

INSOLVENCY AND  
TRUSTEE SERVICE  
AUSTRALIA



## Section 1: Overview, appropriations and budget measures summary

### OVERVIEW

The Insolvency and Trustee Service Australia (ITSA) is responsible for the administration and regulation of the personal insolvency system in Australia.

ITSA:

- operates the bankruptcy registry, where debtors petitions are lodged, debt agreement proposals are processed and public records on insolvency are maintained;
- exercises Official Receiver powers to assist trustees to obtain information and recover property;
- investigates possible offences under the Bankruptcy Act and prepares briefs of evidence for prosecution;
- provides information about bankruptcy and its alternatives;
- regulates the administrations and activity of the Official Trustee and private registered trustees, and licenses private trustees;
- administers, as the Official Trustee, personal bankruptcies and Part IX debt agreements when private bankruptcy trustees or other administrators are not appointed;
- advises Government on appropriate legislative reform to the *Bankruptcy Act 1966* 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* and *Customs Act 1901*.

## **APPROPRIATIONS**

The total appropriation for ITSA in the 2002–03 Budget is \$27.477m. Table 1.1 shows the total appropriations for ITSA for 2002–03 and other revenue by outcome.

## **ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS**

ITSA does not have an appropriation for an equity injection or loan or an appropriation for administered capital.

## Insolvency and Trustee Service Australia — Appropriations 2002–03

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

Outcome	Departmental (price of outputs)					Administered			Total appropriations	
	Revenue from government (appropriations)			Revenue from other sources	Price of outputs	Annual appropriations		Special approps		Total administered appropriations
	Bill 1	Special approps	Total			Bill 1	Bill 2 (SPPs & NAOs)			
	(A)	(B)	(C=A+B)	(D)	(E=C+D)	(F)	(G)	(H)		(I=F+G+H)
Public confidence in the personal insolvency system	27,477	-	27,477 98%	420	27,897	-	-	-	-	27,477
<b>Total</b>	<b>27,477</b>	-	<b>27,477</b>	<b>420</b>	<b>27,897</b>	-	-	-	-	<b>27,477</b>
Non-operating: equity injections, loans and previous years' outputs									-	
Administered assets and liabilities									-	
<b>Total appropriations</b>									<b>27,477</b>	

**Notes:**

- Columns C, D, E and I refer to information provided in Table 2.1.1.
- Under the appropriation structure, Bill 2 includes appropriations for Specific Purpose Payments (SPPs), New Agency Outcomes (NAOs), administered assets and liabilities and equity injections, loans and previous years' outputs.
- Refer to Budgeted Departmental Statement of Financial Performance for application of agency revenue.
- Revenue from other sources includes other revenue from government (eg resources free of charge) and revenue from other sources (eg sales of goods and services). Non-appropriated departmental and administered revenues are detailed in Appendix 1. Resources received free of charge are \$0.116m.
- 98% in column C indicates the percentage contribution of revenue from government (departmental appropriations) to the total price of outputs, by outcome

## Section 2: Outcomes and outputs information

### OUTCOMES AND OUTPUT GROUPS

ITSA has one outcome:

*Public confidence in the personal insolvency system*

There are six outputs for ITSA's outcome:

*Output 1.1: Relevant and up to date personal insolvency laws*

*Output 1.2: An efficient bankruptcy registry*

*Output 1.3: Regulation of bankruptcy trustees*

*Output 1.4: Administration of bankrupt estates*

*Output 1.5: Investigation of Bankruptcy Act offences*

*Output 1.6: Proceeds of crime orders administered*

Financial and non-financial information is provided as follows:

- |             |  |
|-------------|--|
| Map 2.1     | - details outcome and output resourcing and illustrates the relationship between the outcome and contributing outputs. |
| Table 2.1.1 | - details financial information for outcome 1.   |
| Table 2.2.1 | - details non-financial information for outcome 1.   |

## CHANGES TO OUTCOMES AND OUTPUTS

ITSA's output structure has been revised since the 2001–02 Budget to improve the specification of ITSA's outputs. The table below maps the current output structure for the 2002–03 Budget to the previous output structure.

### Revised outputs structure

Current outputs	Previous outputs
Output 1.1 Relevant and up to date personal insolvency laws	Output 1.1 Relevant and up to date personal insolvency laws
Output 1.2 An efficient bankruptcy registry	Output 1.2 An efficient bankruptcy registry and compliance with the Bankruptcy Act
Output 1.3 Regulation of bankruptcy trustees	Output 1.3 Effective regulation of the Official Trustee and private sector bankruptcy trustees
Output 1.4 Administration of bankrupt estates	Output 1.4 Effective and efficient administration of bankrupt estates
Output 1.5 Investigation of Bankruptcy Act offences	Formerly included in Output 1.2: An efficient bankruptcy registry and compliance with the Bankruptcy Act
Output 1.6 Proceeds of crime orders administered	Output 1.5 Proceeds of crime orders administered effectively

Bankruptcy offence investigation (Output 1.5) was previously included in Output 1.2. It has been given separate output status because of the specific offence provisions in the Bankruptcy Act and ITSA's role in investigating offences pursuant to the Government's Fraud Control policy, and is recognised as a discrete function by our clients and stakeholders.

**Map 2.1: Outcome and output groups**

<b>INSOLVENCY AND TRUSTEE SERVICE AUSTRALIA</b>	
<b>Chief Executive and Inspector-General : Mr Terry Gallagher</b>	
Total price of outputs	\$27.897m
Departmental outcome appropriation	\$27.477m

**Outcome 1: Public confidence in the personal insolvency system**

Total price	\$27.897m
Departmental output appropriation	\$27.477m

**Output 1.1:** Relevant and up to date personal insolvency laws

Total price	\$0.530m
Approp	\$0.522m

**Output 1.2:** An efficient bankruptcy registry

Total price	\$9.654m
Approp	\$9.509m

**Output 1.3:** Regulation of bankruptcy trustees

Total price	\$2.258m
Approp	\$2.224m

**Output 1.4:** Administration of bankrupt estates

Total price	\$13.699m
Approp	\$13.493m

**Output 1.5:** Investigation of Bankruptcy Act offences

Total price	\$1.059m
Approp	\$1.043m

**Output 1.6:** Proceeds of crime orders administered

Total price	\$0.697m
Approp	\$0.686m

## OUTCOME 1 — PUBLIC CONFIDENCE IN THE PERSONAL INSOLVENCY SYSTEM

ITSA's purpose is to ensure public confidence in the personal insolvency system. 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.

## OUTCOME 1 — RESOURCING

Table 2.1.1 shows how the 2002–03 appropriations translate to total resourcing for ITSA for outcome 1, including revenue from government (appropriation), revenue from other sources and the total price of the output.

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

	<b>Estimated Actual 2001–02 (\$'000)</b>	<b>Budget Estimate 2002–03 (\$'000)</b>
<b>DEPARTMENTAL APPROPRIATIONS</b>		
Output 1.1: Relevant and up to date personal insolvency laws	514	522
Output 1.2: An efficient bankruptcy registry	9,362	9,509
Output 1.3: Regulation of bankruptcy trustees	2,192	2,224
Output 1.4: Administration of bankrupt estates	13,284	13,493
Output 1.5: Investigation of Bankruptcy Act offences	1,028	1,043
Output 1.6: Proceeds of crime orders administered	677	686
<b>Total revenue from government (appropriations) contributing to price of outcome</b>	<b>27,057 98.5%</b>	<b>27,477 98.5%</b>
<b>REVENUE FROM OTHER SOURCES</b>		
Output 1.1: Relevant and up to date personal insolvency laws	8	8
Output 1.2: An efficient bankruptcy registry	145	145
Output 1.3: Regulation of bankruptcy trustees	34	34
Output 1.4: Administration of bankrupt estates	205	206
Output 1.5: Investigation of Bankruptcy Act offences	16	16
Output 1.6: Proceeds of crime orders administered	11	11
<b>Total revenue from other sources</b>	<b>419</b>	<b>420</b>
<b>Total price of departmental outputs</b> (Total revenue from government and other sources)	<b>27,476</b>	<b>27,897</b>
<b>Total estimated resourcing for outcome 1</b> (Total price of outputs and administered expenses)	<b>27,476</b>	<b>27,897</b>
<b>AVERAGE STAFFING LEVEL</b>	237	239

## OUTCOME 1 — PERFORMANCE INFORMATION

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**

<b>Performance information for departmental outputs</b>	
<i>Output description</i>	<i>Performance measure</i>
<b>Output 1.1:</b> Relevant and up to date personal insolvency laws	Price: \$0.530m  Regular advice to government on proposed changes to improve and simplify the legislation  Consultation about personal insolvency legislation acknowledged by stakeholders as effective and constructive  Amendments to legislation recognised by key stakeholders as improving and simplifying the law
<b>Output 1.2:</b> An efficient bankruptcy registry	Price: \$9.654m  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  Petitions, Official Receiver notices, enquiries, debt agreement proposals and other documents processed within set timeframes and standards  Complaints about ITSA's services, other than trustee activity, number less than 1% of client base (undischarged bankrupts)
<b>Output 1.3:</b> Regulation of bankruptcy trustees	Price: \$2.258m  Achievement of target inspection program  Complaints handled within set timeframes  Over time, fewer justified complaints about trustees' conduct of administrations  Statutory reviews completed within set timeframes  Only suitably qualified people are registered as bankruptcy trustees

Table 2.2.1 Performance information for outcome 1 (continued)

<i>Output description</i>	<i>Performance measure</i>
<b>Output 1.4:</b> Administration of bankrupt estates	Price: \$13.699m Client groups satisfied, as measured by periodic client surveys Initial reports sent to creditors no later than 5 days in 75% of estates and 10 days in 100% of estates Low incidence of major issues raised by Bankruptcy Regulation from inspection of Official Trustee administrations
<b>Output 1.5:</b> Investigation of Bankruptcy Act offences	Price: \$1.059m Timely identification and investigation of material offences under the Bankruptcy Act Increased number of referrals to the Director of Public Prosecutions leading to successful prosecutions
<b>Output 1.6:</b> Proceeds of crime orders administered	Price: \$0.697m 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

Table 2.2.1 above, lists the performance information that ITSA will use to assess the level of its contribution to the achievement of Outcome 1 during 2002–03. It will also measure the efficiency of outputs in contributing to Outcome 1, including targets for performance as applicable and appropriate. Achievement of planned performance will be reported in ITSA's 2002–03 Annual Report.

## Section 3: Budgeted Financial Statements

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

	<b>Estimated Actual 2001–02 \$'000</b>	<b>Budget Estimate 2002–03 \$'000</b>	<b>Forward Estimate 2003–04 \$'000</b>	<b>Forward Estimate 2004–05 \$'000</b>	<b>Forward Estimate 2005–06 \$'000</b>
<b>Revenues from ordinary activities</b>					
Revenues from government	27,168	27,593	27,854	28,260	28,973
Sales of goods and services	77	166	168	169	172
Interest	113	117	116	114	116
Other revenue from other sources	118	21	21	22	22
<b>Total revenues from ordinary activities</b>	<b>27,476</b>	<b>27,897</b>	<b>28,159</b>	<b>28,565</b>	<b>29,283</b>
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>					
Employees	14,951	16,375	17,000	17,943	18,352
Suppliers	10,850	10,536	10,074	9,400	10,027
Depreciation and amortisation	927	969	1,068	1,205	887
<b>Total expenses from ordinary activities (excluding borrowing costs expense)</b>	<b>26,728</b>	<b>27,880</b>	<b>28,142</b>	<b>28,548</b>	<b>29,266</b>
Borrowing costs expense	-	-	-	-	-
<b>Net surplus or (deficit) from ordinary activities</b>	<b>748</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>
Gain or loss on extraordinary items	-	-	-	-	-
<b>Net surplus or (deficit)</b>	<b>748</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>
Capital use charge	(17)	(17)	(17)	(17)	(17)
<b>Net surplus or (deficit) after capital use charge</b>	<b>731</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	<b>Estimated Actual 2001–02 \$'000</b>	<b>Budget Estimate 2002–03 \$'000</b>	<b>Forward Estimate 2003–04 \$'000</b>	<b>Forward Estimate 2004–05 \$'000</b>	<b>Forward Estimate 2005–06 \$'000</b>
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	500	500	500	500	500
Receivables	100	100	100	100	100
Investments	3,425	2,997	3,344	2,902	3,452
Accrued revenues	2	2	2	2	2
Other	3	3	3	3	3
<b>Total financial assets</b>	<b>4,030</b>	<b>3,602</b>	<b>3,949</b>	<b>3,507</b>	<b>4,057</b>
<b>Non-financial assets</b>					
Land and buildings	810	1,967	1,948	2,870	2,578
Infrastructure, plant and equipment	1,632	1,241	1,356	1,271	1,382
Inventories	50	50	50	50	50
Intangibles	522	718	1,029	1,066	1,139
Other	550	310	320	330	340
<b>Total non-financial assets</b>	<b>3,564</b>	<b>4,286</b>	<b>4,703</b>	<b>5,587</b>	<b>5,489</b>
<b>Total assets</b>	<b>7,594</b>	<b>7,888</b>	<b>8,652</b>	<b>9,094</b>	<b>9,546</b>
<b>LIABILITIES</b>					
<b>Debt</b>					
Other	459	355	351	147	66
<b>Total debt</b>	<b>459</b>	<b>355</b>	<b>351</b>	<b>147</b>	<b>66</b>
<b>Provisions and payables</b>					
Employees	6,036	6,563	7,317	8,100	8,723
Suppliers	943	814	828	691	601
<b>Total provisions and payables</b>	<b>6,979</b>	<b>7,377</b>	<b>8,145</b>	<b>8,791</b>	<b>9,324</b>
<b>Total liabilities</b>	<b>7,438</b>	<b>7,732</b>	<b>8,496</b>	<b>8,938</b>	<b>9,390</b>
<b>EQUITY</b>					
Accumulated results	(542)	(542)	(542)	(542)	(542)
Capital	520	520	520	520	520
Reserves	178	178	178	178	178
<b>Total equity</b>	<b>156</b>	<b>156</b>	<b>156</b>	<b>156</b>	<b>156</b>
<b>Liabilities and equity</b>	<b>7,594</b>	<b>7,888</b>	<b>8,652</b>	<b>9,094</b>	<b>9,546</b>

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

	<b>Estimated Actual 2001–02 \$'000</b>	<b>Budget Estimate 2002–03 \$'000</b>	<b>Forward Estimate 2003–04 \$'000</b>	<b>Forward Estimate 2004–05 \$'000</b>	<b>Forward Estimate 2005–06 \$'000</b>
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	27,057	27,477	27,738	28,144	28,857
Sales of goods and services	77	167	168	169	172
Interest	113	117	116	114	116
Other	118	20	21	22	22
<b>Total cash received</b>	<b>27,365</b>	<b>27,781</b>	<b>28,043</b>	<b>28,449</b>	<b>29,167</b>
<b>Cash used</b>					
Employees	14,173	15,848	16,246	17,160	17,729
Suppliers	11,057	10,413	9,958	9,635	10,092
Other	17	17	17	17	17
<b>Total cash used</b>	<b>25,247</b>	<b>26,278</b>	<b>26,221</b>	<b>26,812</b>	<b>27,838</b>
<b>Net cash from operating activities</b>	<b>2,118</b>	<b>1,503</b>	<b>1,822</b>	<b>1,637</b>	<b>1,329</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Other	-	-	-	-	-
<b>Total cash received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	1,264	1,931	1,475	2,079	779
<b>Total cash used</b>	<b>1,264</b>	<b>1,931</b>	<b>1,475</b>	<b>2,079</b>	<b>779</b>
<b>Net cash from investing activities</b>	<b>(1,264)</b>	<b>(1,931)</b>	<b>(1,475)</b>	<b>(2,079)</b>	<b>(779)</b>
<b>Net increase in cash held</b>	<b>854</b>	<b>(428)</b>	<b>347</b>	<b>(442)</b>	<b>550</b>
Cash at the beginning of the reporting period	3,071	3,925	3,497	3,844	3,402
<b>Cash at the end of the reporting period</b>	<b>3,925</b>	<b>3,497</b>	<b>3,844</b>	<b>3,402</b>	<b>3,952</b>

Table 3.4: Departmental Capital Budget Statement

	Estimated Actual 2001-02 \$'000	Budget Estimate 2002-03 \$'000	Forward Estimate 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000
<b>DEPARTMENTAL</b>					
Total loans	-	-	-	-	-
Appropriation of previous year's carryover	-	-	-	-	-
<b>Represented by:</b>					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	-	-	-	-	-
Funded internally by departmental resources	1,264	1,931	1,475	2,079	779
<b>Total</b>	<b>1,264</b>	<b>1,931</b>	<b>1,475</b>	<b>2,079</b>	<b>779</b>

**Table 3.5: Departmental Non-financial Assets — Summary of Movement (Budget Year 2002–03)**

	Land	Buildings	Total land and buildings	Other infrastructure plant and equipment	Total infrastructure plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	-	810	810	1,632	1,632	522	2,964
Additions	-	1,410	1,410	191	191	330	1,931
Disposals	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-
Depreciation/amortisation expenses	-	253	253	582	582	134	969
Write-off of assets	-	-	-	-	-	-	-
Carrying amount at the end of year	-	1,967	1,967	1,241	1,241	718	3,926
<b>Total Additions</b>							
Self funded	-	1,410	1,410	191	191	330	1,931
Appropriations	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,410</b>	<b>1,410</b>	<b>191</b>	<b>191</b>	<b>330</b>	<b>1,931</b>

**Table 3.7: Note of Budgeted Revenues and Expenses Administered on Behalf of the Government for the period ended 30 June**

	<b>Estimated Actual 2001–02 \$'000</b>	<b>Budget Estimate 2002–03 \$'000</b>	<b>Forward Estimate 2003–04 \$'000</b>	<b>Forward Estimate 2004–05 \$'000</b>	<b>Forward Estimate 2005–06 \$'000</b>
<b>REVENUES</b>					
<b>Non-taxation</b>					
Interest and dividends	550	500	500	500	500
Other sources of non-taxation revenues	19,657	20,002	20,002	20,002	20,002
<b>Total non-taxation</b>	<b>20,207</b>	<b>20,502</b>	<b>20,502</b>	<b>20,502</b>	<b>20,502</b>
<b>Total revenues administered on behalf of the Government</b>	<b>20,207</b>	<b>20,502</b>	<b>20,502</b>	<b>20,502</b>	<b>20,502</b>
<b>EXPENSES</b>					
Other costs of providing goods and services	-	-	-	-	-
<b>Total expenses administered on behalf of the Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Extraordinary items	-	-	-	-	-

**Table 3.8: Note of Budgeted Assets and Liabilities Administered on Behalf of the Government as at 30 June**

	<b>Estimated Actual 2001–02 \$'000</b>	<b>Budget Estimate 2002–03 \$'000</b>	<b>Forward Estimate 2003–04 \$'000</b>	<b>Forward Estimate 2004–05 \$'000</b>	<b>Forward Estimate 2005–06 \$'000</b>
<b>ASSETS</b>					
<b>Financial assets</b>					
Receivables	400	400	400	400	400
<b>Total financial assets</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>
<b>Non-financial assets</b>					
Other	-	-	-	-	-
<b>Total non-financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets administered on behalf of the Government</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>
<b>LIABILITIES</b>					
<b>Provisions and payables</b>					
Other	70	70	70	70	70
<b>Total provisions and payables</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>
<b>Total liabilities administered on behalf of the Government</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>

**Table 3.9: Note of Budgeted Administered Cash Flows  
for the period ended 30 June**

	<b>Estimated Actual 2001–02 \$'000</b>	<b>Budget Estimate 2002–03 \$'000</b>	<b>Forward Estimate 2003–04 \$'000</b>	<b>Forward Estimate 2004–05 \$'000</b>	<b>Forward Estimate 2005–06 \$'000</b>
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Interest and dividends	550	500	500	500	500
Other	19,657	20,002	20,002	20,002	20,002
<b>Total cash received</b>	<b>20,207</b>	<b>20,502</b>	<b>20,502</b>	<b>20,502</b>	<b>20,502</b>
<b>Cash used</b>					
Cash to Official Public Account	20,207	20,502	20,502	20,502	20,502
Other	-	-	-	-	-
<b>Total cash used</b>	<b>20,207</b>	<b>20,502</b>	<b>20,502</b>	<b>20,502</b>	<b>20,502</b>
<b>Net cash from operating activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash held</b>					
Cash at the beginning of the reporting period	-	-	-	-	-
<b>Cash at the end of the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Departmental Financial Statements and Notes 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 assets, liabilities, revenues and expenses in relation to an agency or authority are those which 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 which are managed by an agency or authority on behalf of the Government according to set Government directions. Administered revenues include taxes, fees and fines.

### Capital Use Charge

A Capital Use Charge is levied on agencies and authorities to reflect the cost of the Commonwealth's investment in those entities. It is levied on those agencies closing Departmental net assets (equity) at a rate of 11 per cent.

Funding for the Capital Use Charge is included in agencies and authorities Departmental price of outputs appropriations. The Capital Use Charge is accounted for as a 'below Operating Result line' dividend payment.

### 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.

**APPENDIX 1****Receipts from Independent Sources**

	<b>Estimated Revenue 2001–02 \$'000</b>	<b>Estimated Revenue 2002–03 \$'000</b>
<b>DEPARTMENTAL REVENUE</b>		
Interest	113	117
Resources received free of charge	116	116
Section 31 (FMA Act) receipts	195	187
<b>Total Estimated Departmental Revenue</b>	<b>424</b>	<b>420</b>

