

**Senate Standing Committee on Education Employment and Workplace
Relations**

**QUESTIONS ON NOTICE
Additional Estimates 2012-2013**

Agency - Fair Work Ombudsman

DEEWR Question No. EW0900_13

Senator Abetz asked on 13 February 2013 , Hansard page 41

Question

**Delivery of Workplace Relations Services by the Office of the Fair Work
Ombudsman**

Senator ABETZ: ... Can I move on to the audit report Delivery of workplace relations services by the Office of the Fair Work Ombudsman? And if I might say, in general terms, you came through that relatively unscathed. The report makes two recommendations and your response, Mr Wilson, was 'with which we substantially agree'. I am just wondering if that means you fully agree or is there a little node on the recommendations that you don't quite agree with? I am wanting to ascertain where we are at with that report. Given the time, why don't we take that on notice, if that is agreeable? Mr Wilson: The report contains a comprehensive response from us which we will provide in the response.

Answer

The Fair Work Ombudsman has provided the following response.

On 3 December 2012, the Fair Work Ombudsman provided the following response to the recommendations of the Australian National Audit Office's (ANAO) audit report *Delivery of Workplace Relations Services by the Office of the Fair Work Ombudsman*. This response has been included in the report.



Australian Government

Fair Work OMBUDSMAN

GPO Box 9887 Melbourne VIC 3001 | 414 LaTrobe Street Melbourne VIC 3000

P: (03) 9954 2611 F: (02) 6264 5367 E: nicholas.wilson@fwo.gov.au

Dr Andrew Pope
Group Executive Director
Performance Audit Services Group
19 National Circuit
Barton, ACT 2601

Dear Dr Pope

I refer to the current audit by the Australian National Audit Office (ANAO) of the "Delivery of Workplace Relations Services by the Office of the Fair Work Ombudsman", the proposed report of which I received on 7 November 2012.

The Office of the Fair Work Ombudsman notes the ANAO's comments concerning the sound administration of education and compliance services in relation to the *Fair Work Act 2009* delivered by the Fair Work Ombudsman.

The report makes reference to a number of new and changed initiatives implemented by the Fair Work Ombudsman that have led to an ongoing improvement in the timeliness and quality of our service delivery. I am pleased to say that these improvements are ongoing and I expect them to continue to enhance the delivery of our services. Some of these initiatives include the expansion of the range of resolution services we offer for complainants, the implementation of a dedicated Project Management Office to assist with greater strategic risk and project management, and the establishment and strengthening of our data collection and reporting functions. These initiatives are all aligned to improving governance of the Fair Work Ombudsman and delivery of outcomes for citizens in line with the recommendations made by the ANAO report.

I am also pleased to confirm that as noted in the report, the Fair Work Ombudsman has continued since July this year to meet or exceed its important service delivery KPI of completing 80% of matters within 90 days.

I provide the following formal response for incorporation into the audit report and brochure.

The report makes two recommendations with which we substantially agree.

Recommendation No 1

"To support the ongoing operation of the reformed workplace relations system and effectively respond to the demand for its services, the ANAO recommends that the Office of the Fair Work Ombudsman better integrate risk management into strategic and operational planning and decision-making."

www.fairwork.gov.au

Fair Work Infoline 13 13 94

ABN: 43 884 188 232

Fair Work Ombudsman comment:

Broadly the Fair Work Ombudsman supports the recommendation, while noting that the discussion in the report leading to the recommendation is not entirely correct.

Paragraph 2.14 states that a structured approach to risk management may be beneficial in strategy and other functions. Aside from this comment potentially overstating the benefits of risk management to the development of strategy and understating the extent to which strategy is a managerial response to many environmental variables, including but not limited to risk, it runs the risk itself of overlooking the rigour and sophistication of the Fair Work Ombudsman's 2012 strategic planning process, which demonstrably was a discussion about, and a response to, the forward risks facing the Agency.

Paragraph 2.15 notes that a structured approach to risk management would assist the Agency's Executive Committee and senior management in determining the implications of, and responses to, reduced funding and staffing. Again, this paragraph potentially overstates the benefits of risk management systems in strategic decision making and understates the processes that actually were used in the course of the past year, every part of which were to do with identifying and controlling the risks faced by the Agency.

The Fair Work Ombudsman is currently embedding two initiatives in the area of strategic risk management. These are the establishment of a Project Management Office which provides risk based oversight to a number of significant initiatives designed to enhance service delivery. In addition, the Fair Work Ombudsman is establishing a formalised operational Quality Assurance Program to minimise the risk of errors or poor quality outcomes and to promote continuous improvement as a method of promoting high performance. Additionally, as part of its regular work program an internal audit report on risk management has been provided to the Fair Work Ombudsman Audit Committee for their consideration.

Recommendation No 2

"To better inform monitoring, reporting and adjustment in service delivery approaches, the ANAO recommends that the Office of the Fair Work Ombudsman:

- establish key performance indicators to measure the effectiveness of its services in supporting compliance with workplace laws; and
- develop measures of the efficiency of its service delivery, which relate to the number, type and costs of resources inputs, and the level of workplace relations services delivered."

Fair Work Ombudsman comment:

The Fair Work Ombudsman broadly agrees with this recommendation.

In doing so, it notes the current frame of key performance indicators as set out in the Agency's Portfolio Budget Statements are those that evolved for workplace relations inspectorates nationally from the Workplace Relations Ministers Council work that led to a series *Benchmarking of Commonwealth and State Workplace Relations Inquiry and Compliance Services* reports starting in 1999.

This work was sponsored by the Ministerial Council and led to a framework agreed to by all jurisdictions. It included a number of agreed key performance indicators against which all jurisdictions, including the Commonwealth forerunner of the Fair Work Ombudsman, agreed to be measured and held accountable.

The key performance indicators were chosen for a number of critical reasons, including that they may need to serve as surrogates for efficiency and effectiveness measures, due either to the absence of better information, or because better information might be too costly to obtain.

Of course, the Fair Work Ombudsman is not against the idea of changing these indicators, or of finding more accurate measures of efficiency and effectiveness, assuming that the information needed can be found and the cost of its collection is not disproportionate to its value. As noted in the report, the Fair Work Ombudsman currently has a number of agency change projects underway designed to equip the Fair Work Ombudsman to meet its future service demands in a cost effective and high quality manner. Two of these projects relate to this recommendation. One is a project to determine the cost of each service delivery option, and the other project is to establish a new set of measures that incorporate lead and lag indicators as well as measure the organisation's effectiveness and efficiency. In addition, a dedicated centralised reporting unit has been established to ensure data integrity and quality of reporting.

Yours sincerely



Nicholas Wilson
FAIR WORK OMBUDSMAN
3 December 2012