

OFFICE OF THE AUSTRALIAN BUILDING AND CONSTRUCTION COMMISSIONER

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OFFICE OF THE AUSTRALIAN BUILDING AND CONSTRUCTION COMMISSIONER

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

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*, *Independent Contractors Act 2006* and *Fair Work Act 2009* in relation to the building and construction industry.

The Office of the Australian Building and Construction Commissioner (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 *Independent Contractors Act 2006*, *Fair Work Act 2009*, agreements, orders and awards.
- Instituting proceedings against industry participants contravening the relevant Acts, agreements, orders and awards.
- Intervening in matters before Fair Work Australia 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. And Guidelines for the Construction Industry (National Code).
- Disseminating information about the relevant Acts, the National Code and promoting appropriate standards of conduct by industry participants.
- 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.

ABCC Budget Statements – Overview & resources

During 2009-10, the Australian Building and Construction Commission plans to achieve the following outcomes:

- the workplace relations conduct of industry participants is lawful
- participants who engage in unlawful conduct are held accountable for their actions
- an improved level of knowledge about National Code compliance requirements.

Challenges impacting on the Australian Building and Construction Commission outcomes during 2009-10 are:

- to maintain the momentum of reform during a transition period to new regulatory arrangements
- the continued disregard some industry participants display towards the legal rights of others.

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: Office of the Australian Building and Construction Commissioner resource statement for 2009-10 as at Budget May 2009

	Estimate of prior ⁺ year amounts available in 2009-10 \$'000	Proposed at Budget ⁼ 2009-10 \$'000	Total Estimate 2009-10 \$'000	Actual Available Appropriation 2008-09 \$'000
Ordinary Annual Services				
Departmental				
Departmental appropriation	34,762 ¹	33,446 ²	68,208	32,814
s31 Relevant agency receipts	-	10 ³	10	10
Total ordinary annual services A	34,762	33,456	68,218	32,824
Other services				
Departmental non-operating				
Equity injections	-	-	-	-
Previous years' outputs	-	-	-	-
Total other services B	-	-	-	-
Total Available Annual Appropriations	34,762	33,456	68,218	32,824
Special Appropriations				
Total Special Appropriations C	-	-	-	-
Total Appropriations excluding Special Accounts	34,762	33,456	68,218	32,824
Special Accounts				
Opening balance	-	-	-	-
Total Special Account D	-	-	-	-
Total resourcing A+B+C+D	34,762	33,456	68,218	32,824
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	-	-	-
Total net resourcing for the Office of the Australian Building and Construction Commissioner	34,762	33,456	68,218	32,824

¹ Estimated adjusted balance carried from previous year for Annual Appropriations

² Appropriation Bill (No.1) 2009-10

³ s31 Relevant Agency receipts - estimate

Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

Table 1.2: Australian Building and Construction Commission 2009-10 Budget measures

The Australian Building and Construction Commission does not have any new measures since the 2008-09 Budget. For this reason Table 1.2 is not presented.

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

Transition from Outputs to Programs Framework

2008-09 Budget year

Outcome 1: Workplace relations laws are enforced in building and construction industry workplaces

Output Group 1.1: Workplace relations laws are enforced in building and construction industry workplaces

2009-10 Budget year

Outcome 1: Workplace relations laws are enforced in building and construction industry workplaces

Program 1.1: Workplace relations laws are enforced in building and construction industry workplaces

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 the Australian Building and Construction Commission in achieving government outcomes.

Outcome 1: Workplace relations laws are enforced in building and construction industry workplaces
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Outcome 1 Strategy

Key strategies towards achieving the Australian Building and Construction Commission's outcomes in 2009-10 are to:

- Inform and educate industry participants through a variety of mediums about their rights and obligations.
- Provide an active and accessible team of investigators to respond quickly to complaints of unlawful conduct.
- Undertake legal proceedings in a timely manner to ensure those contravening the law are held accountable for their actions.

A key strategy planned to contribute to the Australian Building and Construction Commission's outcomes within the medium and longer term is to analyse and inform the industry about the opportunities for increased productivity and the advantages of a lawful culture.

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

	2008-09 Estimated Actual Expenses \$'000	2009-10 Estimated Expenses \$'000
Outcome 1: Workplace relations laws are enforced in building and construction industry workplaces		
Program 1.1: Workplace relations laws are enforced in building and construction industry workplaces		
Departmental Expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	32,814	33,446
Revenues from Independent Sources (Section 31)	10	10
Expenses not requiring Appropriation in the Budget year	21	21
Total for Program 1.1	32,845	33,477
Outcome 1 Totals by Appropriation type		
Departmental Expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	32,814	33,446
Revenues from Independent Sources (Section 31)	10	10
Expenses not requiring Appropriation in the Budget year	21	21
Total Expenses for Outcome 1	32,845	33,477
	2008-09	2009-10
Average Staffing Level (number)	140	155

Note: Departmental Appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

Contributions to Outcome 1

Program 1.1: Workplace relations laws are enforced in building and construction industry workplaces
<p>Program objective</p> <p>The objective of the Australian Building and Construction Commission is to achieve the following:</p> <ul style="list-style-type: none"> • workplace relations conduct of industry participants is lawful • participants who engage in unlawful conduct are held accountable for their actions • an improved level of knowledge of building industry participants about their rights and obligations.

Program expenses

The Australian Building and Construction Commission has not identified any significant trends, changes or variances in the program expenses over the forward years.

Program 1.1 Deliverables	
Deliverable	2009-10 Target
Level of satisfaction of clients with quality and timeliness of advice and assistance provided by the ABCC.	75 per cent of surveyed clients satisfied or highly satisfied.
Timeliness in bringing actions against contraventions of the <i>Building and Construction Industry Improvement Act 2005</i> , the <i>Independent Contractors Act 2006</i> and the <i>Fair Work Act 2009</i> , agreements, awards and orders.	75 per cent of cases commenced within 18 months of receipt of complaint.
Level of satisfaction of a range of industry participants with contact aimed at promoting appropriate standards of conduct.	75 per cent of surveyed industry participants satisfied or highly satisfied.

Program 1.1 Key Performance Indicators

- The building and construction industry's workplace relations are conducted in a lawful manner. The rates of industrial disruption and lawlessness do not depart from all industry figures.
- The industry's workplace relations are fair for all parties and facilitate the adoption of more efficient and productive practices.

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

Administered funds can be provided for a specified period, for example under annual Appropriation Acts. Funds not used in the specified period are subject to review by the Minister for Finance and Deregulation, and may be moved to a future period, in accordance with provisions in legislation. Table 3.1.1 shows the movement of administered funds approved since the 2008-09 Additional Estimates.

Table 3.1.1: Movement of administered funds between years

The Australian Building and Construction Commission has no administered funds. For this reason Table 3.1.1 is not presented.

3.1.2 Special Accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the Australian Building and Construction Commission.

Table 3.1.2: Estimates of Special Account cash flows and balances

	Opening balance 2009-10 2008-09	Receipts 2009-10 2008-09	Payments 2009-10 2008-09	Adjustments 2009-10 2008-09	Closing balance 2009-10 2008-09
Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys (D)	1 -	-	-	-	-
Total special accounts 2009-10 Budget estimate	-	-	-	-	-
Total special accounts 2008-09 estimate actual	-	-	-	-	-

(A) = Administered
(D) = Departmental

The purpose of the Other Trust Moneys – Office of the Australian Building and Construction Commissioner Special Account established under FMA Act s.20 det. 2007/01 is to credit:

- a) amounts temporarily held on trust for a person other than the Commonwealth; and
- b) amounts temporarily held for the benefit of a person other than the Commonwealth.

3.1.3 Australian Government Indigenous Expenditure

The 2009-10 Australian Government Indigenous Statement is not applicable because the Australian Building and Construction Commission 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

The Australian Building and Construction Commission does not have any significant differences.

3.2.2 Analysis of budgeted financial statements

An analysis of the Australian Building and Construction Commission's budgeted financial statements for 2009-10 is provided below.

Budgeted agency income statement

The Australian Building and Construction Commission is budgeting for a break-even result in 2009-10 and the three forward years.

Total revenue for 2009-10 is estimated to be \$33.5 million, an increase of \$0.7 million from the 2008-09 estimated actual.

Budgeted agency balance sheet

The Australian Building and Construction Commission has a budgeted net asset position of \$28.9 million in 2009-10. This position is expected to remain the same for the three forward years.

Total assets for 2009-10 are estimated to be \$37.2 million comprising \$31.3 million of financial assets and \$5.9 million in non-financial assets.

Total liabilities for 2009-10 are estimated to be \$8.3 million with the primary liabilities being accrued employee entitlements which total \$3.9 million, supplier payables of \$0.7 million and lease incentives of \$3.7 million.

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	18,140	18,930	19,805	20,681	21,530
Supplier	13,406	13,248	13,787	13,304	12,839
Depreciation and amortisation	1,299	1,299	1,299	1,299	1,299
Total expenses	32,845	33,477	34,891	35,284	35,668
LESS:					
OWN-SOURCE INCOME					
Revenue					
Other revenue	31	31	31	31	31
Total revenue	31	31	31	31	31
Total own-source income	31	31	31	31	31
Net cost of (contribution by) services	32,814	33,446	34,860	35,253	35,637
Appropriation revenue	32,814	33,446	34,860	35,253	35,637
Surplus (Deficit)	-	-	-	-	-
Surplus (Deficit) attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

ABCC 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	1,704	3,112	4,566	6,031	7,439
Trade and other Receivables	28,181	28,181	28,181	28,181	28,181
Total financial assets	29,885	31,293	32,747	34,212	35,620
Non-financial assets					
Land and buildings	5,973	4,799	3,625	2,451	1,277
Infrastructure, plant and equipment	250	200	150	100	50
Intangibles	625	550	475	400	325
Other	325	324	326	325	325
Total non-financial assets	7,173	5,873	4,576	3,276	1,977
Total assets	37,058	37,166	37,323	37,488	37,597
LIABILITIES					
Provisions					
Employees	3,847	3,956	4,112	4,277	4,386
Other	3,657	3,657	3,657	3,657	3,657
Total provisions	7,504	7,613	7,769	7,934	8,043
Payables					
Suppliers	693	692	693	693	693
Total payables	693	692	693	693	693
Total liabilities	8,197	8,305	8,462	8,627	8,736
Net assets	28,861	28,861	28,861	28,861	28,861
EQUITY*					
Parent entity interest					
Contributed equity	6,565	6,565	6,565	6,565	6,565
Retained surpluses or accumulated deficits	22,296	22,296	22,296	22,296	22,296
Total parent entity interest	28,861	28,861	28,861	28,861	28,861
Total equity	28,861	28,861	28,861	28,861	28,861
Current assets	30,210	31,618	33,072	34,537	35,945
Non-current assets	6,848	5,548	4,251	2,951	1,652
Current liabilities	4,717	4,779	4,869	4,964	5,027
Non-current liabilities	3,480	3,526	3,593	3,663	3,709

* '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	32,814	33,446	34,860	35,253	35,637
Other	10	10	10	10	10
Total cash received	32,824	33,456	34,870	35,263	35,647
Cash used					
Employees	16,640	17,332	18,094	18,890	19,722
Suppliers	14,809	14,716	15,322	14,908	14,517
Total cash used	31,449	32,048	33,416	33,798	34,239
Net cash from or (used by) operating activities	1,375	1,408	1,454	1,465	1,408
INVESTING ACTIVITIES					
Cash received					
Total cash received	-	-	-	-	-
Cash used					
Total cash used	-	-	-	-	-
Net cash from or (used by) investing activities	-	-	-	-	-
Net increase or (decrease) in cash held					
	1,375	1,408	1,454	1,465	1,408
Cash at the beginning of the reporting period	329	1,704	3,112	4,566	6,031
Cash at the end of the reporting period	1,704	3,112	4,566	6,031	7,439

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	22,296	-	-	6,565	28,861
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	22,296	-	-	6,565	28,861
Income and expense					
Income and expenses recognised directly in equity:					
Gain/loss on revaluation of property	-	-	-	-	-
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>					
Returns on capital					
Dividends	-	-	-	-	-
Returns of capital					
Restructuring	-	-	-	-	-
Other	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Other:					
Restructuring	-	-	-	-	-
Sub-total transactions with owners	-	-	-	-	-
Transfers between equity components	-	-	-	-	-
Estimated closing balance as at 30 June 2010	22,296	-	-	6,565	28,861

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

The Australian Building and Construction Commission has no departmental capital budget to report. For this reason Table 3.2.5 is not presented.

Table 3.2.6: Statement of asset movements - departmental

	Buildings \$'000	Other Infrastructure, Plant & Equipment \$'000	Intangibles \$'000	Other Non-financial Assets \$'000	Total \$'000
as at 1 July 2009					
Gross book value	9,105	582	794	-	10,481
Accumulated depreciation/amortisation	3,132	332	169	-	3,633
Opening net book balance	5,973	250	625	-	6,848
CAPITAL ASSET ADDITIONS					
Estimated expenditure on new or replacement assets					
by purchase or internally developed	-	-	-	-	-
by finance lease	-	-	-	-	-
Acquisition of entities or operations (including restructuring)					
	-	-	-	-	-
Sub-total	-	-	-	-	-
Other Movements					
Depreciation/amortisation expense	1,174	50	75	-	1,299
Disposals	-	-	-	-	-
Other	-	-	-	-	-
as at 30 June 2010					
Gross book value	9,105	582	794	-	10,481
Accumulated depreciation/amortisation	4,306	382	244	-	4,932
Closing net book balance	4,799	200	550	-	5,549

Prepared on an 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)

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

The Australian Building and Construction Commission has no assets and liabilities administered on behalf of government. 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)

The Australian Building and Construction Commission has no administered cash flows. For this reason Table 3.2.9 is not presented.

Table 3.2.10: Schedule of administered capital budget

The Australian Building and Construction Commission has no administered capital budget. For this reason Table 3.2.10 is not presented.

Table 3.2.11: Schedule of asset movements - administered

The Australian Building and Construction Commission has no administered assets. 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 on an accrual accounting basis in accordance with:

- Finance Minister's Orders (or FMOs) issued by the Minister for Finance and Deregulation
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

Departmental items

Departmental 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 for example, where the proceeds are deemed appropriated under section 31 of the *Financial Management Accountability Act 1997*
- employee expenses and other administrative expenses incurred in providing goods and services.

Departmental revenue from government

Represents the purchase of programs from the Australian Building and Construction Commission by the Government.

Departmental revenue from other sources

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

Departmental expenses - employees

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

Departmental expenses - suppliers

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 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.

Departmental assets and liabilities – financial assets - cash

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

Departmental assets and liabilities – non-financial assets

Represents future economic benefits 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 \$50,000 for internally developed computer software, less than \$20,000 for leasehold improvements 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).

Departmental 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.

