NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

NOTE 1 - Summary of Significant Accounting Policies

1.1 Objective of the Tribunal

The objective and sole outcome of the Tribunal is to provide independent merits review 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.

1.2 Basis of Accounting

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

The statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs, being the *Financial Management and Accountability (Financial Statements for reporting periods ending on or after 30 June 2004) Orders)*;
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- Consensus Views of the Urgent Issues Group.

The Statements of Financial Performance and Financial Position 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 financial position.

Assets and liabilities are recognised in the Statement of Financial Position 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. Liabilities and assets which are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies.

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

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.

Administered revenues, expenses, assets and liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for Tribunal items except where otherwise stated.

1.3 Changes in Accounting Policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2002-03, except that all Tribunal assets have been revalued at fair value as explained in Note 1.12. Revaluations up to now were done on a 'deprival' basis. The revaluation decrements in the transition to fair value that would otherwise be accounted for as revenue or expenses have been taken directly to accumulated results in accordance with transitional provisions of AASB 1041 Revaluation of Non-current Assets.

1.4 Revenue

The revenues described in this Note are revenues relating to the core operating activities of the Tribunal.

(a) Revenues from Government

Amounts appropriated for Departmental outputs appropriations for the year (less any current year savings and reductions) are recognised as revenue.

(b) 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 (refer Note 1.5).

(c) Other revenue

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

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

Tribunal revenue from the rendering of a service is recognised by reference to the stage of completion of contracts or other agreements to provide services to Australian Government bodies. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

1.5 Transactions by the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any savings offered up in Portfolio additional Estimates Statements) are recognised directly in Contributed Equity in that year.

Restructuring of Administrative Arrangements

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

Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend. In 2002-03 the Tribunal was required to repay $525,000, which had been identified as excess interest earned under the Agency Banking Incentive Scheme. This payment was made in June 2003 and debited to retained earnings.

1.6 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, sick leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 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 entitlements 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, including the Tribunal's employer superannuation contribution rates to the extent that the leave is likely to be taken during the service rather than paid out on termination.

The liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2004 and is recognised at the nominal amount. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. The Tribunal's certified agreement raises pay rates on 1 July each year and the financial effect of this change has been included.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2004. In determining the present value of the liability, the Tribunal has taken into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

Provision is also made for separation and redundancy benefit payments in circumstances where the Tribunal has formally identified positions as excess to requirements and a reliable estimate of the amount of the payments can be determined.

Superannuation

Most members and staff of the Tribunal are members of the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. 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 Tribunal makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Commonwealth of the superannuation entitlements of the Agency's employees

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

1.7 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 benefits incidental to ownership of leased non-current assets. In operating leases, the lessor 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 inception of the lease and a liability recognised for the same amount. 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 over the term of the related lease (refer Note 8).

1.8 Borrowing Costs

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The amount capitalised in a reporting period does not exceed the amounts of costs incurred in that period.

1.9 Cash

Cash includes notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.10 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).

Contingent Liabilities and Contingent Assets

Contingent liabilities (assets) are not recognised in the Statement of Financial Position but are discussed in the related schedules and notes. They may arise from uncertainty as to the existence of a liability (asset), or represent an existing liability (asset) in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of the disclosure. Where settlement becomes probable, a liability (asset) is recognised.

A liability (asset) is recognised when its existence is confirmed by a future event, settlement becomes probable or reliable measurement becomes possible.

1.11 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. The Tribunal does not own any land and buildings.

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, the 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.

Asset class	*Fair value measured at:*	*Deprival value measured at:*
Leasehold improvements	Depreciated replacement cost	Depreciated replacement cost
Plant and equipment	Market selling price	Depreciated replacement cost

1.12 Property, Plant and Equipment

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than $2000, 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

Basis

All assets are carried at valuation. Revaluations undertaken up to 30 June 2003 were done on a deprival basis over a three year cycle. All assets were revalued in 2003-04 on a fair value basis. This change in accounting policy is required by Australian Accounting Standard AASB 1041 Revaluation of Non-Current Assets. Valuations undertaken in any year are as at year's end.

Fair and deprival values for each class of asset are determined as shown above.

Under both deprival and fair value, assets which are surplus to requirements are measured at their net realisable value. The Tribunal has no assets of this nature.

The financial effect of this change in policy relates to those assets recognised at fair value for the first time in the current period where the measurement basis for fair value is different to that previously used for deprival value. The financial effect of the change is given by the difference between the fair values obtained for these assets in the current period and the deprival-based values recognised at the end of the previous period. The financial effect by class is as follows:

Asset class	Increment / (decrement) to asset class	Contra Account
Leasehold	$124,636	Accumulated Results
Plant and equipment	($476,324)	Accumulated Results

Total financial effect was to decrease the carrying amount of PP&E by $351,688 and decrease accumulated results by $351,688.

Frequency

The Tribunal's policy has been to revalue Plant and Equipment at deprival value progressively over a three-year cycle. Plant and equipment (P&E) assets are revalued by type of asset. With the move to recording assets at fair value, a full revaluation of all assets was undertaken in 2003-04 and these valuation figures will be reviewed yearly with a full revaluation every three years.

Conduct

The valuation of all significant item, including yearly reviews, will be completed by an independent qualified valuer.

Depreciation and amortisation

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

Depreciation/amortisation 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.

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

	2004	2003
Lease period improvements (fitout)	Lease period	Lease period
Plant and equipment	3-10 years	3-10 years
Library	20 years	20 years
Intangibles (software)	3-5 years	3-5 years

The aggregate amount of depreciation for each class of asset during the reporting period is disclosed in Note 7.

1.13 Impairment of Non-Current Assets

Non-current assets carried at up to date value at the reporting date are not subject to impairment. All assets excluding intangibles have been revalued using the fair value method.

1.14 Intangibles

Intangible assets are held at cost and amortised on a straight-line basis over their anticipated useful lives.

1.15 Inventories

Inventories held for resale are valued at the lower of cost and net realisable value.

Inventories not held for resale are valued at cost, unless they are no longer required, in which case they are valued at net realisable value.

1.16 Taxation

The Tribunal is exempt from all forms of taxation except fringe benefits tax 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
- except for receivables and payables.

1.17 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rate current as at balance date. Associated currency gains and losses are not material.

1.18 Insurance

The Tribunal has insured against risks through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through Comcare Australia.

1.19 Reporting of Administered Activities

The Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes.

Administered items are accounted for on the same basis and using the same policies as for Tribunal items.

1.20 Comparative Figures

Comparative figures have been adjusted to conform with changes in presentation in these financial statements where required.

1.21 Rounding

Amounts have been rounded to the nearest $1,000 except in relation to the following items:

- act of grace payments and waivers;
- remuneration of executives;
- remuneration of auditors; and
- appropriations note disclosures.

NOTE 2 – Adoption of AASB Equivalents to International Financial Reporting Standards from 2005-06

The Australian Accounting Standards Board has issued replacement Australian Accounting Standards to apply from 2005-06. The new standards are the AASB Equivalents to International Financial Reporting Standards (IFRSs) which are issued by the International Accounting Standards Board. The new standards cannot be adopted early. The standards being replaced are to be withdrawn with effect from 2005-06, but continue to apply in the meantime.

It is expected that the Finance Minister will continue to require compliance with the Accounting Standards issued by the AASB, including the AASB Equivalents to IFRSs, in his Orders for the Preparation of Agency financial statements for 2005-06 and beyond. The AASB Equivalents contain certain additional provisions which will apply to not-for-profit entities, including Australian Government agencies. Some of these provisions are in conflict with the IFRSs and therefore the Tribunal will only be able to assert compliance with the AASB Equivalents to the IFRSs.

Existing AASB standards that have no IFRS equivalent will continue to apply, including in particular AAS 29 Financial Reporting by Government Departments.

Accounting Standard AASB 104X *Disclosing the impact of Adopting Australian Equivalents to IFRSs* requires that the financial statements for 2003-04 disclose:

- an explanation of how the transition to the AASB Equivalents is being managed, and
- a narrative explanation of the key differences in accounting policies arising from the transition.

The purpose of this Note is to make these disclosures.

Management of the transition to AASB Equivalents to IFRSs

The Tribunal has taken the following steps for the preparation towards the implementation of AASB Equivalents:

- The Audit Committee is tasked with oversight of the transition to and implementation of the AASB Equivalents to IFRSs. The Chief Finance Officer is formally responsible for the project and reports regularly to the Audit Committee on progress.

- The Tribunal will use the ANAO's publication "Comparison between Pre-2005 Australian Standards & Australian Equivalents to the International Financial reporting Standards" to identify all major accounting policy differences between current AASB standards and the AASB Equivalents to IFRSs progressively to 30 June 2004.
- The identification and implementation of systems changes necessary to be able to report under the AASB Equivalents, including those necessary to enable capture of data under both sets of rules for 2004-05.
- The preparation of a transitional balance sheet as at 1 July 2004, under AASB Equivalents prior to preparation of the 2004-05 statements.
- The preparation of an AASB Equivalent balance sheet at the same time as the 30 June 2005 statements are prepared.
- The Tribunal will meet the reporting deadlines set by Finance for 2005-06 balance sheet under AASB Equivalent Standards.

To date, most major accounting and disclosure differences and system changes have been identified and any changes required are expected to be implemented by 31 December 2004.

Major changes in accounting policy

Changes in accounting policies under AASB Equivalents are applied retrospectively i.e. as if the new policy had always applied. This rule means that a balance sheet prepared under the AASB Equivalents must be made as at 1 July 2004, except as permitted in particular circumstances by *AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. This will enable the 2005-06 financial statements to report comparatives under the AASB Equivalents also.

Intangible Assets

The Tribunal has no internally developed software. All other software is valued at cost.

Key differences in accounting policies

The changes to accounting policies in 2005-06 would appear to be limited as the Tribunal is a small 'not for profit' agency. As the policies have not been finalised at this time the Tribunal will monitor advice issued by the Department of Finance and Administration as well as guidance supplied by the ANAO to ensure that all accounting policy changes are identified and implemented as required.

Managing the transition

The Chief Finance Officer in consultation with the Audit Committee will manage the transition to the new guidelines. The Tribunal is a small agency and transition should not have a large impact on the reporting requirements. The Tribunal has moved to value all assets at fair value as at 30 June 2004 in preparation for the transition. Other changes will be identified prior to December 2004 and reporting and systems put in place prior to 30 June 2005 to allow preparation of the 2005-06 on the correct basis.

NOTE 3 – Events Occurring After Balance Date

There were no significant events occuring after the balance date.

NOTE 4 – Operating Revenues

Note 4A – Revenues from Government

	2004 $'000	2003 $'000
Appropriations for outputs	**27,227**	27,216
Resources received free of charge	**34**	32
Liabilities assumed by other departments	**143**	123
Total revenues from government	**27,404**	27,371

Note 4B – Sales of Goods and Services

	2004 $'000	2003 $'000
Services	**802**	684
Total sales of goods and services	**802**	684
Provision of services to:		
Related entities	**542**	430
External entities	**260**	254
Total tendering of services	**802**	684

Note 4C – Interest

	2004 $'000	2003 $'000
Interest on deposits	**-**	113

NOTE 5 – Operating Expenses

Note 5A - Employee Expenses

	2004 $'000	2003 $'000
Wages and salary	**12,232**	11,864
Superannuation	**2,149**	1,191
Leave and other entitlements	**598**	582
Separation and redundancy	**-**	88
Other employee expenses	**422**	437
Total employee benefits expense	**15,401**	14,162
Workers compensation premiums	**83**	32
Total employee expenses	**15,484**	14,194

Note 5B - Supplier Expenses

	2004 $'000	2003 $'000
Goods from related entities	**-**	-
Goods from external entities	**311**	299
Services from related entities	**619**	557
Services from external entities	**5,334**	4,766
Operating lease rentals[1]	**5,365**	5,183
Total supplier expenses	**11,629**	10,805

[1]These comprise minimum lease payments only.

Note 5C - Depreciation and Amortisation

Depreciation of property, plant and equipment	**713**	976
Amortisation of leased assets	**107**	107
Amortisation of intangibles - software	**192**	202
Total depreciation and amortisation	**1,012**	1,285

The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:

Leasehold improvements	**503**	548
Plant and equipment	**317**	535
Intangibles	**192**	202
Total depreciation and amortisation	**1,012**	1,285

No depreciation was allocated to the carrying amounts of other assets.

Note 5D – Net loss from Sales of Assets

Infrastructure, plant and equipment		
Proceeds from disposal	**-**	-
Net book value of assets disposed	**-**	-
Write-offs	**29**	-
Total net loss on disposal of assets	**29**	-

NOTE 6 - Financial Assets

Note 6A - Cash

	2004 $'000	2003 $'000
Cash on hand		
Departmental	**569**	960
Total cash	**569**	960

Note 6B - Receivables

	2004 $'000	2003 $'000
Goods and services	**132**	43
GST receivable	**131**	108
Appropriations receivable		
- undrawn	**8,551**	7,500
Total receivables (net)	**8,814**	7,651

All receivables are current assets.

Appropriations receivable undrawn are appropriations controlled by the Tribunal but held in the Offical Public Account under the Government's just-in-time drawdown arrangements.

Receivables (gross) are aged as follows:

	2004 $'000	2003 $'000
Not overdue	**8,806**	7,649
Overdue by:		
Less than 30 days	**7**	1
30 to 60 days	**-**	-
60 to 90 days	**1**	1
More than 90 days	**-**	-
	8	2
Total receivables (gross)	**8,814**	7,651

NOTE 7 - Non-Financial Assets

	2004 $'000	2003 $'000
Note 7A - Leasehold Improvements		
Leasehold improvements - at 2002 valuation	**-**	5,430
Accumulated amortisation	**-**	(4,282)
	-	1,148
Leasehold improvements - at 2004 valuation (fair value)	**765**	-
Total leasehold improvements	**765**	1,148
Note 7B - Infrastructure, Plant and Equipment		
Plant and equipment - at cost	**-**	535
Accumulated depreciation	**-**	(34)
	-	501
Plant and equipment - at 2001 valuation (deprival)	**-**	1,637
Accumulated depreciation	**-**	(276)
	-	1,361
Plant and equipment - at 2002 valuation (deprival)	**-**	2,155
Accumulated depreciation	**-**	(1,779)
	-	376
Plant and equipment - at 2004 valuation (fair value)	**1,700**	-
Total infrastructure plant and equipment	**1,700**	2,238

The revaluations were in accordance with the revaluation policy stated in Note 1.12. The revaluation decrements in the transition to fair value that would otherwise be accounted for as revenue or expenses have been taken directly to accumulated results in accordance with transitional provisions of AASB 1041 Revaluation of Non-current Assets. The revaluation decrement for the current year was $351,688 (No revaluation in 2003).

Note 7C - Intangibles		
Computer software (at cost)	**942**	960
Accumulated depreciation	**(748)**	(574)
	194	386

Note 7D - Analysis of Property, Plant, Equipment and Intangibles

TABLE A Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

Item	Buildings - Leasehold Improvements $'000	Property, Plant and Equipment $'000	Computer Software - Total Intangibles $'000	TOTAL $'000
As at 1 July 2003				
Gross book value	5,430	4,330	960	**10,720**
Accumulated depreciation/amortisation	(4,282)	(2,092)	(574)	**(6,948)**
Net Book Value	1,148	2,238	386	**3,772**
Additions				
by purchase	-	280	-	**280**
from acquisition of operations	-	-	-	**-**
Net revaluation increment/ (decrement)	124	(476)	-	**(352)**
Depreciation/amortisation expense	(503)	(317)	(192)	**(1,012)**
Recoverable amount write-downs	-	-	-	**-**
Write-off				
Value of assets written off	(45)	(1,446)	(18)	(1,509)
Accumulated depreciation	41	1,421	18	1,480
As at 30 June 2004				
Gross book value	765	1,700	942	**3,407**
Accumulated depreciation/amortisation	-	-	748	**748**
Net book value	765	1,700	194	**2,659**

TABLE B Assets at valuation

Item	Buildings - Leasehold Improvements $'000	Property, Plant and Equipment $'000	Computer Software - Total Intangibles $'000	TOTAL $'000
As at 30 June 2003				
Gross value	5,430	3,792	-	**9,222**
Accumulated Depreciation/ Amortisation	(4,282)	(2,055)	-	**(6,337)**
Net book value	1,148	1,737	-	**2,885**
As at 30 June 2004				
Gross value	765	1,700	-	**2,465**
Accumulated Depreciation/ Amortisation	-	-	-	**-**
Net book value	765	1,700	-	**2,465**

Note 7E – Other Non-Financial Assets

	2004 $'000	2003 $'000
Prepayments	**2,257**	1,806

All other non-financial assets are current assets.

NOTE 8 - Other Non-Interest Bearing Liabilities

Lease incentives	**217**	323
Total lease incentives	**217**	323
Current	**106**	106
Non-current	**111**	217

NOTE 9 - Provisions

	2004 $'000	2003 $'000
NOTE 9A – Capital Use Charge Provision		
Capital use charge	**-**	-
Balance owing 1 July	**-**	74
Capital Use Charge provided for during the period	**-**	852
Capital Use Charge paid	**-**	(926)
Balance owing 30 June	**-**	-
NOTE 9B - Employee Provisions		
Salaries and wages	**560**	468
Leave	**3,286**	2,951
Superannuation	**577**	575
Aggregate employee benefit liability	**4,423**	3,994
Worker's compensation	**22**	22
Aggregate employee benefit liability and related on-costs	**4,445**	4,016
Current	**1,529**	1,229
Non-current	**2,916**	2,787

NOTE 10 - Payables

Supplier payables		
Trade creditors	**587**	500
	587	500
Supplier payables are represented by:		
Current	**587**	500

NOTE 11 - Equity

	Accumulated Results		Asset Revaluation Reserve		Contributed Equity		TOTAL EQUITY	
	2004 $'000	2003 $'000	**2004 $'000**	2003 $'000	**2004 $'000**	2003 $'000	**2004 $'000**	2003 $'000
Opening balance as at 1 July	**7,217**	6,710	**-**	-	**2,133**	2,133	**9,350**	8,843
Net surplus	**52**	1,884	**-**	-	-	-	**52**	1,884
Net revaluation increment/ (decrement)	**-**	-	**-**	-	-	-	**-**	-
Decrease in retained surpluses on application of transition provisions in accounting standard AASB 1041 *Revaluation of Non-Current Assets*	**(352)**	-	**-**	-	-	-	**(352)**	-
Transactions with owner:								
Distribution to owner:								
Returns on Capital								
Dividends	**-**	(525)	**-**	-	-	-	**-**	(525)
Capital use charge	**-**	(852)	**-**	-	-	-	**-**	(852)
Closing balance as at 30 June	**6,917**	7,217	**-**	-	**2,133**	2,133	**9,050**	9,350

NOTE 12 - Cash Flow Reconciliation

	2004 $'000	2003 $'000
Reconciliation of cash per Statement of Financial Position to Statement of Cash Flows		
Cash at year end per Statement of Cash Flows	**569**	960
Statement of Financial Position items comprising above cash: 'Financial Assets-Cash'	**569**	960
Reconciliation of operating surplus to net cash from operating activities:		
Net surplus	**52**	1,884
Depreciation/amortisation	**1,012**	1,285
Loss on sale of assets	**29**	-
Net write-down of non-financial assets	**0**	-
Decrease/(Increase) in receivables	**(1,163)**	(7,444)
Decrease/(Increase) in prepayments	**(451)**	132
Increase/(Decrease) in employee provisions	**429**	267
Increase/(Decrease) in supplier payables	**87**	154
Increase/(Decrease) in other liabilities	**(106)**	(107)
Net cash from/(used by)operating activities	**(111)**	(3,829)

NOTE 13 - Contingent Liabilities and Assets

Quantifiable Contingencies

The Schedule of Contingencies reports a contingent liability as at 30 June 2004 in respect of lease restoration costs as valued by the Australian Valuation Office relating to our premises in Sydney ($350,000) and Perth ($160,000).

NOTE 14 - Executive Remuneration

The number of executives who received or were due to receive total remuneration of $100,000 or more are shown in the following bands:

	2004	2003
$120,001 to $130,000	**1**	2
$380,001 to $390,000	**-**	1
$430,001 to $440,000	**1**	-
The aggregate amount of total remuneration of executives shown above	**$556,327**	$633,527

Total remuneration includes salary, accrued leave, performance pay, accrued superannuation, the cost of motor vehicles, other allowances and fringe benefits tax.

NOTE 15 - Remuneration of Auditors

	2004 $	2003 $
Financial statement audit services are provided free of charge to the Tribunal. The fair value of the audit services provided was:	**34,000**	32,000

No other services were provided by the Auditor-General.

NOTE 16 - Average Staffing Levels

	2004 $	2003 $
The average full time equivalent staffing levels for the Tribunal during the year were:	**159.6**	154.5

NOTE 17 - Act of Grace Payments and Waivers and Defective Administration Scheme

	2004 $	2003 $
Act of grace payments	**-**	-
Defective administration	**-**	-
TOTAL	**-**	-

No waivers of amounts owing to the Australian Government were made pursuant to section 34(1) of the *Financial Management and Accountability Act 1997*.

NOTE 18 - Financial Instruments

Note 18A - Interest Rate Risk

Financial Instrument	Note	Floating Interest Rate		Non Interest-bearing		Total		Weighted Average Effective Interest Rate	
		2004 $'000	2003 $'000	2004 $'000	2003 $'000	2004 $'000	2003 $'000	2004 %	2003 %
Financial Assets									
Cash at bank	6A	-	960	569	-	569	960	n/a	1.15
Receivables for goods and services	6B	-	-	263	151	263	151	n/a	n/a
Appropriation receivable		-	-	8,551	7,500	8,551	7,500	n/a	n/a
Total		-	960	9,383	7,651	9,383	8,611		
Total Assets						14,299	14,189		

Financial Instrument	Note	Floating Interest Rate 2004	Floating Interest Rate 2003	Non Interest-bearing 2004	Non Interest-bearing 2003	Total 2004	Total 2003	Rate 2004	Rate 2003
Financial Liabilities									
Trade creditors	10	-	-	587	500	587	500	n/a	n/a
Lease incentives	8	-	-	217	323	217	323	n/a	n/a
Total		-	-	804	823	804	823		
Total Liabilities						5,249	4,839		

Note 18B - Net Fair Values of Financial Assets and Liabilities

		2004		2003	
	Notes	**Total Carrying Amount $'000**	**Aggregate Net Fair Value $'000**	Total Carrying Amount $'000	Aggregate Net Fair Value $'000
Departmental Financial Assets					
Cash at bank	6A	**569**	**569**	960	960
Receivables for goods and services (net)	6B	**263**	**263**	151	151
Appropriations receivable	6B	**8,551**	**8,551**	7,500	7,500
Total Financial Assets		**9,383**	**9,383**	8,611	8,611
Financial Liabilities (Recognised)					
Lease incentives	8	**217**	**217**	323	323
Trade creditors	10	**587**	**587**	500	500
Total Financial Liabilities (Recognised)		**804**	**804**	823	823

Financial assets

The net fair value of cash and non interest-bearing monetary financial assets approximate their carrying amounts.

Financial liabilities

The net fair value of lease incentive liabilities are based on discounted cash flows using current interest rates for liabilities with similar risk profiles.

The net fair values for trade creditors are approximated by their carrying amounts.

Note 18C - Credit Risk Exposure

The Tribunal's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position.

The Tribunal has no significant exposures to any concentration of credit risk.

NOTE 19 - Appropriations

Note 19A – Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (Appropriations) from Acts 1 and 3

Particulars	Administered Expenses Outcome 1	Departmental Outputs	Total
Year ended 30 June 2004	$	$	$
Balance carried from previous year	-	8,459,408	8,459,408
Appropriation Act (No.1) 2003 -2004 – basic appropriation	-	27,227,000	27,227,000
Appropriation Act (No.3) 2003 -2004 – basic appropriation	-	-	-
Adjustments determined by the Finance Minister	-	-	-
Amounts from Advance to the Finance Minister	-	-	-
Amounts from Comcover receipts	-	-	-
Refunds credited (FMA s 30)	-	-	-
GST credits (FMA s 30A)	-	983,883	983,.883
Annotations to 'net appropriations' (FMA s 31)	-	690,322	690,322
Transfer to/from other agencies (FMA s 32)	-	-	-
Administered appropriations lapsed	-	-	-
Available for payments	-	37,360,613	37,360,613
Payments made (GST inclusive)	-	28,240,999	28,240,999
Balance carried to next year	-	9,119,614	9,119,614
Represented by:	-	-	-
Cash at bank and on hand	-	568,614	568,614
Add: Appropriations not drawn from the OPA		8,551,000	8,551,000
Add: Receivables – Goods and Services – GST receivable from customers		11,956	11,956
Add: Return of contributed equity	-	-	-
Add: Receivables - Net GST receivable from the ATO	-	130,791	130,791
Less: Payable – Suppliers – GST portion	-	(142,747)	(142,747)
Total	-	9,119,614	9,119,614
Reconciliation for Appropriation Acts (Nos.1 and 3)			
Paid to the entity from the OPA	-	26,176,000	26,176,000
Add: Finance Minister reduction of Appropriations in current year	-	-	-
Add: Administered Appropriation lapsed in current year	-	-	-
Not drawn from the OPA	-	1,051,000	1,051,000
Total Appropriation Acts	-	27,227,000	27,227,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

Particulars	Administered Expenses	Departmental Outputs	Total
	Outcome 1		
Year ended 30 June 2003	$	$	$
Balance carried from previous year	-	6,782,785	6,782,785
Total annual appropriation – basic appropriation	-	27,216,000	27,216,000
Adjustments and annotations to appropriations	-	1,688,835	1,688,835
Transfer to/from other agencies (FMAA s 32)	-	-	-
Administered appropriations to be lapsed	-	-	-
Available for payments	-	35,687,620	35,687,620
Payments made during the year	-	27,228,212	27,228,212
Balance carried to next year	-	8,459,408	8,459,408
Represented by:			
Cash	-	959,408	959,408
Add: Appropriations not drawn from the OPA		7,500,000	7,500,000
Add: Receivables – Goods and Services – GST receivable from customers		5,250	5,250
Add: Return of contributed equity	-	-	-
Add: Receivables - Net GST receivable from the ATO	-	107,618	107,618
Less: Payable – Suppliers – GST portion	-	(112,868)	(112,868)
Total	-	8,459,408	8,459,408
Reconciliation for Appropriation Acts (Nos.1 and 3)			
Paid to the entity from the OPA	-	19,716,000	19,716,000
Add: Finance Minister reduction of Appropriations in current year	-	-	-
Add: Administered Appropriation lapsed in current year	-	-	-
Not drawn from the OPA	-	7,500,000	7,500,000
Total Appropriation Acts	-	27,216,000	27,216,000

Note 19B - Appropriation Acts (No. 2/4) 2003-04

There were no Appropriations pursuant to Appropriation Acts (No.2/4) in the 2003-04 year.

Note 20 – Reporting of Outcomes

The Tribunal has only one outcome.

Note 20A – Net Cost of Outcome Delivery

	Total	
	2004 $'000	2003 $'000
Administered expenses	**-**	-
Departmental expenses	**28,154**	26,284
Total expenses	**28,154**	26,284
Costs recovered from provision of goods and services to the non-government sector		
Administered	**-**	-
Departmental	**260**	254
Total costs recovered	**260**	254
Other external revenues		
Administered		
Filing fees	**(55)**	(417)
Total Administered	**(55)**	(417)
Departmental		
Interest on cash deposits	**-**	113
Goods and Services Revenue from Related Entities	**542**	430
Total Departmental	**542**	543
Total other external revenues	**487**	126
Net Cost (contribution) of outcome	**28,206**	**25,904**

Note 20B - Major Classes of Departmental Revenues and Expenses by Output Group

The Tribunal has only one output group.

	Total	
	2004 $'000	2003 $'000
Departmental expenses		
Employees	**15,484**	14,194
Suppliers	**11,629**	10,805
Depreciation and amortisation	**1,012**	1,285
Other	**29**	-
Total departmental expenses	**28,154**	26,284
Funded by:		
Revenues from government	**27,404**	27,371
Sale of goods and services	**802**	684
Other non-taxation revenue	**-**	113
Total departmental revenues	**28,206**	28,168

Note 20C - Major Classes of Administered Revenues and Expenses by Output Group.

The Tribunal has only one output group.

	Total Outcome 1	
	2004 $'000	**2003 $'000**
Administered revenues		
Fees & fines	-	-
Total Administered revenues	**-**	-
Administered expenses		
Refund of fees and fines	55	417
Total Administered expenses	**55**	**417**

Note 21 – Special Accounts

The Tribunal has two Special Accounts neither of which has been used in 2003/04. The details of these accounts are listed below:

Title	**Purpose**	**Classification**	**Opening Balance**	**Closing Balance**
Other Trust Moneys	S20 FMA Act	Departmental	-	-
Services for other Governments and Non-Agency Bodies	S20 FMA Act	Departmental	-	-