0

GOAL FOUR CONTINUED

TABLE 20 PERFORMANCE AGAINST CUSTOMER SERVICE CHARTER

	2011-12	2010-11	2009-10
80% of investigations into complaints will be completed in 90 days	68%	61%	75%
Fair Work Infoline will resolve 80% of matters at the first contact	98%	97%	95%
Fair Work Infoline will be available 99% of the time during advertised hours	99%	95%	99%
fairwork.gov.au will be available 99% of the time	99%	99%	99%

Customer Service Charter continued

To ensure an ongoing high standard in customer service measures, the Fair Work Ombudsman also laid groundwork for the implementation of a new internal program of quality assurance to commence early in the 2012-13 financial year.

Evaluating our regulatory process

The Fair Work Ombudsman has worked cooperatively with the University of Melbourne as part of a three-year research project into the Fair Work Ombudsman's business practices.

A key objective of the project is to analyse the Fair Work Ombudsman's compliance strategies and to compare the effectiveness of the Fair Work Ombudsman with international workplace regulators and other Australian government enforcement agencies.

The project is titled: *New Initiatives in Enforcing Employment Standards: Assessing the Effectiveness of Federal Government Compliance Strategy*, and research is being undertaken by Associate Professor John Howe, Associate Professor Sean Cooney and Tess Hardy of the Melbourne Law School, University of Melbourne.



The Fair Work Ombudsman's Project Management Office embeds increased governance of the agency's major projects.

Outcomes of the project will address:

- the processes and practices of regulatory agencies in other countries, such as the United States of America and Canada
- the Fair Work Ombudsman's investigation processes and practices
- alternative strategies of ensuring compliance such as education, the use of media and litigation; and
- the impact of these strategies within the workplace relations community.

The project is expected to be completed within 2012-13, and provide valuable insight into the impact and effectiveness of the Fair Work Ombudsman's business processes.

Preliminary findings of the research were published in March 2011 in a report for the International Labour Office titled *Study on Labour Inspection Sanctions and Remedies: The case of Australia*.

Improving our skills: Agency Change Project Team

An Agency Change Project Team was established in March 2012 as part of the Fair Work Ombudsman's commitment to improving business processes.

The purpose of the team is to guide the agency to deliver on strategic outcomes moving forward, and to ensure the right conditions are present for changes to services, structures, or systems. A series of Agency Change Projects will also commence in 2012-13 in support of these aims.

Effective project management: establishment of a Project Management Office

In 2011-12, PricewaterhouseCoopers Australia (PWC) was engaged to review the Fair Work Ombudsman's project management and governance framework and processes against best practice to ensure the delivery of projects on time, to budget and in-line with quality expectations.

PWC found that improvements could be made to the agency's existing processes in the areas of governance (including clarity around roles, responsibilities, accountability and reporting), stakeholder management (with increased emphasis on change management and stakeholder engagement) and work and schedule management.

The Fair Work Ombudsman is currently in the process of implementing recommendations made within the PWC report and has established a dedicated Project Management Office to oversee the required changes to current processes and directly project manage medium to large projects.

The Fair Work Ombudsman's Project Management Office now provides advice, assistance, oversight and governance to major projects undertaken by the agency to ensure the projects:

- are accurately costed
- result in the realisation of benefits
- are delivered on time and within budget; and
- involve effective stakeholder engagement.

GOAL FOUR CONTINUED

Effective project management: establishment of a Project Management Office continued

The Project Management Office includes a secretariat for the recently formed IT Projects and Capital Expenditure Subcommittee, which serves to ensure a clear approval point for the initiation, start-up and ongoing funding of projects. Further information on this Subcommittee is available on page 110 in Section 4 of this Annual Report.

Moving forward, the Project Management Office will continue to ensure projects commissioned by the Fair Work Ombudsman are well managed, deliver value for money and are integrated effectively to support the agency's core work of education and compliance activities.

Changes to the organisation's project management and governance framework will better position the Fair Work Ombudsman to deliver projects required to support the agency's outcome for workplace compliance in the future, and improve efficiency in core functions.

Enhancing internal systems: FWOnet development

An innovative redevelopment of the Fair Work Ombudsman's intranet was undertaken during 2011-12, which improved the way the agency shared information by transforming the tool from an information repository into an interactive task-based system that encourages collaboration and is customisable by staff in accordance with their role within the organisation.

The introduction of the new intranet was in direct response to organisational challenges identified through workshops, manager interviews, an all-staff survey, user testing sessions and a research study in 2010 to identify staff preferences for communication.

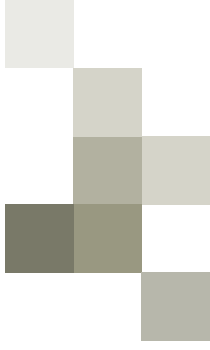
Following feedback on the existing intranet, the Fair Work Ombudsman's Executive Committee endorsed the redevelopment project to:

- better support the Fair Work Ombudsman's business objectives
- enhance the culture of the organisation; and
- drive greater workplace productivity in delivering the agency's key outcomes.

'FWOnet' was launched in February 2012 and is based on internationally recognised best practice.

FWOnet encourages interaction and collaboration between staff and contains online places to store information on cross-branch projects. Fair Work Ombudsman staff can locate information easily based on the type of information it is, rather than the branch or business owner of the information. The system also enables centralised dissemination of organisational news and updates.

The new FWOnet demonstrates the Fair Work Ombudsman's commitment to exploring and implementing innovative measures to achieve greater operational efficiencies for the agency.



CASE STUDY: AWARD RECOGNISES INNOVATIVE USE OF IN-HOUSE LAWYERS

The Fair Work Ombudsman's Legal Team was awarded the NSW Law Society's Excellence in Government Legal Service Award in August 2011 for its innovative use of in-house lawyers to conduct civil penalty litigations.

The NSW Law Society's Excellence in Government Legal Service Award is awarded to a person or group of legal practitioners who demonstrate that they have gone "above and beyond". The Award recognised the efforts of the Fair Work Ombudsman's Legal Group in cutting the cost of Government legal service delivery.

In 2011, the Fair Work Ombudsman was granted a 12 month approval from the Attorney-General to use in-house lawyers to run all cases. The approval was an extension of a process that began in 2008 when approval was given to use the Fair Work Ombudsman's in-house team for Court matters involving employee underpayments.

During the 2011-12 financial year, the Fair Work Ombudsman's Legal Group commenced 51 proceedings in-house, a significant increase on the 35 matters run in-house in financial year 2010-2011.

The cost savings will continue to free additional resources to conduct more Court proceedings, ensuring that malicious and repeat workplace offenders are held to account.

Maintaining an in-house practice has also proven to be important in the retention of valuable staff for the Fair Work Ombudsman, enabling lawyers to maintain and build on their litigation skills.



FROM LEFT TO RIGHT: MARK DAVIDSON, ELIZABETH PRIEST, BEN VALLENCE, JANINE WEBSTER (CHIEF COUNSEL), CLARE HARTIGAN AND SARAH KRINS.

GOAL FIVE

BUILDING CAPABILITY IN OUR PEOPLE AND CULTURE

TAKING PRIDE IN OUR WORKPLACE

The Fair Work Ombudsman is committed to developing a flexible, forward-thinking and high performing workforce. The agency encourages a culture of strong leadership, and recognises individual and team performance and achievements.

Positioning the agency as a model Australian workplace is central to delivering the Fair Work Ombudsman's outcome for education and workplace compliance.

To this end, the Fair Work Ombudsman remained at the forefront of the workplace relations community in supporting diversity, offering flexible work arrangements and facilitating open communication and consultation. These practices fostered respect within the workplace and served to strengthen the agency's organisational culture.

Building a harmonious, cooperative and productive workforce allowed the Fair Work Ombudsman to work effectively and cohesively to deliver the agency's core functions of providing advice, assistance and where necessary, enforcement within the workplace community.

CREATING A CULTURE THAT MATCHES OUR VALUES

Health and wellbeing

The Fair Work Ombudsman provides a safe, healthy workplace and supports employees to have healthy lifestyles.

In 2011-12, the agency implemented programs to reduce the risk of workplace injury and maintain employee mental and physical health. These programs included initiatives such as:

- mental health education and stress resilience training
- supporting the effective use of annual leave to maintain a healthy work/life balance
- workstation assessments and rehabilitation case management to meet the health, safety and rehabilitation needs of employees; and
- the Employee Assistance Program, providing counselling for employees experiencing personal or work-related concerns.

The *Work Health and Safety Act 2011* harmonises health and safety laws so employees have the same standards and protections regardless of where in Australia they work. In response, the Fair Work Ombudsman and Fair Work Building & Construction cooperatively reviewed their work health and safety processes and created a consistent approach to developing and maintaining safe working conditions.



Giorgina Strangio

Fair Work Building & Construction and the Fair Work Ombudsman's Health and Safety Arrangements include a shared approach to:

- Executive commitment to work health and safety
- guidelines for consulting with workers on work health and safety
- cooperating with workers and stakeholders
- work health and safety policies
- establishment of work groups and health and safety representatives; and
- establishment of health and safety committees.

The Fair Work Ombudsman and Fair Work Building & Construction have appointed health and safety representatives to act as advocates for their colleagues in both agencies, providing mutual operational benefits.

For more information on collaboration between the agencies on further initiatives, see page 85 of this Annual Report.

The Fair Work Ombudsman takes pride in maintaining its status as a model Australian workplace. We encourage workplace flexibility and diversity, and the outcomes of this are reflected in the agency's culture.

Giorgina Strangio

*Executive Director,
Human Resources*

REPORT ON PERFORMANCE

GOAL FIVE CONTINUED

Sharing workloads and learning from one another

Fair Work Ombudsman employees are knowledgeable, capable, flexible and adaptable. They can apply their knowledge and skills in a variety of contexts and support the work of colleagues in different business areas whenever the need arises.

In recognition of the specific knowledge and skill sets that exist within different branches, in 2011-12 the Fair Work Ombudsman ran work share and work swap programs to enable employees to learn from one another and develop broader skill sets. Sharing workloads increases capacity to provide clear, consistent, expert advice and assistance to clients in support of the Fair Work Ombudsman's compliance outcomes.

In 2011-12, the agency's engagement results also demonstrated that staff wanted to know more about the work of colleagues in other business areas, and increase their understanding of the Fair Work Ombudsman's strategic goals.

During the work share and work swap programs, staff were given the opportunity to learn about the processes and practices of other business areas, enabling them to develop new skills, knowledge and professional networks.

These types of initiatives provided greater mutual understanding between staff of roles and responsibilities across the agency, and promoted improved interactions. Formal and informal communication has also increased between business areas, providing added benefits to service delivery.

Building a sustainable and productive workforce: recruiting and retaining great employees

The Fair Work Ombudsman offers structured career development opportunities to talented recruits with an interest in workplace relations.

Offering training and development opportunities to employees with a passion for workplace relations in 2011-12 assisted the agency in building an engaged and capable workforce and helped advance the agency's outcome for workplace compliance.

The Fair Work Ombudsman's entry level recruitment programs include:

The Graduate Program

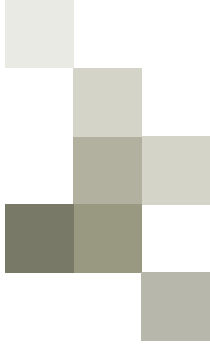
The Fair Work Ombudsman's Graduate Recruitment Program attracted 631 applications from graduates in Melbourne, Sydney and Canberra.

Eight graduates commenced work in 2011-12, with more than half building their workplace relations knowledge in an initial placement on the Fair Work Infoline. Graduates complete a Diploma of Government through the Australian Public Service Commission as part of the graduate program, and undertake research on key workplace relations matters to support the growth of knowledge within the agency.

Indigenous Traineeships Program

The Fair Work Ombudsman's Indigenous Traineeship Program provides Indigenous Australians the opportunity to begin a career in the Australian Public Service while also gaining a formal qualification.

The Fair Work Ombudsman received a high level of interest from applicants, and in 2011-12 the agency accepted five trainees into the program.



Sharing workloads increases capacity to provide clear, consistent, expert advice and assistance to clients.

CASE STUDY: THE BENEFITS OF SHARING WORKLOADS

Staff from the Fair Work Ombudsman's National Employer Branch took part in a job swap initiative and gained frontline customer service experience answering Fair Work Infoline enquiries in 2011-12.

The National Employer Branch focuses on developing ongoing and sustainable relationships with large national employers, providing them with dedicated client-focussed service, and tailored advice according to the businesses' needs.

As part of the job swap initiative, a number of National Employer Branch advisers were trained as Fair Work Infoline advisers. Rigorous training included advising on technical workplace relations matters, using specialised software and delivering best practice customer service to a range of clients. The National Employer Branch advisers spent several months responding to Fair Work Infoline enquiries.

Through this experience, National Employer Branch advisers broadened their workplace relations knowledge, strengthened customer service skills, developed a better understanding of internal practices and created new networks with colleagues.

National Employer adviser Elizabeth Stephanou, who job swapped to the Fair Work Infoline, said: "The increase in my workplace relations knowledge has benefitted my National Employer Branch clients."

"It gave me enormous respect for the work and knowledge of the Fair Work Infoline advisers, and speaking with the public helped me understand more widely what employers and employees grapple with when it comes to their obligations."

Job swapping initiatives also provided strategic operational benefits to the agency, with more trained staff available to assist during peak operational periods, such as the Annual Wage Review.

The Fair Work Ombudsman will continue to look for ways to develop skills and experience among staff and foster a productive, well-rounded workforce.

REPORT ON PERFORMANCE

GOAL FIVE CONTINUED

Building a sustainable and productive workforce: recruiting and retaining great employees continued

The Indigenous Traineeship Program is part of the Fair Work Ombudsman's diversity commitment to increasing Indigenous recruitment and retention in the agency.

Trainees work on the Fair Work Infoline and complete a Certificate IV in Government through the Australian Public Service Commission.

Following successful completion of the program, ongoing employment is offered to trainees, enabling the agency to retain and develop a well-skilled, trained and effective workforce.

Information and Communications Technology (ICT) Cadetships

The Fair Work Ombudsman offers Information and Communications Technology (ICT) Cadetships to provide university students with the opportunity to gain professional experience while studying.

The ICT Cadetship program is administered by the Department of Finance and Deregulation and the Fair Work Ombudsman has been involved in the program since 2011, with successful outcomes.

ICT Cadetships were available to applicants who had completed at least their first year of an undergraduate degree with an Information and Communication Technology major. The cadets receive study assistance in the form of leave and allowances, and gain hands-on industry experience.

Successful retention of staff and building capabilities in people and culture enables the Fair Work Ombudsman to operate efficiently and work cohesively to deliver the agency's program of activities in support of workplace compliance.

Leading the way in encouraging workplace flexibility

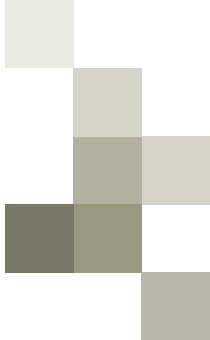
The Fair Work Ombudsman is leading by example in going beyond the minimum legal obligations to develop leave and working arrangement policies tailored to employee needs.

Employers with policies that make employees feel valued, and assist them to achieve a work/life balance, can benefit from a more committed and productive workforce. Best Practice Guides, available on fairwork.gov.au, encourage other businesses to incorporate flexible work practices into their own workplace.

The Fair Work Ombudsman was recognised nationally for its flexible staff working arrangements by becoming a finalist in the Sir Ken Robinson Award for Workforce Flexibility at the Australian Human Resources Institute National Awards in November 2011.

The award recognises management strategies that allow diverse groups of employees to flourish through flexible work practices, such as arrangements for job sharing, working from home or alternative working hours.

Encouraging a culture of workplace flexibility positions the Fair Work Ombudsman as a leader by example in the workplace community, and allows the agency to demonstrate a model for best practice.



The Fair Work Ombudsman is leading the way in providing examples of best practice in workplace flexibility.

CASE STUDY: FINDING THE RIGHT BALANCE

Encouraging workplace flexibility

The Fair Work Ombudsman has recognised the importance of flexibility in maintaining a harmonious, engaged and productive workforce in developing the Fair Work Ombudsman's Enterprise Agreement 2011-2014 in consultation with staff.

The agreement provides for employees to utilise:

- flex time and time off in lieu, to encourage greater work/life balance
- part-time work and working from home
- job sharing
- increased access to parental leave for both parents; and
- individual flexibility arrangements.

Genuinely accessible flexibility arrangements have demonstrated mutual benefits and support from employees and the Fair Work Ombudsman.

Fair Work Infoline Adviser Allison* was able to structure her part time work hours to accommodate her family commitments.

"My working arrangements have allowed me to take my daughter to school and pick her up at the end of the day", said Allison.

Allison was also able to work flexibly to support the agency by extending her hours during school holidays and periods of peak demand in the Fair Work Infoline.

Flexibility arrangements were also successfully utilised to accommodate individual arrangements.

Fair Work Infoline adviser Amanda* entered into a flexible working arrangement that allowed her to spend one day per week volunteering her time at an organisation known as Jobwatch to assist vulnerable workers.

"When I decided to volunteer, I knew I would have to reduce my hours on the Fair Work Infoline. I was apprehensive at first because I thought that flexible arrangements were for people with caring responsibilities, however I was pleased to find out that this was not the case", said Amanda.

Amanda was able to arrange a flexible approach to her hours of work that balanced the agency's business need and her desire to volunteer her time. Amanda now works slightly longer days four days per week, allowing her one day per week to volunteer.

The understanding that Amanda gained through working with another organisation provided mutual benefits to Amanda and the Fair Work Infoline.

"Being able to volunteer made me feel that my interests and motivations were respected and valued", said Amanda.

Encouraging genuine flexibility in working arrangements and working cooperatively has enabled the Fair Work Ombudsman to find a productive balance between an employee's needs for individual flexibility with organisational requirements.

*Names have been changed to protect privacy.

GOAL FIVE CONTINUED

BUILDING A WORKFORCE AS DIVERSE AS THE PEOPLE WE SERVE

The Fair Work Ombudsman's Diversity Council

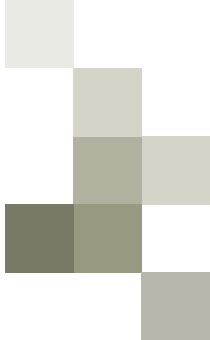
Supporting inclusion in the workplace means developing and maintaining a workplace culture in which the diverse backgrounds, skills, talents and views of all employees are valued and encouraged. A workforce that reflects the diversity of the community it serves is also best equipped to educate and work with a diverse range of clients.

The Fair Work Ombudsman's Diversity Council was established to advise on diversity matters and make recommendations to the agency's Executive Group on encouraging diversity in the workforce. Fair Work Ombudsman initiatives and achievements in encouraging workplace diversity in 2011-12 included:

- adopting a specific Diversity Vision that was launched during the successful inaugural Fair Work Ombudsman Diversity Conference in September 2011
- appointment of an agency Champion for Cultural Diversity and an Indigenous representative on the Fair Work Ombudsman's Diversity Council
- the delivery of Indigenous Cultural Awareness Training
- recognition of the Fair Work Ombudsman's excellence in initiatives or programs related to the employment and inclusion of gender diversity in the 2011 Diversity@Work Employment and Inclusion Awards
- circulation of all Fair Work Ombudsman vacancies to Disability Service Employers through a partnership with the National Disability Recruitment Coordinator
- mental health first aid training to equip employees with skills to recognise and respond if colleagues experience mental illness, and to provide initial care for an employee experiencing a mental health crisis
- the introduction of a bilingual register of employees willing to assist clients from diverse backgrounds requiring language assistance which has enhanced client service provision
- establishment of a Flexibility Contact Officers Network to advise colleagues and managers on how best to utilise the Fair Work Ombudsman's flexible working arrangements; and
- achieving re-accreditation as a Breastfeeding Friendly Workplace.



ANDREW ALEXANDER, INDIGENOUS REPRESENTATIVE ON THE FAIR WORK OMBUDSMAN'S DIVERSITY COUNCIL.



Effective consultation practices and genuine involvement from staff in decision-making helps ensure new ideas work effectively and leads to productive outcomes.

POSITIONING OURSELVES AS A MODEL AUSTRALIAN WORKPLACE

Seeking feedback on employee engagement

The Fair Work Ombudsman consults widely with staff on workplace matters, including but not limited to, major changes, new or amended policies and relevant projects or programs.

As a matter of best practice, consideration is given to the value consultation adds to decision making processes, and the agency is committed to an inclusive and open approach.

Effective consultation practices and genuine involvement from staff in decision-making helps ensure new ideas work effectively in practice and lead to productive outcomes for the agency.

In 2010, the Fair Work Ombudsman conducted its first agency-wide survey to measure employee engagement, seeking perceptions of factors such as consultation, career development and leadership.

During 2011-12, work to support and improve levels of employee engagement was undertaken, which focused on areas identified for agency improvement via the survey responses. Three key areas of future focus were identified as part of this work, which included:

- providing career opportunities to retain talent
- equipping leaders at all levels to manage people through change; and
- improving communication and cooperation between business units.

The Fair Work Ombudsman undertook a series of initiatives to improve these areas over the course of 2011-12. A Pulse Survey measuring the effectiveness of the engagement initiatives implemented was conducted in 2011, which indicated improvements.

TABLE 21 EMPLOYEE ENGAGEMENT SURVEY RESULTS

Year	Overall engagement		Organisation engagement		Job engagement	
	2011	2010	2011	2010	2011	2010
Agency total (534)	47%	44%	64%	56%	50%	48%
Australian average	36%		46%		43%	
Central Government Average	36%		46%		43%	
High performing benchmark	53%		65%		59%	

REPORT ON PERFORMANCE

GOAL FIVE CONTINUED

Career Conversations

A key area identified to improve employee engagement was to provide career opportunities to retain talent.

In response, a 'Career Conversations' tool was implemented in 2011. This tool was designed to support structured conversations between employees and an identified mentor about career aspirations, progression and opportunities.

The key objectives were to empower employees to understand the role they play in their own career development and feel confident about seeking opportunities to develop their career; and to create a dialogue about interests, career desires, realistic expectations and the varied elements of career development.

The tool included a set of questions for the employee to consider beforehand, guidance information and a verbal briefing by the Fair Work Ombudsman's Human Resources team.

Guidance information noted that:

- conversations were to be separate to the performance management process
- participation was to be employee-driven
- conversations could link to existing programs and information (such as the agency's Mentoring Guide or the Australian Public Service Commission's Integrated Leadership System); and
- that 'career development' encompasses many elements (including diversifying skills at level, and seeking development opportunities in other branches, agencies and the private sector).

Evaluation of the Career Conversation tool following the pilot provided a strong indication of its success.

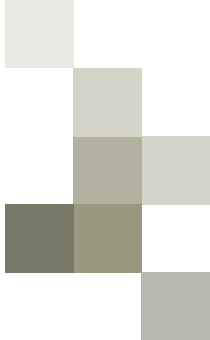
Separate surveys were provided to employees who participated in the Career Conversation Pilot Program and those that declined an invitation to participate.

There were 40 responses, which indicated that all participants 'agreed' or 'strongly agreed' that they felt empowered as a result of the Career Conversations to take responsibility of their own career.

Further, 76% 'agreed' or 'strongly agreed' that participation in a Career Conversation had instigated thought about career avenues and paths they had not previously considered.

90% of those that participated would recommend participation in a Career Conversation to others.

Following this successful pilot, the Career Conversations tool was made available to the wider agency and continues to be well received.



The Fair Work Ombudsman remains focused on employee development and providing staff with the benefits of shared skills and experience.

CASE STUDY: MENTORS IN ACTION

To provide staff with the benefits of shared skills and experience, the Fair Work Ombudsman encouraged the development of professional mentoring relationships.

The mentoring relationship is often between a more experienced employee (the mentor) and a less experienced employee (the mentee). Relationships are based on openness, mutual trust, respect, encouragement, constructive feedback and a willingness to learn and share experiences.

The Fair Work Ombudsman has developed resources to assist in establishing and continuing these relationships, including a mentoring database, which houses appropriate guidelines and details of staff willing to mentor others.

Ally Carpenter, Director, Nexus Development Taskforce became a mentor to two Fair Work Ombudsman employees after registering on the mentor database.

Ally assisted the mentees to set short and long term mentoring goals, that would help them achieve their professional aspirations.

“Each of my mentees is different, and how we work depends on the mentee’s goals. For someone who is happy in their role we figure out ways to develop their responsibilities and keep it interesting. For career progression, we think about training, interview and application writing skills, and the sort of experience they need to help them achieve their personal and professional goals”, said Ally.

Regardless of their immediate goals, Ally encourages all of her mentees to pursue formal and informal training such as emotional intelligence, confidence, negotiation and influencing skills. She believes this type of training is great for anyone looking to progress their career or enhance their performance in their current role.

“Mentoring doesn’t take a lot of time, and I am happy for mentoring to be a part of my week. There are positives in it for myself, as well as the people I mentor.”

The agency’s mentoring program provides a means of connecting employees across different sections of the agency, and generates a cohesive and supportive workplace culture, well positioned to deliver productive outcomes.



Ally Carpenter

REPORT ON PERFORMANCE

GOAL FIVE CONTINUED

RECOGNISING WHAT WE ACHIEVE

Annual Achievement Awards

The Fair Work Ombudsman values and recognises the contribution of high performing individuals and teams who work hard to further the Fair Work Ombudsman's outcome of achieving compliance within the Australian workplace community.

Formal and informal rewards programs supported continued achievement and development across the agency in 2011-12. Business units were encouraged to establish their own awards programs, and many units created awards to suit their specific environments. Informal rewards helped to celebrate individual achievement within a business unit.

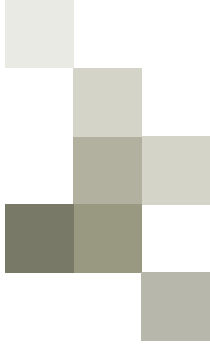
The Fair Work Ombudsman's Annual Achievement Awards acknowledged and rewarded outstanding work performance, service and dedication to the agency's goals and the community.

A total of 33 individuals and teams were nominated for recognition by their colleagues in 2011-12, with nine winners awarded across seven categories of excellence.

During 2011-12, Ben Vallence, Principal Lawyer, was awarded the Best and Fairest Individual Award for establishing a Small Claims Pilot in Queensland and Victoria. Ben led his team in the in-sourcing of legal work and took personal, substantive carriage of significant legal matters. For more information on the Small Claims Pilot, see page 59 of this Annual Report.



BEN VALLENCE, PRINCIPAL LAWYER, RECEIVES THE BEST AND FAIREST INDIVIDUAL AWARD FROM FAIR WORK OMBUDSMAN NICHOLAS WILSON.



CASE STUDY: HUMAN RESOURCES LEADER OF THE YEAR

Su Kearns, Group Manager, Corporate and Strategic Development

The Fair Work Ombudsman's Group Manager for Corporate and Strategic Development Su Kearns, was recognised as a leader in her field in 2011-12.

Su was awarded the Australian Human Resource Institute's prestigious Dave Ulrich Human Resource Leader of the Year Award for her outstanding contribution to the agency and the human resources industry.

Su has been instrumental to the Fair Work Ombudsman remaining a diverse, dynamic and flexible workplace by driving key initiatives, such as establishing the Fair Work Ombudsman Diversity Council and pursuing gender equity initiatives (for more information, see page 98 of this Annual Report).

The award also reflected Su's innovative and strategic approach to human resource delivery.

In addition to these measures, Su has personally championed flexible working arrangements by demonstrating her ability to advance a successful career while maintaining a four-day working week, including working-from-home arrangements.

Su says "Flexible work arrangements can benefit most people, not just those who are raising children, or undertaking study. There is considerable evidence that employees who have real, genuinely flexible working arrangements that they can legitimately access are more engaged with their organisation, and more inclined to perform at a higher level."

The contribution of leaders like Su enables the Fair Work Ombudsman to remain at the forefront of best practice workplace relations, and positions the agency as a model Australian workforce.





4

MANAGEMENT &
ACCOUNTABILITY

MANAGEMENT & ACCOUNTABILITY

CORPORATE GOVERNANCE

In 2011-12, the corporate governance practices of the Fair Work Ombudsman ensured clear lines of accountability and well-defined performance management.

These practices were overseen by the Executive Committee with support from the following management committees:

- Agency Consultative Forum
- Audit Committee
- Contracts Committee
- Executive Committee
- Information Technology (IT) Committee
- IT Projects and Capital Expenditure Sub-committee
- National Health and Safety Committee; and
- Recruitment Committee.

Agency Consultative Forum

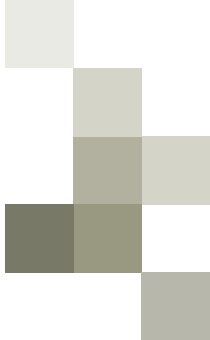
The Agency Consultative Forum was established under the terms of the Fair Work Ombudsman Enterprise Agreement 2011-2014 to facilitate open communication and consultation across all levels of the agency.

Sixteen representatives, which included employees, management and members of the Community and Public Sector Union (CPSU), constituted the Agency Consultative Forum.

The forum's membership achieved balance from each branch and major metropolitan location, along with regional representation.

During 2011-12, input from the Agency Consultative Forum was sought on a range of matters, including:

- the Fair Work Ombudsman's strategic plan for 2012-16
- development of new and revised internal policies and guides, including those that formed part of the Fair Work Ombudsman's Enterprise Agreement for 2011-2014
- agency Pulse survey results and subsequent employee engagement initiatives
- the agency's intranet redevelopment; and
- development and implementation of a revised framework for managing performance, including an online system.



Audit Committee

The Audit Committee ensures that public resources are appropriately used and that financial statements are accurate and reliable. The Audit Committee also oversees the agency's internal audit function.

In 2011-12, the Audit Committee provided independent assurance, advice and assistance to the Fair Work Ombudsman on:

- risk management procedures
- risk and control frameworks
- external accountability, including financial statements
- legislative compliance; and
- internal and external auditing processes.

The Fair Work Ombudsman's Strategic Internal Audit Plan for 2010-13, initiated by the Audit Committee, covers a broad range of internal audits including compliance-based audits, performance improvement audits and comprehensive internal audits. The plan ensures that the focus of audit activity is directed to areas of greatest risk, and those with the potential for the greatest value-add.

The Audit Committee also played a key role in fraud control and developing and enhancing awareness of measures to manage this risk across the agency. This included reviewing the Fair Work Ombudsman's approach to new and emerging risks during periods of significant change, such as the implementation of new policies and programs.

During 2011-12, the Audit Committee addressed the Australian Government's requirements in relation to fraud prevention, reporting, detection, investigation, prosecution and other associated issues with a Fraud Control Plan.

The Fair Work Ombudsman certifies that the agency has prepared a Fraud Risk Assessment and Fraud Control Plan with appropriate fraud prevention, detection, investigation, reporting and data collection processes.

The Fair Work Ombudsman has taken all reasonable measures to minimise the risk of fraud and to investigate and recover the proceeds of fraud against the agency.

All actions taken by the Fair Work Ombudsman complied with the Commonwealth Fraud Control Guidelines 2011.

Contracts Committee

The Contracts Committee ensures that agency-wide procedures are followed for the procurement of major supplies and services, and for the management of significant contracts.

The Committee also serves to ensure that the Fair Work Ombudsman's procurement practices are consistent with Commonwealth Procurement Guidelines. In 2011-12, these duties were undertaken by a Committee comprising of four Senior Executives.

MANAGEMENT & ACCOUNTABILITY

Executive Committee

In 2011-12, the Fair Work Ombudsman's Executive Committee provided corporate leadership and strategic direction for the agency. The Committee also oversaw the agency's financial management and business performance throughout the year.

Under its charter, the Executive Committee undertook responsibility for leadership of the organisation, including:

- modelling best practice consultative decision making and acting as a focal point for the establishment of an agency culture that values participation and transparency in decision making
- developing and overseeing the implementation of the agency's strategic plan and direction
- establishing and monitoring agency systems of control and accountability
- ensuring compliance with relevant legislation
- reviewing agency performance against agreed performance indicators
- identifying and managing strategic risk; and
- consulting in relation to matters of strategic significance to the agency.

Executive Committee Members

Nicholas Wilson

Fair Work Ombudsman

Alfred Bongji

Group Manager,
Customer Service

Bill Loizides

Group Manager,
Policy, Education and Partnership Group

Mark Scully

Group Manager,
Finance and Information Management

Su Kearns

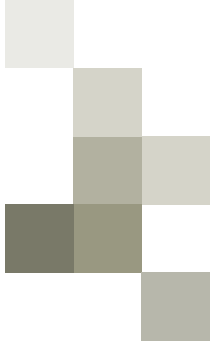
Group Manager,
Corporate and Strategic Development

Janine Webster

Chief Counsel

Michelle Baxter

Group Manager,
Agency Change Projects



FROM LEFT TO RIGHT: MARK SCULLY (GROUP MANAGER, FINANCE & INFORMATION MANAGEMENT); SU KEARNS (GROUP MANAGER, CORPORATE & STRATEGIC DEVELOPMENT); NICHOLAS WILSON (FAIR WORK OMBUDSMAN); MICHELLE BAXTER (GROUP MANAGER, AGENCY CHANGE PROJECTS); JANINE WEBSTER (CHIEF COUNSEL); BILL LOIZIDES (GROUP MANAGER, POLICY, EDUCATION & PARTNERSHIP GROUP); ALFRED BONGI (GROUP MANAGER, CUSTOMER SERVICE).

MANAGEMENT & ACCOUNTABILITY

Information Technology (IT) Committee

In 2011-12, the IT Committee comprised of representatives from business units across the Fair Work Ombudsman.

The Committee provided strategic guidance and recommendations to ensure that the Fair Work Ombudsman's IT systems supported business strategy, ongoing performance and risk management.

During the year, the Committee oversaw and reported on the performance of the agency's IT systems and major IT projects.

IT Projects and Capital Expenditure Sub-Committee

In 2011-12, the Fair Work Ombudsman established the IT Projects and Capital Expenditure Sub-Committee.

The Sub-Committee also provided high level strategic governance of major IT and capital expenditure projects and reports to the Executive Committee.

The responsibilities of the Sub-Committee included the:

- approval of new IT and capital expenditure projects
- allocation of budgets to approved projects
- review of monthly project status reports; and
- provision of a quarterly report to the Executive Committee outlining major issues considered by the Sub-Committee.

The Sub-Committee consists of the Fair Work Ombudsman, as Chair; Group Manager of Corporate and Strategic Development; Group Manager of Finance and Information Management; and Chief Counsel.

Health and Safety Committee

The National Health and Safety Committee was responsible for supporting the Fair Work Ombudsman's workplace health and safety.

The Committee reports to the Executive Committee on policy matters concerning the work health and safety of agency employees as formed under the terms of the Health and Safety Arrangements 2012-15, which is a partnership agreement with Fair Work Building & Construction.

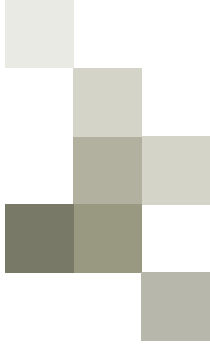
In 2011-12, the committee was comprised of the Fair Work Ombudsman, governance and security representatives, four health and safety representatives, as well as Community and Public Sector Union employee representatives.

Key accomplishments of the committee included implementing the *Work Health and Safety Act 2011* across the agency. This included educating agency employees on the new legislation; reviewing policies and processes to ensure compliance with the new legislation and the establishment of shared working groups and Health and Safety Representatives with Fair Work Building & Construction.

Recruitment Committee

In 2011-12, the Fair Work Ombudsman established a Recruitment Committee to assist the agency to monitor and manage staffing outcomes and ensure that staffing expenditure remained aligned to current and future budget allocations.

The Committee reviews and monitors all decisions to undertake recruitment activities, for both ongoing and non-ongoing positions and comprises of the Group Manager for Corporate and Strategic Development and the Group Manager for Finance and Information Management.



EXTERNAL SCRUTINY

Judicial decisions and administrative reviews

There were no judicial decisions or administrative reviews or findings that impacted on the Fair Work Ombudsman's operations during the reporting period.

Auditor-General's reports

In accordance with the *Auditor-General Act 1997*, Barbara Cass, Acting Group Executive Director for the Australian National Audit Office, wrote to the Fair Work Ombudsman on 17 November 2011 advising that the Auditor-General would conduct a performance audit of the Office of the Fair Work Ombudsman. For a copy of the letter, see Appendix F on pages 188-189 of this Annual Report.

The objective of the audit as advised by the Australian National Audit Office was to assess the effectiveness of the Office of the Fair Work Ombudsman's administration of education services and compliance activities in relation to the Fair Work Act.

The audit was still underway at 30 June 2012, with the final report by the Australian National Audit Office to be tabled in parliament in the next financial year.

This is the first time the Australian National Audit Office has undertaken an audit of the Office of the Fair Work Ombudsman, other than annual audits of the agency's financial statements.

MANAGEMENT OF HUMAN RESOURCES

The Fair Work Ombudsman prides itself on being a model Australian workplace committed to the development of its staff. Significant developments and initiatives in 2011-12 included:

- increasing the Fair Work Ombudsman's diversity profile
- the provision of 34 training courses and 23 330 hours of training, and
- implementation of the Fair Work Ombudsman Enterprise Agreement 2011-2014.

Recruitment

During 2011-12, the Fair Work Ombudsman undertook 50 external recruitment processes (excluding graduate recruitment) resulting in a total of 62 employment offers. This is a 29% decrease in employment offers compared to the 88 offers made in 2010-11.

The Fair Work Ombudsman also conducted bulk recruitment processes for the Graduate Program, see page 94 of this Annual Report. There were 631 applications, a 27% increase from the 497 received in 2010-11.

In 2011-12, the Fair Work Ombudsman attracted a high volume of applications from candidates, with an average of 47 applicants per external job advertisement.

The Fair Work Ombudsman remained committed to flexible work practices. With the exception of the Graduate Program and one part-time only position, all other vacancies were advertised as full-time or part-time in 2011-12. The percentage of part-time employees increased to 18%, up from 14% in 2010-11. See pages 181-182 of this Annual Report for more information.

Further information about the Fair Work Ombudsman's recruitment initiatives can be found on page 94 of this Annual Report.

MANAGEMENT & ACCOUNTABILITY

Broadband Working Group

Arising out of negotiations for the Fair Work Ombudsman Enterprise Agreement 2011-2014, a Broadband Working Group was formed to review the implementation of broadband arrangements in the agency.

The review analysed data to ascertain use of broadbanding as a mechanism to fill vacant positions; analysed qualitative data to determine the effectiveness of current broadbanding arrangements; and reviewed relevant documentation, including broadband policies and procedures.

A range of recommendations were identified to improve consistency across the agency in implementing broadbanding.

Performance and Development Framework

The Performance and Development Framework aimed to ensure that the highest quality performance and leadership standards and consistent practices were implemented throughout the agency. It included a focus on key outcomes, demonstration of the Fair Work Ombudsman's key behaviours, and the development of requirements for each individual employee.

The Framework was further supported by the implementation of an online performance agreement system during the 2011-12 performance cycle.

Workplace diversity

The Fair Work Ombudsman values diversity and recognises the benefits of a diverse workforce.

Despite reductions in staffing numbers, the agency has continued to build a diverse and productive workforce.

In 2011-12, five Indigenous Australians were engaged as part of the Indigenous Traineeship Program (for more information, see page 94 of this Annual Report). The number of staff, who identify as being from a culturally or linguistically diverse background, also increased from 152 to 163.

The Fair Work Ombudsman recognised that multi-lingual staff provide an effective means of delivering accurate and accessible information to people from culturally and linguistically diverse backgrounds.

To capitalise on this expertise, the Fair Work Ombudsman also maintained a register of multi-lingual staff willing to assist with language and interpreting services.

Between July 2009 and June 2012 the number of women in Senior Executive positions steadily increased. In 2009, 23% of Senior Executive staff were female – as at 30 June 2012, this has increased to 50%.

Further information on workplace diversity initiatives can be found on page 98 of this Annual Report.

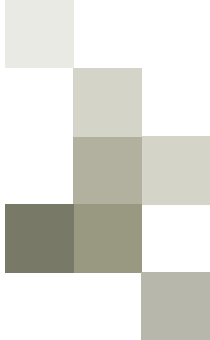


TABLE 22 WORKPLACE DIVERSITY 2009-12

	2011-12	2010-11	2009-10
Female	501	586	586
People from culturally and linguistically diverse backgrounds	163	152	107
People from Aboriginal and Torres Strait Islander backgrounds	7	2	4
People with disabilities	27	24	11
Total staff	827	952	970

TABLE 23 EXECUTIVE (EL) AND SENIOR EXECUTIVE STAFF (SES) BY GENDER

	2011-12		2010-11		2009-10	
	Female	Male	Female	Male	Female	Male
SES Band 2	2	3	0	2	0	3
SES Band 1	5	4	4	7	3	7
EL 2	15	25	14	28	12	28
EL 1	58	38	60	39	57	42
Total	80	70	78	76	72	80

Note: Excludes the Fair Work Ombudsman.

MANAGEMENT & ACCOUNTABILITY

Learning and development

The Fair Work Ombudsman promotes a culture of continuous learning and skill improvement.

Staff were offered training to assist in developing the professional skills and knowledge required to help employees and employers understand their workplace rights and obligations.

Highlights of training completed in 2011-12 include:

- 115 staff were awarded nationally accredited qualifications based on recognition of prior learning in Certificate IV in Government (Workplace Relations), Certificate IV in Government (Investigation) and Certificate IV in Government (Project management).
- 261 staff were trained in seven enabling skills programs on topics including stress resilience, presentation skills and achieving effective resolutions.
- 868 staff participated in 10 workplace performance training courses, which were delivered on topics including call control, managing difficult behaviours and team leader development.
- Technical training was delivered on a number of matters relating to core operational areas, including interpreting industrial instruments and investigations.

In 2011-12, \$3.1 million of the Fair Work Ombudsman's total expenditure was dedicated to learning and development initiatives, including the delivery of 23 330 participant training hours to staff nationally. This equates to 3.8% of the agency's total expenditure on salaries and wages.

A decrease in external recruitment reduced the number of induction programs delivered and has contributed to the decrease in participant training hours. The decrease in participant training hours is also due to a move towards online learning initiatives and the development of online learning resources.

Flexible learning initiatives

Online learning initiatives provided a flexible, effective and cost efficient means of delivering training to staff.

Online training programs allowed staff to learn at their own pace, at a time that suited them.

Delivery of training in an online format was particularly useful for the Fair Work Ombudsman with staff based across a number of metropolitan and regional offices.

The Fair Work Ombudsman worked to assess and convert internal face-to-face training programs into online training programs in 2011-12. During this time, 929 participants completed online training in the following topics:

- corporate induction
- overview of Fair Work legislation; and
- corporate compliance, covering:
 - physical security
 - IT Security and
 - fraud, risk and business continuity.

The Fair Work Ombudsman expects that the number of training programs delivered online will increase in future years.

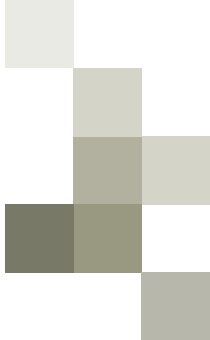


TABLE 24 TRAINING PROGRAMS DELIVERED IN 2011-12

Training program	Sessions completed in 2011-12	Participants
Accredited Qualifications	15	113
Enabling Skills Programs	23	261
Systems Training	16	181
Technical Induction Program	6	63
Technical Training	28	294
Workplace Performance Training	85	868

Fair Work Ombudsman Enterprise Agreement 2011-2014

The Fair Work Ombudsman Enterprise Agreement 2011-2014 commenced operation on 31 August 2011.

The Agreement was approved after negotiation and extensive consultation with employees and the Community and Public Sector Union. The result was an example of best practice in consultation and delivered a balanced Agreement, which suited the needs of employees and the Fair Work Ombudsman.

The Fair Work Ombudsman’s Enterprise Agreement sets out new and increased benefits for employees, including:

- 16 weeks paid parental leave, up from 14 weeks under the Fair Work Ombudsman’s previous Agreement
- four weeks paid supporting partner leave within six months of the birth of an employee’s child or employee’s partner’s child, an increase from three weeks
- portable leave for non-ongoing employees
- a healthy lifestyle allowance reimbursed annually
- time off in lieu at overtime rates for employees who are required to travel outside normal hours
- part-day travel allowance; and
- sabbatical leave allowing an employee to forgo 20% of their salary for four years before taking one year’s paid leave with the amount forgone paid in fortnightly instalments.

MANAGEMENT & ACCOUNTABILITY

PURCHASER-PROVIDER ARRANGEMENTS

The Fair Work Ombudsman's procurement policies are consistent with the provisions of the *Financial Management and Accountability Act 1997* and the Commonwealth Procurement Guidelines.

The Fair Work Ombudsman makes full use of AusTender in its procurement activities.

To assist in the effective monitoring and reporting of contracting activities, a contracts register was maintained and required information published on fairwork.gov.au. An Annual Procurement Plan was published on AusTender in accordance with the Commonwealth Procurement Guidelines.

During 2011-12, the Fair Work Ombudsman purchased information technology services and a number of other administrative functions from the Department of Education, Employment and Workplace Relations under a memorandum of understanding.

CONSULTANTS

The Fair Work Ombudsman engaged consultants where it lacked specialist expertise or when independent research, review or assessment was required in 2011-12.

Consultants were typically engaged to investigate or diagnose a defined issue or problem, carry out defined reviews or evaluations, or provide independent advice, information or creative solutions to assist in the Fair Work Ombudsman's decision making.

Prior to engaging consultants, the Fair Work Ombudsman took into account the skills and resources required for the task, the skills available internally and the cost-effectiveness of engaging external expertise.

The decision to engage a consultant was made in accordance with the *Financial Management and Accountability Act 1997* and related regulations including the Commonwealth Procurement Guidelines.

During 2011-12, five new consultancy contracts were entered into involving total actual expenditure of \$445 720. In addition, two ongoing consultancy contracts were active during the 2011-12 financial year, involving total actual expenditure of \$86 680.

The Annual Report contains information on the actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website tenders.gov.au.

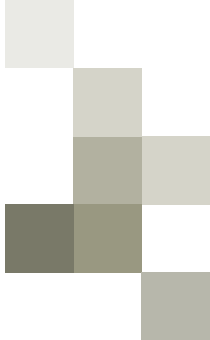


TABLE 25 CONSULTANCY CONTRACT SPENDING 2009-12

	2011-12	2010-11	2009-10
Number of new consultancy contracts	5	16	18
Value	\$0.445 million	\$0.832 million	\$1.479 million

ANALYSIS OF FINANCIAL PERFORMANCE

The Fair Work Ombudsman's financial results for 2011-12 are outlined in Section 5 of the Annual Report.

The net result of the Fair Work Ombudsman's operations in 2011-12 was a loss of \$9.630 million.

This result includes \$9.289 million of depreciation and amortisation expenditure that does not form part of the departmental operating appropriation of the agency (revenue from Government).

The remainder of the loss was due to the effect of reduced bond rates on the calculation of long service leave and onerous lease provisions.

The Fair Work Ombudsman maintained sufficient cash through the year to fund its operations.

There are adequate funds held in the Official Public Account as undrawn appropriations, which will be used to pay employee entitlements and other payables as, and when, they fall due.



5

**FINANCIAL
STATEMENTS**



INDEPENDENT AUDITOR'S REPORT

To the Minister for Employment and Workplace Relations

I have audited the accompanying financial statements of the Office of the Fair Work Ombudsman for the year ended 30 June 2012, which comprise: a Statement by the Chief Executive and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Statement of Comprehensive Income - Administered Items; Schedule of Assets and Liabilities - Administered Items; Reconciliation Schedule - Administered Items; Cash Flow Statement - Administered Items; and Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive of the Office of the Fair Work Ombudsman is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and 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 Office of the Fair Work Ombudsman's preparation of the financial statements that give a true and fair view 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 Office of the Fair Work Ombudsman's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive of the Office of the Fair Work Ombudsman, 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

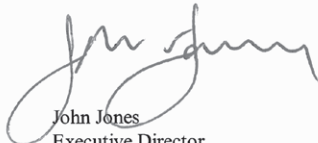
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Office of the Fair Work Ombudsman:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Office of the Fair Work Ombudsman's financial position as at 30 June 2012 and of 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 2012

FINANCIAL STATEMENTS

STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2012 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.



Nicholas Wilson
Chief Executive

12 September 2012



Mark Scully
Chief Financial Officer

12 September 2012

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
EXPENSES			
Employee benefits	3A	81,715	80,961
Suppliers	3B	52,021	59,236
Grants	3C	-	709
Depreciation and amortisation	3D	9,289	9,611
Write-down and impairment of assets	3E	842	-
Losses from asset sales	3F	1	98
Total Expenses		143,868	150,615
LESS:			
OWN-SOURCE INCOME			
Own-Source Revenue			
Rental income	4A	1,160	1,147
Total own-source revenue		1,160	1,147
Gains			
Other gains	4B	376	453
Total gains		376	453
Total Own-Source Income		1,536	1,600
Net Cost of Services		(142,332)	(149,015)
Revenue from Government	4C	132,702	135,341
Deficit		(9,630)	(13,674)
OTHER COMPREHENSIVE INCOME			
Total Other Comprehensive Income		-	-
Total Comprehensive Loss Attributable to the Australian Government		(9,630)	(13,674)

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

FINANCIAL STATEMENTS

BALANCE SHEET as at 30 June 2012

	Notes	2012 \$'000	2011 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	2,164	1,972
Trade and other receivables	5B	83,573	81,011
Total financial assets		<u>85,737</u>	<u>82,983</u>
Non-Financial Assets			
Land and buildings (leasehold improvements)	6A	16,644	21,869
Property, plant and equipment	6B	1,794	1,765
Intangibles	6D	4,310	4,989
Other non-financial assets	6F	58	143
Total non-financial assets		<u>22,806</u>	<u>28,766</u>
Total Assets		<u>108,543</u>	<u>111,749</u>
LIABILITIES			
Payables			
Suppliers	7A	9,899	12,608
Other payables	7B	7,291	6,609
Total payables		<u>17,190</u>	<u>19,217</u>
Provisions			
Employee provisions	8A	16,272	15,142
Other provisions	8B	4,748	7,915
Total provisions		<u>21,020</u>	<u>23,057</u>
Total Liabilities		<u>38,210</u>	<u>42,274</u>
Net Assets		<u>70,333</u>	<u>69,475</u>
EQUITY			
Contributed equity		82,232	71,744
Reserves		1,039	1,039
Retained earnings (accumulated deficit)		(12,938)	(3,308)
Total Equity		<u>70,333</u>	<u>69,475</u>

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

STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2012

	Contributed Equity		Asset Revaluation Reserve		Retained Earnings		Total Equity	
	2012	2011	2012	2011	2012	2011	2012	2011
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance								
Balance carried forward from previous period	71,744	57,175	1,039	1,039	(3,308)	10,366	69,475	68,580
Opening balance	71,744	57,175	1,039	1,039	(3,308)	10,366	69,475	68,580
Comprehensive Income								
Deficit for the year	-	-	-	-	(9,630)	(13,674)	(9,630)	(13,674)
Total comprehensive loss attributable to the Australian Government	-	-	-	-	(9,630)	(13,674)	(9,630)	(13,674)
Transactions With Owners								
Appropriation (equity injection)	1,400	3,694	-	-	-	-	1,400	3,694
Departmental capital budget	9,088	10,875	-	-	-	-	9,088	10,875
Total transactions with owners	10,488	14,569	-	-	-	-	10,488	14,569
Closing Balance Attributable to the Australian Government	82,232	71,744	1,039	1,039	(12,938)	(3,308)	70,333	69,475

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

FINANCIAL STATEMENTS

CASH FLOW STATEMENT

for the period ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
OPERATING ACTIVITIES			
Cash received			
Sales of goods and rendering of services		1,075	1,287
Appropriations		136,033	138,750
Net GST received		6,378	6,928
Other		314	391
Total cash received		<u>143,800</u>	<u>147,356</u>
Cash used			
Employees		78,992	79,566
Suppliers		61,700	64,493
Section 31 receipts transferred to OPA		2,916	2,656
Total cash used		<u>143,608</u>	<u>146,715</u>
Net Cash From Operating Activities	9	<u>192</u>	<u>641</u>
INVESTING ACTIVITIES			
Cash used			
Purchase of non-financial assets		4,257	7,533
Total cash used		<u>4,257</u>	<u>7,533</u>
Net Cash Used by Investing Activities		<u>(4,257)</u>	<u>(7,533)</u>
FINANCING ACTIVITIES			
Cash received			
Contributed equity		4,257	7,533
Total cash received		<u>4,257</u>	<u>7,533</u>
Net Cash From Financing Activities		<u>4,257</u>	<u>7,533</u>
Net Increase in Cash Held		192	641
Cash at the beginning of the reporting period		<u>1,972</u>	<u>1,331</u>
Cash and Cash Equivalents at the End of the Reporting Period	5A	<u>2,164</u>	<u>1,972</u>

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

SCHEDULE OF COMMITMENTS

as at 30 June 2012

	2012	2011
	\$'000	\$'000
BY TYPE		
Commitments receivable		
Sublease rental income	(6,641)	(1,102)
Net GST recoverable on commitments	(5,444)	(7,074)
Total commitments receivable	<u>(12,085)</u>	<u>(8,176)</u>
Commitments payable		
Operating leases	52,372	66,553
Other commitments	14,150	12,359
Total commitments payable	<u>66,522</u>	<u>78,912</u>
Net Commitments by Type	<u>54,437</u>	<u>70,736</u>
BY MATURITY		
Commitments receivable		
Sublease rental income		
One year or less	(2,162)	(167)
From one to five years	(4,479)	(734)
Over five years	-	(201)
Total sublease rental income	<u>(6,641)</u>	<u>(1,102)</u>
Net GST recoverable on commitments		
One year or less	(2,032)	(2,451)
From one to five years	(3,412)	(4,419)
Over five years	-	(204)
Total net GST recoverable on commitments	<u>(5,444)</u>	<u>(7,074)</u>
Commitments payable		
Operating leases		
One year or less	14,522	14,797
From one to five years	37,850	49,312
Over five years	-	2,444
Total operating leases	<u>52,372</u>	<u>66,553</u>
Other commitments		
One year or less	9,987	12,330
From one to five years	4,163	29
Total other commitments	<u>14,150</u>	<u>12,359</u>
Net Commitments by Maturity	<u>54,437</u>	<u>70,736</u>

Note - Commitments are GST inclusive where relevant.

Major categories of commitments as at the reporting date are described below:

Leases for Office Accommodation

Office accommodation leases are for varying periods up to ten years. Lease payments are subject to increases as specified in the leases. These increases are a combination of fixed annual adjustments and periodic movements to reflect market rates.

Motor Vehicles

A fleet of motor vehicles is leased which includes vehicles used by staff in performing their day to day activities as well as vehicles provided for private use by senior executives. Motor vehicle leases are generally for a period of two years.

Other Commitments

Other commitments relate to contracts for goods and services in respect of which the contracted party has yet to provide the goods and services required under the contract.

This schedule should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME - ADMINISTERED ITEMS

for the period ended 30 June 2012

	Notes	2012 \$ (*)	2011 \$ (*)
EXPENSES			
Grants	15A	-	1,768,000
Write-down and impairment of assets	15B	<u>1,241,821</u>	<u>1,078,723</u>
Total Expenses Administered on Behalf of Government		<u>1,241,821</u>	<u>2,846,723</u>
LESS:			
OWN-SOURCE INCOME			
Own-Source Revenue			
Fees and fines	16A	1,408,021	1,830,514
Interest	16B	<u>-</u>	<u>753</u>
Total Own-Source Income Administered on Behalf of Government		<u>1,408,021</u>	<u>1,831,267</u>
Net Contribution by (Cost of) Services		<u>166,200</u>	<u>(1,015,456)</u>
Surplus (Deficit)		<u>166,200</u>	<u>(1,015,456)</u>
OTHER COMPREHENSIVE INCOME			
Total Other Comprehensive Income		<u>-</u>	<u>-</u>
Total Comprehensive Income (Loss) - Administered Items		<u>166,200</u>	<u>(1,015,456)</u>

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

This schedule should be read in conjunction with the accompanying notes.

SCHEDULE OF ASSETS AND LIABILITIES - ADMINISTERED ITEMS*as at 30 June 2012*

	Notes	2012 \$ (*)	2011 \$ (*)
ASSETS			
Financial assets			
Receivables	17	545,771	864,165
Other financial assets	17	-	4,100
Total financial assets		<u>545,771</u>	<u>868,265</u>
Total Assets Administered on Behalf of Government		<u>545,771</u>	<u>868,265</u>
LIABILITIES			
Total Liabilities Administered on Behalf of Government		<u>-</u>	<u>-</u>
Net Assets		<u>545,771</u>	<u>868,265</u>

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

This schedule should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS

RECONCILIATION SCHEDULE - ADMINISTERED ITEMS

as at 30 June 2012

	2012	2011
	\$ (*)	\$ (*)
Opening Administered Assets Less Administered Liabilities as at 1 July	868,265	740,763
Surplus (deficit) items:		
Plus: Administered income	1,408,021	1,831,267
Less: Administered expenses	(1,241,821)	(2,846,723)
Administered transfers to/from Australian Government:		
Appropriation transfers from Official Public Account:		
Annual appropriations for administered expenses	-	1,768,000
Transfers to Official Public Account	<u>(488,694)</u>	<u>(625,042)</u>
Closing Administered Assets Less Administered Liabilities as at 30 June	<u>545,771</u>	<u>868,265</u>

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

This schedule should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT - ADMINISTERED ITEMS*for the period ended 30 June 2012*

	Notes	2012 \$ (*)	2011 \$ (*)
OPERATING ACTIVITIES			
Cash received			
Interest		-	753
Fines		<u>488,694</u>	<u>624,289</u>
Total cash received		<u>488,694</u>	<u>625,042</u>
Cash used			
Grant		<u>-</u>	<u>1,768,000</u>
Total cash used		<u>-</u>	<u>1,768,000</u>
Net Cash From (Used by) Operating Activities		<u>488,694</u>	<u>(1,142,958)</u>
Net Increase (Decrease) in Cash Held	18	<u>488,694</u>	<u>(1,142,958)</u>
Cash and cash equivalents at the beginning of the reporting period		-	-
Cash from Official Public Account for:			
Appropriations		-	1,768,000
Cash to Official Public Account for:			
Special accounts		<u>(488,694)</u>	<u>(625,042)</u>
Cash and Cash Equivalents at the End of the Reporting Period		<u>-</u>	<u>-</u>

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

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

FINANCIAL STATEMENTS

Notes to and forming part of the Financial Statements

Note 1: Summary of Significant Accounting Policies

Note 2: Events After the Reporting Date

Note 3: Expenses

Note 4: Income

Note 5: Financial Assets

Note 6: Non-Financial Assets

Note 7: Payables

Note 8: Provisions

Note 9: Cash Flow Reconciliation

Note 10: Contingent Liabilities and Assets

Note 11: Senior Executive Remuneration

Note 12: Remuneration of Auditors

Note 13: Financial Instruments

Note 14: Financial Assets Reconciliation

Note 15: Expenses - Administered Items

Note 16: Income - Administered Items

Note 17: Assets Administered on Behalf of Government

Note 18: Cash Flow Reconciliation - Administered Items

Note 19: Financial Instruments - Administered Items

Note 20: Financial Assets Reconciliation - Administered Items

Note 21: Appropriations

Note 22: Special Accounts

Note 23: Compensation and Debt Relief

Note 24: Assets Held in Trust

Note 25: Reporting of Outcomes

Note 26: Net Cash Appropriation Arrangements

Note 27: Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Fair Work Ombudsman

The Fair Work Ombudsman (the Agency) is an independent statutory office created by the *Fair Work Act 2009* and commenced operations on 1 July 2009.

The Agency's functions include promoting harmonious, productive and cooperative workplace relations and ensuring compliance with Commonwealth workplace laws.

The Agency is structured to meet one outcome:

Outcome 1: Compliance with workplace relations legislation by employees and employers through advice, education and, where necessary, enforcement.

The Agency's activities are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Agency in its own right. Administered activities involve the management or oversight by the Agency, on behalf of the Australian Government (Government), of items controlled or incurred by the Government.

Departmental activities are identified under one output group - Output Group 1 - Education services and compliance activities.

1.2 Basis of Preparation of the Financial Report

The financial statements and notes are required by section 49 of Schedule 1 to the *Financial Management and Accountability Act 1997* and are a General Purpose Financial Report (the financial report).

The financial report has been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial report has been prepared on an accruals basis and is in accordance with the historical cost convention, except for certain assets which are reported 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 report is 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 Australian Accounting Standard or Interpretation, or by the FMOs, assets and liabilities are recognised in the Balance Sheet when, and only when, it is probable that future economic benefits will flow to the Agency 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 agreements equally proportionately unperformed are not recognised unless required by an Australian Accounting Standard or Interpretation. Liabilities and assets that are unrealised are reported in the Schedule of Commitments.

Unless an alternative treatment is specifically required by an Australian Accounting Standard or Interpretation, incomes 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.

Administered revenues, expenses, assets, liabilities and cash flows reported in the financial statements (and related notes) - Administered items are accounted for on the same basis and using the same policies as for departmental items, except where otherwise stated at Note 1.22.

FINANCIAL STATEMENTS

1.3 Significant Accounting Judgements and Estimates

No accounting judgements or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year.

1.4 New Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard in the current reporting period. Of the new standards, amendments to standards and interpretations issued by the AASB that are applicable to the current reporting period, none have had a material financial impact on the Agency.

Future Australian Accounting Standard requirements

Of the new standards, amendments to standards and interpretations issued by the AASB that are applicable to future reporting periods, none are expected to have a material financial impact on the Agency.

1.5 Revenue

Revenue from Government

Amounts appropriated for departmental output appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue when the Agency 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.

Parental Leave Payments Scheme

The Agency offsets amounts received under the Parental Leave Payments Scheme (for payments to employees) by amounts paid to employees under that scheme, as these transactions are only incidental to the main revenue generating activities of the Agency.

Other types of revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the revenue and transaction costs incurred can be reliably measured;
- the seller retains no managerial involvement nor effective control over the goods; and
- it is probable that the economic benefits associated with the transaction will flow to the Agency.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. Revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Agency.

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. Collectability of debts is reviewed at the reporting date. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 - Financial Instruments: Recognition and Measurement.

1.6 Gains

Resources received free of charge

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. The use of these 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 Government agency or authority as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Sale of assets

Gains from the 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 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.

1.8 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for short-term employee benefits (as defined in AASB 119 - Employee Benefits) and termination benefits due within 12 months of the reporting date 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.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

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 Agency is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the Agency'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 estimate of the present value of the long service leave liability takes into account attrition rates and pay increases through promotion and inflation using the shorthand method prescribed in the FMOs.

Separation and redundancy

Provision is made for separation and redundancy benefit payments. The Agency recognises a provision for termination benefits when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

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Superannuation

Employees of the Agency are members of either the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS Accumulation Plan (PSSap) or other schemes.

The CSS and PSS are defined benefit schemes. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Government and is settled in due course. This liability is reported by the Department of Finance and Deregulation as an administered item.

The Agency makes employer contributions to the defined benefit schemes at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the Agency's employees. The Agency accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June 2012 represents outstanding contributions for the final fortnight of the year.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the leased property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

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

1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

1.11 Cash

Cash and cash equivalents includes notes and coins held and any deposits in bank accounts (including a bank account held by an outsider) with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.12 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. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

1.13 Impairment of Financial Assets

Financial assets are assessed for impairment at each reporting date.

If there is objective evidence that an impairment loss has been incurred for financial assets held at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows. The carrying amount is reduced by way of an impairment allowance account. The loss is recognised in the Statement of Comprehensive Income.

1.14 Liabilities - Suppliers and Other Payables

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).

1.15 Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with the 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.

1.16 Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent a liability or asset 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 the likelihood of settlement is greater than remote.

1.17 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 revenues at their fair value at the date of acquisition, unless acquired as a consequence of the 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 agency's accounts immediately prior to the restructuring.

1.18 Land and Buildings (Leasehold Improvements), Property, Plant and Equipment

Asset recognition threshold

Purchases are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$2,000, 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 make-good provisions in property leases taken up by the Agency, where there exists an obligation to restore the property to its original condition at the end of the lease term. These costs are included in the value of the Agency's land and buildings (leasehold improvements) assets with a corresponding provision for the restoration also being recognised.

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Revaluations

Fair values for each class of asset are determined as shown below:

Asset class	Fair value measured at:
Land and Buildings (Leasehold Improvements)	Depreciated replacement cost
Property, Plant and Equipment	Market selling price

Following initial recognition at cost, assets are carried at fair value 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.

Revaluation adjustments are made on an asset 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 through surplus or deficit. Revaluation decrements for a class of asset are recognised directly through the surplus / deficit except to the extent that they reverse a previous revaluation increment for that class of asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Depreciation

Depreciable assets are written-off to their estimated residual values over their forecast useful lives to the Agency using, in all cases, the straight-line method of depreciation. Land and buildings (leasehold improvements) are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements and the unexpired period of the lease.

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 assets are based on the following forecast useful lives:

Land and buildings (leasehold improvements)	Lesser of lease term and useful life
Property, plant and equipment	5 years
Computer equipment	3 - 8 years

The aggregate amount of depreciation allocated for each class of asset during the financial year is disclosed in Note 3D.

Impairment

All assets were assessed for impairment at 30 June 2012. 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 to sell 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 Agency was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.19 Intangibles

The Agency's intangible assets comprise internally developed software and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its forecast useful life. The forecast useful life of the Agency's software is 3 years.

All software assets were assessed for indications of impairment as at 30 June 2012.

1.20 Taxation

The Agency is exempt from all forms of taxation except fringe benefits tax (FBT) and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

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

1.21 Insurance

The Agency has insured for risks through the Government's insurable risk managed fund, Comcover. Workers' compensation is insured through Comcare.

Monies were received by the Agency from Comcare for the purpose of distributing compensation payments made in accordance with the *Safety Rehabilitation and Compensation Act 1998*. These receipts were reimbursements to the Agency where the Agency had made payments against accrued sick leave entitlements pending determination of an employee's claim.

1.22 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the financial statements (and related notes) - Administered items.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items.

Administered cash transfers to and from the Official Public Account

Revenue collected by the Agency for use by the Government, rather than the Agency, is administered revenue. Collections are transferred to the Official Public Account (OPA), which is maintained by the Department of Finance and Deregulation. These transfers to the OPA are adjustments to the administered cash held by the Agency on behalf of the Government and are reported as such in the Reconciliation Schedule - Administered Items and Cash Flow Statement - Administered Items.

Revenue

All administered revenues are revenues relating to the course of ordinary activities performed by the Agency on behalf of the Government.

Revenue comprises court-awarded penalties relating to breaches of either the *Workplace Relations Act 1996* or the *Fair Work Act 2009*. This revenue is recognised at the nominal amount due less any impairment allowance. The collectability of debts is reviewed at each reporting date. Impairment allowances are made when some doubt exists as to the collectability of the debt.

Receivables

Where receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, de-recognition and amortisation are recognised through the operating result. Administered receivables represents debts owed to the Agency by employers, workers and organisations as a result of court-awarded penalties.

Grants and Subsidies

The Agency administered a grant scheme on behalf of the Government during the financial year ended 30 June 2011.

Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been completed 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 as at the reporting date.

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Note 2: Events After the Reporting Date

Departmental

No significant events have occurred after the reporting date that are likely to affect either the ongoing structure or financial activities of the Agency.

Administered

No significant events have occurred after the reporting date that are likely to affect either the ongoing structure or financial activities of the Agency.

Note 3: Expenses

	2012 S'000	2011 S'000
Note 3A: Employee Benefits		
Wages and salaries	56,440	57,683
Superannuation:		
Defined contribution plans	4,749	4,881
Defined benefit plans	5,999	5,787
Leave and other entitlements	10,133	10,600
Separation and redundancies	3,094	1,020
Other employee expenses	1,300	990
Total Employee Benefits	81,715	80,961

Note 3B: Suppliers

Goods and services

Contractors	22,146	22,788
Legal fees	2,799	2,839
Property outgoings	2,981	3,250
Telecommunications	3,098	3,543
Other	10,421	13,351
Total goods and services	41,445	45,771

Goods and services are made up of:

Provision of goods – external entities	947	1,836
Rendering of services – related entities	8,709	9,564
Rendering of services – external entities	31,789	34,371
Total goods and services	41,445	45,771

Other supplier expenses

Operating lease rentals - external entities:

Minimum lease payments	9,891	13,121
Workers compensation premiums	685	344
Total other supplier expenses	10,576	13,465
Total Suppliers	52,021	59,236

Note 3C: Grants

Private sector	-	709
Total Grants	-	709

Note 3D: Depreciation and Amortisation

Depreciation:

Land and buildings (leasehold improvements)	5,860	6,778
Property, plant and equipment	469	436
Total depreciation	6,329	7,214

Amortisation:

Intangibles - computer software	2,960	2,397
Total amortisation	2,960	2,397
Total Depreciation and Amortisation	9,289	9,611

Note 3E: Write-Down and Impairment of Assets

Asset write-downs and impairments:

Impairment of land and buildings (leasehold improvements)	842	-
Total Write-Down and Impairment of Assets	842	-

Note 3F: Losses from Asset Sales

Property, plant and equipment:

Carrying value of assets sold	1	98
Total Losses from Asset Sales	1	98

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Note 4: Income

	2012 \$'000	2011 \$'000
Note 4A: Rental Income		
Operating lease rentals	1,160	1,147
Total Rental Income	1,160	1,147
Note 4B: Other Gains		
Resources received free of charge - audit fees	62	62
Other	314	391
Total Other Gains	376	453
Note 4C: Revenue from Government		
Appropriations:		
Departmental appropriations	132,702	135,341
Total Revenue from Government	132,702	135,341

Note 5: Financial Assets

	2012 \$'000	2011 \$'000
Note 5A: Cash and Cash Equivalents		
Cash on hand or on deposit	603	375
Cash held by outsiders	1,561	1,597
Total Cash and Cash Equivalents	2,164	1,972

Note 5B: Trade and Other Receivables

Goods and services - related entities	53	14
Appropriations receivable for existing programs	82,874	79,974
GST receivable from the Australian Taxation Office	372	939
Other receivables	274	84
Total trade and other receivables (gross)	83,573	81,011
Less: Impairment allowance account - other	-	-
Total Trade and Other Receivables (Net)	83,573	81,011

Trade and other receivables are expected to be recovered in:

No more than 12 months	83,573	81,011
Total Trade and Other Receivables (Net)	83,573	81,011

Trade and other receivables are aged as follows:

Not overdue	83,551	80,992
Overdue by:		
0 to 30 days	-	7
31 to 60 days	-	7
61 to 90 days	16	-
More than 90 days	6	5
Total trade and other receivables (gross)	83,573	81,011

The impairment allowance account is aged as follows:

Overdue by:		
More than 90 days	-	-
Total impairment allowance account	-	-

Reconciliation of the Impairment Allowance Account

Movements in relation to 2012

	Other Receivables \$'000	Total \$'000
Opening balance - 1 July 2011	-	-
Amounts written off	-	-
Amounts recovered and reversed	-	-
Increase / decrease recognised in net surplus	-	-
Closing balance - 30 June 2012	-	-

Movements in relation to 2011

	Other Receivables \$'000	Total \$'000
Opening balance - 1 July 2010	8	8
Amounts written off	(14)	(14)
Amounts recovered and reversed	-	-
Increase / decrease recognised in net surplus	6	6
Closing balance - 30 June 2011	-	-

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Note 6: Non-Financial Assets

	2012	2011
	\$'000	\$'000
Note 6A: Land and Buildings (Leasehold Improvements)		
Work in progress	501	1,446
Fair value	32,090	30,510
Accumulated depreciation	<u>(15,947)</u>	<u>(10,087)</u>
Total Land and Buildings (Leasehold Improvements)	<u>16,644</u>	<u>21,869</u>

Several office locations have closed during the financial year, reducing the future economic value of these sites to the Agency. The land and buildings (leasehold improvements) for these locations have been recognised as impaired.

No specific land and buildings (leasehold improvements) have been identified to be sold or disposed of within the next 12 months. However, the Agency will continue to review its land and buildings (leasehold improvements) holdings to ensure suitable levels of office space are leased and any opportunities for rationalisation are taken.

Note 6B: Property, Plant and Equipment

Work in progress	579	162
Fair value	2,104	2,061
Accumulated depreciation	<u>(889)</u>	<u>(458)</u>
Total Property, Plant and Equipment	<u>1,794</u>	<u>1,765</u>

No indicators of impairment were found for property, plant and equipment.

No property, plant or equipment is expected to be sold or disposed of within the next 12 months.

Note 6C: Reconciliation of Opening and Closing Balances of Land and Buildings (Leasehold Improvements) and Property, Plant and Equipment

2011-12

	Land and Buildings (Leasehold Improvements) \$'000	Property, Plant and Equipment \$'000	Total \$'000
As at 1 July 2011			
Gross book value	31,956	2,223	34,179
Accumulated depreciation	(10,087)	(458)	(10,545)
Net book value - 1 July 2011	21,869	1,765	23,634

Additions:

By purchase	1,477	499	1,976
Impairments recognised in the operating result	(842)	-	(842)
Depreciation	(5,860)	(469)	(6,329)
Disposal of assets	-	(1)	(1)
Net Book Value - 30 June 2012	16,644	1,794	18,438

Net Book Value as at 30 June 2012 Represented by:

Gross book value	32,591	2,683	35,274
Accumulated depreciation	(15,947)	(889)	(16,836)
	16,644	1,794	18,438

2010-11

	Land and Buildings (Leasehold Improvements) \$'000	Property, Plant and Equipment \$'000	Total \$'000
As at 1 July 2010			
Gross book value	29,191	1,295	30,486
Accumulated depreciation	(3,309)	(792)	(4,101)
Net book value - 1 July 2010	25,882	503	26,385

Additions:

By purchase	2,765	1,796	4,561
Impairments recognised in the operating result	-	-	-
Depreciation	(6,778)	(436)	(7,214)
Disposal of assets	-	(98)	(98)
Net Book Value - 30 June 2011	21,869	1,765	23,634

Net Book Value as at 30 June 2011 Represented by:

Gross book value	31,956	2,223	34,179
Accumulated depreciation	(10,087)	(458)	(10,545)
	21,869	1,765	23,634

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	2012	2011
	\$'000	\$'000
<u>Note 6D: Intangibles</u>		
Computer software at cost:		
Internally developed – in progress	1,033	1,145
Internally developed – in use	11,212	8,819
Purchased – in use	22	22
Accumulated amortisation	(7,957)	(4,997)
Total Intangibles	<u>4,310</u>	<u>4,989</u>

No indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

Note 6E: Reconciliation of Opening and Closing Balances of Intangibles

2011-12

	Computer Software Internally Developed \$'000	Computer Software Purchased \$'000	Total \$'000
As at 1 July 2011			
Gross book value	9,964	22	9,986
Accumulated amortisation	(4,977)	(20)	(4,997)
Net book value - 1 July 2011	4,987	2	4,989
Additions:			
By purchase or internally developed	2,281	-	2,281
Amortisation	(2,958)	(2)	(2,960)
Net Book Value - 30 June 2012	4,310	-	4,310
Net Book Value as at 30 June 2012 Represented by:			
Gross book value	12,245	22	12,267
Accumulated amortisation	(7,935)	(22)	(7,957)
	4,310	-	4,310

2010-11

	Computer Software Internally Developed \$'000	Computer Software Purchased \$'000	Total \$'000
As at 1 July 2010			
Gross book value	6,992	22	7,014
Accumulated amortisation	(2,583)	(17)	(2,600)
Net book value - 1 July 2010	4,409	5	4,414
Additions:			
By purchase or internally developed	2,972	-	2,972
Amortisation	(2,394)	(3)	(2,397)
Net Book Value - 30 June 2011	4,987	2	4,989
Net Book Value as at 30 June 2011 Represented by:			
Gross book value	9,964	22	9,986
Accumulated amortisation	(4,977)	(20)	(4,997)
	4,987	2	4,989

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	2012 \$'000	2011 \$'000
Note 6F: Other Non-Financial Assets		
Prepayments	58	143
Total Other Non-Financial Assets	58	143

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

Other non-financial assets are expected to be recovered in no more than 12 months.

Note 7: Payables

	2012 \$'000	2011 \$'000
Note 7A: Suppliers		
Trade creditors	5,625	8,067
Operating lease rentals	4,274	4,541
Total Suppliers	9,899	12,608
Suppliers expected to be settled within 12 months:		
Related entities	732	1,139
External parties	5,541	7,199
Total	6,273	8,338
Suppliers expected to be settled in greater than 12 months:		
External parties	3,626	4,270
Total	3,626	4,270
Total Suppliers	9,899	12,608
Settlement is usually made net 30 days.		
Note 7B: Other Payables		
Salaries and wages	1,998	1,791
Separations and redundancies	1,534	49
Lease incentives	3,759	4,769
Total Other Payables	7,291	6,609
Other payables are expected to be settled in:		
No more than 12 months	4,497	2,870
More than 12 months	2,794	3,739
Total Other Payables	7,291	6,609

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Note 8: Provisions

	2012 \$'000	2011 \$'000
Note 8A: Employee Provisions		
Leave	16,213	15,080
Other	59	62
Total Employee Provisions	16,272	15,142

Employee provisions are expected to be settled in:

No more than 12 months	11,385	11,244
More than 12 months	4,887	3,898
Total Employee Provisions	16,272	15,142

Note 8B: Other Provisions

Restoration obligations	292	292
Onerous leases	4,456	7,623
Total Other Provisions	4,748	7,915

Other provisions are expected to be settled in:

No more than 12 months	2,716	4,379
More than 12 months	2,032	3,536
Total Other Provisions	4,748	7,915

Analysis of Other Provisions

	Restoration Obligations \$'000	Onerous Leases \$'000	Total \$'000
Carrying amount - 1 July 2011	292	7,623	7,915
Additional provisions made	-	1,826	1,826
Amounts used	-	(4,993)	(4,993)
Closing Balance Other Provisions - 30 June 2012	292	4,456	4,748

The Agency currently has one agreement for the leasing of premises which has a provision requiring the Agency to restore the premises to its original condition at the conclusion of the lease. The Agency has made a provision to reflect the present value of this obligation.

The Agency has a number of agreements for the leasing of office accommodation which are surplus to its requirements. The Agency has made a provision to reflect the present value of the expected costs to be incurred that are in excess of the economic benefit expected to be derived from these leases.

Note 9: Cash Flow Reconciliation

	2012	2011
	\$'000	\$'000
Reconciliation of Cash and Cash Equivalents as per Balance Sheet to Cash Flow Statement		
Reported Cash and Cash Equivalents as per:		
Cash Flow Statement	2,164	1,972
Balance Sheet	2,164	1,972
Difference	<u>-</u>	<u>-</u>
Reconciliation of Net Cost of Services to Net Cash from Operating Activities:		
Net cost of services	(142,332)	(149,015)
Revenue from Government	132,702	135,341
Adjustments for non-cash items		
Depreciation and amortisation	9,289	9,611
Write-down and impairment of assets	842	-
Losses from asset sales	1	98
Changes in assets / liabilities		
Decrease in trade and other receivables	3,669	3,336
Decrease in other non-financial assets	85	1,203
Increase in employee provisions	1,130	1,080
Decrease in other provisions	(3,167)	(801)
Increase (decrease) in suppliers	(2,709)	455
Increase (decrease) in other payables	682	(667)
Net Cash From Operating Activities	<u>192</u>	<u>641</u>

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Note 10: Contingent Liabilities and Assets

Unquantifiable Departmental Contingent Liabilities

The Agency has provided an indemnity to the Reserve Bank of Australia (the Bank) against any loss or damage arising from any error, mistake, fraud or negligence resulting from the Bank acting in good faith on instructions given to it by the Agency and / or due to any failure by the Agency to observe any of its obligations in respect to its banking arrangements.

The likelihood of any payment being required under the indemnity is remote and unquantifiable.

Unquantifiable Administered Contingent Assets

The Agency is currently involved in litigation against 78 entities and while the probability of success is high in these matters, it is not possible to accurately estimate the value of any penalties that may be imposed by the courts.

Note 11: Senior Executive Remuneration

	2012	2011
	\$	\$
Note 11A: Senior Executive Remuneration Expense for the Reporting Period		
Short-term employee benefits:		
Salary	2,978,486	2,895,531
Annual leave accrued	253,610	236,443
Performance bonuses	-	39,961
Non-monetary benefits	65,548	134,728
Total short-term employee benefits	3,297,644	3,306,663
Post-employment benefits:		
Superannuation	496,483	474,260
Total post-employment benefits	496,483	474,260
Other long-term benefits:		
Long-service leave	149,268	182,309
Total other long-term benefits	149,268	182,309
Total	3,943,395	3,963,232

Notes:

- Note 11A is prepared on an accrual basis (so the performance bonuses disclosed above differ from the cash bonus paid as reported in Note 11B).
- Note 11A excludes acting arrangements and part-year service where remuneration was less than \$150,000.

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Note 11B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives during the Reporting Period

2011-12		Senior Executives	Reportable Salary	Contributed Superannuation	Reportable Allowances	Bonus Paid	Total
		No.	\$	\$	\$	\$	\$
Average Annual Reportable Remuneration							
Total remuneration (including part-time arrangements):							
	less than \$150,000	3	31,874	3,513	-	-	35,387
	\$150,000 to \$179,999	1	156,995	20,845	-	-	177,840
	\$180,000 to \$209,999	2	182,147	24,589	132	-	206,868
	\$210,000 to \$239,999	3	195,290	32,204	-	-	227,494
	\$240,000 to \$269,999	5	218,097	33,190	18	-	251,305
	\$270,000 to \$299,999	3	239,155	41,577	-	-	280,732
	\$300,000 to \$329,999	1	227,802	78,251	-	-	306,053
Total		18					

2010-11		Senior Executives	Reportable Salary	Contributed Superannuation	Reportable Allowances	Bonus Paid	Total
		No.	\$	\$	\$	\$	\$
Average Annual Reportable Remuneration							
Total remuneration (including part-time arrangements):							
	less than \$150,000	2	60,670	7,732	-	-	68,402
	\$150,000 to \$179,999	-	-	-	-	-	-
	\$180,000 to \$209,999	-	-	-	-	-	-
	\$210,000 to \$239,999	8	197,334	29,956	-	3,995	231,285
	\$240,000 to \$269,999	3	219,649	34,860	-	-	254,509
	\$270,000 to \$299,999	2	241,708	43,977	-	-	285,685
	\$300,000 to \$329,999	-	-	-	-	-	-
Total		15					

Notes:

- This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the reportable remuneration band.
- 'Reportable Salary' includes the following:
 - gross payments (less any bonuses paid, which are separated out and disclosed in the 'Bonus Paid' column);
 - reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
 - excepted foreign employment income.
- The 'Contributed Superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per the individuals' payslips.
- 'Reportable Allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
- 'Bonus Paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'Bonus Paid' within a particular reportable remuneration band may vary between financial years due to various factors such as individuals commencing with or leaving the Agency during the financial year.
- Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'Reportable Salary' column, excluding salary sacrificed superannuation, which is reported in the 'Contributed Superannuation' column.

Note IIC: Other Highly Paid Staff

During the current reporting period, there were 16 employees (2011: 23) whose salary plus performance bonus totalled \$150,000 or more. Three of the 16 employees acted in a senior executive role on a temporary basis for a portion of the reporting period.

2011-12

Average Annual Reportable Remuneration	Staff No.	Reportable Salary \$	Contributed Superannuation \$	Reportable Allowances \$	Bonus Paid \$	Total \$
Total remuneration (including part-time arrangements):						
\$150,000 to \$179,999	16	133,402	26,372	124	-	159,898
\$180,000 to \$209,999	-	-	-	-	-	-
Total	16					

2010-11

Average Annual Reportable Remuneration	Staff No.	Reportable Salary \$	Contributed Superannuation \$	Reportable Allowances \$	Bonus Paid \$	Total \$
Total remuneration (including part-time arrangements):						
\$150,000 to \$179,999	20	142,490	22,058	19	-	164,567
\$180,000 to \$209,999	3	166,417	24,496	-	-	190,913
Total	23					

Notes:

- This table reports staff:
 - who were employed by the Agency during the reporting period;
 - whose reportable remuneration was \$150,000 or more for the reporting period; and
 - were not required to be disclosed in Note 11A or Note 11B.
 Each row is an averaged figure based on headcount for individuals in the band.
- 'Reportable Salary' includes the following:
 - gross payments (less any bonuses paid, which are separated out and disclosed in the 'Bonus Paid' column);
 - reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
 - exempt foreign employment income.
- The 'Contributed Superannuation' amount is the average actual superannuation contributions paid to staff in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per the individuals' payslips.
- 'Reportable Allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
- 'Bonus Paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'Bonus Paid' within a particular reportable remuneration band may vary between financial years due to various factors such as individuals commencing with or leaving the Agency during the financial year.
- Various salary sacrifice arrangements were available to other highly paid staff including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'Reportable Salary' column, excluding salary sacrificed superannuation, which is reported in the 'Contributed Superannuation' column.

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Note 12: Remuneration of Auditors

	2012	2011
	\$	\$
Financial statement audit services were provided free of charge to the Office of the Fair Work Ombudsman by the Australian National Audit Office.		
The fair value of the services provided was:		
Financial statement audit services	<u>62,000</u>	<u>62,000</u>
Total	<u><u>62,000</u></u>	<u><u>62,000</u></u>

No other services were provided by the auditors of the financial statements.

Note 13: Financial Instruments

Note 13A: Categories of Financial Instruments

Financial Assets	2012 \$'000	2011 \$'000
Cash and cash equivalents	2,164	1,972
Loans and receivables:		
Goods and services receivables	53	14
Other receivables	274	84
	<u>2,491</u>	<u>2,070</u>
Carrying Amount of Financial Assets	<u>2,491</u>	<u>2,070</u>
Financial Liabilities		
Suppliers	9,899	12,608
Carrying Amount of Financial Liabilities	<u>9,899</u>	<u>12,608</u>

The Agency has no net income or expenses from financial instruments.

Note 13B: Fair Value of Financial Instruments

The carrying amount of all financial assets and liabilities as at 30 June 2012 approximates their fair value.

Financial Assets	Carrying Amount 2012 \$'000	Fair Value 2012 \$'000	Carrying Amount 2011 \$'000	Fair Value 2011 \$'000
Cash and cash equivalents	2,164	2,164	1,972	1,972
Goods and services receivables	53	53	14	14
Other receivables	274	274	84	84
Total	<u>2,491</u>	<u>2,491</u>	<u>2,070</u>	<u>2,070</u>
Financial Liabilities				
Suppliers	9,899	9,899	12,608	12,608
Total	<u>9,899</u>	<u>9,899</u>	<u>12,608</u>	<u>12,608</u>

The carrying value of the Agency's financial instruments equals their fair value as at the reporting date. Cash and cash equivalents held by the Agency are classified as level 1 assets (as defined in AASB 7.27A) being valued at quoted prices in an active market. All other financial instruments held by the Agency are classified as level 2 assets or liabilities being valued at observable prices. There have been no movements in the financial instruments hierarchy between years.

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Note 13C: Credit Risk

The maximum exposure to credit risk at the reporting date in relation to each class of recognised financial assets is the carrying amount of those assets. The exposure is minimal as loans and receivables are predominantly cash and the recovery of entitlements for staff who have transferred to the Agency from other Government agencies.

The maximum exposure to credit risk is the risk that arises from the potential default of a debtor. This amount is equal to the total amount of receivables and other financial assets. The Agency has assessed the risk of default on payment and has determined there is no allowance for impairment required in 2011-12.

The Agency manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, the Agency has policies and procedures in place that guide employees through debt recovery techniques that are to be applied.

The Agency has no significant exposures to any concentrations of credit risk and holds no collateral to mitigate against credit risk.

The following table illustrates the Agency's gross exposure to credit risk.

	2012	2011
	\$'000	\$'000
Financial Assets		
Cash and cash equivalents	2,164	1,972
Goods and services receivables	53	14
Other receivables	274	84
Total	<u>2,491</u>	<u>2,070</u>

Credit quality of financial instruments for 2012:

	Not Past Due Nor Impaired 2012 \$'000	Past Due But Not Impaired 2012 \$'000	Past Due and Impaired 2012 \$'000	Total 2012 \$'000
Financial Assets				
Cash and cash equivalents	2,164	-	-	2,164
Goods and services receivables	31	22	-	53
Other receivables	274	-	-	274
Total	<u>2,469</u>	<u>22</u>	<u>-</u>	<u>2,491</u>

Credit quality of financial instruments for 2011:

	Not Past Due Nor Impaired 2011 \$'000	Past Due But Not Impaired 2011 \$'000	Past Due and Impaired 2011 \$'000	Total 2011 \$'000
Financial Assets				
Cash and cash equivalents	1,972	-	-	1,972
Goods and services receivables	-	14	-	14
Other receivables	79	5	-	84
Total	<u>2,051</u>	<u>19</u>	<u>-</u>	<u>2,070</u>

Note 13C: Credit Risk (Continued)

Ageing of financial assets that are past due but not impaired for 2012:

	0 to 30	31 to 60	61 to 90	90+	Total
	Days	Days	Days	Days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Goods and services receivables	-	-	16	6	22
Other receivables	-	-	-	-	-
Total	-	-	16	6	22

Ageing of financial assets that are past due but not impaired for 2011:

	0 to 30	31 to 60	61 to 90	90+	Total
	Days	Days	Days	Days	
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Goods and services receivables	7	7	-	-	14
Other receivables	-	-	-	5	5
Total	7	7	-	5	19

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Note 13D: Liquidity Risk

The Agency's financial liabilities are payables. The exposure to liquidity risk is based on the notion that the Agency will encounter difficulties in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and internal policies and procedures in place to ensure the Agency has access to appropriate resources to meet its financial obligations as and when they fall due.

Maturities for non-derivative financial liabilities - 2012

	On Demand 2012 \$'000	Within 1 Year 2012 \$'000	1 to 2 Years 2012 \$'000	2 to 5 Years 2012 \$'000	>5 Years 2012 \$'000	Total 2012 \$'000
Financial Liabilities						
Suppliers	5,625	648	1,037	2,589	-	9,899
Total	5,625	648	1,037	2,589	-	9,899

Maturities for non-derivative financial liabilities - 2011

	On Demand 2011 \$'000	Within 1 Year 2011 \$'000	1 to 2 Years 2011 \$'000	2 to 5 Years 2011 \$'000	>5 Years 2011 \$'000	Total 2011 \$'000
Financial Liabilities						
Suppliers	8,067	271	649	3,283	338	12,608
Total	8,067	271	649	3,283	338	12,608

Note 13E: Market Risk

The Agency holds basic financial instruments that do not expose it to currency, interest rate or other price risks.

Note 14: Financial Assets Reconciliation

	2012	2011
	\$'000	\$'000
Total Financial Assets as per Balance Sheet	85,737	82,983
Less non-financial instrument components:		
Appropriations receivables for existing programs	82,874	79,974
GST receivable from the Australian Taxation Office	372	939
Total non-financial instrument components	83,246	80,913
Total Financial Assets as per Financial Instruments Note	2,491	2,070

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Note 15: Expenses - Administered Items

	2012 \$ (*)	2011 \$ (*)
Note 15A: Grants		
Private sector:		
Shared Industry Assistance Projects	-	1,768,000
Total Grants	<u>-</u>	<u>1,768,000</u>
Note 15B: Write-Down and Impairment of Assets		
Impairment of financial instruments	<u>1,241,821</u>	<u>1,078,723</u>
Total Write-Down and Impairment of Assets	<u>1,241,821</u>	<u>1,078,723</u>

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

Note 16: Income - Administered Items

	2012	2011
	\$ (*)	\$ (*)
OWN-SOURCE REVENUE		
<u>Note 16A: Fees and Fines</u>		
Court-awarded penalties	1,395,311	1,827,874
Infringement notices	<u>12,710</u>	<u>2,640</u>
Total Fees and Fines	<u>1,408,021</u>	<u>1,830,514</u>
<u>Note 16B: Interest</u>		
Penalty interest	<u>-</u>	<u>753</u>
Total Interest	<u>-</u>	<u>753</u>

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

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Note 17: Assets Administered on Behalf of Government

	2012 \$ (*)	2011 \$ (*)
Financial Assets		
Receivables		
Court-awarded penalties	2,391,856	3,047,263
Gross receivables	2,391,856	3,047,263
Less: Impairment allowance account - Court-awarded penalties	(1,846,085)	(2,183,098)
Net Receivables	545,771	864,165
Gross receivables are aged as follows:		
Not overdue	219,279	160,040
Overdue by:		
0 to 30 days	289,500	-
31 to 60 days	125,340	158,700
61 to 90 days	311,391	223,061
More than 90 days	1,446,346	2,505,462
Gross receivables	2,391,856	3,047,263
The impairment allowance account is aged as follows:		
Not overdue	(45,999)	(158,300)
Overdue by:		
0 to 30 days	(8,000)	-
31 to 60 days	(106,840)	(137,750)
61 to 90 days	(311,391)	(168,501)
More than 90 days	(1,373,855)	(1,718,547)
Total impairment allowance account	(1,846,085)	(2,183,098)
Receivables are with entities external to the Government.		
Reconciliation of the impairment allowance account		
Opening balance	(2,183,098)	(2,337,519)
Amounts written off	1,578,834	1,233,144
Increase recognised in net surplus	(1,241,821)	(1,078,723)
Closing balance	(1,846,085)	(2,183,098)
Other Financial Assets		
Accrued revenue	-	4,100
Total Other Financial Assets	-	4,100

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

Note 18: Cash Flow Reconciliation - Administered Items

	2012 \$ (*)	2011 \$ (*)
Reconciliation of Cash and Cash Equivalents as per Schedule of Assets and Liabilities - Administered Items to Cash Flow Statement - Administered Items		
Reported Cash and Cash Equivalents as per:		
Cash Flow Statement - Administered Items	-	-
Schedule of Assets and Liabilities - Administered items	-	-
Difference	<u>-</u>	<u>-</u>
Reconciliation of Net Contribution by (Cost of) Services to Net Cash from Operating Activities:		
Net contribution by (cost of) services	166,200	(1,015,456)
Changes in assets / liabilities		
Decrease (increase) in net receivables	<u>322,494</u>	<u>(127,502)</u>
Net Cash From (Used by) Operating Activities	<u><u>488,694</u></u>	<u><u>(1,142,958)</u></u>

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

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Note 19: Financial Instruments - Administered Items

	2012	2011
	\$ (*)	\$ (*)
Note 19A: Categories of Financial Instruments		
Financial Assets		
Receivables	545,771	864,165
Other financial assets	-	4,100
Carrying Amount of Financial Assets	<u><u>545,771</u></u>	<u><u>868,265</u></u>
Note 19B: Net Income and Expense from Financial Assets		
Financial Assets		
Write-down and impairment of assets	<u>(1,241,821)</u>	<u>(1,078,723)</u>
Net Loss From Financial Assets	<u><u>(1,241,821)</u></u>	<u><u>(1,078,723)</u></u>

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

Note 19C: Fair Value of Financial Instruments

	Carrying Amount 2012 \$ (*)	Fair Value 2012 \$ (*)	Carrying Amount 2011 \$ (*)	Fair Value 2011 \$ (*)
Financial Assets				
Receivables	545,771	545,771	864,165	864,165
Other financial assets	-	-	4,100	4,100
Total Financial Assets	545,771	545,771	868,265	868,265

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

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Note 19D: Credit Risk

The maximum exposure to credit risk at the reporting date in relation to each class of recognised financial assets is the carrying amount of those assets.

The maximum exposure to credit risk is the risk that arises from the potential default of a debtor. This amount is equal to the total amount of receivables and other financial assets. The Agency has assessed the risk of default on payment and has allocated \$1,846,085 in 2011-12 to an allowance for impairment account.

The Agency is not in a position to manage its credit risk as the administered debtors are recognised following court proceedings and not through a trade relationship.

The Agency has no significant exposures to any concentrations of credit risk and holds no collateral to mitigate against credit risk.

The following table illustrates the Agency's gross exposure to credit risk.

	2012 \$ (*)	2011 \$ (*)
Financial Assets		
Receivables	2,391,856	3,047,263
Accrued revenue	-	4,100
Total	<u>2,391,856</u>	<u>3,051,363</u>

Credit quality of financial instruments for 2012:

	Not Past Due Nor Impaired 2012 \$ (*)	Past Due But Not Impaired 2012 \$ (*)	Past Due and Impaired 2012 \$ (*)	Total 2012 \$ (*)
Financial Assets				
Receivables	173,280	372,491	1,846,085	2,391,856
Accrued revenue	-	-	-	-
Total	<u>173,280</u>	<u>372,491</u>	<u>1,846,085</u>	<u>2,391,856</u>

Credit quality of financial instruments for 2011:

	Not Past Due Nor Impaired 2011 \$ (*)	Past Due But Not Impaired 2011 \$ (*)	Past Due and Impaired 2011 \$ (*)	Total 2011 \$ (*)
Financial Assets				
Receivables	1,740	862,425	2,183,098	3,047,263
Accrued revenue	4,100	-	-	4,100
Total	<u>5,840</u>	<u>862,425</u>	<u>2,183,098</u>	<u>3,051,363</u>

Ageing of financial assets that are past due but not impaired for 2012:

	0 to 30 Days \$ (*)	31 to 60 Days \$ (*)	61 to 90 Days \$ (*)	90+ Days \$ (*)	Total \$ (*)
Financial Assets					
Receivables	281,500	18,500	-	72,491	372,491
Total	<u>281,500</u>	<u>18,500</u>	<u>-</u>	<u>72,491</u>	<u>372,491</u>

Ageing of financial assets that are past due but not impaired for 2011:

	0 to 30 Days \$ (*)	31 to 60 Days \$ (*)	61 to 90 Days \$ (*)	90+ Days \$ (*)	Total \$ (*)
Financial Assets					
Receivables	-	20,950	54,560	786,915	862,425
Total	<u>-</u>	<u>20,950</u>	<u>54,560</u>	<u>786,915</u>	<u>862,425</u>

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

Note 19E: Market Risk

The Agency holds basic financial instruments that do not expose it to currency, interest rate or other price risks.

Note 20: Financial Assets Reconciliation - Administered Items

	2012	2011
	\$ (*)	\$ (*)
Total financial assets as per Schedule of Assets and Liabilities - Administered Items	<u>545,771</u>	<u>868,265</u>
Total Financial Assets as per Financial Instruments (Note 19C)	<u><u>545,771</u></u>	<u><u>868,265</u></u>

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

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Note 21: Appropriations

Table A: Annual Appropriations

	2012 Appropriations							Appropriation Applied in 2012 (Current and Prior Years) \$'000	Variance \$'000
	Appropriation Act		FMA Act			Total Appropriation \$'000			
	Annual Appropriation \$'000	Appropriations Reduced \$'000	Advance to the Finance Minister \$'000	Section 30 \$'000	Section 31 \$'000		Section 32 \$'000		
DEPARTMENTAL									
Ordinary annual services	132,702	-	-	-	1,665	-	134,367	137,684	(3,317)
Equity	1,400	-	-	-	-	-	1,400	4,257	(2,857)
Total departmental	134,102	-	-	-	1,665	-	135,767	141,941	(6,174)
ADMINISTERED									
Administered items	-	-	-	-	-	-	-	-	-
Total administered	-	-	-	-	-	-	-	-	-

	2011 Appropriations							Appropriation Applied in 2011 (Current and Prior Years) \$'000	Variance \$'000
	Appropriation Act		FMA Act			Total Appropriation \$'000			
	Annual Appropriation \$'000	Appropriations Reduced \$'000	Advance to the Finance Minister \$'000	Section 30 \$'000	Section 31 \$'000		Section 32 \$'000		
DEPARTMENTAL									
Ordinary annual services	145,349	-	-	-	1,865	-	147,214	139,659	7,555
Equity	3,694	-	-	-	-	-	3,694	7,533	(3,839)
Total departmental	149,043	-	-	-	1,865	-	150,908	147,192	3,716
ADMINISTERED									
Administered items	1,768	-	-	-	-	-	1,768	1,768	-
Total administered	1,768	-	-	-	-	-	1,768	1,768	-

Table B: Departmental and Administered Capital Appropriations

	2012 Appropriations				Appropriation Applied in 2012 (Current and Prior years)			Variance \$'000
	Appropriation Act		FMA Act		Payment for non-financial assets \$'000	Payment for other purposes \$'000	Total payments \$'000	
	Annual Appropriation \$'000	Appropriations Reduced \$'000	Section 32 \$'000	Total Appropriations \$'000				
DEPARTMENTAL Ordinary annual services	9,088	-	-	9,088	-	-	-	9,088
ADMINISTERED Administered items	-	-	-	-	-	-	-	-

	2011 Appropriations				Appropriation Applied in 2011 (Current and Prior years)			Variance \$'000
	Appropriation Act		FMA Act		Payment for non-financial assets \$'000	Payment for other purposes \$'000	Total payments \$'000	
	Annual Appropriation \$'000	Appropriations Reduced \$'000	Section 32 \$'000	Total Appropriations \$'000				
DEPARTMENTAL Ordinary annual services	10,875	-	-	10,875	-	-	-	10,875
ADMINISTERED Administered Items	-	-	-	-	-	-	-	-

Table C: Unspent Departmental Annual Appropriations

Authority	2012 \$'000	2011 \$'000
Appropriation Act (No. 1) 2008-09	-	15,855
Appropriation Act (No. 1) 2009-10	204	16,182
Appropriation Act (No. 2) 2009-10	267	5,802
Appropriation Act (No. 1) 2010-11	10,875	38,441
Appropriation Act (No. 2) 2010-11	3,694	3,694
Appropriation Act (No. 1) 2011-12	66,434	-
Appropriation Act (No. 2) 2011-12	1,400	-
Total	82,874	79,974

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Note 22: Special Accounts

Services for Other Entities and Trust Monies Special Account - Established 27 June 2012		
Legal Authority: <i>Financial Management and Accountability Act 1997; s20</i>		
Appropriation: <i>Financial Management and Accountability Act 1997; s20</i>		
Purpose: For the receipt of monies temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth and to repay amounts where an Act or other law requires or permits the repayment of an amount received.		
This account is non-interest bearing.		
Services for Other Entities and Trust Monies Special Account - Financial Summary	2012	2011
	\$ (*)	\$ (*)
Opening balance	-	-
Receipts	200	-
Payments made	-	-
Closing Balance	200	-
Represented by:		
Cash - held in the Official Public Account	200	-

Other Trust Monies Account - Abolished 30 June 2012		
Legal Authority: <i>Financial Management and Accountability Act 1997; s20</i>		
Appropriation: <i>Financial Management and Accountability Act 1997; s20</i>		
Purpose: For the receipt of monies temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth and to repay amounts where an Act or other law requires or permits the repayment of an amount received.		
This account is non-interest bearing.		
Other Trust Monies Account - Financial Summary	2012	2011
	\$ (*)	\$ (*)
Opening balance	1,660,233	1,465,944
Receipts	314,736	340,072
Payments made	(223,752)	(145,783)
Transfer to Consolidated Revenue Fund	(1,751,217)	-
Closing Balance	-	1,660,233
Represented by:		
Cash - held in the Official Public Account	-	1,660,233

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

The balance remaining in the Other Trust Monies Account at 30 June 2012 was transferred to the Consolidated Revenue Fund. Amounts owed will continue to be paid using section 28 of the *Financial Management and Accountability Act 1997* until all rightful claims have been extinguished.

Note 23: Compensation and Debt Relief

	2012	2011
	\$	\$
Departmental		
No Act of Grace expenses were incurred during the reporting period. (2011: Nil)	-	-
No waivers of amounts owing to the Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . (2011: Nil)	-	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period. (2011: Nil)	-	-
No ex-gratia payments were provided for during the reporting period. (2011: Nil)	-	-
No payments were provided in special circumstances relating to Australian Public Service employment pursuant to section 73 of the <i>Public Service Act 1999</i> during the reporting period. (2011: 1 payment)	-	22,000
Administered		
No Act of Grace expenses were incurred during the reporting period. (2011: Nil)	-	-
No waivers of amounts owing to the Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . (2011: Nil)	-	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period. (2011: Nil)	-	-
No ex-gratia payments were provided for during the reporting period. (2011: Nil)	-	-
No payments were provided in special circumstances relating to Australian Public Service employment pursuant to section 73 of the <i>Public Service Act 1999</i> during the reporting period. (2011: Nil)	-	-

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Note 24: Assets Held in Trust

Monetary assets

For the receipt of monies temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth and to repay amounts where an Act or other law requires or permits the repayment of an amount received.

	2012	2011
	\$ (*)	\$ (*)
Monetary Assets		
Total amount held at the beginning of the reporting period	1,660,233	1,465,944
Receipts	314,936	340,072
Payments	<u>(223,752)</u>	<u>(145,783)</u>
Total Amount Held at the End of the Reporting Period	<u>1,751,417</u>	<u>1,660,233</u>

The values above are at fair value.

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

Note 25: Reporting of Outcomes

The Office of the Fair Work Ombudsman delivers services under one Outcome. The financial information is recorded against this Outcome.

Note 25A: Net Cost of Outcome Delivery

	Outcome 1 & Total	Outcome 1 & Total
	2012	2011
	\$'000	\$'000
Expenses		
Administered	1,242	2,847
Departmental	143,868	150,615
Total expenses	145,110	153,462
Other own-source income		
Administered	1,408	1,831
Departmental	1,536	1,600
Total	2,944	3,431
Net Cost of Outcome Delivery	142,166	150,031

Outcome 1 is described in Note 1.1. Net costs shown include intra-Government costs that are eliminated in calculating the actual Budget Outcome.

Note 25B: Major Classes of Departmental Expenses and Income by Outcome

The major classes of departmental expenses and income that contribute to the Agency's outcome are as shown in the Statement of Comprehensive Income.

Note 25C: Major Classes of Departmental Assets and Liabilities by Outcome

The major classes of departmental assets and liabilities that contribute to the Agency's outcome are as shown in the Balance Sheet.

Note 25D: Major Classes of Administered Expenses, Income, Assets and Liabilities by Outcome

The major classes of administered expenses, income, assets and liabilities that contribute to the Agency's outcome are as shown in the Schedule of Comprehensive Income - Administered Items and Schedule of Assets and Liabilities - Administered Items.

FINANCIAL STATEMENTS

Note 26: Net Cash Appropriation Arrangements

	2012	2011
	\$'000	\$'000
Total comprehensive loss less depreciation/amortisation expense previously funded through revenue appropriations	(341)	(4,063)
Depreciation/amortisation expenses previously funded through revenue	<u>(9,289)</u>	<u>(9,611)</u>
Total Comprehensive Loss Attributable to the Australian Government - as per the Statement of Comprehensive Income	<u>(9,630)</u>	<u>(13,674)</u>

From 2010-11, the Australian Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Agencies 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.

Note 27: Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund

Section 83 of the Constitution provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation made by law. The Department of Finance and Deregulation provided information to all agencies in 2011 regarding the need for risk assessments in relation to compliance with statutory conditions on payments from special appropriations, including special accounts.

The Agency has one appropriation involving statutory conditions for payment, which is the special account - Other Trust Monies Account.

During 2011-12, the Agency developed a plan to review exposure to risks of not complying with statutory conditions on payments from appropriations. The plan involved:

- . determining the risk of non-compliance by assessing the difficulty of administering the statutory conditions and the extent to which existing payment systems and processes satisfy those conditions;
- . determining procedures to confirm risk assessments in medium risk cases and to quantify the extent of non-compliance, if any, in higher risk situations;
- . obtaining legal advice as appropriate to resolve questions of potential non-compliance; and
- . considering procedural changes to reduce the risk of non-compliance in the future to an acceptably low level.

The work conducted to date has identified no issues of non-compliance with section 83 of the Constitution.



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APPENDICES

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APPENDIX A: STAFFING PROFILE

To assist the agency to reduce staffing costs to meet the objective of achieving a balanced budget, in March 2012, employees from APS Level 6 to SES were given the opportunity to express their interest in taking a voluntary redundancy.

In April 2012, this opportunity was extended to all employees.

Employees accepted voluntary redundancies and commenced exiting the agency from April 2012, with the majority of employees departing on, or around, 30 June 2012.

There were 68 voluntary redundancies accepted, spread across a range of locations, business units and classifications. Of these, 23 were APS Level 6 to SES and 45 were APS Level 5 and below.

At 30 June 2012, the Fair Work Ombudsman employed 827 ongoing and non-ongoing staff, a reduction of 125 staff (13%) from the previous year.

TABLE 26 STAFF BY CLASSIFICATION 2009-12

Classification	2011-12	2010-11	2009-10
APS 1	1	0	0
APS 2	11	5	1
APS 3	133	188	233
APS 4	166	211	216
APS 5	222	234	227
APS 6	144	160	141
EL 1	96	99	99
EL 2	40	42	40
SES Band 1	9	11	10
SES Band 2	5	2	3
Total	827	952	970

TABLE 27 EMPLOYEES BY CLASSIFICATION AND LOCATION AT 30 JUNE 2012

Classification	ACT	NSW	QLD	SA	VIC	WA	NT	TAS	Total
APS 1	0	0	0	1	0	0	0	0	1
APS 2	2	3	2	2	2	0	0	0	11
APS 3	3	52	23	3	42	10	0	0	133
APS 4	11	65	11	37	32	8	1	1	166
APS 5	13	69	40	12	70	11	0	7	222
APS 6	19	43	15	11	42	11	1	2	144
EL 1	17	30	5	8	30	4	0	2	96
EL 2	7	11	3	4	14	1	0	0	40
SES Band 1	2	4	0	1	2	0	0	0	9
SES Band 2	3	0	0	1	1	0	0	0	5
Total	77	277	99	80	235	45	2	12	827

Note: Excludes the Fair Work Ombudsman.

TABLE 28 ONGOING FULL-TIME AND PART-TIME EMPLOYEES BY GENDER AND LOCATION AT 30 JUNE 2012

Classification	ACT	NSW	QLD	SA	VIC	WA	NT	TAS	Total
Female full-time	36	125	46	37	104	18	0	6	372
Female part-time	9	41	18	14	37	8	1	1	129
Total female	45	166	64	51	141	26	1	7	501
Male full-time	28	99	33	24	82	19	1	5	291
Male part-time	2	9	1	1	5	0	0	0	18
Total male	30	108	34	25	87	19	1	5	309
Total female and male	75	274	98	76	228	45	2	12	810

Note: Excludes the Fair Work Ombudsman.

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TABLE 29 NON-ONGOING FULL-TIME AND PART-TIME EMPLOYEES BY GENDER AND LOCATION AT 30 JUNE 2012

Classification	ACT	NSW	QLD	SA	VIC	WA	NT	TAS	Total
Female full-time	0	3	0	2	6	0	0	0	11
Female part-time	0	0	1	1	0	0	0	0	2
Total female	0	3	1	3	6	0	0	0	13
Male full-time	2	0	0	1	1	0	0	0	4
Male part-time	0	0	0	0	0	0	0	0	0
Total male	2	0	0	1	1	0	0	0	4
Total female and male	2	3	1	4	7	0	0	0	17

Note: Excludes the Fair Work Ombudsman.

TABLE 30 ONGOING AND NON-ONGOING FULL-TIME AND PART-TIME EMPLOYEES BY GENDER AS AT 30 JUNE 2012

Classification	ACT	NSW	QLD	SA	VIC	WA	NT	TAS	Total
Female full-time	36	128	46	39	110	18	0	6	383
Female part-time	9	41	19	15	37	8	1	1	131
Total female	45	169	65	54	147	26	1	7	514
Male full-time	30	99	33	25	83	19	1	5	295
Male part-time	2	9	1	1	5	0	0	0	18
Total male	32	108	34	26	88	19	1	5	313
Total female and male	77	277	99	80	235	45	2	12	827

Note: Excludes the Fair Work Ombudsman.

TABLE 31 SENIOR EXECUTIVE AND EXECUTIVE LEVEL EMPLOYEES BY CLASSIFICATION AND GENDER AT 30 JUNE 2012

Classification	Female	Male	Total
EL 1	58	38	96
EL 2	15	25	40
SES Band 1	5	4	9
SES Band 2	2	3	5
Total	80	70	150

Note: Excludes the Fair Work Ombudsman.

TABLE 32 WORKPLACE DIVERSITY PROFILE AT 30 JUNE 2012

Total staff	Female	People from culturally and linguistically diverse backgrounds	People from Aboriginal and Torres Strait Islander backgrounds	People with disabilities
827	514	163	7	27

TABLE 33 EMPLOYEE WORKPLACE AGREEMENTS BY CLASSIFICATION AT 30 JUNE 2012

Classification	Enterprise Agreement	Common Law Contract	Total
APS 1	1	0	1
APS 2	11	0	11
APS 3	133	0	133
APS 4	166	0	166
APS 5	222	0	222
APS 6	144	0	144
EL 1	96	0	96
EL 2	40	0	40
SES Band 1	0	9	9
SES Band 2	0	5	5
Total	813	14	827

Note: Excludes the Fair Work Ombudsman.

TABLE 34 SALARY RANGES BY CLASSIFICATION AT 30 JUNE 2012

Classification	Salary ranges
APS 1	\$44 304 - \$46 053
APS 2	\$55 250 - \$55 031
APS 3	\$56 546 - \$60 977
APS 4	\$62 958 - \$68 322
APS 5	\$70 186 - \$74 384
APS 6	\$76 016 - \$87 442
EL 1	\$96 769 - \$107 500
EL 2	\$119 995 - \$155 000
SES Band 1	\$163 674 - \$202 669
SES Band 2	\$200 340 - \$235 598

Note: Excludes the Fair Work Ombudsman.

Performance bonuses

No performance bonuses were paid to staff across all classifications in 2011-12.

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APPENDIX B: WORK HEALTH AND SAFETY

Initiatives

The Fair Work Ombudsman was committed to maintaining and improving the health and wellbeing of the agency's employees. In 2011-12, the agency continued to deliver work health and safety services to staff, including programs to specifically support mental health and wellbeing. Together these contributed to, and improved, the overall health of the Fair Work Ombudsman's workforce.

During 2011-12, initiatives included:

- implementation of the *Work Health and Safety Act 2011*, and education for employees and managers
- the establishment of new Health and Safety Arrangements 2012-15, following on from agency-wide collaboration, consultation and cooperation
- the appointment of new Health and Safety Representatives via an agency-wide nomination process held in conjunction with Fair Work Building & Construction
- provision of mental health awareness education
- negotiation of the new Employee Assistance Program contract, which commenced on 1 July 2012, for the continued delivery of psychological assistance for employees where required
- delivery of mental health first aid training to a number of agency employees
- health and wellbeing resource centers updated in Fair Work Ombudsman office locations
- the development of three educational videos on the importance of rest breaks, office stretches and guided workstation set ups, which encouraged employees to prevent physical injuries in the workplace
- workstation assessments and rehabilitation case management services were provided to meet the health, safety and rehabilitation needs of employees; and
- a vaccination program, including seasonal influenza, Q fever and hepatitis A and B.

Outcomes

The establishment of the Health and Safety Arrangements 2012-15 has reinforced the agency's dedication to, and participation in, maintaining healthy workplaces. It has also reinvigorated employee interest and participation in work health and safety, as demonstrated by the feedback received and active participation in the establishment of the Health and Safety Arrangements 2012-15.

Outcomes in relation to these arrangements include:

- participation by a number of employees in educational webinars on the new Work Health and Safety legislation
- mental health initiatives focused on education and awareness raising, with positive feedback received on these initiatives; and
- reduction in body stressing injuries, which resulted from active prevention initiatives for physical injuries, such as workstation assessments.

Notifiable incidents

Under section 38 of the *Work Health and Safety Act 2011*, the Fair Work Ombudsman was required to inform Comcare Australia of any notifiable accidents or dangerous occurrences arising out of work undertaken by any of its employees.

Four notifiable accidents and no dangerous occurrences were reported to Comcare Australia in 2011-12.

Investigations

Under section 39 of the *Work Health and Safety Act 2011*, the Fair Work Ombudsman was required to report any investigations conducted during the year into any of its undertakings.

No investigations were conducted in 2011-12.

Changes to disability reporting in annual reports

Since 1994, Commonwealth departments and 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.

Since 2010-11, departments and agencies have not been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by a new National Disability Strategy, which sets out a 10 year national policy framework for improving life for Australians with a disability, their families and carers.

A high level report that tracks progress for people with a disability at a national level will be produced by the Standing Council on Community, Housing and Disability Services and presented to the Council of Australian Governments. It will be available at fahcsia.gov.au.

The Social Inclusion Measurement and Reporting Strategy, agreed by the Government in December 2009, will also include some reporting on disability matters in its regular *How Australia is Faring* report and, if appropriate, in strategic change indicators in agency annual reports. More detail on social inclusion matters can be found at socialinclusion.gov.au.

APPENDIX C: INFORMATION PUBLICATION SCHEME

Information Publication Scheme

Under amendments to the *Freedom Of Information Act 1982*, (FOI Act) the Fair Work Ombudsman is required to publish the following categories of information on fairwork.gov.au as part of an Information Publication Scheme (IPS):

- the agency's organisational structure
- the agency's functions, including decision-making powers
- details of certain statutory appointments
- the agency's annual reports
- public consultation arrangements
- information routinely provided to applicants in response to access requests
- information routinely provided to the Federal Parliament; and
- FOI contact details and the agency's operational information.

This requirement is in Part II of the FOI Act, and has replaced the former requirement to publish a Section Eight Statement in agency annual reports.

This information is currently published on the IPS webpage at fairwork.gov.au.

The IPS webpage also includes some additional information, published at the Fair Work Ombudsman's discretion. This includes an IPS Agency Plan, setting out what information is published under the IPS, how and to whom it is published and how the agency otherwise complies with its IPS requirements.

APPENDICES

APPENDIX D: ADVERTISING AND MARKET RESEARCH

Details of payments made to market research and media advertising organisations by the Fair Work Ombudsman in 2011-12 are listed in Table 35.

Where the total amount paid to an organisation is less than \$11 900, details have not been included, consistent with the *Commonwealth Electoral Act 1918*.

No advertising campaigns were undertaken by the Fair Work Ombudsman in 2011-12.

TABLE 35 MARKET RESEARCH, DIRECT MAIL AND MEDIA ADVERTISING CONTRACTS OVER \$11 900 DURING 2011-12

Organisation	Service provided	Total \$ paid in 2011-12 (GST inclusive)
Market research organisations		
Department of Education, Employment and Workplace Relations	Contribution to the University of New South Wales for Gender Related Violence Studies	\$132 000
Media advertising organisations		
Adcorp	Recruitment advertising	\$40 355

APPENDIX E: ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE

The Fair Work Ombudsman is committed to and encourages the efficient use of energy resources.

The Fair Work Ombudsman, through its philosophy of rethink, reduce, reuse, repair and recycle, builds strong environmental awareness across the agency and progressively implements policies and work practices that minimise the agency's waste, energy and water consumption, and greenhouse emissions.

In 2011-12, the Fair Work Ombudsman established an Environmental Management Working Group, targeting ongoing reductions in carbon emissions by 2016.

The initial focus of the Working Group was to target specific areas of the agency with the greatest potential for carbon emission reductions.

The purpose will be to establish base line reporting as a means of accurately recording future savings in the areas of Information and Communication Technology (ICT) sustainability, fleet management, travel, waste recycling and energy consumption.

During 2011-12, the Fair Work Ombudsman:

- actively participated in the Earth Hour Event on 31 March 2012, registering for the event and promoting the event across the agency
- donated more than 50 computers and accessories to the Computer Technology For Schools Program
- participated in the 'Close the Loop' program for toner cartridge recycling; and
- recycled more than 17kg of mobile phones, batteries and accessories.

APPENDICES

APPENDIX F: AUSTRALIAN NATIONAL AUDIT OFFICE NOTICE OF PERFORMANCE AUDIT



File Reference 2011/1480

17 November 2011

Mr Nicholas Wilson
Fair Work Ombudsman
GPO Box 9887
MELBOURNE VIC 3001

Dear Mr Wilson

The Office of the Fair Work Ombudsman

The Australian National Audit Office (ANAO) included in its planned Audit Work Program for 2011 a performance audit of the Office of the Fair Work Ombudsman (FWO).

The Auditor-General has decided, in accordance with sub-section 15(1) of the *Auditor-General Act 1997* (the Act), to conduct a performance audit of the above topic. As required by sub-section 15(2) of the Act, a report on the audit will be tabled in the Parliament and a copy of the report will be provided to you, the responsible Minister, and any person or body that in the Auditor-General's opinion, has a special interest in the report, as soon as practicable after completion of the audit. For Section 18 audits a copy will also be provided to the Minister for Finance and Deregulation.

The objective of this audit is to assess the effectiveness of FWO's administration of education services and compliance activities in relation to the Fair Work Act. The ANAO proposes to examine whether: education services and compliance activities are well designed, appropriately targeted and effectively delivered; and the effectiveness of education services and compliance activities is monitored, evaluated and reported to stakeholders. (See attached diagram.)

At this stage we plan to conduct fieldwork from November through to late February taking into account possible staff absences over the Christmas break. The report is expected to be tabled in the 2012 spring session of the Parliament. We envisage that the audit will involve fieldwork at a number of FWO's premises.

I would like to take the opportunity to invite you to provide us with representations concerning the performance of FWO's provision of advice and education in the context of the objective of the audit. Without limiting any information you may wish to provide at this stage, details of the achievement of key performance measures and developments concerning the future directions of these activities would be appreciated. Any information provided, together with evidence gathered by the audit team will be taken into account in the preparation of Issues Papers.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

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We will provide Issues Papers to your office to outline issues identified during the audit, with the aim of seeking feedback and the opportunity to discuss audit conclusions and findings with FWO before preparing the proposed audit report.

The general duty of audited entities to cooperate with the ANAO is supported by legislation. The Act specifically provides that the Auditor-General, or an authorised official, may at all reasonable times have access to Commonwealth premises and to any documents or other material for the purposes of prescribed Auditor-General functions. Such documents can include Cabinet papers, ministerial decisions and commercial-in-confidence material.

These access and information gathering powers are balanced by strict confidentiality provisions. Persons undertaking performance audits must comply with the confidentiality provisions of the Act. Section 36(1) of the Act regarding the confidentiality of information requires that:

If a person has obtained information in the course of performing an Auditor-General function, the person must not disclose the information except in the course of undertaking the Auditor-General function or for the purpose of any Act that gives functions to the Auditor-General.

We would appreciate FWO's assistance in adhering to the proposed timetable for the audit. Specifically, the ANAO would appreciate FWO's assistance in supplying all required documents as soon as possible from the time of request and facilitating contact with relevant FWO staff as required. The ANAO will endeavour to provide advance notice of our access requirements.

We are currently arranging an entry interview for relevant FWO staff through Geoff Stannard, your contact officer. The purpose of the entry interview is to inform FWO of the audit objectives, background and criteria as well as introducing the audit team.

If you or your staff have any questions regarding the audit please do not hesitate to contact the Executive Director, Stuart Turnbull on 6203 7346, or the Audit Manager, Anne Svarcas, on 6203 7648 or at Anne.Svarcas@anao.gov.au.

Yours sincerely



Barbara Cass
A/g Group Executive Director
Performance Audit Services Group

cc: Su Kearns
Group Manager
Corporate and Strategic Development

Geoff Stannard
Governance and Security Manager

APPENDICES

APPENDIX G: SUMMARY OF RESOURCES

TABLE 36 EXPENSES AND RESOURCES FOR OUTCOME 1

Outcome 1: Compliance with workplace relations legislation by employees and employers through advice, education and where necessary enforcement.	Budget 2011-12 \$'000	Actual Expenses 2011-12 \$'000	Variation \$'000
	(a)	(b)	(a-b)
Program 1: Education Services and Compliance Activities			
Departmental Expenses			
Ordinary Annual Services (Appropriation Bill No. 1)	143,375	142,332	1,043
Revenue from independent sources (Section 31)	100	1,536	(1,436)
Total for Program 1	143,475	143,868	(393)
Total Expenses for Outcome 1	143,475	143,868	(393)
2011-12			
Average staffing level (number)	815		

Note: Budget information reflects budgets as set out in the Portfolio Budget Statements 2011-12.

TABLE 37 AGENCY RESOURCE STATEMENT 2011-12

	Actual Available Appropriations for 2011-12 \$'000	Payments made 2011-12 \$'000	Balance remaining 2011-12 \$'000
	(a)	(b)	(a-b)
Ordinary Annual Services			
Departmental outputs			
Departmental outputs	194,211	136,033	58,178
Total Ordinary Annual Services	194,211	136,033	58,178
Other Services			
Departmental Non-Operating			
Equity injections	28,953	4,257	24,696
Total Other Services	28,953	4,257	24,696
Total Available Annual Appropriations	223,164	140,290	82,874
Total Appropriations Excluding Special Account	223,164	140,290	82,874
Special Account			
Opening balance	1,660	–	1,660
Non-appropriation receipts	315	–	315
Payments	–	224	(224)
Transfer to CRF	–	1,751	(1,751)
Total Special Account	1,975	1,975	–
Funds held by CRF			
Transfer to CRF	1,751	–	1,751
Total funds held by CRF	1,751	–	1,751
Total net resourcing for Fair Work Ombudsman	226,890	142,265	84,625



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GLOSSARY

Annual wage review

A review of minimum award wages and the national minimum wage order conducted by Fair Work Australia each financial year.

Australian Public Service (APS) employee

A person engaged under section 22, or a person who is engaged as an APS employee under section 72, of the *Public Service Act 1999*.

Assisted Voluntary Resolution

Assists alleged wrongdoers and complainants find a fair and mutually acceptable resolution to a workplace complaint, without having to immediately resort to formal investigation.

Corporate governance

The process by which agencies are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.

Enforceable Undertakings

A written commitment outlining how a person intends to rectify a contravention.

Enterprise agreement

An agreement made under the *Fair Work Act 2009* (on or after 1 July 2009) between one or more employers and a group of employees in relation to terms and conditions of employment for those employees.

Fair Work Australia

The national workplace relations tribunal created by the *Fair Work Act 2009*. It is an independent body with power to carry out a range of functions covering: the safety net of minimum wages and employment conditions; enterprise bargaining; industrial action; dispute resolution and termination of employment.

Fair Work instruments

See *industrial instruments*.

General protections

Protections provided by the *Fair Work Act 2009*, relating to workplace discrimination, sham contracting, and workplace rights.

Individual Flexibility Agreement (IFA)

An agreement between an employer and an employee, that can vary the effect of some conditions of a modern award or enterprise agreement. The Individual Flexibility Agreement must pass the 'Better Off Overall Test', but does not need to be registered.

Industrial instruments

Sets out minimum conditions of employment for employees to whom they apply. Instrument types include modern awards, enterprise agreements, award-based transitional instruments, transitional minimum wage instruments and agreement-based transitional instruments.

Interactive Voice Recognition (IVR)

Allows customers to interact with the Fair Work Infoline telephone system via a telephone keypad and enables some users to service their own inquiries by following the IVR dialogue.

Mediation

A dispute resolution process that focuses on assisting parties to reach a mutual agreement, and to resolve disagreements on their own terms.

Modern awards

An award made by the Australian Industrial Relations Commission as part of the award modernisation process that commenced operation on 1 January 2010. Modern awards supplement the National Employment Standards by setting out additional minimum terms and conditions that apply in a particular industry or occupation including monetary entitlements such as wages, penalty rates and allowances.

National Employment Standards (NES)

Ten minimum standards of employment that apply to national system employees from 1 January 2010. For a list of the NES visit www.fairwork.gov.au/nas

National enterprise

An employer with a national or multi-state presence, a significant number of sites or outlets and a significant number of employees.

National workplace relations system

Introduced on 1 July 2009 by the *Fair Work Act 2009* and related legislation. Applies to most employers and employees in Australia. Key features of the national workplace relations system include the National Employment Standards and modern awards.

Phoenixing

Involves a company intentionally accumulating debts to improve cash flow or wealth and then liquidating to avoid paying the debt. The business is then continued as another corporate entity, controlled by the same person or group and free of their previous debts and liabilities.

Sham contracting

Where an employer tries to disguise an employment relationship as an independent contracting relationship. This may be done to avoid having to provide employees with their proper entitlements.

Small business employer

An employer that employs less than 15 employees, including full-time, part-time and regular and systematic casual employees.

Transitional arrangements

A process of implementing certain monetary entitlements in modern awards in five 20% increments over a four year period from the first full pay period on or after 1 July 2010 in accordance with the model transitional provisions in a modern award.

Workplace discrimination

Under the *Fair Work Act 2009*, it is unlawful for an employer to discriminate against an employee or prospective employee on the basis of race, colour, sex, sexual preference, age, physical or mental disability, marital status, family or carer's responsibilities, pregnancy, religion, political opinion, national extraction or social origin.

ABBREVIATIONS AND ACRONYMS

AAC	Australian Apprenticeship Centres
AAoA	Accommodation Association of Australia
ACAS	Advisory, Conciliation and Arbitration Service (UK)
AVR	Assisted Voluntary Resolution
AWA	Australian Workplace Agreement
AWATW	Asian Women at Work
CALD	Culturally and linguistically diverse
CPSU	Community and Public Sector Union
EL 1	Executive Level 1
EL 2	Executive Level 2
Fair Work Act	<i>Fair Work Act 2009</i>
FOI	Freedom of Information
FOI Act	<i>Freedom of Information Act 1982</i>
FWO	Fair Work Ombudsman
ICT	Information and communication technology
IFA	Individual Flexibility Agreement
IPAA	Institute of Public Administration
IPS	Information Publication Scheme
IT	Information technology
IVR	Interactive Voice Recognition
KPI	Key Performance Indicator
NEB	National Employer Branch
NES	National Employment Standards
PBS	Portfolio Budget Statements
PWC	PricewaterhouseCoopers Australia
RCSA	Recruiting and Consulting Services Association
SES	Senior Executive Service
SIAP	Shared Industry Assistance Projects
SYN	Student Youth Network

REFERENCES

LIST OF REQUIREMENTS

Part of Report	Description	Requirement	Page
	Letter of transmittal	Mandatory	II
	Table of contents	Mandatory	III
	Index	Mandatory	200
	Glossary	Mandatory	194-195
	Contact officer(s)	Mandatory	IV
	Internet home page address and Internet address for report	Mandatory	IV
Review by Fair Work Ombudsman	Review by departmental secretary	Mandatory	2-5
	Summary of significant issues and developments	Suggested	2-5
	Overview of agency's performance and financial results	Suggested	2-5
	Outlook for following year	Suggested	2-5
Agency overview	Role and functions	Mandatory	8
	Organisational structure	Mandatory	9
	Outcome and program structure	Mandatory	14
	Where outcome and program structure differs from PBS format, details of variation and reasons for change	Mandatory	Nil to report
Report on performance	Review of performance during the year in relation to programs and contribution to outcomes	Mandatory	14-103
	Actual performance in relation to deliverables and KPIs set out in PBS	Mandatory	15-17
	Where performance targets differ from the PBS, details of both former and new targets, and reasons for the change	Mandatory	Nil to report
	Narrative discussion and analysis of performance	Mandatory	14-103
	Trend information	Mandatory	14-103
	Significant changes in nature of principal functions/services	Suggested	64-91
	Performance of purchaser/provider arrangements	If applicable, suggested	116
	Factors, events or trends influencing agency performance	Suggested	14-103

Part of Report	Description	Requirement	Page
Report on performance <i>continued</i>	Contribution of risk management in achieving objectives	Suggested	106-110
	Social inclusion outcomes	If applicable, mandatory	Nil to report
	Performance against service charter, customer service standards, complaints data, and the agency's response to complaints	If applicable, mandatory	87-88
	Discussion and analysis of the agency's financial performance	Mandatory	117
	Discussion of any significant changes from the prior year, from budget or anticipated to have a significant impact on future operations	Mandatory	Nil to report
	Agency resource statement and summary resource tables by outcome	Mandatory	190-191
Corporate governance	Agency heads are required to certify that their agency complies with the Commonwealth Fraud Control Guidelines	Mandatory	107
	Statement of the main corporate governance practices in place	Mandatory	106
	Names of the Senior Executive and their responsibilities	Suggested	108
	Senior management committees and their roles	Suggested	106-110
	Corporate and operational planning and associated performance reporting and review	Suggested	106-110
	Approach adopted to identifying areas of significant financial or operational risk	Suggested	106-110
	Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	108
	How nature and amount of remuneration for SES officers is determined	Suggested	153-154
External scrutiny	Significant developments in external scrutiny	Mandatory	111
	Judicial decisions and decisions of administrative tribunals	Mandatory	111
	Reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman	Mandatory	111

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Part of Report	Description	Requirement	Page
Management of human resources	Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	111-115
	Workforce planning, staff turnover and retention	Suggested	111-115, 180
	Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and AWAs	Suggested	115
	Training and development undertaken and its impact	Suggested	114-115
	Work health and safety performance	Suggested	92-93
	Productivity gains	Suggested	Nil to report
	Statistics on staffing	Mandatory	111-115, 180-183
	Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	183
	Performance pay	Mandatory	183
Assets management	Assessment of effectiveness of assets management	If applicable, mandatory	Nil to report
Purchasing	Assessment of purchasing against core policies and principles	Mandatory	116
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	116-117
Australian National Audit Office access clauses	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	Nil to report
Exempt contracts	Contracts exempt from AusTender	Mandatory	Nil to report
Financial statements	Financial statements	Mandatory	120-177

Part of Report	Description	Requirement	Page
Other information	Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)	Mandatory	184-185
	Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory	186
	Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	187
	Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	Nil to report
	Grant programs	Mandatory	Nil to report
	Disability reporting	Mandatory	185
	Information Publication Scheme statement	Mandatory	185
	Correction of material errors in previous annual report	If applicable, mandatory	Nil to report

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