

# OFFICE OF THE AUSTRALIAN BUILDING AND CONSTRUCTION COMMISSIONER

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# OFFICE OF THE AUSTRALIAN BUILDING AND CONSTRUCTION COMMISSIONER

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION

The Office of the Australian Building and Construction Commissioner was established on 1 October 2005 by the *Building and Construction Industry Improvement Act 2005*. It is an independent statutory body responsible for investigating and prosecuting breaches of the *Building and Construction Industry Improvement Act 2005*, the *Workplace Relations Act 1996* and the *Independent Contractors Act 2006* in relation to the building and construction industry.

The Australian Building and Construction Commission (ABCC) has prime responsibility for the following matters in respect of the building and construction industry:

- investigating suspected contraventions of the *Building and Construction Industry Improvement Act 2005*, the *Workplace Relations Act 1996*, the *Independent Contractors Act 2006*, workplace agreements, orders and awards
- instituting proceedings against industry participants contravening the relevant Acts, agreements, orders and awards
- intervening in matters before the Australian Industrial Relations Commission or the courts that involve an industry participant or building work
- monitoring, promoting and securing compliance with the National Code
- providing advice and assistance to industry participants regarding their rights and obligations
- disseminating information about the relevant Acts, the National Code and promoting appropriate standards of conduct by industry participants
- if appropriate, referring matters to other Commonwealth, State or Territory bodies including the Australian Competition and Consumer Commission, the Australian Taxation Office, and the Australian Federal Police.

During 2008-09, the Australian Building and Construction Commission plans to achieve the following outcomes:

- the workplace relations conduct of industry participants is lawful
- participants who engage in unlawful conduct are held accountable for their actions
- an improved level of knowledge about National Code compliance requirements.

*ABCC Budget Statements – Overview & resources*

Challenges impacting on the Australian Building and Construction Commission outcomes during 2008-09 are:

- to maintain the momentum of reform during a transition period to new regulatory arrangements
- the continued disregard some industry participants display towards the legal rights of others.

## 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.

**Table 1.1: Office of the Australian Building and Construction Commissioner 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
<b>Ordinary Annual Services</b>						
<b>Departmental outputs</b>						
Departmental outputs	27,772	<sup>1</sup>	32,814	<sup>2</sup>	60,586	29,596
s31 Relevant agency receipts	-		10	<sup>3</sup>	10	10
<b>Total ordinary annual services</b>	<b>27,772</b>	<b>A</b>	<b>32,824</b>		<b>60,596</b>	<b>29,606</b>
<b>Other services</b>						
<b>Departmental non-operating</b>						
Equity injections	-		-		-	-
Previous years' outputs	-		-		-	-
<b>Total other services</b>	<b>-</b>	<b>B</b>	<b>-</b>		<b>-</b>	<b>-</b>
<b>Total Available Annual Appropriations</b>	<b>27,772</b>		<b>32,824</b>		<b>60,596</b>	<b>29,606</b>
<b>Special Appropriations</b>						
<b>Total Special Appropriations</b>	<b>-</b>	<b>C</b>	<b>-</b>		<b>-</b>	<b>-</b>
<b>Total Appropriations excluding Special Accounts</b>	<b>27,772</b>		<b>32,824</b>		<b>60,596</b>	<b>29,606</b>
<b>Special Accounts</b>						
Opening balance	-		-		-	-
<b>Total Special Account</b>	<b>-</b>	<b>D</b>	<b>-</b>		<b>-</b>	<b>-</b>
<b>Total resourcing</b>	<b>27,772</b>		<b>32,824</b>		<b>60,596</b>	<b>29,606</b>
A+B+C+D						
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-		-		-	-
<b>Total net resourcing for the Office of the Australian Building and Construction Commissioner</b>	<b>27,772</b>		<b>32,824</b>		<b>60,596</b>	<b>29,606</b>

1. Estimated adjusted balance carried from previous year for Annual Appropriations.

2. Appropriation Bill (No.1) 2008-09.

3. s31 Relevant Agency receipts — estimate.

4. The total available departmental operating appropriation (outputs) will not equal the total of all outputs in the Outcome Resource Statements as they budget for estimated appropriation attributable to outcomes and not the total available. For reconciliation see Table 3.1.1.

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

The Australian Building and Construction Commission has no third party drawdowns from and on behalf of other agencies.

**1.3 BUDGET MEASURES**

**Table 1.2: Office of the Australian Building and Construction Commissioner  
2008-09 Budget measures**

The Office of the Australian Building and Construction Commissioner 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 Office of the Australian Building and Construction Commissioner's 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 Building and Construction Commission in achieving Government outcomes.

#### **2.1.1 Outcome 1: Workplace relations laws are enforced in building and construction industry workplaces**

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

Key strategies towards achieving the Australian Building and Construction Commission's outcomes in 2008-09 are to:

- inform and educate industry participants through a variety of mediums about their rights and obligations;
- provide an active and accessible team of investigators to respond quickly to complaints of unlawful conduct; and
- undertake legal proceedings in a timely manner to ensure those contravening the law are held accountable for their actions.

A key strategy planned to contribute to the Australian Building and Construction Commission's outcomes within the medium and longer term is to analyse and inform the industry about the opportunities for increased productivity and the advantages of a lawful culture.

**Outcome 1 Resource statement**

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

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

	<b>2008-09</b>	2007-08
	<b>Total estimate of available resources \$'000</b>	Estimated actual \$'000
<b>Outcome 1: Workplace relations laws are enforced in building and construction industry workplaces</b>		
<b>Output:</b>		
Departmental Output	<b>32,814</b>	29,596
Revenues from other sources (s.31)	<b>10</b>	10
<b>Total resources for Outcome 1</b>	<b>32,824</b>	29,606
<hr/>		
	<b>2008-09</b>	2007-08
<b>Average staffing level (number)</b>	<b>155</b>	155

**Contributions to Outcome 1**

**Output Group 1.1**

The Australian Building and Construction Commission has a single outcome and single output.

<b>Output Group 1.1</b>	
Key Performance Indicators	2008-09 Target
Level of satisfaction of clients with quality and timeliness of advice and assistance provided by the ABCC	75 per cent of surveyed clients satisfied or highly satisfied
Timeliness in bringing actions against contraventions of <i>Building and Construction Industry Improvement Act 2005</i> (BCIIA), <i>Workplace Relations Act 1996</i> (WRA), <i>Independent Contractors Act 2006</i> (ICA), agreements, awards and orders	75 per cent of cases commenced within 18 months of receipt of complaint
Level of satisfaction of a range of industry participants with contact aimed at promoting appropriate standards of conduct	75 per cent of surveyed industry participants satisfied or highly satisfied

## Section 3: Explanatory tables and budgeted financial statements

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

### 3.1 EXPLANATORY TABLES

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

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

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

	\$'000
<b>Total available departmental operating appropriation (outputs)</b>	60,596
Less estimated payments in 2008-09	32,824)
<b>Estimated departmental outputs carry-forward and available for 2009-10</b>	<b>27,772</b>

#### 3.1.2 Movement of administered funds between years

The Australian Building and Construction Commission has no administered funds and for this reason Table 3.1.2 is not presented.

### 3.1.3 Special Accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister’s Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.3 shows the expected additions (receipts) and reductions (payments) for each account used by the Australian Building and Construction Commission.

**Table 3.1.3: Estimates of Special Account cash flows and balances**

		Opening balance <b>2008-09</b> 2007-08	Receipts <b>2008-09</b> 2007-08	Payments <b>2008-09</b> 2007-08	Adjustments <b>2008-09</b> 2007-08	Closing balance <b>2008-09</b> 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys (D)	1	-	-	-	-	-
<b>Total special accounts 2008-09 Budget estimate</b>		-	-	-	-	-
Total special accounts 2007-08 estimate actual		-	-	-	-	-

(A) = Administered  
(D) = Departmental

The purpose of the Other Trust Moneys – Office of the Australian Building and Construction Commissioner Special Account established under FMA Act s.20 det. 2007/01 is to credit:

- (a) amounts temporarily held on trust for a person other than the Commonwealth
- (b) amounts temporarily held for the benefit of a person other than the Commonwealth.

### 3.1.4 Australian Government Indigenous Expenditure

The Australian Building and Construction Commission has no 2008-09 Australian Government Indigenous Expenditure and 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**

The Australian Building and Construction Commission does not have any significant differences.

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

An analysis of the Australian Building and Construction Commission's budgeted financial statements for 2008-09 is provided below.

#### **Budgeted agency income statement**

The Australian Building and Construction Commission is budgeting for a break-even result in 2008-09 and the three forward years.

Total revenue is estimated to be \$32.8 million, an increase of \$3.2 million from the 2007-08 estimated actual.

#### **Budgeted agency balance sheet**

The Australian Building and Construction Commission has a budgeted net asset position of \$24.4 million in 2008-09. This position is expected to remain the same for the three forward years.

Total assets for 2008-09 are estimated to be \$33.1 million comprising \$26.0 million of financial assets and \$7.1 million in non-financial assets.

Total liabilities for 2008-09 are estimated to be \$8.8 million with the primary liabilities being accrued employee entitlements which total \$3.7 million, supplier payables of \$1.0 million and lease incentives of \$4.1 million.

### 3.2.3 Budgeted financial statements tables

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

	Estimated actual 2007-08 \$'000	<b>Budget estimate 2008-09 \$'000</b>	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from Government	29,596	<b>32,814</b>	33,260	34,633	35,022
Other	27	<b>27</b>	27	27	27
<b>Total revenue</b>	<b>29,623</b>	<b>32,841</b>	<b>33,287</b>	<b>34,660</b>	<b>35,049</b>
<b>EXPENSE</b>					
Employees	15,260	<b>15,900</b>	16,559	17,287	17,991
Suppliers	13,303	<b>15,881</b>	15,668	16,313	15,998
Depreciation and amortisation	1,060	<b>1,060</b>	1,060	1,060	1,060
<b>Total expenses</b>	<b>29,623</b>	<b>32,841</b>	<b>33,287</b>	<b>34,660</b>	<b>35,049</b>
<b>Surplus (deficit) attributable to the Australian Government</b>	-	-	-	-	-

Prepared on Australian Accounting Standards basis

ABCC Budget Statements – Budgeted financial statements

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

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	1,977	<b>3,193</b>	4,380	5,575	6,722
Trade and other Receivables	22,824	<b>22,824</b>	22,824	22,824	22,824
<b>Total financial assets</b>	<b>24,801</b>	<b>26,017</b>	<b>27,204</b>	<b>28,399</b>	<b>29,546</b>
<b>Non-financial assets</b>					
Land and buildings	7,269	<b>6,304</b>	5,339	4,374	3,409
Infrastructure, plant and equipment	294	<b>244</b>	194	144	94
Intangibles	367	<b>322</b>	277	232	187
Other	253	<b>252</b>	252	252	252
<b>Total non-financial assets</b>	<b>8,183</b>	<b>7,122</b>	<b>6,062</b>	<b>5,002</b>	<b>3,942</b>
<b>Total assets</b>	<b>32,984</b>	<b>33,139</b>	<b>33,266</b>	<b>33,401</b>	<b>33,488</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	3,507	<b>3,663</b>	3,790	3,924	4,012
Other	4,140	<b>4,140</b>	4,140	4,140	4,140
<b>Total provisions</b>	<b>7,647</b>	<b>7,803</b>	<b>7,930</b>	<b>8,064</b>	<b>8,152</b>
<b>Payables</b>					
Suppliers	956	<b>955</b>	955	956	955
<b>Total payables</b>	<b>956</b>	<b>955</b>	<b>955</b>	<b>956</b>	<b>955</b>
<b>Total liabilities</b>	<b>8,603</b>	<b>8,758</b>	<b>8,885</b>	<b>9,020</b>	<b>9,107</b>
<b>Net assets</b>	<b>24,381</b>	<b>24,381</b>	<b>24,381</b>	<b>24,381</b>	<b>24,381</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	6,565	<b>6,565</b>	6,565	6,565	6,565
Retained surpluses or accumulated deficits	17,816	<b>17,816</b>	17,816	17,816	17,816
<b>Total equity</b>	<b>24,381</b>	<b>24,381</b>	<b>24,381</b>	<b>24,381</b>	<b>24,381</b>
<b>Current assets</b>	25,053	<b>26,269</b>	27,456	28,651	29,798
<b>Non-current assets</b>	7,931	<b>6,870</b>	5,810	4,750	3,690
<b>Current liabilities</b>	4,459	<b>4,539</b>	4,605	4,675	4,720
<b>Non-current liabilities</b>	4,144	<b>4,219</b>	4,280	4,345	4,387

\* '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	<b>Budget estimate 2008-09 \$'000</b>	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	29,596	<b>32,814</b>	33,260	34,633	35,022
Other	10	<b>10</b>	10	10	10
<b>Total cash received</b>	<b>29,606</b>	<b>32,824</b>	<b>33,270</b>	<b>34,643</b>	<b>35,032</b>
<b>Cash used</b>					
Employees	13,590	<b>14,510</b>	15,142	15,804	16,495
Suppliers	14,440	<b>17,098</b>	16,941	17,645	17,389
<b>Total cash used</b>	<b>28,030</b>	<b>31,608</b>	<b>32,083</b>	<b>33,449</b>	<b>33,884</b>
<b>Net cash from or (used by) operating activities</b>	<b>1,576</b>	<b>1,216</b>	<b>1,187</b>	<b>1,194</b>	<b>1,148</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
<b>Total cash received</b>	-	-	-	-	-
<b>Cash used</b>					
<b>Total cash used</b>	-	-	-	-	-
<b>Net cash from or (used by) investing activities</b>	-	-	-	-	-
<b>Net increase or (decrease) in cash held</b>					
	<b>1,576</b>	<b>1,216</b>	<b>1,187</b>	<b>1,194</b>	<b>1,148</b>
Cash at the beginning of the reporting period	401	<b>1,977</b>	3,193	4,380	5,575
<b>Cash at the end of the reporting period</b>	<b>1,977</b>	<b>3,193</b>	<b>4,380</b>	<b>5,574</b>	<b>6,723</b>

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	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2008</b>					
Balance carried forward from previous period	17,816	-	-	6,565	24,381
Adjustment for changes in accounting policies	-	-	-	-	-
<b>Adjusted opening balance</b>	<b>17,816</b>	<b>-</b>	<b>-</b>	<b>6,565</b>	<b>24,381</b>
<b>Income and expense</b>					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
<b>Sub-total income and expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Surplus (deficit) for the period	-	-	-	-	-
<b>Total income and expenses recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transactions with owners</b>					
<i>Distribution to owners</i>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Other:					
Restructuring	-	-	-	-	-
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfers between equity components	-	-	-	-	-
<b>Estimated closing balance as at 30 June 2009</b>	<b>17,816</b>	<b>-</b>	<b>-</b>	<b>6,565</b>	<b>24,381</b>

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 Building and Construction Commission has no income and expenses administered on behalf of government.

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

The Australian Building and Construction Commission has no assets and liabilities administered on behalf of government.

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

The Australian Building and Construction Commission has no administered cash flows.

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

#### **Accounting policy**

The budgeted financial statements have been prepared on an accrual accounting basis in accordance with:

- Finance Minister's Orders (or FMOs) issued by the Minister for Finance and Deregulation
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

#### **Departmental items**

Departmental assets, liabilities, revenues and expenses are those items that are controlled by the Australian Building and Construction Commission including:

- computers, plant and equipment used in providing goods and services
- liabilities for employee entitlements
- revenues from other appropriations for resources used in providing goods and services
- revenues from user charging etc. where the proceeds are deemed appropriated under section 31 of the *Financial Management Accountability Act 1997*
- employee expenses and other administrative expenses incurred in providing goods and services.

#### **Departmental revenue from government**

Revenue from government represents the purchase of outputs from the Australian Building and Construction Commission by the Government.

#### **Departmental revenue from other sources**

Revenue from other sources is comprised of resources received free of charge, recognised only when a fair value can be reliably determined and revenue received under section 31 of the *Financial Management Accountability Act 1997*, which is recognised upon delivery of the goods or services.

#### **Departmental expenses - employees**

Represents payments and net increases in entitlements to employees for services rendered during the financial year.

#### **Departmental expenses - suppliers**

Represents payments to suppliers for goods and services.

**Departmental expenses – depreciation and amortisation**

Property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Australian Building and Construction Commission 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 and property, plant and equipment and intangibles at between three to five years.

**Departmental assets and liabilities – financial assets - cash**

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

**Departmental assets and liabilities – non-financial assets**

Represents future economic benefits the Australian Building and Construction Commission will consume in producing outputs. The reported value represents the purchase price paid, less depreciation incurred to date in using the asset.

Property, plant and equipment and intangibles are brought to account at cost, except for purchases costing less than \$20,000 for internally developed computer software, less than \$10,000 for leasehold improvements and less than \$2,000 for all other classes, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

**Departmental assets and liabilities – provisions and payables**

Provision is made for the Australian Building and Construction Commission liability for employee entitlements arising from services rendered by employees to balance date. This liability encompasses unpaid 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 their nominal amounts. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements, attrition rates and pay rises through promotion and salary agreements have been taken into account.

Provision is also made for the cost of restoring leasehold premises to the standard of accommodation at the commencement of the leases.