

AUSTRALIAN FAIR PAY COMMISSION SECRETARIAT

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AUSTRALIAN FAIR PAY COMMISSION SECRETARIAT

Section 1: Agency overview and resources; variations and measures

OVERVIEW

There is no change to the Outcome and Output structure from the 2007-08 Portfolio Budget Statements.

Table 1.1: Agency outcomes and output groups

Outcome	Description	Output groups
Outcome 1	Set federal minimum and classification wages to promote the economic prosperity of the people of Australia	Output Group 1 Wage-setting

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The Australian Fair Pay Commission has the following additional estimates variations:

Departmental Outputs

The departmental output appropriation for 2007-08 has been decreased by \$2.300 million to \$8.478 million. The major variations include:

- A decrease of \$2.300 million associated with the measure *A Fairer and Flexible Workplace Relations System*.

This is detailed in Table 1.2. and Table 1.4.

Table 1.2: Additional estimates and variations to outcomes – measures

	2007-08 (\$'000)	2008-09 (\$'000)	2009-10 (\$'000)	2010-11 (\$'000)
Outcome 1				
Decrease in estimates (departmental)				
A Fairer and Flexible Workplace Relations System	(2,300)	(1,300)	(1,300)	(2,500)
Total decrease in estimate (departmental)	(2,300)	(1,300)	(1,300)	(2,500)
Total variation of appropriation for outcome 1	(2,300)	(1,300)	(1,300)	(2,500)

Table 1.3: Additional estimates and variations to outcomes – other variations

There are no other variations for the Australian Fair Pay Commission in the 2007-08 Portfolio Additional Estimates Statements.

MEASURES — AGENCY SUMMARY

Table 1.4: Summary of measures since the 2007-08 Budget

Measure Title	Outcome	Output groups affected	2007-08 (\$'000)			2008-09 (\$'000)			2009-10 (\$'000)			2010-11 (\$'000)		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Expense Measures														
A Fairer and Flexible Workplace Relations System	1	1	-	(2,300)	(2,300)	-	(1,300)	(1,300)	-	(1,300)	(1,300)	-	(2,500)	(2,500)
Total Expense Measures			-	(2,300)	(2,300)	-	(1,300)	(1,300)	-	(1,300)	(1,300)	-	(2,500)	(2,500)
Total of All Measures			-	(2,300)	(2,300)	-	(1,300)	(1,300)	-	(1,300)	(1,300)	-	(2,500)	(2,500)

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.5: Appropriation Bill (No. 3) 2007-08

	2006-07 available (\$'000)	2007-08 Budget (\$'000)	2007-08 revised (\$'000)	Additional estimates (\$'000)	Reduced estimates (\$'000)
DEPARTMENTAL OUTPUTS					
Outcome 1					
Set minimum and classification wages to promote the economic prosperity of the people of Australia	7,718	10,778	8,478	-	(2,300)
Total	7,718	10,778	8,478	-	(2,300)
Total Departmental	7,718	10,778	8,478	-	(2,300)

Note 1: 2006-07 available appropriation is included to allow a comparison of this year's appropriation with what was made available for use in the previous year.

Available appropriation is the amount available to be drawn down, and is equal to:
Budget Appropriation + Additional Estimates Appropriation + DIAB + AFM - Savings - Rephasings - Other Reductions +/- Section 32

Note 2: No appropriation is provided in Appropriation Bill 3 for the agency where the total funding change across outcomes for departmental outputs is negative (where the amount shown in the 'Reduced Estimates' column is greater than the amount in the 'Additional Estimates' column).

Table 1.6: Appropriation Bill (No. 4) 2007-08

The Australian Fair Pay Commission has no Appropriation Bill (No. 4) funding.

SUMMARY OF STAFFING CHANGES

Table 1.7: Average Staffing Level (ASL)

	2007-08 Budget	2007-08 Revised	Variation
Outcome 1			
Set minimum and classification wages to promote the economic prosperity of the people of Australia	38.5	37.5	(1.0)
Total	38.5	37.5	(1.0)

OTHER RESOURCES AVAILABLE TO BE USED

Table 1.8: Other resources available to be used

There have been no changes to the Australian Fair Pay Commission's other resources available to be used since the 2007-08 Portfolio Budget Statements.

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

The Australian Fair Pay Commission has no special appropriations in the 2007-08 financial year.

ESTIMATES OF SPECIAL ACCOUNT FLOWS

The Australian Fair Pay Commission has no special accounts in the 2007-08 financial year.

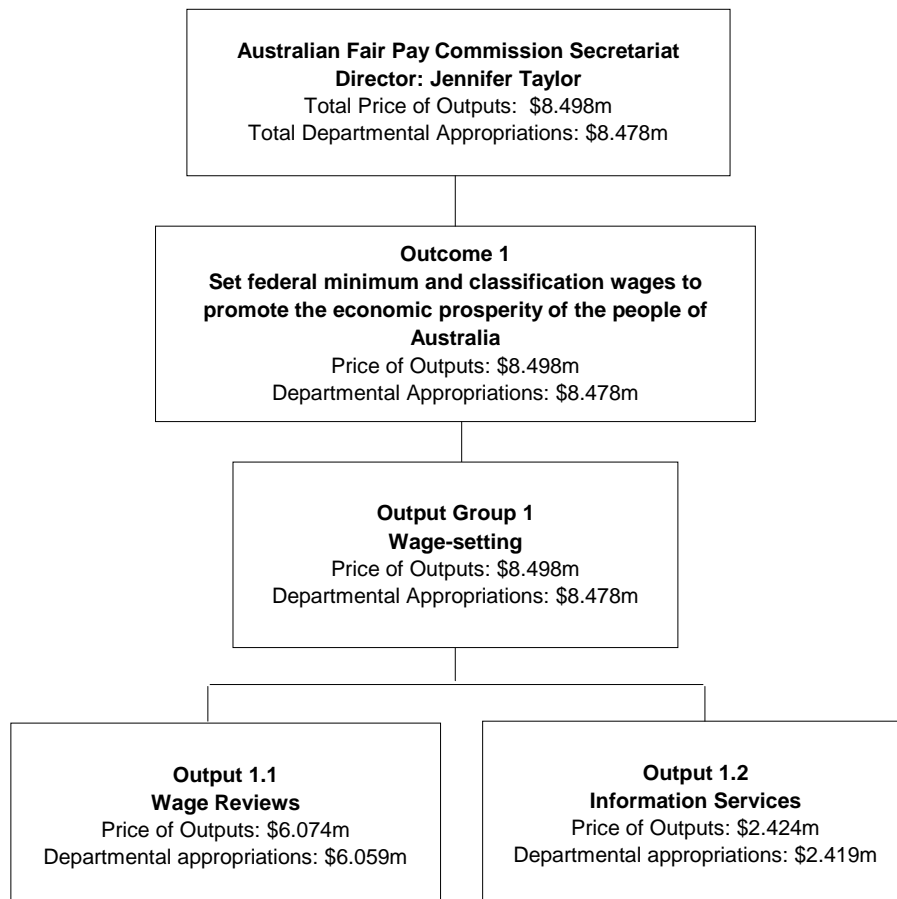
Section 2: Revisions to agency outcomes

OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS

Table 1.1 ‘Agency outcomes and outputs groups’ lists the outcome statements and output groups for the Australian Fair Pay Commission.

There have been no changes to the Australian Fair Pay Commission’s outcomes and output group structure since the 2007-08 Portfolio Budget Statements.

Figure 2: Outcome and output structure for Outcome 1



Outcome 1

Explanation of Variations

Outcome 1 has the following additional estimates variations:

Departmental Outputs

The departmental output appropriation for Outcome 1 in 2007-08 has decreased by \$2.300 million to \$8.478 million. The change is a result of:

- The measure *A Fairer and Flexible Workplace Relations System*.

There has been no change to the Outcome 1 estimated net annotated appropriation (Section 31) receipts for 2007-08.

Revised performance information — 2007-08

There has been no change to the performance information for Outcome 1 since the 2007-08 Portfolio Budget Statements. The Price of Outputs has been revised to \$8.498 million.

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

An analysis of the primary causes of movements in the financial statements from those published in the 2007-08 Portfolio Budget Statements (PBS) is provided below.

BUDGETED FINANCIAL STATEMENTS

Departmental financial statements

Budgeted departmental income statement

In 2007-08, appropriation revenue and supplier expenses are both decreased by \$2.300 million in line with government's policy decision outlined in section 1, above.

Budgeted departmental balance sheet

The financials are updated in line with the 2006-07 audited financial results, reflecting a \$1.330 million increase in receivables, mainly offset by a \$0.538 million increase in employee liabilities and a \$0.577 million increase in accumulated funds. These changes reflect the gradual build up of the Secretariat's operations since its creation in the previous financial year.

Budgeted departmental statement of cash flows

In 2007-08, appropriation receipts and supplier expenses are both decreased by \$2.300 million, in line with government's policy decision advised in section 1.

Departmental statement of changes in equity — summary of movement

Accumulated results are increased by the 2006-07 operating surplus of \$0.577 million.

Departmental capital budget statement

The financials are updated in line with the 2006-07 audited financial results, which are only marginally different from the estimates published in the 2007-08 PBS.

Departmental property, plant, equipment and intangibles — summary of movement

The financials are updated in line with the 2006-07 audited financial results, which are only marginally different from the estimates published in the 2007-08 PBS.

**Table 3.1: Budgeted departmental income statement
(for the period ended 30 June)**

	Actual 2006-07 \$'000	Revised budget 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
INCOME					
Revenue					
Revenues from Government	7,718	8,478	7,476	7,469	5,337
Goods and services	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	-
Total revenue	7,718	8,478	7,476	7,469	5,337
Gains					
Reversals of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other	33	20	20	20	20
Total gains	33	20	20	20	20
Total income	7,751	8,498	7,496	7,489	5,357
EXPENSE					
Employees	2,958	4,100	3,513	3,654	2,628
Suppliers	3,798	4,098	3,683	3,535	2,429
Depreciation and amortisation	418	300	300	300	300
Finance costs	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other	-	-	-	-	-
Total expenses	7,174	8,498	7,496	7,489	5,357
Operating result from continuing operations	577	-	-	-	-
Increase / (decrease) to asset revaluation reserve	-	-	-	-	-
Operating result	577	-	-	-	-
Minority interest in net surplus or (deficit)	-	-	-	-	-
Net surplus or (deficit) attributable to the Australian Government	577	-	-	-	-

**Table 3.2: Budgeted departmental balance sheet
(as at 30 June)**

	Actual 2006-07 \$'000	Revised budget 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash	196	196	196	196	196
Receivables	4,854	5,164	5,433	5,478	5,678
Accrued revenues	-	-	-	-	-
Other	-	-	-	-	-
Total financial assets	5,050	5,360	5,629	5,674	5,874
Non-financial assets					
Land and buildings	1,954	1,705	1,456	1,207	958
Infrastructure, plant and equipment	104	54	4	154	104
Intangibles	5	4	3	4	3
Other	59	59	59	59	59
Total non-financial assets	2,122	1,822	1,522	1,424	1,124
Total assets	7,172	7,182	7,151	7,098	6,998
LIABILITIES					
Payables					
Suppliers	277	277	277	277	277
Grants	-	-	-	-	-
Other payables	962	933	881	804	701
Total payables	1,239	1,210	1,158	1,081	978
Interest bearing liabilities					
Leases	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employees	722	761	782	806	809
Other	116	116	116	116	116
Total provisions	838	877	898	922	925
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	2,077	2,087	2,056	2,003	1,903

Table 3.2: Budgeted departmental balance sheet (continued)
(as at 30 June)

	Actual 2006-07 \$'000	Revised budget 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
EQUITY*					
Parent entity interest					
Contributed equity	2,598	2,598	2,598	2,598	2,598
Reserves	-	-	-	-	-
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
Minority interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total minority interest	-	-	-	-	-
Total equity	5,095	5,095	5,095	5,095	5,095
Current assets	5,109	5,419	5,688	5,733	5,933
Non-current assets	2,063	1,763	1,463	1,365	1,065
Current liabilities	1,074	1,111	1,131	1,154	1,157
Non-current liabilities	1,003	976	925	849	746

**Table 3.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Actual 2006-07 \$'000	Revised budget 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	-	-	-	-	-
Appropriations	5,714	8,168	7,207	7,424	5,137
Interest	-	-	-	-	-
Other	593	-	-	-	-
Total cash received	6,307	8,168	7,207	7,424	5,137
Cash used					
Employees	2,358	4,061	3,492	3,630	2,625
Suppliers	4,574	4,107	3,715	3,592	2,512
Grants	-	-	-	-	-
Other	456	-	-	-	-
Total cash used	7,388	8,168	7,207	7,222	5,137
Net cash from or (used by) operating activities	(1,081)	-	-	202	-
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	2,365	-	-	202	-
Purchase of intangibles	6	-	-	-	-
Other	-	-	-	-	-
Total cash used	2,371	-	-	202	-
Net cash from or (used by) investing activities	(2,371)	-	-	(202)	-

**Table 3.3: Budgeted departmental statement of cash flows (continued)
(for the period ended 30 June)**

	Actual	Revised	Forward	Forward	Forward
	2006-07	budget	estimate	estimate	estimate
	\$'000	2007-08	2008-09	2009-10	2010-11
	\$'000	\$'000	\$'000	\$'000	\$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	2,371	-	-	-	-
Restructuring contribution	-	-	-	-	-
Other	1,110	-	-	-	-
Total cash received	3,481	-	-	-	-
Cash used					
Repayments of debt	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	3,481	-	-	-	-
Net increase or (decrease) in cash held	29	-	-	-	-
Cash at the beginning of the reporting period	167	196	196	196	196
Cash at the end of the reporting period	196	196	196	196	196

Table 3.4: Departmental statement of changes in equity — summary of movement (Budget year 2007-08)

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	2,497	-	-	2,598	5,095
Opening balance adjustment	-	-	-	-	-
Adjusted opening balance	2,497	-	-	2,598	5,095
Income and expense					
Income and expenses recognised directly in equity: [list each item, example follows]	-	-	-	-	-
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	2,497	-	-	2,598	5,095
Net operating result	-	-	-	-	-
Total income and expenses recognised directly in equity	2,497	-	-	2,598	5,095
Transactions with owners					
<i>Distributions to owners</i>					
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Other					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components	-	-	-	-	-
Closing balance as at 30 June 2008	2,497	-	-	2,598	5,095

Table 3.5: Departmental capital budget statement

	Actual	Revised	Forward	Forward	Forward
	2006-07	budget	estimate	estimate	estimate
	\$'000	2007-08	2008-09	2009-10	2010-11
	\$'000	\$'000	\$'000	\$'000	\$'000
CAPITAL APPROPRIATIONS					
Total equity injections	2,544	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	2,544	-	-	-	-
Represented by:					
Purchase of non-financial assets	2,371	-	-	-	-
Other	173	-	-	-	-
Total represented by	2,544	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	2,371	-	-	-	-
Funded internally by					
Departmental resources	-	-	-	202	-
Total	2,371	-	-	202	-

Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

	Land	Buildings	Other infrastructure plant and equipment	Computer software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2007					
Gross book value	-	2,338	140	6	2,484
Accumulated depreciation	-	384	36	1	421
Opening net book value	-	1,954	104	5	2,063
Additions:					
by purchase	-	-	-	-	-
by finance lease	-	-	-	-	-
internally developed	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-
Revaluations and impairment through equity	-	-	-	-	-
Reclassifications	-	-	-	-	-
Depreciation/amortisation expense	-	249	50	1	300
Impairments recognised in operating result	-	-	-	-	-
AEIFRS adjustment	-	-	-	-	-
Disposals:					
from disposal of entities or operations (including restructuring)	-	-	-	-	-
other disposals	-	-	-	-	-
As at 30 June 2008					
Gross book value	-	2,338	140	6	2,484
Accumulated depreciation	-	633	86	2	721
Estimated closing net book value	-	1,705	54	4	1,763

Table 3.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

The Australian Fair Pay Commission has no budgeted administered income and expenses.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

The Australian Fair Pay Commission has no budgeted administered assets and liabilities.

Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

The Australian Fair Pay Commission has no budgeted administered cash flows.

Table 3.10: Schedule of administered capital budget

The Australian Fair Pay Commission has no administered capital budget.

Table 3.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

The Australian Fair Pay Commission has no administered property, plant, equipment or intangibles.

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; and

Departmental Revenue from Government

Revenue from government represents the purchase of outputs from the Australian Fair Pay Commission by the government. The changes reflected in the ordinary annual appropriations are a result of those measures and variations that are explained in Section 1: Agency overview and resources; variations and measures.

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 the Australian Fair Pay Commission using, in all cases, the straight-line method of depreciation.

Computing equipment assets are depreciated over their useful lives between three and seven years. Office machines are depreciated over five years (20 per cent). 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 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 which are recorded as receivable.

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 which 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.

The Australian Fair Pay Commission annually reassesses the values of Land and Buildings (leasehold improvements), Infrastructure, Plant and Equipment.

Departmental Liabilities – Provisions – Employees

Provision has been made for the Australian Fair Pay Commission'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.

