

# PART 5

## FINANCIAL INFORMATION



## FINANCIAL INFORMATION

The MRT and the RRT are prescribed as a single agency, the Migration Review Tribunal and Refugee Review Tribunal' (the MRT-RRT) for the purposes of the *Financial Management and Accountability Act 1997* (FMA Act).

The operations of the MRT-RRT are funded through Appropriation Acts.

The following two tables are provided consistent with guidelines set out in Requirements for Annual Reports for Departments, Executive Agencies and FMA Act bodies, issued by the Department of the Prime Minister and Cabinet in June 2013. The tables do not form part of the audited financial statements set out in the following pages.

TABLE 15 – AGENCY RESOURCE STATEMENT 2012-13

|   |          | Actual Available<br>appropriation<br>for 2012–13<br>\$'000 | Payments made<br>2012–13<br>\$'000 | Balance<br>remaining<br>2012–13<br>\$'000 |
|---|----------|--|------------------------------------|---|
|   |          | (a)  | (b)                                | (a) – (b)                                 |
| <b>Ordinary annual services<sup>1</sup></b>                   |          |  |                                    |   |
| Departmental appropriation <sup>2</sup>                       |          | 66,174   |                                    |   |
| Section 32 <sup>3</sup>                                       |          | 28,304   |                                    |   |
| Sub total   |          | 94,478   | 69,614                             | 24,864                                    |
| <b>Total</b>  |          | <b>94,478</b>  | <b>69,614</b>                      | <b>24,864</b>                             |
| <b>Administered expenses</b>                                  |          |  |                                    |   |
| Outcome 1   |          | 6,050  | 6,050                              | -   |
| <b>Total</b>  |          | <b>6,050</b>   | <b>6,050</b>                       | <b>-</b>                                  |
| <b>Total ordinary annual services</b>                         | <b>A</b> | <b>100,528</b>   | <b>75,664</b>                      | <b>24,864</b>                             |
| <b>Departmental non-operating</b>                             |          |  |                                    |   |
| Equity injections   |          | 304  | 263                                | 41  |
| <b>Total other services</b>                                   | <b>B</b> | <b>304</b>   | <b>263</b>                         | <b>41</b>                                 |
| <b>Total Available Annual Appropriations and payments A+B</b> |          | <b>100,832</b>   | <b>75,927</b>                      | <b>24,905</b>                             |

1. Appropriation Bill (No.1) 2012-13 and Appropriation Bill (No.3) 2012-13. This may also include Prior Year departmental appropriation and s31 relevant agency receipts. \$5.616m of prior years' appropriation meet criteria for a formal reduction in appropriations but at law this had not occurred before the end of the reporting period.

2. Includes an amount of \$4.829m in 2012-13 for the Departmental Capital Budget. For accounting purposes this amount has been designated as 'contributions by owners'.

3. The MRT-RRT received a section 32 (s32) Transfer of \$28.304m, made under the FMA Act, from the Department of Immigration and Citizenship

(DIAC) as a result of administrative arrangements on the transfer of the Independent Protection Assessment Office (IPAO).

TABLE 16 – EXPENSES AND RESOURCES FOR OUTCOME 1

| <b>Outcome 1:<br/>To provide correct and preferable decisions for visa applicants and sponsors through independent, fair, just, economical, informal and quick merits reviews of migration and refugee decisions.</b> | <b>Budget*<br/>2012–13<br/>\$'000</b> | <b>Actual<br/>expenses<br/>2012–13<br/>\$'000</b> | <b>Variation<br/>2012–13<br/>\$'000</b> |
|---|---------------------------------------|---|---|
|   | <b>(a)</b>                            | <b>(b)</b>  | <b>(a) – (b)</b>                        |
| Program 1.1: Final independent merits review of decisions concerning refugee status and the refusal or cancellation of migration and refugee visas.   |                                       |   |   |
| Administered expenses   |                                       |   |   |
| Special Appropriations  | 8,300                                 | 8,381   | (81)                                    |
| Departmental expenses   |                                       |   |   |
| Departmental Appropriation <sup>1</sup>   | 87,333                                | 72,502  | 14,831                                  |
| <b>Total for Program 1.1</b>  | <b>95,633</b>                         | <b>80,883</b>                                     | <b>14,750</b>                           |
| <b>Total expenses for Outcome 1</b>   | <b>95,633</b>                         | <b>80,883</b>                                     | <b>14,750</b>                           |

|  | <b>2011–12</b> | <b>2012–13</b> |
|--|----------------|----------------|
| <b>Average Staffing Level (number)</b> | <b>348</b>     | <b>420</b>     |

\* Full year budget, including any subsequent adjustment made to the 2012–13 Budget.

1. Departmental Appropriation combines “Ordinary annual services (Appropriation Bill No. 1)”, “Revenue from independent sources (s31)” and a “s32 transfer” under the FMA Act of \$28.304m from DIAC as a result of administrative arrangements on the transfer of the IPAO.

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## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Immigration and Citizenship

I have audited the accompanying financial statements of the Migration Review Tribunal and Refugee Review Tribunal for the year ended 30 June 2013, which comprise: a Statement by the Chief Executive and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Administered Schedule of Comprehensive Income; Administered Schedule of Assets and Liabilities; Administered Reconciliation Schedule; Administered Cash Flow Statement; Schedule of Administered Commitments; Schedule of Administered Contingencies; and Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

### Chief Executive's Responsibility for the Financial Statements

The Chief Executive of the Migration Review Tribunal and Refugee Review Tribunal is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Migration Review Tribunal and Refugee Review Tribunal's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Migration Review Tribunal and Refugee Review Tribunal's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial statements.

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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Independence**

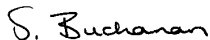
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

**Opinion**

In my opinion, the financial statements of the Migration Review Tribunal and Refugee Review Tribunal:

- (a) have been prepared in accordance with the Finance Minister’s Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister’s Orders including the Migration Review Tribunal and Refugee Review Tribunal’s financial position as at 30 June 2013 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



Serena Buchanan  
Audit Principal

Delegate of the Auditor-General

Canberra  
17 September 2013

**Migration Review Tribunal and Refugee Review Tribunal**

**STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2013 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.



Signed.....

Kay Ransome  
Chief Executive

17 September 2013



Signed.....

Colin Plowman  
Chief Financial Officer

17 September 2013

**Statement of Comprehensive Income**  
for the period ended 30 June 2013

|  | Notes | 2013<br>\$'000 | 2012<br>\$'000 |
|--|-------|----------------|----------------|
| <b>EXPENSES</b>                          |       |                |                |
| Employee benefits                        | 3A    | 54,770         | 41,658         |
| Supplier                                 | 3B    | 15,226         | 10,021         |
| Depreciation and amortisation            | 3C    | 2,472          | 1,477          |
| Finance costs                            | 3D    | 34             | 65             |
| Decrement on revaluation of assets       | 3E    | -              | 111            |
| <b>Total expenses</b>                    |       | <b>72,502</b>  | <b>53,332</b>  |
| <b>LESS:</b>                             |       |                |                |
| <b>OWN-SOURCE INCOME</b>                 |       |                |                |
| <b>Own-source revenue</b>                |       |                |                |
| Sale of goods and rendering of services  | 4A    | 91             | 1,457          |
| <b>Total own-source revenue</b>          |       | <b>91</b>      | <b>1,457</b>   |
| <b>Gains</b>                             |       |                |                |
| Other                                    | 4B    | 51             | 42             |
| <b>Total gains</b>                       |       | <b>51</b>      | <b>42</b>      |
| <b>Total own-source income</b>           |       | <b>142</b>     | <b>1,499</b>   |
| <b>Net cost of services</b>              |       | <b>72,360</b>  | <b>51,833</b>  |
| Revenue from Government                  | 4C    | 96,888         | 48,168         |
| <b>Total comprehensive income (loss)</b> |       | <b>24,528</b>  | <b>(3,665)</b> |

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



**Balance Sheet***as at 30 June 2013*

|   | Notes       | 2013<br>\$'000 | 2012<br>\$'000 |
|---|-------------|----------------|----------------|
| <b>ASSETS</b>                             |             |                |                |
| <b>Financial Assets</b>                   |             |                |                |
| Cash and cash equivalents                 | <u>5A</u>   | 277            | 304            |
| Trade and other receivables               | <u>5B</u>   | 39,220         | 6,829          |
| <b>Total financial assets</b>             |             | <u>39,497</u>  | <u>7,133</u>   |
| <b>Non-Financial Assets</b>               |             |                |                |
| Land and buildings                        | <u>6A</u>   | 5,297          | 837            |
| Property, plant and equipment             | <u>6B,C</u> | 1,550          | 1,180          |
| Intangibles                               | <u>6D,E</u> | 2,537          | 2,556          |
| Other                                     | <u>6F</u>   | 53             | 30             |
| <b>Total non-financial assets</b>         |             | <u>9,437</u>   | <u>4,603</u>   |
| <b>Total assets</b>                       |             | <u>48,934</u>  | <u>11,736</u>  |
| <b>LIABILITIES</b>                        |             |                |                |
| <b>Payables</b>                           |             |                |                |
| Suppliers                                 | <u>7A</u>   | 2,346          | 1,612          |
| Other Payables                            | <u>7B</u>   | 3,742          | -              |
| <b>Total payables</b>                     |             | <u>6,088</u>   | <u>1,612</u>   |
| <b>Interest Bearing Liabilities</b>       |             |                |                |
| Leases                                    | <u>8</u>    | 263            | 848            |
| <b>Total interest bearing liabilities</b> |             | <u>263</u>     | <u>848</u>     |
| <b>Provisions</b>                         |             |                |                |
| Employee provisions                       | <u>9A</u>   | 11,335         | 9,026          |
| Other provisions                          | <u>9B</u>   | 1,678          | -              |
| <b>Total provisions</b>                   |             | <u>13,013</u>  | <u>9,026</u>   |
| <b>Total liabilities</b>                  |             | <u>19,364</u>  | <u>11,486</u>  |
| <b>Net assets</b>                         |             | <u>29,570</u>  | <u>250</u>     |
| <b>EQUITY</b>                             |             |                |                |
| <b>Parent Entity Interest</b>             |             |                |                |
| Contributed equity                        |             | 19,574         | 14,782         |
| Reserves                                  |             | 384            | 384            |
| Retained surplus (accumulated deficit)    |             | 9,612          | (14,916)       |
| <b>Total parent entity interest</b>       |             | <u>29,570</u>  | <u>250</u>     |

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

**Statement of Changes in Equity**  
for the period ended 30 June 2013

|  | Retained earnings |                 | Asset revaluation reserve |            | Contributed equity/capital |               | Total equity  |                |
|--|-------------------|-----------------|---------------------------|------------|----------------------------|---------------|---------------|----------------|
|  | 2013              | 2012            | 2013                      | 2012       | 2013                       | 2012          | 2013          | 2012           |
|  | \$'000            | \$'000          | \$'000                    | \$'000     | \$'000                     | \$'000        | \$'000        | \$'000         |
| <b>Opening balance</b>                               | (14,916)          | (11,251)        | 384                       | 384        | 14,782                     | 12,860        | 250           | 1,993          |
| <b>Comprehensive income</b>                          |                   |                 |                           |            |                            |               |               |                |
| Surplus (Deficit) for the period                     | 24,528            | (3,665)         |                           |            |                            |               | 24,528        | (3,665)        |
| <b>Total comprehensive income</b>                    | <b>24,528</b>     | <b>(3,665)</b>  |                           |            |                            |               | <b>24,528</b> | <b>(3,665)</b> |
| <b>Transactions with owners</b>                      |                   |                 |                           |            |                            |               |               |                |
| <b>Contributions by owners</b>                       |                   |                 |                           |            |                            |               |               |                |
| Equity injection - Appropriations                    |                   |                 |                           |            | 41                         | 263           | 41            | 263            |
| Departmental capital budget                          |                   |                 |                           |            | 4,829                      | 1,659         | 4,829         | 1,659          |
| Restructuring <sup>1</sup> - Net liabilities assumed |                   |                 |                           |            | (78)                       | -             | (78)          | -              |
| <b>Sub-total transactions with owners</b>            | <b>-</b>          | <b>-</b>        | <b>-</b>                  | <b>-</b>   | <b>4,792</b>               | <b>1,922</b>  | <b>4,792</b>  | <b>1,922</b>   |
| <b>Closing balance as at 30 June</b>                 | <b>9,612</b>      | <b>(14,916)</b> | <b>384</b>                | <b>384</b> | <b>19,574</b>              | <b>14,782</b> | <b>29,570</b> | <b>250</b>     |

1. Effective from 1 July 2012, the Independent Protection Assessment Office (IPAO) was assumed from the Department of Immigration as a result of administrative arrangements (refer Note 10).

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

**Cash Flow Statement***for the period ended 30 June 2013*

|   | Notes     | 2013<br>\$'000 | 2012<br>\$'000 |
|---|-----------|----------------|----------------|
| <b>OPERATING ACTIVITIES</b>   |           |                |                |
| <b>Cash received</b>  |           |                |                |
| Appropriations  |           | 66,574         | 49,300         |
| Sales of goods and rendering of services                            |           | 91             | 1,522          |
| Net GST received  |           | 1,565          | 988            |
| Other   |           | 9              | 1              |
| <b>Total cash received</b>  |           | <b>68,239</b>  | <b>51,811</b>  |
| <b>Cash used</b>  |           |                |                |
| Employees   |           | 52,461         | 39,792         |
| Suppliers   |           | 18,913         | 11,229         |
| Borrowing costs   |           | 26             | 65             |
| <b>Total cash used</b>  |           | <b>71,400</b>  | <b>51,086</b>  |
| <b>Net cash from (used by) operating activities</b>                 | <u>11</u> | <b>(3,161)</b> | 725            |
| <b>INVESTING ACTIVITIES</b>   |           |                |                |
| <b>Cash used</b>  |           |                |                |
| Purchase of property, plant and equipment                           |           | 3,198          | 750            |
| <b>Total cash used</b>  |           | <b>3,198</b>   | 750            |
| <b>Net cash from (used by) investing activities</b>                 |           | <b>(3,198)</b> | (750)          |
| <b>FINANCING ACTIVITIES</b>   |           |                |                |
| <b>Cash received</b>  |           |                |                |
| Contributed equity  |           | 3,198          | 750            |
| Lease incentive   |           | 3,742          | -              |
| <b>Total cash received</b>  |           | <b>6,940</b>   | 750            |
| <b>Cash used</b>  |           |                |                |
| Repayment of borrowings   |           | 608            | 546            |
| <b>Total cash used</b>  |           | <b>608</b>     | 546            |
| <b>Net cash from (used by) financing activities</b>                 |           | <b>6,332</b>   | 204            |
| <b>Net increase (decrease) in cash held</b>                         |           | <b>(27)</b>    | 179            |
| Cash and cash equivalents at the beginning of the reporting period  |           | 304            | 125            |
| <b>Cash and cash equivalents at the end of the reporting period</b> | <u>5A</u> | <b>277</b>     | 304            |

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

**SCHEDULE OF COMMITMENTS**

as at 30 June 2013

|   | 2013           | 2012          |
|---|----------------|---------------|
|   | \$'000         | \$'000        |
| <b>BY TYPE</b>                            |                |               |
| <b>Commitments receivable</b>             |                |               |
| Net GST recoverable on commitments        | <u>(2,764)</u> | <u>(979)</u>  |
| <b>Total commitments receivable</b>       | <u>(2,764)</u> | <u>(979)</u>  |
| <b>Commitments payable</b>                |                |               |
| <b>Other commitments</b>                  |                |               |
| Operating leases                          | <u>30,404</u>  | <u>10,767</u> |
| <b>Total other commitments</b>            | <u>30,404</u>  | <u>10,767</u> |
| <b>Net commitments by type</b>            | <u>27,640</u>  | <u>9,788</u>  |
| <b>BY MATURITY</b>                        |                |               |
| <b>Commitments receivable</b>             |                |               |
| <b>Other commitments receivable</b>       |                |               |
| Net GST recoverable on commitments        | <u>(2,764)</u> | <u>(979)</u>  |
| <b>Total other commitments receivable</b> | <u>(2,764)</u> | <u>(979)</u>  |
| <b>Commitments payable</b>                |                |               |
| <b>Operating lease commitments</b>        |                |               |
| One year or less                          | 5,337          | 4,926         |
| From one to five years                    | 12,019         | 5,841         |
| More than five years                      | <u>13,048</u>  | <u>-</u>      |
| <b>Total operating lease commitments</b>  | <u>30,404</u>  | <u>10,767</u> |
| <b>Net commitments by maturity</b>        | <u>27,640</u>  | <u>9,788</u>  |

NB: Commitments are GST inclusive where relevant.

On 1 May 2005, the tribunals re-located in new premises in Sydney with a lease for a period of 10 years. The commitment at 30 June 2013 is \$7.8m.

On 8 June 2013, the tribunals re-located in new premises in Melbourne with a lease for a period of 10 years. The commitment at 30 June 2013 is \$21.6m.

Operating leases included are effectively non-cancellable and comprise:

| <i>Nature of lease</i>          | <i>General description of leasing arrangement</i>   |
|---------------------------------|---|
| Leases for office accommodation | Lease payments are subject to annual increase in accordance with the terms of the lease agreements. |

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

## **SCHEDULE OF CONTINGENCIES**

*as at 30 June 2013*

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The MRT-RRT has no contingent assets or liabilities

This schedule should be read in conjunction with the accompanying notes.

| <b>Administered Schedule of Comprehensive Income</b>                     |            |                |                |
|--|------------|----------------|----------------|
|  | Notes      | 2013<br>\$'000 | 2012<br>\$'000 |
| <b>Income administered on behalf of Government</b>                       |            |                |                |
| <i>for the period ended 30 June 2013</i>                                 |            |                |                |
| <b>Revenue</b>   |            |                |                |
| <b>Non-taxation revenue</b>  |            |                |                |
| Other - MRT application fees   | <u>18</u>  | 23,454         | 20,463         |
| Other - RRT post decision fees   | <u>18</u>  | 3,502          | 3,041          |
| <b>Total non-taxation revenue</b>  |            | <u>26,956</u>  | <u>23,504</u>  |
| <b>Total revenues administered on behalf of Government</b>               |            | <u>26,956</u>  | <u>23,504</u>  |
| <b>Expenses administered on behalf of Government</b>                     |            |                |                |
| <i>for the period ended 30 June 2013</i>                                 |            |                |                |
| Write-down and impairment of assets                                      | <u>17A</u> | 2,331          | 1,751          |
| Other - refunds  | <u>17B</u> | 6,050          | 4,481          |
| <b>Total expenses administered on behalf of Government</b>               |            | <u>8,381</u>   | <u>6,232</u>   |
| <b>Surplus</b>   | <u>20</u>  | <u>18,575</u>  | <u>17,272</u>  |
| This schedule should be read in conjunction with the accompanying notes. |            |                |                |

| <b>Administered Schedule of Assets and Liabilities</b>                   |            |                |                |
|--|------------|----------------|----------------|
|  | Notes      | 2013<br>\$'000 | 2012<br>\$'000 |
| <b>Assets administered on behalf of Government</b>                       |            |                |                |
| <i>as at 30 June 2013</i>  |            |                |                |
| <b>Financial assets</b>  |            |                |                |
| Cash and cash equivalents  | <u>19A</u> | 123            | 71             |
| Trade and other receivables  | <u>19B</u> | 2,058          | 1,782          |
| <b>Total financial assets</b>  |            | <u>2,181</u>   | <u>1,853</u>   |
| <b>Net assets</b>  |            | <u>2,181</u>   | <u>1,853</u>   |
| This schedule should be read in conjunction with the accompanying notes. |            |                |                |

| <b>Administered Reconciliation Schedule</b>                             |                |                |  |
|---|----------------|----------------|--|
|   | 2013<br>\$'000 | 2012<br>\$'000 |  |
| Opening administered assets less administered liabilities as at 1 July  | 1,853          | 1,391          |  |
| Adjustment for rounding   | -              | -              |  |
| Adjusted opening administered assets less administered liabilities      | <u>1,853</u>   | <u>1,391</u>   |  |
| Surplus (deficit) items:  |                |                |  |
| Plus: Administered income   | 26,956         | 23,504         |  |
| Less: Administered expenses   | (8,381)        | (6,232)        |  |
| Appropriation transfers from OPA:                                       |                |                |  |
| Annual appropriations for administered expenses                         | 6,156          | 4,481          |  |
| Transfers to OPA  | (24,679)       | (21,291)       |  |
| Closing administered assets less administered liabilities as at 30 June | <u>1,905</u>   | <u>1,853</u>   |  |

| <b>Administered Cash Flow Statement</b>                                  |              |               |               |
|--|--------------|---------------|---------------|
|  | <b>Notes</b> | <b>2013</b>   | <b>2012</b>   |
|  |              | <b>\$'000</b> | <b>\$'000</b> |
| <b>Administered Cash Flows</b>   |              |               |               |
| <i>for the period ended 30 June 2013</i>                                 |              |               |               |
| <b>OPERATING ACTIVITIES</b>  |              |               |               |
| <b>Cash received</b>   |              |               |               |
| Fees   |              | 24,455        | 21,273        |
| <b>Total cash received</b>   |              | <b>24,455</b> | <b>21,273</b> |
| <b>Cash used</b>   |              |               |               |
| Other - refunds  |              | 6,156         | 4,481         |
| <b>Total cash used</b>   |              | <b>6,156</b>  | <b>4,481</b>  |
| <b>Net cash flows from (used by) operating activities</b>                | <u>20</u>    | <b>18,299</b> | <b>16,792</b> |
| Cash and cash equivalents at the beginning of the reporting period       |              | 71            | 86            |
| Cash from Official Public Account for:                                   |              |               |               |
| - Transfer from other entities (Finance - Whole of Government)           |              | 6,156         | 4,481         |
|  |              | <b>6,227</b>  | <b>4,567</b>  |
| Cash to Official Public Account for:                                     |              |               |               |
| - Appropriations   |              | 24,403        | 21,288        |
|  |              | <b>24,403</b> | <b>21,288</b> |
| <b>Cash and cash equivalents at the end of the reporting period</b>      | <u>19A</u>   | <b>123</b>    | <b>71</b>     |
| This schedule should be read in conjunction with the accompanying notes. |              |               |               |

#### **Schedule of Administered Commitments**

*as at 30 June 2013*

There are no administered commitments at 30 June 2013 (2012: Nil)

#### **Schedule of Administered Contingencies**

*as at 30 June 2013*

There are no administered contingencies at 30 June 2013 (2012: Nil)

## Note 1: Summary of Significant Accounting Policies

### 1.1 Objectives of the Migration Review Tribunal and Refugee Review Tribunal

The Migration Review Tribunal (the MRT) and the Refugee Review Tribunal (the RRT) are statutory bodies established under the *Migration Act 1958*.

The Financial Management and Accountability Regulations were amended with effect from 1 July 2006 to establish a single prescribed agency, the 'Migration Review Tribunal and Refugee Review Tribunal' (MRT-RRT) for the purposes of the *Financial Management and Accountability Act 1997* (the FMA Act).

The MRT-RRT has one outcome:

Outcome 1: To provide correct and preferable decisions for visa applicants and sponsors through independent, fair, just, economical, informal and quick merits reviews of migration and refugee decisions.

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

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

The MRT-RRT conducts the following administered activities: 1. the collection of MRT application fees and RRT post decision fees. 2. The repayment of fees to successful applicants.

### 1.2 Basis of Preparation of the Financial Statements

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

The financial statements have been prepared in accordance with:

- a) Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2012; and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

Unless an 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 or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

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

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth* (2012) 288 ALR 410, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.



During 2012-13 additional legal advice was received that indicated there could be breaches of Section 83 under certain circumstances with payments for long service leave, goods and services tax and payments under determinations of the Remuneration Tribunal. The MRT-RRT has reviewed its processes and controls over payments for these items to minimise the possibility for future breaches as a result of these payments. The MRT-RRT has determined that there is a low risk of the certain circumstances mentioned in the legal advice applying to the agency. The MRT-RRT is not aware of any specific breaches of Section 83 in respect of these items.

### 1.3 Significant Accounting Judgements and Estimates

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

### 1.4 New Australian Accounting Standards

#### Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. There are no new accounting standards, amendments to standards and interpretations issued by the Australian Accounting Standards Board that are applicable to the current period, which have had a material financial impact on the MRT-RRT.

#### Future Australian Accounting Standard Requirements

No new standards, amendments to standards or interpretations issued by the Australian Accounting Standards Board that are applicable to future periods are expected to have a material financial impact on the MRT-RRT.

### 1.5 Revenue

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) the probable economic benefits associated with the transaction will flow to the MRT-RRT.

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

Appropriations receivable are recognised at their nominal amounts.

#### Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

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).

#### Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the MRT-RRT gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

### 1.6 Gains

#### Resources Received Free of Charge

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

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

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

#### Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

### **1.7 Transactions with the Government as Owner**

#### Equity Injections

Amounts appropriated which are designated as ‘equity injections’ for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity.

#### Restructuring of Administrative Arrangements

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

### **1.8 Employee Benefits**

Liabilities for ‘short-term employee benefits’ (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of end of reporting period are measured at their nominal amounts.

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

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

#### 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.

The leave liabilities are calculated on the basis of employees’ remuneration at the estimated salary rates that will apply at the time the leave is taken, including the MRT-RRT’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 has been determined by reference to the work of an actuary. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

#### Superannuation

Most staff and members of the MRT-RRT are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), Australian Government Employees Superannuation Trust (AGEST) or the PSS accumulation plan (PSSap).

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

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance and Deregulation as an administered item.

The MRT-RRT makes employer contributions to the employees’ superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The MRT-RRT accounts for the contributions as if they were contributions to defined contribution plans.

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

## 1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

## 1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

## 1.11 Cash

Cash and cash equivalents includes cash on hand, cash held with outsiders, demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

## 1.12 Financial Assets

The MRT-RRT classifies its financial assets in the '*loans and receivables*' category.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

### Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

*Financial assets held at cost* - if there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

## 1.13 Financial Liabilities

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

### Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

#### 1.14 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

#### 1.15 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income 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.

#### 1.16 Property, Plant and Equipment

##### Asset Recognition Threshold

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

The initial cost of an fitout includes an estimate of the cost of ‘make good’ provisions taken up where there exists an obligation to restore the leased premises to the original condition. These costs are included in the value of the fitout with a corresponding provision for the ‘make good’ recognised.

##### Revaluations

Fair values for each class of asset are determined as: Leasehold Improvements at '*Depreciated Replacement Cost*', and Plant and Equipment at '*Market Value*'.

Following initial recognition at cost, property plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from 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 has been credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

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

##### Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to MRT-RRT using, in all cases, the straight-line method of depreciation.

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:

|                        | <b>2013</b>          | <b>2012</b>   |
|------------------------|----------------------|---------------|
| Leasehold improvements | <b>Lease term</b>    | Lease term    |
| Plant and Equipment    | <b>3 to 10 years</b> | 3 to 10 years |

**Impairment**

All assets were assessed for impairment at 30 June 2013. 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 on the asset's ability to generate future cash flows, and the asset would be replaced if the MRT-RRT were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

**1.17 Intangibles**

MRT-RRT's intangibles are comprised of internally developed software and purchased software for internal use. These assets are carried at cost less accumulated amortisation.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of MRT-RRT's software are 3 to 10 years (2012: 3 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2013.

**1.18 Taxation / Competitive Neutrality**

The MRT-RRT 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:

- a) where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- b) for receivables and payables.

**1.19 Reporting of Administered Activities**

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

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

**Administered Cash Transfers to and from the Official Public Account**

Revenue collected by MRT-RRT for use by the Government rather than the agency is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Deregulation. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the agency 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 schedule.

**Revenue**

All administered revenues are revenues relating to the course of ordinary activities performed by the MRT-RRT on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

Revenue is generated from fees charged for MRT applications when lodged and RRT applications once the decision has been made (post-decision fee). Administered fee revenue is recognised when invoiced (RRT fees) or received (MRT fees).

**Loans and Receivables**

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through profit or loss.

**Note 2: Events After the Reporting Period****Departmental**

The *Statute Stocktake (Appropriations) Act 2013* received Royal Assent on 1 July 2013. This Act repeals annual Appropriation Acts from 1999–2000 until 2009–2010. Note 23 Table C: Unspent Annual Appropriations includes unspent Departmental appropriations that were repealed by the Act after the reporting period. The *Statute Stocktake (Appropriations) Act 2013* will effectively reduce the unspent departmental appropriation balance by \$5.616 million for unspent appropriations relating to financial years 2006–07 to 2009–10.

**Note 3: Expenses**

|  | 2013<br>\$'000 | 2012<br>\$'000 |
|--|----------------|----------------|
| <b>Note 3A: Employee Benefits</b>                      |                |                |
| Wages and salaries                                     | 40,504         | 30,523         |
| Superannuation:  |                |                |
| Defined contribution plans                             | 2,931          | 2,260          |
| Defined benefit plans                                  | 4,117          | 2,753          |
| Termination Payment                                    | 1              | -              |
| Leave and other entitlements                           | 7,217          | 6,122          |
| <b>Total employee benefits</b>                         | <b>54,770</b>  | <b>41,658</b>  |
| <b>Note 3B: Suppliers</b>                              |                |                |
| <b>Goods and services</b>                              |                |                |
| Property operating expenses (excluding lease payments) | 2,686          | 1,239          |
| Interpreting   | 1,887          | 1,334          |
| Communications   | 830            | 863            |
| Interstate facilities                                  | 1,473          | 842            |
| Printing and Stationery                                | 468            | 323            |
| Other  | 3,551          | 2,267          |
| <b>Total goods and services</b>                        | <b>10,895</b>  | <b>6,868</b>   |
| <b>Goods and services are made up of:</b>              |                |                |
| Provision of goods – external parties                  | 619            | 561            |
| Rendering of services – related entities               | 2,298          | 1,529          |
| Rendering of services – external parties               | 7,978          | 4,778          |
| <b>Total goods and services</b>                        | <b>10,895</b>  | <b>6,868</b>   |
| <b>Other supplier expenses</b>                         |                |                |
| <b>Operating lease rentals – external parties:</b>     |                |                |
| Minimum lease payments                                 | 4,091          | 2,991          |
| Workers compensation expenses                          | 240            | 162            |
| <b>Total other supplier expenses</b>                   | <b>4,331</b>   | <b>3,153</b>   |
| <b>Total supplier expenses</b>                         | <b>15,226</b>  | <b>10,021</b>  |
| <b>Note 3C: Depreciation and Amortisation</b>          |                |                |
| <b>Depreciation:</b>                                   |                |                |
| Property, plant and equipment                          | 386            | 334            |
| Buildings  | 1,161          | 526            |
| <b>Total depreciation</b>                              | <b>1,547</b>   | <b>860</b>     |
| <b>Amortisation:</b>                                   |                |                |
| Intangibles  | 925            | 617            |
| <b>Total amortisation</b>                              | <b>925</b>     | <b>617</b>     |
| <b>Total depreciation and amortisation</b>             | <b>2,472</b>   | <b>1,477</b>   |
| <b>Note 3D: Finance Costs</b>                          |                |                |
| Finance leases   | 34             | 65             |
| <b>Total finance costs</b>                             | <b>34</b>      | <b>65</b>      |
| <b>Note 3E: Write-Down and Impairment of Assets</b>    |                |                |
| <b>Asset write-downs and impairments from:</b>         |                |                |
| Revaluation decrement - Property Plant & Equipment     | -              | 111            |
| <b>Total write-down and impairment of assets</b>       | <b>-</b>       | <b>111</b>     |

**Note 4: Income**

|                           |               |               |
|---------------------------|---------------|---------------|
|                           | <b>2013</b>   | 2012          |
| <b>OWN-SOURCE REVENUE</b> | <b>\$'000</b> | <b>\$'000</b> |

**Note 4A: Sale of Goods and Rendering of Services**

|  |                  |                     |
|--|------------------|---------------------|
| Rendering of services - related entities             | <u>91</u>        | <u>1,457</u>        |
| <b>Total sale of goods and rendering of services</b> | <b><u>91</u></b> | <b><u>1,457</u></b> |

**GAINS**

**Note 4B: Other Gains**

|                                   |                  |                  |
|-----------------------------------|------------------|------------------|
| Resources received free of charge | 42               | 41               |
| Other                             | <u>9</u>         | <u>1</u>         |
| <b>Total other gains</b>          | <b><u>51</u></b> | <b><u>42</u></b> |

**REVENUE FROM GOVERNMENT**

**Note 4C: Revenue from Government\***

**Appropriations:**

|                                      |                      |                      |
|--------------------------------------|----------------------|----------------------|
| Departmental appropriation           | <u>96,888</u>        | <u>48,168</u>        |
| <b>Total revenue from Government</b> | <b><u>96,888</u></b> | <b><u>48,168</u></b> |

\* The entity received \$69k (2012: \$18k) under the Paid Parental Leave Scheme.



## Note 5: Financial Assets

|   | 2013<br>\$'000 | 2012<br>\$'000 |
|---|----------------|----------------|
| <b>Note 5A: Cash and Cash Equivalents</b>           |                |                |
| Cash on hand or on deposit                          | 277            | 304            |
| <b>Total cash and cash equivalents</b>              | <b>277</b>     | <b>304</b>     |
| <b>Note 5B: Trade and Other Receivables</b>         |                |                |
| <b>Good and Services:</b>                           |                |                |
| Goods and services - related entities               | 13             | 175            |
| <b>Total receivables for goods and services</b>     | <b>13</b>      | <b>175</b>     |
| <b>Appropriations receivable:</b>                   |                |                |
| For existing programs                               | 38,269         | 6,361          |
| <b>Total appropriations receivable</b>              | <b>38,269</b>  | <b>6,361</b>   |
| <b>Other receivables:</b>                           |                |                |
| GST receivable from the Australian Taxation Office  | 767            | 257            |
| Other   | 171            | 36             |
| <b>Total other receivables</b>                      | <b>938</b>     | <b>293</b>     |
| <b>Total trade and other receivables (gross)</b>    | <b>39,220</b>  | <b>6,829</b>   |
| <b>Receivables are expected to be recovered in:</b> |                |                |
| No more than 12 months                              | 39,220         | 6,829          |
| More than 12 months                                 | -              | -              |
| <b>Total trade and other receivables (net)</b>      | <b>39,220</b>  | <b>6,829</b>   |
| <b>Receivables are aged as follows:</b>             |                |                |
| Not overdue   | 39,207         | 6,829          |
| Over due by more than 90 days                       | 13             | -              |
| <b>Total receivables (gross)</b>                    | <b>39,220</b>  | <b>6,829</b>   |

**Note 6: Non-Financial Assets**

|  |        |        |
|--|--------|--------|
|  | 2013   | 2012   |
|  | \$'000 | \$'000 |

**Note 6A: Land and Buildings**

**Leasehold improvements:**

|                                     |              |            |
|-------------------------------------|--------------|------------|
| Fair value                          | 7,536        | 1,915      |
| Accumulated depreciation            | (2,239)      | (1,078)    |
| <b>Total leasehold improvements</b> | <b>5,297</b> | <b>837</b> |
| <b>Total land and buildings</b>     | <b>5,297</b> | <b>837</b> |

No indicators of impairment were found for land and buildings.

No land or buildings are expected to be sold or disposed of within the next 12 months.

**Note 6B: Property, Plant and Equipment**

**Other property, plant and equipment:**

|  |              |              |
|--|--------------|--------------|
| Fair value                                       | 1,935        | 1,180        |
| Accumulated depreciation                         | (385)        | -            |
| <b>Total other property, plant and equipment</b> | <b>1,550</b> | <b>1,180</b> |
| <b>Total property, plant and equipment</b>       | <b>1,550</b> | <b>1,180</b> |

Property, plant and equipment was revalued at fair value at 30 June 2012.

No indicators of impairment were found for property, plant and equipment.

**Note 6C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2012-13)**

|  | Buildings<br>\$'000 | Other property,<br>plant &<br>equipment<br>\$'000 | Total<br>\$'000 |
|--|---------------------|---|-----------------|
| <b>As at 1 July 2012</b>                                 |                     |   |                 |
| Gross book value   | 1,915               | 1,180   | 3,095           |
| Accumulated depreciation and impairment                  | (1,078)             | -   | (1,078)         |
| <b>Net book value 1 July 2012</b>                        | <b>837</b>          | <b>1,180</b>                                      | <b>2,017</b>    |
| Additions  | 5,620               | 755   | 6,375           |
| Depreciation expense                                     | (1,160)             | (385)   | (1,545)         |
| Disposals:   |                     |   |                 |
| Other  | -                   | -   | -               |
| <b>Net book value 30 June 2013</b>                       | <b>5,297</b>        | <b>1,550</b>                                      | <b>6,847</b>    |
| <b>Net book value as of 30 June 2013 represented by:</b> |                     |   |                 |
| Gross book value   | 7,536               | 1,935   | 9,471           |
| Accumulated depreciation and impairment                  | (2,239)             | (385)   | (2,624)         |
| <b>Net book value 30 June 2013</b>                       | <b>5,297</b>        | <b>1,550</b>                                      | <b>6,847</b>    |

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

|  | Buildings<br>\$'000 | Other property,<br>plant & equipment<br>\$'000 | Total<br>\$'000 |
|--|---------------------|--|-----------------|
| <b>As at 1 July 2011</b>                                 |                     |  |                 |
| Gross book value   | 1,806               | 1,505  | 3,311           |
| Accumulated depreciation and impairment                  | (552)               | (627)  | (1,179)         |
| <b>Net book value 1 July 2011</b>                        | <b>1,254</b>        | <b>878</b>                                     | <b>2,132</b>    |
| Additions  | 109                 | 747  | 856             |
| Depreciation expense                                     | (526)               | (334)  | (860)           |
| Decrement on Revaluation                                 | -                   | (111)  | (111)           |
| Disposals:   |                     |  |                 |
| Other  | -                   | -  | -               |
| <b>Net book value 30 June 2012</b>                       | <b>837</b>          | <b>1,180</b>                                   | <b>2,017</b>    |
| <b>Net book value as of 30 June 2012 represented by:</b> |                     |  |                 |
| Gross book value   | 1,915               | 1,180  | 3,095           |
| Accumulated depreciation and impairment                  | (1,078)             | -  | (1,078)         |
| <b>Net book value 30 June 2012</b>                       | <b>837</b>          | <b>1,180</b>                                   | <b>2,017</b>    |

| <b>Note 6D: Intangibles</b>    | <b>2013</b>   | <b>2012</b>   |
|--------------------------------|---------------|---------------|
|                                | <b>\$'000</b> | <b>\$'000</b> |
| <b>Computer software:</b>      |               |               |
| Internally developed – in use  | 6,061         | 5,510         |
| Purchased                      | 1,634         | 1,279         |
| Accumulated amortisation       | (5,158)       | (4,233)       |
| <b>Total computer software</b> | <b>2,537</b>  | <b>2,556</b>  |
| <b>Total intangibles</b>       | <b>2,537</b>  | <b>2,556</b>  |

No indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

**Note 6E: Reconciliation of the Opening and Closing Balances of Intangibles (2012-13)**

|   | <b>Computer software internally developed</b> | <b>Computer software purchased</b> | <b>Total</b>  |
|---|---|------------------------------------|---------------|
|   | <b>\$'000</b>                                 | <b>\$'000</b>                      | <b>\$'000</b> |
| <b>As at 1 July 2012</b>                |   |                                    |               |
| Gross book value                        | 5,510   | 1,278                              | 6,788         |
| Accumulated amortisation and impairment | (3,457)                                       | (775)                              | (4,232)       |
| <b>Net book value 1 July 2012</b>       | <b>2,053</b>                                  | <b>503</b>                         | <b>2,556</b>  |
| Additions                               | 552   | 355                                | 907           |
| Disposals:                              |   |                                    |               |
| Other                                   | -   | -                                  | -             |
| Amortisation                            | (635)   | (291)                              | (926)         |
| <b>Net book value 30 June 2013</b>      | <b>1,970</b>                                  | <b>567</b>                         | <b>2,537</b>  |

**Net book value as of 30 June 2013 represented by:**

|   |              |            |              |
|---|--------------|------------|--------------|
| Gross book value                        | 6,062        | 1,633      | 7,695        |
| Accumulated amortisation and impairment | (4,092)      | (1,066)    | (5,158)      |
|   | <b>1,970</b> | <b>567</b> | <b>2,537</b> |

**Note 6E (Cont'd): Reconciliation of the Opening and Closing Balances of Intangibles (2011-12)**

|   | <b>Computer software internally developed</b> | <b>Computer software purchased</b> | <b>Total</b>  |
|---|---|------------------------------------|---------------|
|   | <b>\$'000</b>                                 | <b>\$'000</b>                      | <b>\$'000</b> |
| <b>As at 1 July 2011</b>                |   |                                    |               |
| Gross book value                        | 5,195   | 836                                | 6,031         |
| Accumulated amortisation and impairment | (2,948)                                       | (667)                              | (3,615)       |
| <b>Net book value 1 July 2011</b>       | <b>2,247</b>                                  | <b>169</b>                         | <b>2,416</b>  |
| Additions                               | 315   | 442                                | 757           |
| Disposals:                              |   |                                    |               |
| Other                                   | -   | -                                  | -             |
| Amortisation                            | (509)   | (108)                              | (617)         |
| <b>Net book value 30 June 2012</b>      | <b>2,053</b>                                  | <b>503</b>                         | <b>2,556</b>  |

**Net book value as of 30 June 2012 represented by:**

|   |              |            |              |
|---|--------------|------------|--------------|
| Gross book value                        | 5,510        | 1,278      | 6,788        |
| Accumulated amortisation and impairment | (3,457)      | (775)      | (4,232)      |
|   | <b>2,053</b> | <b>503</b> | <b>2,556</b> |

**Note 6F: Other Non-Financial Assets**

|  | <b>2013</b>   | <b>2012</b>   |
|--|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> |
| Prepayments  | 53            | 30            |
| <b>Total other non-financial assets</b>                                    | <b>53</b>     | <b>30</b>     |
| <b>Total other non-financial assets - are expected to be recovered in:</b> |               |               |
| No more than 12 months   | 53            | 30            |
| <b>Total other non-financial assets</b>                                    | <b>53</b>     | <b>30</b>     |

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

## Note 7: Payables

|   | 2013<br>\$'000 | 2012<br>\$'000 |
|---|----------------|----------------|
| <b>Note 7A: Suppliers</b>   |                |                |
| Trade creditors and accruals                                      | 2,346          | 1,612          |
| <b>Total supplier payables</b>                                    | <b>2,346</b>   | <b>1,612</b>   |
| <b>Supplier payables expected to be settled within 12 months:</b> |                |                |
| Related entities  | 412            | 500            |
| External parties  | 1,934          | 1,112          |
| <b>Total</b>  | <b>2,346</b>   | <b>1,612</b>   |
| <b>Total supplier payables</b>                                    | <b>2,346</b>   | <b>1,612</b>   |
| Settlement was usually made within 30 days.                       |                |                |
| <b>Note 7B: Other Payables</b>                                    |                |                |
| Lease incentive   | 3,742          | -              |
| <b>Total other payables</b>                                       | <b>3,742</b>   | <b>-</b>       |
| <b>Total other payables are expected to be settled in:</b>        |                |                |
| No more than 12 months  | 377            | -              |
| More than 12 months   | 3,365          | -              |
| <b>Total other payables</b>                                       | <b>3,742</b>   | <b>-</b>       |

**Note 8: Interest Bearing Liabilities**

|   | <b>2013</b>       | 2012              |
|---|-------------------|-------------------|
|   | <b>\$'000</b>     | \$'000            |
| <b>Note 8: Leases</b>                                 |                   |                   |
| Finance leases  | <u>263</u>        | <u>848</u>        |
| <b>Total finance leases</b>                           | <b><u>263</u></b> | <b><u>848</u></b> |
| <b>Payable:</b>                                       |                   |                   |
| Within one year:                                      |                   |                   |
| Minimum lease payments                                | 162               | 611               |
| Deduct: future finance charges                        | -                 | (25)              |
| In one to five years:                                 |                   |                   |
| Minimum lease payments                                | 101               | 288               |
| Deduct: future finance charges                        | -                 | (26)              |
| More than five years:                                 |                   |                   |
| Minimum lease payments                                | -                 | 288               |
| Deduct: future finance charges                        | -                 | (26)              |
| <b>Finance leases recognised on the balance sheet</b> | <b><u>263</u></b> | <b><u>848</u></b> |

Finance leases exist in relation to the fitout of the Sydney and Melbourne offices. The leases are non-cancellable and for a fixed term of 10 years. The interest rate in the lease for the Lonsdale Street Melbourne office is 9.31%. There are no contingent rentals.

## Note 9: Provisions

|                                     | 2013          | 2012         |
|-------------------------------------|---------------|--------------|
|                                     | \$'000        | \$'000       |
| <b>Note 9A: Employee Provisions</b> |               |              |
| Leave                               | 8,274         | 6,665        |
| Other                               | 3,061         | 2,361        |
| <b>Total employee provisions</b>    | <b>11,335</b> | <b>9,026</b> |

**Employee provisions are expected to be settled in:**

|                                  |               |              |
|----------------------------------|---------------|--------------|
| No more than 12 months           | 5,494         | 4,218        |
| More than 12 months              | 5,841         | 4,808        |
| <b>Total employee provisions</b> | <b>11,335</b> | <b>9,026</b> |

**Note 9B: Other Provisions**

|                                       |              |          |
|---------------------------------------|--------------|----------|
| Provision for Restoration Obligations | 1,678        | -        |
| <b>Total other provisions</b>         | <b>1,678</b> | <b>-</b> |

**Other provisions are expected to be settled in:**

|                               |              |          |
|-------------------------------|--------------|----------|
| More than 12 months           | 1,678        | -        |
| <b>Total other provisions</b> | <b>1,678</b> | <b>-</b> |

|  | Provision for<br>restoration | Total        |
|--|------------------------------|--------------|
|  | \$'000                       | \$'000       |
| <b>Carrying amount 1 July 2012</b>               | -                            | -            |
| Additional provisions made                       | 1,670                        | 1,670        |
| Unwinding of discount or change in discount rate | 8                            | 8            |
| <b>Closing balance 30 June 2013</b>              | <b>1,678</b>                 | <b>1,678</b> |

The entity currently has 2 (2012: Nil) agreements for the leasing of premises which have provisions requiring the entity to restore the premises to their original condition at the conclusion of the lease. The entity has made a provision to reflect the present value of this obligation.

## Note 10: Restructuring

|   | 2013<br>\$'000 | 2012<br>\$'000   |
|---|----------------|--|
|   |                | Independent<br>Protection<br>Assessment<br>Office <sup>1</sup> |
| <b>Note 10: Departmental Restructuring</b>      |                |  |
| <b>FUNCTION ASSUMED</b>                         |                |  |
| <b>Assets recognised</b>                        |                |  |
| - Land and buildings                            | 42             | -  |
| <b>Total assets recognised</b>                  | <b>42</b>      | <b>-</b>   |
| <b>Liabilities assumed</b>                      |                |  |
| - Other provisions: restoration obligations     | 120            | -  |
| <b>Total liabilities assumed</b>                | <b>120</b>     | <b>-</b>   |
| <b>Net (liabilities) assumed</b>                | <b>(78)</b>    | <b>-</b>   |
| <b>Income</b>                                   |                |  |
| Recognised by the receiving entity <sup>3</sup> | 28,304         | -  |
| <b>Total Income</b>                             | <b>28,304</b>  | <b>-</b>   |
| <b>Expenses</b>                                 |                |  |
| Recognised by the receiving entity              | 2,663          | -  |
| Recognised by the losing entity                 | 2,923          | -  |
| <b>Total Expenses</b>                           | <b>5,586</b>   | <b>-</b>   |

1. Effective from 1 July 2012, the Independent Protection Assessment Office (IPAO) was assumed from the Department of Immigration as a result of administrative arrangements. The net liabilities assumed were \$78k.

2. In respect of the functions assumed, the net book values of assets and liabilities were transferred to the MRT-RRT for no consideration.

3. The MRT-RRT received S32 transfer of \$28.304m (refer note 23) recognised in the Statement of Comprehensive Income.

## Note 11: Cash Flow Reconciliation

|  | 2013<br>\$'000 | 2012<br>\$'000 |
|--|----------------|----------------|
| <b>Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement</b> |                |                |
| <b>Cash and cash equivalents as per:</b>   |                |                |
| Cash flow statement  | 277            | 304            |
| Balance sheet  | 277            | 304            |
| <b>Difference</b>  | <u>-</u>       | <u>-</u>       |
| <b>Reconciliation of net cost of services to net cash from operating activities:</b>           |                |                |
| Net cost of services   | (72,360)       | (51,833)       |
| Add revenue from Government  | 96,888         | 48,168         |
| <b>Adjustments for non-cash items</b>  |                |                |
| Depreciation / amortisation  | 2,472          | 1,477          |
| Decrement of non-financial assets on revaluation   | -              | 111            |
| <b>Changes in assets / liabilities</b>   |                |                |
| (Increase) / decrease in net receivables   | (30,797)       | 1,108          |
| (Increase) / decrease in prepayments   | -              | 169            |
| Increase / (decrease) in employee provisions   | 2,309          | 1,866          |
| Increase / (decrease) in other provisions  | 8              | -              |
| Increase / (decrease) in supplier payables   | (1,681)        | (341)          |
| <b>Net cash from (used by) operating activities</b>  | <u>(3,161)</u> | <u>725</u>     |



## **Note 12: Contingent Liabilities and Assets**

### **Quantifiable Contingencies**

There are no quantifiable contingent liabilities or assets at 30 June 2013 (2012: Nil).

### **Unquantifiable Contingencies**

The MRT-RRT had no legal claims against it at 30 June 2013 (2012: Nil).

### Note 13: Senior Executive Remuneration

#### Note 13A: Senior Executive Remuneration Expense for the Reporting Period

|   | 2013<br>\$       | 2012<br>\$       |
|---|------------------|------------------|
| <b>Short-term employee benefits:</b>      |                  |                  |
| Salary                                    | 986,920          | 942,198          |
| Annual leave accrued                      | 13,734           | 11,981           |
| Performance bonuses                       | -                | 20,865           |
| Other 3                                   | 12,852           | 113,569          |
| <b>Total short-term employee benefits</b> | <b>1,013,506</b> | <b>1,088,613</b> |
| <b>Post-employment benefits:</b>          |                  |                  |
| Superannuation                            | 156,724          | 166,789          |
| <b>Total post-employment benefits</b>     | <b>156,724</b>   | <b>166,789</b>   |
| <b>Other long-term benefits:</b>          |                  |                  |
| Long-service leave                        | 24,505           | 27,579           |
| <b>Total other long-term benefits</b>     | <b>24,505</b>    | <b>27,579</b>    |
| <b>Total</b>                              | <b>1,194,735</b> | <b>1,282,981</b> |

**Notes:**

- Note 13A is prepared on an accrual basis (therefore the performance bonus expenses disclosed above may differ from the cash 'Bonus paid' in Note 13B).
- Note 13A excludes acting arrangements and part-year service where total remuneration expended for a senior executive was less than \$180,000.
- Other - includes motor vehicles, accommodation and other allowances.

#### Note 13B: Average Annual Remuneration Packages and Bonus Paid for Substantive Senior Executives as at the end of the Reporting Period

| as at 30 June 2013  |                          |                                      |  |   |                               |             |
|---|--------------------------|--------------------------------------|--|---|-------------------------------|-------------|
| Fixed Elements and Bonus Paid <sup>1</sup>                    | Senior Executives<br>No. | Reportable Salary <sup>2</sup><br>\$ | Fixed elements                                   |   | Bonus Paid <sup>5</sup><br>\$ | Total<br>\$ |
|   |                          |                                      | Contributed<br>Superannuation <sup>3</sup><br>\$ | Reportable<br>Allowances <sup>4</sup><br>\$ |                               |             |
| <b>Total remuneration (including part-time arrangements):</b> |                          |                                      |  |   |                               |             |
| \$210,000 to \$239,999  | 1                        | 203,509                              | 28,117   | -   | -                             | 231,626     |
| \$270,000 to \$299,999  | 1                        | 248,931                              | 44,069   | -   | -                             | 293,000     |
| \$300,000 to \$329,999  | 2                        | 264,770                              | 41,407   | -   | -                             | 306,177     |
| <b>Total</b>  | <b>4</b>                 |                                      |  |   |                               |             |

| as at 30 June 2012  |                          |                                      |  |   |                               |             |
|---|--------------------------|--------------------------------------|--|---|-------------------------------|-------------|
| Fixed Elements and Bonus Paid <sup>1</sup>                    | Senior Executives<br>No. | Reportable Salary <sup>2</sup><br>\$ | Fixed elements                                   |   | Bonus Paid <sup>5</sup><br>\$ | Total<br>\$ |
|   |                          |                                      | Contributed<br>Superannuation <sup>3</sup><br>\$ | Reportable<br>Allowances <sup>4</sup><br>\$ |                               |             |
| <b>Total remuneration (including part-time arrangements):</b> |                          |                                      |  |   |                               |             |
| \$180,000 to \$209,999  | 1                        | 159,852                              | 32,977   | 7,197                                       | 8,865                         | 208,891     |
| \$270,000 to \$299,999  | 2                        | 238,040                              | 34,997   | -   | 6,000                         | 279,037     |
| \$360,000 to \$389,999  | 1                        | 283,204                              | 67,807   | 18,402                                      | -                             | 369,413     |
| <b>Total</b>  | <b>4</b>                 |                                      |  |   |                               |             |

**Notes:**

- This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
- 'Reportable salary' includes the following:
  - gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
  - reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax purposes);
  - exempt foreign employment income; and
  - salary sacrificed benefits.
- The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period.
- 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
- 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

**Note 13 (Contd): Senior Executive Remuneration**

During the reporting period, the salaries of 72 Tribunal members were \$180,000 or more. Remuneration for members is fixed by Remuneration Tribunal determination. Members are appointed and conduct reviews under the *Migration Act 1958*, and are not disclosed as senior executives in Note 13A and 13B.

**Note 13C: Average Annual Reportable Remuneration Paid to Other Highly Paid Staff during the Reporting Period**

| 2013  |           |                                      |   |  |                               |                                     |
|---|-----------|--------------------------------------|---|--|-------------------------------|-------------------------------------|
| Average annual reportable remuneration <sup>1</sup>           | Staff No. | Reportable salary <sup>2</sup><br>\$ | Contributed superannuation <sup>3</sup><br>\$ | Reportable allowances <sup>4</sup><br>\$ | Bonus paid <sup>5</sup><br>\$ | Total reportable remuneration<br>\$ |
| <b>Total remuneration (including part-time arrangements):</b> |           |                                      |   |  |                               |                                     |
| \$180,000 to \$209,999  | 60        | 169,088                              | 23,827  | -  | -                             | 192,915                             |
| \$210,000 to \$239,999  | 12        | 193,263                              | 25,505  | -  | -                             | 218,768                             |
| <b>Total</b>  | <b>72</b> |                                      |   |  |                               |                                     |

| 2012  |           |                                      |   |  |                               |                                     |
|---|-----------|--------------------------------------|---|--|-------------------------------|-------------------------------------|
| Average annual reportable remuneration <sup>1</sup>           | Staff No. | Reportable salary <sup>2</sup><br>\$ | Contributed superannuation <sup>3</sup><br>\$ | Reportable allowances <sup>4</sup><br>\$ | Bonus paid <sup>5</sup><br>\$ | Total reportable remuneration<br>\$ |
| <b>Total remuneration (including part-time arrangements):</b> |           |                                      |   |  |                               |                                     |
| \$180,000 to \$209,999  | 38        | 168,434                              | 19,865  | -  | -                             | 188,299                             |
| \$210,000 to \$239,999  | 5         | 193,275                              | 18,280  | -  | -                             | 211,555                             |
| <b>Total</b>  | <b>43</b> |                                      |   |  |                               |                                     |

**Notes:**

1. This table reports staff:
  - a) who were employed by the entity during the reporting period;
  - b) whose reportable remuneration was \$180,000 or more for the financial period; and
  - c) were not required to be disclosed in Tables A or B.
 Each row is an averaged figure based on headcount for individuals in the band.
2. 'Reportable salary' includes the following:
  - a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
  - b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax purposes);
  - c) exempt foreign employment income; and
  - d) salary sacrificed benefits.
3. The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to other highly paid staff in that reportable remuneration band during the reporting period.
4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
5. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

**Note 14: Remuneration of Auditors**

|  | 2013      | 2012      |
|--|-----------|-----------|
|  | \$'000    | \$'000    |
| Financial statement audit services were provided free of charge to the entity. | 42        | 41        |
| <b>Fair value of the services provided:</b>                                    | <u>42</u> | <u>41</u> |

No other services were provided by the auditors of the financial statements.

**Note 15: Financial Instruments**

|  |        |        |
|--|--------|--------|
|  | 2013   | 2012   |
|  | \$'000 | \$'000 |

**Note 15A: Categories of Financial Instruments****Financial Assets****Loans and receivables:**

|  |            |            |
|--|------------|------------|
| Cash and cash equivalents                  | 277        | 304        |
| Loans and Receivables                      | 184        | 211        |
| <b>Total</b>                               | <b>461</b> | <b>515</b> |
| <b>Carrying amount of financial assets</b> | <b>461</b> | <b>515</b> |

**Financial Liabilities****At amortised cost:**

|   |              |              |
|---|--------------|--------------|
| Finance lease                                   | 263          | 848          |
| Payables  | 6,088        | 1,612        |
| <b>Total</b>                                    | <b>6,351</b> | <b>2,460</b> |
| <b>Carrying amount of financial liabilities</b> | <b>6,351</b> | <b>2,460</b> |

**Note 15B: Expense from Financial Liabilities****Financial liabilities - at amortised cost**

|  |             |             |
|--|-------------|-------------|
| Interest expense   | (34)        | (65)        |
| <b>Net (loss) from financial liabilities - at amortised cost</b> | <b>(34)</b> | <b>(65)</b> |

**Note 15C: Fair Value of Financial Instruments**

|                              | Carrying<br>amount | Fair<br>value | Carrying<br>amount | Fair<br>value |
|------------------------------|--------------------|---------------|--------------------|---------------|
|                              | 2013               | 2013          | 2012               | 2012          |
|                              | \$'000             | \$'000        | \$'000             | \$'000        |
| <b>Financial Assets</b>      |                    |               |                    |               |
| Cash and cash equivalents    | 277                | 277           | 304                | 304           |
| Loans and Receivables        | 184                | 184           | 211                | 211           |
| <b>Total</b>                 | <b>461</b>         | <b>461</b>    | <b>515</b>         | <b>515</b>    |
| <b>Financial Liabilities</b> |                    |               |                    |               |
| Finance lease                | 263                | 263           | 848                | 834           |
| Payables                     | 6,088              | 6,088         | 1,612              | 1,612         |
| <b>Total</b>                 | <b>6,351</b>       | <b>6,351</b>  | <b>2,460</b>       | <b>2,446</b>  |

Fair value for each class of financial assets and financial liabilities is determined at market value.

**Note 15D: Credit Risk**

The MRT-RRT's maximum exposure 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 MRT-RRT 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.

**Note 15E: Liquidity Risk**

The MRT-RRT financial liabilities are payables, loans from government and finance leases. The exposure to liquidity risk is based on the notion that the MRT-RRT will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the MRT-RRT (e.g. Advance to the Finance Minister) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

**Note 15F: Market Risk**

The MRT-RRT holds a fixed lease at 9.31% for leasehold property at Lonsdale Street, Melbourne and is not exposed to market risks. The MRT-RRT is not exposed to 'Currency risk' or 'Other price risk'.

**Note 16: Financial Assets Reconciliation**

|   |              | 2013                 | 2012         |
|---|--------------|----------------------|--------------|
|   |              | \$'000               | \$'000       |
| <b>Financial assets</b>   | <b>Notes</b> |                      |              |
| <b>Total financial assets as per balance sheet</b>              |              | <b>39,497</b>        | 7,133        |
| Less: non-financial instrument components:                      |              |                      |              |
| Appropriations receivable                                       | 5B           | <b>38,269</b>        | 6,361        |
| GST Receivable from ATO   | 5B           | <u>767</u>           | <u>257</u>   |
| Total non-financial instrument components                       |              | <u><b>39,036</b></u> | <u>6,618</u> |
| <b>Total financial assets as per financial instruments note</b> | 15A          | <u><b>461</b></u>    | <u>515</u>   |

**Note 17: Administered - Expenses**

|   | 2013         | 2012         |
|---|--------------|--------------|
|   | \$'000       | \$'000       |
| <b>EXPENSES</b>   |              |              |
| <b><u>Note 17A: Write-down and Impairment of assets</u></b> |              |              |
| Write-down and impairments from:                            |              |              |
| Bad debts - RRT fees  | 2,331        | 1,751        |
| <b>Total write-down and impairment of assets</b>            | <b>2,331</b> | <b>1,751</b> |
| <b><u>Note 17B: Other</u></b>                               |              |              |
| Refund of fees  | 6,050        | 4,481        |
| <b>Total other expenses</b>                                 | <b>6,050</b> | <b>4,481</b> |

| <b>Note 18: Administered - Income</b>                    |               |               |
|--|---------------|---------------|
|  | <b>2013</b>   | 2012          |
|  | <b>\$'000</b> | \$'000        |
| <b>REVENUE</b>   |               |               |
| <b>Non-Taxation Revenue</b>                              |               |               |
| <b><u>Other Revenue</u></b>                              |               |               |
| Other - MRT application fees                             | 23,454        | 20,463        |
| Other - RRT post decision fees                           | 3,502         | 3,041         |
| <b>Total other revenue</b>                               | <b>26,956</b> | <b>23,504</b> |
| <b>Total income administered on behalf of Government</b> | <b>26,956</b> | <b>23,504</b> |



| <b>Note 19: Administered – Financial Assets</b>             |              |              |
|---|--------------|--------------|
|   | 2013         | 2012         |
|   | \$'000       | \$'000       |
| <b>FINANCIAL ASSETS</b>                                     |              |              |
| <b>Note 19A: Cash and Cash Equivalents</b>                  |              |              |
| Cash on hand or on deposit                                  | 123          | 71           |
| <b>Total cash and cash equivalents</b>                      | <b>123</b>   | <b>71</b>    |
| <b>Note 19B: Trade and Other Receivables</b>                |              |              |
| <b>Other receivables:</b>                                   |              |              |
| Fees  | 6,575        | 4,756        |
| <b>Total other receivables</b>                              | <b>6,575</b> | <b>4,756</b> |
| <b>Total trade and other receivables (gross)</b>            | <b>6,575</b> | <b>4,756</b> |
| <b>Less: Impairment allowance account:</b>                  |              |              |
| Other   | 4,517        | 2,974        |
| <b>Total impairment allowance account</b>                   | <b>4,517</b> | <b>2,974</b> |
| <b>Total trade and other receivables (net)</b>              | <b>2,058</b> | <b>1,782</b> |
| <b>Receivables are expected to be recovered in:</b>         |              |              |
| No more than 12 months                                      | 2,058        | 1,782        |
| More than 12 months   | -            | -            |
| <b>Total trade and other receivables (net)</b>              | <b>2,058</b> | <b>1,782</b> |
| <b>Receivables were aged as follows:</b>                    |              |              |
| Not overdue   | 140          | 322          |
| Overdue by:   |              |              |
| 0 to 30 days  | 306          | 327          |
| 31 to 60 days   | 231          | 177          |
| 61 to 90 days   | 354          | 379          |
| More than 90 days   | 5,544        | 3,551        |
| <b>Total receivables (gross)</b>                            | <b>6,575</b> | <b>4,756</b> |
| <b>The impairment allowance account is aged as follows:</b> |              |              |
| Not overdue   | -            | -            |
| Overdue by:   |              |              |
| 0 to 30 days  | 1            | -            |
| 31 to 60 days   | 77           | 109          |
| 61 to 90 days   | 144          | 224          |
| More than 90 days   | 4,295        | 2,641        |
| <b>Total impairment allowance account</b>                   | <b>4,517</b> | <b>2,974</b> |
| <b>Reconciliation of the Impairment Allowance Account:</b>  |              |              |
| <b>Movements in relation to 2013</b>                        |              |              |
|   | Other        | Total        |
|   | receivables  | receivables  |
|   | \$'000       | \$'000       |
| <b>Opening balance</b>                                      | <b>1,782</b> | <b>1,782</b> |
| Increase recognised in net surplus                          | 276          | 276          |
| <b>Closing balance</b>                                      | <b>2,058</b> | <b>2,058</b> |
| <b>Movements in relation to 2012</b>                        |              |              |
|   | Other        | Total        |
|   | receivables  | receivables  |
|   | \$'000       | \$'000       |
| <b>Opening balance</b>                                      | <b>1,305</b> | <b>1,305</b> |
| Increase recognised in net surplus                          | 477          | 477          |
| <b>Closing balance</b>                                      | <b>1,782</b> | <b>1,782</b> |

**Note 20: Administered - Cash Flow Reconciliation**

|   | <b>2013</b>          | <b>2012</b>          |
|---|----------------------|----------------------|
|   | <b>\$'000</b>        | <b>\$'000</b>        |
| <b>Reconciliation of cash and cash equivalents as per Administered Schedule of Assets and Liabilities to Administered Cash Flow Statement</b> |                      |                      |
| <b>Cash and cash equivalents as per:</b>  |                      |                      |
| Schedule of administered cash flows   | 123                  | 71                   |
| Schedule of administered assets and liabilities   | 123                  | 71                   |
| <b>Difference</b>   | <u>-</u>             | <u>-</u>             |
| <b>Reconciliation of surplus to net cash from operating activities:</b>   |                      |                      |
| Surplus   | 18,575               | 17,272               |
| Rounding  | -                    | (3)                  |
| <b>Changes in assets / liabilities</b>  |                      |                      |
| (Increase) / decrease in net receivables  | <u>(276)</u>         | <u>(477)</u>         |
| <b>Net cash from operating activities</b>   | <u><b>18,299</b></u> | <u><b>16,792</b></u> |

## **Note 21: Administered Contingent Assets and Liabilities**

### **Quantifiable Administered Contingencies**

At 30 June 2013, the MRT-RRT had no contingent assets or contingent liabilities (2012: Nil).

### **Unquantifiable Administered Contingencies**

At 30 June 2013, the MRT-RRT had no legal claims against it (2012: Nil).

**Note 22: Administered Financial Instruments**

|  | 2013   | 2012   |
|--|--------|--------|
|  | \$'000 | \$'000 |

**Note 22A: Categories of Financial Instruments****Financial Assets:**

|  |              |              |
|--|--------------|--------------|
| Cash                                       | 123          | 71           |
| Loans and Receivables                      | 2,058        | 1,782        |
| <b>Carrying amount of financial assets</b> | <b>2,181</b> | <b>1,853</b> |

**Note 22B: Fair Value of Financial Instruments**

|                          | Carrying<br>amount | Fair<br>value | Carrying<br>amount | Fair<br>value |
|--------------------------|--------------------|---------------|--------------------|---------------|
|                          | 2013               | 2013          | 2012               | 2012          |
|                          | \$'000             | \$'000        | \$'000             | \$'000        |
| <b>Financial Assets:</b> |                    |               |                    |               |
| Cash on hand             | 123                | 123           | 71                 | 71            |
| Loans and receivables    | 2,058              | 2,058         | 1,782              | 1,782         |
| <b>Total</b>             | <b>2,181</b>       | <b>2,181</b>  | 1,853              | 1,853         |

**Note 22C: Credit Risk**

The MRT-RRT is not exposed to credit risk at reporting date in relation to each class of recognised financial assets.

**Note 22D: Liquidity Risk**

The MRT-RRT has no financial liabilities and is not exposed to liquidity risk.

**Note 22E: Market Risk**

The MRT-RRT is not exposed to market risk.

**Note 23: Appropriations****Table A: Annual Appropriations ('Recoverable GST exclusive')**

|                           | 2013 Appropriations         |                   |                            | Appropriation applied in 2013 (current and prior years) \$'000 | Variance \$'000 |
|---------------------------|-----------------------------|-------------------|----------------------------|--|-----------------|
|                           | <i>Appropriation Act</i>    | <i>FMA Act</i>    | Total appropriation \$'000 |  |                 |
|                           | Annual Appropriation \$'000 | Section 32 \$'000 |                            |  |                 |
| DEPARTMENTAL              |                             |                   |                            |  |                 |
| Ordinary annual services  | 58,829                      | 28,304            | 87,133                     | 69,614   | 17,519          |
| Other services            |                             |                   |                            |  |                 |
| Equity                    | 41                          |                   | 41                         | 263  | (222)           |
| <b>Total departmental</b> | <b>58,870</b>               | <b>28,304</b>     | <b>87,174</b>              | <b>69,877</b>  | <b>17,297</b>   |

**Notes:**

- (a) Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request that the Finance Minister reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.
- (b) An adjustment has been made to increase revenue from Government for surplus in caseload totalling \$19,257m in 2012/13. This adjustment met the recognition criteria of a formal addition in revenue (in accordance with FMO Div 101) but at law the appropriations had not been amended before the end of the reporting period.
- (c) The MRT-RRT received S32 transfer of \$28,304m in 2012-13. This comprises \$14,455,446 made under FMA Act Determination 2012/27 (dated 18 September 2012), and \$13,849,000 made under FMA Act Determination 2012/27 (dated 19 June 2013).

|                           | 2012 Appropriations         |                   |                            | Appropriation applied in 2012 (current and prior years) \$'000 | Variance \$'000 |
|---------------------------|-----------------------------|-------------------|----------------------------|--|-----------------|
|                           | <i>Appropriation Act</i>    | <i>FMA Act</i>    | Total appropriation \$'000 |  |                 |
|                           | Annual Appropriation \$'000 | Section 31 \$'000 |                            |  |                 |
| DEPARTMENTAL              |                             |                   |                            |  |                 |
| Ordinary annual services  | 46,772                      | 200               | 46,972                     | 50,050   | (3,078)         |
| Other services            |                             |                   |                            |  |                 |
| Equity                    | 263                         |                   | 263                        | -  | 263             |
| <b>Total departmental</b> | <b>47,035</b>               | <b>200</b>        | <b>47,235</b>              | <b>50,050</b>  | <b>(2,815)</b>  |

**Notes:**

- (a) Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request that the Finance Minister reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.
- (b) An adjustment has been made to increase revenue from Government for surplus in caseload totalling \$4,673m in 2011/12. This adjustment met the recognition criteria of a formal addition in revenue (in accordance with FMO Div 101) but at law the appropriations had not been amended before the end of the reporting period.
- (c) The Minister of Finance and Deregulation had approved an operating loss of \$0.8m for 2011-12. The operating loss was funded from appropriations accumulated from previous years.

**Note 23: Appropriations (contd)**

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

|   | 2013 Capital Budget Appropriations |  | Capital Budget Appropriations applied in 2013<br>(current and prior years) |                          | Variance<br>\$'000 |
|---|------------------------------------|--|--|--------------------------|--------------------|
|   | Appropriation Act                  | Total Capital Budget<br>Appropriations<br>\$'000 | Payments for non-<br>financial assets <sup>2</sup><br>\$'000               | Total payments<br>\$'000 |                    |
|   | Annual Capital<br>Budget<br>\$'000 |  |  |                          |                    |
| <b>DEPARTMENTAL</b>   |                                    |  |  |                          |                    |
| Ordinary annual services - Departmental Capital Budget <sup>1</sup> | 4,829                              | 4,829  | 2,935  | 2,935                    | 1,894              |

**Notes:**

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

|   | 2012 Capital Budget Appropriations |  | Capital Budget Appropriations applied in 2012<br>(current and prior years) |                          | Variance<br>\$'000 |
|---|------------------------------------|--|--|--------------------------|--------------------|
|   | Appropriation Act                  | Total Capital Budget<br>Appropriations<br>\$'000 | Payments for non-<br>financial assets <sup>2</sup><br>\$'000               | Total payments<br>\$'000 |                    |
|   | Annual Capital<br>Budget<br>\$'000 |  |  |                          |                    |
| <b>DEPARTMENTAL</b>   |                                    |  |  |                          |                    |
| Ordinary annual services - Departmental Capital Budget <sup>1</sup> | 1,659                              | 1,659  | 750  | 750                      | 909                |

**Notes:**

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

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

|                                  | 2013<br>\$'000 | 2012<br>\$'000 |
|----------------------------------|----------------|----------------|
| <b>Authority</b>                 |                |                |
| Appropriation Act No 1 (2006/07) | 815            | 815            |
| Appropriation Act No 1 (2007/08) | 2,278          | 2,278          |
| Appropriation Act No 1 (2008/09) | 1,540          | 1,540          |
| Appropriation Act No 1 (2009/10) | 983            | 983            |
| Appropriation Act No 1 (2010/11) | -              | 276            |
| Appropriation Act No 1 (2011/12) | 1,618          | 1,453          |
| Appropriation Act No 2 (2011/12) | -              | 263            |
| Appropriation Act No 1 (2012/13) | 17,630         | -              |
| Appropriation Act No 2 (2012/13) | 41             | -              |
| <b>Total</b>                     | <b>24,905</b>  | <b>7,608</b>   |

1. Appropriation Acts for 2006/07 to 2009/10, which included quarantined amounts to be repaid to the Department of Finance and Deregulation, will lapse in 2013/14 due to the *Statute Stocktake (Appropriations) Act 2013*.

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

| Authority                  | Type   | Purpose                        | Appropriation applied |                |
|----------------------------|--------|--------------------------------|-----------------------|----------------|
|                            |        |                                | 2013<br>\$'000        | 2012<br>\$'000 |
| FMA Act S28 [Administered] | Refund | Refund of MRT application fees | 5,937                 | 4,415          |
| FMA Act S28 [Administered] | Refund | Refund of RRT application fees | 113                   | 66             |
| <b>Total</b>               |        |                                | <b>6,050</b>          | <b>4,481</b>   |

**Note 24: Reporting of Outcomes****Note 24A: Net Cost of Outcome Delivery**

|  | Outcome 1      |                |
|--|----------------|----------------|
|  | 2013<br>\$'000 | 2012<br>\$'000 |
| <b>Expenses</b>                                    |                |                |
| Administered                                       | 8,381          | 6,232          |
| Departmental                                       | 72,502         | 53,332         |
| <b>Total</b>                                       | <b>80,883</b>  | <b>59,564</b>  |
| <b>Income from non-government sector</b>           |                |                |
| Administered                                       |                |                |
| Other  | 26,956         | 23,504         |
| <b>Total administered</b>                          | <b>26,956</b>  | <b>23,504</b>  |
| Departmental                                       |                |                |
| Other  | 9              | -              |
| <b>Total departmental</b>                          | <b>9</b>       | <b>-</b>       |
| <b>Total</b>                                       | <b>26,965</b>  | <b>23,504</b>  |
| <b>Other own-source income</b>                     |                |                |
| Administered                                       | -              | -              |
| Departmental                                       | 142            | 388            |
| <b>Total</b>                                       | <b>142</b>     | <b>388</b>     |
| <b>Net cost/(contribution) of outcome delivery</b> | <b>53,776</b>  | <b>35,672</b>  |

Outcome 1 is described in Note 1.1. Net costs shown included intra-government costs that were eliminated in calculating the actual Budget Outcome.

**Note 24B: Major Classes of Departmental Expense, Income, Assets and Liabilities by Outcome**

|                                    | Outcome 1      |                |
|------------------------------------|----------------|----------------|
|                                    | 2013<br>\$'000 | 2012<br>\$'000 |
| <b>Departmental Expenses:</b>      |                |                |
| Employees                          | 54,770         | 41,658         |
| Suppliers                          | 15,226         | 10,021         |
| Depreciation and Amortisation      | 2,472          | 1,477          |
| Finance costs                      | 34             | 65             |
| Decrement on revaluation of assets | -              | 111            |
| <b>Total</b>                       | <b>72,502</b>  | <b>53,332</b>  |
| <b>Departmental Income:</b>        |                |                |
| Income from government             | 96,888         | 48,168         |
| Rendering of services              | 142            | 1,499          |
| <b>Total</b>                       | <b>97,030</b>  | <b>49,667</b>  |
| <b>Departmental Assets</b>         |                |                |
| Financial Assets                   | 39,497         | 7,133          |
| Non-Financial Assets               | 9,437          | 4,603          |
| <b>Total</b>                       | <b>48,934</b>  | <b>11,736</b>  |
| <b>Departmental Liabilities</b>    |                |                |
| Payables                           | 6,088          | 1,612          |
| Interest Bearing Liabilities       | 263            | 848            |
| Provisions                         | 13,013         | 9,026          |
| <b>Total</b>                       | <b>19,364</b>  | <b>11,486</b>  |

**Note 24C: Major Classes of Administered Expenses, Income, Assets and Liabilities by Outcome**

|   | Outcome 1      |                |
|---|----------------|----------------|
|   | 2013<br>\$'000 | 2012<br>\$'000 |
| <b>Administered expenses</b>                |                |                |
| Write down and impairment of assets         | 2,331          | 1,751          |
| Other Expenses - refund of application fees | 6,050          | 4,481          |
| <b>Total</b>                                | <b>8,381</b>   | <b>6,232</b>   |
| <b>Administered income</b>                  |                |                |
| Other non-tax revenue                       | 26,956         | 23,504         |
| <b>Total</b>                                | <b>26,956</b>  | <b>23,504</b>  |
| <b>Administered assets</b>                  |                |                |
| Financial assets                            | 2,181          | 1,853          |
| <b>Total</b>                                | <b>2,181</b>   | <b>1,853</b>   |
| <b>Administered liabilities</b>             |                |                |
| Other                                       | -              | -              |
| <b>Total</b>                                | <b>-</b>       | <b>-</b>       |

**Note 25: Net Cash Appropriation Arrangements**

|   | 2013<br>\$'000       | 2012<br>\$'000        |
|---|----------------------|-----------------------|
| <b>Total comprehensive income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations<sup>1</sup></b> | <b>27,000</b>        | <b>(2,188)</b>        |
| Plus: depreciation/amortisation expenses previously funded through revenue appropriation  | <u>(2,472)</u>       | <u>(1,477)</u>        |
| <b>Total comprehensive income (loss) - as per the Statement of Comprehensive Income</b>   | <b><u>24,528</u></b> | <b><u>(3,665)</u></b> |

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