


# **SECTION 4** **FINANCIAL** **STATEMENTS**




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## INDEPENDENT AUDITOR'S REPORT

To the Minister for Tertiary Education, Skills, Jobs and Workplace Relations

### Report on the Financial Statements

I have audited the accompanying financial statements of Safe Work Australia for the year ended 30 June 2011, which comprise: a Statement by the Chief Executive Officer and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Asset Additions; and Notes comprising a Summary of Significant Accounting Policies.

#### *Chief Executive's Responsibility for the Financial Statements*

The Chief Executive of Safe Work Australia is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as the Chief Executive determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Safe Work Australia preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Safe Work Australia internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive of Safe Work Australia, as well as evaluating the overall presentation of the financial statements.

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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Independence***

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

***Opinion***

In my opinion, the financial statements of Safe Work Australia :

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including Safe Work Australia financial position as at 30 June 2011 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

As described in note 15 to the financial statements, Safe Work Australia has recently become aware there is a risk of a breach of section 83 of the Constitution where payments are made from special appropriations and special accounts in circumstances where the payments do not accord with conditions included in the relevant legislation, and has advised that these circumstances will be investigated.

Australian National Audit Office



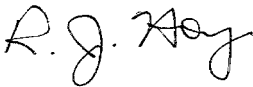
Rebecca Reilly  
Engagement Executive

Delegate of the Auditor-General

Canberra  
23 September 2011

**STATEMENT BY THE CHIEF EXECUTIVE OFFICER  
AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2011 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.



**Rex Hoy**

Chief Executive Officer  
Safe Work Australia

23 September 2011



**Andrew Craig**

Chief Financial Officer  
Safe Work Australia

23 September 2011

**SAFE WORK AUSTRALIA**  
**STATEMENT OF COMPREHENSIVE INCOME**

*for the period ended 30 June 2011*

	Notes	2011 \$	2010 \$
<b>EXPENSES</b>			
Employee benefits	3A	11,731,789	9,535,348
Suppliers	3B	6,052,064	4,532,945
Depreciation and amortisation	3C	254,381	638,130
Write-down and impairment of assets	3D	290,014	27,294
<b>Total expenses</b>		<b>18,328,248</b>	<b>14,733,717</b>
<b>LESS:</b>			
<b>OWN-SOURCE INCOME</b>			
<b>Own-source revenue</b>			
Rendering of services	4A	9,174,587	9,112,199
<b>Total own-source revenue</b>		<b>9,174,587</b>	<b>9,112,199</b>
<b>Gains</b>			
Other	4B	75,879	588,712
<b>Total gains</b>		<b>75,879</b>	<b>588,712</b>
<b>Total own-source income</b>		<b>9,250,466</b>	<b>9,700,911</b>
<b>Net cost of services</b>		<b>(9,077,782)</b>	<b>(5,032,806)</b>
Revenue from Government	4C	8,639,000	7,653,500
<b>Surplus (Deficit) attributable to the Australian Government</b>		<b>(438,782)</b>	<b>2,620,694</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in asset revaluation reserves		313,759	322,636
<b>Total comprehensive income (loss) attributable to the Australian Government</b>		<b>(125,023)</b>	<b>2,943,330</b>

The above statement should be read in conjunction with the accompanying notes.

**SAFE WORK AUSTRALIA**  
**BALANCE SHEET**

as at 30 June 2011

	Notes	2011 \$	2010 \$
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	5A	290,629	230,000
Trade and other receivables	5B	8,512,004	7,813,146
<b>Total financial assets</b>		<b>8,802,633</b>	<b>8,043,146</b>
<b>Non-Financial Assets</b>			
Land and buildings	6A	1,612,500	723,410
Property, plant and equipment	6B,C	162,319	93,858
Intangibles	6D,E	194,644	17,728
Prepayments	6F	86,232	220,961
<b>Total non-financial assets</b>		<b>2,055,695</b>	<b>1,055,957</b>
<b>Total Assets</b>		<b>10,858,328</b>	<b>9,099,103</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	7A	927,869	815,220
Other	7B	421,262	465,456
<b>Total payables</b>		<b>1,349,131</b>	<b>1,280,676</b>
<b>Provisions</b>			
Employee provisions	8A	2,842,288	2,322,495
<b>Total provisions</b>		<b>2,842,288</b>	<b>2,322,495</b>
<b>Total Liabilities</b>		<b>4,191,419</b>	<b>3,603,171</b>
<b>Net Assets</b>		<b>6,666,909</b>	<b>5,495,932</b>
<b>EQUITY</b>			
<b>Parent Entity Interest</b>			
Contributed equity		3,848,602	2,552,602
Reserves		636,395	322,636
Retained surplus (accumulated deficit)		2,181,912	2,620,694
<b>Total equity</b>		<b>6,666,909</b>	<b>5,495,932</b>

The above statement should be read in conjunction with the accompanying notes.

**SAFE WORK AUSTRALIA**  
**STATEMENT OF CHANGES IN EQUITY**  
*for the period ended 30 June 2011*

	Retained earnings		Asset revaluation reserve		Contributed equity/capital		Total equity	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Opening balance</b>								
Balance carried forward from previous period	2,620,694	-	322,636	-	2,552,602	-	5,495,932	-
<b>Adjusted opening balance</b>	<b>2,620,694</b>	-	<b>322,636</b>	-	<b>2,552,602</b>	-	<b>5,495,932</b>	-
<b>Comprehensive income</b>								
Other comprehensive income	-	-	313,759	322,636	-	-	313,759	322,636
Surplus (Deficit) for the period	(438,782)	2,620,694					(438,782)	2,620,694
<b>Total comprehensive income</b>	<b>(438,782)</b>	<b>2,620,694</b>	<b>313,759</b>	<b>322,636</b>	<b>-</b>	<b>-</b>	<b>(125,023)</b>	<b>2,943,330</b>
<b>Transactions with owners</b>								
<b>Contributions by owners</b>								
Departmental Capital Budget	-	-	-	-	1,296,000	-	1,296,000	-
Restructuring (Note 9)	-	-	-	-	-	2,552,602	-	2,552,602
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,296,000</b>	<b>2,552,602</b>	<b>1,296,000</b>	<b>2,552,602</b>
<b>Closing balance as at 30 June</b>	<b>2,181,912</b>	<b>2,620,694</b>	<b>636,395</b>	<b>322,636</b>	<b>3,848,602</b>	<b>2,552,602</b>	<b>6,666,909</b>	<b>5,495,932</b>

The above statement should be read in conjunction with the accompanying notes.

**SAFE WORK AUSTRALIA  
CASH FLOW STATEMENT**

for the period ended 30 June 2011

	Notes	2011 \$	2010 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Services		10,369,475	9,847,035
Appropriations		8,639,000	7,653,500
<b>Total cash received</b>		<u>19,008,475</u>	<u>17,500,535</u>
<b>Cash used</b>			
Employees		11,020,290	8,835,615
Suppliers		6,236,077	4,635,552
Net GST paid		678,216	555,956
<b>Total cash used</b>		<u>17,934,583</u>	<u>14,027,123</u>
<b>Net cash from (used by) operating activities</b>	10	<u>1,073,892</u>	<u>3,473,412</u>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of property, plant and equipment		1,177,547	6,047
Purchase of intangibles		187,557	18,736
<b>Total cash used</b>		<u>1,365,104</u>	<u>24,783</u>
<b>Net cash from (used by) investing activities</b>		<u>(1,365,104)</u>	<u>(24,783)</u>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Departmental Capital Budget		1,296,000	-
<b>Total cash received</b>		<u>1,296,000</u>	<u>-</u>
<b>Cash used</b>			
Cash to the OPA		944,159	3,218,629
<b>Total cash used</b>		<u>944,159</u>	<u>3,218,629</u>
<b>Net cash from (used by) financing activities</b>		<u>351,841</u>	<u>(3,218,629)</u>
<b>Net increase (decrease) in cash held</b>		<u>60,629</u>	<u>230,000</u>
Cash and cash equivalents at the beginning of the reporting period		230,000	-
<b>Cash and cash equivalents at the end of the reporting period</b>	5A	<u>290,629</u>	<u>230,000</u>

The above statement should be read in conjunction with the accompanying notes.

**SAFE WORK AUSTRALIA**  
**SCHEDULE OF COMMITMENTS**

as at 30 June 2011

	2011	2010
	\$	\$
<b>BY TYPE</b>		
<b>Commitments receivable</b>		
<b>Other commitments</b>		
State and territory contributions	(31,758,242)	(40,901,280)
<b>Total commitments receivable</b>	<b>(31,758,242)</b>	<b>(40,901,280)</b>
<b>Commitments payable</b>		
<b>Other commitments</b>		
Operating leases <sup>1</sup>	4,451,034	5,308,195
Project commitments <sup>2</sup>	2,336,170	1,479,215
Net GST payable to ATO	2,058,924	2,883,074
Other <sup>3</sup>	2,322,879	2,400,052
<b>Total other commitments</b>	<b>11,169,007</b>	<b>12,070,536</b>
<b>Net commitments by type</b>	<b>(20,589,235)</b>	<b>(28,830,744)</b>
<b>BY MATURITY</b>		
<b>Commitments receivable</b>		
One year or less	(10,244,300)	(9,908,800)
From one to five years	(21,513,942)	(30,992,480)
<b>Total commitments receivable</b>	<b>(31,758,242)</b>	<b>(40,901,280)</b>
<b>Commitments payable</b>		
<b>Operating lease commitments</b>		
One year or less	990,871	899,236
From one to five years	3,460,163	4,134,736
Over five years	-	274,223
<b>Total operating lease commitments</b>	<b>4,451,034</b>	<b>5,308,195</b>
<b>Net GST payable to ATO</b>		
One year or less	568,287	683,889
From one to five years	1,490,637	2,224,114
Over five years	-	(24,929)
<b>Total other commitments</b>	<b>2,058,924</b>	<b>2,883,074</b>
<b>Other Commitments</b>		
One year or less	3,002,273	1,486,787
From one to five years	1,656,776	2,392,480
<b>Total other commitments</b>	<b>4,659,049</b>	<b>3,879,267</b>
<b>Net commitments by maturity</b>	<b>(20,589,235)</b>	<b>(28,830,744)</b>

NB: Commitments are GST inclusive where relevant.

- Operating lease for office accommodation - effectively non-cancellable and subject to fixed annual increases. Safe Work Australia may exercise options in accordance with the terms of the lease.
- Contracts related to specific projects such as research and data analysis.
- Contracts related to general operating activities.

This schedule should be read in conjunction with the accompanying notes.

**SAFE WORK AUSTRALIA  
SCHEDULE OF ASSET ADDITIONS**

as at 30 June 2011

**The following non-financial non-current assets were added in 2010-11:**

	Buildings \$	Other property, plant & equipment \$	Intangibles \$	Total \$
By purchase - appropriation ordinary annual services	-	69,104	-	69,104
By purchase - departmental capital budget	1,024,714	83,729	187,557	1,296,000
<b>Total additions</b>	<b>1,024,714</b>	<b>152,833</b>	<b>187,557</b>	<b>1,365,104</b>

**The following non-financial non-current assets were added in 2009-10:**

	Buildings \$'000	Other property, plant & equipment \$'000	Intangibles \$'000	Total \$'000
By purchase - appropriation ordinary annual services	-	6,047	18,736	24,783
Assets first recognised	365,301	-	-	365,301
From acquisition of entities or operations (including restructuring)	638,563	149,735	-	788,298
<b>Total additions</b>	<b>1,003,864</b>	<b>155,782</b>	<b>18,736</b>	<b>1,178,382</b>

This schedule should be read in conjunction with the accompanying notes.



## SAFE WORK AUSTRALIA NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 1: Summary of Significant Accounting Policies

#### 1.1 Objectives of Safe Work Australia

Safe Work Australia is an Australian Government controlled entity. The objective of Safe Work Australia is to improve work health and safety and workers' compensation arrangements across Australia. Safe Work Australia was established as an Executive Agency on 1 July 2009 and as a Statutory Agency from 1 November 2009.

Safe Work Australia's functions under the *Safe Work Australia Act 2008* include to:

- develop national policy relating to OHS and workers' compensation, and
- prepare a model Act and model regulations relating to OHS and, if necessary, revise them:
  - (i) for approval by the Workplace Relations Ministers' Council (WRMC), and
  - (ii) for adoption as laws of the Commonwealth, each of the states and each of the territories.

Safe Work Australia has a single outcome as follows:

Outcome 1: Safer and more productive Australian workplaces through harmonising national occupational health and safety and workers' compensation arrangements.

The continued existence of the Agency in its present form is dependent on Government policy and on continuing appropriations by Parliament and contributions from State and Territory Governments for the Agency's administration and program.

The Agency's activities contribute toward the stated outcome and are classified as departmental. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the Agency in its own right.

#### 1.2 Basis of Preparation of the Financial Statements

The Financial Statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are general purpose financial statements.

The Financial Statements have been prepared in accordance with:

- Finance Minister's Orders for reporting periods ending on or after 1 July 2010, and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that apply for the reporting period.

The Financial Statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The Financial Statements are presented in Australian dollars and values are rounded to the nearest dollar unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the Finance Minister's Orders, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

## SAFE WORK AUSTRALIA

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the statement of comprehensive income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

#### 1.3 Significant Accounting Judgements and Estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

#### 1.4 New Australian Accounting Standards

##### *Adoption of New Australian Accounting Standard Requirements*

No accounting standard has been adopted earlier than the application date as stated in the standard.

None of the new standards, revised standards, amending standards or Interpretations that were issued prior to the signing of the statement by the Chief Executive Officer and Chief Financial Officer and are applicable to the current reporting period have had a financial impact, and are not expected to have a future financial impact on the entity.

##### *Future Australian Accounting Standard Requirements*

None of the new standards, revised standards, amending standards or Interpretations that were issued by the Australian Accounting Standards Board prior to the signing of the statement by the Chief Executive Officer and Chief Financial Officer, are expected to have a future financial impact on the entity.

#### 1.5 Revenue

##### *Revenue from Government*

Amounts appropriated for departmental outputs for the year (adjusted for any formal additions and reductions) are recognised as revenue when the Agency gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

##### *Revenue from States and Territories*

State and Territory contributions are recognised in equal monthly amounts over the course of the year as work is completed. All contributions are deemed as being earned at the reporting date. Contribution amounts are derived by reference to the Inter-Governmental Agreement for Regulatory and Operational Reform in Occupational Health and Safety.

##### *Other Types of Revenue*

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured, and
- the probable economic benefits associated with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.



## SAFE WORK AUSTRALIA NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at balance date. Allowances are made when collectability of the debt is no longer probable.

### 1.6 Gains

#### *Resources Received Free of Charge*

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

#### *Sale of Assets*

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

### 1.7 Transactions with the Government as Owner

#### *Equity Injections*

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

#### *Restructuring of Administrative Arrangements*

Net assets received from or relinquished to another Australian Government agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

### 1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

#### *Leave*

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Agency is estimated to be less than the annual entitlement for sick leave.

## **SAFE WORK AUSTRALIA**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will apply at the time the leave is taken, including the Agency's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the Finance Minister's Orders issued by the Department of Finance and Deregulation. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

#### *Superannuation*

Staff of the Agency are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other non-government superannuation funds.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap and other non-government funds are defined contribution schemes.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance and Deregulation as an administered item.

The Agency makes employer contributions to the employee superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of the Agency's employees. The Agency accounts for the contributions as if they were contributions to defined contribution schemes.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

#### **1.9 Leases**

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased assets.

#### **1.10 Cash**

Cash and cash equivalents include demand deposits in bank accounts that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal value.

#### **1.11 Financial Assets**

The Agency classifies its financial assets as loans and receivables.



## SAFE WORK AUSTRALIA NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Financial assets are recognised and derecognised upon trade date.

### Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

### Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

*Financial assets held at amortised cost* - if there is objective evidence that an impairment loss has been incurred for loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the statement of comprehensive income.

## 1.12 Financial Liabilities

Financial liabilities are classified as other financial liabilities.

Financial liabilities are recognised and derecognised upon 'trade date'.

### Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received and irrespective of having been invoiced.

## 1.13 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Safe Work Australia has no contingent liabilities or assets for the reporting period. The Agency is unaware of any unquantifiable or remote contingencies for the reporting period.

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**1.14 Acquisition of Assets**

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

**1.15 Buildings, Plant and Equipment**

*Asset Recognition Threshold*

Purchases of leasehold improvements, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than the thresholds listed below for each class of asset, 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).

<b>Asset class</b>	<b>Recognition threshold</b>
Leasehold Improvements	\$20,000
Plant and Equipment	\$2,000
Purchased Software	\$2,000
Internally Developed Software	\$50,000

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to restoration provisions in property leases taken up by the Agency where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Agency's leasehold improvements with a corresponding provision for the restoration recognised.

*Revaluations*

Fair values for each class of asset are determined as shown below:

<b>Asset class</b>	<b>Fair value measured at</b>
Leasehold Improvements	Depreciated replacement cost
Plant and Equipment	Market selling price

Following initial recognition at cost, leasehold improvements, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the



**SAFE WORK AUSTRALIA**  
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surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable leasehold improvements, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Agency using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

<b>Asset class</b>	<b>2010-11</b>	<b>2009-10</b>
Leasehold Improvements	Lease term	Lease term
Plant and Equipment	3 to 15 years	3 to 15 years

Impairment

All assets were assessed for impairment at 30 June 2011. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Agency were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

**1.16 Intangibles**

The Agency's intangibles comprise internally developed software and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. Purchases costing less than \$2,000 are expensed in the year of acquisition, other than when they form part of a group of similar items which are significant in total.

Software is amortised on a straight-line basis over its anticipated useful life, as shown below for each class:

<b>Asset class</b>	<b>2010-11</b>	<b>2009-10</b>
Purchased Software	2 to 5 years	2 to 5 years
Internally Developed Software	2 to 5 years	2 to 5 years

All software assets were assessed for indications of impairment as at 30 June 2011.

**SAFE WORK AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**1.17 Taxation**

The Agency is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

**1.18 Insurance**

The risks associated with the business of the Agency are covered by arrangements with Comcover. Arrangements are in place with Comcare to protect the health, safety and welfare of the Agency's employees.



**Note 2: Events After the Reporting Period**

There were no significant events that occurred after 30 June 2011 but prior to the signing of the financial statements.

**SAFE WORK AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 3: Expenses**

	2011	2010
	\$	\$
<b>Note 3A: Employee Benefits</b>		
Wages and salaries	8,461,676	6,853,986
Superannuation:		
Defined contribution plans	495,460	354,019
Defined benefit plans	1,045,967	873,842
Leave and other entitlements	1,728,686	1,453,501
<b>Total employee benefits</b>	<b>11,731,789</b>	<b>9,535,348</b>
<b>Note 3B: Suppliers</b>		
<b>Goods and services</b>		
Advertising & Promotion	148,560	64,086
Consultants	2,084,040	1,051,899
Contractors & Seconded Staff	178,819	387,856
IT Related Costs	229,251	95,687
Corporate and IT Service Fees	905,015	1,179,488
Printing & Office Suppliers	129,034	214,690
Property Costs	139,770	46,867
Recruitment & Training Costs	150,691	84,183
Sponsorships	126,014	592
Subscriptions & Publications	104,835	15,016
Travel Costs	530,277	401,706
Venue Hire & Guest Speakers	151,378	148,434
Other	245,422	200,946
<b>Total goods and services</b>	<b>5,123,106</b>	<b>3,891,450</b>
Goods and services are made up of:		
Provision of goods – external parties	335,690	337,435
Rendering of services – related entities	1,501,060	1,536,455
Rendering of services – external parties	3,286,356	2,017,560
<b>Total goods and services</b>	<b>5,123,106</b>	<b>3,891,450</b>
<b>Other supplier expenses</b>		
Operating lease rentals – external parties:		
Minimum lease payments	874,085	612,715
Workers compensation expenses	54,873	28,780
<b>Total other supplier expenses</b>	<b>928,958</b>	<b>641,495</b>
<b>Total supplier expenses</b>	<b>6,052,064</b>	<b>4,532,945</b>

**SAFE WORK AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 3: Expenses *continued***

	2011	2010
	\$	\$

**Note 3C: Depreciation and Amortisation**

Depreciation:

Leasehold improvements	177,468	575,796
Plant & equipment	<u>66,272</u>	<u>61,326</u>
<b>Total depreciation</b>	<u>243,740</u>	<u>637,122</u>

Amortisation:

Intangibles:		
Internally developed software	5,806	-
Purchased software	<u>4,835</u>	<u>1,008</u>
<b>Total amortisation</b>	<u>10,641</u>	<u>1,008</u>
<b>Total depreciation and amortisation</b>	<u>254,381</u>	<u>638,130</u>

**Note 3D: Write-Down and Impairment of Assets**

Write-down and impairment from:

Net reversal of makegood obligations	-	27,294
Revaluation decrement - plant & equipment	15,406	-
Write-down of assets - leasehold improvements	271,915	-
Write-down of assets - plant & equipment	<u>2,694</u>	<u>-</u>
<b>Total write-down and impairment of assets</b>	<u>290,014</u>	<u>27,294</u>

**SAFE WORK AUSTRALIA  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 4: Income**

	2011	2010
	\$	\$

**REVENUE**

**Note 4A: Rendering of Services**

Rendering of services - related entities (Commonwealth-funded projects)	166,587	297,083
Rendering of services - external parties (States and Territories)	9,008,000	8,815,116
<b>Total rendering of services</b>	<b>9,174,587</b>	<b>9,112,199</b>

**Note 4B: Other Gains**

Assets first recognised	-	365,301
Resources received free of charge - ANAO	46,000	46,000
Gain on write-back of restoration provision	-	177,411
Prior year adjustments - gains	29,879	-
<b>Total other gains</b>	<b>75,879</b>	<b>588,712</b>

**REVENUE FROM GOVERNMENT**

**Note 4C: Revenue from Government**

Appropriations:		
Departmental outputs	8,639,000	7,653,500
<b>Total revenue from Government</b>	<b>8,639,000</b>	<b>7,653,500</b>

**SAFE WORK AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 5: Financial Assets**

	2011	2010
	\$	\$
<b>Note 5A: Cash and Cash Equivalents</b>		
Cash on hand or on deposit	290,629	230,000
<b>Total cash and cash equivalents</b>	<b>290,629</b>	<b>230,000</b>
<b>Note 5B: Trade and Other Receivables</b>		
<b>Goods and Services:</b>		
Goods and services - related entities	210,814	440,935
Goods and services - external parties	624	61,060
<b>Total receivables for goods and services</b>	<b>211,438</b>	<b>501,995</b>
<b>Other receivables:</b>		
GST receivable from the Australian Taxation Office	84,068	38,812
Safe Work Australia Special Account	8,216,498	7,272,339
<b>Total other receivables</b>	<b>8,300,566</b>	<b>7,311,151</b>
<b>Total trade and other receivables (gross)</b>	<b>8,512,004</b>	<b>7,813,146</b>
<b>Total trade and other receivables (net)</b>	<b>8,512,004</b>	<b>7,813,146</b>
Receivables are expected to be recovered in:		
No more than 12 months	8,512,004	7,813,146
More than 12 months	-	-
<b>Total trade and other receivables (net)</b>	<b>8,512,004</b>	<b>7,813,146</b>
Receivables are aged as follows:		
Not overdue	8,512,004	7,643,338
Overdue by:		
0 to 30 days	-	37,308
More than 90 days	-	132,500
<b>Total receivables (net)</b>	<b>8,512,004</b>	<b>7,813,146</b>

No indicators of impairment were found for trade and other receivables.

**SAFE WORK AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 6: Non-Financial Assets**

	2011	2010
	\$	\$
<b>Note 6A: Buildings</b>		
Leasehold improvements:		
Fair value	1,612,500	723,410
Accumulated depreciation	-	-
<b>Total leasehold improvements</b>	<u>1,612,500</u>	<u>723,410</u>
<b>Total land and buildings</b>	<u>1,612,500</u>	<u>723,410</u>

No indicators of impairment were found for buildings.

No buildings are expected to be sold or disposed of within the next 12 months.

A revaluation increment of \$313,759 (2010: \$322,636) for leasehold improvements was credited to the asset revaluation reserve in the equity section of the balance sheet.

**Note 6B: Plant and Equipment**

Plant and equipment:		
Fair value	163,850	155,184
Accumulated depreciation	(1,531)	(61,326)
<b>Total plant and equipment</b>	<u>162,319</u>	<u>93,858</u>
<b>Total buildings, plant and equipment</b>	<u>1,774,819</u>	<u>817,268</u>

No indicators of impairment were found for plant and equipment.

No plant or equipment is expected to be sold or disposed of within the next 12 months.

A revaluation decrement of \$15,406 (2010: \$0) for plant & equipment was expensed in the operating statement.

**SAFE WORK AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 6: Non-Financial Assets *continued***

**Note 6C: Reconciliation of the Opening and Closing Balances of Buildings, Plant and Equipment (2010-11)**

	Buildings \$	Plant & equipment \$	Total \$
<b>As at 1 July 2010</b>			
Gross book value	723,410	155,184	878,594
Accumulated depreciation and impairment	-	(61,326)	(61,326)
<b>Net book value 1 July 2010</b>	<b>723,410</b>	<b>93,858</b>	<b>817,268</b>
Additions:			
By purchase	1,024,714	152,833	1,177,547
Revaluations and impairments recognised in other comprehensive income	313,759	-	313,759
Revaluations and impairments recognised in the operating statement		(15,406)	(15,406)
Depreciation expense	(177,468)	(66,272)	(243,740)
Disposals:			
Write-down of obsolete assets	(271,915)	(2,694)	(274,609)
<b>Net book value 30 June 2011</b>	<b>1,612,500</b>	<b>162,319</b>	<b>1,774,819</b>
<b>Net book value as of 30 June 2011 represented by:</b>			
Gross book value	1,612,500	163,850	1,776,350
Accumulated depreciation	-	(1,531)	(1,531)
	<b>1,612,500</b>	<b>162,319</b>	<b>1,774,819</b>

**SAFE WORK AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 6: Non-Financial Assets *continued***

**Note 6C: Reconciliation of the Opening and Closing Balances of Buildings, Plant and Equipment (2009-10)**

	Buildings \$'000	Plant & equipment \$'000	Total \$'000
<b>As at 1 July 2009</b>			
Gross book value	-	-	-
Accumulated depreciation and impairment	-	-	-
<b>Net book value 1 July 2009</b>	-	-	-
Additions:			
By purchase	-	6,047	6,047
First Recognised	365,301	-	365,301
From acquisition of entities or operations (including restructuring)	638,563	149,137	787,700
Revaluations and impairments recognised in other comprehensive income	322,636	-	322,636
Depreciation expense	(575,796)	(61,326)	(637,122)
Disposals:			
Net reversal of makegood obligations	(27,294)	-	(27,294)
<b>Net book value 30 June 2010</b>	<b>723,410</b>	<b>93,858</b>	<b>817,268</b>
<b>Net book value as of 30 June 2010 represented by:</b>			
Gross book value	723,410	155,184	878,594
Accumulated depreciation	-	(61,326)	(61,326)
	<u>723,410</u>	<u>93,858</u>	<u>817,268</u>

**SAFE WORK AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 6: Non-Financial Assets *continued***

	2011	2010
	\$	\$

**Note 6D: Intangibles**

Computer software:

Internally developed – in progress	-	6,636
Internally developed – in use	<b>191,307</b>	-
Purchased	<b>14,986</b>	12,100
<b>Total computer software (gross)</b>	<b>206,293</b>	18,736
Accumulated amortisation	<b>(11,649)</b>	(1,008)
<b>Total computer software (net)</b>	<b>194,644</b>	17,728
<b>Total intangibles</b>	<b>194,644</b>	17,728

No indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

**Note 6E: Reconciliation of the Opening and Closing Balances of Intangibles (2010-11)**

	Computer software internally developed	Computer software purchased	Total
	\$	\$	\$

**As at 1 July 2010**

Gross book value	6,636	12,100	18,736
Accumulated amortisation and impairment	-	(1,008)	(1,008)
<b>Net book value 1 July 2010</b>	<b>6,636</b>	<b>11,092</b>	<b>17,728</b>
Additions:			
By purchase	-	2,886	2,886
Internally developed	<b>184,671</b>	-	<b>184,671</b>
Amortisation	<b>(5,806)</b>	<b>(4,835)</b>	<b>(10,641)</b>
<b>Net book value 30 June 2011</b>	<b>185,501</b>	<b>9,143</b>	<b>194,644</b>

**Net book value as of 30 June 2011 represented by:**

Gross book value	191,307	14,986	206,293
Accumulated amortisation and impairment	<b>(5,806)</b>	<b>(5,843)</b>	<b>(11,649)</b>
	<b>185,501</b>	<b>9,143</b>	<b>194,644</b>

**SAFE WORK AUSTRALIA  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 6: Non-Financial Assets *continued***

**Note 6E: Reconciliation of the Opening and Closing Balances of Intangibles (2009-10)**

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
<b>As at 1 July 2009</b>			
Gross book value	-	-	-
Accumulated amortisation and impairment	-	-	-
<b>Net book value 1 July 2009</b>	-	-	-
Additions:			
By purchase	-	12,100	12,100
Internally developed	6,636	-	6,636
Amortisation	-	(1,008)	(1,008)
<b>Net book value 30 June 2010</b>	6,636	11,092	17,728
<b>Net book value as of 30 June 2010 represented by:</b>			
Gross book value	6,636	12,100	18,736
Accumulated amortisation and impairment	-	(1,008)	(1,008)
	6,636	11,092	17,728

	2011 \$	2010 \$
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**Note 6F: Other Non-Financial Assets**

Prepayments	86,232	220,961
<b>Total other non-financial assets</b>	<b>86,232</b>	<b>220,961</b>

No indicators of impairment were found for other non-financial assets.

Total other non-financial assets - are expected to be recovered in:

No more than 12 months	86,232	220,961
More than 12 months	-	-
<b>Total other non-financial assets</b>	<b>86,232</b>	<b>220,961</b>

**SAFE WORK AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 7: Payables**

	2011	2010
	\$	\$

**Note 7A: Suppliers**

Trade creditors and accruals	927,869	811,833
Operating lease rentals	-	3,387
<b>Total supplier payables</b>	<b>927,869</b>	<b>815,220</b>

Supplier payables expected to be settled within 12 months:

Related entities	186,253	176,791
External parties	741,616	638,429
<b>Total</b>	<b>927,869</b>	<b>815,220</b>

Settlement is usually made within 30 days.

**Note 7B: Other Payables**

Salaries and wages	279,241	169,097
Superannuation	38,922	31,868
Unearned income (Commonwealth-funded projects)	103,099	264,491
<b>Total other payables</b>	<b>421,262</b>	<b>465,456</b>

Total other payables are expected to be settled in:

No more than 12 months	421,262	465,456
<b>Total other payables</b>	<b>421,262</b>	<b>465,456</b>

**SAFE WORK AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 8: Provisions**

	2011	2010
	\$	\$
<b>Note 8A: Employee Provisions</b>		
Leave	<u>2,842,288</u>	<u>2,322,495</u>
<b>Total employee provisions</b>	<b><u>2,842,288</u></b>	<b><u>2,322,495</u></b>
Employee provisions are expected to be settled in:		
No more than 12 months	<u>1,080,408</u>	<u>988,934</u>
More than 12 months	<u>1,761,880</u>	<u>1,333,561</u>
<b>Total employee provisions</b>	<b><u>2,842,288</u></b>	<b><u>2,322,495</u></b>

**SAFE WORK AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 9: Restructuring**

**Note 9A: Departmental Restructuring**

As a result of a restructuring of administrative arrangements, Safe Work Australia assumed responsibility for the following function:

The development of a national policy relating to OHS and workers' compensation.

In respect of functions assumed, the net book values of assets and liabilities transferred to Safe Work Australia for no consideration and recognised as at the date of transfer were:

	2011	2010
	\$	\$
<b>Department of Education, Employment and Workplace Relations</b>		
Assets recognised		
Special Account Balance	-	1,439,227
Appropriation receivable from the OPA	-	2,614,483
Trade receivable	-	215,875
Infrastructure, plant and equipment	-	149,735
Leasehold improvements	-	638,563
Total assets recognised	-	5,057,883
Liabilities recognised		
Accrued expenses	-	292,572
Operating lease payable	-	42,275
Revenue received in advance	-	170,665
Employee entitlements	-	1,822,358
Makegood provisions	-	177,411
Total liabilities recognised	-	2,505,281
<b>Net assets assumed</b>	-	2,552,602

**SAFE WORK AUSTRALIA  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 10: Cash Flow Reconciliation**

	2011	2010
	\$	\$
<b>Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement</b>		
<b>Cash and cash equivalents as per:</b>		
Cash flow statement	290,629	230,000
Balance sheet	<u>290,629</u>	<u>230,000</u>
<b>Difference</b>	<u>-</u>	<u>-</u>
<b>Reconciliation of net cost of services to net cash from operating activities:</b>		
Net cost of services	(9,077,782)	(5,032,806)
Add revenue from Government	<b>8,639,000</b>	7,653,500
<b>Adjustments for non-cash items</b>		
Depreciation / amortisation	<b>254,381</b>	638,130
Net write down of assets	<b>290,014</b>	27,294
Asset transferred to expense	-	598
Assets received free of charge	-	(365,301)
<b>Changes in assets / liabilities</b>		
(Increase) / decrease in net receivables	<b>290,556</b>	(286,120)
(Increase) / decrease in prepayments	<b>134,729</b>	(220,961)
(Increase) / decrease in GST receivables	<b>(45,253)</b>	(38,812)
Increase / (decrease) in employee provisions	<b>519,793</b>	500,137
Increase / (decrease) in supplier payables	<b>121,989</b>	481,741
Increase / (decrease) in other payable	<b>(53,535)</b>	293,423
Increase / (decrease) in other provisions	-	(177,411)
<b>Net cash from (used by) operating activities</b>	<b><u>1,073,892</u></b>	<b><u>3,473,412</u></b>

**SAFE WORK AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 11: Senior Executive Remuneration**

**Note 11A: Senior Executive Remuneration Expense for the Reporting Period**

	2011	2010
	\$	\$
<b>Short-term employee benefits:</b>		
Salary	746,067	612,285
Annual leave accrued	62,897	51,101
Other <sup>3</sup>	128,165	131,226
<b>Total short-term employee benefits</b>	<b>937,129</b>	<b>794,612</b>
<b>Post-employment benefits:</b>		
Superannuation	153,381	128,592
<b>Total post-employment benefits</b>	<b>153,381</b>	<b>128,592</b>
<b>Other long-term benefits:</b>		
Long-service leave	19,871	16,660
<b>Total other long-term benefits</b>	<b>19,871</b>	<b>16,660</b>
Termination benefits	-	-
<b>Total</b>	<b>1,110,381</b>	<b>939,864</b>

**Notes:**

- Note 11A was prepared on an accrual basis.
- Note 11A excludes acting arrangements and part-year service where remuneration expensed for a senior executive was less than \$150,000.
- "Other" includes motor vehicle allowances and other allowances.

## SAFE WORK AUSTRALIA NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 11: Senior Executive Remuneration *continued*

#### Note 11B: Average Annual Remuneration Packages and Bonus Paid for Substantive Senior Executives as at the end of the Reporting Period

Fixed Elements and Bonus Paid <sup>1</sup>	as at 30 June 2011				as at 30 June 2010				
	Senior Executives		Fixed elements		Senior Executives		Fixed elements		
	No.	\$	Salary	Allowances	Total	No.	Salary	Allowances	Total
Total remuneration (including part-time arrangements):									
\$150,000 to \$179,999	2	145,504	28,000	173,504	2	145,856	28,000	173,856	
\$180,000 to \$209,999	2	157,630	28,000	185,630	1	156,660	28,000	184,660	
\$210,000 to \$239,999	1	227,010	-	227,010	1	218,060	-	218,060	
<b>Total</b>	<b>5</b>				<b>4</b>				

#### Notes:

1. This table reports substantive senior executives who were employed by the entity at the end of the reporting period. Fixed elements were based on the employment agreement of each individual. Each row represents an average annualised figure (based on headcount) for the individuals in that remuneration package band (i.e. the 'Total' column).

#### Variable Elements:

With the exception of bonuses, variable elements were not included in the 'Fixed Elements and Bonus Paid' table above. The following variable elements were available as part of senior executives' remuneration package:

- Bonuses:
  - Bonuses are not paid to senior executives.
- On average senior executives were entitled to the following leave entitlements:
  - Annual Leave (AL): entitled to 20 days (2010: 18 days) each full year worked (pro-rata for part-time SES);
  - Personal Leave (PL): entitled to 18 days (2010: 20 days) or part-time equivalent; and
  - Long Service Leave (LSL): in accordance with Long Service Leave (Commonwealth Employees) Act 1976.
- Senior executives were members of one of the following superannuation funds:
  - Commonwealth Superannuation Scheme (CSS): this scheme is closed to new members, and employer contributions averaged 20.5 per cent (2010: 22.8 per cent) (including productivity component). More information on CSS can be found at <http://www.css.gov.au>;
  - Public Sector Superannuation Scheme (PSS): this scheme is closed to new members, with current employer contributions set at 15.4 per cent (2010: 15.4 per cent) (including productivity component). More information on PSS can be found at <http://www.pss.gov.au>;
- Allowances:
  - Allowances available to senior executives include motor vehicle and car parking.
  - In some instances, allowances are variable and fluctuate during the course of the year, or from year to year.
- Others:
  - Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits.

**SAFE WORK AUSTRALIA  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 11: Senior Executive Remuneration *continued***

**Note 11C: Other Highly Paid Staff**

During the reporting period, there were nil employees (2010: nil) whose salary plus performance bonus were \$150,000 or more. This was calculated by reference to the gross payments line of the group certificate.

**Note 12: Remuneration of Auditors**

	2011	2010
	\$	\$
Financial statement audit services were provided free of charge to the Agency.		
The fair value of the services provided was:	<u>46,000</u>	<u>46,000</u>
	<u>46,000</u>	<u>46,000</u>

No other services were provided by the Auditor-General.

**SAFE WORK AUSTRALIA  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 13: Financial Instruments**

	2011	2010
	\$	\$

**Note 13A: Categories of Financial Instruments**

**Financial Assets**

Loans and receivables:

Cash and cash equivalents	290,629	230,000
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Trade receivables	211,438	501,995
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<b>Carrying amount of financial assets</b>	<b>502,067</b>	<b>731,995</b>
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**Financial Liabilities**

At amortised cost:

Trade creditors and accruals	927,869	811,833
------------------------------	---------	---------

Unearned income (Commonwealth-funded projects)	103,099	264,491
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<b>Total</b>	<b>1,030,968</b>	<b>1,076,324</b>
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<b>Carrying amount of financial liabilities</b>	<b>1,030,968</b>	<b>1,076,324</b>
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**SAFE WORK AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 13: Financial Instruments *continued***

**Note 13B: Fair Value of Financial Instruments**

	<b>Carrying amount 2011 \$</b>	<b>Fair value 2011 \$</b>	<b>Carrying amount 2010 \$</b>	<b>Fair value 2010 \$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	290,629	290,629	230,000	230,000
Trade receivables	211,438	211,438	501,995	501,995
<b>Total</b>	<b>502,067</b>	<b>502,067</b>	731,995	731,995
<b>Financial Liabilities</b>				
Trade creditors and accruals	927,869	927,869	811,833	811,833
Unearned income (Commonwealth-funded projects)	103,099	103,099	264,491	264,491
<b>Total</b>	<b>1,030,968</b>	<b>1,030,968</b>	1,076,324	1,076,324

1. The fair value for each class of financial asset and financial liability are the same as the carrying amount due to the short-term nature of each class held.

**Note 13C: Credit Risk**

Safe Work Australia is exposed to minimal credit risk as loans and receivables are cash and trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables in 2011: \$211,438 (2010: \$501,995). The Agency has assessed the risk of the default on payment and has determined that an allowance for doubtful debts is not required.

Safe Work Australia has no significant exposures to any concentrations of credit risk. The Agency holds no collateral to mitigate against credit risk.

**SAFE WORK AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 13: Financial Instruments *continued***

**Note 13C: Credit Risk *continued***

The following table illustrates Safe Work Australia's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2011	2010
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	290,629	230,000
Trade receivables	211,438	501,995
<b>Total</b>	<b>502,067</b>	<b>731,995</b>
<b>Financial liabilities</b>		
Trade creditors and accruals	927,869	811,833
Unearned income (Commonwealth-funded projects)	103,099	264,491
<b>Total</b>	<b>1,030,968</b>	<b>1,076,324</b>

**Credit quality of financial instruments not past due or individually determined as impaired**

	Not past due nor impaired 2011 \$	Not past due nor impaired 2010 \$	Past due or impaired 2011 \$	Past due nor impaired 2010 \$
Cash and cash equivalents	290,629	230,000	-	-
Trade receivables	211,438	501,995	-	-
<b>Total</b>	<b>502,067</b>	<b>731,995</b>	<b>-</b>	<b>-</b>

**Ageing of financial assets that were past due but not impaired for 2011**

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	total \$
Trade receivables	211,438	-	-	-	211,438
<b>Total</b>	<b>211,438</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>211,438</b>

**Ageing of financial assets that were past due but not impaired for 2010**

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	total \$
Trade receivables	501,995	-	-	-	501,995
<b>Total</b>	<b>501,995</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>501,995</b>

**SAFE WORK AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 13: Financial Instruments *continued***

**Note 13D: Liquidity Risk**

The Agency is jointly funded by Commonwealth, State and Territory governments. The Agency manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the Agency has policies in place to ensure timely payments are made when due and has no past experience of default.

**Maturities for non-derivative financial liabilities 2011**

	On demand \$	within 1 year \$	Total \$
Trade creditors and accruals	-	927,869	927,869
Unearned income (Commonwealth-funded projects)		103,099	103,099
<b>Total</b>	-	<b>1,030,968</b>	<b>1,030,968</b>

**Maturities for non-derivative financial liabilities 2010**

	On demand \$	within 1 year \$	Total \$
Trade creditors and accruals	-	811,833	811,833
Unearned income (Commonwealth-funded projects)		264,491	264,491
<b>Total</b>	-	<b>1,076,324</b>	<b>1,076,324</b>

The Agency has no derivative financial liabilities in both the current and prior year.

**Note 13E: Market Risk**

Safe Work Australia holds basic financial instruments that do not expose the Agency to market risks.

## SAFE WORK AUSTRALIA NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 14: Appropriations (FMA Act only)

**Table A: Annual Appropriations ('Recoverable GST exclusive')**

	2011 Appropriations					Appropriation applied in 2011 (current and prior years) \$	Variance \$
	Appropriation Act		FMA Act		Total appropriation \$		
	Annual Appropriation \$	Appropriations reduced <sup>(a)</sup> \$	Section 30 \$	Section 31 \$			
<b>DEPARTMENTAL</b>							
Ordinary annual services	9,935,000	-	-	-	9,935,000	(9,935,000)	-
Total departmental	9,935,000	-	-	-	9,935,000	(9,935,000)	-

*Notes:* (a) Appropriations reduced under Appropriation Acts (No. 1,3,5) 2010-11; sections 10, 11, 12 and 15 and under Appropriation Acts (No. 2,4,6) 2010-11; sections 12,13, 14 and 17. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.

	2010 Appropriations				Appropriation applied in 2010 (current and prior years) \$	Variance \$	
	Appropriation Act		FMA Act				Total appropriation \$
	Annual Appropriation \$	Appropriations reduced <sup>(a)</sup> \$	Section 30 \$	Section 31 \$			
<b>DEPARTMENTAL</b>							
Ordinary annual services	8,814,500	(1,161,000)	-	-	2,614,483	(10,267,983)	-
Total departmental	8,814,500	(1,161,000)	-	-	2,614,483	(10,267,983)	-

*Notes:* (a) Appropriations reduced under Appropriation Acts (No. 1,3) 2009-10; sections 10, 11 and 12 and under Appropriation Acts (No. 2,4) 2009-10; sections 13 and 14. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.

On 13 May, 2010, the Finance Minister issued a determination to reduce departmental appropriations. The amount of the reduction under Appropriation Act (No. 1) 2009-10 was: \$1,161,000.

**SAFE WORK AUSTRALIA  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 14: Appropriations (FMA Act only) *continued***

**Table B: Unspent Departmental Annual Appropriations ('Recoverable GST exclusive')**

	2011	2010
	\$	\$
<b>Authority</b>		
Appropriation Act (No. 1) 2009-10	-	-
Appropriation Act (No. 1) 2010-11	-	-
<b>Total</b>	-	-



**SAFE WORK AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 15: Special Accounts**

Safe Work Australia has recently become aware that there is a risk of non-compliance with Section 83 of the Constitution where payments are made from special appropriations and special accounts in circumstances where the payments do not accord with conditions included in the relevant legislation.

Safe Work Australia will investigate these circumstances and any impact on its special account shown below, seeking legal advice as appropriate.

	2011 \$	2010 \$
<b>Safe Work Australia Special Account (Departmental)</b>		
Appropriation: <i>Financial Management and Accountability Act 1997 section 20.</i>		
Establishing Instrument: <i>Financial Management and Accountability Determination 2009/07.</i>		
<i>Purpose:</i> To provide a source of finance to resource Safe Work Australia.		
Balance brought forward from previous period	-	-
Transfer of Balance upon Restructuring	-	1,439,227
<b>Contributions From:</b>	-	-
Appropriation for reporting period	-	3,355,407
State and Territories and Commonwealth-funded projects	-	4,352,709
<b>Total increase</b>	-	9,147,343
Employees	-	(3,890,966)
Suppliers	-	(565,215)
GST paid	-	(388,495)
Balance transferred to special account FMA Act s21	-	(4,038,869)
Cash held by Agency transferred to special account FMA Act s21	-	(263,798)
<b>Total decrease</b>	-	(9,147,343)
<b>Total balance carried to the next period</b>	-	-

The Safe Work Australia Special Account Establishment 2009 was activated on 1 April 2009 per Financial Management and Accountability Determination 2009/07. This account was transferred to the new Safe Work Australia agency on 1 July 2009 as a result of a restructure from the Department of Education, Employment and Workplace Relations.

This account was abolished per Financial Management and Accountability Determination 2009/30 and the balance was transferred on 3 December 2009 to the new Safe Work Australia special account established under FMA Act s21 being the *Safe Work Australia Act 2008*.

**SAFE WORK AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 15: Special Accounts *continued***

	2011	2010
<b>Safe Work Australia Special Account (Departmental)</b>	<b>\$</b>	<b>\$</b>
Appropriation: <i>Financial Management and Accountability Act 1997 section 21.</i>		
Establishing Instrument: <i>Safe Work Australia Act 2008.</i>		
<i>Purpose:</i> To provide a source of finance to resource Safe Work Australia.		
Balance brought forward from previous period	<b>7,502,339</b>	-
Transfer of balance from FMA Act s20 Special Account	-	4,038,869
Transfer cash held by Agency from FMA Act s20 Special Account	-	263,798
<b>Contributions From:</b>		
Appropriation for reporting period	<b>8,639,000</b>	4,298,093
Capital Injection - Departmental Capital Budget	<b>1,296,000</b>	
State and Territories and Commonwealth-funded projects	<b>10,369,475</b>	5,494,326
Transfer of Appropriation Receivable s32	-	2,614,483
<b>Total increase</b>	<b>20,304,475</b>	16,709,569
<b>Available for payment</b>	<b>27,806,814</b>	16,709,569
Employees	<b>(11,020,290)</b>	(4,944,649)
Suppliers	<b>(7,601,181)</b>	(4,095,120)
GST paid	<b>(678,216)</b>	(167,461)
<b>Total decrease</b>	<b>(19,299,687)</b>	(9,207,230)
<b>Total balance carried to the next period</b>	<b>8,507,127</b>	7,502,339



**SAFE WORK AUSTRALIA  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 16: Compensation and Debt Relief**

	2011	2010
	\$	\$
<b>Departmental</b>		
No 'Act of Grace' expenses were incurred during the reporting period (2010: No expenses).	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> (2009: No waivers).	-	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period (2010: No payments).	-	-
No ex-gratia payments were provided for during the reporting period (2010: No payments)	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the <i>Public Service Act 1999</i> during the reporting period (2010: No payments).	-	-

**SAFE WORK AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 17: Reporting of Outcomes**

Safe Work Australia has a single outcome and single program. The outcome is: Safer and more productive Australian workplaces through harmonising national occupational health and safety and workers' compensation arrangements.

**Note 17A: Net Cost of Outcome Delivery**

	Outcome 1		Total	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>Expenses</b>				
Departmental	<b>18,328,248</b>	14,733,717	<b>18,328,248</b>	14,733,717
<b>Total</b>	<b>18,328,248</b>	14,733,717	<b>18,328,248</b>	14,733,717
<b>Other own-source income</b>				
Departmental	<b>9,250,466</b>	9,700,911	<b>9,250,466</b>	9,700,911
<b>Total</b>	<b>9,250,466</b>	9,700,911	<b>9,250,466</b>	9,700,911
<b>Net cost/(contribution) of outcome delivery</b>	<b>9,077,782</b>	5,032,806	<b>9,077,782</b>	5,032,806

Outcome 1 is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to Outcome 1 Resourcing Table on page [page 37] of this Annual Report.

**Note 17B: Major Classes of Departmental Expense, Income, Assets and Liabilities by Outcomes**

Safe Work Australia has one outcome, described above. The split for departmental expenses and income is derived from the statement of comprehensive income. The split for assets and liabilities is derived from the balance sheet.

**SAFE WORK AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 18: Comprehensive Income (Loss) attributable to the entity (DCB or CDAB funded only)**

	2011	2010
	\$	\$
<b>Total Comprehensive Income (loss) attributable to the entity</b>		
Total comprehensive income (loss) <sup>1</sup>	(125,023)	-
Plus: non-appropriated expenses		
Depreciation and amortisation expenses <sup>2</sup>	<u>254,381</u>	<u>-</u>
<b>Total comprehensive income (loss) attributable to the entity</b>	<u><b>129,358</b></u>	<u><b>-</b></u>

1. As per the Statement of Comprehensive Income.

2. An immaterial amount of depreciation for assets purchased from ordinary annual appropriations is included in this amount.

From 2010-11, appropriation for departmental capital budgets are accounted for as contributions by owners as owners and included as equity. There are no comparatives for the 2009-10 financial year as the change to appropriate recognition was introduced from 1 July 2010. Prior to this date, appropriation for depreciation and amortisation expenses was recognised as revenue from government in the statement of comprehensive income.