

Financial Statements

Contents

| | |
|---|----|
| Independent Audit Report | 56 |
| Financial statements | 59 |
| – Statement by Chief Executive Officer | |
| – Income Statement | |
| – Balance Sheet | |
| – Statement of Changes in Equity | |
| – Statement of Cash Flows | |
| – Schedule of Commitments | |
| – Schedule of Contingencies | |
| – Schedule of Administered Items | |
| – Notes to and forming part of the Financial Statements | |



INDEPENDENT AUDITOR'S REPORT

To the Attorney General

Scope

I have audited the accompanying financial statements of the Administrative Appeals Tribunal for the year ended 30 June 2007, which comprise: a statement by the Chief Executive and Chief Financial Officer; income statement; balance sheet; statement of changes in equity; cash flow statement; schedules of commitments, contingencies and administered items; a summary of significant accounting policies; and other explanatory notes.

The Responsibility of the Chief Executive for the Financial Statements

The Administrative Appeals Tribunal's Chief Executive is responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and the Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. My audit has been conducted 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Administrative Appeals Tribunal's preparation and fair presentation of the financial statements in order to design audit procedures that are

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT 2600
Phone (02) 6203 7300 Fax (02) 6203 7777

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 accounting policies used and the reasonableness of accounting estimates made by the Administrative Appeals Tribunal's Chief Executive, 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 the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

Auditor's 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*, and the Australian Accounting Standards (including the Australian Accounting Interpretations); 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 2007 and of its financial performance and its cash flows for the year then ended.

Australian National Audit Office



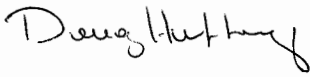
Puspa Dash
Acting Executive Director

Delegate of the Auditor-General

Canberra
3 September 2007

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 2007 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.



DOUGLAS HUMPHREYS

Chief Executive

31 August 2007



STEPHEN WISE

Chief Financial Officer

31 August 2007

INCOME STATEMENT

for the period ended 30 June 2007

| | Notes | 2007 \$'000 | 2006 \$'000 |
|---|-------|----------------|----------------|
| INCOME | | | |
| Revenue | | | |
| Revenue from Government | 3A | 31,475 | 28,896 |
| Sale of goods and rendering of services | 3B | 1,063 | 1,069 |
| Total Revenue | | 32,538 | 29,965 |
| Gains | | | |
| Other gains | 3C | 205 | 196 |
| Total Gains | | 205 | 196 |
| TOTAL INCOME | | 32,743 | 30,161 |
| EXPENSES | | | |
| Employee benefits | 4A | 18,936 | 17,041 |
| Suppliers | 4B | 12,302 | 12,815 |
| Depreciation and amortisation | 4C | 989 | 762 |
| Write-down and impairment of assets | 4D | 34 | 77 |
| Losses from assets sales | 4E | 15 | 7 |
| TOTAL EXPENSES | | 32,276 | 30,702 |
| SURPLUS (DEFICIT) | | 467 | (541) |

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

BALANCE SHEET

as at 30 June 2007

| | Notes | 2007 \$'000 | 2006 \$'000 |
|---|-------|----------------|----------------|
| ASSETS | | | |
| Financial assets | | | |
| Cash and cash equivalents | 5A | 692 | 538 |
| Trade and other receivables | 5B | 7,399 | 6,973 |
| Total Financial Assets | | 8,091 | 7,511 |
| Non-financial assets | | | |
| Leasehold improvements | 6A,C | 6,637 | 6,161 |
| Plant and equipment | 6B,C | 1,700 | 1,342 |
| Intangibles | 6D | 409 | 133 |
| Other non-financial assets | 6E | 1,881 | 2,042 |
| Total Non-Financial Assets | | 10,627 | 9,678 |
| TOTAL ASSETS | | 18,718 | 17,189 |
| LIABILITIES | | | |
| Payables | | | |
| Suppliers | 8A | 860 | 755 |
| Total Payables | | 860 | 755 |
| Non-Interest Bearing Liabilities | | | |
| Other | 7 | 1,119 | 706 |
| Total Non-Interest Bearing Liabilities | | 1,119 | 706 |
| Provisions | | | |
| Employee provisions | 9A | 4,796 | 4,234 |
| Other provisions | 9B | 385 | 385 |
| Total Provisions | | 5,181 | 4,619 |
| TOTAL LIABILITIES | | 7,160 | 6,080 |
| NET ASSETS | | 11,558 | 11,109 |
| EQUITY | | | |
| Contributed equity | | 2,275 | 2,133 |
| Reserves | | 2,836 | 2,996 |
| Retained surplus (accumulated deficit) | | 6,447 | 5,980 |
| TOTAL EQUITY | | 11,558 | 11,109 |
| Current assets | | 9,972 | 9,553 |
| Non-current assets | | 8,746 | 7,636 |
| Current liabilities | | 5,305 | 4,656 |
| Non-current liabilities | | 1,855 | 1,424 |

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2007

| | Retained Earnings | | Asset Revaluation Reserves | | Contributed Equity/Capital | | Total Equity | |
|--|-------------------|----------------|----------------------------|----------------|----------------------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Opening balance | | | | | | | | |
| Balance carried forward from previous period | 5,980 | 6,521 | 2,996 | 272 | 2,133 | 2,133 | 11,109 | 8,926 |
| Adjustment for errors | - | - | - | - | - | - | - | - |
| Adjustment for changes in accounting policy | - | - | - | - | - | - | - | - |
| Adjusted opening balance | 5,980 | 6,521 | 2,996 | 272 | 2,133 | 2,133 | 11,109 | 8,926 |
| Income and expense | | | | | | | | |
| Revaluation adjustment | - | - | (160) | 2,724 | - | - | (160) | 2,724 |
| Revaluation | - | - | (160) | 2,724 | - | - | (160) | 2,724 |
| Surplus (deficit) for the period | 467 | (541) | | | | | 467 | (541) |
| Total income and expenses | 467 | (541) | (160) | 2,724 | - | - | 307 | 2,183 |
| Transactions with owners | | | | | | | | |
| <i>Contribution by owners</i> | | | | | | | | |
| Appropriation (equity injection) | - | - | - | - | 142 | - | 142 | - |
| Sub-total transactions with owners | - | - | - | - | 142 | - | 142 | - |
| Transfer between equity components | - | - | - | - | - | - | - | - |
| Closing balance at 30 June | 6,447 | 5,980 | 2,836 | 2,996 | 2,275 | 2,133 | 11,558 | 11,109 |

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

CASH FLOW STATEMENT

for the period ended 30 June 2007

| | Notes | 2007 \$'000 | 2006 \$'000 |
|--|-------|-----------------|-----------------|
| OPERATING ACTIVITIES | | | |
| Cash received | | | |
| Goods and services | | 1,077 | 968 |
| Appropriations | | 31,035 | 31,793 |
| Net GST received | | 1,382 | 1,366 |
| Total cash received | | 33,494 | 34,127 |
| Cash used | | | |
| Employees | | (18,204) | (16,580) |
| Suppliers | | (12,970) | (13,659) |
| Total cash used | | (31,174) | (30,239) |
| Net cash from or (used by) operating activities | 10 | 2,320 | 3,888 |
| INVESTING ACTIVITIES | | | |
| Cash used | | | |
| Purchase of property, plant and equipment | | (2,005) | (3,505) |
| Purchase of intangibles | | (303) | (121) |
| Total cash used | | (2,308) | (3,626) |
| Net cash from or (used by) investing activities | | (2,308) | (3,626) |
| FINANCING ACTIVITIES | | | |
| Cash received | | | |
| Appropriations – contributed equity | | 142 | – |
| Total cash received | | 142 | – |
| Net cash from or (used by) financing activities | | 142 | – |
| Net increase or (decrease) in cash held | | 154 | 262 |
| Cash at the beginning of the reporting period | | 538 | 276 |
| Cash at the end of the reporting period | 5A | 692 | 538 |

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

SCHEDULE OF COMMITMENTS

as at 30 June 2007

| Notes | 2007 \$'000 | 2006 \$'000 |
|--|----------------|----------------|
| BY TYPE | | |
| Capital commitments | | |
| Infrastructure, plant and equipment | - | 739 |
| Total capital commitments | - | 739 |
| Other commitments | | |
| Operating leases ^{1,2} | 45,205 | 34,696 |
| Total other commitments | 45,205 | 34,696 |
| Commitments receivable | (4,109) | (3,221) |
| Net commitments by type | 41,096 | 32,214 |
| BY MATURITY | | |
| Capital commitments | | |
| One year or less | - | 739 |
| From one to five years | - | - |
| Over five years | - | - |
| Total capital commitments | - | 739 |
| Operating lease commitments | | |
| One year or less | 5,646 | 4,987 |
| From one to five years | 27,271 | 23,257 |
| Over five years | 12,288 | 6,452 |
| Total operating lease commitments | 45,205 | 34,696 |
| Commitments receivable | | |
| One year or less | (513) | (520) |
| From one to five years | (2,479) | (2,114) |
| Over five years | (1,117) | (587) |
| Total commitments receivable | (4,109) | (3,221) |
| Net commitments by maturity | 41,096 | 32,214 |

NB: Commitments are GST inclusive where relevant.

¹ These commitments comprise leases of hearing rooms and office accommodation for the Tribunal.

² Operating leases included are effectively non-cancellable and comprise:

Nature of leases/General description of leasing arrangements

Leases for office accommodation.

Lease payments are subject to fixed or market review increases as listed in the lease agreements; and all office accommodation leases are current and most have extension options for the Tribunal following a review of rentals to current market. A commitment for four years has been included for the Commonwealth Law Courts Buildings in Brisbane and Hobart even though there is no lease. This is because budget funding has been approved for this period.

Agreements for the provision of motor vehicles to senior executive officers.

No contingent rentals exist and there are no renewal or purchase options available to the Tribunal.

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

SCHEDULE OF CONTINGENCIES

as at 30 June 2007

| | Notes | 2007 \$'000 | 2006 \$'000 |
|-------------------------------------|-------|-----------------------------------|----------------|
| Contingent liabilities | | | |
| | 11 | Restoration of Lease Costs | |
| Balance from previous period | | - | 425 |
| New | | - | - |
| Re-measurement | | - | (75) |
| Liabilities crystallised | | - | (100) |
| Obligations expired | | - | (250) |
| Total Contingent Liabilities | | - | - |

Details of each class of contingent liabilities and contingent assets, including those not included above because they cannot be quantified, are disclosed in Note 11 Contingent Liabilities and Assets.

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

SCHEDULE OF ADMINISTERED ITEMS

| | Notes | 2007 \$'000 | 2006 \$'000 |
|--|-------|----------------|----------------|
| Income administered on behalf of Government <i>for the year ended 30 June 2007</i> | | | |
| Revenue | | | |
| Filing fees | 16 | 822 | 1,053 |
| Total revenues administered on behalf of Government | | 822 | 1,053 |
| Total income administered on behalf of Government | | 822 | 1,053 |
| Expenses administered on behalf of Government <i>for the year ended 30 June 2007</i> | | | |
| Refund of filing fees | 17 | 483 | 700 |
| Total expenses administered on behalf of Government | | 483 | 700 |

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

There were no administered assets or liabilities as at 30 June 2007, (2006: Nil).

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

SCHEDULE OF ADMINISTERED ITEMS (continued)

| | Notes | 2007 \$'000 | 2006 \$'000 |
|--|-------|----------------|----------------|
| Administered Cash Flows <i>for the period ended 30 June 2007</i> | | | |
| OPERATING ACTIVITIES | | | |
| Cash received | | | |
| Filing fees | | 822 | 1,053 |
| Total cash received | | 822 | 1,053 |
| Cash used | | | |
| Refund of filing fees | | (483) | (700) |
| Total cash used | | (483) | (700) |
| Net Cash from Operating Activities | 20 | 339 | 353 |
| Net Increase (Decrease) in Cash Held | | | |
| Cash at the beginning of the reporting period | | – | – |
| Cash from Official Public Account for: | | | |
| – Appropriations | | 483 | 700 |
| Cash to Official Public Account for: | | | |
| – Appropriations | | (822) | (1,053) |
| Cash at End of Reporting Period | | – | – |

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

There were no administered commitments or contingencies as at 30 June 2007, (2006: Nil).

The major administered activities of the Tribunal are directed towards achieving the outcome described in Note 1 to the Financial Statements. The major financial activities 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*.

Fees are refunded in whole if 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.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| NOTE | DESCRIPTION | PAGE |
|------|--|------|
| 1. | Summary of Significant Accounting Policies | 68 |
| 2 | Events After the Balance Sheet Date | 75 |
| 3. | Income | 75 |
| 4. | Expenses | 75 |
| 5. | Financial Assets | 76 |
| 6. | Non-Financial Assets | 77 |
| 7. | Other Non-Interest Bearing Liabilities | 80 |
| 8. | Payables | 80 |
| 9. | Provisions | 80 |
| 10. | Cash Flow Reconciliation | 81 |
| 11. | Contingent Liabilities and Assets | 82 |
| 12. | Executive Remuneration | 82 |
| 13. | Remuneration of Auditors | 82 |
| 14. | Average Staffing Levels | 82 |
| 15. | Financial Instruments | 83 |
| 16. | Income Administered on Behalf of the Government | 84 |
| 17. | Expenses Administered on Behalf of the Government | 84 |
| 18. | Assets Administered on Behalf of the Government | 84 |
| 19. | Liabilities Administered on Behalf of the Government | 84 |
| 20. | Administered Reconciliation Table | 84 |
| 21. | Appropriations | 85 |
| 22. | Special Accounts | 87 |
| 23. | Compensation and Debt Relief | 87 |
| 24. | Reporting of Outcomes | 88 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

1.1 Objectives of the Tribunal

The Administrative Appeals Tribunal (the Tribunal) is an Australian Public Service organisation. 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.

Tribunal activities contributing toward these outcomes 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 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 of the Tribunal's administration and programs.

1.2 Basis of Preparation of Financial Report

The financial statements and notes are required by section 49 of Schedule 1 to the *Financial Management and Accountability Act 1997* and are a General Purpose Financial Report.

The Financial Statements and notes have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2006: and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

The financial report is 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 Entity 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 unrealised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 11).

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

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 departmental items except where otherwise stated at Note 1.23.

1.3 Significant Accounting Judgements and Estimates

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

1.4 Statement of Compliance

Australian Accounting Standards require a statement of compliance with International Financial Reporting Standards (IFRSs) to be made where the financial report complies with these standards. Some Australian equivalents to IFRSs and other Australian Accounting Standards contain requirements specific to not-for-profit

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

entities that are inconsistent with IFRS requirements. The Tribunal is a not for profit entity and has applied these requirements, so while this financial report complies with Australian Accounting Standards including Australian Equivalents to International Financial Reporting Standards (AEIFRSs) it cannot make this statement.

Other effective requirement changes

The following amendments, revised standards or interpretations have become effective but have had no financial impact or do not apply to the operations of the Tribunal.

Amendments:

- 2005-1 Amendments to Australian Accounting Standards [AASBs 1, 101, 124]
- 2005-6 Amendments to Australian Accounting Standards [AASB 3]
- 2006-1 Amendments to Australian Accounting Standards [AASB 121]
- 2006-3 Amendments to Australian Accounting Standards [AASB 1045]

Interpretations:

- UIG 4 Determining whether an Arrangement contains a Lease
- UIG 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- UIG 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies
- UIG 8 Scope of AASB 2
- UIG 9 Reassessment of Embedded Derivatives

Future Australian Accounting Standard requirements

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

Financial instrument disclosure

AASB 7 Financial Instruments: Disclosures is effective for reporting periods beginning on or after 1 January 2007 (the 2007-08 financial year) and amends the disclosure requirements for financial instruments. In general AASB 7 requires greater disclosure than that presently. Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]. These changes have no financial impact but will affect the disclosure presented in future financial reports.

Other

The following standards and interpretations have been issued but are not applicable to the operations of the Tribunal.

- AASB 1049 Financial Reporting of General Government Sectors by Governments
- UIG 10 Interim Financial Reporting and Impairment

1.5 Revenue

Revenue from Government

Amounts appropriated for departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue, 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.

Resources Received Free of Charge

Resources received free of charge are recorded as either revenue or gains depending on their nature ie whether they have been generated in the course of the ordinary activities of the Tribunal.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Other Types of Revenue

Revenue from the sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer;
- The seller 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 entity.

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 with the transaction will flow to the entity.

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

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

1.6 Gains

Other 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.

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) 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.

1.8 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 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of balance date 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.

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

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, 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 at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2007. In determining the present value of the liability, the Tribunal has taken into account attrition rates and pay increases through promotion and inflation.

The liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2007 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.

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.

The Tribunal makes employer contributions to the Employee Superannuation Scheme 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.

From 1 July 2005, new employees are eligible to join the PSSap scheme.

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 non-current 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.

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 7).

1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.11 Cash

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

1.12 Financial Risk Management

The Tribunal's activities expose it to normal commercial financial risk. As a result of the nature of the Tribunal's business and internal and Australian Government policies, dealing with the management of financial risk, the Tribunal's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

1.13 Derecognition of Financial Assets and Liabilities

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another entity. In the case of a transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred.

Financial liabilities are derecognised when the obligation under the contract is discharged, cancelled or expires.

1.14 Impairment of Financial Assets

Financial assets are assessed for impairment at each balance date.

1.15 Supplier and other payables

Supplier and other payables 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).

1.16 Contingent liabilities and contingent assets

Contingent liabilities and Contingent assets are not recognised in the Balance Sheet but are reported in the related schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of the disclosure. Contingent assets are reported when settlement is probable, and contingent liabilities are recognised when settlement is greater than remote.

1.17 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. 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 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.

1.18 Property, Plant and Equipment (PP & E)

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

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 'makegood' 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 'makegood' taken up.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Revaluations

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

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

Following initial recognition at cost, plant and equipment are carried at fair value less 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.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that reverses a previous revaluation decrement of the same asset class that was previously recognised through the operating result. Revaluation decrements for a class of assets are recognised directly through the operating result except to the extent that they reverse a previous revaluation increment for that class.

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

Depreciation

Depreciable property, 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:

| | 2007 | 2006 |
|---------------------------------|-------------------|-------------|
| Leasehold improvements (fitout) | Lease term | Lease term |
| Plant and equipment | 3-20 years | 3-20 years |

Impairment

All assets were assessed for impairment at 30 June 2007. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.19 Intangibles

The Tribunal's intangibles comprise externally purchased software for internal use. These assets are carried at cost. Software is amortised on a straight-line basis over their anticipated useful lives. The useful lives of the Tribunal's software is 3-5 years (2006: 3-5 years).

All software assets were assessed for indications of impairment as at 30 June 2007. No indications of impairment were found for intangible assets.

1.20 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
- except for receivables and payables.

1.21 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.

1.22 Insurance

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

1.23 Reporting of Administered Activities

The 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 Tribunal 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 Administration. 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 Statement of Cash Flows in the Schedule of Administered Items and in the Administered Reconciliation Table in Note 16. Thus the Schedule of Administered Items largely reflects the Government's transactions, through the Tribunal, with parties outside the Government.

Revenue

All administered revenues are revenues relating to the course of ordinary activities performed by the Tribunal on behalf of the Australian Government.

Fees are charged on lodgement of applications for review. Some exemptions and waivers can apply to the payment of a fee. Applications deemed to be successful may result in a refund of the fee paid.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 2 – Events after the Balance Sheet Date

There were no significant events occurring after the balance date.

| 2007 | 2006 |
|--------|--------|
| \$'000 | \$'000 |

NOTE 3 – Income

Revenues

Note 3A – Revenue from Government

Appropriations:

| | | |
|--------------------------------------|---------------|---------------|
| Departmental outputs | 31,475 | 28,896 |
| Total revenue from government | 31,475 | 28,896 |

Note 3B – Sale of goods and rendering of services

| | | |
|--|--------------|--------------|
| Rendering of services to related entities | 722 | 756 |
| Rendering of services to external entities | 341 | 313 |
| Total sale of goods and rendering of services | 1,063 | 1,069 |

Gains

Note 3C – Other gains

| | | |
|--|------------|------------|
| Resources received free of charge | 35 | 34 |
| Liabilities assumed by other departments | 170 | 162 |
| Total other gains | 205 | 196 |

NOTE 4 – Expenses

Note 4A – Employee benefits

| | | |
|--------------------------------|---------------|---------------|
| Wages and salaries | 14,852 | 13,633 |
| Superannuation | 2,361 | 2,248 |
| Leave and other entitlements | 981 | 671 |
| Separation and redundancies | 217 | - |
| Other employee expenses | 525 | 489 |
| Total employee benefits | 18,936 | 17,041 |

Note 4B – Suppliers

| | | |
|---|---------------|---------------|
| Provision of goods – related entities | - | - |
| Provision of goods – external entities | 572 | 398 |
| Rendering of services – related entities | 274 | 569 |
| Rendering of services – external entities | 6,410 | 6,167 |
| Operating lease rentals: | | |
| Minimum lease payments | 4,940 | 5,574 |
| Workers compensation premiums | 106 | 107 |
| Total supplier expenses | 12,302 | 12,815 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | 2007 \$'000 | 2006 \$'000 |
|--|----------------|----------------|
| Note 4C – Depreciation and amortisation | | |
| Depreciation: | | |
| Infrastructure, plant and equipment | 962 | 644 |
| Total depreciation | 962 | 644 |
| Amortisation: | | |
| Lease incentives | – | 110 |
| Computer software | 27 | 8 |
| Total amortisation | 27 | 119 |
| Total depreciation and amortisation | 989 | 762 |
| Note 4D – Write down and impairment of assets | | |
| Revaluation decrements – non-financial assets | 34 | 77 |
| Total write-down of assets | 34 | 77 |
| Note 4E – Losses from assets sales | | |
| Infrastructure, plant and equipment | | |
| Proceeds from sale | – | – |
| Carrying value of assets sold | 15 | 7 |
| Selling expense | – | – |
| Total losses from assets sales | 15 | 7 |
| NOTE 5 – Financial Assets | | |
| Note 5A – Cash and cash equivalents | | |
| Other | 692 | 538 |
| Total cash and cash equivalents | 692 | 538 |
| Note 5B – Trade and other receivables | | |
| Goods and services | 86 | 50 |
| Appropriations receivable for existing outputs | 7,140 | 6,700 |
| GST receivable from the Australian Taxation Office | 173 | 223 |
| Total trade and other receivables (net) | 7,399 | 6,973 |

All receivables are with entities external to the Tribunal. Credit terms are net 30 days (2006: 30 days).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | 2007 \$'000 | 2006 \$'000 |
|--|----------------|----------------|
| Note 5B – Trade and other receivables (continued) | | |
| Receivables are aged as follows: | | |
| Not overdue | 7,385 | 6,965 |
| Overdue by: | | |
| Less than 30 days | 11 | 7 |
| 30 to 60 days | 3 | 1 |
| 60 to 90 days | – | – |
| More than 90 days | – | – |
| | <u>14</u> | <u>8</u> |
| Total trade and other receivables (gross) | <u>7,399</u> | <u>6,973</u> |
| The allowance for doubtful debts is aged as follows: | | |
| Not overdue | – | – |
| Overdue by: | | |
| Less than 30 days | – | – |
| 30 to 60 days | – | – |
| 60 to 90 days | – | – |
| More than 90 days | – | – |
| | <u>–</u> | <u>–</u> |
| Total allowance for doubtful debts | <u>–</u> | <u>–</u> |
| Receivables are represented by: | | |
| Current | 7,399 | 6,973 |
| Non-current | – | – |
| Total trade and other receivables (net) | <u>7,399</u> | <u>6,973</u> |

NOTE 6 – Non-Financial Assets

Note 6A – Leasehold improvements

| | | |
|-------------------------------------|--------------|--------------|
| – fair value | 6,637 | 6,161 |
| – accumulated depreciation | – | – |
| Total leasehold improvements | <u>6,637</u> | <u>6,161</u> |

Note 6B – Plant and equipment

| | | |
|---|--------------|--------------|
| – at gross carrying value (at fair value) | 1,700 | 1,342 |
| – accumulated depreciation | – | – |
| Total plant and equipment | <u>1,700</u> | <u>1,342</u> |

All revaluations are in accordance with the revaluation policy stated in Note 1.18. In 2006-07 an independent valuer, the Australian Valuation Office, conducted the valuations.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 6C – Analysis of property, plant, and equipment

TABLE A – Reconciliation of the opening and closing balances of property, plant and equipment (2006–07)

| Item | Buildings – Leasehold Improvements \$'000 | Plant and Equipment \$'000 | TOTAL \$'000 |
|--|--|----------------------------------|-----------------|
| As at 1 July 2006 | | | |
| Gross book value | 6,161 | 1,342 | 7,503 |
| Accumulated depreciation/amortisation | – | – | – |
| Net book value 1 July 2006 | 6,161 | 1,342 | 7,503 |
| Additions | | | |
| by purchase | 1,331 | 674 | 2,005 |
| Revaluation and impairments through equity | (159) | (34) | (193) |
| Revaluation of makegood | – | – | – |
| Depreciation/amortisation expense | (696) | (266) | (962) |
| Recoverable Amount write-downs | – | – | – |
| Disposals | | | |
| Other disposals | – | (16) | (16) |
| Net book value 30 June 2007 | 6,637 | 1,700 | 8,337 |
| Net book value as at 30 June 2007 represented by: | | | |
| Gross book value | 6,637 | 1,700 | 8,337 |
| Accumulated depreciation/amortisation | – | – | – |
| | 6,637 | 1,700 | 8,337 |

TABLE A – Reconciliation of the opening and closing balances of property, plant and equipment (2005–06)

| | | | |
|--|--------------|--------------|--------------|
| As at 1 July 2005 | | | |
| Gross book value | 295 | 1,432 | 1,727 |
| Accumulated depreciation/amortisation | – | – | – |
| Net book value 1 July 2005 | 295 | 1,432 | 1,727 |
| Additions | | | |
| by purchase | 3,330 | 175 | 3,505 |
| Revaluation and impairments through equity | 2,724 | (77) | 2,647 |
| Revaluation of makegood | 385 | – | 385 |
| Depreciation/amortisation expense | (567) | (187) | (754) |
| Recoverable Amount write-downs | – | – | – |
| Disposals | | | |
| Other disposals | (6) | (1) | (7) |
| Net book value 30 June 2006 | 6,161 | 1,342 | 7,503 |
| Net book value as at 30 June 2006 represented by: | | | |
| Gross book value | 6,161 | 1,342 | 7,503 |
| Accumulated depreciation/amortisation | – | – | – |
| | 6,161 | 1,342 | 7,503 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | 2007 \$'000 | 2006 \$'000 |
|--|----------------|----------------|
| Note 6D – Intangibles | | |
| Computer software at cost | 1,317 | 1,079 |
| Total computer software | 1,317 | 1,079 |
| Accumulated amortisation | (908) | (946) |
| Total intangibles (non-current) | 409 | 133 |

No indicators of impairment were found for intangible assets.

TABLE B – Reconciliation of opening and closing balances of intangibles (2006-07)

| Item | Computer software purchased \$'000 | Total \$'000 |
|--|--|-----------------|
| As at 1 July 2006 | | |
| Gross book value | 1,079 | 1,079 |
| Accumulated depreciation/amortisation | (946) | (946) |
| Net book value 1 July 2006 | 133 | 133 |
| Additions | | |
| by purchase or internally developed | 303 | 303 |
| Amortisation | (27) | (27) |
| Disposals: | | |
| Other disposals | – | – |
| Net book value 30 June 2007 | 409 | 409 |
| Net book value as of 30 June 2007 represented by: | | |
| Gross book value | 1,317 | 1,317 |
| Accumulated depreciation/amortisation and impairment | (908) | (908) |
| | 409 | 409 |

TABLE B – Reconciliation of opening and closing balances of intangibles (2005-06)

| | | |
|--|------------|------------|
| As at 1 July 2005 | | |
| Gross book value | 958 | 958 |
| Accumulated depreciation/amortisation | (938) | (938) |
| Net book value 1 July 2005 | 20 | 20 |
| Additions | | |
| by purchase (partially complete) | 121 | 121 |
| Amortisation | (8) | (8) |
| Disposals: | | |
| Other disposals | – | – |
| Net book value 30 June 2006 | 133 | 133 |
| Net book value as of 30 June 2006 represented by: | | |
| Gross book value | 1,079 | 1,079 |
| Accumulated depreciation/amortisation and impairment | (946) | (946) |
| | 133 | 133 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | 2007 \$'000 | 2006 \$'000 |
|---|----------------|----------------|
| Note 6E – Other Non-Financial Assets | | |
| Prepayments | 1,881 | 2,042 |
| Total other non-financial assets | 1,881 | 2,042 |

All other non-financial assets are current assets.

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

NOTE 7 – Other Non-Interest Bearing Liabilities

| | | |
|---|--------------|------------|
| Lease incentives | 1,119 | 706 |
| Total other non-interest bearing liabilities | 1,119 | 706 |
| Current | 85 | 54 |
| Non-current | 1,034 | 652 |
| Total other non-interest bearing liabilities | 1,119 | 706 |

NOTE 8 – Payables

Note 8A – Suppliers

| | | |
|------------------------|------------|------------|
| Trade creditors | 860 | 755 |
| Total suppliers | 860 | 755 |

All supplier payables are current liabilities. Settlement is usually made 30 days from receipt of invoice.

NOTE 9 – Provisions

Note 9A – Employee Provisions

| | | |
|----------------------------------|--------------|--------------|
| Salaries and wages | 449 | 317 |
| Leave | 3,764 | 3,386 |
| Superannuation | 547 | 506 |
| Other | 36 | 25 |
| Total employee provisions | 4,796 | 4,234 |

Employee provisions are represented by:

| | | |
|----------------------------------|--------------|--------------|
| Current | 4,360 | 3,847 |
| Non-current | 436 | 387 |
| Total employee provisions | 4,796 | 4,234 |

The classification of current includes amounts for which there is not an unconditional right to defer settlement by one year, hence in the case of employee provisions the above classification does not represent the amount expected to be settled within one year of reporting date. Employee provisions expected to be settled in twelve months from the reporting date is \$1,808,626 (2006: \$1,356,528), in excess of one year \$2,987,785 (2006: \$2,877,147)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | 2007 \$'000 | 2006 \$'000 |
|-----------------------------------|----------------|----------------|
| Note 9B – Other Provisions | | |
| Provision for 'makegood' | 385 | 385 |
| Total other provisions | 385 | 385 |

All other provisions are non-current liabilities.

| | Provision for Make good \$'000 | Total \$'000 |
|---|--------------------------------------|-----------------|
| Carrying amount 1 July 2006 | 385 | 275 |
| Additional provisions made | - | 385 |
| Provisions realised | - | (275) |
| Unwinding of discounted amount arising from the passage of time | - | - |
| Closing balance 2007 | 385 | 385 |

The Tribunal 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 provision to reflect the present value of this obligation.

NOTE 10 – Cash Flow Reconciliation

Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement

Report cash and cash equivalents as per:

| | | |
|---------------------|-----|-----|
| Cash Flow Statement | 692 | 538 |
| Balance Sheet | 692 | 538 |

Reconciliation of operating result to net cash from operating activities:

| | | |
|---|--------------|--------------|
| Operating result | 467 | (541) |
| Depreciation/amortisation | 989 | 762 |
| Loss on disposal of assets | 15 | 7 |
| Net write-down of non-financial assets | 34 | 77 |
| (Increase)/decrease in net receivables | (426) | 2,796 |
| (Increase)/decrease in prepayments | 161 | 84 |
| Increase/(decrease) in employee provisions | 562 | 298 |
| Increase/(decrease) in supplier payables | 105 | 84 |
| Increase/(decrease) in other provisions | - | 150 |
| Increase/(decrease) in other liabilities | 413 | 171 |
| Net cash from/(used by) operating activities | 2,320 | 3,888 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 11 – Contingent Liabilities and Assets

Quantifiable Contingencies

The schedule of Contingencies in the Financial Report reports contingent liabilities as at 30 June 2007 in respect of lease makegood costs where the cost has yet to be crystallised as a liability. At 30 June 2007 the Tribunal has no quantifiable contingent liabilities (2006: Nil). In 2005-06 all contingent liabilities were either crystallised or expired.

Unquantifiable or Remote Contingencies

At 30 June 2007, the Tribunal has not identified any unquantifiable or remote contingencies.

NOTE 12 – Executive Remuneration

The number of senior executives who received or were due to receive total remuneration of \$130,000 or more:

| | 2007 | 2006 |
|------------------------|----------|----------|
| \$145,000 to \$159,999 | - | 1 |
| \$160,000 to \$174,999 | 1 | - |
| \$205,000 to \$219,999 | - | 1 |
| \$220,000 to \$234,999 | 1 | |
| Total | 2 | 2 |

The aggregate amount of total remuneration of executives shown above. **\$403,585** \$357,293

The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above. - -

NOTE 13 – Remuneration of Auditors

| | 2007 \$'000 | 2006 \$'000 |
|---|----------------|----------------|
| Financial statement audit services are provided free of charge to the Tribunal. | | |
| The fair value of the audit services provided was: | 35,100 | 33,500 |
| | 35,100 | 33,500 |

No other services were provided by the Auditor-General.

NOTE 14 – Average Staffing Levels

| | 2007 | 2006 |
|--|------------|------|
| The average staffing levels for the Tribunal during the year were: | 164 | 164 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 15 – Financial Instruments

Note 15A – Interest Rate Risk

| Financial Instrument | Note | Non Interest-bearing | | Total | | Weighted Average Effective Interest Rate | |
|------------------------------------|------|----------------------|----------------|----------------|----------------|--|-----------|
| | | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 | 2007 % | 2006 % |
| Financial Assets | | | | | | | |
| Cash and cash equivalents | 5A | 692 | 538 | 692 | 538 | n/a | n/a |
| Receivables for goods and services | 5B | 86 | 50 | 86 | 50 | n/a | n/a |
| Total | | 778 | 588 | 778 | 588 | | |
| Total Assets | | | | 18,718 | 17,189 | | |
| Financial Liabilities | | | | | | | |
| Trade creditors | 8A | 860 | 755 | 860 | 755 | n/a | n/a |
| Total | | 860 | 755 | 860 | 755 | | |
| Total Liabilities | | | | 7,160 | 6,080 | | |

Note 15B – Fair Values of Financial Assets and Liabilities

| | Notes | 2007 | | 2006 | |
|---|-------|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
| | | Total Carrying Amount \$'000 | Aggregate Fair Value \$'000 | Total Carrying Amount \$'000 | Aggregate Fair Value \$'000 |
| Departmental Financial Assets | | | | | |
| Cash at bank | 5A | 692 | 692 | 538 | 538 |
| Receivables for goods and services | 5B | 86 | 86 | 50 | 50 |
| Total Financial Assets | | 778 | 778 | 588 | 588 |
| Financial Liabilities(Recognised) | | | | | |
| Trade creditors | 8A | 860 | 860 | 755 | 755 |
| Total Financial Liabilities (Recognised) | | 860 | 860 | 755 | 755 |

Note 15C – 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 Balance Sheet.

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

All figures for credit risk referred to do not take into account the value of any collateral or other security.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 16 – Income Administered on Behalf of the Government

| | 2007 \$'000 | 2006 \$'000 |
|----------------------|----------------|----------------|
| <i>Revenue</i> | | |
| Filing fees | 822 | 1,053 |
| Total revenue | 822 | 1,053 |

NOTE 17 – Expenses Administered on Behalf of the Government

| | 2007 \$'000 | 2006 \$'000 |
|-----------------------|----------------|----------------|
| <i>Expenses</i> | | |
| Refund of filing fees | 483 | 700 |
| Total expenses | 483 | 700 |

NOTE 18 – Assets Administered on Behalf of the Government

There were no administered assets as at 30 June 2007, (2006: Nil).

NOTE 19 – Liabilities Administered on Behalf of the Government

There were no administered liabilities as at 30 June 2007, (2006: Nil).

NOTE 20 – Administered Reconciliation Table

| | 2007 \$'000 | 2006 \$'000 |
|--|----------------|----------------|
| <i>Opening administered assets less administered liabilities as at 1 July</i> | - | - |
| Opening balance fair value adjustment – administered investments | - | - |
| Plus: Administered revenues | 822 | 1,053 |
| Less: Administered refunds | (483) | (700) |
| Administered transfers to/from Australian Government: | | |
| Appropriation transfers from OPA | 483 | 700 |
| Transfers to OPA: | (822) | (1,053) |
| Closing administered assets less administered liabilities as at 30 June | - | - |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 21 – Appropriations

Table A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and borrowings

| Particulars | Departmental Outputs | | Total | |
|--|----------------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Balance carried from previous period | 7,238 | 4,864 | 7,238 | 4,864 |
| Unspent receipts from 1999-2004 where no s31 agreement was deemed to be in place (funding restored in 2005/06) | - | 5,009 | - | 5,009 |
| <i>Adjusted Balance carried for previous period</i> | 7,238 | 9,873 | 7,238 | 9,873 |
| Appropriation Act: | | | | |
| Appropriation Act (No.1) | 30,820 | 28,620 | 30,820 | 28,620 |
| Appropriation Act (No.3) | 655 | 276 | 655 | 276 |
| Comcover receipts (Appropriation Act s13) | - | - | - | - |
| FMA Act: | | | | |
| Refunds credited (FMA s30) | 174 | - | 174 | - |
| Appropriations to take account of recoverable GST (FMA s30A) | 1,368 | 1,366 | 1,368 | 1,366 |
| Annotations to 'net appropriations' (FMA s31) | 1,077 | 968 | 1,077 | 968 |
| Total appropriations available for payments | 41,332 | 41,103 | 41,332 | 41,103 |
| Cash payments made during the year (GST inclusive) | (33,500) | (33,865) | (33,500) | (33,865) |
| Appropriations credited to Special Accounts (excluding GST) | - | - | - | - |
| <i>Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations</i> | 7,832 | 7,238 | 7,832 | 7,238 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Table A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and borrowings (continued)

| Particulars | Departmental Outputs | | Total | |
|---|----------------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Represented by: | | | | |
| Cash at bank and on hand | 692 | 538 | 692 | 538 |
| Receivables – departmental appropriations | 7,140 | 6,700 | 7,140 | 6,700 |
| Total | 7,832 | 7,238 | 7,832 | 7,238 |

Departmental and non-operating appropriations do not lapse at financial year end. However, the responsible Minister may decide that part or all of a departmental or non-operating 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.

Table B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations

| Particulars | Non-operating Equity | | Total | |
|--|----------------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Balance carried from previous period | - | - | - | - |
| Appropriation Act: | | | | |
| Appropriation Act (No.2) | 142 | - | 142 | - |
| FMA Act: | | | | |
| Refunds credited (FMA s30) | - | - | - | - |
| Appropriations to take account of recoverable GST (FMA s30A) | 14 | - | 14 | - |
| Total appropriations available for payments | 156 | - | 156 | - |
| Cash payments made during the year (GST inclusive) | (156) | - | (156) | - |
| Appropriations credited to Special Accounts (excluding GST) | - | - | - | - |
| Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Other than Ordinary Annual Services Appropriations | - | - | - | - |

Table C: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund – Special Appropriations (Unlimited Amount)

| <i>Financial Management and Accountability Act 1997</i> section 28 | 2007 \$'000 | 2006 \$'000 |
|---|----------------|----------------|
| Cash payments made during the year | 483 | 700 |
| Estimated actual | 600 | 250 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 22 – Special Accounts

| Other Trust Moneys | 2007 \$'000 | 2006 \$'000 |
|--------------------|----------------|----------------|
|--------------------|----------------|----------------|

Legal Authority: *Financial Management and Accountability Act 1997; s20*

Appropriation: *Financial Management and Accountability Act 1997; s20*

Purpose: for expenditure of monies temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.

This account is non-interest bearing.

| | | |
|--------------------------------------|---|---|
| Balance carried from previous period | - | - |
|--------------------------------------|---|---|

| | | |
|----------------|---|---|
| Other receipts | - | - |
|----------------|---|---|

| | | |
|-------------------------------|---|---|
| Available for payments | - | - |
|-------------------------------|---|---|

| | | |
|---------------|---|---|
| Payments made | - | - |
|---------------|---|---|

| | | |
|-------------------------------------|---|---|
| Balance carried to next year | - | - |
|-------------------------------------|---|---|

| Services for other Governments & Non-Agency Bodies | 2007 \$'000 | 2006 \$'000 |
|--|----------------|----------------|
|--|----------------|----------------|

Legal Authority: *Financial Management and Accountability Act 1997; s20*

Appropriation: *Financial Management and Accountability Act 1997; s20*

Purpose: for expenditure in connection with services performed on behalf of other governments and bodies that are not Agencies under the FMA Act.

This account is non-interest bearing.

| | | |
|--------------------------------------|---|---|
| Balance carried from previous period | - | - |
|--------------------------------------|---|---|

| | | |
|------------------------------------|---|---|
| Appropriation for reporting period | - | - |
|------------------------------------|---|---|

| | | |
|-------------------------------|---|---|
| Available for payments | - | - |
|-------------------------------|---|---|

| | | |
|----------------------------|---|---|
| Payments made to suppliers | - | - |
|----------------------------|---|---|

| | | |
|-------------------------------------|---|---|
| Balance carried to next year | - | - |
|-------------------------------------|---|---|

NOTE 23 – Compensation and Debt Relief

| | 2007 \$ | 2006 \$ |
|---|------------|------------|
| <i>Administered</i> | | |
| 'No 'Act of Grace' payments, waivers of debt, ex gratia payments, Compensation for Detriment caused by Defective Administration Scheme payments or special circumstances payments pursuant to section 73 of the <i>Public Service Act 1999</i> were made during the reporting period. | Nil | Nil |
| <i>Departmental</i> | | |
| No 'Act of Grace' payments, waivers of debt, ex gratia payments, Compensation for Detriment caused by Defective Administration Scheme payments or special circumstances payments pursuant to section 73 of the <i>Public Service Act 1999</i> were made during the reporting period. | Nil | Nil |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 24 – Reporting of Outcomes

The Tribunal has only one outcome which is described in note 1.1.

Note 24A – Net Cost of Outcome Delivery

| | Total | |
|--|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 |
| Expenses | | |
| Administered | 483 | 700 |
| Departmental | 32,276 | 30,702 |
| Total expenses | 32,759 | 31,402 |
| Costs recovered from provision of goods and services to the non-government sector | | |
| Administered | - | - |
| Departmental | 341 | 313 |
| Total costs recovered | 341 | 313 |
| Other external revenues | | |
| Administered | 822 | 1,053 |
| Departmental | 722 | 756 |
| Total other external revenues | 1,885 | 2,122 |
| Net cost/(contribution) of outcome | 30,874 | 29,280 |

Note 24B – Major Classes of Departmental Revenues and Expenses by Output Group and Outputs

The Tribunal has only one output group.

| | Total | |
|------------------------------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 |
| Departmental expenses | | |
| Employees | 18,936 | 17,041 |
| Suppliers | 12,302 | 12,815 |
| Depreciation and amortisation | 989 | 762 |
| Other expenses | 49 | 84 |
| Total departmental expenses | 32,276 | 30,702 |
| Funded by: | | |
| Revenues from government | 31,680 | 29,092 |
| Sale of goods and services | 1,063 | 1,069 |
| Other non-taxation revenue | - | - |
| Total departmental revenues | 32,743 | 30,161 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 24C – Major Classes of Administered Revenues and Expenses by Outcomes

The Tribunal has only one output group which is described in note 1.1.

| | Total Outcome 1 | |
|------------------------------------|--------------------|----------------|
| | 2007 \$'000 | 2006 \$'000 |
| Administered Income | | |
| Fees & fines | 822 | 1,053 |
| Total Administered Income | 822 | 1,053 |
| Administered Expenses | | |
| Refund of fees and fines | (483) | (700) |
| Total Administered Expenses | (483) | (700) |

