

# FEDERAL COURT OF AUSTRALIA

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION

The strategic direction statement for the Federal Court of Australia can be found in the 2009–10 Portfolio Budget Statements. There has been no change to the Federal Court’s strategic direction as a result of additional estimates.

The Federal Court is receiving additional funding for the increases in judicial and related offices salaries granted by the Remuneration Tribunal and for the improvements to the administration of Norfolk Island.

In the 2009–10 Budget, the Australian Government agreed to a restructure of the federal courts. This resulted in the reallocation of funding from the Federal Magistrates Court of Australia to the Family Court of Australia and the Federal Court of Australia from 1 January 2010.

The restructure has been delayed. The government is considering the implications of the High Court’s decision in *Lane v Morrison* for the proposed restructure of the Federal Court, and the formulation of proposals for an appropriate jurisdiction to determine military justice matters, including the involvement of Chapter III courts.

Funding that was transferred from the Federal Magistrates Court to the Federal Court and the Family Court will be invoiced back by the Federal Magistrates Court for the period 1 January 2010 to 30 June 2010.

### 1.2 AGENCY RESOURCE STATEMENT

The agency resource statement details the resourcing for the Federal Court at Additional Estimates. Table 1.1 outlines the total resourcing available from all sources for the 2009–10 Budget year, including variations through Appropriation Bill No. 3.

**Table 1.1: Agency resource statement—additional estimates for 2009–10 as at Additional Estimates, November 2009**

	Estimate as at Budget 2009–10 (\$'000)	+ Proposed Additional Estimates 2009–10 (\$'000)	= Total estimate at Additional Estimates 2009–10 (\$'000)	Total available appropriation 2008–09 (\$'000)
<b>ORDINARY ANNUAL SERVICES<sup>1</sup></b>				
<b>Departmental appropriation</b>				
Prior year departmental appropriation	30,641	–	30,641	32,092
Departmental appropriation	84,040	627	84,667	78,206
Section 31 relevant agency receipts	5,673	–	5,673	10,775
<b>Total</b>	<b>120,354</b>	<b>627</b>	<b>120,981</b>	<b>121,073</b>
<b>Total ordinary annual services A</b>	<b>120,354</b>	<b>627</b>	<b>120,981</b>	<b>121,073</b>
<b>OTHER SERVICES</b>				
<b>Departmental non-operating</b>				
Equity injections	2,155	–	2,155	2,342
<b>Total</b>	<b>2,155</b>	<b>–</b>	<b>2,155</b>	<b>2,342</b>
<b>Total available annual appropriations</b>	<b>122,509</b>	<b>627</b>	<b>123,136</b>	<b>123,415</b>
<b>Total net resourcing for agency</b>	<b>122,509</b>	<b>627</b>	<b>123,136</b>	<b>123,415</b>

All figures are GST exclusive.

1. Appropriation Bill (Nos 1 & 3) 2009–10.

### 1.3 AGENCY MEASURES SINCE BUDGET

Table 1.2 summarises new government measures taken since the 2009–10 Budget.

**Table 1.2: Agency measures since Budget**

	Program	2009–10 (\$'000)	2010–11 (\$'000)	2011–12 (\$'000)	2012–13 (\$'000)
<b>EXPENSE MEASURES</b>					
<b>Norfolk Island governance reform<sup>1</sup></b>	1.1				
Departmental expenses		31	31	31	31
<b>Federal court of Australia—reduction in the number of judicial officers</b>	1.1				
Departmental expenses			(1,033)	(1,504)	(1,515)
<b>Total expense measures</b>		<b>31</b>	<b>(1,002)</b>	<b>(1,473)</b>	<b>(1,484)</b>

Prepared on a Government Finance Statistics (fiscal) basis.

1. The lead agency for the Norfolk Island governance reform is the Attorney-General's Department. The full measure description and package details appear in the Mid-Year Economic and Fiscal Outlook under the Attorney-General's portfolio.

## 1.4 ADDITIONAL ESTIMATES AND VARIATIONS

The following tables detail the changes to the resourcing for the Federal Court at Additional Estimates by outcome. Table 1.3 details the additional estimates and variations resulting from new measures since the 2009–10 Budget in Appropriation Bill No. 3. Table 1.4 details additional estimates and variations from other adjustments.

**Table 1.3: Additional estimates and variations to outcomes from measures since 2009–10 Budget**

	Program impacted	2009–10 (\$'000)	2010–11 (\$'000)	2011–12 (\$'000)	2012–13 (\$'000)
<b>OUTCOME 1</b>					
<b>Increase in estimates (departmental)</b>					
Norfolk Island governance reform	1.1	31	31	31	31
<b>Decrease in estimates (departmental)</b>					
Federal court of Australia—reduction in the number of judicial officers	1.1	–	(1,033)	(1,504)	(1,515)
<b>Net impact on estimates for Outcome 1 (departmental)</b>		<b>31</b>	<b>(1,002)</b>	<b>(1,473)</b>	<b>(1,484)</b>

**Table 1.4: Additional estimates and variations to outcomes from other adjustments**

	Program impacted	2009–10 (\$'000)	2010–11 (\$'000)	2011–12 (\$'000)	2012–13 (\$'000)
<b>OUTCOME 1</b>					
<b>Increase in estimates (departmental)</b>					
Supplementation for judicial and related offices salary increases (Remuneration Tribunal Determinations 2009/17 and 2009/21)	1.1	596	818	800	792
<b>Decrease in estimates (departmental)</b>					
Changes in wage and price indices	1.1	–	(269)	(473)	(542)
Gershon (ICT) Review Phase 2	1.1	–	(351)	(355)	(358)
<b>Net impact on estimates for Outcome 1 (departmental)</b>		<b>596</b>	<b>198</b>	<b>(28)</b>	<b>(108)</b>

## 1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.5 details the additional estimates sought for the Federal Court through Appropriation Bill No. 3. The Federal Court has no additional estimates through Appropriation Bill No. 4.

**Table 1.5: Appropriation Bill (No. 3) 2009–10**

	2008–09 Available (\$'000) <sup>1</sup>	2009–10 Budget (\$'000)	2009–10 Revised (\$'000)	Additional Estimates (\$'000)	Reduced estimates (\$'000)
<b>DEPARTMENTAL PROGRAMS</b>					
<b>Outcome 1</b>					
Through its jurisdiction, the Court will apply and uphold the rule of law to deliver remedies and enforce rights and in so doing, contribute to the social and economic development and well-being of all Australians	78,206	84,040	84,667	627	–
<b>Total</b>	<b>78,206</b>	<b>84,040</b>	<b>84,667</b>	<b>627</b>	<b>–</b>

1. Available appropriation for 2008–09 is included to allow a comparison of this year's appropriation with what was made available for use in the previous year.

## Section 2: Revisions to agency resources and planned performance

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

There are no changes to the Federal Court's outcome and performance information as reported in the 2009–10 Portfolio Budget Statements.

#### Outcome 1

##### Outcome 1 strategy

There are no changes to the strategy for Outcome 1 as reported in the 2009–10 Portfolio Budget Statements.

##### Budgeted expenses and resources for Outcome 1

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

**Table 2.1: Budgeted expenses and resources for Outcome 1**

<b>Outcome 1: Through its jurisdiction, the Court will apply and uphold the rule of law to deliver remedies and enforce rights and in so doing, contribute to the social and economic development and well-being of all Australians</b>	<b>2008–09 Actual expenses (\$'000)</b>	<b>2009–10 Revised estimated expenses (\$'000)</b>
<b>Program 1.1: Federal Court Business</b>		
Departmental expenses		
Ordinary annual services (Appropriation Bill Nos 1 & 3)	78,206	84,667
Revenues from independent sources (section 31)	10,251	5,673
Expenses not requiring appropriation in the Budget year <sup>1</sup>	17,097	14,955
<b>Total expenses for Outcome 1</b>	<b>105,554</b>	<b>105,295</b>
	<b>2008–09</b>	<b>2009–10</b>
<b>Average staffing level (number)</b>	332	332

1. Includes resources received free of charge and liabilities assumed by other agencies.

### Program 1.1 expenses

<b>(\$'000)</b>	<b>2008–09 Actuals</b>	<b>2009–10 Revised budget</b>	<b>2010–11 Forward year 1</b>	<b>2011–12 Forward year 2</b>	<b>2012–13 Forward year 3</b>
Annual departmental expenses					
Program support	88,457	90,340	91,515	91,463	91,985
Expenses not requiring appropriation in the Budget year	17,097	14,955	15,187	16,782	17,223
<b>Total program expenses</b>	<b>105,154</b>	<b>105,295</b>	<b>106,702</b>	<b>108,245</b>	<b>109,208</b>

## Section 3: Explanatory tables and budgeted financial statements

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Estimates of special account flows

There are no changes to the estimates for the Federal Court's special accounts as reported in the 2009–10 Portfolio Budget Statements.

### 3.2 BUDGETED FINANCIAL STATEMENTS

#### 3.2.1 Analysis of budgeted financial statements

##### Income statement

The Federal Court will receive an additional \$0.596m in 2009–10 due to the increase in judicial remuneration. It will also receive an additional \$0.031m for the changes to the administration of Norfolk Island.

There is a reduction in appropriation in the forward years which is primarily due to the reduction in the number of judicial positions.

### Balance sheet

The Federal Court will make a return in 2009–10 of unused appropriation from prior years. This transaction will reduce the court's appropriation receivable and its equity.

There is an increase in expenditure as a result of the increase in judicial remuneration and a corresponding increase in appropriation to fund the increase in judicial remuneration.

## 3.2.2 Budgeted financial statements tables

### Departmental

**Table 3.2.1: Budgeted departmental comprehensive income statement (showing net cost of services) for the period ended 30 June**

	Actual 2008–09 (\$'000)	Revised budget 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
<b>EXPENSES</b>					
Employee benefits	58,291	57,411	57,911	59,499	59,785
Suppliers	44,154	44,632	44,989	44,918	45,489
Depreciation and amortisation	2,799	3,102	3,652	3,828	3,934
Write-down and impairment of assets	279	150	150	–	–
Finance costs	31	–	–	–	–
<b>Total expenses</b>	<b>105,554</b>	<b>105,295</b>	<b>106,702</b>	<b>108,245</b>	<b>109,208</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	10,251	5,673	1,292	1,587	1,908
<b>Total revenue</b>	<b>10,251</b>	<b>5,673</b>	<b>1,292</b>	<b>1,587</b>	<b>1,908</b>
<b>Gains</b>					
Sale of assets	1	42	43	–	–
Other gains	15,258	14,913	15,144	16,782	17,223
<b>Total gains</b>	<b>15,259</b>	<b>14,955</b>	<b>15,187</b>	<b>16,782</b>	<b>17,223</b>
<b>Total own-source income</b>	<b>25,510</b>	<b>20,628</b>	<b>16,479</b>	<b>18,369</b>	<b>19,131</b>
<b>Net cost of (contribution by) services</b>	<b>(80,044)</b>	<b>(84,667)</b>	<b>(90,223)</b>	<b>(89,876)</b>	<b>(90,077)</b>
Appropriation revenue	78,206	84,667	90,223	89,876	90,077
<b>Surplus (deficit)</b>	<b>(1,838)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(1,838)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

Prepared on Australian Accounting Standards basis.

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

	Actual 2008–09 (\$'000)	Revised budget 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1,435	1,435	1,435	1,435	1,435
Trade and other receivables	32,308	30,060	30,088	30,088	30,088
Other	–	–	–	–	455
<b>Total financial assets</b>	<b>33,743</b>	<b>31,495</b>	<b>31,523</b>	<b>31,523</b>	<b>31,978</b>
<b>Non-financial assets</b>					
Land and buildings	7,948	8,568	8,540	9,796	10,095
Infrastructure, plant and equipment	9,269	10,061	10,061	8,805	8,309
Intangibles	1,534	1,759	1,759	1,759	2,197
Other	1,406	1,390	1,390	1,390	1,390
<b>Total non-financial assets</b>	<b>20,157</b>	<b>21,778</b>	<b>21,750</b>	<b>21,750</b>	<b>21,991</b>
<b>Total assets</b>	<b>53,900</b>	<b>53,273</b>	<b>53,273</b>	<b>53,273</b>	<b>53,969</b>
<b>LIABILITIES</b>					
<b>Interest-bearing liabilities</b>					
Leases	243	243	243	243	243
<b>Total interest-bearing liabilities</b>	<b>243</b>	<b>243</b>	<b>243</b>	<b>243</b>	<b>243</b>
<b>Provisions</b>					
Employees	16,856	17,281	17,281	17,281	17,977
<b>Total provisions</b>	<b>16,856</b>	<b>17,281</b>	<b>17,281</b>	<b>17,281</b>	<b>17,977</b>
<b>Payables</b>					
Suppliers	1,985	1,980	1,980	1,980	1,980
<b>Total payables</b>	<b>1,985</b>	<b>1,980</b>	<b>1,980</b>	<b>1,980</b>	<b>1,980</b>
<b>Total liabilities</b>	<b>19,084</b>	<b>19,504</b>	<b>19,504</b>	<b>19,504</b>	<b>20,200</b>
<b>Net assets</b>	<b>34,816</b>	<b>33,769</b>	<b>33,769</b>	<b>33,769</b>	<b>33,769</b>
<b>EQUITY</b>					
<b>Parent entity interest</b>					
Contributed equity	9,719	9,719	9,719	9,719	9,719
Reserves	1,289	1,289	1,289	1,289	1,289
Retained surpluses or accumulated deficits	23,808	22,761	22,761	22,761	22,761
<b>Total parent entity interest</b>	<b>34,816</b>	<b>33,769</b>	<b>33,769</b>	<b>33,769</b>	<b>33,769</b>
<b>Total equity</b>	<b>34,816</b>	<b>33,769</b>	<b>33,769</b>	<b>33,769</b>	<b>33,769</b>
<b>Current assets</b>	<b>35,149</b>	<b>32,885</b>	<b>32,913</b>	<b>32,913</b>	<b>33,368</b>
<b>Non-current assets</b>	<b>18,751</b>	<b>20,388</b>	<b>20,360</b>	<b>20,360</b>	<b>20,601</b>
<b>Current liabilities</b>	<b>17,029</b>	<b>17,449</b>	<b>17,449</b>	<b>17,449</b>	<b>18,071</b>
<b>Non-current liabilities</b>	<b>2,055</b>	<b>2,055</b>	<b>2,055</b>	<b>2,055</b>	<b>2,129</b>

Prepared on Australian Accounting Standards basis.

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

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

	Actual 2008–09 (\$'000)	Revised budget 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	10,753	3,245	1,292	1,587	1,907
Appropriations	77,762	85,714	90,195	89,876	90,077
Refunds credited	31	–	–	–	–
<b>Total cash received</b>	<b>88,546</b>	<b>88,959</b>	<b>91,487</b>	<b>91,463</b>	<b>91,984</b>
<b>Cash used</b>					
Employees	49,598	44,371	47,346	48,934	49,362
Suppliers	37,543	38,652	39,189	38,453	38,688
Borrowing costs	31	–	–	–	–
Net GST paid	15	–	–	–	–
Cash to Official Public Account	–	1,047	–	–	–
<b>Total cash used</b>	<b>87,187</b>	<b>84,070</b>	<b>86,535</b>	<b>87,387</b>	<b>88,050</b>
<b>Net cash from (used by) operating activities</b>	<b>1,359</b>	<b>4,889</b>	<b>4,952</b>	<b>4,076</b>	<b>3,934</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	22	–	94	–	–
<b>Total cash received</b>	<b>22</b>	<b>–</b>	<b>94</b>	<b>–</b>	<b>–</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	3,074	4,889	5,046	4,076	3,934
<b>Total cash used</b>	<b>3,074</b>	<b>4,889</b>	<b>5,046</b>	<b>4,076</b>	<b>3,934</b>
<b>Net cash from (used by) investing activities</b>	<b>(3,052)</b>	<b>(4,889)</b>	<b>(4,952)</b>	<b>(4,076)</b>	<b>(3,934)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations—contributed equity	187	–	–	–	–
<b>Total cash received</b>	<b>187</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Cash used</b>					
Payment of lease liabilities	389	–	–	–	–
<b>Total cash used</b>	<b>389</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Net cash from (used by) financing activities</b>	<b>(202)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Net increase (decrease) in cash held</b>	<b>(1,895)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Cash at the beginning of the reporting period	3,330	1,435	1,435	1,435	1,435
<b>Cash at the end of the reporting period</b>	<b>1,435</b>	<b>1,435</b>	<b>1,435</b>	<b>1,435</b>	<b>1,435</b>

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)	Asset revaluation reserve (\$'000)	Contributed equity/capital (\$'000)	Total equity (\$'000)
<b>Opening balance as at 1 July 2009</b>				
Balance carried forward from previous period	23,808	1,289	9,719	34,816
<b>Income and expenses</b>				
Surplus (deficit) for the period	–	–	–	–
<b>Total income and expenses</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Transactions with owners</b>				
Distribution to owners				
Return of unused appropriation	(1,047)	–	–	(1,047)
<b>Sub-total transactions with owners</b>	<b>(1,047)</b>	<b>–</b>	<b>–</b>	<b>(1,047)</b>
<b>Estimated closing balance as at 30 June 2010</b>	<b>22,761</b>	<b>1,289</b>	<b>9,719</b>	<b>33,769</b>

Prepared on Australian Accounting Standards basis.

### Administered

There are no changes to the Federal Court's administered schedules as reported in the 2009–10 Portfolio Budget Statements.

## 3.2.3 Notes to the financial statements

### Basis of accounting

The budgeted financial statements have been prepared on an accrual basis, in accordance with historical cost convention and consistent with Australian Accounting Standards.

### Revenue from government

Amounts appropriated for the Federal Court's programs for the year are recognised as revenue. Appropriations receivable are recognised at their nominal amounts.

### Employee expenses and benefits

Employee expenses and benefits consist of salaries, leave entitlements, redundancy expenses and superannuation. Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

### **Supplier expenses**

Supplier expenses consist of ordinary operating costs (accommodation and utilities), administrative costs, consultant and contract costs, and travel expenses.

### **Assets and liabilities**

Assets are recognised in the court's balance sheet when it is probable that future economic benefits will flow and the amounts of the assets can be reliably measured.

Liabilities are recognised in the court's balance sheet when it is probable that the future obligation will be incurred and the amounts of the liabilities can be reliably measured.

### **Cash and cash equivalents**

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

### **Transactions with the government as owner**

Amounts appropriated which are designated as 'equity injections' for a particular year are recognised directly in contributed equity in that year.