FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2012

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Australian National
Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Attorney-General

I have audited the accompanying financial statements of the Administrative Appeals Tribunal for the year ended 30 June 2012, which comprise: a Statement by the Chief Executive and Chief Financial Officer; Statement of Comprehensive Income for not-for-profit Reporting Entities; Balance Sheet for not-for-profit Reporting Entities; Statement of Changes in Equity for not-for-profit Reporting Entities; Cash Flow Statement for not-for-profit Reporting Entities; Schedule of Commitments; Schedule of Contingencies; Administered Schedule of Comprehensive Income for not-for-profit Reporting Entities; Administered Schedule of Assets and Liabilities for not-for-profit Reporting Entities; Administered Reconciliation Schedule for not-for-profit Reporting Entities; Administered Cash Flow Statement for not-for-profit Reporting Entities; Schedule of Administered Commitments; Schedule of Administered Contingencies; and Notes to and forming part of the financial statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive of the Administrative Appeals Tribunal 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 is necessary to enable the preparation of the financial statements that give a true and fair view and 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

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considers internal control relevant to the Administrative Appeals Tribunal's 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 Administrative Appeals Tribunal's 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 the Administrative Appeals Tribunal, as well as evaluating the overall presentation of the financial statements.

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 the Administrative Appeals Tribunal:

(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 the Administrative Appeals Tribunal's financial position as at 30 June 2012 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office

Colin Bienke

Colin Bienke
Senior Director

Delegate of the Auditor-General

Canberra
6 September 2012

ADMINISTRATIVE APPEALS TRIBUNAL

STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2012 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.

PHILIP KELLOW
Chief Executive

6 September 2012

MICHAEL BINNINGTON
Chief Financial Officer

6 September 2012

ADMINISTRATIVE APPEALS TRIBUNAL

Statement of Comprehensive Income for not-for-profit Reporting Entities
for the period ended 30 June 2012

	Notes	2012 $'000	2011 $'000
EXPENSES			
Employee benefits	3A	**21,692**	21,572
Supplier expenses	3B	**13,044**	12,875
Depreciation and amortisation	3C	**1,886**	1,800
Losses from assets sales	3D	**2**	18
Total expenses		**36,624**	36,265
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	**1,351**	1,116
Total own-source revenue		**1,351**	1,116
GAINS			
Other	4B	**313**	244
Total gains		**313**	244
Total own-source income		**1,664**	1,360
Net cost of services		**34,960**	34,905
Revenue from Government	4C	**34,579**	32,732
Surplus / (Deficit) attributable to the Australian Government		**(381)**	(2,173)
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation surplus		**265**	123
Total other comprehensive income		**265**	123
Total comprehensive income/(loss) attributable to the Australian Government		**(116)**	(2,050)

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

ADMINISTRATIVE APPEALS TRIBUNAL

Balance Sheet for not-for-profit Reporting Entities
as at 30 June 2012

	Notes	2012 $'000	2011 $'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	**283**	98
Trade and other receivables	5B	**11,380**	9,959
Total financial assets		**11,663**	10,057
Non-Financial Assets			
Leasehold improvements	6A,C	**4,705**	5,587
Plant and equipment	6B,C	**1,438**	1,633
Intangibles	6D,E	**248**	429
Other non-financial assets	6F	**346**	495
Total non-financial assets		**6,737**	8,144
Total Assets		**18,400**	18,201
LIABILITIES			
Payables			
Suppliers	7A	**661**	1,177
Total payables		**661**	1,177
Interest Bearing Liabilities			
Other	8A	**813**	837
Total interest bearing liabilities		**813**	837
Provisions			
Employee provisions	9A	**6,071**	6,082
Other provisions	9B	**480**	420
Total provisions		**6,551**	6,502
Total liabilities		**8,025**	8,516
Net assets		**10,375**	9,685
EQUITY			
Parent Entity Interest			
Contributed equity		**3,145**	2,339
Reserves		**3,821**	3,556
Retained surplus		**3,409**	3,790
Total parent entity interest		**10,375**	9,685
Total Equity		**10,375**	9,685

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

ADMINISTRATIVE APPEALS TRIBUNAL

Statement of Changes in Equity for not-for-profit Reporting Entities
for the period ended 30 June 2012

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2012 $'000	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Opening balance								
Balance carried forward from previous period	**3,790**	5,963	**3,556**	3,433	**2,339**	1,592	**9,685**	10,988
Adjusted opening balance	**3,790**	5,963	**3,556**	3,433	**2,339**	1,592	**9,685**	10,988
Comprehensive income								
Other comprehensive income	**-**	-	**265**	123	**-**	-	**265**	123
(Deficit) for the period	**(381)**	(2,173)	**-**	-	**-**	-	**(381)**	(2,173)
Total comprehensive income	**(381)**	(2,173)	**265**	123	**-**	-	**(116)**	(2,050)
Of which:								
Attributable to the Australian Government	**(381)**	(2,173)	**265**	123	**-**	-	**(116)**	(2,050)
Transactions with owners								
Contribution by owners								
Departmental capital budget	**-**	-	**-**	-	**806**	747	**806**	747
Sub-total transactions with owners	**-**	-	**-**	-	**806**	747	**806**	747
Closing balance as at 30 June	**3,409**	3,790	**3,821**	3,556	**3,145**	2,339	**10,375**	9,685

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

ADMINISTRATIVE APPEALS TRIBUNAL

Cash Flow Statement for not-for-profit Reporting Entities
for period ended 30 June 2012

	Notes	2012 $'000	2011 $'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		**33,279**	31,153
Sales of goods and rendering of services		**1,230**	1,029
Net GST received		**1,293**	1,321
Total cash received		**35,802**	33,503
Cash used			
Employees		**(21,428)**	(21,173)
Suppliers		**(14,690)**	(12,916)
Total cash used		**(36,118)**	(34,089)
Net cash from operating activities	10	**(316)**	(586)
INVESTING ACTIVITIES			
Cash used			
Purchase of plant and equipment		**(305)**	(579)
Purchase of intangibles		**-**	(210)
Total cash used		**(305)**	(789)
Net cash used by investing activities		**(305)**	(789)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		**806**	747
Total cash received		**806**	747
Net cash from financing activities		**806**	747
Net increase (decrease) in cash held		**185**	(628)
Cash and cash equivalents at the beginning of the reporting period		**98**	726
Cash and cash equivalents at the end of the reporting period	5A	**283**	98

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

ADMINISTRATIVE APPEALS TRIBUNAL

Schedule of Commitments
as at 30 June 2012

	2012 $'000	2011 $'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments[1]	**(1,559)**	(2,064)
Total commitments receivable	**(1,559)**	(2,064)
Commitments payable		
Other commitments		
Operating leases [2,3]	**17,120**	22,631
Other	**12**	34
Total other commitments	**17,132**	22,665
Net commitments by type	**15,573**	20,601
BY MATURITY		
Commitments receivable		
Net GST recoverable on commitments[1]		
One year or less	**(425)**	(434)
From one to five years	**(1,134)**	(1,630)
Over five years	**-**	-
Total commitments receivable	**(1,559)**	(2,064)
Commitments payable		
Operating lease commitments		
One year or less	**4,652**	4,703
From one to five years	**12,468**	17,928
Over five years	**-**	-
Total operating lease commitments	**17,120**	22,631
Other commitments		
One year or less	**12**	34
From one to five years	**-**	-
Over five years	**-**	-
Total other commitments	**12**	34
Total commitments payable	**17,132**	22,665
Net commitments by maturity	**15,573**	20,601

[1] Commitments are GST inclusive where relevant.
[2] These commitments comprise of leases of hearing rooms and office accommodation for the Tribunal.
[3] Operating leases included are effectively non-cancellable and comprise:
- Leases for office accommodation.
The entity in its capacity as Lessor holds commercial office accommodation leases where lease payments by the Tribunal are subject to fixed or market review increases as listed in the lease agreements. All commercial office accommodation leases are current and most have extension options for the Tribunal following a review of rentals to current market. An arrangement equivalent to commercial office accommodation leases is presently being negotiated in relation to Commonwealth owned law courts accommodation in Brisbane and Hobart and no commitment is recognized at this time.

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

ADMINISTRATIVE APPEALS TRIBUNAL

Schedule of Contingencies
as at 30 June 2012

There are no quantifiable contingent assets or liabilities as at 30 June 2012 (2011: Nil). Refer to Note 11 for details of any unquantifiable or remote contingent assets or contingent liabilities.

ADMINISTRATIVE APPEALS TRIBUNAL

Administered Schedule of Comprehensive Income for not-for-profit Reporting Entities *for the period ended 30 June 2012*

	Notes	2012 $'000	2011 $'000
EXPENSES			
Refund of application fees		**280**	303
Total expenses administered on behalf of Government		**280**	303
LESS:			
OWN-SOURCE INCOME			
Non-taxation revenue			
Application fees		**689**	626
Interest		**1,291**	-
Total non-taxation revenue		**1,980**	626
Total own-source revenue administered on behalf of Government		**1,980**	626
Net contribution by services		**(1,700)**	(323)
Surplus after income tax		1,700	626
Total comprehensive income		**1,700**	323

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

Administered Schedule of Assets and Liabilities for not-for-profit Reporting Entities *as at 30 June 2012*

There were no administered assets or liabilities as at 30 June 2012 (2011: Nil).

Administered Reconciliation Schedule for not-for-profit Reporting Entities

	2012 $'000	2011 $'000
Opening administered assets less administered liabilities as at 1 July	-	-
Surplus / (deficit) items:		
Plus: Administered income	1,980	626
Less: Administered expenses	(280)	(303)
Administered transfers to/ from Australian Government:		
Appropriation transfers from OPA:		
Special appropriations (limited) s28 refunds	280	303
Transfers to OPA	(1,980)	(626)
Closing administered assets less administered liabilities as at 30 June	**-**	-

Administered Cash Flow Statement for not-for-profit Reporting Entities
for the period ended 30 June 2012

	2012 $'000	2011 $'000
OPERATING ACTIVITIES		
Cash received		
Application fees	**689**	626
Interest	**1,291**	-
Total cash received	**1,980**	626
Cash used		
Refund of application fees	**(280)**	(303)
Total cash used	**(280)**	(303)
Net cash flows from operating activities	**1,700**	323
Net Increase in Cash Held	**1,700**	323
Cash and cash equivalents at the beginning of the reporting period	**-**	-
Cash from Official Public Account for:		
- Appropriations	**280**	303
Cash to Official Public Account for:		
- Appropriations	**(1,980)**	(626)
Cash and cash equivalents at the end of reporting period	**-**	-

This schedule should be read in conjunction with the accompanying notes

Schedule of Administered Commitments
as at 30 June 2012

There were no administered commitments as at 30 June 2012 (2011: Nil).

Schedule of Administered Contingencies
as at 30 June 2012

There were no administered contingencies as at 30 June 2012 (2011: Nil).

Notes to and forming part of the financial statements

ADMINISTRATIVE APPEALS TRIBUNAL

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Tribunal

The Administrative Appeals Tribunal (the Tribunal) is an Australian Government controlled entity. It is a not for profit entity. The objective and sole outcome of the Tribunal is to provide independent review on merit of a wide range of administrative decisions of the Australian Government so as to ensure in each case the correct or preferable decision is made.

The continued existence of the Tribunal in its present form and with its present programs is dependent on Government policy and on continuing appropriations by Parliament for the Tribunal's administration and programs.

Tribunal activities contributing toward this outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Tribunal in its own right. Administered activities involve the management or oversight by the Tribunal, on behalf of the Government, of items controlled or incurred by the Government.

The Tribunal's administered activities on behalf of the Government are generally limited to collection and refund of application fees as prescribed by the *Administrative Appeals Tribunal Act 1975 and Regulations 1976*. Additional administered revenues may be remitted by the Tribunal to Government where there is no right for the Tribunal to retain the revenue as Departmental revenue.

1.2 Basis of Preparation of the Financial Statements

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

The financial statements and notes have been prepared in accordance with:

- Finance Minister's Orders (or FMOs) for reporting periods ending on or after 1 July 2011: and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are 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 thousand dollars unless otherwise specified.

Unless alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to the Tribunal 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 executor contracts 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.

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.

Notes to and forming part of the financial statements

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Tribunal has made a judgement that has the most significant impact on the amounts recorded in the financial statements: the fair value of property, plant and equipment has been taken to be the fair value of similar assets as determined by an independent valuer.

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 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.

The following amending standard, issued prior to the sign-off date, were applicable to the current reporting period and had a financial impact on the entity:

- **Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards*** (effective for annual reporting periods beginning on or after 1 January 2011).

  In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.

Other new standards, revised standards, interpretations and amending standards issued prior to the sign-off date and are applicable to the current reporting period did not have a financial impact, and are not expected to have a future financial impact on the entity.

Future Australian Accounting Standard Requirements

The following new standards, revised standards, interpretations and amending standards were issued by the Australian Accounting Standards Board prior to the sign-off date, which are expected to have a financial impact on the Tribunal for future reporting periods:

- **AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*** (effective 1 January 2013)

  AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. To facilitate this AASB 13 outlines how to measure fair value, but does not specify when it should be applied. Guidance on when fair value measurements are to be applied is specified in other standards. AASB 13 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." This value would not factor in entity specific intentions for the asset (e.g. whether the entity intends to hold or sell the asset).

  Key features included in AASB 13 are: the requirement to value non-financial assets at their highest and best use; identification of a principal (or most advantageous) market; and disclosure of all fair value measurements based on the fair value hierarchy. AASB 13 also introduces additional disclosures. It extends the fair value hierarchy disclosures previously required for financial instruments alone to all assets and liabilities carried at fair value.

  The Tribunal has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new

Notes to and forming part of the financial statements

standard will impact the type of information disclosed in the notes to the financial statements. This standard is not applicable until financial year 2013-14.

- **Revised AASB 119 *Employee Benefits,* AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* and AASB 2011-11 *Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements*** (effective 1 January 2013)

  In September 2011, the AASB released a revised standard on accounting for employee benefits. Key changes made to the accounting requirements include:

  - the revised AASB 119 Employee Benefits introduces a single approach for the recognition and measurement of defined benefit plans. Previously, entities were permitted a number of measurement options, including the ability to defer some gains/losses into future periods via the corridor approach. Under the revised AASB 119, gains/losses are recognised in the period in which they occur, with actuarial changes recognised in other comprehensive income. Service costs are recognised in the profit or loss, including past service costs arising from a plan amendment, curtailment or settlement. Financing income/expense is also recognised in the profit or loss depending on whether the overall plan is in a surplus or deficit position. Any return on plan assets in excess of the discount rate is recognised in other comprehensive income.

  - disclosure requirements were also revised and include disclosure of fair value information for plan assets, sensitivity analysis for major assumptions and descriptions of the risks associated with the plan.

  - the recognition rules and definitions related to termination benefits have been revised, which could impact when entities recognise termination expenses within their financial statements.

  - short-term employee benefits are now defined as employee benefits that are expected to be settled wholly within twelve months after reporting date. Previously, short-term employee benefits were defined as employee benefits due to be settled within twelve months.

  This standard is not applicable until financial year 2013-14.

- **AASB 9: *Financial Instruments* and AASB 2009–11: *Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]***
  (effective 1 January 2013)

  The changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;

  - removing the tainting rules associated with held-to-maturity assets;

  - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows.

  This standard is not applicable until financial year 2013-14.

Notes to and forming part of the financial statements

- **AASB 1053** ***Application of Tiers of Australian Accounting Standards*** **and AASB 2010-2** ***Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements***
(effective 1 July 2013)

  On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. The Administrative Appeals Tribunal has public accountability as defined in AASB 1053 and is therefore not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. As a consequence, the two standards will have no impact on the financial statements of the entity.

- **AASB 2011-9 Amendments** ***to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*** (effective 1 July 2012)

  In September 2011, the AASB made an amendment to AASB 101 *Presentation of Financial Statements* which requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period. The Tribunal intends to adopt the new standard from 1 July 2012.

Other new standards, revised standards, interpretations and amending standards that were issued prior to the sign-off date and are applicable to the future reporting period are not expected to have a future financial impact on the Tribunal.

1.5 Revenue

Revenue from the sale of goods is recognised when:
- the risks and rewards of ownership have been transferred to the buyer;
- the Tribunal retains no managerial involvement nor effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Tribunal.

Revenue from the 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 Tribunal.

The stage of completion of contracts at the reporting date is determined by reference to:
- surveys of work performed;
- services performed to date as a percentage of total services to be performed; or
- the proportion that costs incurred to date bear to the estimated total costs of the transaction.

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

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

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

Notes to and forming part of the financial statements

Revenue from Government
Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue from Government when the Tribunal 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.

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 non-current 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 entity under a restructuring of administrative arrangement are adjusted at their book value directly against contributed equity.

Other distributions to owners
The FMOs require that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

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 the end of the 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.

Notes to and forming part of the financial statements

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

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that applied at the time the leave is taken, including the Tribunal'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 is recognised and measured, using the short-hand method included in the FMOs, at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2012. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy
Provision is made for separations and redundancy benefit payments. The Tribunal recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation
Most members and staff of the Tribunal are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) and the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

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 in the Department of Finance and Deregulation's administered schedule and notes.

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

The liability for superannuation recognised 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.

The Tribunal does not have any finance leases. Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

1.10 Borrowing Costs
All borrowing costs are expensed as incurred.

Notes to and forming part of the financial statements

1.11 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes;

- cash on hand;
- demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value;
- cash held with outsiders; and
- cash held in special accounts.

1.12 Financial Assets

The Tribunal's financial assets are all classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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 carried at cost - if there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

1.13 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These financial 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.

Notes to and forming part of the financial statements

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).

1.14 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant schedules and 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.

1.15 Financial Guarantee Contracts

Financial guarantee contracts are accounted for in accordance with AASB139 *Financial Instruments: Recognition and Measurement*. They are not treated as a contingent liability, as they are regarded as financial instruments outside the scope of AASB137 *Provisions, Contingent Liabilities and Contingent Assets*. The Tribunal currently has no financial guarantee contracts.

1.16 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 revenues 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.

1.17 Leasehold Improvements, 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 $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).

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 'make-good' provisions in property leases taken up by the Tribunal where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Tribunal's leasehold improvements with a corresponding provision for the 'make-good' recognised.

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

Asset class	*Fair value measurement*
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Market selling price

The Tribunal does not own any land or buildings.

Following initial recognition at cost, 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 materially differ with 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.

Notes to and forming part of the financial statements

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

Depreciation
Depreciable plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Tribunal 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), 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:

	2012	2011
Leasehold improvements	**Lesser of estimated useful life and lease term**	Lesser of estimated useful life and lease term
Plant and equipment	**3-20 years**	3-20 years

Impairment
All assets were assessed for impairment at 30 June 2012. 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 of the asset's ability to generate future cash flows, and the asset would be replaced if the Tribunal were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

No indicators of impairment were found for assets at fair value.

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

1.18 Intangibles

The Tribunal's intangibles comprise externally purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful lives. The useful lives of the Tribunal's software are 3 to 5 years (2011: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2012. No indications of impairment were found for intangible assets.

Notes to and forming part of the financial statements

1.19 Taxation

The Tribunal 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.

1.20 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the schedule of administered items and related notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Administered Cash Transfers to and from Official Public Account
Revenue collected by the Tribunal for use by the Government rather than the Tribunal is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Deregulation. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the Tribunal on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

Administered Revenue
All administered revenues are revenues relating to ordinary activities performed by the Tribunal on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as required by regulations 19 and 19AA of *the Administrative Appeals Regulations 1976*.

The major financial activities of the Tribunal are the collection of fees payable on lodging with the Tribunal of an application for a review of a decision, other than in income maintenance matters. On matters other than income maintenance, applicants may apply for a waiver of the fee under regulation 19(6) of the *Administrative Appeals Tribunal Regulations 1976*.

Applications deemed to be successful may result in a refund of the fee paid.

Fees are refunded in whole if lodged prior to November 1, 2010 or less $100 if lodged from November 1, 2010 where the proceedings terminate in a manner favourable to the applicant except for Small Taxation Claims Tribunal applications where a smaller once-only fee is payable irrespective of the outcome of the decision.

Notes to and forming part of the financial statements

Note 2: Events after the Reporting Period

Departmental
There was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of the Tribunal.

Administered
There was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of the Tribunal.

Note 3: Expenses

	2012 $'000	2011 $'000
Note 3A: Employee benefits		
Wages and salaries	**16,954**	16,461
Superannuation		
Defined contribution plans	**888**	811
Defined benefit plans	**1,743**	1,965
Leave and other entitlements	**2,055**	2,282
Separation and redundancies	**52**	53
Total employee benefits	**21,692**	21,572
Note 3B: Suppliers		
Goods and services		
General suppliers	**5,180**	5,027
Other property costs	**2,349**	2,361
Total goods and services	**7,529**	7,388
Goods and Services are made up of:		
Provision of goods - external parties	**368**	368
Rendering of services - related entities	**498**	451
Rendering of services - external parties	**6,663**	6,569
Total goods and services	**7,529**	7,388
Other supplier expenses		
Operating lease rentals – external parties:		
Minimum lease payments	**5,411**	5,383
Workers compensation expenses	**104**	104
Total other supplier expenses	**5,515**	5,487
Total supplier expenses	**13,044**	12,875

Notes to and forming part of the financial statements

	2012 $'000	2011 $'000
Note 3C: Depreciation and Amortisation		
Depreciation:		
Leasehold improvements, plant and equipment	**1,705**	1,589
Total depreciation	**1,705**	1,589
Amortisation:		
Intangibles	**181**	211
Total amortisation	**181**	211
Total depreciation and amortisation	**1,886**	1,800
Note 3D: Losses from assets sales		
Plant and equipment		
Carrying value of assets sold	**2**	18
Total losses from assets sales	**2**	18

Note 4: Income

OWN-SOURCE REVENUE

Note 4A: Sale of Goods and Rendering of Services		
Rendering of services - related entities	**874**	777
Rendering of services - external parties	**477**	339
Total sale of goods and rendering of services	**1,351**	1,116

GAINS

Note 4B: Other gains		
Resources received free of charge - services	**38**	37
Liabilities assumed by other departments	**275**	207
Total other gains	**313**	244

REVENUE FROM GOVERNMENT

Note 4C: Revenue from Government		
Appropriations:		
Departmental appropriations	**34,579**	32,732
Total revenue from Government	**34,579**	32,732

Notes to and forming part of the financial statements

	2012 $'000	2011 $'000
Note 5: Financial Assets		
Note 5A: Cash and cash equivalents		
Cash on hand or on deposit	**283**	98
Total cash and cash equivalents	**283**	98
Note 5B: Trade and Other receivables		
Goods and services – related entities	**238**	100
Goods and services – external parties	**95**	28
Total receivables for goods and services	**333**	128
Appropriations receivable:		
For existing programs	**10,900**	9,600
Total appropriations receivable	**10,900**	9,600
Other receivables:		
GST receivable from the Australian Taxation Office	**147**	231
Total other receivables	**147**	231
Total trade and other receivables (Net)	**11,380**	9,959

No impairment has been recognised in 2012 (2011:Nil).

	2012 $'000	2011 $'000
Receivables are expected to be recovered in:		
No more than 12 months	**11,380**	9,959
More than 12 months	**-**	-
Total trade and other receivables (net)	**11,380**	9,959
Receivables are aged as follows:		
Not overdue	**11,368**	9,948
Overdue by:		
0 to 30 days	**4**	8
31 to 60 days	**4**	2
61 to 90 days	**3**	1
More than 90 days	**1**	-
	12	11
Total receivables (gross)	**11,380**	9,959

Credit terms for goods and services were within 30 days (2011: 30 days).

Note 6: Non-Financial Assets

	2012 $'000	2011 $'000
Note 6A: Leasehold Improvements		
Leasehold improvements at fair value	**4,705**	5,587
Total leasehold improvements	**4,705**	5,587

No indicators of impairment were found for leasehold improvements.
No leasehold improvements are expected to be sold or disposed of within the next 12 months.

Notes to and forming part of the financial statements

	2012 $'000	2011 $'000
Note 6B: Plant and Equipment		
Plant and equipment at fair value	**1,438**	1,633
Total plant and equipment	**1,438**	1,633

No indicators of impairment were found for plant and equipment.

No plant and equipment is expected to be sold or disposed of within the next 12 months other than where items are being replaced at the end of useful life with similar assets in the ordinary course of business.

Revaluations of non-financial assets

All revaluations are in accordance with the revaluation policy stated in Note 1.16. On 30 June 2012, an independent valuer, Australian Valuation Office, conducted the revaluations.

A revaluation increment of $323,142 for leasehold improvements was credited to the asset revaluation reserve by asset class and included in the equity section of the balance sheet (2011 increment $92,803).

A revaluation increment of $2,044 for plant and equipment was credited to the asset revaluation reserve by asset class and included in the equity section of the balance sheet (2011 increment $30,625).

Note 6C: Reconciliation of the Opening and Closing Balances of Leasehold Improvements, Plant and Equipment (2011-12)

	Leasehold Improvements $'000	**Plant and Equipment $'000**	**Total $'000**
As at 1 July 2011			
Gross book value	5,587	1,633	**7,220**
Accumulated depreciation and impairment	-	-	**-**
Net book value 1 July 2011	**5,587**	**1,633**	7,220
Additions			
By purchase	40	265	**305**
Revaluations and impairments recognised in other comprehensive income	323	2	**325**
Revaluations and impairment recognised in the operating result	-	-	**-**
Depreciation expense	(1,245)	(460)	**(1,705)**
Disposals:			
Other	-	(2)	**(2)**
Net book value 30 June 2012	**4,705**	**1,438**	**6,143**
Net book value as at 30 June 2012 represented by:			
Gross book value	4,705	1,438	**6,143**
Accumulated depreciation and impairment	-	-	**-**
Net book value 30 June 2012	**4,705**	**1,438**	**6,143**

Notes to and forming part of the financial statements

Note 6C (Cont'd) : Reconciliation of the Opening and Closing Balances of Leasehold Improvements, Plant and Equipment (2010-11)

	Leasehold Improvements $'000	Plant and Equipment $'000	Total $'000
As at 1 July 2010			
Gross book value	6,642	1,448	8,090
Accumulated depreciation and impairment	-	-	-
Net book value 1 July 2010	6,642	1,448	8,090
Additions			
By purchase	65	549	614
Revaluations and impairments recognised in other comprehensive income	93	30	123
Revaluations and impairment recognised in the operating result	-	-	-
Depreciation expense	(1,213)	(376)	(1,589)
Disposals:			
Other	-	(18)	(18)
Net book value 30 June 2011	5,587	1,633	7,220
Net book value as at 30 June 2011 represented by:			
Gross book value	5,587	1,633	7,220
Accumulated depreciation and impairment	-	-	-
Net book value 30 June 2011	5,587	1,633	7,220

	2012 $'000	2011 $'000
Note 6D: Intangibles		
Computer software		
Purchased	**990**	1,863
Accumulated amortisation	**(742)**	(1,434)
Total computer software	**248**	429
Total intangibles	**248**	429

No indicators of impairment were found for intangible assets.
No intangibles are expected to be sold or disposed of within the next 12 months.

Notes to and forming part of the financial statements

Note 6E : Reconciliation of the opening and closing balances of Intangibles (2011-12).

Item	Computer software purchased $'000	Total $'000
As at 1 July 2011		
Gross book value	990	**990**
Accumulated amortisation and impairment	(561)	**(561)**
Net book value 1 July 2011	429	**429**
Additions		
By purchase or internally developed	-	**-**
Amortisation	(181)	**(181)**
Write-off		
Gross value of assets written off	-	**-**
Accumulated depreciation	-	**-**
Net book value 30 June 2012	248	**248**
Net book value as of 30 June 2012 represented by:		
Gross book value	990	**990**
Accumulated amortisation and impairment	(742)	**(742)**
Net book value 30 June 2012	248	**248**

Note 6E (Cont'd) : Reconciliation of the opening and closing balances of intangibles (2010-11).

Item	Computer software purchased $'000	Total $'000
As at 1 July 2010		
Gross book value	1,653	1,653
Accumulated amortisation and impairment	(1,223)	(1,223)
Net book value 1 July 2010	430	430
Additions		
By purchase or internally developed	210	210
Amortisation	(211)	(211)
Write-off		
Gross value of assets written off	(873)	(873)
Accumulated depreciation	873	873
Net book value 30 June 2011	429	429
Net book value as of 30 June 2011 represented by:		
Gross book value	990	990
Accumulated amortisation and impairment	(561)	(561)
Net book value 30 June 2011	429	429

Notes to and forming part of the financial statements

	2012 $'000	2011 $'000
Note 6F: Other non-financial assets		
Prepayments	**346**	495
Total other non-financial assets	**346**	495
Total other non-financial assets – are expected to be recovered in:		
No more than 12 months	**346**	495
Total other non-financial assets	**346**	495

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

Note 7: Payables

	2012 $'000	2011 $'000
Note 7A: Suppliers		
Trade creditors and accruals	**661**	1,177
Total suppliers payables	**661**	1,177
Suppliers payables expected to be settled within 12 months:		
Related entities	**99**	26
External parties	**562**	1,151
Total suppliers payables	**661**	1,177

Settlement was usually made within 30 days.

Note 8: Interest Bearing Liabilities

	2012 $'000	2011 $'000
Note 8A: Other interest bearing liabilities		
Lease incentives [1]	**813**	837
Total other interest bearing liabilities	**813**	837
Interest bearing liabilities are expected to be settled in:		
No more than 12 months	**108**	15
More than 12 months	**705**	822
Total interest bearing liabilities	**813**	837

1. The Tribunal received incentives in the form of rent free periods and carpeting contributions on entering property operating leases.

Notes to and forming part of the financial statements

	2012 $'000	2011 $'000
Note 9: Provisions		
Note 9A: Employee provisions		
Leave	**4,617**	4,684
Other	**1,454**	1,398
Total employee provisions	**6,071**	6,082
Employee provisions are expected to be settled in:		
No more than 12 months	**5,264**	5,408
More than 12 months	**807**	674
Total employee provisions	**6,071**	6,082
Note 9B: Other provisions		
Provision for restoration obligations	**480**	420
Total other provisions	**480**	420
Other provisions are expected to be settled in:		
More than 12 months	**480**	420
Total other provisions	**480**	420

	Provision for restoration $'000	**Total $'000**
Carrying amount 1 July 2011	420	**420**
Additional provisions made	60	**60**
Amount used	-	**-**
Amounts reversed	-	**-**
Unwinding of discount or change in the discount rate	-	**-**
Closing balance 2012	480	**480**

The Tribunal currently has two agreements for the leasing of premises which have provisions requiring the Tribunal to restore the premises to their original condition at the conclusion of the lease. The Tribunal has made a provision to reflect the present value of this obligation.

Notes to and forming part of the financial statements

Note 10: Cash Flow Reconciliation

Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement	2012 $'000	2011 $'000
Cash and cash equivalents as per:		
Cash Flow Statement	**283**	98
Balance Sheet	**283**	98
Difference	**-**	-
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	**(34,960)**	(34,905)
Add revenue from Government	**34,579**	32,732
Adjustments for non-cash items		
Depreciation/amortisation	**1,886**	1,800
Loss on disposal of assets	**2**	18
Changes in assets/liabilities		
(Increase)/decrease in net receivables	**(1,421)**	(1,666)
(Increase)/decrease in prepayments	**149**	1,124
Increase/(decrease) in employee provisions	**(11)**	192
Increase/(decrease) in suppliers payables	**(516)**	60
Increase/(decrease) in other payables	**(24)**	59
Net cash (used by) operating activities	**(316)**	(586)

Note 11: Contingent Assets and Liabilities

Quantifiable Contingencies
At 30 June 2012, the Tribunal had no quantifiable contingent liabilities (2011: Nil).

Unquantifiable or Remote Contingencies
At 30 June 2012, the Tribunal had not identified any unquantifiable or remote contingencies (2011: Nil).

Notes to and forming part of the financial statements

Note 12: Senior Executive Remuneration

Note 12A: Senior Executive Remuneration Expenses for the Reporting Period

	2012	2011
Short-term employee benefits:		
Salary	**547,668**	433,995
Annual leave accrued	**38,320**	36,165
Performance bonuses	**-**	10,997
Motor vehicle and other allowances	**-**	121,590
Total short-term employee benefits	**585,988**	602,747
Post-employment benefits:		
Superannuation	**54,380**	65,570
Total post-employment benefits	**54,380**	65,570
Other long term benefits		
Long-service leave	**23,344**	10,850
Total other long term benefits	**23,344**	10,850
Total employment benefits	**663,712**	679,167

Notes:
1. Note 12A was prepared on an accrual basis (so the performance bonus expenses disclosed above differ from the cash 'Bonus paid' in Note 12B).
2. Note 12A excludes acting arrangements and part-year service where remuneration expensed for a senior executive was less than $150,000.

Note 12B: Average Annual Remuneration Paid to Substantive Senior Executives During the Reporting Period

2012						
Average annual reportable remuneration[1]	**Senior Executives No.**	**Reportable salary[2] $**	**Contributed superannuation[3] $**	**Reportable allowances[4] $**	**Bonus Paid[5] $**	**Total $**
Total remuneration (including part-time arrangements):						
$0 to $149,999	**2**	**82,635**	**7,860**	**-**	**-**	**90,495**
$270,000 to $299,999	**1**	**261,769**	**27,915**	**-**	**-**	**289,684**
Total	**3**					

2011						
Average annual reportable remuneration[1]	Senior Executives No.	Reportable salary[2] $	Contributed superannuation[3] $	Reportable allowances[4] $	Bonus Paid[5] $	Total $
Total remuneration (including part-time arrangements):						
$150,000 to $179,999	1	151,262	17,823	-	8,065	177,150
$210,000 to $239,999	1	202,384	27,966	3,978	-	234,328
Total	2					

Notes:

1. This table reports substantive senior executives who received remuneration during the reporting period. Each row is an average figure based on headcount for individuals in the band.

2. 'Reportable salary' includes the following:
   a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
   b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
   c) exempt foreign employment income.

3. The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per the individual's payslips.

4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

5 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

6. Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicles and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

Note 12C: Other Highly Paid Staff

	2012					
Average annual reportable remuneration[1]	**Staff No.**	**Reportable salary[2] $**	**Contributed superannuation[3] $**	**Reportable allowances[4] $**	**Bonus Paid[5] $**	**Total $**
Total remuneration (including part-time arrangements):						
$150,000 to $179,999	**2**	**108,117**	**42,903**	**-**	**4,555**	**155,575**
$180,000 to $209,999	**2**	**172,699**	**24,644**	**-**	**-**	**197,343**
$240,000 to $269,999	**2**	**237,894**	**26,715**	**-**	**-**	**264,609**
$300,000 to $329,999	**6**	**279,187**	**43,314**	**-**	**-**	**322,501**
$330,000 to $359,999	**2**	**292,149**	**47,891**	**216**	**-**	**340,256**
$390,000 to $419,999	**3**	**359,031**	**56,045**	**155**	**-**	**415,231**
$420,000 to $449,999	**3**	**362,267**	**67,418**	**75**	**-**	**429,760**
$780,000 to $809,999	**1**	**781,309**	**-**	**-**	**-**	**781,309**
Total	**21**					

	2011					
Average annual reportable remuneration[1]	Staff No.	Reportable salary[2] $	Contributed superannuation[3] $	Reportable allowances[4] $	Bonus Paid[5] $	Total $
Total remuneration (including part-time arrangements):						
$150,000 to $179,999	2	127,684	24,550	117	-	152,351
$180,000 to $209,999	5	154,627	34,884	554	2,046	192,111
$210,000 to $239,999	1	199,074	29,393	-	-	228,467
$240,000 to $269,999	2	203,701	39,834	11,136	-	254,671
$270,000 to $299,999	8	230,741	43,830	16,172	-	290,743
$360,000 to $389,999	5	283,217	64,224	20,220	-	367,661
$390,000 to $419,999	1	371,954	-	41,573	-	413,527
$420,000 to $449,999	1	318,760	90,665	12,337	-	421,762
Total	25					

Notes:

1. This table reports staff:
   a) who were employed by the Tribunal during the reporting period;
   b) whose reportable remuneration was $150,000 or more for the financial period; and
   c) were not required to be disclosed in Tables A or B disclosures.

Each row is an averaged figure based on headcount for individuals in the band.

2. 'Reportable salary' includes the following:
   a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
   b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
   c) exempt foreign employment income.
3. The 'contributed superannuation' amount is the average actual superannuation contributions paid to staff in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per the individual's payslips.
4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

5 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

6. Various salary sacrifice arrangements were available to other highly paid staff including superannuation, motor vehicles and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

Notes to and forming part of the financial statements

Note 13: Remuneration of Auditors

	2012 $'000	2011 $'000
Financial statement audit services were provided free of charge to the Tribunal by the Australian National Audit Office (ANAO).		
Fair value of the financial statements audit services provided	**38**	37
Total	**38**	37

Note 14: Financial Instruments

Note 14A: Categories of financial instruments

	2012 $'000	2011 $'000
Financial assets		
Loans and receivables		
Cash and cash equivalents	**283**	98
Trade receivables	**333**	128
Total	**616**	226
Carrying amount of financial assets	**616**	226
Financial liabilities		
At amortised cost:		
Payables - suppliers	**661**	1,177
Other interest bearing liabilities	**813**	837
Total	**1,474**	2,014
Carrying amount of financial liabilities	**1,474**	2,014

There is no expected difference between the carrying amounts of the above financial assets and liabilities and the fair value as all financial assets are expected to be converted to cash or cash equivalents and financial liabilities paid in full.

Note 14B: Net income and expense from financial assets

The Tribunal had no income or expense in relation to financial assets in the year ending 30 June 2012 (2011: Nil)

Note 14C: Net income and expense from financial liabilities

The Tribunal had no income or expense in relation to financial liabilities in the year ending 30 June 2012 (2011: Nil)

Notes to and forming part of the financial statements

Note 14D: Credit risk

The Tribunal 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 (2012: $332,213 and 2011: $127,970). The Tribunal has assessed the risk of the default on payment and has allocated nil in 2012 (2011: Nil) to an impairment allowance account.

The Tribunal manages its credit risk by limiting the extension of credit to customers, acting promptly to recover past due amounts and withholding credit from defaulting customers until accounts are returned to normal terms. In addition, the Tribunal has policies and procedures that guide employees debt recovery activities including the use of debt collection agents if required.

The Tribunal has no significant exposures to any concentrations of credit risk with particular customers and does therefore not require collateral to mitigate against credit risks.

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

	Not Past Due Nor Impaired 2012 $'000	Not Past Due Nor Impaired 2011 $'000	**Past Due or Impaired 2012 $'000**	Past Due or Impaired 2011 $'000
Cash and cash equivalents	**283**	98	-	-
Receivables for goods and services	**321**	117	**12**	11
Total	**604**	215	**12**	11

Ageing of financial assets that were past due but not impaired for 2012

	0 to 30 days $'000	**31 to 60 days $'000**	**61 to 90 days $'000**	**90+ days $'000**	**Total $'000**
Receivables for goods and services	4	4	3	1	12
Total	**4**	**4**	**3**	**1**	**12**

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

	0 to 30 days $'000	**31 to 60 days $'000**	**61 to 90 days $'000**	**90+ days $'000**	**Total $'000**
Receivables for goods and services	8	2	1	-	11
Total	**8**	**2**	**1**	**-**	**11**

Notes to and forming part of the financial statements

Note 14E: Liquidity risk

The Tribunal's financial liabilities are supplier payables. The exposure to liquidity risk is based on the notion that the Tribunal will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the Tribunal (e.g. Advance to the Finance Minister) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations. The Tribunal is appropriated funding from the Australian Government and manages its budgeted funds to ensure it is able to meet payments as they fall due. Policies are in place to ensure timely payments are made when due and there have been no past experience of default.

Maturities for non-derivative financial liabilities 2012:

	On demand $'000	**Within 1 year $'000**	**1 to 2 years $'000**	**2 to 5 years $'000**	**> 5 years $'000**	**Total $'000**
Suppliers	-	661	-	-	-	661
Other interest bearing liabilities	-	108	519	186	-	813
Total	**-**	**661**	**519**	**186**	**-**	**1,474**

Maturities for non-derivative financial liabilities 2011:

	On demand $'000	Within 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	> 5 years $'000	Total $'000
Suppliers	-	1,177	-	-	-	1,177
Other interest bearing liabilities	-	15	334	488	-	837
Total	**-**	**1,192**	**334**	**488**	**-**	**2,014**

The entity had no derivative financial liabilities in either 2012 or 2011.

Note 14F: Market risk

The Tribunal held basic financial instruments that did not expose it to certain market risks, such as 'Currency risk', 'Interest rate risk' or 'Other price risk'.

Note 15: Financial Assets Reconciliation

	Notes	**2012 $'000**	2011 $'000
Financial Assets			
Total financial assets as per balance sheet		**11,663**	10,057
Less: non-financial instruments components:			
Appropriations receivable	5B	**10,900**	9,600
GST receivable	5B	**147**	231
Total non-financial instrument components		**11,047**	9,831
Total financial assets as per financial instruments note		**616**	226

Notes to and forming part of the financial statements

Note 16: Administered – Cash Flow Reconciliation

	2012 $'000	2011 $'000
Reconciliation of cash and cash equivalents as per Administered Schedule of Assets and Liabilities to Administered Cash Flow Statement		
Cash and cash equivalents as per:	-	-
Schedule of administered cash flows	-	-
Schedule of administered assets and liabilities	-	-
Difference	-	-

Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	**1,700**	323
Net cash (used by) operating activities	**1,700**	323

Note 17: Administered - Contingent Assets and Liabilities

There were no administered contingent assets or liabilities as at 30 June 2012 (2011: Nil).

Notes to and forming part of the financial statements

Note 18: Appropriations

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

	2012 Appropriations							Appropriation applied in 2012 (current and prior years)	Variance
	Appropriation Act			*FMA Act*					
	Annual Appropriations $'000	Appropriations Reduced[1] $'000	AFM[2] $'000	Section 30 $'000	Section 31 $'000	Section 32 $'000	Total Appropriation $'000	$'000	$'000
DEPARTMENTAL Ordinary annual services [3]	35,385	-	-	-	1,425	-	36,810	(35,325)	1,485
Total Departmental	35,385	-	-	-	1,425	-	36,810	(35,325)	1,485
ADMINISTERED Ordinary annual services	-	-	-	-		-	-	-	-
Total Administered	-	-	-	-		-	-	-	-

Notes:

1. Appropriations reduced under Appropriation Acts (No. 1,3,5) 2011-12: sections 10, 11, 12 and 15 and under Appropriation Acts (No. 2,4,6) 2011-12: 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. In 2012, there was no reduction in departmental appropriations for the Tribunal.
2. Advance to the Finance Minister (AFM) - Appropriation Acts (No. 1,3,5) 2011-12: section 13 and Appropriation Acts (No. 2,4,6) 2011-12: section 15.
3. Variance is substantially attributable to cash under spend during the year and the timing of payments.

Notes to and forming part of the financial statements

Table A (Cont'd) : Annual Appropriations ('Recoverable GST exclusive')

	2011 Appropriations							Appropriation applied in 2011 (current and prior years)	Variance
	Appropriation Act			FMA Act					
	Annual Appropriations $'000	Appropriations Reduced(1) $'000	AFM(2) $'000	Section 30 $'000	Section 31 $'000	Section 32 $'000	Total Appropriation $'000	$'000	$'000
DEPARTMENTAL									
Ordinary annual services (3)	33,479	-	-	32	1,029	-	34,540	(33,589)	951
Total Departmental	33,479	-	-	32	1,029	-	34,540	(33,589)	951
ADMINISTERED									
Ordinary annual services	-	-	-	-		-	-	-	-
Total Administered	-	-	-	-		-	-	-	-

Notes:

1. 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. In 2011 there was no reduction in departmental appropriations for the Tribunal.
2. Advance to the Finance Minister (AFM) - Appropriation Acts (No. 1,3,5) 2010-11: section 13 and Appropriation Acts (No. 2,4,6) 2010-11: section 15.
3. Variance is substantially attributable to cash under spend during the year and the timing of payments.

Notes to and forming part of the financial statements

Table B: Departmental Capital Budgets ('Recoverable GST exclusive')

	2012 Capital Budget Appropriations				Capital Budget Appropriations applied in 2012 (current and prior years)			
	Appropriation Act		*FMA Act*					
	Annual Capital Budget $'000	Appropriations Reduced[2] $'000	Section 32 $'000	Total Capital Budget Appropriations $'000	Payments for non-financial assets[3] $'000	Payments for other purposes $'000	Total payments $'000	Variance $'000
DEPARTMENTAL								
Ordinary annual services - Departmental Capital Budget[1]	806	-	-	806	(305)	-	(305)	501
Total Departmental	806	-	-	806	(305)	-	(305)	501

Notes:

1. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No. 1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.
2. Appropriations reduced under Appropriation Acts (No. 1,3,5) 2011-12: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.
3. Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

Notes to and forming part of the financial statements

	2011 Capital Budget Appropriations				Capital Budget Appropriations applied in 2011 (current and prior years)			
	Appropriation Act		*FMA Act*					
	Annual Capital Budget $'000	Appropriations Reduced[2] $'000	Section 32 $'000	Total Capital Budget Appropriations $'000	Payments for non-financial assets[3] $'000	Payments for other purposes $'000	Total payments $'000	Variance $'000
DEPARTMENTAL								
Ordinary annual services - Departmental Capital Budget[1]	747	-	-	747	(789)	-	(789)	(42)
Total Departmental	747	-	-	747	(789)	-	(789)	(42)

Notes:

1. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No. 1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.
2. Appropriations reduced under Appropriation Acts (No. 1,3,5) 2010-11: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.
3. Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

Notes to and forming part of the financial statements

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

Authority	2012 $'000	2011 $'000
Appropriation Act (No.1) 2010-11	**2,200**	9,600
Appropriation Act (No.1) 2011-12	**8,700**	-
Total	**10,900**	9,600

Table D: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	2012 $'000	2011 $'000
Financial Management and Accountability Act 1997 s.28(2), Administered	Refund	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment.	**280**	303
Total			**280**	303

Note 19: Special Accounts

Other Trust Monies	**2012 $'000**	2011 $'000
Appropriation: Financial Management and Accountability Act section 20		
Establishing Instrument: Financial Management and Accountability Act 1997		
Purpose: For expenditure of monies temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.		
Balance brought forward from previous period	**-**	-
Appropriation for reporting period	**-**	-
Other receipts	**-**	-
Total Increase	**-**	-
Available for payment	**-**	-
Payments made	**-**	-
Total decrease	**-**	-
Total balance carried to next period	**-**	-

The Tribunal's Other Trust Monies Special Account was abolished by *Financial Management and Accountability (Abolition of 24 Special Accounts) Determination 2012/02* as of June 20, 2012 as it was no longer required.

Notes to and forming part of the financial statements

Note 20: Compliance with Statutory Conditions for Payment from the Consolidated Revenue Fund

Section 83 of the Constitution provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation made by law. The Department of Finance and Deregulation provided information to all agencies in 2011 regarding the need for risk assessments in relation to compliance with statutory conditions on payments from special appropriations, including special accounts. The possibility of this being an issue for the agency was reported in the notes to the 2010-11 financial statements and the agency undertook to investigate the issue during 2011-12.

During 2011-12, the agency developed a plan to review exposure to risks of not complying with statutory conditions on payments from appropriations. The plan involved:

- identifying each special appropriation;
- determining the risk of non-compliance by assessing the difficulty of administering the statutory conditions and assessing the extent to which existing payment systems and processes satisfy those conditions;
- determining procedures to confirm risk assessments in medium risk cases and to quantify the extent of non-compliance, if any;
- obtaining in-house legal advice as appropriate to resolve questions of potential non-compliance; and
- considering legislative or procedural changes to reduce the risk of non-compliance in the future to an acceptably low level.

The agency identified one special appropriation involving statutory conditions for payment authorised by the *Administrative Appeals Act 1975 and Regulations 1976* and funded pursuant to section 28 of the *FMA Act 1997*.

As at 30 June 2012 this work had been completed in respect of the appropriation with statutory conditions for payment representing $280,114 of administered expenditure in 2011-12.

The work conducted to date has identified no issues of compliance with Section 83 and internal assessment indicates that the risk of non-compliance is low.

Ongoing monitoring of the risk of breach will be continued in 2012-13 via the Tribunal's internal audit programme. In addition, the Tribunal will make minor modifications to Chief Executive Instructions and internal processes to further reduce the risk of breaches.

Notes to and forming part of the financial statements

Note 21: Compensation and Debt Relief

	2012 **$**	2011 $
Compensation and Debt Relief - Departmental		
No 'Act of Grace' payments were expensed during the reporting period (2011: nil).	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997* (2011: nil).	-	-
No payments were provided under the *Compensation for Detriment caused by Defective Administration (CDDA) Scheme* during the reporting period (2011: nil).	-	-
No ex gratia payments were provided during the reporting period (2011: nil).	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the *Public Service Act 1999* during the reporting period (2011: nil)	-	-
Compensation and Debt Relief - Administered		
No 'Act of Grace' payments were expensed during the reporting period (2011: nil).	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997* (2011: nil).	-	-
No payments were provided under the *Compensation for Detriment caused by Defective Administration (CDDA) Scheme* during the reporting period (2011: nil).	-	-
No ex gratia payments were provided during the reporting period (2011: nil).	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the *Public Service Act 1999* during the reporting period (2011: nil)	-	-

Notes to and forming part of the financial statements

Note 22: Reporting of Outcomes

The Tribunal has only one outcome which is described in note 1.1 and all resources are used to deliver that outcome.

Note 22A: Net Cost of Outcome Delivery

	Total Outcome 1	
	2012 $'000	2011 $'000
Departmental		
Expenses	**(36,624)**	(36,265)
Own-source income	**1,351**	1,116
Administered		
Expenses	**(280)**	(303)
Own-source income	**1,980**	626
Net cost/(contribution) of outcome delivery	**(33,573)**	(34,826)

Note 23: Net Cash Appropriation Arrangements

	2012 $'000	2011 $'000
Total comprehensive income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations[1]	**1,770**	(250)
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	**(1,886)**	(1,800)
Total comprehensive income (loss) – as per the Statement of Comprehensive Income	**(116)**	(2,050)

1. From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.