

INSOLVENCY AND TRUSTEE SERVICE AUSTRALIA

Section 1: Overview, appropriations and budget measures summary

OVERVIEW

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.

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 the Official Trustee and private registered trustees, 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 2003–04 Budget is 28.733m. Table 1.1 shows the total appropriations for ITSA for 2003–04 and other revenue by outcome.

ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

ITSA does not have any appropriations for a loan or an appropriation for administered capital.

However, ITSA has a departmental equity injection of \$102,000 as part of the government measure outlined in Outcome 1 – Measures affecting outcome 1. This funding is for fitout of office space required for additional staff to deal with the expected increase in the level of instances of confiscated assets resulting from the introduction of the *Proceeds of Crime Act 2002* (see outcome 1 measures descriptions).

INSOLVENCY AND TRUSTEE SERVICE AUSTRALIA — APPROPRIATIONS 2003–04

Table 1.1: Appropriations and other revenue ('000)

Outcome	Departmental (price of outputs)					Administered				
	Revenue from Government (Appropriations)			Revenue from other sources	Price of outputs	Annual Appropriations		Special Appropriations	Total Administered Appropriations	Total 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)
Public confidence in the personal insolvency system	28,631	-	28,631 97%	821	29,452	-	-	-	-	28,631
Total	28,631	-	28,631	821	29,452	-	-	-	-	28,631
Departmental capital (equity injections and loans)									102	
Administered capital									-	
Total Appropriations									28,733	

- Columns C, E and I refer to information provided in Total Resources for Outcome 1 Table 2.1.1.
- 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.
- Refer to Budgeted Statement of Financial Performance for application of agency revenue.
- Revenue from other sources includes other revenue from government (for example, resources free of charge) and revenue from other sources (for example, sales of goods and services by agencies). Non-appropriated departmental revenues are detailed in Table 1.3.

Note: Percentage figures indicate the percentage contribution of Revenue from Government (Departmental Appropriations) to the Total Price of Outputs, by outcome.

MEASURES — DEPARTMENT SUMMARY

Table 1.2: Summary of measures disclosed in the 2003–04 Budget

Measure	Outcome	Outputs affected	Appropriations Budget 2003–04 (\$'000)			Appropriations Forward Estimate 2004–05 (\$'000)			Appropriations Forward Estimate 2005–06 (\$'000)			Appropriations Forward Estimate 2006–07 (\$'000)		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Proceeds of Crime legislation - additional funding for implementation	1	1.6	-	502	502	-	706	706	-	-	-	-	-	-
Total			-	502	502	-	706	706	-	-	-	-	-	-

In addition to the departmental appropriation this measure includes \$102,000 for capital purchases.

Section 2: Outcomes and outputs information

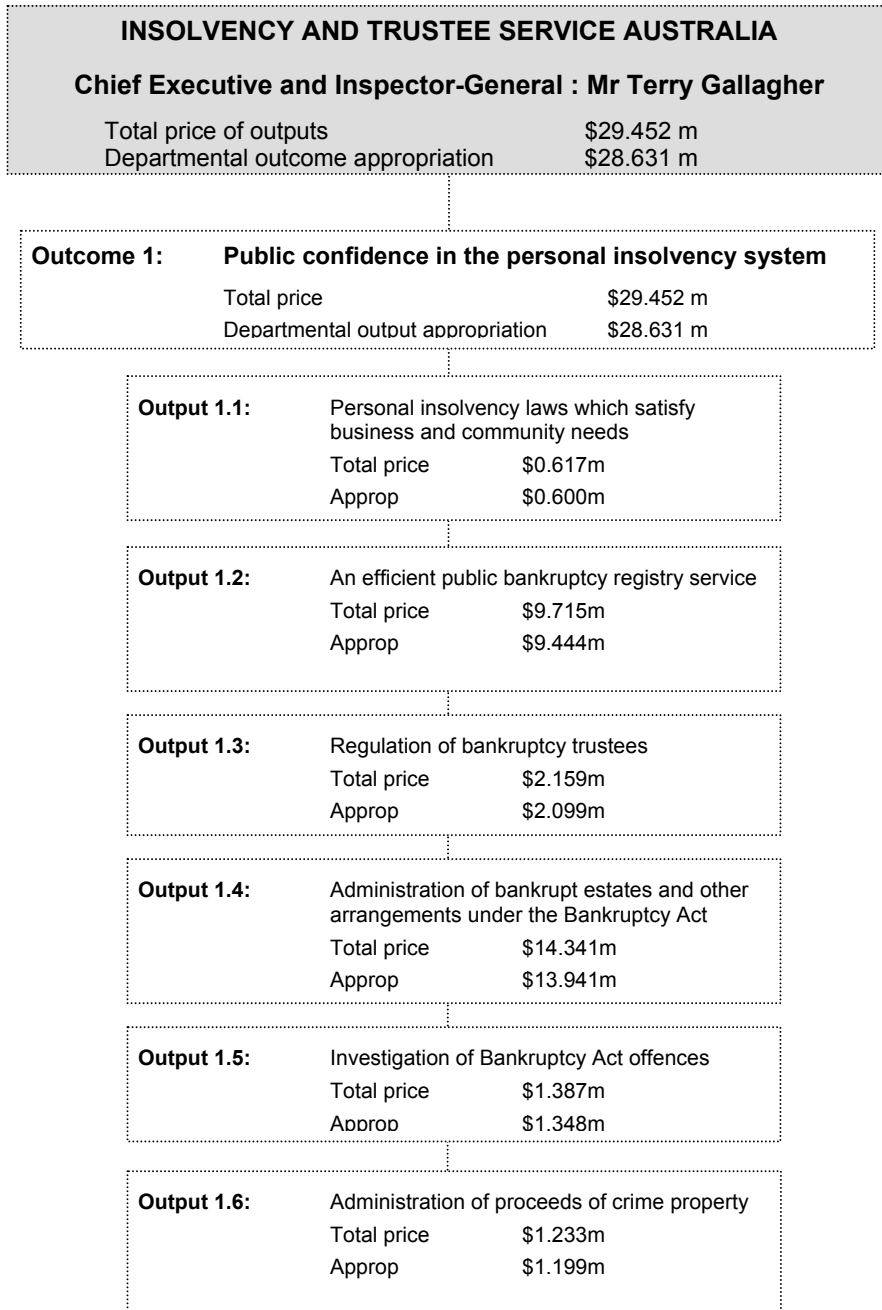
OUTCOMES AND OUTPUT GROUPS

Insolvency and Trustee Service Australia 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. Map 2 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.

Map 2: Outcomes and output groups



CHANGES TO OUTCOMES AND OUTPUTS

CURRENT OUTPUTS		PREVIOUS OUTPUTS	
Output 1.1	Personal insolvency laws which satisfy business and community needs	Output 1.1	Relevant and up to date personal insolvency laws
Output 1.2	An efficient public bankruptcy registry service	Output 1.2	An efficient bankruptcy registry
Output 1.3	Regulation of bankruptcy trustees	Output 1.3	Regulation of bankruptcy trustees
Output 1.4	Administration of bankrupt estates and other arrangements under the Bankruptcy Act	Output 1.4	Administration of bankrupt estates
Output 1.5	Investigation of Bankruptcy Act offences	Output 1.5	Investigation of Bankruptcy Act offences
Output 1.6	Administration of proceeds of crime property	Output 1.6	Proceeds of crime orders administered

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

OUTCOME 1 — PUBLIC CONFIDENCE IN THE PERSONAL INSOLVENCY SYSTEM

ITSA's purpose is to ensure public confidence in the personal insolvency system. One of ITSA's activities incidental to bankruptcy administration relates to proceeds of crime (refer Output 1.6).

Measures affecting Outcome 1

Proceeds of Crime legislation - additional funding for implementation

The Government will provide \$6.2m over the two years 2003-04 and 2004-05 (\$6.1m for expenses and \$0.1m for capital) to fund prosecutions made by the DPP under the *Proceeds of Crime Act 2002*, and for the control and realisation of seized assets by the ITSA. Future funding for this measure will be subject to a review of the impact of the legislation on the workloads of the DPP and ITSA.

The funding for ITSA for this measure is \$1.3m over two years, including \$0.1m for capital. In 2003-04 the departmental funding of \$0.5m and the capital injection of \$0.1m will allow for employment and accommodation for five new staff, one in each of Sydney, Brisbane, Melbourne, Adelaide and Perth offices to deal with the expected increase in the level of instances of confiscated assets.

The *Proceeds of Crime Act 2002* came into effect on 1 January 2003. It is a comprehensive civil confiscation regime to allow the Commonwealth to freeze and confiscate the assets of people involved in serious crime.

OUTCOME 1 — RESOURCING

Table 2.1.1 shows how the 2003–04 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 2002–03 \$'000	Budget Estimate 2003–04 \$'000
Departmental appropriations		
Output 1.1 – Personal insolvency laws which satisfy business and community needs	525	600
Output 1.2 – An efficient public bankruptcy registry service	9,568	9,444
Output 1.3 – Regulation of bankruptcy trustees	2,238	2,099
Output 1.4 – Administration of bankrupt estates and other arrangements under the Bankruptcy Act	13,577	13,941
Output 1.5 – Investigation of Bankruptcy Act offences	1,050	1,348
Output 1.6 – Administration of proceeds of crime property	690	1,199
Total Output 1	27,648	28,631
Total revenue from government (appropriations) contributing to price of departmental outputs	27,648	28,631
Revenue from other sources		
Output 1.1 – Personal insolvency laws which satisfy business and community needs	27	17
Output 1.2 – An efficient public bankruptcy registry service	490	271
Output 1.3 – Regulation of bankruptcy trustees	115	60
Output 1.4 – Administration of bankrupt estates and other arrangements under the Bankruptcy Act	696	400
Output 1.5 – Investigation of Bankruptcy Act offences	54	39
Output 1.6 – Administration of proceeds of crime property	35	34
Total revenue from other sources	1,417	821
Total price from departmental outputs (Total revenue from government and from other sources)	29,065	29,452
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	29,065	29,452
Average Staffing Level	239	244

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

OUTCOME 1 — CONTRIBUTION TO OUTCOMES

ITSA has one outcome:

Public confidence in the personal insolvency system

There are six outputs for ITSA's outcome:

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

Output 1.2: An efficient public bankruptcy registry service

Output 1.3: Regulation of bankruptcy trustees

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> \$0.617m</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: An efficient public bankruptcy registry service	<p><i>Price:</i> \$9.715m</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</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	<p><i>Price:</i> \$2.159m</p> <p>Achievement of target inspection program covering the administrations of approximately 200 bankruptcy trustees and 700 estates</p> <p>Complaints handled and statutory reviews completed within set timeframes</p> <p>Only suitably qualified people are registered as bankruptcy trustees</p> <p>Client satisfaction as measured by periodic client opinion surveys</p>

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> \$14.341m</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, 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/measures</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> \$1.387m</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> \$1.233m</p> <p>Achieve control of property as soon as identified</p> <p>All forfeited property realised within set timeframes and standards</p>

EVALUATIONS

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 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*.
- The development of a replacement bankruptcy case management and information system during 2003–04 and 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*.
- 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 over the next two years.

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

	Estimated Actual 2002-03 \$'000	Budget Estimate 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000
REVENUE					
Revenues from ordinary activities					
Revenues from government	27,648	28,631	29,320	29,324	29,797
Goods and services	928	558	648	219	290
Interest	19	-	-	-	-
Other	470	263	268	273	278
Revenues from ordinary activities	29,065	29,452	30,236	29,816	30,365
EXPENSE					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	16,616	17,975	19,076	18,764	19,000
Suppliers	11,297	10,179	9,549	8,841	8,938
Depreciation and amortisation	940	1,298	1,611	2,211	2,427
Expenses from ordinary activities (excluding borrowing costs expense)	28,853	29,452	30,236	29,816	30,365
Operating surplus or deficit from ordinary activities	212	-	-	-	-
Gain or loss on extraordinary items	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Net surplus or deficit	212	-	-	-	-
Capital Use Charge Paid *	212	-	-	-	-
Net surplus or deficit after CUC	-	-	-	-	-

*The Capital use charge will be discontinued from 1 July 2003.

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

	Estimated Actual 2002-03 \$'000	Budget Estimate 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000
ASSETS					
Financial assets					
Cash	500	500	500	500	500
Receivables	167	142	160	160	100
Other investments	3,908	3,601	2,552	3,662	6,312
Accrued revenues	5	5	5	5	5
Total financial assets	4,580	4,248	3,217	4,327	6,917
Non-financial assets					
Land and buildings	2,187	1,930	2,370	2,699	1,795
Infrastructure, plant and equipment	1,528	2,552	3,003	2,355	1,604
Inventories	30	30	30	30	30
Intangibles	408	810	1,413	1,075	738
Other	310	320	330	340	341
Total non-financial assets	4,463	5,642	7,146	6,499	4,508
Total assets	9,043	9,890	10,363	10,826	11,425
LIABILITIES					
Provisions					
Employees	5,905	6,665	7,461	8,095	8,753
Payables					
Suppliers	743	1,069	876	833	828
Other	683	342	212	84	30
Total Payables	7,331	8,076	8,549	9,012	9,611
Total liabilities	7,331	8,076	8,549	9,012	9,611
EQUITY					
Parent entity interest					
Contributed equity	156	258	258	258	258
Reserves	520	520	520	520	520
Retained surpluses or accumulated deficits	1,036	1,036	1,036	1,036	1,036
Total parent entity interest	1,712	1,814	1,814	1,814	1,814
Total equity	1,712	1,814	1,814	1,814	1,814
Total assets and liabilities by maturity					
Current assets	4,920	4,598	3,577	4,697	7,288
Non-current assets	4,123	5,292	6,786	6,129	4,137
Current liabilities	3,022	3,354	3,391	3,525	3,724
Non-current liabilities	4,309	4,722	5,158	5,487	5,887

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

	Estimated Actual 2002-03 \$'000	Budget Estimate 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	27,648	28,631	29,320	29,324	29,797
Sales of goods and services	969	583	630	219	350
Interest	19	-	-	-	-
GST refunds	1,000	1,000	1,000	1,000	1,000
Other	349	135	140	145	150
Total cash received	29,985	30,349	31,090	30,688	31,297
Cash used					
Employees	16,065	17,113	18,280	18,130	18,342
Suppliers	12,389	11,183	10,759	9,899	9,875
Other	212				
Total cash used	28,666	28,296	29,039	28,029	28,217
Net cash from operating activities	1,319	2,053	2,051	2,659	3,080
INVESTING ACTIVITIES					
Cash received					
Other	6	5	5	6	5
Total cash received	6	5	5	6	5
Cash used					
Purchase of property, plant and equipment	2,273	2,467	3,105	1,555	435
Total cash used	2,273	2,467	3,105	1,555	435
Net cash from investing activities	(2,267)	(2,462)	(3,100)	(1,549)	(430)
FINANCING ACTIVITIES					
Cash received					
Appropriations – contributed equity	-	102	-	-	-
Total cash received	-	102	-	-	-
Cash used					
Total cash used	-	-	-	-	-
Net cash from investing activities	-	102	-	-	-
Net increase in cash held	(948)	(307)	(1,049)	1,110	2,650
Cash at the beginning of the reporting period	5,356	4,408	4,101	3,052	4,162
Cash at the end of the reporting period	4,408	4,101	3,052	4,162	6,812

Table 3.4: Departmental Capital Budget Statement

	Estimated Actual 2002-03 \$'000	Budget Estimate 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	102	-	-	-
Total loans	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	-	102	-	-	-
Other	-	-	-	-	-
Total	-	102	-	-	-
Purchase of Non-financial Assets					
Funded by capital appropriations	-	102	-	-	-
Funded internally by departmental resources	2,273	2,365	3,105	1,555	435
Total	2,273	2,467	3,105	1,555	435

Table 3.5: Departmental Non-financial Assets — Summary of Movement (Budget year 2003–04)

	Land \$'000	Buildings \$'000	Total land and buildings \$'000	Other infrastructure plant and equipment \$'000	Total infrastructure plant and equipment \$'000	Computer software \$'000	Other intangibles \$'000	Total \$'000
Carrying amount at the start of year	-	2,187	2,187	1,528	1,528	408	-	4,123
Additions	-	230	230	1,737	1,737	500	-	2,467
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	487	487	713	713	98	-	1,298
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	1,930	1,930	2,552	2,552	810	-	5,292
Total additions								
Self funded	-	230	230	1,635	1,635	500	-	2,365
Appropriations	-	-	-	102	102	-	-	102
Total	-	230	230	1,737	1,737	500	-	2,467

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

	Estimated Actual 2002-03 \$'000	Budget Estimate 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000
REVENUES					
Non-taxation					
Interest and dividends					
Other sources of non-taxation revenues	24,383	20,772	17,372	17,372	17,372
Total non-taxation	24,383	20,772	17,372	17,372	17,372
Total revenues administered on behalf of the Government	24,383	20,772	17,372	17,372	17,372
EXPENSES					
Other costs of providing goods and services	-	-	-	-	-
Total expenses administered on behalf of the Government	-	-	-	-	-
Extraordinary items	-	-	-	-	-

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

	Estimated Actual 2002-03 \$'000	Budget Estimate 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'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					
Other payables	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 2002-03 \$'000	Budget Estimate 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000
Operating Activities					
Cash received					
Interest and dividends					
Other	24,383	20,772	17,372	17,372	17,372
Total cash received	24,383	20,772	17,372	17,372	17,372
Cash used					
Cash to Official Public Account	24,383	20,772	17,372	17,372	17,372
Other	-	-	-	-	-
Total cash used	24,383	20,772	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.

- 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.
- 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).

Capital Use Charge

The Capital Use Charge will be discontinued from 1 July 2003.

Administered investments in controlled entities

Each Commonwealth Department is required to show an Administered investment in each Commonwealth Authority and Company (CAC) Act 1997 entity within their portfolio. These Administered investments should be valued at the Commonwealth's ownership interest in the net assets of those CAC entities, fixed at a notional acquisition date of 30 June 1997.

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 has not yet prepared a Cost Recovery Impact Statement, but will review 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
- 8% charge on realisations made by trustees
- Fees for searches of the National Personal Insolvency Index
- Fees for issuing Bankruptcy Notices.