

AUSTRALIAN FAIR PAY COMMISSION SECRETARIAT

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AUSTRALIAN FAIR PAY COMMISSION SECRETARIAT

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

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

The Australian Fair Pay Commission Secretariat:

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

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

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

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

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

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

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

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

1.2 AGENCY RESOURCE STATEMENT

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

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

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

Third Party Drawdowns from and on behalf of other agencies

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

1.3 BUDGET MEASURES

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

Table 1.2: Agency 2008-09 Budget measures

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

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

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

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

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

Outcome 1 Strategy

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

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

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

Outcome 1 Resource statement

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

Table 2.1: Total resources for Outcome 1

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

	2008-09	2007-08
Average staffing level (number)	34	38

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

Contributions to Outcome 1

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

Section 3: Explanatory tables and budgeted financial statements

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

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

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

Table 3.1.1: Reconciliation of total available appropriation and outcomes

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

3.1.2 Movement of administered funds between years

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

3.1.3 Special Accounts

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

3.1.4 Australian Government Indigenous Expenditure

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

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

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

3.2.2 Analysis of budgeted financial statements

Departmental financial statements

Budgeted departmental income statement

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

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

Budgeted departmental balance sheet

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

Budgeted departmental statement of cash flows

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

3.2.3 Budgeted financial statements tables

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

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

Prepared on Australian Accounting Standards basis.

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

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

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

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

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

Prepared on Australian Accounting Standards basis.

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

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

Prepared on Australian Accounting Standards basis.

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

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

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

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

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

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

3.2.4 Notes to the financial statements

Accounting Policy

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

The statements have been prepared:

- on an accrual accounting basis
- in compliance with Australian Accounting Standards and Australian Equivalents to International Financial Reporting Standards (AEIFRS) and other authoritative pronouncements of the Australian Accounting Standards Board and the Consensus Views of the Urgent Issues Group.

Departmental Revenue from Government

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

Departmental Expenses – Employees

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

Departmental Expenses – Suppliers

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

Departmental Expenses – Depreciation and Amortisation

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

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

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

Departmental Assets – Financial Assets – Receivables

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

Departmental Assets – Non-Financial Assets

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

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

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

Departmental Liabilities – Provisions – Employees

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

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

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