

FAMILY COURT OF AUSTRALIA

Section 1: Overview

The Family Court of Australia (the Court) is a Superior Court of record, which has been operating since 5 January 1976. The Court consists of the Chief Justice, Deputy Chief Justice and 39 judges. The Court maintains registries in all capital cities and some major centres except in Western Australia, which has a State Court. The Chief Justice is responsible for the management of the Court, assisted by a Deputy Chief Justice and a Chief Executive Officer.

The Court's goal is to deliver excellence in service for children, families and parties through effective judicial and non-judicial process, high quality and timely judgements, and respecting the needs of separating families. The purpose of the Court, as Australia's Superior Court in family law, is to:

- determine cases with complex law, facts and parties
- cover specialised areas in family law
- provide national coverage as the appellate court in family law matters, and
- resolve matters where possible and appropriate.

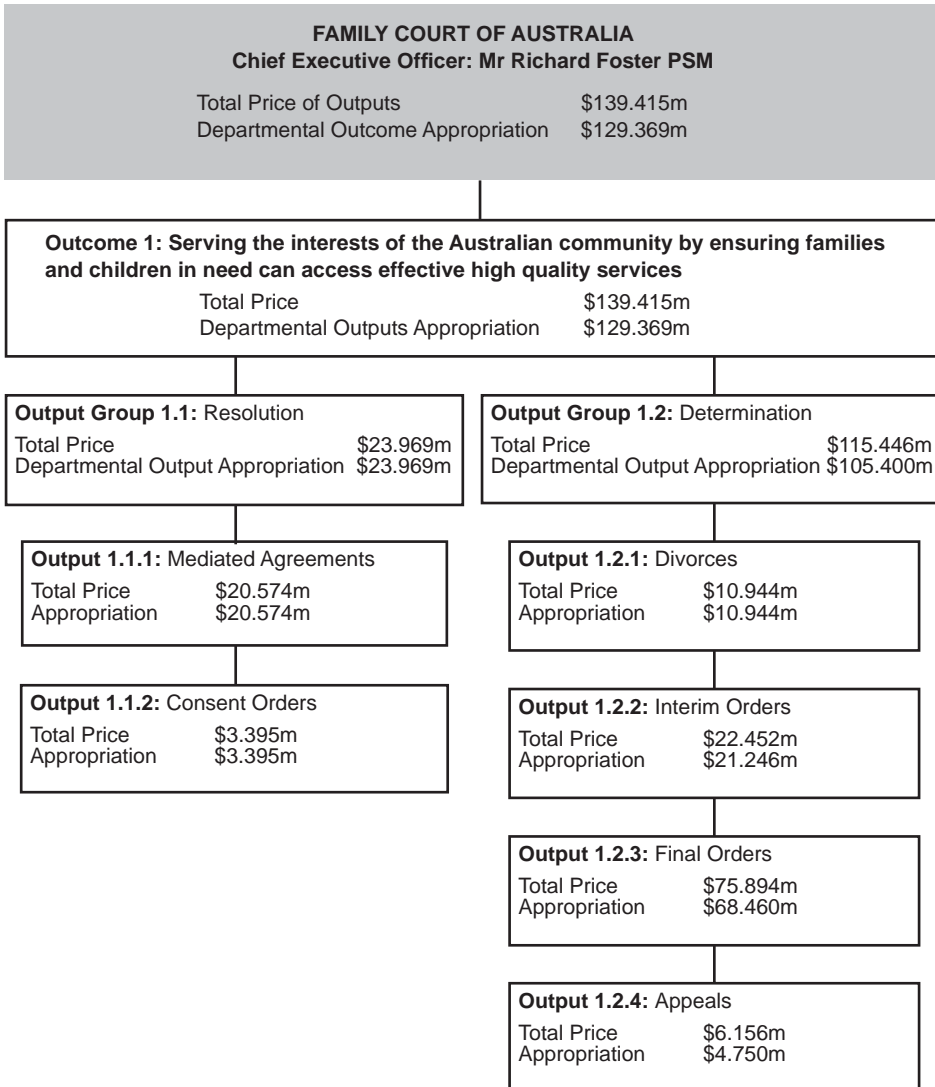
The establishment of Family Relationship Centres and the continued work of the Federal Magistrates Court of Australia (FMC) should ensure that the Court can increasingly focus on the determination of the most complex family law cases, including hearing of appeals. To achieve this, the Court provides a range of services, integrated within a case management environment, and encompassing:

- information about family law and Court services
- judicial determination of litigated matters, and
- dispute resolution services (mediation).

Accordingly, the Court has identified two key outputs ('determination' and 'resolution') necessary to achieve its outcome. In so doing the Court is able to focus on specific services in order to deliver them in the most efficient and effective manner.

The Court also has administered revenue items, which include court filing fees and fines received on behalf of the Australian Government. However, the Court has no material administered expense items. Therefore, administered items are not recognised in Section 2 of the PBS.

Table 1.1: Agency outcomes and output groups



Section 2: Resources for 2006-07

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2006-07, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

The total departmental appropriation for the Court in the 2006-07 Budget is \$129.369m. The total departmental capital (equity injection) is \$0.170m.

Table 2.1: Appropriations and other resources 2006-07

Outcome/ Non-operating	Departmental			Administered				Total \$'000
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2	Special Appropriation \$'000	
						SPP \$'000	Other \$'000	
Outcome 1 - Serving the interests of the Australian community by ensuring families and children in need can access effective high quality services Equity injections	129,369	-	-	2,400	-	-	-	-
TOTAL	129,369	170	-	2,400	-	-	-	-
								131,769
								170
								131,939

(a) Departmental and administered receipts from other sources (i.e. other than appropriation amounts) that are available to be used.

2.2 2006-07 BUDGET MEASURES

Budget measures relating to the Court as explained in Budget Paper No. 2 are summarised in Table 2.2. The table also identifies the relevant outcomes, administered items and outputs associated with each measure.

Table 2.2: Agency measures

Measure	Outcome	Output Groups Affected	2006-07 (\$'000)			2007-08 (\$'000)			2008-09 (\$'000)			2009-10 (\$'000)		
			Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total
Expense Measure National Security - Implementing the <i>Anti-Terrorism Act</i> (No 2) 2005	1	1.1, 1.2	-	34	34	-	-	-	-	-	-	-	-	-
Total Expense Measure			-	34	34	-	-	-	-	-	-	-	-	-
Capital Measure National Security - Implementing the <i>Anti-Terrorism Act</i> (No 2) 2005	1	1.1, 1.2	-	170	170	-	-	-	-	-	-	-	-	-
Total Capital Measure			-	170	170	-	-	-	-	-	-	-	-	-
Total All Measures			-	204	204	-	-	-	-	-	-	-	-	-

The Australian Government announced, following MYEFO, a new measure: Federal Magistrates Court – providing additional magistrates for family law.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

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

Table 2.3: Other resources available to be used¹

	Estimated Resources 2005-06 \$'000	Budget Estimate 2006-07 \$'000
Departmental resources		
Sale of goods and services (FMA Act s31)	2,004	2,000
Interest (FMA Act s31)	750	750
Resources received free of charge ²	70	70
Liabilities assumed by the Attorney-General's Department ³	7,226	7,226
Total departmental other resources available to be used	10,050	10,046

1. Sale of goods and services revenue includes photocopying charges, copies of decrees and other minor revenue.
2. Resources received free of charge are for services provided by the Australian National Audit Office in conducting the annual financial statements audit.
3. Liabilities assumed by the Attorney-General's Department relate to the *Judges' Pensions Act 1968*.
4. The amount of other resources available to be used includes cash receipts of \$2.404m in 2005-06 and \$2.400m in 2006-07. Cash receipts of \$2.400m in 2006-07 are included in Table 2.1

2.6 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* (FMA Act). These Determinations may be disallowed by the Parliament. Table 2.6 shows the expected additions (credits) and reductions (debits) for each account used by the Court.

Table 2.6: Estimates of special account flows and balances

	Opening Balance 2006-07 2005-06 \$'000	Credits 2006-07 2005-06 \$'000	Debits 2006-07 2005-06 \$'000	Adjustments 2006-07 2005-06 \$'000	Closing Balance 2006-07 2005-06 \$'000
Other Trust Money - FMA Act s20 (A)	178	400	400	-	178
	178	400	400	-	178
Comcare Account <i>Safety Rehabilitation and Compensation Act 1988</i> (D)	-	250	250	-	-
	-	250	250	-	-
Total Special Accounts 2006-07 Budget Estimate	178	650	650	-	178
<i>Total Special Accounts 2005-06 Estimated Actual</i>	178	650	650	-	178

(A) = Administered (D) = Departmental

Section 3: Outcomes

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES

The relationship between activities of the Court and its outcome is summarised in Table 1.1.

3.3 OUTCOMES AND PERFORMANCE

Outcome 1 resourcing

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

Table 3.1: Total resources for Outcome 1

	Estimated Actual 2005-06 \$'000	Budget Estimate 2006-07 \$'000
DEPARTMENTAL APPROPRIATIONS		
Output Group 1.1 - Resolution		
Output 1.1.1 - Mediated Agreements	20,541	20,574
Output 1.1.2 - Divorce	3,389	3,395
Subtotal Output Group 1.1	23,930	23,969
Output Group 1.2 - Determination		
Output 1.2.1 - Divorce	10,926	10,944
Output 1.2.2 - Interim Orders	21,209	21,246
Output 1.2.3 - Final Orders	68,333	68,460
Output 1.2.4 - Appeals	4,739	4,750
Subtotal Output Group 1.2	105,207	105,400
Total revenue from Government (appropriations) contributing to price of departmental outputs	129,137	129,369
OTHER RESOURCES AVAILABLE TO BE USED		
Output 1.2.2 - Interim Orders	1,176	1,176
Output 1.2.3 - Final Orders	7,253	7,249
Output 1.2.4 - Appeals	1,371	1,371
Output 1.2.2, 1.2.3 and 1.2.4 - (to Comcare Special Account)	250	250
Total revenue from other sources	10,050	10,046
Total resources (Total revenue from Government and from other sources)	139,187	139,415
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	139,187	139,415
Average staffing level (number)	680	680

Measures affecting Outcome 1

A summary of measures in the 2006-07 Budget is at Table 2.2.

Performance information for Outcome 1

The Court's output groups of 'resolution' and 'determination' reflect the Government's commitment to helping families to resolve their disputes by agreement rather than proceeding to trial and having their disputes determined by a judge.

Output Group 1.1 - Resolution

The provision of services to assist clients to resolve their family disputes without proceeding to determination, i.e. to resolve disputes without commencing a hearing before a Judge, Judicial Registrar or Senior Registrar. Services include mediation in children's matters by Court Mediators and in property matters by Registrars, and joint conferences by a Court Mediator and Registrar in matters where there are enmeshed parenting and property issues.

A combined first return date event is provided after filing of an application for final orders in parenting and financial cases. This event comprises an information session, case assessment conference and directions hearing. The information session early in the court process presents information about the full range of options available to assist in the resolution of a dispute. The case assessment conference identifies the issues in dispute between the parties, considers appropriate dispute resolution interventions and provides an early opportunity to negotiate and, if the case is not able to be resolved, adopts a case management pathway for each case. If agreement can be reached, development of parenting plans and consent orders assist separated families to reach and formalise agreements, without proceeding to a judicial determination.

At all events along the Court's case management pathway there is an attempt made to resolve the issues in dispute. Events in this category include case assessment conferences, directions hearings, conciliation conferences, mediation and pre-trial conferences. Registry services include filing of applications, listing of resolution events and provision of information to clients in person and by telephone.

Output 1.1.1 Mediated Agreements

Mediation is conducted in children's matters by Court Mediators who are trained in social work or psychology. In financial matters, conciliation conferences are conducted by legally trained Registrars. Where there are combined children's and financial matters a joint session with a Registrar and a

Mediator is organised, where possible. Clients may file an application for final orders but resolve their dispute at some point between filing the application and commencing a final hearing before a Judge or Judicial Registrar. For example, after case assessment conference, a conciliation conference or at the pre-trial conference.

Output 1.1.2 Consent Orders

Clients may file an application for consent orders for approval by a Registrar in chambers, without seeking recourse to any other Court services. Alternatively, parties may seek to register a parenting plan or enter into a binding financial arrangement (Part VIII(A) Family Law Act). Those matters that proceed with an application can be finalised at any stage by the filing of consent orders.

Output Group 1.2 - Determination

Matters determined by Judges, Judicial Registrars and Senior Registrars include divorces, applications for interim orders, applications for final orders and appeals. These matters mostly include, but are not limited to, those involving financial disputes between parties to a marriage and disputes involving residence, contact and specific issues related to the children whether the parents have married or not. The vast majority of matters commenced in the court, resolve before reaching a final hearing. In addition, a very large number of parties file applications seeking interim orders.

Activities undertaken by Court staff include preparing matters for determination by judicial officers, such as provision of registry services to process applications for court proceedings, listing of matters for trial, provision of pre-trial conferences, provision of family reports, and resolving taxation of costs. Client services teams pro-actively manage individual files to ensure that parties and their lawyers are prepared and available for court events. These managers are the parties' and lawyers' first point of reference in any case pending in the court.

Output 1.2.1 Divorces

The Court and the FMC have concurrent jurisdiction to determine applications for divorce. The divorce application is a separate procedure from any application relating to the matrimonial property or the residence, contact or specific issues relating to children.

All divorce applications are received at Court Registries but filed with the FMC. However, the Court provides all the operational support activities, including basic procedural advice.

The Court hears ten per cent of all such filings.

Output 1.2.2 Interim Orders

Clients may seek to have their family dispute determined by a Judge, Judicial Registrar or Senior Registrar on an interim basis pending progress of their application for final orders. Disputes may include financial, children or other matters. Activities undertaken by Court staff include services to assist judicial decision making such as provision of registry services to process applications for court proceedings and listing of matters for trial.

Output 1.2.3 Final Orders

The determination of family disputes, including children, financial and other matters are required to be decided by a judicial officer on a final basis. All final orders, after a hearing, are followed by a Judgement which explains reasons for a decision.

Output 1.2.4 Appeals

The Family Law Act allows an appeal against the decision of an individual Judge to the Full Court. Decisions by Judicial Registrars and Senior Registrars are reviewed by a single Judge and are treated as an event contributing to the outputs 'Interim Orders' or 'Final Orders', not to the 'Appeals' output. Fewer than two per cent of interim orders made by Registrars are sent on review to a Judge. The Family Law Act allows an appeal against the decision of a Federal Magistrate to the Full Court. A further provision in the Family Law Act permits the Chief Justice to determine whether that appeal is heard by the Full Court or by a single Judge constituting a Full Court.

Performance information for Outcome 1

Performance information for administered items, individual outputs and output groups relating to the Court are summarised in Table 3.2.

Table 3.2: Performance information for Outcome 1

Performance Indicators for Individual Outputs	
Output Description	Performance Indicator
Output 1.1.1: Mediated Agreements	<p>Quality: Proportion of total matters filed which are resolved through mediated agreement between the parties – target 75%. Timeliness of Courts events – target 90% of the matters resolved through mediated agreement are resolved within six months of filing. Client satisfaction – target 75% of clients are satisfied with the Court resolution processes</p> <p>Quantity: 6,807</p> <p>Price: Average cost of achieving mediated agreements: \$3,023</p>
Output 1.1.2: Consent Orders	<p>Quality: Timeliness of Court events – target 90% of compliant consent orders filed are finalised within four weeks of filing</p> <p>Quantity: 12,509</p> <p>Price: Average cost of consent orders processed: \$271</p>
Output 1.2.1: Divorces	<p>Quality: Timeliness – target 90% of divorces filed are determined within three months. Client satisfaction – target 75% of clients are satisfied with Court divorce processes</p> <p>Quantity: Total number of divorces (form 4) finalised: 4,495. (All Divorce applications are received at the Court Registries but filed with the FMC. However, the Court provides all of the operational support activities, including basic procedural advice. The Court hears 10% of all such filings. This quantity reflects the number of divorces heard in the Court)</p> <p>Price: Average cost: \$2,435</p>
Output 1.2.2: Interim Orders	<p>Quality: Timeliness – target 90% of applications for interim orders are finalised within three months. Client satisfaction – target 75% of clients are satisfied with the Court processes</p> <p>Quantity: 11,354 (this quantity reflects the number of Interim Orders made in the Court. In addition to this, of the applications made, approximately 49% are matters for determination by the FMC – the Court however undertakes a range of operational support activities with respect to FMC applications)</p> <p>Price: Average cost: \$1,977</p>

Table 3.2: Performance information for Outcome 1 (continued)

Performance Indicators for Individual Outputs	
<i>Output Description</i>	<i>Performance Indicator</i>
Output 1.2.3: Final Orders	<p>Quality: Timeliness – target 75% of applications which have not been resolved are finalised within six months of issue of trial notice. Client satisfaction – target 75% of clients are satisfied with litigation processes</p> <p>Quantity: 3,665 (this quantity reflects the number of Final Orders made in the Court. In addition to this, of the applications made, approximately 52% are matters for determination by the FMC – the Court however undertakes a range of operational support activities with respect to FMC applications)</p> <p>Price: Average cost: \$20,708</p>
Output 1.2.4: Appeals	<p>Quality: Timeliness – target 75% of appeals are finalised within six months</p> <p>Quantity: Number of appeals finalised: 340</p> <p>Price: Average cost: \$18,106</p>

Evaluations for Outcome 1

The Court is planning to conduct the following evaluations and reviews during 2006-07:

- the Child Responsive Model pilot is being conducted at the Melbourne Registry. The Child Responsive Model is a new approach to preparing cases for trial, intended to better support the new less adversarial approach to hearing children’s cases. The model is designed to better support the Court’s judges in hearing children’s cases, whilst still identifying early opportunities to appropriately resolve cases prior to courtroom proceedings where possible. The final evaluation of the pilot will be completed during 2006-07
- under the Combined Registry initiative, the potential role of the Court’s registrars in supporting federal magistrates to manage high-volume caseloads is being piloted in various locations across Australia and will be evaluated during 2006-07
- the Court recently established its National Enquiry Centre to better manage telephone enquiries. The effectiveness of the National Enquiry Centre will be reviewed during 2006-07

- the Court has implemented the Preliminary Report approach to assist in managing the demand for family reports, and the pilot results will be reviewed during 2006-07, and
- the Court will undertake a review of its travel policy during 2006-07.

The results will be reported on in the Family Court of Australia's Annual Report and will include details of operational audits undertaken by the Court's internal auditor Acumen Alliance. Additionally, the Court will implement recommendations from the following recently conducted evaluations and reviews:

- the evaluation reports from the Children's Cases Program will be used to inform the wider rollout of the less adversarial approach to hearing children's cases in all of the Court's locations from 1 July 2006, and
- the Court will continue to address the recommendations from the Australian National Audit Office (ANAO) report into client services across the Court and the FMC, and the Court's client satisfaction survey, through the following policy and operational initiatives:
 - The Combined Registry initiative in conjunction with the FMC, and
 - The National Enquiry Centre.

Section 4: Other reporting requirements

4.1 PURCHASER-PROVIDER ARRANGEMENTS

The Court does not participate in purchaser-provider arrangements.

4.2 COST RECOVERY ARRANGEMENTS

The Court does not have any cost recovery arrangements.

4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE)

The current ATSI Family Consultants Programme (the FC Programme) promotes access to justice for Indigenous Australians and assists the Court and other agencies in the family law system to adapt their processes and operations to address the barriers that exist for Indigenous people in accessing services.

The Programme objectives are delivered through:

- culturally appropriate mediation for Indigenous clients, by the consultants themselves or together with Court mediators, as appropriate
- working with Indigenous communities to make links to other appropriate family law services
- assistance to the communities themselves to develop programmes for families experiencing conflict and family breakdown, and
- provision of cultural awareness programmes to Court staff and other personnel and assistance to Court through input to Family Reports, should proceedings reach the determination phase.

Section 5: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Departmental

Statement of Financial Performance

The Court is budgeting for a balanced budget in 2006-07.

Departmental appropriation revenue has increased \$0.232m compared to 2005-06 estimated actuals. The increase reflects a further funding shift of \$0.478m to the FMC for Judges replaced by Federal Magistrates, additional funding to implement the Anti-Terrorism Act expense measure \$0.034m, additional depreciation funding \$0.431m and net wage cost indexation adjustments \$0.245m. Court expenses have also increased \$0.232m resulting in a net nil bottom line impact.

Statement of financial position

The Court is budgeting for a \$1.470m increase in assets over 2005-06, primarily in receivables of \$1.839m offset by a reduction in non-financial assets of \$0.369m. The increase in receivables and the decrease in non-current assets is driven by delay in several large assets replacements now due to occur in early 2006-07.

Employee liabilities are budgeted to increase by \$1.300m whilst capital is budgeted to increase by \$0.170m.

Administered

Statement of financial performance

The Court is budgeting for the 2005-06 level of revenue to be maintained in 2006-07.

Statement of financial position

The Court is budgeting for the 2005-06 level of assets (cash unremitted to Official Public Account (OPA) at 30 June) to be maintained in 2006-07.

BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement for the period ended 30 June

	Estimated Actual 2005-06 \$'000	Budget Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
INCOME					
Revenue					
Revenues from Government	129,137	129,369	129,950	131,035	132,182
Goods and services	2,004	2,000	2,000	2,000	2,000
Interest	750	750	750	750	750
Other	7,296	7,296	7,296	7,296	7,296
Total revenue	139,187	139,415	139,996	141,081	142,228
Total income	139,187	139,415	139,996	141,081	142,228
EXPENSE					
Employees	72,510	73,671	74,399	75,509	76,088
Suppliers	57,069	56,705	56,602	56,622	57,198
Depreciation and amortisation	8,608	9,039	8,995	8,950	8,942
Total expenses	138,187	139,415	139,996	141,081	142,228
Operating result	1,000	-	-	-	-
Net surplus or (deficit) attributable to the Australian Government	1,000	-	-	-	-

Table 5.2: Budgeted departmental balance sheet as at 30 June

	Estimated Actual 2005-06 \$'000	Budget Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
ASSETS					
Financial assets					
Cash	3,761	3,761	3,761	3,761	3,761
Receivables	17,078	18,917	20,712	22,462	24,204
Other	538	538	538	538	538
Total financial assets	21,377	23,216	25,011	26,761	28,503
Non-financial assets					
Land and buildings	9,046	9,887	9,255	8,668	8,089
Infrastructure, plant and equipment	8,169	7,909	7,496	7,083	6,670
Inventories	143	143	143	143	143
Intangibles	2,711	1,761	2,311	2,861	3,411
Other	12,027	12,027	12,027	12,027	12,027
Total non-financial assets	32,096	31,727	31,232	30,782	30,340
Total assets	53,473	54,943	56,243	57,543	58,843
LIABILITIES					
Provisions					
Employees	22,021	23,321	24,621	25,921	27,221
Other	2,839	2,839	2,839	2,839	2,839
Total provisions	24,860	26,160	27,460	28,760	30,060
Payables					
Suppliers	6,032	6,032	6,032	6,032	6,032
Other	1,228	1,228	1,228	1,228	1,228
Total payables	7,260	7,260	7,260	7,260	7,260
Total liabilities	32,120	33,420	34,720	36,020	37,320
EQUITY*					
Parent entity interest					
Contributed equity	4,456	4,626	4,626	4,626	4,626
Reserves	4,763	4,763	4,763	4,763	4,763
Retained surpluses or accumulated deficits	12,134	12,134	12,134	12,134	12,134
Total parent entity interest	21,353	21,523	21,523	21,523	21,523
Total equity	21,353	21,523	21,523	21,523	21,523
Current assets	21,520	23,359	25,154	26,904	28,646
Non-current assets	31,953	31,584	31,089	30,639	30,197
Current liabilities	8,361	8,426	8,491	8,556	8,621
Non-current liabilities	23,759	24,994	26,229	27,464	28,699

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

Table 5.3: Budgeted departmental statement of cash flows for the period ended 30 June

	Estimated Actual 2005-06 \$'000	Budget Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	2,004	2,000	2,000	2,000	2,000
Appropriations	126,106	127,530	128,155	129,285	130,440
Interest	400	400	400	400	400
Other	4,335	4,376	4,396	4,396	4,867
Total cash received	132,845	134,306	134,951	136,081	137,707
Cash used					
Employees	64,031	65,165	65,893	67,003	67,582
Suppliers	56,629	56,265	56,162	56,182	56,758
Other	4,335	4,376	4,396	4,396	4,867
Total cash used	124,995	125,806	126,451	127,581	129,207
Net cash from or (used by) operating activities	7,850	8,500	8,500	8,500	8,500
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	7,850	8,670	8,500	8,500	8,500
Total cash used	7,850	8,670	8,500	8,500	8,500
Net cash from or (used by) investing activities	(7,850)	(8,670)	(8,500)	(8,500)	(8,500)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	-	170	-	-	-
Total cash received	-	170	-	-	-
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	-	170	-	-	-
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	3,761	3,761	3,761	3,761	3,761
Cash at the end of the reporting period	3,761	3,761	3,761	3,761	3,761

Table 5.4: Departmental statement of changes in equity — summary of movement Budget 2006-07

	Accumulated Results \$'000	Asset Revaluation Reserve \$'000	Contributed Equity/ Capital \$'000	Total Equity \$'000
Opening balance as at 1 July 2006	12,134	4,763	4,456	21,353
Balance carried forward from previous period	-	-	-	-
Adjusted opening balance	12,134	4,763	4,456	21,353
Income and expense				
Net operating result	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-
Transactions with owners				
Appropriation (equity injection)	-	-	170	170
Sub-total transactions with owners	-	-	170	170
Estimated closing balance as at 30 June 2007	12,134	4,763	4,626	21,523

Table 5.5: Departmental capital budget statement

	Estimated Actual 2005-06 \$'000	Budget Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	170	-	-	-
Total capital appropriations	-	170	-	-	-
Represented by:					
Purchase of non-financial assets	-	170	-	-	-
Total represented by	-	170	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	170	-	-	-
Funded internally by departmental resources	7,850	8,500	8,500	8,500	8,500
Total	7,850	8,670	8,500	8,500	8,500

Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement Budget year 2006-07

	Buildings	Other Infrastructure Plant and Equipment	Computer Software	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2006				
Gross book value	25,734	18,421	13,605	57,760
Accumulated depreciation	16,688	10,252	10,894	37,834
Opening net book value	9,046	8,169	2,711	19,926
Additions:				
by purchase	3,500	3,170	2,000	8,670
Depreciation/amortisation expense	2,659	3,430	2,950	9,039
As at 30 June 2007				
Gross book value	29,234	21,591	15,605	66,430
Accumulated depreciation	19,347	13,682	13,844	46,873
Estimated closing net book value	9,887	7,909	1,761	19,557

Table 5.7: Schedule of budgeted income and expenses administered on behalf of Government for the period ended 30 June

	Estimated Actual 2005-06 \$'000	Budget Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Other sources of non-taxation revenues	2,500	2,500	2,500	2,500	2,500
Total non-taxation	2,500	2,500	2,500	2,500	2,500
Total revenues administered on behalf of Government	2,500	2,500	2,500	2,500	2,500
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT	-	-	-	-	-
Total expenses administered on behalf of Government	-	-	-	-	-

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

	Estimated Actual 2005-06 \$'000	Budget Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash	55	55	55	55	55
Total financial assets	55	55	55	55	55
Total assets administered on behalf of Government	55	55	55	55	55
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Total liabilities administered on behalf of Government	-	-	-	-	-

Table 5.9: Schedule of budgeted administered cash flows for the period ended 30 June

	Estimated Actual 2005-06 \$'000	Budget Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
OPERATING ACTIVITIES					
Cash received					
Other	2,500	2,500	2,500	2,500	2,500
Total cash received	2,500	2,500	2,500	2,500	2,500
Total cash used	-	-	-	-	-
Net cash from or (used by) operating activities	2,500	2,500	2,500	2,500	2,500
FINANCING ACTIVITIES					
Cash used					
Cash to Official Public Account	2,500	2,500	2,500	2,500	2,500
Total cash used	2,500	2,500	2,500	2,500	2,500
Net cash from or (used by) financing activities	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)
Net increase or (decrease) in cash held					
Cash at beginning of reporting period	55	55	55	55	55
Cash at end of reporting period	55	55	55	55	55

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs, being the Financial Management and Accountability Orders)
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board, and
- Consensus Views of the Urgent Issues Group.

The income statement and balance sheet have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets, which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the balance sheet.

Assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow 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.

Revenues and expenses are recognised in the income statement when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Revenues from government

Amounts appropriated for departmental outputs appropriations for the year are recognised as revenue, except for certain amounts which 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.

Since 1999-2000 the Court has had Finance Minister approval for full supplementation of Remuneration Tribunal Determination increases related to Judicial remuneration. The Court recognises the corresponding expenses, and associated appropriation revenues, in the period in which the Remuneration Tribunal Determination is made. Where the period of the Determination differs from the period of the appropriation, the Court recognises an appropriation receivable consistent with the FMO's.

Resources Received Free of Charge

Services received free of charge are recognised as revenue 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.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements.

Other Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts or other agreements to provide services. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is judged to be less rather than more likely.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the relevant asset.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

Equity injections

Amounts appropriated which are designated as 'equity injections' for a year are recognised directly in contributed equity in that year.

Employee expenses

Employee expenses consist of wages and salaries, superannuation, leave and other entitlements, separations and redundancies and other employee benefits.

Employee benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for wages and salaries (including non monetary benefits), annual leave and sick leave are measured at their nominal amounts. Other employee benefits expected to be settled within twelve months of the reporting date are also measured at their nominal amounts.

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

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

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 Court is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the Court employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

Superannuation

Staff of the Court are members of either the Commonwealth Superannuation Scheme, the Public Sector Superannuation Scheme or the Public Sector Accumulation Plan. The liability for their superannuation benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

The Court makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Australian Government of the superannuation entitlements of the Court's employees.

Supplier expenses

Consist of administrative expenses including operating lease rentals and supply of goods and services to the Court.

Leases

A distinction is made between finance leases, which effectively transfers from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the present value of minimum lease payments at the beginning of the lease term and a liability 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. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced by allocating lease payments between rental expense and reduction of the liability.

Services provided free of charge to the FMC

The Court provides resources free of charge to the FMC in accordance with s90, 92 and 99 of the *Federal Magistrates Act 1999*. Resources provided free of charge include:

- court staff perform work on behalf of the FMC, and
- accommodation, including access to courtrooms.

It is estimated that the cost of resources provided free of charge by the Court to the FMC during 2006-07 will be \$15.150m. It is expected that similar levels of support will be provided by the Court to the FMC in all other financial years shown in these budgeted financial statements.

Other financial instruments

Trade creditors

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Cash

Cash includes notes and coins held and cash at bank.

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.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring 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.

Property, plant and equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than \$2,000, 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).

Revaluations

Land, buildings, plant and equipment are carried at valuation, being revalued with sufficient frequency such that the carrying amount of each asset class is not materially different, at reporting date, from its fair value.

Depreciation

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the Court using, in all cases, the straight line method of depreciation. Leasehold improvements are depreciated on a straight line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Impairment of non-current assets

Non-current assets carried at up to date fair value at the reporting date are not subject to impairment testing.

Non-current assets carried at cost and held to generate net cash inflows have been tested for their recoverable amounts at the reporting date. The test compared the carrying amounts against the net present values of future net cash inflows.

The non-current assets carried at cost, which are not held to generate net cash inflows, have been assessed for indications of impairment. Where indications of impairment exist, the asset is written down to the higher of its net selling price and if the entity would replace the asset's service potential, its depreciated replacement cost.

Intangibles

The Court's intangibles comprise software for internal use. These assets are carried at cost. Software is amortised on a straight line basis over its anticipated useful life.

Inventories

Inventories are valued at cost, unless they are no longer required, in which case they are valued at net realisable value. The Court's inventories are comprised of Court forms and publications.

The majority of Court forms and publications are held for internal use, or provided to individual clients free of charge. A very small volume of forms and publications are sold, on a cost recovery basis, to corporate clients where bulk supplies are requested. All inventories, regardless of those held for use, distribution free of charge or resale, are valued at cost.