

INSOLVENCY AND TRUSTEE SERVICE AUSTRALIA

Section 1: Overview, appropriations and budget measures summary

OVERVIEW

Insolvency and Trustee Service Australia's (ITSA) purpose is to provide a personal insolvency system that produces equitable outcomes for debtors and creditors, enjoys public confidence and minimises the impact of financial failure on the community.

ITSA's role is to:

- operate the bankruptcy registry, where debtors petitions are lodged, debt agreement proposals are processed and public records on insolvency are maintained
- exercise Official Receiver powers to assist trustees to obtain information and recover property
- investigate possible offences under the *Bankruptcy Act 1966* and prepare briefs of evidence for prosecution
- provide information about bankruptcy and its alternatives
- regulate the administrations and activity of trustees (including the Official Trustee) and debt agreement administrators, and license private trustees
- administer, as the Official Trustee, personal bankruptcies and Part IX debt agreements and Part X arrangements when private bankruptcy trustees or other administrators are not appointed
- advise Government on appropriate legislative reform to the Bankruptcy Act and related legislation, and
- act as a special trustee for Government agencies, pursuant to court orders, particularly by locating, controlling and selling property under the *Proceeds of Crime Act 1987*, *Proceeds of Crime Act 2002* and *Customs Act 1901*.

APPROPRIATIONS AND RESOURCING

The total appropriation for ITSA in the 2004-05 Budget is \$29.297m. Table 1.1 shows the total appropriations for ITSA for 2004-05 and other revenue by outcome.

ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

In 2004-2005, ITSA does not have an appropriation for equity injections or loans or an appropriation for administered capital.

INSOLVENCY AND TRUSTEE SERVICE AUSTRALIA — APPROPRIATIONS 2004–05

Table 1.1: Appropriations and other revenue (\$'000)

Outcome	Departmental (price of outputs)					Administered				Total appropriations
	Revenue from Government (appropriations)			Revenue from other sources	Price of outputs	Annual appropriations		Special appropriations	Total administered appropriations	
	Bill No 1 (A)	Special approps (B)	Total (C = A+B)	(D)	(E = C+D)	Bill No 1 (F)	Bill No 2 (SPPs & NAOs) (G)	(H)	(I = F+G+H)	(J=C+I)
Outcome 1 – A personal insolvency system that produces equitable outcomes for debtors and creditors, enjoys public confidence and minimises the impact of financial failure on the community	29,297	-	29,297 97%	916	30,213	-	-	-	-	29,297
Total	29,297	-	29,297	916	30,213	-	-	-	-	29,297
Departmental capital (equity injections, loans and previous years' outputs)										-
Administered assets and liabilities										-
Total appropriations										29,297

1. Columns C, E and I refer to information provided in Total Resources for Outcome tables.
2. Under the appropriation structure, Bill No 2 includes Specific Purpose Payments (SPPs), New Agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans.
3. Refer to Budgeted Statement of Financial Performance for application of agency revenue.
4. Revenue from other sources includes sales of goods and services. Non-appropriated departmental and administered revenues detailed in Table 1.3.

Note

Percentage figures indicate the percentage contribution of Revenue from Government (Departmental Appropriations) to the Total Price of Outputs.

REVENUE FROM INDEPENDENT SOURCES

Table 1.3: Revenue from independent sources

	Estimated Revenue 2003–04 \$'000	Estimated Revenue 2004–05 \$'000
DEPARTMENTAL REVENUE		
Sales of goods and services	558	648
Resources received free of charge	123	123
Other revenue	140	145
Total Estimated Departmental Revenue	821	916
ADMINISTERED REVENUE		
Other sources of non-tax revenue	20,772	17,372
Total Estimated Administered Revenue	20,772	17,372

Notes

Revenue from independent sources include:

- Departmental – sale of bankruptcy information from the National Personal Insolvency Index and the recovery of fees and disbursements in successful legal proceedings. All revenue from sales of goods and services and 97% of other revenue are due to cost recovery arrangements, and
- Administered – fees and charges levied in accordance with the *Bankruptcy Act 1966* (e.g. with respect to the administration of receipts) and fees received for work done mainly *under the Proceeds of Crime Act 1987 and Proceeds of Crime Act 2002*.

SPECIAL ACCOUNTS

Table 1.6: Estimates of special account flows and balances

Special Accounts	Estimate – 2004–05, Heavy Figures				
	Opening Balance	Receipts	Payments	Adjustments	Closing Balance
	2004–05	2004–05	2004–05	2004–05	2004–05
	2003–04	2003–04	2003–04	2003–04	2003–04
	\$'000	\$'000	\$'000	\$'000	\$'000
Common Investment Fund Equalization Account - s20G <i>Bankruptcy Act 1966</i> (A) ¹	47 67	550 660	550 680	- -	47 47
Confiscated Assets Special Account - s34A <i>Proceeds of Crime Act 1987</i> (A) ²	10 65	4,000 4,500	4,000 4,555	- -	10 10
Confiscated Assets Account – s295 <i>Proceeds of Crime Act 2002</i> (A) ³	2,069 169	10,000 2,500	5,000 600	- -	7,069 2,069
Total Special Accounts	2,126 301	14,550 7,660	9,550 5,835	- -	7,126 2,126

D = Departmental A = Administered

Notes

- Note 1. The Common Investment Fund Equalization Account contains interest earned on the Common Investment Fund (moneys received by the Official Trustee when administering bankrupt estates) and is transferred to Consolidated Revenue on a monthly basis.
- Note 2. The Confiscated Assets Special Account contains the proceeds of the sale of assets confiscated under the *Proceeds of Crime Act 1987*. A determination is made annually to transfer these funds to the Commonwealth.
- Note 3. The Confiscated Assets Account contains the proceeds of the sale of assets confiscated under the *Proceeds of Crime Act 2002*. The Minister may approve these funds to be expended on measures for crime prevention, law enforcement and drug related programs.

SPECIAL PUBLIC MONEY

Table 1.7: Estimates of special public money flows and balances

Estimated Special Public Money Flows & Balances	Estimate - 2004–05, Heavy Figures			
	Actual - 2003–04, Light figures			
	Opening Balance	Receipts	Payments	Closing Balance
	2004–05	2004–05	2004–05	2004–05
	2003–04	2003–04	2003–04	2003–04
	\$'000	\$'000	\$'000	\$'000
Comcare Trust Account – <i>Safety Rehabilitation and Compensation Act 1998</i> ¹	-	10	10	-
	-	2	2	-
Common Investment Fund Account – <i>Bankruptcy Act 1966</i> ²	16,286	33,860	31,581	18,565
	11,924	41,000	36,638	16,286
Other Trust Moneys ³	213	45	32	226
	189	56	32	213
Total	16,499	33,915	31,623	18,791
	12,113	41,058	36,672	16,499

Note

Note 1. The Comcare Trust Account contains moneys held in trust and advanced to ITSA by Comcare for the purposes of distributing compensation payments made in accordance with the *Safety Rehabilitation and Compensation Act 1998*.

Note 2. The Common Investment Fund Account holds all moneys (other than moneys to which Section 20B(8), Division 2, *Bankruptcy Act 1966* applies) held by the Official Trustee.

Note 3. Other Trust Moneys is used for the receipt of moneys temporarily held in trust for other persons.

Section 2: Outcomes and outputs information

OUTCOMES AND OUTPUT GROUPS

ITSA works to achieving the outcome specified by Government. The following section provides a departmental overview, and then ITSA's outcome is further detailed by output. The following map shows the relationship between the outcome and outputs.

Output cost attribution

Costs are charged directly against the relevant outputs where possible eg employee costs and direct expenses. Overheads are attributed to outputs based on the most appropriate cost driver, which primarily relates to the number of staff in each output.

Outcomes and Outputs Map

INSOLVENCY AND TRUSTEE SERVICE AUSTRALIA	
Chief Executive and Inspector-General : Mr Terry Gallagher	
Total price of outputs	\$30.213m
Departmental outcome appropriation	\$29.297m

Outcome 1: A personal insolvency system that produces equitable outcomes for debtors and creditors, enjoys public confidence and minimises the impact of financial failure on the community

Total price	\$30.213m
Departmental output appropriation	\$29.297m

Output 1.1:	Personal insolvency laws which satisfy business and community needs
	Total price \$0.624m
	Appropriation \$0.605m

Output 1.2:	A bankruptcy registry service and compliance with the Bankruptcy Act
	Total price \$9.544m
	Appropriation \$9.250m

Output 1.3:	Regulation of bankruptcy trustees and debt agreement administrators
	Total price \$2.683m
	Appropriation \$2.600m

Output 1.4:	Administration of bankrupt estates and other arrangements under the Bankruptcy Act
	Total price \$14.392m
	Appropriation \$13.949m

Output 1.5:	Investigation of Bankruptcy Act offences
	Total price \$1.747m
	Appropriation \$1.693m

Output 1.6:	Administration of proceeds of crime property
	Total price \$1.223m
	Appropriation \$1.200m

CHANGES TO OUTCOMES AND OUTPUTS

CURRENT OUTCOME & OUTPUTS		PREVIOUS OUTCOME & OUTPUTS	
Outcome 1	A personal insolvency system that produces equitable outcomes for debtors and creditors, enjoys public confidence and minimises the impact of financial failure on the community	Outcome 1	Public confidence in the personal insolvency system
Output 1.2	A bankruptcy registry service and compliance with the Bankruptcy Act	Output 1.2	An efficient public bankruptcy registry service
Output 1.3	Regulation of bankruptcy trustees and debt agreement administrators	Output 1.3	Regulation of bankruptcy trustees

The wording of the current outcome and outputs has been updated to better reflect the nature of the outcome and outputs. There has been no change in their structure or nature.

Measures affecting Outcome 1

There are no new measures in the 2004–05 Budget.

Other variations to Outcome 1

The Government will provide an increase in funding of \$0.059m to supplement ITSA's increased Comcover premium for 2004–05.

OUTCOME 1 — RESOURCING

Table 2.1.1 shows how the 2004–05 Budget appropriations translate to total resourcing for outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

Table 2.1.1: Total resources for Outcome 1 (\$'000)

	Estimated actual	Budget estimate
	2003–04	2004–05
	\$'000	\$'000
DEPARTMENTAL APPROPRIATIONS		
Output 1.1 - Personal insolvency laws which satisfy business and community needs	342	605
Output 1.2 - A bankruptcy registry service and compliance with the Bankruptcy Act	9,950	9,250
Output 1.3 - Regulation of bankruptcy trustees and debt agreement administrators	1,990	2,600
Output 1.4 - Administration of bankrupt estates and other arrangements under the Bankruptcy Act	14,257	13,949
Output 1.5 - Investigation of Bankruptcy Act offences	1,151	1,693
Output 1.6 - Administration of proceeds of crime property	1,000	1,200
Total Output 1	28,690	29,297
Total revenue from government (appropriations) contributing to price of departmental outputs	28,690	29,297
REVENUE FROM OTHER SOURCES		
Output 1.1 - Personal insolvency laws which satisfy business and community needs	10	19
Output 1.2 - A bankruptcy registry service and compliance with the Bankruptcy Act	290	294
Output 1.3 - Regulation of bankruptcy trustees and debt agreement administrators	58	83
Output 1.4 - Administration of bankrupt estates and other arrangements under the Bankruptcy Act	415	443
Output 1.5 - Investigation of Bankruptcy Act offences	34	54
Output 1.6 - Administration of proceeds of crime property	14	23
Total revenue from other sources	821	916
Total price from departmental outputs (Total revenue from government and from other sources)	29,511	30,213
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	29,511	30,213
Average Staffing Level	244	247

Note There are no Departmental Special Account inflows or outflows for Outcome 1.

OUTCOME 1 — CONTRIBUTION TO OUTCOMES

ITSA has one outcome:

A personal insolvency system that produces equitable outcomes for debtors and creditors, enjoys public confidence and minimises the impact of financial failure on the community.

There are six outputs for ITSA's outcome:

Output 1.1: Personal insolvency laws which satisfy business and community needs

Output 1.2: A bankruptcy registry service and compliance with the Bankruptcy Act

Output 1.3: Regulation of bankruptcy trustees and debt agreement administrators

Output 1.4: Administration of bankrupt estates and other arrangements under the Bankruptcy Act

Output 1.5: Investigation of Bankruptcy Act offences

Output 1.6: Administration of proceeds of crime property

Bankruptcy and formal alternatives to bankruptcy release debtors in financial difficulty from debt and provide for the orderly distribution of available assets to creditors, so as to minimise the impact of financial failure on the community. An efficient insolvency system contributes to investor confidence and gives debtors the opportunity to rehabilitate so they can contribute to the economic life of the community.

PERFORMANCE INFORMATION FOR OUTCOME 1

Table 2.2.1 provides information on the strategies chosen to deliver outcome 1, and shows the links between the outputs and the outcome.

Table 2.2.1: Performance information for Outcome 1

Performance information for departmental outputs	
<i>Output description</i>	<i>Performance measure</i>
Output 1.1: Personal insolvency laws which satisfy business and community needs	<p><i>Price:</i> \$0.624m</p> <p>Timely advice to government on options to improve and simplify the legislation</p> <p>Consultation acknowledged by clients and stakeholders as effective and constructive</p> <p>Client and stakeholder satisfaction with amendments to legislation and improvements to practices, as measured by periodic client opinion surveys</p>
Output 1.2: A bankruptcy registry service and compliance with the Bankruptcy Act	<p><i>Price:</i> \$9.544m</p> <p>Debtors in financial difficulty and creditors make informed decisions on bankruptcy and alternatives</p> <p>Approximately 27,000 new personal insolvency administrations registered and processed annually</p> <p>The National Personal Insolvency Index (NPII) is accurate and accessible</p> <p>Official Receiver powers are effective and exercised within prescribed or agreed standards</p> <p>Client satisfaction as measured by periodic client opinion surveys</p>
Output 1.3: Regulation of bankruptcy trustees and debt agreement administrators	<p><i>Price:</i> \$2.683m</p> <p>Achievement of target inspection program covering the administrations of approximately 210 bankruptcy trustees and debt agreement administrators and 900 administrations annually</p> <p>Complaints handled and statutory reviews completed within set timeframes</p> <p>Only suitably qualified people are registered as bankruptcy trustees</p> <p>People who do not meet specific criteria are prohibited from becoming solicitor controlling trustees and debt agreement administrators</p> <p>Client satisfaction as measured by periodic client opinion surveys</p>

Table 2.2.1: Performance information for Outcome 1

Performance information for departmental outputs	
<i>Output description</i>	<i>Performance measure</i>
<p>Output 1.4: Administration of bankrupt estates and other arrangements under the Bankruptcy Act</p>	<p><i>Price:</i> \$14.392m</p> <p>Notify creditors of new bankruptcies and pay dividends within set time frames and standards</p> <p>Approximately 3,000 estates with complex issues investigated annually, property and income contributions recovered, dividends paid to creditors and possible offences identified</p> <p>Official Trustee administrations undertaken in accordance with the Bankruptcy Act and within agreed standards</p> <p>Low incidence of major issues raised by Bankruptcy Regulation in respect of Official Trustee administrations</p> <p>Client satisfaction as measured by periodic client opinion surveys</p>
<p>Output 1.5: Investigation of Bankruptcy Act offences</p>	<p><i>Price:</i> \$1.747m</p> <p>Timely identification and investigation of material offences under the Bankruptcy Act</p> <p>Increased number of briefs to the Director of Public Prosecutions leading to successful prosecutions</p> <p>Enforcement strategies ensure compliance with Bankruptcy Act</p> <p>Client satisfaction as measured by periodic client opinion surveys</p>
<p>Output 1.6: Administration of proceeds of crime property</p>	<p><i>Price:</i> \$1.223m</p> <p>Achieve control of property as soon as identified</p> <p>All forfeited property realised within set timeframes and standards</p>

EVALUATIONS

A biennial client opinion survey is planned for 2004–2005.

The results of evaluation activity for the coming year that relates to this outcome will be shown in the annual report.

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Departmental

The two items impacting on the Departmental financial statements which create variances between years are:

- The 2003–04 budget measure which provides funding in both 2003-04 and 2004-05 for additional staff to deal with the expected increase in the level of instances of confiscated assets resulting from the *Proceeds of Crime Act 2002*, and
- The development of a replacement bankruptcy case management and information system, with most expenditure being incurred in 2004–05.

Administered

The introduction of the *Proceeds of Crime Act 2002* impacts on ITSA's administered revenue in the following way:

- Under the *Proceeds of Crime Act 1987*, confiscated assets were sold by ITSA and funds were held in the Confiscated Assets Special Account. The Minister then made a determination annually to transfer these funds to the government (ie administered revenue). The funds moving through this account will gradually decrease because future assets will be confiscated under the *Proceeds of Crime Act 2002*, and
- Under the *Proceeds of Crime Act 2002*, confiscated assets are sold by ITSA and funds are held in a separate Special Account called the Confiscated Assets Account. The Minister may approve these funds to be expended on measures for crime prevention, law enforcement, drug treatment and thus these funds will be paid directly out of the Special Account and not transferred through ITSA's administered revenue.

This will result in a reduction in ITSA's administered revenue.

Table 3.1: Budgeted Departmental Statement of Financial Performance 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
REVENUE					
Revenues from ordinary activities					
Revenues from government	28,690	29,297	29,137	29,525	29,823
Goods and services	558	648	219	290	290
Other	263	268	273	278	278
Total	29,511	30,213	29,629	30,093	30,391
EXPENSE					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	17,975	19,027	18,652	18,837	19,016
Suppliers	10,238	9,770	9,026	9,352	9,471
Depreciation and amortisation	1,298	1,416	1,951	1,904	1,904
Expenses from ordinary activities (excluding borrowing costs expense)	29,511	30,213	29,629	30,093	30,391
Operating surplus or deficit from ordinary activities	-	-	-	-	-
Gain or loss on extraordinary items	-	-	-	-	-
Net surplus or deficit	-	-	-	-	-

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

	Estimated Actual 2003–04	Budget Estimate 2004–05	Forward Estimate 2005–06	Forward Estimate 2006–07	Forward Estimate 2007–08
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Financial assets					
Cash	500	500	500	500	500
Receivables	6,465	4,459	5,087	7,155	8,624
Total financial assets	6,965	4,959	5,587	7,655	9,124
Non-financial assets					
Land and buildings	1,664	2,159	2,068	1,522	976
Infrastructure, plant and equipment	1,570	2,641	2,675	1,994	1,314
Inventories	30	30	30	30	30
Intangibles	198	1,101	983	740	497
Other	320	330	340	341	341
Total non-financial assets	3,782	6,261	6,096	4,627	3,158
Total assets	10,747	11,220	11,683	12,282	12,282
LIABILITIES					
Provisions					
Employees	6,665	7,461	8,095	8,753	8,753
Total provisions	6,665	7,461	8,095	8,753	8,753
Payables					
Suppliers	967	774	731	726	726
Other	342	212	84	30	30
Total payables	1,309	986	815	756	756
Total liabilities	7,974	8,447	8,910	9,509	9,509
EQUITY					
Parent entity interest					
Contributed equity	622	622	622	622	622
Reserves	1,151	1,151	1,151	1,151	1,151
Retained surpluses or accumulated deficits	1,000	1,000	1,000	1,000	1,000
Total parent entity interest	2,773	2,773	2,773	2,773	2,773
Total equity	2,773	2,773	2,773	2,773	2,773
TOTAL ASSETS AND LIABILITIES BY MATURITY					
Current assets	7,315	5,319	5,957	8,026	9,495
Non-current assets	3,432	5,901	5,726	4,256	2,787
Current liabilities	3,252	3,289	3,423	3,622	3,622
Non-current liabilities	4,722	5,158	5,487	5,887	5,887

**Table 3.3: Budgeted Departmental Statement of 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
OPERATING ACTIVITIES					
Cash received					
Appropriations	28,690	29,297	29,137	29,595	29,823
Sales of goods and services	558	648	219	350	290
GST refunds	1,000	1,000	1,000	1,000	1,000
Other	135	2,146	145	150	150
Total cash received	30,383	33,091	30,501	31,095	31,263
Cash used					
Employees	17,798	18,280	18,130	18,342	19,016
Suppliers	11,418	10,931	9,973	10,195	10,348
Other	1,586	-	628	2,128	1,469
Total cash used	30,802	29,211	28,731	30,665	30,833
Net cash from operating activities	(419)	3,880	1,770	430	430
INVESTING ACTIVITIES					
Cash Received					
Other	5	5	5	5	5
Total cash received	5	5	5	5	5
Cash used					
Purchase of property, plant and equipment	885	3,885	1,775	435	435
Total cash used	885	3,885	1,775	435	435
Net cash from investing activities	(880)	(3,880)	(1,770)	(430)	(430)
FINANCING ACTIVITIES					
Cash received					
Appropriations – contributed equity	102	-	-	-	-
Total cash received	102	-	-	-	-
Cash used					
Capital use and dividends paid	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from financing activities	102	-	-	-	-
Net increase (decrease) in cash held	(1,197)	-	-	-	-
Cash at the beginning of the reporting period	1,697	500	500	500	500
Cash at the end of the reporting period	500	500	500	500	500

Table 3.4: Departmental Capital Budget Statement 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
CAPITAL APPROPRIATIONS					
Total equity injections	102	-	-	-	-
Total loans	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	102	-	-	-	-
Other	-	-	-	-	-
Total	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	102	-	-	-	-
Funded internally by departmental resources	783	3,885	1,775	435	435
Total	885	3,885	1,775	435	435

Table 3.5: Schedule of Departmental Non-financial Assets — Summary of Movement (Budget year 2004–05)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	-	1,664	-	1,570	-	198	-	3,432
Additions	-	950	-	1,934	-	1,001	-	3,885
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expenses	-	(455)	-	(863)	-	(98)	-	(1,416)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	2,159	-	2,641	-	1,101	-	5,901
Total Additions								
Self funded	-	950	-	1,934	-	1,001	-	3,885
Appropriations	-	-	-	-	-	-	-	-
Total	-	950	-	1,934	-	1,001	-	3,885

**Table 3.6: Schedule of Budgeted Revenues and Expenses
Administered on behalf of Government 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
REVENUES					
Non-taxation					
Interest and dividends	-	-	-	-	-
Other sources of non-taxation revenues	20,772	17,372	17,372	17,372	17,372
Total non-taxation	20,772	17,372	17,372	17,372	17,372
Total revenues administered on behalf of the Government	20,772	17,372	17,372	17,372	17,372
EXPENSES					
Other costs of providing goods and services	-	-	-	-	-
Total expenses administered on behalf of the Government	-	-	-	-	-

Table 3.7: Schedule of Budgeted Assets and Liabilities Administered on behalf of Government as at 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
ASSETS					
Financial assets					
Cash	50	50	50	50	50
Receivables	50	50	50	50	50
Accrued revenues	300	300	300	300	300
Total financial assets	400	400	400	400	400
Non-financial assets					
Other non-financial assets	-	-	-	-	-
Total non-financial assets	-	-	-	-	-
Total assets administered on behalf of the Government	400	400	400	400	400
LIABILITIES					
Payables					
Suppliers	90	90	90	90	90
Total payables	90	90	90	90	90
Total liabilities administered on behalf of the Government	90	90	90	90	90

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
OPERATING ACTIVITIES					
Cash received					
Interest and dividends	-	-	-	-	-
Other	20,772	17,372	17,372	17,372	17,372
Total cash received	20,772	17,372	17,372	17,372	17,372
Cash used					
Cash to Official Public Account	20,772	17,372	17,372	17,372	17,372
Other	-	-	-	-	-
Total cash used	20,772	17,372	17,372	17,372	17,372
Net cash from operating activities	-	-	-	-	-
Net increase in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	50	50	50	50	50
Cash at the end of the reporting period	50	50	50	50	50

NOTES TO THE FINANCIAL STATEMENTS**Departmental Financial Statements and Schedules of 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).

Asset valuation

From 1 July 2002 Commonwealth agencies and authorities are required to use either the cost basis or the fair value basis to measure Property, Plant and Equipment. The shift from the deprival method of valuation to fair value should occur gradually over a three-year period. Fair value essentially reflects the current market value of an asset.

Section 4: Purchaser/Provider and Cost Recovery arrangements

COST RECOVERY ARRANGEMENTS

Summary of Cost Recovery Impact Statement

ITSA is in the process of preparing a Cost Recovery Impact Statement and reviewing its cost recovery arrangements in accordance with the 2002 Cost Recovery Guidelines.

ITSA has cost recovery arrangements in both Departmental and Administered revenues.

Almost all non-appropriation Departmental receipts are due to cost recovery arrangements.

In Administered revenue, the following cost recovery arrangements are underpinned by legislation:

- Official Trustee fees and percentages
- Official Receiver fees
- a charge on realisations made by trustees
- fees for searches of the National Personal Insolvency Index, and
- fees for issuing Bankruptcy Notices.

