

FEDERAL MAGISTRATES COURT OF AUSTRALIA

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Federal Magistrates Court of Australia (FMC) is a federal court established under the Constitution by the *Federal Magistrates Act 1999*. It was established to handle less complex matters in family law and general federal law. The FMC shares jurisdiction with the Family Court of Australia and the Federal Court of Australia.

Since its inception nine years ago, the FMC has established itself as the basic trial court, in significant areas of jurisdiction, of the federal judicial system. The jurisdiction of the FMC includes family law and child support, administrative law, bankruptcy, unlawful discrimination, consumer protection law, privacy law, migration law, trade practices law and workplace relations law.

The continued growth in the size of the FMC's bench and in the breadth of its jurisdiction poses challenges for the FMC. Managing a heavy and demanding caseload will continue to be a challenge for the FMC's judiciary. The introduction of the *Family Law Amendment (De Facto Financial Matters and Other Matters) Act 2008* will potentially add to the challenges. The FMC will continue to closely monitor the timeliness of the delivery of judgments.

During 2009-10, the FMC will work with the Federal Court and Family Court to implement proposed reforms to the governance and structure of the three courts in order to secure better access to justice for litigants and better use of publicly funded resources provided to the courts. This will involve:

- the creation of lower divisions in the Federal Court and Family Court, and
- transferring funding from the FMC to reflect movement of Federal Magistrates from the FMC to the lower divisions of the Federal Court and Family Court.

The allocation between the Federal Court and Family Court of funding transferred from the FMC will reflect the number of Federal Magistrates appointed to each court. The actual split in appropriations may need to be adjusted to reflect workloads at the time of restructure.

The FMC's appropriation reflects the proposed restructure of federal courts.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Agency resource statement—Budget estimates for 2009–10 as at Budget, May 2009

	Estimate of prior year amounts available in 2009–10 (\$'000)	+ Proposed at Budget 2009–10 (\$'000)	=	Total estimate 2009–10 (\$'000)	Actual available appropriation 2008–09 (\$'000)
ORDINARY ANNUAL SERVICES					
Departmental					
Prior year departmental appropriation	15,302 ²	–		15,302	–
Departmental appropriation	–	27,808 ¹		27,808	56,524
Total	15,302	27,808		43,110	56,524
Administered expenses					
Outcome 1	–	430 ¹		430	843
Total	–	430		430	843
Total ordinary annual services	15,302	28,238		43,540	57,367
Total net resourcing for agency	15,302	28,238		43,540	57,367

All figures are GST exclusive.

1. Appropriation Bill (No. 1) 2009–10.
2. Estimated adjusted balance carried forward from previous year for annual appropriations.

1.3 BUDGET MEASURES

Budget measures relating to the FMC are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Agency 2009–10 Budget measures

Program	2008–09 (\$'000)	2009–10 (\$'000)	2010–11 (\$'000)	2011–12 (\$'000)	2012–13 (\$'000)
EXPENSE MEASURES					
Restructure of the Federal Courts					
1.1					
Administered expenses	–	(430)	(859)	(876)	(876)
Departmental expenses	–	(28,519)	(57,378)	(57,557)	(58,485)
Total	–	(28,949)	(58,237)	(58,433)	(59,361)
Federal Magistrates Court—savings from not appointing two federal magistrates¹					
1.1					
Departmental expenses	–	(687)	–	–	–
Total	–	(687)	–	–	–
Total expense measures					
Administered	–	(430)	(859)	(876)	(876)
Departmental	–	(29,206)	(57,378)	(57,557)	(58,485)
Total	–	(29,636)	(58,237)	(58,433)	(59,361)

Prepared on a Government Financial Statistics (fiscal) basis.

1. This measure appears in the Budget Statements for both the FMC and the Family Court. In 2009–10 a half-year impact is shown against each court, with a full-year impact in the subsequent forward years shown against the Family Court.

1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009–10 Budget, all General Government Sector (GGS) entities will be reporting on a program basis. Figure 2 outlines the transition from the 2008–09 Budget year (as at Additional Estimates), which was presented in administered items, outputs and output groups, to the program reporting framework used for the 2009–10 Budget.

Figure 2: Transition table

2008–09 Budget year	2009–10 Budget year
Outcome 1: To provide the Australian community with a simple and accessible forum for the resolution of less complex disputes within the jurisdiction of the Federal Magistrates Court of Australia	Outcome 1: To provide the Australian community with a simple and accessible forum for the resolution of less complex disputes within the jurisdiction of the Federal Magistrates Court of Australia
Output Group 1.1: Provision of a Federal Magistrates Court	Program 1.1: Provision of a Federal Magistrates Court

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the government on the Australian community. Agencies deliver programs, which are the government actions taken to deliver the stated outcomes. Agencies are required to identify the programs that contribute to government outcomes over the Budget and forward years.

The FMC's outcome is described below together with its related program, specifying the performance indicators and targets used to assess and monitor the performance of the FMC in achieving government outcomes.

Outcome 1: To provide the Australian community with a simple and accessible forum for the resolution of less complex disputes within the jurisdiction of the Federal Magistrates Court of Australia

Outcome 1 strategy

The FMC's key strategies in achieving Outcome 1 are set out in the strategic direction for 2009–10 in section 1.1.

Outcome 1 budgeted expenses and resources

Table 2.1 provides an overview of the total expenses for Outcome 1, by program.

Table 2.1: Budgeted expenses and resources for Outcome 1

Outcome 1: To provide the Australian community with a simple and accessible forum for the resolution of less complex disputes within the jurisdiction of the Federal Magistrates Court of Australia	2008–09 Estimated actual expenses (\$'000)	2009–10 Estimated expenses (\$'000)
Program 1.1: Provision of a Federal Magistrates Court		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	843	430
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	61,524	27,808
Expenses not requiring appropriation in the Budget year ¹	18,216	9,125
Total for Outcome 1	80,583	37,363
	2008–09	2009–10
Average staffing level (number)	229	97

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the Budget year as government priorities change.

1. Includes resources received free of charge for Australian National Audit Office services and Family Court of Australia registry support services.

Contributions to Outcome 1

Program 1.1: Provision of a Federal Magistrates Court

Program objective

- The FMC is to provide a simple and accessible alternative to litigation in the Family Court and the Federal Court.
- Where practical, parties are encouraged to resolve their disputes through dispute resolution and negotiation methods.

Program 1.1 expenses

Nil expenditure for the FMC over the forward years reflects the government decision to restructure the federal courts.

(\$'000)	2008–09 Revised budget	2009–10 Budget	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
Annual administered expenses:					
Primary dispute resolution	843	430	–	–	–
Annual departmental expenses:					
Departmental item—Provision of a Federal Magistrates Court	61,524	27,808	–	–	–
Expenses not requiring appropriation in the Budget year	18,216	9,125	–	–	–
Total program expenses	80,583	37,363	–	–	–

Program 1.1 deliverables

The FMC's deliverables will be subject to further review pending the implementation of the government decision to restructure the federal courts. Specific deliverables associated with the Federal Magistrates' jurisdiction will be reported separately under the FMC pending the completion of this review.

	2008–09 Revised budget	2009–10 Budget	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
Number of cases litigated and divorce cases processed	79,700	80,500	80,700	80,700	80,700
Number of counselling, mediation, conciliation and other primary dispute resolution services delivered	8,800	9,100	9,400	9,400	9,400

Program 1.1 key performance indicators

The FMC's key performance indicators will be subject to further review pending the implementation of the government decision to restructure the federal courts. Specific deliverables for the Federal Magistrates' jurisdiction will be separately reported under the FMC pending completion of this review.

Key performance indicators	2008–09 Revised budget	2009–10 Budget target	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
Cases litigated or divorces processed subject to complaint	1%	1%	1%	1%	1%
Time taken from filing to disposition is less than six months	90%	90%	90%	90%	90%
Matters resolved prior to trial	60%	60%	60%	60%	60%

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements that provide a comprehensive snapshot of agency finances for the Budget year 2009–10. It explains how Budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, and special accounts.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The FMC has not moved any administered funds between years.

3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister’s Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the FMC.

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2009–10 2008–09 (\$'000)	Receipts 2009–10 2008–09 (\$'000)	Payments 2009–10 2008–09 (\$'000)	Closing balance 2009–10 2008–09 (\$'000)
	Outcome				
Litigants' Fund Special Account— FMA Act s 20(A) ¹	1 1	56 56	100 200	100 200	56 56
Other Trust Moneys— FMA Act s 20 (A) ²	1 1	— —	— —	— —	— —
Total special accounts 2009–10 Budget estimate		56	100	100	56
Total special accounts 2008–09 estimate actual		56	200	200	56

(A) = Administered.

FMA Act = *Financial Management and Accountability Act 1997*.

1. The purpose of this account is to hold and disburse money paid to the FMC in accordance with an order made by the FMC or a Federal Magistrate under section 15 of the Federal Magistrates Act 1999.
2. This account is primarily used for the moneys held on behalf of the public and can include moneys received from Comcare, held in trust until assigned by the employee.

3.1.3 Australian Government Indigenous Expenditure

The FMC has no Indigenous-specific expenses.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

The most significant difference between the FMC's agency resourcing and financial statements is that resources received free of charge and liabilities assumed from related entities are not included in table 1.1.

3.2.2 Analysis of budgeted financial statements

Budgeted departmental income statement

Revenue for the FMC has decreased by \$38.308m for 2009–10 (since the 2008–09 Additional Estimates). This is primarily attributable to the half-year impact of the government decision to restructure the federal courts. The decision resulted in transfers to value of \$28.531m to the Federal Court and Family Court, with some residual savings being returned to government. The 2009–10 estimate for the services provided free of charge to the FMC by the Family Court was reduced to \$9.090m as a result of this decision. The full-year impact of this decision results in the reduction of revenue and expenditure to zero across the forward years for the FMC. In addition, the FMC's revenue has been further reduced as a result of the implementation of a savings measure. Savings from not appointing two Federal Magistrates have resulted in a decrease in appropriations of \$0.687m in 2009–10. Furthermore, revenue has decreased as a result of changes to the wage cost parameters. Expenditure has decreased by net \$38.308m as a result of these changes. The FMC is budgeting for an operating loss of \$5.000m in 2008–09. The approved loss is primarily the result of cost pressures in court operations (namely for Regulation 7 Family Reports, Interpreters, and Transcription of Court Reports).

Budgeted departmental balance sheet

The net asset position for 2009–10 for the FMC has decreased by \$5.000m from the 2008–09 Additional Estimates as a result of the budgeted loss in 2008–09. The FMC's net assets and equity over the forward years remain constant pending the calculation of balances to be transferred to the Federal Court and Family Court respectively due to the government decision to restructure the federal courts.

3.2.3 Budgeted financial statements tables

Departmental

**Table 3.2.1: Budgeted departmental comprehensive income statement
(for the period ended 30 June)**

	Estimated actual 2008–09 (\$'000)	Budget estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
EXPENSES					
Employee benefits	30,606	15,151	–	–	–
Suppliers	48,199	21,315	–	–	–
Depreciation and amortisation	935	467	–	–	–
Total expenses	79,740	36,933	–	–	–
LESS:					
OWN-SOURCE INCOME					
Gains					
Other gains	18,216	9,125	–	–	–
Total own-source income	18,216	9,125	–	–	–
Net cost of (contribution by) services	(61,524)	(27,808)	–	–	–
Appropriation revenue	56,524	27,808	–	–	–
Surplus (deficit)	(5,000)	–	–	–	–
Surplus (deficit) attributable to the Australian Government	(5,000)	–	–	–	–

Prepared on Australian Accounting Standards basis.

Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2008–09 (\$'000)	Budget estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
ASSETS					
Financial assets					
Cash and cash equivalents	520	520	520	520	520
Trade and other receivables	15,674	15,856	15,856	15,856	15,856
Total financial assets	16,194	16,376	16,376	16,376	16,376
Non-financial assets					
Land and buildings	3,826	3,826	3,826	3,826	3,826
Infrastructure, plant and equipment	908	908	908	908	908
Intangibles	155	155	155	155	155
Other	107	107	107	107	107
Total non-financial assets	4,996	4,996	4,996	4,996	4,996
Total assets	21,190	21,372	21,372	21,372	21,372
LIABILITIES					
Provisions					
Employees	5,292	5,292	5,292	5,292	5,292
Other	500	500	500	500	500
Total provisions	5,792	5,792	5,792	5,792	5,792
Payables					
Suppliers	2,341	2,523	2,523	2,523	2,523
Total payables	2,341	2,523	2,523	2,523	2,523
Total liabilities	8,133	8,315	8,315	8,315	8,315
Net assets	13,057	13,057	13,057	13,057	13,057
EQUITY*					
Parent entity interest					
Contributed equity	3,809	3,809	3,809	3,809	3,809
Retained surpluses or accumulated deficits	9,248	9,248	9,248	9,248	9,248
Total parent entity interest	13,057	13,057	13,057	13,057	13,057
Total equity	13,057	13,057	13,057	13,057	13,057
Current assets	16,194	16,376	16,376	16,376	16,376
Non-current assets	4,996	4,996	4,996	4,996	4,996
Current liabilities	2,606	2,788	2,788	2,788	2,788
Non-current liabilities	5,527	5,527	5,527	5,527	5,527

* 'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2008–09 (\$'000)	Budget estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
OPERATING ACTIVITIES					
Cash received					
Appropriations	61,325	29,091	–	–	–
Other	3,092	1,546	–	–	–
Total cash received	64,417	30,637	–	–	–
Cash used					
Employees	25,410	13,406	–	–	–
Suppliers	34,980	15,218	–	–	–
Other	3,092	1,546	–	–	–
Total cash used	63,482	30,170	–	–	–
Net cash from (used by) operating activities	935	467	–	–	–
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	935	467	–	–	–
Total cash used	935	467	–	–	–
Net cash from (used by) investing activities	(935)	(467)	–	–	–
Net increase (decrease) in cash held	–	–	–	–	–
Cash at beginning of reporting period	520	520	520	520	520
Cash at end of reporting period	520	520	520	520	520

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity—summary of
movement (Budget year 2009–10)**

	Retained earnings (\$'000)	Contributed equity/ capital (\$'000)	Total equity (\$'000)
Opening balance as at 1 July 2009			
Balance carried forward from previous period	9,248	3,809	13,057
Income and expenses			
Surplus (deficit) for the period	–	–	–
Total income and expenses	–	–	–
Estimated closing balance as at 30 June 2010	9,248	3,809	13,057

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2008–09 (\$'000)	Budget estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
CAPITAL APPROPRIATIONS					
Total capital appropriations	–	–	–	–	–
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources ¹	935	467	–	–	–
TOTAL	935	467	–	–	–

Prepared on Australian Accounting Standards basis.

1. Includes annual and prior year appropriations.

Table 3.2.6: Statement of departmental asset movements (2009–10)

	Buildings (\$'000)	Other infrastructure, equipment plant & (\$'000)	Intangibles (\$'000)	Total (\$'000)
As at 1 July 2009				
Gross book value	5,663	1,576	591	7,830
Accumulated depreciation/amortisation	1,837	668	436	2,941
Opening net book balance	3,826	908	155	4,889
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase or internally developed	325	111	31	467
Sub-total	325	111	31	467
Other movements				
Depreciation/amortisation expense	325	111	31	467
As at 30 June 2010				
Gross book value	5,988	1,687	622	8,297
Accumulated depreciation/amortisation	2,162	779	467	3,408
Closing net book balance	3,826	908	155	4,889

Prepared on Australian Accounting Standards basis.

Administered

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Estimated actual 2008–09 (\$'000)	Budget estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Other sources of non-taxation revenues	17,000	8,500	–	–	–
Total non-taxation	17,000	8,500	–	–	–
Total revenue administered on behalf of government	17,000	8,500	–	–	–
Total income administered on behalf of government	17,000	8,500	–	–	–
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	843	430	–	–	–
Total expenses administered on behalf of government	843	430	–	–	–

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Estimated actual 2008–09 (\$'000)	Budget estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	89	89	89	89	89
Receivables	102	102	102	102	102
Total financial assets	191	191	191	191	191
Total assets administered on behalf of government	191	191	191	191	191
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	189	189	189	189	189
Total payables	189	189	189	189	189
Total liabilities administered on behalf of government	189	189	189	189	189

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2008–09 (\$'000)	Budget estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
OPERATING ACTIVITIES					
Cash received					
Cash from Official Public Account	843	430	–	–	–
Other	17,000	8,500	–	–	–
Total cash received	17,843	8,930	–	–	–
Cash used					
Cash to Official Public Account	17,000	8,500	–	–	–
Suppliers	843	430	–	–	–
Total cash used	17,843	8,930	–	–	–
Net cash from (used by) operating activities	–	–	–	–	–
Net increase (decrease) in cash held					
	–	–	–	–	–
Cash at beginning of reporting period	89	89	89	89	89
Cash at end of reporting period	89	89	89	89	89

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Basis of accounting

The budgeted financial statements have been prepared in accordance with Finance Minister's Orders for reporting periods ending on or after 1 July 2008; and Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board that apply for the reporting period.

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

Revenue from government

Appropriations for departmental programs are recognised as revenue. Appropriations receivable are recognised at their nominal amount. The FMC also receives resources free of charge from the Family Court of Australia and the Australian National Audit Office. These are included in the budgeted departmental income statement based on estimates.

Employee expenses

Employee expenses consist of salaries, leave entitlements, superannuation, and other employee entitlements.

Supplier expenses

Supplier expenses consist of office expenses, travel expenses, consultant and contractor costs, and administrative costs.

Cash

Cash includes notes and coins held and any deposits held at call with a bank or other financial institution.

Infrastructure, plant and equipment, and intangibles

Infrastructure, plant and equipment, and intangibles include purchases of leasehold improvements, computer equipment, office equipment, furniture and software that have been capitalised.

Provisions

Employee provisions are for annual leave and long service leave.

Other provisions are for make-good costs.