

# OFFICE OF THE AUSTRALIAN BUILDING AND CONSTRUCTION COMMISSIONER

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## OFFICE OF THE AUSTRALIAN BUILDING AND CONSTRUCTION COMMISSIONER

### Section 1: Agency Overview

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* and the *Workplace Relations Act 1996* 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*, 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; and
- 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.

*Agency overview - ABCC*

**Table 1.1: Agency outcomes and output groups**

Outcome	Description	Output groups
<b>Outcome 1</b>	Workplace relations laws are enforced in building and construction industry workplaces.	Output Group 1.1

## 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 for the Australian Building and Construction Commission in the 2006-07 Budget is \$32.915 million.

**Table 2.1: Appropriations and other resources 2006-07 ('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 Receipts (a) \$'000	
<b>Outcome 1</b>									
Workplace relations laws are enforced in building and construction industry workplaces.	-	-	-	-	-	-	-	-	-
Equity injections Previous years' outputs	-	-	-	-	-	-	-	-	-
Special capital Appropriation	32,915	-	-	10	-	-	-	-	32,925
<b>TOTAL</b>	<b>32,915</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,925</b>

(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

There are no measures for the Australian Building and Construction Commission in the 2006-07 Budget.

## 2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by the Australian Building and Construction Commission for provision of goods or services. These resources are approved for use by the Australian Building and Construction Commission and included in Table 2.1.

**Table 2.3: Other resources available to be used**

	Estimated receipts 2005-06 \$'000	Budget estimate 2006-07 \$'000
<b>Departmental resources</b>		
section 31 of the <i>Financial Management and Accountability Act 1997</i>	10	10
Resources received free of charge	22	22
<b>Total departmental other resources available to be used</b>	<b>32</b>	<b>32</b>

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

The Australian Building and Construction Commission does not have any Administered funds.

## **2.5 SPECIAL APPROPRIATIONS**

The Australian Building and Construction Commission does not have any Special Appropriations.

## **2.6 SPECIAL ACCOUNTS**

The Australian Building and Construction Commission does not have any Special Accounts.

## **2.7 ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS**

The Australian Building and Construction Commission has no administered capital or departmental equity injections or loans for the 2006-07 financial year.

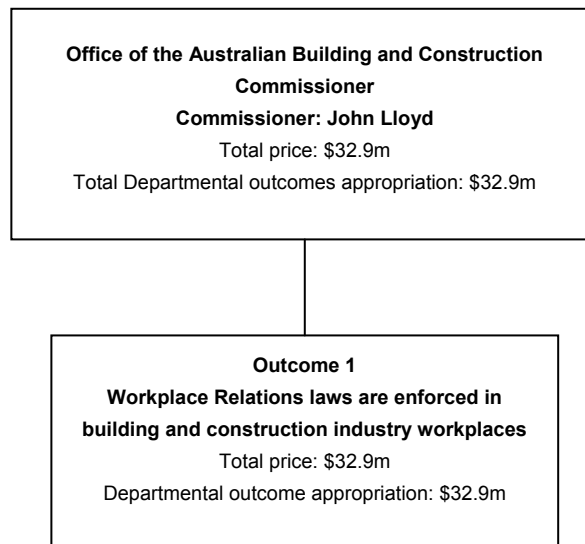
## Section 3: Agency Outcomes

This section explains how the resources identified in Section 2 will be used to deliver the outcome for the Australian Building and Construction Commission.

### 3.1 SUMMARY OF OUTCOMES, AND CONTRIBUTION TO OUTCOMES

The relationship between activities of the Australian Building and Construction Commission and the outcome is summarised in Figure 4.

**Figure 4: Contributions to outcomes**



There has been no change to the Australian Building and Construction Commission outcome model since the Portfolio Additional Estimates Statements 2005-06.

### 3.2 OUTCOMES — DEPARTMENTAL AND ADMINISTERED

The Australian Building and Construction Commission has a single outcome, “Workplace relations laws are enforced in building and construction industry workplaces.”

#### Departmental appropriations by outcome

This figure is not applicable to the Australian Building and Construction Commission.

#### Administered appropriations by outcome

This figure is not applicable to the Australian Building and Construction Commission.

### 3.3 OUTCOMES AND PERFORMANCE

#### Outcome 1 resourcing

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

**Table 3.1: Total resources for Outcome 1 (\$'000)**

	Estimated actual 2005-06 \$'000	Budget estimate 2006-07 \$'000
<b>Departmental appropriations</b>		
Output 1.1	19,725	32,915
<b>Total revenue from government (appropriations) Contributing to price of departmental outputs</b>	19,725	32,915
<b>Revenue from other sources</b>		
Output 1.1	32	32
<b>Total revenue from other sources</b>	32	32
<b>Total price from departmental outputs</b> (Total revenue from government and from other sources)	19,757	32,947
<b>Total estimated resourcing for Outcome 1</b> (Total price of outputs)	19,757	32,947
	2005-06	2006-07
<b>Average staffing level (number)</b>	120	155

#### Measures affecting Outcome 1

The Australian Building and Construction Commission does not have any measures in the 2006-07 Budget.

### **Contributions to achievement of Outcome 1**

The Australian Building and Construction Commission has a single outcome, “Workplace relations laws are enforced in building and construction industry workplaces.”

### **Administered activities**

The Australian Building and Construction Commission does not have Administered appropriations.

### **Departmental outputs**

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

### **Performance information for Outcome 1**

Performance information for the output relating to the Australian Building and Construction Commission are summarised in Table 3.2.

**Table 3.2: Performance information for Outcome 1**

Workplace relations laws are enforced in building and construction industry workplaces.	Quality <ul style="list-style-type: none"><li>• Level of satisfaction of clients with quality and timeliness of advice and assistance provided by the ABCC;</li><li>• Timeliness in bringing actions against contraventions of BCIIA, WRA, agreements, awards and orders; and</li><li>• Level of satisfaction of a range of industry participants with contact aimed at promoting appropriate standards of conduct.</li></ul>
	Price \$32.9m

### **Evaluations for Outcome 1**

Evaluation of actual levels of achievement will be shown in the Australian Building and Construction Commission’s 2006-07 annual report.

## Section 4: Other reporting requirements

### **4.1 PURCHASER-PROVIDER ARRANGEMENTS**

#### **Cross agency overview**

The Australian Building and Construction 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 Building and Construction Commission does not expect to collect any revenue from cost recovery arrangements.

### **4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE)**

The Australian Building and Construction Commission has no Indigenous information to report.

## Section 5: Budgeted financial statements

### **5.1 ANALYSIS OF BUDGETED FINANCIAL STATEMENTS**

An analysis of the Australian Building and Construction Commission's budgeted financial statements for 2006-07 is provided below. It should be noted that the Australian Building and Construction Commission was established on 1 October 2005 and therefore the estimated actuals for 2005-06 are for nine months only.

#### **Departmental**

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

The Australian Building and Construction Commission is budgeting for a surplus of \$1.1m in 2006-07 and a break-even result in the three forward years. Cash resulting from the surplus of \$1.1m will be used to internally fund the Australian Building and Construction Commission's capital programme in 2006-07.

Total revenue is estimated to be \$32.9m, an increase of \$13.2m from the 2005-06 estimated actual.

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

The Australian Building and Construction Commission has a budgeted net asset position of \$8.5m in 2006-07. This position is expected to remain the same for the three forward years.

Total assets for 2006-07 is estimated to be \$9.4m comprised entirely of non-financial assets.

Total liabilities for 2006-07 is estimated to be \$0.9m with the primary liabilities being accrued employee entitlements which total \$0.4m and supplier payables of \$0.5m.

## 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
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from Government	19,725	32,915	33,586	34,310	34,699
Other	32	32	32	32	32
<b>Total revenue</b>	<b>19,757</b>	<b>32,947</b>	<b>33,618</b>	<b>34,342</b>	<b>34,731</b>
<b>EXPENSE</b>					
Employees	6,932	13,718	14,373	15,105	15,872
Suppliers	11,706	17,287	18,072	18,064	17,686
Depreciation and amortisation	200	841	1,173	1,173	1,173
<b>Total expenses</b>	<b>18,838</b>	<b>31,846</b>	<b>33,618</b>	<b>34,342</b>	<b>34,731</b>
<b>Operating result from continuing operations</b>	<b>919</b>	<b>1,101</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net surplus or (deficit) attributable to the Australian Government</b>	<b>919</b>	<b>1,101</b>	<b>-</b>	<b>-</b>	<b>-</b>

**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
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	-	-	1,042	2,091	3,148
Receivables	-	-	-	-	-
<b>Total financial assets</b>	-	-	1,042	2,091	3,148
<b>Non-financial assets</b>					
Land and buildings	7,476	7,408	6,571	5,733	4,896
Infrastructure, plant and equipment	369	603	468	332	197
Intangibles	-	1,000	1,000	1,000	1,000
Other	358	364	365	371	375
<b>Total non-financial assets</b>	8,203	9,375	8,404	7,436	6,468
<b>Total assets</b>	8,203	9,375	9,446	9,527	9,616
<b>LIABILITIES</b>					
<b>Provisions and payables</b>					
Employees	334	399	467	543	625
Suppliers	450	456	459	464	471
<b>Total provisions and payables</b>	784	855	926	1,007	1,096
<b>Total liabilities</b>	784	855	926	1,007	1,096
<b>EQUITY</b>					
Contributed equity	6,500	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	919	8,520	8,520	8,520	8,520
<b>Total equity</b>	7,419	8,520	8,520	8,520	8,520
<b>Current assets</b>	1,231	1,406	1,417	1,429	1,442
<b>Non-current assets</b>	6,972	7,969	8,029	8,098	8,174
<b>Current liabilities</b>	353	385	417	453	493
<b>Non-current liabilities</b>	431	470	509	554	603

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

**Table 5.3: Budgeted agency statement of cash flows  
(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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	-	-	-	-	-
Appropriations	19,725	32,915	33,586	34,310	34,699
Other	10	10	10	10	10
<b>Total cash received</b>	<b>19,735</b>	<b>32,925</b>	<b>33,596</b>	<b>34,320</b>	<b>34,709</b>
<b>Cash used</b>					
Employees	6,018	12,415	13,006	13,661	14,350
Suppliers	5,672	18,502	19,348	19,410	19,102
<b>Total cash used</b>	<b>11,690</b>	<b>30,917</b>	<b>32,354</b>	<b>33,071</b>	<b>33,452</b>
<b>Net cash from or (used by) operating activities</b>	<b>8,045</b>	<b>2,008</b>	<b>1,242</b>	<b>1,249</b>	<b>1,257</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
<b>Total cash received</b>	-	-	-	-	-
<b>Cash used</b>					
Purchase of property, plant and equipment	8,045	2,008	200	200	200
<b>Total cash used</b>	<b>8,045</b>	<b>2,008</b>	<b>200</b>	<b>200</b>	<b>200</b>
<b>Net cash from or (used by) investing activities</b>	<b>(8,045)</b>	<b>(2,008)</b>	<b>(200)</b>	<b>(200)</b>	<b>(200)</b>
<b>FINANCING 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) financing activities</b>	-	-	-	-	-
<b>Net increase or (decrease) in cash held</b>	-	-	<b>1,042</b>	<b>1,049</b>	<b>1,057</b>
Cash at the beginning of the reporting period	-	-	-	1,042	2,091
<b>Cash at the end of the reporting period</b>	-	-	<b>1,042</b>	<b>2,091</b>	<b>3,148</b>

**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
<b>Opening balance as at 1 July 2006</b>					
Balance carried forward from previous period	7,419	-	-	-	7,419
Adjustment for changes in accounting policies	-	-	-	-	-
<b>Adjusted opening balance</b>	<b>7,419</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,419</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>
Net operating result	1,101	-	-	-	1,101
<b>Total income and expenses recognised directly in equity</b>	<b>1,101</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,101</b>
<b>Transactions with owners</b>					
<i>Distribution to owners</i>					
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 2007</b>	<b>8,520</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,520</b>

**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
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	4,130	-	-	-	-
Total loans	-	-	-	-	-
<b>Total capital appropriations</b>	<b>4,130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Represented by:</b>					
Purchase of non-financial assets	4,130	-	-	-	-
Other	-	-	-	-	-
<b>Total represented by</b>	<b>4,130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	4,130	-	-	-	-
Funded internally by Departmental resources	3,915	2,008	200	200	200
<b>Total</b>	<b>8,045</b>	<b>2,008</b>	<b>200</b>	<b>200</b>	<b>200</b>

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

	Land, Buildings & Leasehold Improvements \$'000	Other infrastructure plant and equipment \$'000	Computer software \$'000	Total \$'000
<b>As at 1 July 2006</b>				
Gross book value	7,676	369	-	8,045
Accumulated depreciation	200	-	-	200
<b>Opening net book value</b>	<b>7,476</b>	<b>369</b>	<b>-</b>	<b>7,845</b>
Additions:				
by purchase	700	308	-	1,008
by finance lease	-	-	-	-
internally developed	-	-	1,000	1,000
from acquisitions of entities or operations (including restructuring)	-	-	-	-
Revaluations and impairment through equity	-	-	-	-
Reclassifications	-	-	-	-
Depreciation/amortisation expense	768	74	-	842
Impairments recognised in operating result	-	-	-	-
Other movements	-	-	-	-
Disposals:				
from disposal of entities or operations (including restructuring)	-	-	-	-
other disposals	-	-	-	-
<b>As at 30 June 2007</b>				
Gross book value	8,376	677	1,000	10,053
Accumulated depreciation	968	74	-	1,042
<b>Estimated closing net book value</b>	<b>7,408</b>	<b>603</b>	<b>1,000</b>	<b>9,011</b>

**Table 5.7: Schedule of budgeted income and expenses administered on behalf of government (as at 30 June)**

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

**Table 5.8: 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 5.9: Schedule of budgeted administered cash flows (for the period ended 30 June)**

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

**Table 5.10: Schedule of administered capital budget**

The Australian Building and Construction Commission has no administered capital budget.

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

The Australian Building and Construction 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 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 Boards 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 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*; and
- employee expenses and other administrative expenses incurred in providing goods and services.

### Agency revenue from government

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

### Agency revenue from other sources

Revenue from other sources is comprised of resources received free of charge which is 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.

**Agency expenses - employees**

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

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

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

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

Represents future economic benefits that 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 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).

**Agency 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.