

# FEDERAL COURT OF AUSTRALIA

## Section 1: Overview, variations and measures

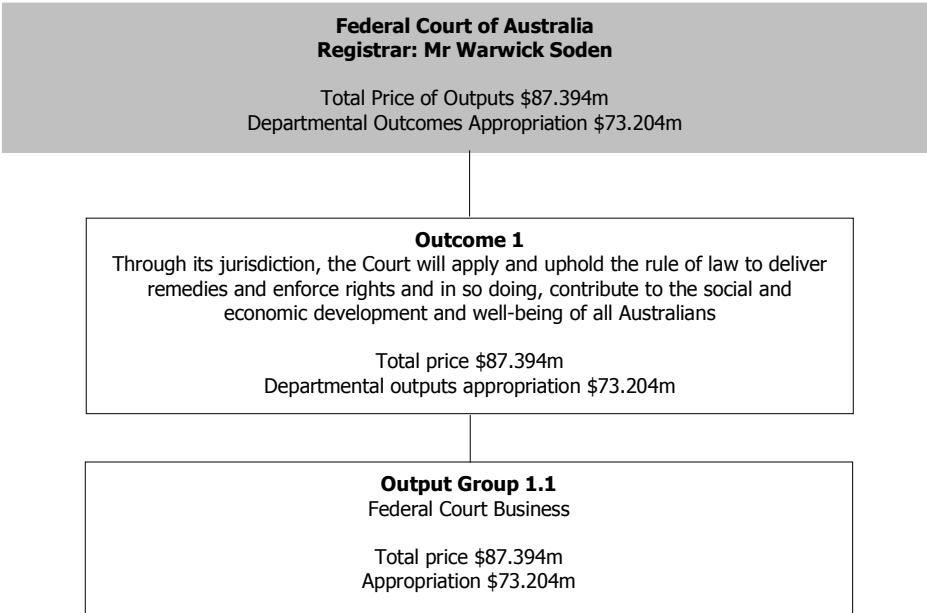
### OVERVIEW

The Federal Court of Australia is a superior court of record and a court of law and equity. It sits in all capital cities and elsewhere in Australia from time to time.

The Court has jurisdiction to hear and determine any civil matter arising under laws made by the Federal Parliament, as well as any matter arising under the Constitution or involving its interpretation. The Court also has original jurisdiction in respect of specific subject matter conferred by over 150 statutes of the Federal Parliament.

The Court has a substantial and diverse appellate jurisdiction. It hears appeals from decisions of single judges of the Court, decisions of the Federal Magistrates Court in non-family law matters, decisions of the Supreme Court of Norfolk Island and certain decisions of state and territory supreme courts exercising federal jurisdiction.

### Outcomes and Outputs Map



## ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

Additional appropriations have been allocated for estimates variations through Additional Estimates. Details of these additional appropriations and their impact on the achievement of the agency's outcomes and outputs are provided below:

- supplementation of \$3.305m for increases in the costs of leasing court premises with the government agreement to move to a commercial leasing arrangement for tenants of the Commonwealth Law Court buildings
- supplementation for 2004-05 of \$0.563m for judge remuneration increases in 2004-05, determined by the Remuneration Tribunal, as well as removing estimated remuneration increases previously included in forward year estimates
- reduction of \$0.044m in Comcover insurance premium supplementation provided in the 2004-05 Budget
- part year supplementation for 2004-05 of \$0.645m for property operating expenses for the new Adelaide Law Courts building, as well as full supplementation in the forward years. Capital funding of \$1.908m has also been provided in 2004-05 for the purchase of building, plant and telecommunications equipment, and
- provisional estimates have been included in the forward years for the lapsing native title resourcing measure.

### Other variations to appropriations

	2004-05	2005-06	2006-07	2007-08
	\$'000	\$'000	\$'000	\$'000
<b>Outcome 1</b>				
Variations in departmental appropriations				
Law Court's Building Commercial Leasing	3,305	3,197	3,197	3,197
Comcover Clawback	(44)			
Judges remuneration supplementation	563	59	(464)	(464)
Adelaide building property operating costs	645	4,117	4,015	4,015
Provision native title lapsing programme		3,015	3,056	3,095
<b>Total</b>	<b>4,469</b>	<b>10,388</b>	<b>9,804</b>	<b>9,843</b>

**BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL****Table 1.2: Appropriation Bill (No 3) 2004–05**

	2003–04 Available \$'000	2004–05 Budget \$'000	2004–05 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
<b>DEPARTMENTAL OUTPUTS</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	67,278	68,735	73,204	4,469	-
<b>Total</b>	<b>67,278</b>	<b>68,735</b>	<b>73,204</b>	<b>4,469</b>	<b>-</b>

**Table 1.3: Appropriation Bill (No 4) 2004–05**

	2003–04 Available \$'000	2004–05 Budget \$'000	2004–05 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
<b>Non-operating</b>					
Equity injections	50	-	-	1,908	-
<b>Total</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>1,908</b>	<b>-</b>

**SUMMARY OF STAFFING CHANGES****Table 1.4: Average Staffing Level (ASL)**

	2004–05 Budget	2004–05 Revised	Variation
<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	319	327	8
<b>Total</b>	<b>319</b>	<b>327</b>	<b>8</b>

**VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED (SECTION 31) RECEIPTS**

Receipts from independent sources has increased due to additional revenue being provided by the Federal Magistrates Court to pay for registry services provided by the Federal Court in managing the Federal Magistrates Court's migration workload.

The Court has also received revenue from AusAid to undertake judicial training and court administration assistance to South Pacific and South East Asian nations.

**Table 1.5: Changes to Net Annotated Appropriations (Section 31) Receipts**

	Total Approp 2004-05 Budget \$'000	Total Approp 2004-05 Revised \$'000	Receipts from Independent Sources Budget \$'000	Receipts from Independent Sources Revised \$'000	Variation in Non-govt Revenue \$'000
<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	68,735	73,204	830	1,709	879
<b>Total</b>	<b>68,735</b>	<b>73,204</b>	<b>830</b>	<b>1,709</b>	<b>879</b>

## REVENUE FROM INDEPENDENT SOURCES

**Table 1.6: Revenue from independent sources**

	Budget Estimate 2004-05 \$'000	Revised Estimate 2004-05 \$'000
<b>DEPARTMENTAL REVENUE</b>		
Departmental section 31 receipts	13,370	14,190
<b>Total non-appropriation departmental revenue</b>	<b>13,370</b>	<b>14,190</b>

## ESTIMATED SPECIAL ACCOUNT FLOWS

**Table 1.8: Estimated special account flows**

	Balance 2004-05 <sup>(1)</sup> 2003-04 <sup>(1)</sup>	Receipts 2004-05 <sup>(2)</sup> 2003-04 <sup>(2)</sup>	Payments 2004-05 2003-04	Adjustments 2004-05 2003-04	Balance 2004-05 2003-04
	\$'000	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys - s20 FMA Act (A) 3	54 101	52 80	62 127	0 0	44 54
Services on behalf of other governments and non-public bodies - s20 FMA Act (A) 4	10 13	0 19	10 22	0 0	0 10
<b>Total Special Accounts</b>	<b>64</b> 114	<b>52</b> 99	<b>72</b> 149	<b>0</b> 0	<b>44</b> 64

D = Departmental A= Administered

**Acts Glossary:**

FMA Act = *Financial Management and Accountability Act 1997*

**Notes**

- Note 1. The revised Opening Balance for 2004-05 is the same as the final actual closing balance for 2003-04. This balance may have changed from that shown in the 2004-05 Portfolio Budget Statements as the actual for 2003-04 will have been updated to reflect the final budget outcome.
- Note 2. Receipts from appropriations and other sources are further specified in the Total Resources for Outcome table.
- Note 3. Other Trust Moneys consist of private funds held by the Commonwealth pending direction from the Court.
- Note 4. Services for other Government and non-agency bodies relate to the Comcare Trust Account where moneys held in trust and advanced to the Federal Court by Comcare for the purpose of distributing compensation payments made in accordance with the *Safety Rehabilitation and Compensation Act 1988*.

## Section 2: Revisions to outcomes and outputs

### OUTCOMES AND OUTPUT GROUPS

There are no changes to the performance information for the Federal Court of Australia's outcome and outputs arising from Additional Estimates, variations and measures.

## Section 3: Budgeted financial statements

Revisions to the budgeted departmental financial statements for the department since the 2004-05 Portfolio Budget Statements are presented in this section.

## **ANALYSIS OF BUDGETED FINANCIAL STATEMENTS**

### **Departmental**

#### **Statement of Financial Performance**

The Court is budgeting for a \$0.802m surplus in 2004-05. The surplus has occurred as part of the \$4.469m increase in the Court's appropriation for additional estimates will not be fully expensed in 2004-05.

#### **Statement of Financial Position**

The Court's budgeted net asset position of \$30.503m has increased by \$1.475m from the 2004-05 Budget due to the capital injection for the new Adelaide Law Courts building, the operating surplus and revaluation of the Court's non-current assets.

#### **Statement of Cash Flows**

The Court is estimating a net cash deficit of \$1.117m in 2004-05. Funds will be drawn from the Court's appropriation receivable held in the official public account.

#### **Departmental Capital Budget Statement**

The Court's capital budget for 2004-05 has increased with the additional \$1.908m capital injection provided at Additional Estimates 2004-05. Overall the Court has revised its forward capital budget plan with the result that the Court's internally funded capital acquisition program has increased. The Court is increasing its capital expenditure in the forward years for the implementation of the Court's eCourt strategy and for additional non-financial asset purchases as part of the refurbishment of the Sydney Law Court's building and the new Adelaide Commonwealth Law Courts.

**Table 3.1: Budgeted Departmental Statement of Financial Performance for the period ended 30 June**

	Actual 2003-04	Revised Budget 2004-05	Forward Estimate 2005-06	Forward Estimate 2006-07	Forward Estimate 2007-08
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>REVENUE</b>					
<b>Revenues from ordinary activities</b>					
Revenue from government	67,278	73,204	78,243	79,076	79,869
Goods and services	1,627	1,709	884	891	909
Interest	470	380	350	300	320
Revenue from sale of assets	-	47	63	85	87
Other revenues	11,776	12,054	12,166	12,280	12,397
<b>Revenues from ordinary activities</b>	<b>81,151</b>	<b>87,394</b>	<b>91,706</b>	<b>92,632</b>	<b>93,581</b>
<b>EXPENSE</b>					
<b>Expenses from ordinary activities (Excluding borrowing costs expense)</b>					
Employees	42,759	43,293	44,560	44,970	44,894
Suppliers	34,779	40,964	44,587	45,288	45,801
Depreciation and amortisation	1,894	2,258	2,178	2,324	2,836
Write-down of assets	2	-	-	-	-
Value of assets sold	-	77	381	50	50
<b>Expenses from ordinary activities (Excluding borrowing costs expense)</b>	<b>79,434</b>	<b>86,592</b>	<b>91,706</b>	<b>92,632</b>	<b>93,581</b>
<b>Operating surplus from ordinary activities</b>	<b>1,717</b>	<b>802</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net surplus attributable to the Australian Government</b>	<b>1,717</b>	<b>802</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net credit (debit) to asset revaluation reserve	-	448	-	-	-
Adjustments arising from standards recognised as direct credit to equity	-	(2,293)	-	-	-
<b>Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity</b>	<b>-</b>	<b>(1,845)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	<b>-</b>	<b>(1,043)</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 3.2: Budget Departmental Statement of Financial Position as at 30 June

	Actual 2003–04	Revised Budget 2004–05	Forward Estimate 2005–06	Forward Estimate 2006–07	Forward Estimate 2007–08
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	2,117	1,000	1,000	1,000	1,000
Receivables	13,079	12,830	12,891	12,382	11,782
<b>Total financial assets</b>	<b>15,196</b>	<b>13,830</b>	<b>13,891</b>	<b>13,382</b>	<b>12,782</b>
<b>Non-financial assets</b>					
Land and buildings	3,215	5,407	4,822	5,061	4,799
Infrastructure, plant and equipment	10,187	7,585	8,335	9,293	10,046
Intangibles	679	603	529	420	367
Other non-financial assets	16,090	18,210	18,447	18,639	18,897
<b>Total non-financial assets</b>	<b>30,171</b>	<b>31,805</b>	<b>32,133</b>	<b>33,413</b>	<b>34,109</b>
<b>Total assets</b>	<b>45,367</b>	<b>45,635</b>	<b>46,024</b>	<b>46,796</b>	<b>46,891</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Leases	343	139	-	-	-
<b>Total interest bearing liabilities</b>	<b>343</b>	<b>139</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Provisions</b>					
Employees	15,194	14,803	15,325	16,092	16,182
<b>Total provisions</b>	<b>15,194</b>	<b>14,803</b>	<b>15,325</b>	<b>16,092</b>	<b>16,182</b>
<b>Payables</b>					
Suppliers	186	191	196	201	206
<b>Total payables</b>	<b>186</b>	<b>191</b>	<b>196</b>	<b>201</b>	<b>206</b>
<b>Total liabilities</b>	<b>15,723</b>	<b>15,132</b>	<b>15,521</b>	<b>16,293</b>	<b>16,388</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	4,635	6,542	6,542	6,542	6,542
Reserves	1,245	1,693	1,693	1,693	1,693
Retained surpluses or accumulated deficits	23,764	22,267	22,267	22,267	22,267
<b>Total parent entity interest</b>	<b>29,644</b>	<b>30,503</b>	<b>30,503</b>	<b>30,503</b>	<b>30,503</b>
<b>Total equity</b>	<b>29,644</b>	<b>30,503</b>	<b>30,503</b>	<b>30,503</b>	<b>30,503</b>
<b>TOTAL ASSETS AND LIABILITIES BY MATURITY</b>					
<b>Current assets</b>	<b>25,780</b>	<b>26,517</b>	<b>26,665</b>	<b>26,249</b>	<b>25,786</b>
<b>Non-current assets</b>	<b>19,587</b>	<b>19,118</b>	<b>19,359</b>	<b>20,547</b>	<b>21,104</b>
<b>Current liabilities</b>	<b>4,612</b>	<b>3,618</b>	<b>3,698</b>	<b>4,004</b>	<b>3,614</b>
<b>Non-current liabilities</b>	<b>11,111</b>	<b>11,514</b>	<b>11,824</b>	<b>12,289</b>	<b>12,774</b>

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

**Table 3.3: Budgeted Departmental Statement of Cash Flows for the period ended 30 June**

	Actual 2003-04	Revised Budget 2004-05	Forward Estimate 2005-06	Forward Estimate 2006-07	Forward Estimate 2007-08
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	1,555	1,709	884	891	909
Appropriations	67,900	75,112	78,243	79,076	79,869
Other	2,774	-	-	-	-
<b>Total cash received</b>	<b>72,229</b>	<b>76,821</b>	<b>79,127</b>	<b>79,967</b>	<b>80,778</b>
<b>Cash used</b>					
Employees	35,669	37,228	37,581	37,746	38,348
Suppliers	29,694	37,316	38,907	39,361	39,802
Other	2,876	-	-	-	-
<b>Total cash used</b>	<b>68,239</b>	<b>74,544</b>	<b>76,488</b>	<b>77,107</b>	<b>78,150</b>
<b>Net cash from operating activities</b>	<b>3,990</b>	<b>2,277</b>	<b>2,639</b>	<b>2,860</b>	<b>2,627</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	3	47	63	85	87
Investments (section 39 FMA Act; section 18 CAC Act; section 19 CAC Act)	317	257	-	517	609
<b>Total cash received</b>	<b>320</b>	<b>304</b>	<b>63</b>	<b>602</b>	<b>696</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	4,120	3,698	2,651	3,462	3,323
Investments (section 39 FMA Act; section 18 CAC Act; section 19 CAC Act)	-	-	51	-	-
<b>Total cash used</b>	<b>4,120</b>	<b>3,698</b>	<b>2,702</b>	<b>3,462</b>	<b>3,323</b>
<b>Net cash used by investing activities</b>	<b>(3,800)</b>	<b>(3,394)</b>	<b>(2,639)</b>	<b>(2,860)</b>	<b>(2,627)</b>
<b>Net increase or (decrease) in cash held</b>	<b>190</b>	<b>(1,117)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	1,927	2,117	1,000	1,000	1,000
<b>Cash at the end of the reporting period</b>	<b>2,117</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>

**Table 3.4: Departmental Capital Budget Statement for the period ended 30 June**

	Actual 2003-04	Revised Budget 2004-05	Forward Estimate 2005-06	Forward Estimate 2006-07	Forward Estimate 2007-08
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	50	1,908	-	-	-
<b>Represented by</b>					
Purchase of non-current assets	-	1,908	-	-	-
Other	50	-	-	-	-
<b>Total</b>	<b>50</b>	<b>1,908</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PURCHASE OF NON CURRENT ASSETS</b>					
Funded by capital appropriation	-	1,908	-	-	-
Funded internally by Departmental resources	-	1,790	2,651	3,462	3,323
<b>Total</b>	<b>-</b>	<b>3,698</b>	<b>2,651</b>	<b>3,462</b>	<b>3,323</b>

**Table 3.5: Departmental Non-Financial Assets — Summary of Movement (Budget year 2004-05)**

	Buildings	Other Infrastructure, Plant and Equipment	Computer Software	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	3,215	10,181	679	14,075
Additions	2,002	1,445	250	3,697
Disposals	-	(76)	-	(76)
Net Revaluation increment or (decrement)	916	(2,760)	-	(1,844)
Depreciation/amortisation expense	(726)	(1,205)	(326)	(2,257)
Carrying amount at the end of year	5,407	7,585	603	13,595
<b>Total additions</b>				
Self funded	200	1,340	250	1,790
Appropriations	1,802	105	-	1,907
<b>Total</b>	<b>2,002</b>	<b>1,445</b>	<b>250</b>	<b>3,697</b>

**Table 3.6: Schedule of Budgeted Revenues and Expenses Administered on behalf of Government for the period ended 30 June**

	Actual 2003–04	Revised Budget 2004–05	Forward Estimate 2005–06	Forward Estimate 2006–07	Forward Estimate 2007–08
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>REVENUES</b>					
<b>Taxation</b>					
Other taxes, fees and fines	5,009	5,129	5,252	5,378	5,507
<b>Total taxation</b>	<b>5,009</b>	<b>5,129</b>	<b>5,252</b>	<b>5,378</b>	<b>5,507</b>
<b>Non-taxation (revenues from government)</b>					
Other sources of non-taxation revenues	144	147	151	155	158
<b>Total non-taxation</b>	<b>144</b>	<b>147</b>	<b>151</b>	<b>155</b>	<b>158</b>
<b>Total revenues administered on behalf of government</b>	<b>5,153</b>	<b>5,277</b>	<b>5,403</b>	<b>5,533</b>	<b>5,666</b>
<b>EXPENSES</b>					
Other	93	95	98	100	102
<b>Total expenses administered on behalf of the government</b>	<b>93</b>	<b>95</b>	<b>98</b>	<b>100</b>	<b>102</b>

**Table 3.7: Schedule of Budgeted Assets and Liabilities Administered on behalf of Government as at 30 June**

	Actual 2003–04	Revised Budget 2004–05	Forward Estimate 2005–06	Forward Estimate 2006–07	Forward Estimate 2007–08
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	38	38	38	38	38
Receivables	123	123	123	123	123
<b>Total financial assets</b>	<b>161</b>	<b>161</b>	<b>161</b>	<b>161</b>	<b>161</b>
<b>Total assets administered on behalf of Government</b>	<b>161</b>	<b>161</b>	<b>161</b>	<b>161</b>	<b>161</b>
<b>TOTAL ASSETS AND LIABILITIES</b>					
<b>Current assets</b>	<b>161</b>	<b>161</b>	<b>161</b>	<b>161</b>	<b>161</b>
<b>Non-current assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 3.8: Schedule of Budgeted Administered Cash Flows for the period ended 30 June**

	Estimated Actual 2003-04 \$'000	Budget Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Other taxes, fees and fines	4,934	5,052	5,174	5,298	5,425
Cash from Official Public Account - Other	209	214	219	224	230
<b>Total cash received</b>	<b>5,143</b>	<b>5,266</b>	<b>5,393</b>	<b>5,522</b>	<b>5,655</b>
<b>Cash used</b>					
Cash to Official Public Account - Other	5,073	5,205	5,330	5,458	5,589
Other	61	61	63	64	66
<b>Total cash used</b>	<b>5,134</b>	<b>5,266</b>	<b>5,393</b>	<b>5,522</b>	<b>5,655</b>
<b>Net cash from operating activities</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash held</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at beginning of reporting period	29	38	38	38	38
<b>Cash at end of reporting period</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Basis of accounting**

The agency budget statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

### **Departmental Financial Statements and Administered Items**

Under the Commonwealth's accrual budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (Departmental transactions) are separately budgeted for and reported on from transactions agencies do not have control over (Administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control. Differences are:

- Departmental items are those assets, liabilities, revenues and expenses in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services, and
- Administered items are revenues, expenses, assets and liabilities that are managed by an agency or authority on behalf of the Government according to set Government directions. Administered expenses include subsidies, grants and personal benefit payments and Administered revenues include taxes, fees, fines and excises.

### **Appropriations in the accrual budgeting framework**

Under the Commonwealth's accrual budgeting framework, separate annual appropriations are provided for:

- Departmental price of outputs appropriations – representing the Government's purchase of outputs from agencies
- Departmental capital appropriations – for investments by the Government for either additional equity or loans in agencies
- Administered expense appropriations – for the estimated Administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the states, and
- Administered capital appropriations – for increases in Administered equity through funding non-expense Administered payments.

Special appropriations fund the majority of payments from the Consolidated Revenue Fund (especially those that are entitlement driven or involve transfers to State governments).

### **Resources provided free of charge**

The Court provides resources free of charge to the Federal Magistrates Court in accordance with sections 90, 92 and 99 of the *Federal Magistrates Act 1999*. Resources provided free of charge include:

- work performed by Court staff on behalf of the Federal Magistrates Court, and
- accommodation, including access to the courtrooms.

### **Asset valuation**

From 1 July 2004 Commonwealth agencies and authorities are required to use either the cost basis or the fair value basis to measure Property, Plant and Equipment. Fair value essentially reflects the current market value of an asset.