

AUSTRALIAN FAIR PAY COMMISSION SECRETARIAT

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AUSTRALIAN FAIR PAY COMMISSION SECRETARIAT

Section 1: Agency overview

Australian Fair Pay Commission Secretariat

The Australian Fair Pay Commission Secretariat was established by the *Workplace Relations Amendment (Work Choices) Act 2005*. It is an independent statutory body responsible for assisting the Australian Fair Pay Commission in setting Federal minimum and 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 purpose, the Australian Fair Pay Commission Secretariat seeks to:

- support the Australian Fair Pay Commission to undertake wage reviews, by providing research and analysis, effective consultation and submission processes and monitoring and evaluation services;
- undertake activities to promote public understanding of the Australian Fair Pay Commission and its functions; and
- provide effective administrative support to the Australian Fair Pay Commission.

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

Section 2: Agency resources for 2007-08

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied.

The total appropriation from government for the Australian Fair Pay Commission Secretariat in the 2007-08 Budget is estimated at \$10.778 million.

Table 2.1: Appropriations and other revenue 2007-2008 ('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 Bill No. 2 SPP \$'000	Other (b) \$'000	Special Appropriation \$'000		Receipts (a) \$'000
Outcome 1										
Set federal minimum and classification wages to promote the economic prosperity of the people of Australia	10,778	-	-	-	-	-	-	-	-	10,778
Equity injections	-	-	-	-	-	-	-	-	-	-
Previous years' outputs	-	-	-	-	-	-	-	-	-	-
Special capital Appropriation	-	-	-	-	-	-	-	-	-	-
TOTAL	10,778	-	-	-	-	-	-	-	-	10,778

(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 2007-08 BUDGET MEASURES

The Australian Fair Pay Commission has received \$5 million over three years in the 2007-08 budget to create and publish Pay and Classification Scales. This funding is offset by savings within the portfolio.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by the Australian Fair Pay Commission Secretariat for provision of goods or services. It includes resources received free of charge and resources from other General Government Sector agencies. Agency resources are approved for use by the Australian Fair Pay Commission Secretariat. Table 2.3 is prepared on an accrual basis and may differ from Table 2.1 which records appropriations and receipts from independent sources available to be used only.

Table 2.3: Other resources available to be used

	Estimated receipts 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental resources		
section 31 of the <i>Financial Management and Accountability Act 1997</i>	-	-
Resources received free of charge	20	20
Total departmental other resources available to be used	20	20

2.4 MOVEMENT OF ADMINISTERED FUNDS FROM 2006-07 TO 2007-08

The Australian Fair Pay Commission Secretariat has no movement of administered funds from 2006-07 to 2007-08.

2.5 SPECIAL APPROPRIATIONS

The Australian Fair Pay Commission Secretariat has no special appropriations in 2007-08.

2.6 SPECIAL ACCOUNTS

The Australian Fair Pay Commission Secretariat has no special accounts in 2007-08.

2.7 ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

The Australian Fair Pay Commission Secretariat will not receive administered capital or departmental equity injections in 2007-08.

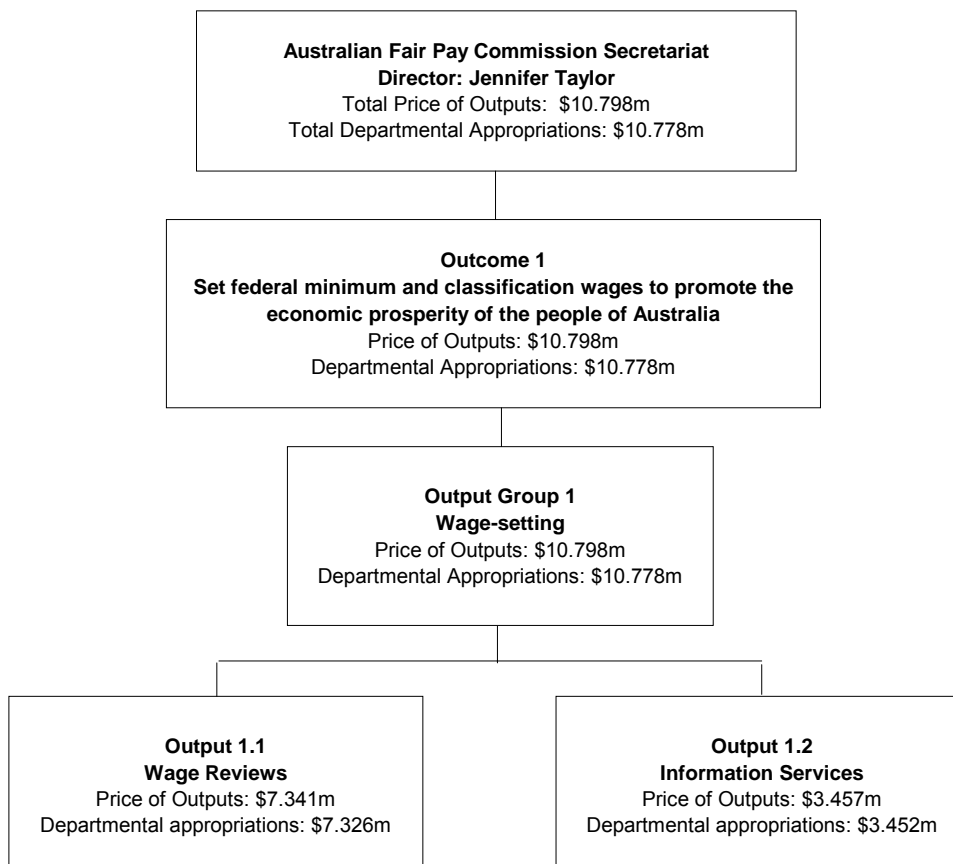
Section 3: Agency outcomes

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 Secretariat.

3.1 SUMMARY OF OUTCOMES, AND CONTRIBUTION TO OUTCOMES

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

Figure 4: Contributions to outcomes



The Australian Fair Pay Commission Secretariat's outputs have been reorganised following the initial year of operation. The previous Output Groups of "Wage Reviews" and "Information Services" have been changed to Outputs, under a single Output Group (Wage-setting). This arrangement more accurately reflects the functions outlined in the Legislation and the operations of the Australian Fair Pay Commission Secretariat. There has been no change to the outcome description since the 2006-07 Portfolio Budget Statements.

3.2 OUTCOMES — DEPARTMENTAL AND ADMINISTERED

The Australian Fair Pay Commission Secretariat has a single outcome, "Set federal minimum and classification wages to promote the economic prosperity and welfare of the people of Australia".

Departmental appropriations by outcome

The Australian Fair Pay Commission Secretariat has only one outcome.

Administered appropriations by outcome

The Australian Fair Pay Commission Secretariat has no administered appropriations.

3.3 OUTCOMES AND PERFORMANCE

Outcome 1 description

Set federal minimum and classification wages to promote the economic prosperity of the people of Australia, through:

- wage reviews - undertaking research and analysis, processes that facilitate public consultation, inviting submissions and monitoring and evaluation; and
- information services - the provision of publications 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 2007-08 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 2006-07 \$'000	Budget estimate 2007-08 \$'000
Departmental appropriations		
Output Group 1 - Wage-setting		
Output 1.1 - Wage Reviews	5,731	7,326
Output 1.2 - Information Services	1,987	3,452
Subtotal Output Group 1	7,718	10,778
Total revenue from government (appropriations)		
Contributing to price of departmental outputs	7,718	10,778
Revenue from other sources		
Other Gains	20	20
Total revenue from other sources	20	20
Total price from departmental outputs		
(Total revenue from government and from other sources)	7,738	10,798
Total estimated resourcing for Outcome 1		
(Total price of outputs)	7,738	10,798
	2006-07	2007-08
Average staffing level (number)		
(includes 5 commissioners)	27.5	38.5

Performance information for Outcome 1

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

Table 3.2: Performance information for outcome 1

Performance indicators for individual outputs	
Output Group 1: Wage-setting	
Output 1.1 Wage Reviews	Quality • Level of satisfaction of stakeholders with the process Target: Satisfactory or above
Output 1.2 Information Services	• Level of satisfaction of stakeholders Target: Satisfactory or above
Total Output Price \$10.798m	

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. The results will be included in the Annual Report.

Section 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

The Australian Fair Pay Commission Secretariat 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 Secretariat has undertaken a review consistent with the Government's five-year review schedule for existing arrangements which is included in the Employment and Workplace Relations Portfolio Cost Recovery Impact Statement. The review found that the Australian Fair Pay Commission Secretariat did not have any cost recovery arrangements in place or cost recovery was deemed to be insignificant.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE)

The Australian Fair Pay Commission Secretariat 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 Secretariat's budgeted financial statements is provided below.

Departmental

Budgeted agency income statement

The Australian Fair Pay Commission Secretariat is budgeting for a balanced budget for 2007-08 and the three forward years.

Employee and supplier expenses make up the majority of the Agency's operating expenses with employee expenses forecasted at 41.5 per cent and suppliers at 55.7 per cent in 2007-08. Depreciation and amortisation expense make up the remaining 2.8 per cent.

Total expenses are estimated to be \$10.798 million in 2007-08.

The increase in 2007-08 relates to initial costs for the creation and publication of Pay and Classification Scales.

Budgeted agency balance sheet

The Australian Fair Pay Commission Secretariat's balance sheet shows a stable asset base from 2007-08, consisting of Land and Buildings (Leasehold Improvement), Plant and Equipment, and Intangibles.

Total liabilities are also forecast to remain steady over the budget period.

5.2 BUDGETED FINANCIAL STATEMENTS TABLES

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

	Estimated actual 2006-07 \$'000	Budget estimate 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	10,778	8,776	8,769	7,837
Goods and services	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	-
Total revenue	7,718	10,778	8,776	8,769	7,837
Gains					
Reversals of previous asset write-downs	-	-	-	-	-
Net gains from sale of assets	-	-	-	-	-
Other	20	20	20	20	20
Total gains	20	20	20	20	20
Total income	7,738	10,798	8,796	8,789	7,857
EXPENSE					
Employees	3,010	4,487	4,603	4,776	4,301
Suppliers	4,449	6,011	3,893	3,713	3,256
Depreciation and amortisation	279	300	300	300	300
Finance costs	-	-	-	-	-
Write-down of assets and impairment of assets	-	-	-	-	-
Net losses from sale of assets	-	-	-	-	-
Other	-	-	-	-	-
Total expenses	7,738	10,798	8,796	8,789	7,857
Operating result from continuing operations	-	-	-	-	-
Increase / (decrease) to asset revaluation reserve	-	-	-	-	-
Operating result	-	-	-	-	-
Minority interest in net surplus or (deficit)	-	-	-	-	-
Net surplus or (deficit) attributable to the Australian Government	-	-	-	-	-

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
ASSETS					
Financial assets					
Cash	200	200	200	200	200
Receivables	3,524	3,834	4,103	4,148	4,348
Accrued revenues	-	-	-	-	-
Other	-	-	-	-	-
Total financial assets	3,724	4,034	4,303	4,348	4,548
Non-financial assets					
Land and buildings	2,076	1,827	1,578	1,329	1,080
Infrastructure, plant and equipment	107	57	7	157	107
Intangibles	5	4	3	4	3
Other	-	-	-	-	-
Total non-financial assets	2,188	1,888	1,588	1,490	1,190
Total assets	5,912	5,922	5,891	5,838	5,738
LIABILITIES					
Payables					
Suppliers	105	105	105	105	105
Grants	-	-	-	-	-
Other payable	1,105	1,076	1,024	947	844
Total payables	1,210	1,181	1,129	1,052	949
Interest bearing liabilities					
Leases	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employees	184	223	244	268	271
Other	-	-	-	-	-
Total provisions	184	223	244	268	271
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total liabilities	1,394	1,404	1,373	1,320	1,220

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

	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	1,920	1,920	1,920	1,920	1,920
Total parent entity interest	4,518	4,518	4,518	4,518	4,518
Minority interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total minority interest	-	-	-	-	-
Total equity	4,518	4,518	4,518	4,518	4,518
Current assets	3,724	4,034	4,303	4,348	4,548
Non-current assets	2,188	1,888	1,588	1,490	1,190
Current liabilities	308	342	362	384	386
Non-current liabilities	1,086	1,062	1,011	936	834

*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 2006-07 \$'000	Budget estimate 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	5,931	10,468	8,507	8,724	7,637
Interest	-	-	-	-	-
Other	112	-	-	-	-
Total cash received	6,043	10,468	8,507	8,724	7,637
Cash used					
Employees	3,003	4,448	4,582	4,752	4,298
Suppliers	4,118	6,020	3,925	3,770	3,339
Grants	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	7,121	10,468	8,507	8,522	7,637
Net cash from or (used by) operating activities	(1,078)	-	-	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	2,352	-	-	202	-
Purchase of intangibles	5	-	-	-	-
Other	-	-	-	-	-
Total cash used	2,357	-	-	202	-
Net cash from or (used by) investing activities	(2,357)	-	-	(202)	-

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

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	2,357	-	-	-	-
Restructuring contribution	-	-	-	-	-
Other	1,111	-	-	-	-
Total cash received	3,468	-	-	-	-
Cash used					
Repayments of debt	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	3,468	-	-	-	-
Net increase or (decrease) in cash held	33	-	-	-	-
Cash at the beginning of the reporting period	167	200	200	200	200
Cash at the end of the reporting period	200	200	200	200	200

**Table 5.4: Agency statement of changes in equity — summary of movement
(Budget 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	1,920	-	-	2,598	4,518
Opening balance adjustment	-	-	-	-	-
Adjusted opening balance	1,920	-	-	2,598	4,518
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 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	1,920	-	-	2,598	4,518

Table 5.5: Agency capital budget statement

	Estimated actual 2006-07 \$'000	Budget estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	2,544	-	-	-	-
Total loans	-	-	-	-	-
Total capital appropriations	2,544	-	-	-	-
Represented by:					
Purchase of non-financial assets	2,357	-	-	-	-
Other	187	-	-	-	-
Total represented by	2,544	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	2,357	-	-	-	-
Funded internally by Departmental resources	-	-	-	202	-
Total	2,357	-	-	202	-

Table 5.6: Agency 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	-	2,325	140	5	2,470
Accumulated depreciation	-	249	33	-	282
Opening net book value	-	2,076	107	5	2,188
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	-	2,325	140	5	2,470
Accumulated depreciation	-	498	83	1	582
Closing net book value	-	1,827	57	4	1,888

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 Secretariat has no income and expenses administered on behalf of the government.

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

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

Table 5.10: Schedule of administered capital budget

The Australian Fair Pay Commission Secretariat has no administered capital budget.

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

The Australian Fair Pay Commission Secretariat 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 controlled by the Australian Fair Pay Commission Secretariat 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 Secretariat by the Government.

Agency expenses - employees

Represents payments and net increases in entitlements to the Australian Fair Pay Commission Secretariat's staff for services rendered in 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 Fair Pay Commission Secretariat 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 Secretariat 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 \$2,000 for all other classes, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total). Asset purchases will be sourced from existing Australian Fair Pay Commission Secretariat resources.

Agency assets and liabilities - provisions and payables - employees

Provision has been made for the Australian Fair Pay Commission Secretariat's liability for employee entitlements arising from the Australian Fair Pay Commission Secretariat'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 the nominal amount. 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.