

INSOLVENCY AND TRUSTEE SERVICE AUSTRALIA

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION FOR 2008–09

The Insolvency and Trustee Service Australia's (ITSA's) 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.

To achieve this outcome, ITSA:

- ensures compliance by debtors, bankrupts and their associates, and practitioners and others with the requirements of the *Bankruptcy Act 1966* (Bankruptcy Act) and associated legislation by:
 - operating the bankruptcy registry, where debtors' petitions are lodged, debt agreement proposals are processed and public records on insolvency are maintained
 - exercising Official Receiver powers to assist trustees to obtain information and recover property, and
 - investigating possible offences under the Bankruptcy Act and preparing briefs of evidence for prosecution
- regulates the administrations and activity of trustees (including the Official Trustee) and debt agreement administrators
- administers, as the Official Trustee, personal bankruptcies and Part IX debt agreements and Part X agreements when private bankruptcy trustees or other administrators are not appointed
- advises government on appropriate legislative reform to the Bankruptcy Act and related legislation, and
- acts 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*.

The challenge for ITSA in 2008–09 is to continue delivering quality services in respect of these functions to reflect the changing patterns of personal insolvency activity and community expectations. This is particularly so in connection with compliance and regulatory responsibilities.

ITSA plans to meet this challenge by:

- ensuring that the bankruptcy laws properly address the growth in consumer bankruptcy and formal alternatives to bankruptcy, and that the practice and procedures continue to underpin confidence generally in the personal insolvency system
- maintaining a regulatory and compliance framework that ensures the effectiveness of the bankruptcy laws and, in particular, the viability of the personal insolvency profession and the credibility of the debt agreement system, and
- maximising the use of technology, including online services, to deliver accessible, consistent and efficient information products that meet the expectations of insolvency professionals, creditors and insolvent persons.

1.2 AGENCY RESOURCE STATEMENT

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

Table 1.1: Resource statement—Budget estimates for 2008–09 (as at Budget May 2008)

	Estimate of prior year amounts available in 2008–09 (\$'000)	+ Proposed at Budget 2008–09 (\$'000)	= Total estimate 2008–09 (\$'000)	Estimated appropriation available 2007–08 (\$'000)
ORDINARY ANNUAL SERVICES				
Departmental outputs				
Departmental outputs	3,553 ⁴	36,317 ¹	39,870	36,701
S 31 relevant agency receipts	–	1,550 ³	1,550	1,328
Total ordinary annual services A	3,553	37,867	41,420⁵	38,029
OTHER SERVICES				
Departmental non-operating				
Equity injections	1,391	– ²	1,391	–
Total other services B	1,391	–	1,391	–
Total available annual appropriations	4,944	37,867	42,811	38,029

**Table 1.1: Resource statement—Budget estimates for 2008–09
(as at Budget May 2008) (continued)**

	Estimate of prior year amounts available in 2008–09 (\$'000)	+ Proposed at Budget 2008–09 (\$'000)	= Total estimate 2008–09 (\$'000)	Estimated appropriation available 2007–08 (\$'000)
SPECIAL APPROPRIATIONS				
Special appropriations limited by criteria/entitlement				
<i>Bankruptcy Act 1966</i>	–	300	300	240
<i>Proceeds of Crime Act 1987</i>	–	516	516	460
<i>Proceeds of Crime Act 2002</i>	–	15,000	15,000	14,000
<i>Financial Management and Accountability Act 1997</i>	–	1,300	1,300	1,500
Total special appropriations C	–	17,116	17,116	16,200
Total appropriations excluding special accounts	4,944	54,983	59,927	54,229
SPECIAL ACCOUNTS⁶				
Departmental				
Opening balance	106	–	106	106
Non-appropriation receipts to special accounts	–	850	850	850
Total departmental special accounts	106	850	956	956
Administered				
Opening balance	9,741	–	9,741	8,341
Appropriation receipts	–	15,500	15,500	14,400
Non-appropriation receipts to special accounts	–	1,000	1,000	1,000
Total administered special accounts	9,741	16,500	26,241	23,741
Total special accounts D	9,847	17,350	27,197	24,697
Total resourcing (A+B+C+D)	14,791	72,333	87,124	78,926
Less appropriations drawn from annual or special appropriations above and credited to special accounts	–	15,500	15,500	14,400
Total net resourcing for the Insolvency and Trustee Service Australia	14,791	56,833	71,624	64,526

All figures are GST exclusive.

Notes:

1. Appropriation Bill (No. 1) 2008–09.
2. Appropriation Bill (No. 2) 2008–09.
3. Section 31 relevant agency receipts—estimate.
4. Estimated adjusted balance carried forward from previous year for annual appropriations.
5. The total available departmental operating appropriation (outputs) will not equal the total of all outputs in the outcome resource statements as they budget for estimated appropriation attributable to outcomes and not the total available. For reconciliation see Table 3.1.1.
6. For further detail on special accounts see Table 3.1.3.

1.3 BUDGET MEASURES

There are no new measures for ITSA.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the government on the Australian community. Agencies are required to identify the output groups that demonstrate their contribution to government outcomes over the coming year.

ITSA's outcome is described below by output groups, including the indicators and targets used to assess and monitor performance.

2.1.1 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 strategy

The strategy for Outcome 1 is outlined in ITSA's statement of strategic direction for 2008-09 at Section 1.1.

ITSA also operates under cost recovery arrangements, with fees and charges raised being returned to the Consolidated Revenue Fund.

Since 2007-08 Budget processes, ITSA has twice reviewed its fees and charges:

- in April 2007 following passage of the *Bankruptcy Legislation Amendment (Debt Agreements) Act 2007*. That Act introduced a new registration system for debt agreement administrators, and a cost recovery review was necessary to ensure that the costs associated with that system were appropriately recovered, and
- in June 2007 following passage of the *Bankruptcy (Estate Charges) Amendment Act 2007*. The realisations charge and interest charge that previously applied to realisations in bankruptcies and personal insolvency agreements was extended to include moneys recovered in debt agreements, necessitating a review of the rate of the realisations charge.

A scheduled biennial review of all ITSA's fees and charges, with changes to take effect from 1 July 2008, is currently in progress. ITSA expects to collect \$28.270m under its cost recovery arrangements in 2008–09.

Each review results in a cost recovery impact statement. These statements are available on ITSA's website, www.itsa.gov.au.

Outcome 1 resource statement

Table 2.1 provides additional detail of Budget appropriations and the total resourcing available for Outcome 1.

Table 2.1: Total resources available for Outcome 1

	2008–09 total estimate of available resources (\$'000)	2007–08 estimated actual (\$'000)
Outcome 1		
Output Group 1.1: Personal insolvency laws which satisfy business and community needs		
Departmental outputs	542	547
Revenues from other sources (s 31)	23	20
Subtotal for Output Group 1.1	565	567
Output Group 1.2: A bankruptcy registry service and compliance with the Bankruptcy Act		
Departmental outputs	12,277	12,407
Revenues from other sources (s 31)	524	449
Subtotal for Output Group 1.2	12,801	12,856
Output Group 1.3: Regulation of bankruptcy trustees and debt agreement administrators		
Departmental outputs	2,950	2,981
Revenues from other sources (s 31)	126	108
Subtotal for Output Group 1.3	3,076	3,089
Output Group 1.4: Administration of bankrupt estates and other arrangements under the Bankruptcy Act		
Special appropriations		
<i>Financial Management and Accountability Act—s 28</i>	1,300	1,500
<i>Bankruptcy Act 1966—s 286(3)</i>	300	240
Departmental outputs	16,925	17,105
Departmental equity injections	1,391	–
Revenues from other sources (s 31)	723	619
Special accounts		
Common Investment Fund Equalisation Account		
Opening balance	188	188
Appropriation receipts	–	–
Non-appropriation receipts to special accounts	1,000	1,000
Subtotal for Output Group 1.4	21,827	20,652

Table 2.1: Total resources available for Outcome 1 (continued)

	2008–09 total estimate of available resources (\$'000)	2007–08 estimated actual (\$'000)
Outcome 1		
Output Group 1.5: Investigation of Bankruptcy Act offences		
Departmental outputs	2,398	2,423
Revenues from other sources (s 31)	102	88
Subtotal for Output Group 1.5	2,500	2,511
Output Group 1.6: Administration of proceeds of crime property		
Special appropriations		
<i>Proceeds of Crime Act 1987—s 20</i>	1	5
<i>Proceeds of Crime Act 1987—s 55(1)a</i>	5	20
<i>Proceeds of Crime Act 1987—s 55(1)b</i>	10	35
<i>Proceeds of Crime Act 1987—s 34(1)a¹</i>	500	400
<i>Proceeds of Crime Act 2002—s 296(1)a²</i>	15,000	14,000
Departmental outputs	1,225	1,238
Revenues from other sources (s 31)	52	45
Special accounts		
Other Trust Moneys		
Opening balance	106	106
Appropriation receipts	–	–
Non-appropriation receipts to special accounts	850	850
Confiscated Assets Special Account		
Opening balance	56	56
Appropriation receipts	500	400
Non-appropriation receipts to special accounts	–	–
Confiscated Assets Account		
Opening balance	9,497	8,097
Appropriation receipts	15,000	14,000
Non-appropriation receipts to special accounts	–	–
Subtotal for Output Group 1.6	27,302	24,852
Total resources for Outcome 1	68,071	64,527
Average staffing level (number)	280	290

The attribution of resources to output groups has been based on the numbers of staff and contractors assigned to those groups.

Notes:

1. Special appropriation item received into Confiscated Assets Special Account.
2. Special appropriation item received into Confiscated Assets Account.

Contributions to Outcome 1

Output Group 1.1

Output Group 1.1: Personal insolvency laws which satisfy business and community needs	
ITSA consults with industry stakeholders, recommends reforms to bankruptcy legislation, and educates practitioners on changes to legislation.	
Key performance indicators	2008–09 target
Clients and stakeholders acknowledge that consultation and education initiatives are effective and constructive, and express satisfaction with improvements to practices	Consultation about potential future reform measures are effective and constructive

Output Group 1.2

Output Group 1.2: A bankruptcy registry service and compliance with the Bankruptcy Act	
ITSA accepts or rejects debtors' petitions in accordance with the Bankruptcy Act, accepts debt agreement proposals for processing, issues bankruptcy and Official Receiver notices, sends initial notifications of bankruptcy to creditors and maintains the National Personal Insolvency Index.	
Key performance indicators	2008–09 target
Debtors in financial difficulty and creditors receive all appropriate information to make informed decisions on bankruptcy and its alternatives	Improved information materials are given to all persons enquiring about bankruptcy and its alternatives
New personal insolvency administrations are registered and processed annually in accordance with prescribed standards	Approximately 37,000 new personal insolvency matters and proposals are processed in accordance with standards
The National Personal Insolvency Index is accurate and accessible	365,000 National Personal Insolvency Index searches give accurate information
Official Receiver powers are effective and exercised within the prescribed or agreed standards	Approximately 600 Official Receiver notices and 10,000 bankruptcy notices are issued to assist trustees and creditors
Client satisfaction with registry, compliance and information services as measured by periodic client opinion surveys	Level of client satisfaction improved

Output Group 1.3

Output Group 1.3: Regulation of bankruptcy trustees and debt agreement administrators	
The regulatory responsibilities of the Inspector-General in Bankruptcy are aimed at ensuring high national standards of bankruptcy practice and procedure. Both private practitioners and ITSA's trustee function (the Official Trustee) are regulated.	
Key performance indicators	2008–09 target
Achievement of target inspection program covering the administrations of approximately 210 bankruptcy trustees and debt agreement administrators	Planned inspection program covering 1,600 administrations of approximately 210 practitioners finds generally high standards of practice and no systemic issues
Complaints are handled and statutory reviews completed within set timeframes	Completion of Inspector-General reviews within statutory timeframes and complaints enquiries within performance standards
Only suitably qualified people are registered as a bankruptcy trustee or debt agreement administrator	Registration of suitable new bankruptcy trustees and debt agreement administrators who apply for registration
Client satisfaction with regulation services as measured by periodic client opinion surveys	Level of client satisfaction improved

Output Group 1.4

Output Group 1.4: Administration of bankrupt estates and other arrangements under the Bankruptcy Act	
Australia's personal insolvency system operates on the basis that a trustee or administrator is appointed in every bankruptcy or arrangement under the Bankruptcy Act. When a registered trustee or administrator is not appointed, ITSA handles the matter for the Official Trustee.	
Key performance indicators	2008–09 target
Timely reports to bankrupts and creditors and dividends paid within standards	75% of reports to creditors are issued within six weeks of bankruptcy 80% of dividends are paid within two months of receipt of realisations
Approximately 24,000 estates with potentially complex issues administered annually, with property and income distributions recovered, dividends paid to creditors and possible offences identified	Realisations are achieved in 70% of finalised administered estates Dividends are paid in 20% of finalised administered estates
Low incidence of major issues raised by Bankruptcy Regulation in respect of Official Trustee administrations	Number of major issues identified is less than in 2007–08
Client satisfaction with estate administration services as measured by periodic client opinion surveys	Level of client satisfaction improved

Output Group 1.5

Output Group 1.5: Investigation of Bankruptcy Act offences	
ITSA is responsible for enforcing the offence provisions of the Bankruptcy Act. ITSA receives, assesses and investigates alleged offence referrals and prepares briefs of evidence, which are referred for prosecution to the Commonwealth Director of Public Prosecutions.	
Key performance indicators	2008–09 target
Timely identification and investigation of material offences under the Bankruptcy Act	Complete investigation of 90% of all offence referrals within 12 months
High-quality briefs accepted by the Director of Public Prosecutions leading to successful prosecutions	90% of all briefs to the Director of Public Prosecutions are accepted
Enforcement strategies ensure compliance with the Bankruptcy Act	Actively pursue voluntary compliance in 80% of matters accepted for investigation
Client satisfaction with offence investigation services as measured by periodic client opinion surveys	Level of client satisfaction improved

Output Group 1.6

Output Group 1.6: Administration of proceeds of crime property	
ITSA, acting as the Official Trustee, administers property that is the subject of orders made under the <i>Proceeds of Crime Act 1987</i> , the <i>Proceeds of Crime Act 2002</i> , the <i>Customs Act 1901</i> and the <i>Crimes Act 1914</i> . ITSA acts as custodian of restrained property and disposes of both forfeited property and property available to satisfy pecuniary penalty orders.	
Key performance indicators	2008–09 target
Achieve control of property on identification	Control of all property pursuant to court orders is achieved upon identification of the property
Property administered pursuant to court orders and within set timeframes and standards	All property is administered pursuant to court orders and within set timeframes and standards
Client satisfaction with proceeds of crime service as measured by client feedback and level of complaints	Positive feedback is given by clients upon completion of matters

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of agency finances for the Budget year 2008–09. It explains how budget plans are incorporated into the financial statements and provides further details of special accounts and trust moneys, and Australian Government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Reconciliation of total available appropriation and outcomes

The agency resource statement (Table 1.1) details the total available appropriation from all sources. For departmental operating appropriation (outputs) this includes carry-forward amounts as well as amounts appropriated at Budget. As agencies incur and are funded for future liabilities (generally depreciation and employee entitlements), the total amount of departmental operating appropriation available to an agency is unlikely to be fully used in the Budget year.

The difference between the agency resource statement and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2009–10 Budget year, including amounts related to meeting future obligations to maintain the agency’s asset base and to meet employee entitlement liabilities.

Table 3.1.1 reconciles the total available appropriation and amounts attributable to outcomes.

Table 3.1.1: Reconciliation of total available appropriation and outcomes

	(\$'000)
Total available departmental operating appropriation (outputs)	41,420
Less estimated payments in 2008–09	(37,953)
Estimated departmental outputs carried forward and available for 2009–10	3,467

3.1.2 Movement of administered funds between years

ITSA has not moved any administered funds between years.

3.1.3 Special accounts and trust moneys

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. ITSA also holds trust moneys, which are not public moneys, given its trustee role.

Table 3.1.3(a) shows the expected additions (receipts) and reductions (payments) for each special account used by ITSA.

Table 3.1.3(a): Estimates of special account cash flows and balances

	Output group	Opening balance 2008–09 2007–08 (\$'000)	Receipts 2008–09 2007–08 (\$'000)	Payments 2008–09 2007–08 (\$'000)	Closing balance 2008–09 2007–08 (\$'000)
Common Investment Fund Equalisation Account—s 20G <i>Bankruptcy Act 1966</i> (A) ¹	1.4	188	1,000	1,000	188
	1.4	188	1,000	1,000	188
Common Investment Fund Holding Account—s 20B(4) <i>Bankruptcy Act 1966</i> (A) ¹	1.4	—	—	—	—
	1.4	—	—	—	—
Confiscated Assets Special Account—s 34A <i>Proceeds of Crime Act 1987</i> (A) ²	1.6	56	500	550	6
	1.6	56	400	400	56
Confiscated Assets Account—s 295 <i>Proceeds of Crime Act 2002</i> (A) ³	1.6	9,497	15,000	13,500	10,997
	1.6	8,097	14,000	12,600	9,497
Other Trust Moneys—s 20 <i>Financial Management and Accountability Act 1997</i> (D)	1.6	106	850	850	106
	1.6	106	850	850	106
Total special accounts 2008–09 Budget estimate		9,847	17,350	15,900	11,297
Total special accounts 2007–08 estimated actual		8,447	16,250	14,850	9,847

(A) = Administered.

(D) = Departmental.

Notes:

1. The Common Investment Fund Equalisation Account contains interest earned on the Common Investment Fund (moneys received by the Official Trustee when administering bankrupt estates) and is paid to the Consolidated Revenue Fund on a regular basis (usually monthly). The use of this account has replaced the use of the Common Investment Fund Holding Account.

2. The Confiscated Assets Special Account contains the net proceeds of the sale of assets confiscated under the *Proceeds of Crime Act 1987*. A determination is made annually to pay these funds to the Consolidated Revenue Fund.

3. The Confiscated Assets Account contains the net 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.

ITSA fulfils the Official Trustee role under both bankruptcy and proceeds of crime legislation. As a result, it controls assets in a trustee capacity. Legal advice has confirmed that assets held in a trustee capacity by the Official Trustee (a separate body corporate) are not public assets or public moneys, nor does the expenditure of moneys held in that capacity amount to special appropriations. Where those assets are realised as part of the administration of bankruptcies, the proceeds are paid into the Common Investment Fund Account (also not public moneys) for subsequent distribution to creditors.

Table 3.1.3(b) shows the expected additions (receipts) and reductions (payments) for the trust account used by ITSA.

Table 3.1.3(b): Estimates of trust moneys cash flows and balances

		Opening balance 2008–09 2007–08	Receipts 2008–09 2007–08	Payments 2008–09 2007–08	Closing balance 2008–09 2007–08
	Output group	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Common Investment Fund	1.4	15,535	35,000	35,000	15,535
Account— <i>Bankruptcy Act 1966</i> (A) ¹	1.4	15,535	35,000	35,000	15,535
Total trust moneys 2008–09 Budget estimate		15,535	35,000	35,000	15,535
Total trust moneys 2007–08 estimate actual		15,535	35,000	35,000	15,535

(A) = Administered.

Note:

1. The Common Investment Fund Account holds all moneys (other than moneys to which section 20B(8), Division 2 of the Bankruptcy Act applies) held by the Official Trustee under the Bankruptcy Act. Moneys in that account are invested under section 20D of the Bankruptcy Act. The movements in the account disclosed in the table do not include the rollover of investments of \$80m in each of 2007–08 and 2008–09.

3.1.4 Australian Government Indigenous expenditure

Three Indigenous trainees joined ITSA in 2008 through the Indigenous Entry Level Recruitment Program administered by the Australian Public Service Commission. Relevant expenditure details are provided in Table 3.1.4.

Table 3.1.4: Australian Government Indigenous expenditure (AGIE)

Outcome	Appropriations			Total appropriation (\$'000)	Output group
	Bill No. 1 (\$'000)	Bill No. 2 (\$'000)	Special appropriation (\$'000)		
Outcome 1					
Departmental 2008–09	105	–	–	105	1.2
Departmental 2008–09	52	–	–	52	1.4
<i>Departmental 2007–08</i>	46	–	–	46	1.2
<i>Departmental 2007–08</i>	24	–	–	24	1.4
Total AGIE 2008–09	157	–	–	157	
Total AGIE 2007–08	70	–	–	70	

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences between agency resourcing and financial statements

There are no significant differences between the agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

This section explains the primary causes of movements in ITSA's financial statements.

Departmental

Income statement

In the 2007–08 Budget ITSA was provided with an increase in resources to maintain service standards in recognition of long-term changes in externally driven workload under the Bankruptcy Act. The additional funding was for two years, given that predictions of ongoing changes in workloads can be difficult to make.

Income statement, balance sheet and statement of cash flows

The development of a replacement bankruptcy case management and information system impacts depreciation expenses, non-financial assets and the amount of appropriation available to fund capital expenditures.

Administered

Schedule of budgeted income and expenses

As outlined above, additional funding has been provided for two years in recognition of changes in bankruptcy workloads. That additional funding results in additional fees and charges revenues over the two years.

Schedule of budgeted cash flows

Under proceeds of crime legislation, the Official Trustee may take custody and control of a defendant's assets while a court case is proceeding. If the court awards in favour of the Commonwealth, the defendant's assets may be forfeited to the Commonwealth. Where forfeiture occurs, the assets are disposed of and the proceeds paid into either the Confiscated Assets Special Account (under the *Proceeds of Crime Act 1987*) or the Confiscated Assets Account (under the *Proceeds of Crime Act 2002*). ITSA expects to hold an average of \$6m in cash at each year-end, pending transfer of those moneys to special accounts.

3.2.3 Budgeted financial statements tables

Departmental

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

	Estimated actual 2007–08 (\$'000)	Budget estimate 2008–09 (\$'000)	Forward estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)
INCOME					
Revenue					
Revenue from government	36,701	36,317	33,842	34,100	34,391
Goods and services	493	600	600	600	600
Other	835	950	950	950	950
Total revenue	38,029	37,867	35,392	35,650	35,941
Gains					
Other	148	172	178	186	193
Total gains	148	172	178	186	193
Total income	38,177	38,039	35,570	35,836	36,134
EXPENSES					
Employees	23,807	23,258	20,828	20,584	20,704
Suppliers	12,572	12,713	12,333	12,429	12,672
Depreciation and amortisation	1,780	2,055	2,397	2,811	2,748
Other	18	13	12	12	10
Total expenses	38,177	38,039	35,570	35,836	36,134
Surplus (deficit) attributable to the Australian Government	–	–	–	–	–

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

	Estimated actual 2007–08 (\$'000)	Budget estimate 2008–09 (\$'000)	Forward estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)
ASSETS					
Financial assets					
Cash and cash equivalents	563	300	300	300	300
Trade and other receivables	5,097	3,983	4,643	5,252	7,748
Total financial assets	5,660	4,283	4,943	5,552	8,048
Non-financial assets					
Land and buildings	3,618	3,182	2,525	3,153	2,521
Infrastructure, plant and equipment	1,744	2,196	1,733	1,696	1,056
Intangibles	2,993	4,056	4,525	3,352	2,183
Other	390	390	389	389	388
Total non-financial assets	8,745	9,824	9,172	8,590	6,148
Total assets	14,405	14,107	14,115	14,142	14,196
LIABILITIES					
Interest-bearing liabilities					
Leases	324	187	84	–	–
Total interest-bearing liabilities	324	187	84	–	–
Provisions					
Employees	5,877	5,877	5,977	6,077	6,177
Other	319	199	211	222	222
Total provisions	6,196	6,076	6,188	6,299	6,399
Payables					
Suppliers	1,144	1,103	1,102	1,102	1,056
Total payables	1,144	1,103	1,102	1,102	1,056
Total liabilities	7,664	7,366	7,374	7,401	7,455
Net assets	6,741	6,741	6,741	6,741	6,741
EQUITY¹					
Parent entity interest					
Contributed equity	2,890	2,890	2,890	2,890	2,890
Reserves	1,120	1,120	1,120	1,120	1,120
Retained surpluses or accumulated deficits	2,731	2,731	2,731	2,731	2,731
Total parent entity interest	6,741	6,741	6,741	6,741	6,741
Total equity	6,741	6,741	6,741	6,741	6,741
Current assets	6,050	4,673	5,332	5,941	8,437
Non-current assets	8,355	9,434	8,783	8,201	5,759
Current liabilities	6,631	6,425	6,494	6,511	6,776
Non-current liabilities	1,033	941	880	890	679

Note:

1. 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)

	Estimated actual 2007–08 (\$'000)	Budget estimate 2008–09 (\$'000)	Forward estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)
OPERATING ACTIVITIES					
Cash received					
Goods and services	542	660	660	660	660
Appropriations	39,766	37,494	33,167	33,476	31,884
Other	2,512	2,478	2,289	2,344	2,173
Total cash received	42,820	40,632	36,116	36,480	34,717
Cash used					
Employees	23,835	23,430	20,728	20,484	20,604
Suppliers	13,732	13,947	13,484	13,559	13,727
Other	109	–	–	–	62
Total cash used	37,676	37,377	34,212	34,043	34,393
Net cash from (used by) operating activities	5,144	3,255	1,904	2,437	324
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	5,144	3,518	1,904	2,437	324
Total cash used	5,144	3,518	1,904	2,437	324
Net cash from (used by) investing activities	(5,144)	(3,518)	(1,904)	(2,437)	(324)
Net increase (decrease) in cash held	–	(263)	–	–	–
Cash at the beginning of the reporting period	563	563	300	300	300
Cash at the end of the reporting period	563	300	300	300	300

Table 3.2.4: Departmental statement of changes in equity—summary of movement (Budget year 2008–09)

	Retained earnings (\$'000)	Asset revaluation reserve (\$'000)	Contributed equity/ capital (\$'000)	Total equity (\$'000)
Opening balance as at 1 July 2008				
Balance carried forward from previous period	2,731	1,120	2,890	6,741
Income and expenses				
Net operating result	–	–	–	–
Total income and expenses	–	–	–	–
Estimated closing balance as at 30 June 2009	2,731	1,120	2,890	6,741

Administered

Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Estimated actual 2007-08 (\$'000)	Budget estimate 2008-09 (\$'000)	Forward estimate 2009-10 (\$'000)	Forward estimate 2010-11 (\$'000)	Forward estimate 2011-12 (\$'000)
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Other taxes, fees and fines	9,409	8,380	7,750	7,828	7,906
Total taxation	9,409	8,380	7,750	7,828	7,906
Non-taxation					
Goods and services	16,998	18,790	17,100	17,271	17,444
Interest	800	1,100	1,100	1,100	1,100
Total non-taxation	17,798	19,890	18,200	18,371	18,544
Total revenue administered on behalf of government	27,207	28,270	25,950	26,199	26,450
Total income administered on behalf of government	27,207	28,270	25,950	26,199	26,450
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Total expenses administered on behalf of government	-	-	-	-	-

Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Estimated actual 2007-08 (\$'000)	Budget estimate 2008-09 (\$'000)	Forward estimate 2009-10 (\$'000)	Forward estimate 2010-11 (\$'000)	Forward estimate 2011-12 (\$'000)
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	6,821	6,286	6,286	6,286	6,286
Receivables	142	362	362	362	362
Other financial assets	3,125	4,379	4,379	4,379	4,379
Total financial assets	10,088	11,027	11,027	11,027	11,027
Non-financial assets					
Other	14,000	14,000	14,000	14,000	14,000
Total non-financial assets	14,000	14,000	14,000	14,000	14,000
Total assets administered on behalf of government	24,088	25,027	25,027	25,027	25,027
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Other payables	20,089	20,192	20,192	20,192	20,192
Total payables	20,089	20,192	20,192	20,192	20,192
Total liabilities administered on behalf of government	20,089	20,192	20,192	20,192	20,192

Table 3.2.7: Schedule of budgeted administered cash flows (for the period ended 30 June)

	Estimated actual 2007–08 (\$'000)	Budget estimate 2008–09 (\$'000)	Forward estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)
OPERATING ACTIVITIES					
Cash received					
Taxes	9,409	8,380	7,750	7,828	7,906
Sales of goods and rendering of services	17,601	19,550	17,738	17,909	18,082
Interest	800	1,100	1,100	1,100	1,100
Total cash received	27,810	29,030	26,588	26,837	27,088
Cash used					
Net GST paid	603	760	637	637	637
Other	532	466	500	500	500
Total cash used	1,135	1,226	1,137	1,137	1,137
Net cash from (used by) operating activities	26,675	27,804	25,451	25,700	25,951
INVESTING ACTIVITIES					
Cash received					
Other	6,000	–	–	–	–
Total cash received	6,000	–	–	–	–
Net cash from (used by) investing activities	6,000	–	–	–	–
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	1,135	1,226	1,137	1,137	1,137
Total cash received	1,135	1,226	1,137	1,137	1,137
Cash used					
Cash to Official Public Account	27,275	29,565	26,588	26,837	27,087
Total cash used	27,275	29,565	26,588	26,837	27,087
Net cash from (used by) financing activities	(26,140)	(28,339)	(25,451)	(25,700)	(25,950)
Net increase (decrease) in cash held	6,535	(535)	–	–	–
Cash at beginning of reporting period	286	6,821	6,286	6,286	6,286
Cash at end of reporting period	6,821	6,286	6,286	6,286	6,286

3.2.4 Notes to the financial statements

Basis of accounting

The budgeted financial statements have been prepared in accordance with the requirements of the Finance Minister's Orders, Australian Accounting Standards, Australian Equivalents to International Financial Reporting Standards and Accounting Guidance Releases, and having regard to the Statements of Accounting Concepts.

Departmental

Revenue from government

Appropriations for departmental outputs are recognised as revenue.

Employee expenses

Employee expenses consist of salaries, leave entitlements, superannuation and workers' compensation insurance.

Supplier expenses

Supplier expenses consist of consultant and contractor costs, property operating costs, legal and estate management costs and other general administrative costs.

Receivables

Receivables include GST receivable from the Australian Taxation Office, receivables for goods and services provided and appropriation receivable.

Land and buildings

Land and buildings comprise leasehold improvements.

Infrastructure, plant and equipment

Infrastructure, plant and equipment comprise furniture and fittings, computer hardware and other office equipment. Purchases of infrastructure, plant and equipment are recognised initially at cost in the departmental balance sheet, except for purchases costing less than \$2,000 which are expensed in the year of acquisition (other than where they form part of a group of similar items that are significant in total).

Infrastructure, plant and equipment are recognised at valuation, being revalued with sufficient frequency such that the carrying amount of each asset class is not materially different at reporting date from its fair value.

Intangibles

Intangibles comprise internally developed software and purchased software for internal use. These assets are recognised at cost.

Employee provisions

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled. This includes annual leave and long service leave, but does not include sick leave.

Supplier payables

Supplier payables largely comprise accrued expenses, where services have been provided and invoices for those services are yet to be received, processed and paid.

Administered

Revenue

All administered revenue items relate to the core operating activities ITSA performs on behalf of the Commonwealth.

Administered revenue includes remuneration and fees for work done by the Official Trustee and Official Receivers under the *Bankruptcy Act 1966* and under the proceeds of crime legislation. This is disclosed under non-taxation revenue.

Under the *Bankruptcy (Estate Charges) Act 1997*, interest earned on trust funds administered by all bankruptcy trustees and debt agreement administrators, and a realisations charge imposed on amounts received by all bankruptcy trustees and debt agreement administrators, are payable to the Official Public Account. These are shown under taxation revenue.