

**INSOLVENCY AND TRUSTEE
SERVICE AUSTRALIA**

Section 1: Overview, variations and measures

OVERVIEW

- Insolvency and Trustee Service Australia (ITSA) is responsible for the administration and regulation of the personal insolvency system. The appropriation for ITSA was included in the Attorney-General's Department appropriations for 2000-01. With effect from 1 July 2000, ITSA was established as an Executive Agency under the Public Service Act and as a prescribed Agency under the Financial Management and Accountability Act. As a result, an agreement under section 32 of the Financial Management and Accountability Act was signed with Attorney General's Department to transfer an appropriation amount to ITSA for 2000-01.
- There are no additional estimates for ITSA, however, as it has been established as a separate agency, the separate output structure, including performance measures, and budgeted financial statements, have been included in the Portfolio Additional Estimate Statement.

Map 2: Outcome and outputs groups for the agency

**INSOLVENCY AND TRUSTEE SERVICE AUSTRALIA
Chief Executive and
Inspector-General in Bankruptcy : Mr Terry Gallagher**

Total price of outputs \$26.196m
Departmental outcome approp \$25.996m

Outcome 1: Public confidence in the Personal Insolvency System

Total price \$26.196m
Departmental output approp \$25.996m

Output 1.1

Relevant and up to date personal insolvency laws

Total price \$0.336m
Approp \$0.333m

Output 1.2

An efficient bankruptcy registry and compliance with the Bankruptcy Act

Total price \$8.613m
Approp \$8.547m

Output 1.3

Regulation of the Official Trustee and private sector bankruptcy trustees

Total price \$2.127m
Approp \$2.111m

Output 1.4

Administration of bankrupt estates

Total price \$14.554m
Approp \$14.443m

Output 1.5

Property, the subject of proceeds of crime orders, located, controlled and, if necessary, sold

Total price \$0.566m
Approp \$0.562m

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2000-01 Budget	2000-01 Revised	Variation
Outcome 1			
Public confidence in the personal insolvency system	240	240	-
Total	240	240	-

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

ITSA became a prescribed Agency from 1 July 2000. The outputs and performance measures for 2000-01 were previously shown as part of the Attorney-General's Department in the Budget Portfolio Statements. The following Outcome and Outputs are included here to identify them separately as the performance information ITSA will use to assess the level of its achievement against during 2000-01.

Outcome 1 — Public confidence in the personal insolvency system

Output description

Performance measure

OUTPUT 1.1: Relevant and up to date personal insolvency laws

- | | |
|---|--|
| <ul style="list-style-type: none">• Evaluate personal insolvency legislation and recommend measures to simplify it and keep it up-to-date. | <ul style="list-style-type: none">• Regular advice to government on proposed changes to simplify the legislation and keep it up-to-date. |
| <ul style="list-style-type: none">• Regularly consult personal insolvency system stakeholders about personal insolvency laws. | <ul style="list-style-type: none">• Consultation about personal insolvency legislation acknowledged by stakeholders as effective and constructive. |
| <ul style="list-style-type: none">• During 2000, have ready for introduction amendments to simplify personal insolvency legislation and keep it up-to-date. | <ul style="list-style-type: none">• Legislation, recognised by key stakeholders as simplifying the law, ready for introduction in 2000. |

Output description

Performance measure

OUTPUT 1.2: An efficient bankruptcy registry and compliance with the Bankruptcy Act

- | | |
|---|---|
| <ul style="list-style-type: none"> • Give the community access to information about the personal insolvency system, particularly alternatives to bankruptcy. • Receive debtor’s petition, accept debt agreement proposals for processing, issue Bankruptcy Notices and maintain the National Personal Insolvency Index bankruptcy register. • Exercise statutory powers to enable trustees to obtain information, require attendance to give evidence, gain access to premises, recover and charge property and collect income contribution liabilities. • Provide funding under s.305 of the Bankruptcy Act to trustees in cases where creditor funding is not available and public confidence in the system is at stake. • Identify and investigate cases of material offences under the Bankruptcy Act. | <ul style="list-style-type: none"> • Increasing acceptance of debt agreements and other alternatives to bankruptcy through better-informed decisions by persons in financial difficulty, creditors and others. • The National Personal Insolvency Index (NPII) is accurate and up-to-date; complaints about data accuracy or usefulness number fewer than 0.1% of searches conducted. • Official Receiver notices issued within one day of receipt of relevant supporting material. • Intended benefit achieved in 75% of cases where s.305 funding is approved. • 72 completed prosecution briefs submitted to the Director of Public Prosecutions (DPP) per year |
|---|---|

OUTPUT 1.3: Regulation of the Official Trustee and private sector bankruptcy trustees

- | | |
|---|--|
| <ul style="list-style-type: none"> • In relation to the Official Trustee and private sector bankruptcy trustees: <ul style="list-style-type: none"> • conduct a targeted program of inspection of trustee systems and practices; • handle complaints within set timeframes; • liaise regularly with trustees. • Administer a registration scheme in relation to private sector bankruptcy trustees. | <ul style="list-style-type: none"> • Program of targeted inspections achieved. • Complaints handled within set timeframes. • Over time, fewer justified complaints about trustees. • Only suitable people are appointed as trustees. |
|---|--|

Output description

Performance measure

OUTPUT 1.4: Administration of bankrupt estates

- Effectively and efficiently handle administrations under the Bankruptcy Act, as a safety net, when private sector registered trustees or other administrators are not appointed.
- Client groups satisfied, as measured by periodic client surveys.
- Initial reports sent to creditors no later than 7 days in 75% of estates and 14 days in 100% of estates.
- Low incidence of major issues raised by Bankruptcy Regulation from inspection of Official Trustee administrations
- Complaints about ITSA services other than trustee activity number less than 1% of client base (undischarged bankrupts).

OUTPUT 1.5: Property, the subject of proceeds of crime orders, located, controlled and, if necessary, sold

- Using ITSA's trustee expertise, locate, control and, if necessary, sell property under proceeds of crime legislation.
- Within one week, achieve control of property specified in the control order or otherwise identified.
- All property the subject of court orders realised within six months of final orders.

Section 3: Budgeted Financial Statements

Table 3.1: Budgeted Departmental Operating Statement

	Notes	Actual 1999-00 \$'000	Revised Budget 2000-01 \$'000	Estimated 2001-02 \$'000	Estimated 2002-03 \$'000	Estimated 2003-04 \$'000
OPERATING REVENUE						
Revenue from government						
Ordinary annual appropriations (net appropriations)	1	-	25,996	26,283	26,549	26,794
Revenue from other sources						
Sales of goods and services		-	100	113	120	128
Interest		-	40	32	29	26
Other revenue from other sources		-	60	62	65	68
Total revenues		-	26,196	26,490	26,763	27,016
OPERATING EXPENSES						
Employees		-	14,263	14,834	15,130	15,433
Suppliers		-	10,498	9,977	9,830	9,626
Depreciation and amortisation		-	1,435	1,679	1,803	1,957
Other		-	-	-	-	-
Total expenses		-	26,196	26,490	26,763	27,016
Operating results before capital use charge		-	-	-	-	-
Capital use charge (CUC)		-	-	-	-	-
Extraordinary items		-	-	-	-	-
Operating results after extraordinary items and CUC		-	-	-	-	-

Table 3.2: Budgeted Departmental Balance Sheet

Notes	Actual 1999–00 \$'000	Revised Budget 2000–01 \$'000	Estimated 2001–02 \$'000	Estimated 2002–03 \$'000	Estimated 2003–04 \$'000
ASSETS					
Financial assets					
	-	507	441	464	672
	-	30	30	30	30
2	-	1,500	2,500	2,000	2,500
	-	205	205	205	205
	-	20	20	20	20
Total financial assets	-	2,262	3,196	2,719	3,427
Non-financial assets					
	-	-	-	-	-
	-	2,503	1,879	2,826	2,478
	-	705	395	75	15
Total non-financial assets	-	3,208	2,274	2,901	2,493
Total Assets		5,470	5,470	5,620	5,920
LIABILITIES					
Debt					
	-	350	150	-	-
Total debt	-	350	150	-	-
Provisions and payables					
	-	5,300	5,500	5,800	6,100
	-	400	400	400	400
	-	-	-	-	-
Total provisions and payables	-	5,700	5,900	6,200	6,500
Total liabilities	-	6,050	6,050	6,200	6,500
EQUITY					
	-	(1,331)	(1,331)	(1,331)	(1,331)
	-	520	520	520	520
	-	231	231	231	231
Total equity	-	(580)	(580)	(580)	(580)

Table 3.3: Budgeted Statement of Departmental Cash Flows

Notes	Actual 1999-00 \$'000	Revised Budget 2000-01 \$'000	Estimated 2001-02 \$'000	Estimated 2002-03 \$'000	Estimated 2003-04 \$'000
DEPARTMENTAL CASH FLOWS					
Operating Activities					
Cash received					
Appropriations	-	25,996	26,283	26,549	26,794
Sales of goods and services	-	100	113	120	128
Interest	-	40	32	29	26
Other	-	60	62	65	68
Total cash received	-	26,196	26,490	26,763	27,016
Cash used					
Employees	-	14,263	14,634	14,830	15,133
Suppliers	-	10,384	10,332	10,570	10,135
Other	-	-	-	-	-
Total cash used	-	24,647	24,966	25,400	25,268
Net cash from operating activities	-	1,549	1,524	1,363	1,748
Investing Activities					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	-	2,340	590	1,840	1,040
Total cash used	-	2,340	590	1,840	1,040
Net cash from investing activities	-	(2,340)	(590)	(1,840)	(1,040)
Financing Activities					
Cash Received					
Other	-	2,798	-	-	-
Total cash received	-	2,798	-	-	-
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from financing activities	-	2,798	-	-	-
Net increase/(decrease) in cash held	-	2,007	934	(477)	708
Add cash as at 1 July	-	-	2,007	2,941	2,464
Cash as at 30 June	-	2,007	2,941	2,464	3,172

Table 3.4 Departmental Capital Budget Statement

	Actual 1999-00 \$'000	Revised Budget 2000-01 \$'000	Estimated 2001-02 \$'000	Estimated 2002-03 \$'000	Estimated 2003-04 \$'000
DEPARTMENTAL					
Total loans	-	-	-	-	-
Appropriation of previous year's carryover	-	-	-	-	-
Represented by:					
Purchase of non-current assets		-	-	-	-
Other	-	-	-	-	-
Total Departmental	-	-	-	-	-
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	-	-	-	-	
Funded internally by departmental resources	-	2,340	590	1,840	1,040
Total	-	2,340	590	1,840	1,040

Table 3.5: Budgeted Statement of Administered Revenues and Expenses

Notes	Actual 1999–00 \$'000	Revised Budget 2000–01 \$'000	Estimated 2001–02 \$'000	Estimated 2002–03 \$'000	Estimated 2003–04 \$'000
ADMINISTERED REVENUES AND EXPENSES					
Revenues					
Interest and dividends	-	600	600	600	600
Other sources of non-taxation revenues	-	19,607	19,607	19,607	19,607
Total revenue	-	20,207	20,207	20,207	20,207
Expenses					
Other costs of providing goods & services	-	-	-	-	-
Total expenses	-	-	-	-	-
Net cost to government	-	-	-	-	-
Cash transfers to/from DoFA	-	20,207	20,207	20,207	20,207
Net surplus / (deficit)	-	-	-	-	-

ITSA has no administered assets and liabilities.

Table 3.7: Budgeted Statement of Administered Cash Flows

Notes	Actual 1999-00 \$'000	Revised Budget 2000-01 \$'000	Estimated 2001-02 \$'000	Estimated 2002-03 \$'000	Estimated 2003-04 \$'000
ADMINISTERED CASH FLOWS					
Operating activities					
Cash received					
Interest and Dividends	-	600	600	600	600
Other	-	19,607	19,607	19,607	19,607
Total cash received	-	20,207	20,207	20,207	20,207
Cash used					
Cash to Official Public Account	-	20,207	20,207	20,207	20,207
Other	-				
Total cash used	-	20,207	20,207	20,207	20,207
Net cash from operating activities	-	-	-	-	-
Net increase/(decrease) in cash held	-	-	-	-	-
Add cash as at 1 July	-	-	-	-	-
Cash as at 30 June	-	-	-	-	-

During the period covered by these statements, ITSA does not expect to have any appropriations for equity injection, loans or appropriations for administered capital.

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

With effect from 1 July 2000, ITSA was established as a prescribed Agency under the Financial Management and Accountability Act. Consequently, Departmental comparatives for 1999-00 and prior for ITSA are included in the Attorney-General's Department Operating Statement and Balance Sheet.

1. The amount included as ordinary annual appropriations for 2000-01 is the amount identified in the agreement under section 32 of the Financial Management and Accountability Act which was signed with Attorney General's Department to transfer that appropriation amount to ITSA for 2000-01.
2. Investments are monies placed on short term deposit with the Reserve Bank. These investments represent accumulating provisions for employee entitlements and asset replacement programs.

Administered

With effect from 1 July 2000, ITSA was established as a prescribed Agency under the Financial Management and Accountability Act. Consequently, Administered comparatives for 1999-00 and prior for ITSA are included in the Attorney-General's Department Operating Statement and Balance Sheet.