

AUSTRALIAN FAIR PAY COMMISSION SECRETARIAT

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AUSTRALIAN FAIR PAY COMMISSION SECRETARIAT

Section 1: Agency overview

Australian Fair Pay Commission

The Australian Fair Pay Commission (AFPC) was established in December 2005 by the *Workplace Relations Amendment (Work Choices) Act 2005*. It is an independent statutory body responsible for setting Federal minimum and award classification wages to promote the economic prosperity of the people of Australia.

Specifically, the Australian Fair Pay Commission:

- adjusts the standard Federal Minimum Wage;
- determines and adjusts minimum classification rates of pay in Australian Pay and Classification Scales;
- determines and adjusts special Federal Minimum Wages for junior employees, employees with disabilities or employees to whom training arrangements apply;
- determines and adjusts basic periodic rates of pay and basic piece rates of pay payable to employees or employees of particular classifications; and
- determines and adjusts casual loadings.

In giving effect to its primary objective, the Australian Fair Pay Commission will consider:

- the capacity for the unemployed and low paid to obtain and remain in employment;
- employment and competitiveness across the economy;
- providing a safety net for the low paid; and
- providing minimum wages for junior employees, and employees to whom training arrangements apply and employees with disabilities that ensure those employees are competitive in the labour market.

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 1.1 Wage Reviews Output Group 1.2 Wage Setting Output Group 1.3 Information Services

Section 2: Agency resources for 2006-07

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2006-07, including appropriations. The table summarises how resources will be applied.

The total appropriation from government for the Australian Fair Pay Commission in the 2006-07 Budget is estimated at \$10.262 million.

Table 2.1: Appropriations and other revenue 2006-2007 ('000)

Agency/Outcome/ Non-operating	Departmental			Administered				Total \$'000	
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Appropriation Bill No. 1 \$'000	Appropriation SPP \$'000	Other (b) \$'000		Special Appropriation \$'000
Outcome 1:									
Set federal minimum and classification wages to promote the economic prosperity of the people of Australia	7,718								
Equity injections		2,544							
Loans									
Previous years' outputs									
TOTAL	7,718	2,544	-	-	-	-	-	-	-

(a) Departmental and administered receipts from other sources (i.e. other than appropriation amounts) that are available to be used.

(b) Includes new administered expenses and administered assets and liabilities.

Notes:

1. Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), new agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans.

2. Refer to Budgeted Income Statement for application of agency revenue.

2.2 2006-07 BUDGET MEASURES

The Australian Fair Pay Commission does not have any budget measures in the 2006-07 Budget.

2.3 OTHER RECEIPTS AVAILABLE TO BE USED

The Australian Fair Pay Commission does not have any other receipts available for use in the 2006-07 financial year.

2.4 MOVEMENT OF ADMINISTERED FUNDS FROM 2005-06 TO 2006-07

The Australian Fair Pay Commission did not have any movement of administered funds from 2005-06 to 2006-07.

2.5 SPECIAL APPROPRIATIONS

The Australian Fair Pay Commission has no special appropriations in the 2006-07 financial year.

2.6 SPECIAL ACCOUNTS

The Australian Fair Pay Commission has no special accounts in the 2006-07 financial year.

2.7 ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

The Australian Fair Pay Commission will receive a total of \$2.544 million in departmental equity injections in the 2006-07 financial year.

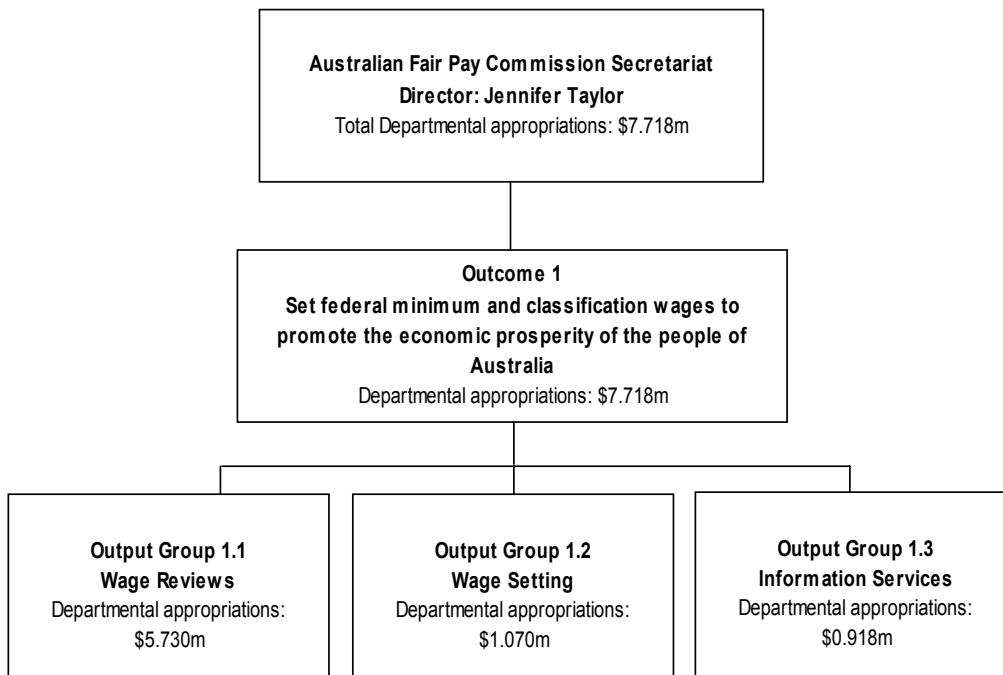
Section 3: Agency outcomes

General Government Sector (GGS) agencies are required to plan, budget and report under an outcomes structure. GGS agencies produce outputs (departmental items) and also administer activities and programmes on behalf of the Government (administered items). This section explains how the resources identified in Section 2 will be used to deliver outputs and administered items to contribute to the outcome for Australian Fair Pay Commission.

3.1 SUMMARY OF OUTCOMES, AND CONTRIBUTION TO OUTCOMES

The relationship between activities of the Australian Fair Pay Commission and its outcome are summarised in Figure 4.

Figure 4: Contributions to outcomes



3.2 OUTCOMES — DEPARTMENTAL AND ADMINISTERED

Departmental appropriations by outcome

The Australian Fair Pay Commission has only one outcome for the 2006-07 financial year.

Administered appropriations by outcome

The Australian Fair Pay Commission has no administered appropriations for the 2006-07 financial year.

3.3 OUTCOMES AND PERFORMANCE

Outcome 1 description

Set federal minimum and classification wages to promote the economic prosperity of the people of Australia.

To set minimum and classification wages through:

- wage reviews - undertaking research and analysis, processes that facilitate public consultation, inviting submissions and monitoring and evaluation;
- wage setting - the administration of processes to determine and/or adjust wages, enact determinations and changes to wage and award classifications; and
- information services - the provision of publications, information sessions and online information services to promote public understanding of the Australian Fair Pay Commission and its functions.

Outcome 1 resourcing

Table 3.1 shows how the 2006-07 appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources (Departmental) and the total price of outputs.

Table 3.1: Total resources for Outcome 1

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000
Administered appropriations	-	-
Total administered appropriations	-	-
Departmental appropriations		
Output Group 1.1 - Wage Reviews	2,423	5,730
Subtotal Output Group 1.1	2,423	5,730
Departmental appropriations		
Output Group 1.2 - Wage Setting	453	1,070
Subtotal Output Group 1.2	453	1,070
Departmental appropriations		
Output Group 1.3 - Information Services	388	918
Subtotal Output Group 1.3	388	918
Total revenue from government (appropriations)		
Contributing to price of departmental outputs	3,264	7,718
Revenue from other sources		
Administered Item 1	-	-
Output 1.1 - Wage Reviews	-	-
Output 1.2 - Wage Setting	-	-
Output 1.3 - Information Services	-	-
Total revenue from other sources	-	-
Total price from departmental outputs (Total revenue from government and from other sources)	3,264	7,718
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	3,264	7,718
	2005-06	2006-07
Average staffing level (number)	5	20

Performance information for Outcome 1

Performance information for administered items, individual outputs and output groups relating to the Australian Fair Pay Commission are summarised in Table 3.2.

Table 3.2: Performance information for outcome 1

Performance indicators for individual outputs

Output group 1.1: Wage Reviews

Output 1.1.1 Consultation	Quality • Level of satisfaction of stakeholders with the process Target: Satisfactory or above	
Output 1.1.2 Submission process	• Level of satisfaction of stakeholders with the submission process Target: Satisfactory or above	
Output 1.1.3 Research & evaluation	Quality • Level of Commissioners satisfaction with research and evaluation Target: Satisfactory or above	
	Total Output Price: \$5.730m	
Output group 1.2: Wage Setting		
Output 1.2.1 Adjustments and Determinations	Quality • Completed within published timeframes Target:	100%
	Total Output Price: \$1.070m	
Output group 1.3: Information Services		
Output 1.3.1 Publications	Quality • Level of satisfaction of stakeholders Target: Satisfactory or above	
Output 1.3.2 Public liaison and information	Quality • Level of satisfaction of stakeholders Target: Satisfactory or above	
	Total Output Price \$0.918m	

Evaluations for Outcome 1

Information on planned evaluation activity for the coming year that relates to this outcome is included in Table 3.2 – Performance information for outcome 1 and the results reported in the annual report.

Section 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

The Australian Fair Pay Commission purchases information technology and administrative services from the Department of Employment and Workplace Relations under a Memorandum of Understanding.

4.2 COST RECOVERY ARRANGEMENTS

The Australian Fair Pay Commission does not recover revenue and therefore does not have a cost recovery arrangement in place for the 2006-07 financial year.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE)

The Australian Fair Pay Commission has no Indigenous information to report.

Section 5: Budgeted financial statements

5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

An analysis of the Australian Fair Pay Commission's budgeted financial statements is provided below. It should be noted that the Agency was established in December 2005 and therefore the estimated actuals are for 6 months only.

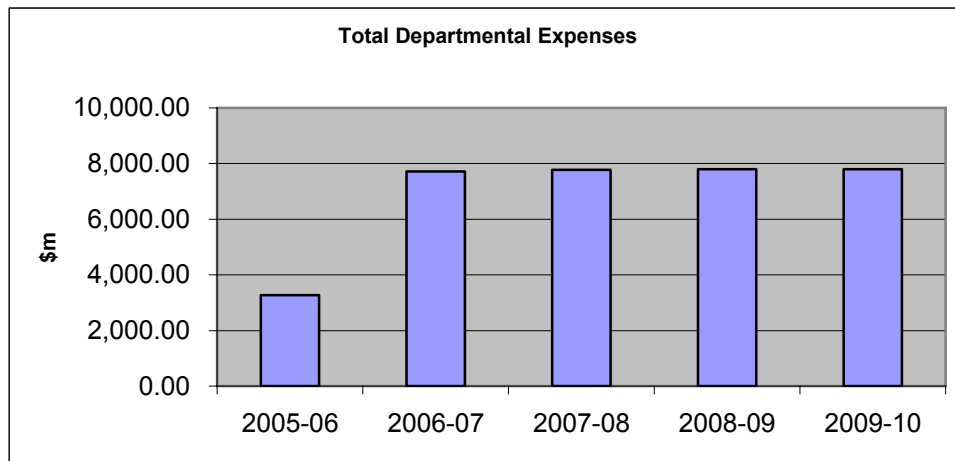
Departmental

Budgeted agency income statement

The Australian Fair Pay Commission is budgeting for a balanced budget for 2006-07 and the three forward years.

Employee and supplier expenses make up the majority of the Agency's operating expenses with employee expenses forecasted at 56.3 per cent and suppliers at 36.9 per cent in 2006-07. Depreciation and amortisation expense make up the remaining 6.8 per cent.

Total expenses are estimated to be \$7.718m in 2006-07.



The table above indicates an increase of departmental expenses from the 2005-06 estimated actual to the 2006-07 budget estimate. This reflects the full year impact of the creation of the Agency.

Budgeted agency balance sheet

The Australian Fair Pay Commission's balance sheet shows a stable asset base from 2006-07 consisting of Land and Buildings and Intangibles.

Total liabilities are also forecast to remain steady over the budget period with employee liabilities being the only item.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted agency income statement
(for the period ended 30 June)**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
INCOME					
Revenue					
Revenues from Government	3,264	7,718	7,778	7,798	7,798
Goods and services	-	-	-	-	-
Other	-	-	-	-	-
Total revenue	3,264	7,718	7,778	7,798	7,798
Gains					
Other	-	-	-	-	-
Total gains	-	-	-	-	-
Total income	3,264	7,718	7,778	7,798	7,798
EXPENSE					
Employees	1,059	4,344	4,439	4,537	4,537
Suppliers	1,703	2,852	2,817	2,879	2,879
Depreciation and amortisation	502	522	522	382	382
Other	-	-	-	-	-
Total expenses	3,264	7,718	7,778	7,798	7,798

**Table 5.2: Budgeted agency balance sheet
(as at 30 June)**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
ASSETS					
Financial assets					
Cash	-	706	710	574	574
Receivables	502	-	-	-	-
Other	-	-	-	-	-
Total financial assets	502	706	710	574	574
Non-financial assets					
Land and buildings	-	1,771	1,771	1,771	1,771
Infrastructure, plant and equipment	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	-	251	251	391	391
Other	-	-	-	-	-
Total non-financial assets	-	2,022	2,022	2,162	2,162
Total assets	502	2,728	2,732	2,736	2,736
LIABILITIES					
Provisions					
Employees	-	184	188	192	192
Other	502	-	-	-	-
Total provisions	502	184	188	192	192
Total liabilities	502	184	188	192	192
EQUITY*					
Parent entity interest					
Contributed equity	-	2,544	2,544	2,544	2,544
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total parent entity interest	-	2,544	2,544	2,544	2,544
Total equity	-	2,544	2,544	2,544	2,544
Current assets	502	706	710	574	574
Non-current assets	-	2,022	2,022	2,162	2,162
Current liabilities	-	-	-	-	-
Non-current liabilities	502	184	188	192	192

*Note: 'equity' is the residual interest in assets after deduction of liabilities.

**Table 5.3: Budgeted agency statement of cash flows
(for the period ending 30 June)**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	-	-	-	-	-
Appropriations	2,762	8,220	7,778	7,798	7,798
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Other	170	590	334	340	326
Total cash received	2,932	8,810	8,112	8,138	8,124
Cash used					
Employees	1,059	4,160	4,435	4,533	4,537
Suppliers	1,703	2,852	2,817	2,879	2,879
Grants	-	-	-	-	-
Financing costs	-	-	-	-	-
Other	170	590	334	340	326
Total cash used	2,932	7,602	7,586	7,752	7,742
Net cash from or (used by) operating activities	-	1,208	526	386	382
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	-	2,795	522	382	382
Other	-	251	-	140	-
Total cash used	-	3,046	522	522	382
Net cash from or (used by) investing activities	-	(3,046)	(522)	(522)	(382)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	-	2,544	-	-	-
Proceeds from issuing financial instruments	-	-	-	-	-
Proceeds from loans	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	2,544	-	-	-
Total cash used					
Net cash from or (used by) financing activities	-	2,544	-	-	-
Net increase or (decrease) in cash held	-	706	4	(136)	-
Cash at the beginning of the reporting period	-	-	706	710	574
Cash at the end of the reporting period	-	706	710	574	574

**Table 5.4: Agency statement of changes in equity — summary of movement
(Budget 2006-07)**

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2005					
Balance carried forward from previous period	-	-	-	-	-
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	-	-	-	-	-
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
Sub-total income and expense	-	-	-	-	-
Net operating result	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
<i>Distribution to owners</i>					
Returns on capital	-	-	-	-	-
Dividends	-	-	-	-	-
Returns of capital	-	-	-	-	-
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	2,544	2,544
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	2,544	2,544
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2006	-	-	-	2,544	2,544

Table 5.5: Agency capital budget statement

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	2,544	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	-	2,544	-	-	-
Represented by:					
Purchase of non-financial assets	-	2,544	-	-	-
Other	-	-	-	-	-
Total represented by	-	2,544	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	2,544	-	-	-
Funded internally by Departmental resources	-	502	522	522	382
Total	-	3,046	522	522	382

Table 5.6: Agency property, plant, equipment and intangibles – summary of movement (Budget year 2006-07)

	Buildings	Other infrastructure plant and equipment	Computer software	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2005				
Gross book value	-	-	-	-
Accumulated depreciation	-	-	-	-
Opening net book value	-	-	-	-
Additions:				
by purchase	1,771	1,024	251	3,046
by finance lease	-	-	-	-
internally developed	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-
Revaluations and impairment through equity	-	-	-	-
Reclassifications	-	-	-	-
Depreciation/amortisation expense	-	522	-	522
Impairments recognised in operating result	-	-	-	-
Other movements	-	(502)	-	(502)
Disposals:				
from disposal of entities or operations (including restructuring)	-	-	-	-
other disposals	-	-	-	-
As at 30 June 2006				
Gross book value	1,771	1,024	251	2,544
Accumulated depreciation	-	522	-	522
Estimated closing net book value	1,771	502	251	2,022

Table 5.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

The Australian Fair Pay Commission has no income and expenses administered on behalf of the government.

Budgeted financial statements - AFPC

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

The Australian Fair Pay Commission has no assets and liabilities administered on behalf of the government.

Table 5.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

The Australian Fair Pay Commission has no administered cash flows.

Table 5.10: Schedule of administered capital budget

The Australian Fair Pay Commission has no administered capital budget.

Table 5.11: Schedule of administered property, plant, equipment and intangibles – summary of movement

The Australian Fair Pay Commission has no administered non-financial assets.

5.3 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 Administration.

The statements are 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
- having regard to Statements of Accounting Concepts.

Agency items

Agency assets, liabilities, revenues and expenses are those items that are controlled by the Australian Fair Pay 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 and Accountability Act 1997*; and
- employee expenses and other administrative expenses incurred in providing goods and services.

Agency revenue from government - ordinary annual appropriations

Revenue from government represents the purchase of outputs from the Australian Fair Pay Commission by the Government.

Agency expenses - employees

Represents payments and net increases in entitlements to the Australian Fair Pay Commission's staff for services rendered in the year financial year.

Agency expenses - suppliers

Represents payments to suppliers for goods and services.

Agency 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.

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 and ten years.

Agency assets and liabilities - financial assets - cash

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

Agency assets and liabilities - non-financial assets

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

Property, Plant and equipment and Intangibles are brought to account at cost, except for purchases costing less than \$10,000 for leasehold improvements and internally developed computer software and less than \$1,000 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). Asset purchases will be sourced from existing Australian Fair Pay Commission resources.

Agency assets and liabilities - provisions and payables - employees

Provision has been made for the Australian Fair Pay Commission's liability for employee entitlements arising from the Australian Fair Pay Commission's staff to balance date. No provision is made for sick leave.

The liability for leave expected to be settled within 12 months have 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.