

FAIR WORK AUSTRALIA

Section 1: Agency overview and resources	287
1.1 Strategic direction	287
1.2 Agency resource statement	288
1.3 Budget measures.....	290
1.4 Transition from outcomes and outputs to outcomes and programs	291
Section 2: Outcomes and planned performance	292
2.1 Outcomes and performance information	292
Section 3: Explanatory tables and budgeted financial statements	296
3.1 Explanatory tables	297
3.2 Budgeted Financial Statements.....	297

FAIR WORK AUSTRALIA

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

Fair Work Australia (FWA) was established by the *Fair Work Act 2009* (the Act) and will commence operations on 1 July 2009. Fair Work Australia is one of two institutions established to administer the provisions of the Act and to provide a framework for cooperative and productive workplace relations that promote economic prosperity and social inclusion. The Act also establishes the office of the Fair Work Ombudsman to undertake compliance, education and advice functions. Fair Work Australia and the Fair Work Ombudsman will develop cooperative and seamless approaches to the delivery of services to employees, employers and organisations.

Fair Work Australia will replace the following institutions and agencies:

- Australian Industrial Relations Commission (AIRC)
- Australian Industrial Registry (AIR)
- Australian Fair Pay Commission
- Australian Fair Pay Commission Secretariat.

In addition, Fair Work Australia will assume responsibility for approving enterprise agreements, previously undertaken by the Workplace Authority.

The AIRC/AIR and the Workplace Authority will continue to operate in 2009-10 to complete legacy functions reported in separate Agency statements within this Portfolio Statement.

Fair Work Australia will consist of a President, Deputy Presidents, Commissioners and Minimum Wage Panel members. Fair Work Australia will also have a General Manager and administrative staff who will exercise powers and functions under the Act.

Fair Work Australia will have the power to vary awards, make minimum wage orders, approve agreements, resolve workplace disputes, determine unfair dismissal claims and make orders in relation to such things as good faith bargaining and industrial action.

Fair Work Australia Budget Statements – Overview & resources

In performing its functions and exercising its powers Fair Work Australia will do so in a manner that is:

- efficient
- adequately serves the needs of employers and employee
- fair and just
- quick, informal and avoids unnecessary technicalities
- open and transparent
- promotes harmonious and cooperative workplace relations.

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: Fair Work Australia resource statement — Budget estimates for 2009-10 as at Budget May 2009

	Estimate of prior ⁺ year amounts available in	Proposed at Budget ⁼	Total Estimate	Actual Available Appropriation
	2009-10 \$'000	2009-10 \$'000	2009-10 \$'000	2008-09 \$'000
Ordinary Annual Services¹				
Departmental				
Departmental appropriation	-	67,603	67,603	-
s31 Relevant agency receipts ³	-	5,913	5,913	-
Total	-	73,516	73,516	-
Administered expenses				
Outcome 1	-	-	-	-
Total	-	-	-	-
Total ordinary annual services	A	73,516	73,516	-
Other services²				
Departmental non-operating				
Equity injections	-	2,250	2,250	-
Previous years' outputs	-	-	-	-
Total	-	2,250	2,250	-
Administered non-operating				
Total	-	-	-	-
Total other services	B	2,250	2,250	-
Total Available Annual Appropriations		75,766	75,766	-
Special Appropriations				
Special Appropriations limited by criteria/entitlement				
Special Appropriations limited by amount	-	-	-	-
Total Special Appropriations	C	-	-	-
Total Appropriations excluding Special Accounts		75,766	75,766	-

Fair Work Australia Budget Statements – Overview & resources

Table 1.1: Fair Work Australia resource statement — Budget estimates for 2009-10 as at Budget May 2009 (continued)

	Estimate of prior ⁺ year amounts available in	Proposed at Budget ⁼	Total Estimate	Actual Available Appropriation
	2009-10 \$'000	2009-10 \$'000	2009-10 \$'000	2008-09 \$'000
Special Accounts	-	-	-	-
Total Special Account	D -	-	-	-
Total resourcing				
A+B+C+D	-	75,766	75,766	-
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or CAC Act bodies through annual appropriations	-	-	-	-
Total net resourcing for Fair Work Australia	-	75,766	75,766	-

¹ Appropriation Bill (No.1) 2009-10

² Appropriation Bill (No.2) 2009-10

³ s31 Relevant Agency receipts - estimate includes MOU of \$5.814m between Australian Industrial Registry and Fair Work Australia for legacy functions

Reader note: All figures are GST exclusive.

Third Party Payments from and on behalf of other agencies

	2009-10 \$'000	2008-09 \$'000
Receipts received from other agencies for the provision of services MOU between Australian Industrial Registry and Fair Work Australia for legacy functions (disclosed above within Departmental s31)	5,814	-

1.3 BUDGET MEASURES

Budget measures relating to Fair Work Australia are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Fair Work Australia 2009-10 Budget measures

Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
Expense measures					
Fair Work Australia - implementation of workplace relations legislation					
1					
Departmental expenses	-	11,197	7,100	6,515	6,577
Total	-	11,197	7,100	6,515	6,577
Total expense measures					
Departmental	-	11,197	7,100	6,515	6,577
Total	-	11,197	7,100	6,515	6,577
Capital measures					
Fair Work Australia - implementation of workplace relations legislation					
1					
Departmental capital	-	2,250	1,000	-	-
Total	-	2,250	1,000	-	-
Total capital measures					
Departmental	-	2,250	1,000	-	-
Total	-	2,250	1,000	-	-

Prepared on a Government Financial Statistics (fiscal) basis.

1. The lead agency for measure A Fairer and Flexible Workplace is the Department of Employment, Education and Workplace Relations. The full measure description and package details appear in Budget Paper 2.

1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009-10 Budget, all General Government Sector (GGS) entities will be reporting on a program basis. The table below outlines the transition from the 2008-09 Budget year (as at Additional Estimates) which was presented in administered items, outputs and output groups to the program reporting framework used for the 2009-10 Budget. The table also captures revisions made to GGS outcome statements under the Operation Sunlight Outcome Statements Review.

Figure 2: Transition table

2008-09 Budget year	2009-10 Budget year
Outcome 1:	Outcome 1: Simple, fair and flexible workplace relations for employees and employers through the exercise of powers to set and vary minimum wages and modern awards, facilitate collective bargaining, approve agreements and deal with disputes.
Output Group 1:	Program 1: Dispute resolution, minimum wages, orders and approval of agreements

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Outcome 1 is described below together with its related programs, specifying the performance indicators and targets used to assess and monitor the performance of Fair Work Australia in achieving government outcomes.

Outcome 1: Simple, fair and flexible workplace relations for employees and employers through the exercise of powers to set and vary minimum wages and modern awards, facilitate collective bargaining, approve agreements and deal with disputes.

Outcome 1 Strategy

Key strategies toward achieving the Fair Work Australia Outcome in 2009-10 are to:

- Implement processes and systems to meet the objects of the *Fair Work Act 2009*.
- Develop and provide information to promote public understanding of the functions and activities of Fair Work Australia.
- Provide fair, efficient and excellent levels of service to users of the workplace relations system.

Outcome 1 Budgeted Expenses and Resources

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

Table 2.1: Budgeted Expenses and Resources for Outcome 1

Outcome 1: Simple, fair and flexible workplace relations for employees and employers through the exercise of powers to set and vary minimum wages and modern awards, facilitate collective bargaining, approve agreements and deal with disputes.	2008-09	2009-10
	Estimated Actual Expenses \$'000	Estimated Expenses \$'000
Program 1.1: Other Departmental		
Departmental Expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	-	67,603
Revenues from Independent Sources (Section 31)	-	5,913
Total for Program 1.1	-	73,516
Outcome 1 Totals by Appropriation type		
Departmental Expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	-	67,603
Revenues from Independent Sources (Section 31)	-	5,913
Total Expenses for Outcome 1	-	73,516
	2008-09	2009-10
Average Staffing Level (number)	-	360

Note: Departmental Appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.
Revenues from Independent Sources (Section 31) includes MOU of \$5.8 million between the Australian Industrial Registry and Fair Work Australia for legacy functions.

Contributions to Outcome 1

Program 1: Dispute resolution, minimum wages, orders and approval of agreements.

Program objective

To exercise powers under the *Fair Work Act 2009*:

- a) In accordance with the objects of the Act
- b) in a manner that is efficient, fair and just, quick, informal and avoids unnecessary technicalities, open and transparent and promotes harmonious and cooperative workplace relations.

Linked to:

- Fair Work Australia and the Fair Work Ombudsman are created under the *Fair Work Act 2009*. Fair Work Australia and the Fair Work Ombudsman will develop cooperative and seamless approaches to the delivery of services to employees, employers and organisations.
- A number of legacy functions, including modern awards will remain with the AIRC/AIR until 31 December 2009. Fair Work Australia will enter into a Memorandum of Understanding with the Australian Industrial Registry for the use of Fair Work Australia staff, assets and other resources to support the completion of AIRC/AIR functions in 2009-10 as efficiently as possible.
- Fair Work Australia will also enter into a Memorandum of Understanding with the Australian Fair Pay Commission Secretariat for the use of Fair Work Australia staff, assets and other resources to support the completion of Australian Fair Pay Commission functions for the period of 1-31 July 2009.

Program expenses

2009-10 will be the first year of operation of Fair Work Australia. The functions of Fair Work Australia are prescribed by legislation and while a number of the functions of Fair Work Australia have previously been undertaken by other institutions, the processes which will be implemented by Fair Work Australia may be new and/or changed under the *Fair Work Act 2009*. In 2009-10 Fair Work Australia will develop benchmarks for the performance indicators of timeliness and stakeholder satisfaction.

	2008-09 Revised budget	2009-10 Budget	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
(\$'000)					
Annual Departmental Expenses:					
Departmental Item	-	73,516	70,857	71,477	72,672
Total Departmental Expenses	-	73,516	70,857	71,477	72,672

Fair Work Australia Budget Statements – Outcomes & performance

Program 1 Deliverables

The deliverables for Fair Work Australia will be:

- dispute resolution processing - unfair dismissal application processing
- minimum wage decisions
- orders relating to industrial action – good faith bargaining
- industrial action processing - approval of agreements.

Deliverables	2008-09 Revised budget	2009-10 Budget	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
Dispute resolution, minimum wages, orders and approval of agreements	-	67,702	70,857	71,477	72,672

Program 1 Key Performance Indicators

The Key Performance Indicators for Fair Work Australia will be:

- improve or maintain the target for the time elapsed from lodging applications to finalising conciliations in unfair dismissal applications
- improve or maintain the target for average time taken to list applications relating to industrial action
- improve or maintain the target for the average agreement approval time.

Key Performance Indicators	2008-09 Revised budget	2009-10 Budget Target	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
Improve or maintain the time elapsed from lodging applications to finalising conciliations in unfair dismissal applications	-	34	34	34	34
Improve or maintain average time taken to list applications relating to industrial action	-	3	3	3	3
Improve or maintain the average agreement approval time	-	To be established	N/A	N/A	N/A

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

Fair Work Australia has no administered funds. For this reason Table 3.1.1 is not presented. It should be noted that it is expected that the delegated function/powers relating to the Judges Pension will transfer from the Industrial Registrar, Australian Industrial Registry to the General Manager, Fair Work Australia on 31 December 2009.

3.1.2 Special Accounts

Fair Work Australia has no special accounts. For this reason Table 3.1.2 is not presented.

3.1.3 Australian Government Indigenous Expenditure

The 2009-10 Australian Government Indigenous Statement is not applicable because Fair Work Australia has no Indigenous specific expenses. For this reason Table 3.1.3 is not presented.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

Fair Work Australia has nil differences to report.

3.2.2 Analysis of budgeted financial statements

Departmental financial statements

Fair Work Australia is budgeting for a break-even result in 2009-10 and for the three forward years.

Total revenue and expenses are both estimated to be \$73.6 million. Of this, \$5.8 million relates to a Memorandum of Understanding between Fair Work Australia and the AIRC/AIR for the use of Fair Work Australia staff, assets and other resources to support the completion of AIRC/AIR functions in 2009-10.

Fair Work Australia's budgeted net asset position is \$37.8 million and is expected to increase to \$38.8 million and remain the same for the two forward years.

Total assets for 2009-10 are estimated to be \$58.6 million, comprising \$49.1 million in financial assets and \$9.5 million in non-financial assets.

Total liabilities for 2009-10 are estimated to be \$20.9 million, with the primary liabilities being accrued employee entitlements which total \$12.1 million and leasehold incentive of \$5.9 million.

Fair Work Australia is budgeting for a nil change in the bank account in 2009-10 and for the three forward years.

The net difference for cash from operating activities, which is estimated to be \$1.4 million, will be used to fund part of the investment activities of Fair Work Australia.

Fair Work Australia is budgeting for nil movements in equity in 2009-10. Total equity for 2009-10 is estimated to be \$37.8 million which consists of Accumulated results which totals \$24.0 million, Asset revaluation reserve which totals \$0.2 million and Contributed equity/capital which totals \$13.7 million.

Fair Work Australia will receive a capital injection of \$2.3 million in 2009-10 and \$1.0 million in 2010-11 to establish the ICT infrastructure and systems to support the new delivery model for Fair Work Australia.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
EXPENSES					
Employee benefits	-	42,705	39,788	40,561	40,929
Supplier	-	29,120	28,990	29,170	30,021
Depreciation and amortisation	-	1,761	2,079	1,746	1,722
Total expenses	-	73,586	70,857	71,477	72,672
LESS:					
OWN-SOURCE INCOME					
Revenue					
Other revenue	-	5,913	99	99	99
Total revenue	-	5,913	99	99	99
Gains					
Other gains	-	70	75	80	80
Total gains	-	70	75	80	80
Total own-source income	-	5,983	174	179	179
Net cost of (contribution by) services	-	67,603	70,683	71,298	72,493
Appropriation revenue	-	67,603	70,683	71,298	72,493
Surplus (Deficit) attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis

Fair Work Australia Budget Statements – Budgeted financial statements

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

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
ASSETS					
Financial assets					
Cash and equivalents	-	417	417	417	417
Trade and other Receivables	-	48,689	48,868	48,907	48,912
Total financial assets	-	49,106	49,285	49,324	49,329
Non-financial assets					
Land and buildings	-	3,797	3,322	3,270	3,256
Infrastructure, plant and equipment	-	1,169	1,161	1,113	1,046
Intangibles	-	3,249	4,248	4,248	4,246
Other	-	1,317	1,330	1,330	1,330
Total non-financial assets	-	9,532	10,061	9,961	9,878
Total assets	-	58,638	59,346	59,285	59,207
LIABILITIES					
Provisions					
Employees	-	12,087	12,380	12,500	12,626
Other	-	6,771	6,333	6,318	6,281
Total provisions	-	18,858	18,713	18,818	18,907
Payables					
Suppliers	-	2,005	1,858	1,692	1,525
Total payables	-	2,005	1,858	1,692	1,525
Total liabilities	-	20,863	20,571	20,510	20,432
Net assets	-	37,775	38,775	38,775	38,775
EQUITY*					
Parent entity interest					
Contributed equity	-	13,650	14,650	14,650	14,650
Reserves	-	186	186	186	186
Retained surpluses or accumulated deficits	-	23,939	23,939	23,939	23,939
Total parent entity interest	-	37,775	38,775	38,775	38,775
Total equity	-	37,775	38,775	38,775	38,775
Current assets	-	50,423	50,615	51,664	52,679
Non-current assets	-	8,215	8,731	7,621	6,528
Current liabilities	-	12,087	12,380	12,500	12,626
Non-current liabilities	-	6,771	6,333	6,318	6,281

* '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 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	-	67,431	70,504	70,249	71,478
Other	-	6,244	326	367	369
Total cash received	-	73,675	70,830	70,616	71,847
Cash used					
Employees	-	42,770	39,495	40,441	40,803
Suppliers	-	29,510	29,740	28,529	29,405
Total cash used	-	72,280	69,235	68,970	70,208
Net cash from or (used by) operating activities	-	1,395	1,595	1,646	1,639
INVESTING ACTIVITIES					
Cash received	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	-	3,645	2,595	1,646	1,639
Total cash used	-	3,645	2,595	1,646	1,639
Net cash from or (used by) investing activities	-	(3,645)	(2,595)	(1,646)	(1,639)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	-	2,250	1,000	-	-
Total cash received	-	2,250	1,000	-	-
Cash used	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	2,250	1,000	-	-
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	-	417	417	417	417
Cash at the end of the reporting period	-	417	417	417	417

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

Prepared on Australian Accounting Standards basis

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2009-10)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2009					
Balance carried forward from previous period	-	-	-	-	-
Adjusted opening balance	-	-	-	-	-
Income and expense					
Income and expenses recognised directly in equity:					
Sub-total income and expense	-	-	-	-	-
Surplus (deficit) for the period	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Distribution to owners</i>	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	2,250	2,250
Other:					
Restructuring	23,939	186	-	11,400	35,525
Sub-total transactions with owners	23,939	186	-	13,650	37,775
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2010	23,939	186	-	13,650	37,775

Prepared on Australian Accounting Standards basis

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	2,250	1,000	-	-
Total capital appropriations	-	2,250	1,000	-	-
Represented by:					
Purchase of non-financial assets	-	2,250	1,000	-	-
Total represented by	-	2,250	1,000	-	-
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded internally from Departmental resources ¹	-	1,395	1,595	1,646	1,639
Assets received due to restructure (FMA s32)	-	7,634	-	-	-
TOTAL	-	11,279	2,595	1,646	1,639

¹ Includes the following sources of funding: annual and prior year appropriations, donations and contributions, gifts, financial leases, internally developed assets, s31 relevant agency receipts and proceeds from the sale of assets.
Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of Asset Movements - Departmental

	Buildings \$'000	Other Infrastructure, Intangibles Plant & Equipment \$'000	Non-financial Assets \$'000	Other Assets \$'000	Total \$'000
as at 1 July 2009					
Gross book value	-	-	-	-	-
Accumulated depreciation/amortisation	-	-	-	-	-
Opening net book balance	-	-	-	-	-
CAPITAL ASSET ADDITIONS					
Estimated expenditure on new or replacement assets					
by purchase or internally developed	359	793	2,493	-	3,645
Acquisition of entities or operations (including restructuring)	4,272	1,061	998	1,303	7,634
Sub-total	4,631	1,854	3,491	1,303	11,279
Other Movements					
Depreciation/amortisation expense	834	685	242	-	1,761
Disposals	359	635	241	-	1,235
Other	-	-	-	14	14
as at 30 June 2010					
Gross book value	15,282	2,069	4,615	1,317	23,283
Accumulated depreciation/amortisation	11,485	900	1,366	-	13,751
Closing net book balance	3,797	1,169	3,249	1,317	9,532

Prepared on Australian Accounting Standards basis

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

Fair Work Australia has no administered income and expenses. For this reason Table 3.2.7 is not presented.

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

Fair Work Australia has no administered assets and liabilities. For this reason Table 3.2.8 is not presented.

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

Fair Work Australia has no administered funds. For this reason Table 3.2.9 is not presented.

Table 3.2.10: Schedule of administered capital budget

Fair Work Australia has no administered capital budget. For this reason Table 3.2.10 is not presented.

Table 3.2.11: Schedule of Asset Movements - Administered

Fair Work Australia has no administered asset movements. For this reason Table 3.2.11 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 the purchase of outputs from Fair Work Australia by the Government. The changes reflected in the ordinary annual appropriations are a result of those new measures and variations that are explained in Section 1: Agency overview and resources, variations and measures.

Departmental Revenue from Other Sources

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

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 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 Fair Work Australia using, in all cases, the straight-line method of depreciation.

Property plant and equipment assets are depreciated over their useful lives between three and ten years. 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.

Forward estimates of depreciation expense have been made using forecasts of net capital acquisition requirements over the forward years.

Departmental Assets – Financial Assets – Receivables

Receivables represent amounts which are owing to Fair Work Australia for goods and services it has provided to external parties and cash reserves held in the Official Public Account.

Departmental Assets – Non-Financial Assets

These items represent future economic benefits that Fair Work Australia has consumed 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 from the transferring agencies.

Land and Buildings, and Infrastructure, Plant and Equipment are initially brought to account at cost, except for purchases costing less than \$10,000 for leasehold improvements and \$1,000 for all other classes, which will be expensed in the year of acquisition (other than where they form part of the group of similar items which are significant in total).

Computer software, disclosed in the Departmental Balance Sheet as Intangibles, will be expensed in the year of acquisition except for purchases or internally developed software costing more than \$1,000 which are capitalised at cost.

Fair Work Australia annually reassesses and adjusts the values of Land and Buildings (leasehold improvements), Infrastructure, Plant and Equipment.

Departmental Liabilities – Provisions – Employees

Provisions are made for Fair Work Australia liability for employee entitlements arising from services rendered by Fair Work Australia Commission Members and Fair Work Australia employees to balance date. This liability will encompass unpaid wages and salaries, annual and long service leave and Judges' leave. No provision will be made for sick leave.

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

Other employee entitlements payable later than one year are 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 will be taken into account.

