

INSOLVENCY AND TRUSTEE SERVICE AUSTRALIA

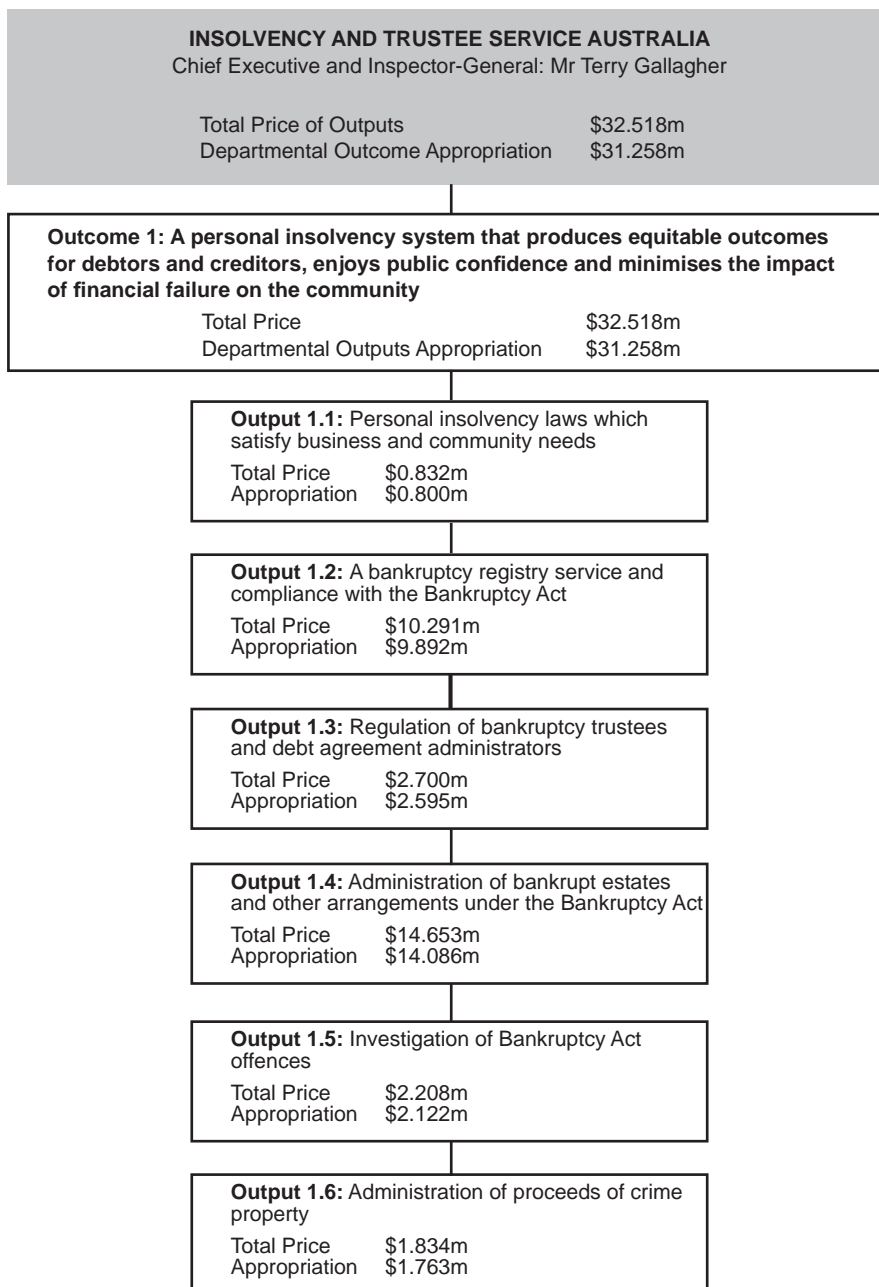
Section 1: Overview

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, Part IX debt agreements and Part X personal insolvency agreements 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*.

Table 1.1: Agency outcomes and output groups



Section 2: Resources for 2006-07

2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2006-07, including appropriations. The table summarises how resources will be applied by administered and departmental classification.

The total appropriation for ITSA in the 2006-07 Budget is \$31.258m.

2.2 2006-07 BUDGET MEASURES

There are no new measures for ITSA in the 2006-07 Budget.

2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by ITSA for provision of goods or services. Departmental resources are approved for use by ITSA and are included in Table 2.1.

Table 2.3: Other resources available to be used¹

	ESTIMATED RESOURCES 2005-06 \$'000	BUDGET ESTIMATE 2006-07 \$'000
DEPARTMENTAL RESOURCES²		
Sale of goods and services (FMA Act s31)	610	682
Other revenue (FMA Act s31)	501	550
Total departmental other resources available to be used	1,111	1,232
Administered other resources³		
Charges	8,490	8,000
Interest	800	800
Sale of goods and services	8,082	15,442
Total administered other resources available to be used	17,372	24,242

Notes

1. This table replaces the former table 'Receipts from Other sources'. FMA Act s31 receipts are available for spending on departmental purposes.
2. Departmental receipts include sale of bankruptcy information from the National Personal Insolvency Index, income from sub-lease arrangements and the recovery of fees and disbursements in successful legal proceedings.
3. Administered receipts include fees and charges levied in accordance with the *Bankruptcy Act 1966* and the *Bankruptcy (Estate Charges) Act 1997* (e.g. with respect to the administration of bankruptcies) and fees received for work done under the *Proceeds of Crime Act 1987* and *Proceeds of Crime Act 2002*. From 1 July 2006 these fees and charges will be set at levels that recover the cost of services provided in accordance with the Government's cost recovery policy. Further information on ITSA's cost recovery regime is contained at Section 4.

2.5 SPECIAL APPROPRIATIONS

Table 2.5: Estimates of expenses from special appropriations¹

	ESTIMATED EXPENSES 2005-06 \$'000	BUDGET ESTIMATE 2006-07 \$'000
ESTIMATED EXPENSES		
BANKRUPTCY REGULATIONS – REG. 15A.03		
<i>Purpose:</i> To refund overpayments by a trustee of a charge or penalty	180	200
Bankruptcy Regulations – Reg. 16.13A		
<i>Purpose:</i> To remit fees that have caused undue hardship or because of other exceptional circumstances	2	2
Financial Management & Accountability Act 1997 – Section 28		
<i>Purpose:</i> To repay amounts required or permitted by law	350	1,300
Proceeds of Crime Act 1987 – Section 20		
<i>Purpose:</i> To give effects to forfeiture orders	300	300
Proceeds of Crime Act 1987 – Section 55(1)a		
<i>Purpose:</i> To meet Official Trustee costs, charges and expenses in connection with exercising its powers and performing its functions	300	300
Proceeds of Crime Act 1987 – Section 55(1)b		
<i>Purpose:</i> To pay Official Trustee remuneration	20	20
Proceeds of Crime Act 1987 – Section 34(1)a		
<i>Purpose:</i> To pay proceeds from confiscated assets to the Confiscated Assets Special Account	2,000	1,000
Proceeds of Crime Act 2002 – Section 296(1)a		
<i>Purpose:</i> To pay proceeds from confiscated assets to the Confiscated Assets Account	7,000	20,000
Total estimate expenses	10,152	23,122

1. All the special appropriations are unlimited. The amounts disclosed are therefore estimates and not limits. As the amounts disclosed do not relate to agency expenses, the total amount of these special appropriations are not disclosed in agency resourcing tables.

2.6 SPECIAL ACCOUNTS

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* (FMA Act). These Determinations may be disallowed by the Parliament. Table 2.6 shows the expected additions (credits) and reductions (debits) for each account used by ITSA.

Table 2.6: Estimates of special account flows and balances

		Opening Balance 2006-07 2005-06	Credits 2006-07 2005-06	Debits 2006-07 2005-06	Adjustments 2006-07 2005-06	Closing Balance 2006-07 2005-06
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Common Investment Fund Equalisation Account – s20G <i>Bankruptcy Act 1966</i> (A)	1	57 57	805 805	805 805	- -	57 57
Confiscated Assets Special Account – s34A <i>Proceeds of Crime Act 1987</i> (A)	2	80 686	1,000 2,000	1,000 2,606	- -	80 80
Confiscated Assets Account – s295 <i>Proceeds of Crime Act 2002</i> (A)	3	4,000 3,747	20,000 7,000	20,000 6,747	- -	4,000 4,000
Other Trust Moneys – s20 FMA Act (D)		100 100	320 320	320 320	- -	100 100
TOTAL SPECIAL ACCOUNTS 2006-07 BUDGET ESTIMATE		4,237	22,125	22,125	-	4,237
<i>Total Special Accounts 2005-06 Estimated Actual</i>		4,590	10,125	10,478	-	4,237

(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 transferred to consolidated revenue on a monthly basis.
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 Australian Government.
3. The Confiscated Assets Account contains the proceeds of the sale of assets confiscated under the *Proceeds of Crime Act 2002*. The Minister for Justice and Customs may approve these funds to be expended on measures for crime prevention, law enforcement and drug related programs.

2.8 TRUST MONEYS

ITSA fulfils the Official Trustee role under both bankruptcy and proceeds of crime legislation. As a result, it controls assets in a trustee capacity. Recent legal advice has confirmed that assets held in a trustee capacity by the Official Trustee are not public assets, and 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. Where those assets are realised pursuant to proceeds of crime orders, the proceeds are paid into one of the special accounts mentioned in Section 2.6 above.

Table 2.8: Estimates of trust moneys flows and balances

		Opening Balance 2006-07 2005-06	Credits 2006-07 2005-06	Debits 2006-07 2005-06	Adjustments 2006-07 2005-06	Closing Balance 2006-07 2005-06
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Common Investment Fund Account – <i>Bankruptcy Act 1966</i> (A)	1	14,397 14,397	35,000 35,000	35,000 35,000	- -	14,397 14,397
Total Trust Moneys 2006-07 Budget Estimate		14,397	35,000	35,000	-	14,397
<i>Total Trust Moneys 2005-06 Estimated Actual</i>		14,397	35,000	35,000	-	14,397

(A) = Administered

Notes

1. The Common Investment Fund Account holds all moneys (other than moneys to which s20B(8), Division 2, *Bankruptcy Act 1966* applies) held by the Official Trustee under that Act. Moneys in that Account are invested under s20D of the *Bankruptcy Act 1966*. The movements in the Account disclosed above do not include the rollover of investments, with those rollovers estimated to be approximately \$140m in 2005-06 and 2006-07.

Section 3: Outcomes

3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION OF OUTCOMES

The relationship between ITSA's activities and its outcomes is summarised in Table 1.1.

3.2 OUTCOMES — DEPARTMENTAL

Departmental and Administered appropriations by outcome

ITSA has only one outcome.

3.3 OUTCOMES AND PERFORMANCE

Outcome 1 resourcing

Table 3.1 shows how the 2006-07 Budget appropriations translate to total resourcing for Outcome 1, including revenue from government (appropriation), revenue from other sources, and the total price of outputs.

Table 3.1: Total resources for Outcome 1

	ESTIMATED ACTUAL 2005-06 \$'000	BUDGET ESTIMATE 2006-07 \$'000
DEPARTMENTAL APPROPRIATIONS		
Output 1.1 – Personal insolvency laws which satisfy business and community needs	779	800
Output 1.2 – A bankruptcy registry service and compliance with the Bankruptcy Act	9,639	9,892
Output 1.3 – Regulation of bankruptcy trustees and debt agreement administrators	2,529	2,595
Output 1.4 – Administration of bankrupt estates and other arrangements under the Bankruptcy Act	13,726	14,086
Output 1.5 – Investigation of Bankruptcy Act offences	2,068	2,122
Output 1.6 – Administration of proceeds of crime property	1,719	1,763
Total revenue from Government (appropriations) contributing to price of departmental outputs	30,460	31,258
OTHER RESOURCES AVAILABLE TO BE USED		
Output 1.1 – Personal insolvency laws which satisfy business and community needs	32	32
Output 1.2 – A bankruptcy registry service and compliance with the Bankruptcy Act	395	399
Output 1.3 – Regulation of bankruptcy trustees and debt agreement administrators	104	105
Output 1.4 – Administration of bankrupt estates and other arrangements under the Bankruptcy Act	563	567
Output 1.5 – Investigation of Bankruptcy Act offences	85	86
Output 1.6 – Administration of proceeds of crime property	72	71
Total revenue from other sources	1,251	1,260
Total resources (Total revenue from Government and from other sources)	31,711	32,518
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	31,711	32,518
Average staffing level (number)	260	265

Measures affecting Outcome 1

ITSA has no new measures for the 2006-07 Budget.

Performance information for Outcome 1

Performance information for output groups relating to ITSA are summarised in Table 3.2.

Table 3.2: 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>Price: \$0.832m</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>Price: \$10.291m</p> <p>Debtors in financial difficulty and creditors receive all appropriate information to make informed decisions on bankruptcy and alternatives</p> <p>Approximately 26,000 new personal insolvency administrations registered and processed annually in accordance with prescribed standards</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 and issued notices achieve effective results for estates or administrations</p> <p>Client satisfaction with registry, compliance and information services as measured by periodic client opinion surveys</p>
Output 1.3: Regulation of bankruptcy trustees and debt agreement administrators	<p>Price: \$2.700m</p> <p>Achievement of target inspection program covering the administrations of approximately 215 bankruptcy trustees and debt agreement administrators</p> <p>Complaints handled and statutory reviews completed within set timeframes</p> <p>Only suitably qualified people are registered as bankruptcy trustees. Specific criteria is applied for solicitors becoming controlling trustees and for those seeking to be appointed as debt agreement administrators</p> <p>Client satisfaction with regulation services as measured by periodic client opinion surveys</p>

Table 3.2: Performance information for Outcome 1 (continued)

<i>Output Description</i>	<i>Performance Measure</i>
Output 1.4: Administration of bankrupt estates and other arrangements under the Bankruptcy Act	<p>Price: \$14.653m</p> <p>Timely reports to bankrupts and creditors and dividends paid within standards</p> <p>Approximately 3,000 estates with complex issues administered annually, with property and income contributions recovered, dividends paid to creditors and possible offences identified</p> <p>Low incidence of major issues raised by Bankruptcy Regulation in respect of Official Trustee administrations</p> <p>Client satisfaction with estate administration services as measured by periodic client opinion surveys</p>
Output 1.5: Investigation of Bankruptcy Act offences	<p>Price: \$2.208m</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 with offence investigation services as measured by periodic client opinion surveys</p>
Output 1.6: Administration of proceeds of crime property	<p>Price: \$1.834m</p> <p>Achieve control of property on identification</p> <p>Property administered pursuant to court orders and within set timeframes and standards</p>

Evaluations for Outcome 1

A client opinion survey is completed every two years. The last survey was completed in early 2005-06.

The results of all evaluation activity for the coming year that relates to this outcome will be in ITSA's Annual Report.

Section 4: Other reporting requirements

4.1 PURCHASER—PROVIDER ARRANGEMENTS

ITSA does not participate in purchaser-provider arrangements.

4.2 COST RECOVERY ARRANGEMENTS

In accordance with the Government's cost recovery policy, ITSA reviewed all its fees and charges in 2004 and identified which services should be cost recovered, the type of charge to apply, who should pay and which services would be more appropriately funded through general taxation.

As part of the 2005-06 Budget, the Government agreed that the new fees and charges should apply from 1 July 2006.

When conducting the review, ITSA consulted all major stakeholders: trustees, financial counsellors, debt agreement administrators, creditors and lawyers. A Cost Recovery Reference Group was subsequently established with major stakeholder representation to enable on-going monitoring of ITSA's fees and charges.

That Reference Group aims to ensure that:

- ITSA's approach to cost recovery can be adapted to changed circumstances
- ITSA's costs and structures on which fees are based are efficient and transparent, and
- individual sectors do not have undue influence over ITSA's fees and charges.

In consultation with the Reference Group, ITSA has recently reviewed the agreed fees and charges in preparation for the 1 July 2006 commencement.

The proposed new fee regime has been reflected in the *Bankruptcy Legislation Amendment (Fees and Charges) Act 2006*. That Act authorises the Attorney-General to prescribe fee changes by legislative instrument, subject to disallowance. Relevant legislative instruments are being finalised and, once signed, the rates of fees and charges will be available to the public.

Section 5: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

DEPARTMENTAL

The key variations in ITSA's departmental financial statements reflect the development of a replacement bankruptcy case management and information system, with development expenditures being capitalised in 2005-06 and 2006-07 and subsequently depreciated.

ADMINISTERED

The changes in administered revenues result from the implementation of ITSA's cost recovery regime, scheduled to commence from 1 July 2006.

BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement for the period ended 30 June

	ESTIMATED ACTUAL 2005-06 \$'000	BUDGET ESTIMATE 2006-07 \$'000	FORWARD ESTIMATE 2007-08 \$'000	FORWARD ESTIMATE 2008-09 \$'000	FORWARD ESTIMATE 2009-10 \$'000
INCOME					
REVENUE					
Revenues from Government	30,600	31,398	31,833	32,112	32,375
Goods and services	610	620	620	620	620
Other	501	500	500	500	500
Total revenue	31,711	32,518	32,953	33,232	33,495
Total income	31,711	32,518	32,953	33,232	33,495
EXPENSES					
Employees	19,111	19,793	19,961	20,181	20,383
Suppliers	11,102	11,197	10,604	10,549	10,664
Depreciation and amortisation	1,498	1,528	2,388	2,502	2,448
Total expenses	31,711	32,518	32,953	33,232	33,495
Net surplus or (deficit) attributable to the Australian Government	-	-	-	-	-

Table 5.2: Budgeted departmental balance sheet as at 30 June

	ESTIMATED ACTUAL 2005-06 \$'000	BUDGET ESTIMATE 2006-07 \$'000	FORWARD ESTIMATE 2007-08 \$'000	FORWARD ESTIMATE 2008-09 \$'000	FORWARD ESTIMATE 2009-10 \$'000
ASSETS					
FINANCIAL ASSETS					
Cash	300	300	300	300	300
Receivables	3,963	4,522	4,318	7,110	9,245
Accrued revenues	104	104	104	104	104
Total financial assets	4,367	4,926	4,722	7,514	9,649
Non-financial assets					
Land and buildings	3,585	2,885	4,332	3,621	2,930
Infrastructure, plant and equipment	1,556	1,412	1,165	768	1,037
Intangibles	4,747	5,576	5,032	3,850	2,707
Other	486	486	486	486	486
Total non-financial assets	10,374	10,359	11,015	8,725	7,160
Total assets	14,741	15,285	15,737	16,239	16,809
LIABILITIES					
Provisions					
Employees	7,216	7,816	8,416	9,016	9,616
Other	433	433	324	250	250
Total provisions	7,649	8,249	8,740	9,266	9,866
Payables					
Suppliers	1,415	1,707	1,806	1,897	1,874
Other	608	260	122	7	-
Total payables	2,023	1,967	1,928	1,904	1,874
Total liabilities	9,672	10,216	10,668	11,170	11,740
EQUITY*					
Parent entity interest					
Contributed equity	2,360	2,360	2,360	2,360	2,360
Reserves	1,151	1,151	1,151	1,151	1,151
Retained surpluses or accumulated deficits	1,558	1,558	1,558	1,558	1,558
Total parent entity interest	5,069	5,069	5,069	5,069	5,069
Total equity	5,069	5,069	5,069	5,069	5,069
Current assets	4,853	5,413	5,208	8,000	10,135
Non-current assets	9,888	9,872	10,529	8,239	6,674
Current liabilities	3,951	4,142	4,183	4,092	4,062
Non-current liabilities	5,721	6,074	6,485	7,078	7,678

*Note: 'equity' is the residual interest in assets after deduction of liabilities.

Table 5.3: Budgeted departmental statement of cash flows for the period ended 30 June

	ESTIMATED ACTUAL 2005-06 \$'000	BUDGET ESTIMATE 2006-07 \$'000	FORWARD ESTIMATE 2007-08 \$'000	FORWARD ESTIMATE 2008-09 \$'000	FORWARD ESTIMATE 2009-10 \$'000
OPERATING ACTIVITIES					
CASH RECEIVED					
Goods and services	671	682	682	682	682
Appropriations	30,460	31,258	31,693	31,972	32,235
GST refunds	1,592	1,140	1,249	957	1,029
Other	551	550	550	550	550
Total cash received	33,274	33,630	34,174	34,161	34,496
Cash used					
Employees	18,511	19,193	19,361	19,581	19,783
Suppliers	12,154	12,163	11,619	11,524	11,576
Other	12	-	-	-	-
Total cash used	30,677	31,356	30,980	31,105	31,359
Net cash from or (used by) operating activities	2,597	2,274	3,194	3,056	3,137
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	6,569	1,715	3,398	264	1,001
Total cash used	6,569	1,715	3,398	264	1,001
Net cash from or (used by) investing activities	(6,569)	(1,715)	(3,398)	(264)	(1,001)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	1,738	-	-	-	-
Reduction in appropriations receivable	2,046	-	204	-	-
Total cash received	3,784	-	204	-	-
Cash used					
Increase in appropriations receivable	-	559	-	2,792	2,136
Total cash used	-	559	-	2,792	2,136
Net cash from or (used by) financing activities	3,784	(559)	204	(2,792)	(2,136)
Net increase or (decrease) in cash held	(188)	-	-	-	-
Cash at the beginning of the reporting period	488	300	300	300	300
Cash at the end of the reporting period	300	300	300	300	300

Table 5.4: Departmental statement of changes in equity — summary of movement Budget 2006-07

	ACCUMULATED RESULTS \$'000	ASSET REVALUATION RESERVE \$'000	CONTRIBUTED EQUITY/ CAPITAL \$'000	TOTAL EQUITY \$'000
OPENING BALANCE AS AT 1 JULY 2006				
Balance carried forward from previous period	1,558	1,151	2,360	5,069
Adjusted opening balance	1,558	1,151	2,360	5,069
Sub-total income and expenses	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-
Sub-total transactions with owners	-	-	-	-
Estimated closing balance as at 30 June 2007	1,558	1,151	2,360	5,069

Table 5.5: Departmental capital budget statement

	ESTIMATED ACTUAL 2005-06 \$'000	BUDGET ESTIMATE 2006-07 \$'000	FORWARD ESTIMATE 2007-08 \$'000	FORWARD ESTIMATE 2008-09 \$'000	FORWARD ESTIMATE 2009-10 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	1,738	-	-	-	-
Total capital appropriations	1,738	-	-	-	-
Represented by:					
Purchase of non-financial assets	1,738	-	-	-	-
Total represented by	1,738	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	1,738	-	-	-	-
Funded internally by departmental resources	4,234	1,560	3,089	240	910
Total	5,972	1,560	3,089	240	910

Table 5.6: Departmental property, plants, equipment and intangibles — summary of movement Budget year 2006-07

	BUILDINGS	OTHER INFRASTRUCTURE PLANT AND EQUIPMENT	COMPUTER SOFTWARE	TOTAL
	\$'000	\$'000	\$'000	\$'000
As at 1 JULY 2006				
Gross book value	5,711	3,043	8,584	17,338
Accumulated depreciation/amortisation	2,126	1,487	3,837	7,450
Opening net book value	3,585	1,556	4,747	9,888
Additions:				
by purchase	-	433	-	433
internally developed	-	-	1,127	1,127
Depreciation expense	653	577	298	1,528
Amortisation of makegood	47	-	-	47
As at 30 June 2007				
Gross book value	5,711	3,476	9,711	18,898
Accumulated depreciation/amortisation	2,826	2,064	4,135	9,025
Estimated closing net book value	2,885	1,412	5,576	9,873

Table 5.7: Schedule of budgeted income and expenses administered on behalf of Government for the period ended 30 June

	ESTIMATED ACTUAL 2005-06 \$'000	BUDGET ESTIMATE 2006-07 \$'000	FORWARD ESTIMATE 2007-08 \$'000	FORWARD ESTIMATE 2008-09 \$'000	FORWARD ESTIMATE 2009-10 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
REVENUE					
TAXATION					
Other taxes, fees and fines	8,490	8,000	8,000	8,000	8,000
Total taxation	8,490	8,000	8,000	8,000	8,000
Non-taxation					
Goods and services	8,082	15,442	15,442	15,442	15,442
Interest	800	800	800	800	800
Total non-taxation	8,882	16,242	16,242	16,242	16,242
Total revenues administered on behalf of Government	17,372	24,242	24,242	24,242	24,242
Total income administered on behalf of Government	17,372	24,242	24,242	24,242	24,242
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Total expenses administered on behalf of Government	-	-	-	-	-

Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of Government as at 30 June

	ESTIMATED ACTUAL 2005-06 \$'000	BUDGET ESTIMATE 2006-07 \$'000	FORWARD ESTIMATE 2007-08 \$'000	FORWARD ESTIMATE 2008-09 \$'000	FORWARD ESTIMATE 2009-10 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
FINANCIAL ASSETS					
Cash	253	253	253	253	253
Receivables	419	419	419	419	419
Accrued revenues	5,739	5,739	5,739	5,739	5,739
Total financial assets	6,411	6,411	6,411	6,411	6,411
Total assets administered on behalf of Government	6,411	6,411	6,411	6,411	6,411
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Provisions	-	-	-	-	-
Payables					
GST payable	130	130	130	130	130
Other payables	12	12	12	12	12
Total payables	142	142	142	142	142
Total liabilities administered on behalf of Government	142	142	142	142	142

**Table 5.9: Schedule of budgeted administered cash flows
for the period ended 30 June**

	ESTIMATED ACTUAL 2005-06 \$'000	BUDGET ESTIMATE 2006-07 \$'000	FORWARD ESTIMATE 2007-08 \$'000	FORWARD ESTIMATE 2008-09 \$'000	FORWARD ESTIMATE 2009-10 \$'000
OPERATING ACTIVITIES					
CASH RECEIVED					
Other taxes, fees and fines	8,490	8,000	8,000	8,000	8,000
Rendering of services	8,982	16,742	16,742	16,742	16,742
Interest	800	800	800	800	800
Total cash received	18,272	25,542	25,542	25,542	25,542
Cash used					
GST paid	400	800	800	800	800
Refunds of revenue	500	500	500	500	500
Total cash used	900	1,300	1,300	1,300	1,300
Net cash from or (used by) operating activities	17,372	24,242	24,242	24,242	24,242
INVESTING ACTIVITIES					
Net cash from or (used by) investing activities	-	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	900	1,300	1,300	1,300	1,300
Total cash received	900	1,300	1,300	1,300	1,300
Cash used					
Cash to Official Public Account	18,272	25,542	25,542	25,542	25,542
Total cash used	18,272	25,542	25,542	25,542	25,542
Net cash from or (used by) financing activities	(17,372)	(24,242)	(24,242)	(24,242)	(24,242)
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	253	253	253	253	253
Cash at end of reporting period	253	253	253	253	253

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 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 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.

Basis of accounting

ITSA's statements have been prepared on an accrual basis, in accordance with historical cost convention and consistent with Australian Accounting Standards.

Departmental financial statements

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.

Suppliers expenses

Supplier expenses consist of consultants and contractors 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

These comprise leasehold improvements.

Infrastructure, plant and equipment

These 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 which 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

ITSA's 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.

Suppliers payable

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

Schedules of Administered items

Revenue

All Administered revenue items are revenues relating to the core operating activities performed by ITSA 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 private bankruptcy trustees and a realisations charge imposed on amounts received by all bankruptcy trustees are payable to the Official Public Account. These are shown under taxation revenue.