

# INSOLVENCY AND TRUSTEE SERVICE AUSTRALIA

## Section 1: Agency overview and resources; variations and measures

### OVERVIEW

There are no changes to the Insolvency and Trustee Service Australia's (ITSA) role, mission or its outcome and output structure as a result of Additional Estimates.

**Table 1.1 Agency outcomes and outputs groups**

<b>INSOLVENCY AND TRUSTEE SERVICE AUSTRALIA</b> <b>Chief Executive and Inspector-General: Mr Terry Gallagher</b>	
Total Price of Outputs	\$32.724m
Departmental Outcome Appropriation	\$31.464m
<b>Outcome 1: A personal insolvency system that produces equitable outcomes for debtors and creditors, enjoys public confidence and minimises the impact of financial failure on the community</b>	
Total Price	\$32.724m
Departmental Outputs Appropriation	\$31.464m
<b>Output 1.1: Personal insolvency laws which satisfy business and community needs</b>	
Total Price	\$0.832m
Appropriation	\$0.800m
<b>Output 1.2: A bankruptcy registry service and compliance with the Bankruptcy Act</b>	
Total Price	\$10.291m
Appropriation	\$9.892m
<b>Output 1.3: Regulation of bankruptcy trustees and debt agreement administrators</b>	
Total Price	\$2.906m
Appropriation	\$2.801m
<b>Output 1.4: Administration of bankrupt estates and other arrangements under the Bankruptcy Act</b>	
Total Price	\$14.653m
Appropriation	\$14.086m
<b>Output 1.5: Investigation of Bankruptcy Act offences</b>	
Total Price	\$2.208m
Appropriation	\$2.122m
<b>Output 1.6: Administration of proceeds of crime property</b>	
Total Price	\$1.834m
Appropriation	\$1.763m

## ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

Additional funding has been provided to enable the enhancement of regulation and compliance arrangements for debt agreements, to ensure debt agreements remain a viable alternative to bankruptcy. These reforms to the operation of debt agreements were announced by Government on 27 July 2006. For the four years covered by these Additional Estimates, the fiscal impact of this additional funding totals \$5.965m.

**Table 1.2: Additional estimates and variations to outcomes — measures**

	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000
<b>Outcome 1</b>				
<b>Variation in Departmental appropriation</b>				
Amendments to the <i>Bankruptcy Act 1966</i> to improve the operation of debt agreements	736	1,763	1,724	1,742
<b>Total changes in Departmental appropriations</b>	<b>736</b>	<b>1,763</b>	<b>1,724</b>	<b>1,742</b>

## MEASURES — AGENCY SUMMARY

The government will provide \$0.206m in 2006-07 to ensure the reforms are ready to commence on 1 July 2007. An equity injection of \$0.530 is also provided in that year. Subsequent on-going funding to operate the enhanced regime is approximately \$1.800m per annum.

**Table 1.4: Summary of measures since the 2006-07 Budget**

Measure	Outcome	Output Groups Affected	Appropriations 2006-07 \$'000			Appropriations 2007-08 \$'000			Appropriations 2008-09 \$'000			Appropriations 2009-10 \$'000		
			Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total
<b>EXPENSE MEASURES</b>														
Amendments to the <i>Bankruptcy Act 1966</i> to improve the operation of debt agreements	1	1.2, 1.3	-	206	206	-	1,763	1,763	-	1,724	1,724	-	1,742	1,742
<b>Total Expense Measures</b>			-	206	206	-	1,763	1,763	-	1,724	1,724	-	1,742	1,742
<b>CAPITAL MEASURES</b>														
Amendments to the <i>Bankruptcy Act 1966</i> to improve the operation of debt agreements	1	1.2, 1.3	-	530	530	-	-	-	-	-	-	-	-	-
<b>Total Capital Measures</b>			-	530	530	-	-	-	-	-	-	-	-	-
<b>Total All Measures</b>			-	736	736	-	1,763	1,763	-	1,724	1,724	-	1,742	1,742

## BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

**Table 1.5: Appropriation Bill (No. 3) 2006-07**

	2005-06 Available \$'000	2006-07 Budget \$'000	2006-07 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
<b>DEPARTMENTAL OUTPUTS</b>					
<b>Outcome 1</b>					
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	30,460	31,258	31,464	206	-
<b>Total Insolvency and Trustee Service Australia</b>	<b>30,460</b>	<b>31,258</b>	<b>31,464</b>	<b>206</b>	<b>-</b>

**Table 1.6: Appropriation Bill (No. 4) 2006-07**

	2005-06 Available \$'000	2006-07 Budget \$'000	2006-07 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
<b>Non-operating</b>					
Equity injections	1,738	-	530	530	-
<b>Total Capital Insolvency and Trustee Service Australia</b>	<b>1,738</b>	<b>-</b>	<b>530</b>	<b>530</b>	<b>-</b>

## SUMMARY OF STAFFING CHANGES

**Table 1.7: Average Staffing Level (ASL)**

	2006-07 Budget	2006-07 Revised	Variation
<b>Outcome 1</b>			
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	265	267	2
<b>Total</b>	<b>265</b>	<b>267</b>	<b>2</b>

## OTHER RECEIPTS AVAILABLE TO BE USED

Table 1.9 provides details of other receipts available to be used and include FMA s.30 repayments, s.30A GST refunds, s.31 receipts, and receipts returned to the Consolidated Revenue Fund that represent fees and charges collected pursuant to bankruptcy and proceeds of crime legislation. Additional departmental receipts are expected from GST refunds. Additional administered receipts are expected to be returned to the Consolidated Revenue Fund as ITSA applies the Government’s cost recovery policy to the enhanced regulatory and compliance functions for debt agreements.

**Table 1.9: Other receipts available to be used**

	<b>Budget Estimate 2006-07 \$'000</b>	<b>Revised Estimate 2006-07 \$'000</b>
<b>Departmental other receipts</b>		
Sale of goods and services	682	682
FMA Act s.31		
Other receipts	1,690	1,869
FMA Act s.30, 30A & 31		
<b>Total Departmental other receipts available to be used</b>	<b>2,372</b>	<b>2,551</b>
<b>Administered other receipts</b>		
Charges	8,000	8,128
Interest	800	800
Sale of goods and services	16,742	16,742
<b>Total Administered other receipts available to be used</b>	<b>25,542</b>	<b>25,670</b>
<b>Total Departmental and Administered</b>	<b>27,914</b>	<b>28,221</b>

## Section 2: Revisions to agency outcomes

### OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS

Table 1.1 ‘Agency outcomes and outputs groups’ lists the outcomes statement and output groups for ITSA.

There are no changes to the outcome and output structure as a result of Additional Estimates.

Apart from price per output in Table 1.1 there have been no changes to performance information for 2006-07.

## Section 3: Budgeted financial statements

### ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The additional estimates result in an increase in departmental appropriation revenue after 1 July 2007 of approximately \$1.800m a year. Additional fees and charges collected after that time, and disclosed as administered revenues, total approximately \$1.000m a year.

There is an additional equity injection of \$0.530m in Table 3.5 for information technology purchases and software development required for the enhanced regulatory and compliance regime for debt agreements. That regime is expected to be in place on 1 July 2007. There was previously no budgeted equity injection for 2006-07.

### BUDGETED FINANCIAL STATEMENTS

**Table 3.1: Budgeted departmental income statement for the period ended 30 June**

	Actual 2005-06 \$'000	Revised Budget 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from Government	30,460	31,464	33,562	33,802	34,083
Goods and services	590	620	620	620	620
Other	1,341	640	640	640	640
<b>Total revenue</b>	<b>32,391</b>	<b>32,724</b>	<b>34,822</b>	<b>35,062</b>	<b>35,343</b>
<b>Total income</b>	<b>32,391</b>	<b>32,724</b>	<b>34,822</b>	<b>35,062</b>	<b>35,343</b>
<b>EXPENSE</b>					
Employees	18,975	19,954	21,275	21,465	21,681
Suppliers	11,114	11,242	11,053	10,989	11,108
Depreciation and amortisation	1,363	1,528	2,494	2,608	2,554
Finance costs	20	-	-	-	-
Write-down of assets and impairment of assets	178	-	-	-	-
Net losses from sale of assets	14	-	-	-	-
Other	15	-	-	-	-
<b>Total expenses</b>	<b>31,679</b>	<b>32,724</b>	<b>34,822</b>	<b>35,062</b>	<b>35,343</b>
<b>Operating result before Income Tax</b>	<b>712</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net surplus or (deficit) attributable to the Australian Government</b>	<b>712</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 3.2: Budgeted departmental balance sheet as at 30 June

	Actual 2005-06 \$'000	Revised Budget 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	876	876	876	876	876
Appropriation receivable	7,857	7,195	4,964	5,663	7,669
Other receivables	201	201	201	201	201
<b>Total financial assets</b>	<b>8,934</b>	<b>8,272</b>	<b>6,041</b>	<b>6,740</b>	<b>8,746</b>
<b>Non-financial assets</b>					
Land and buildings	3,783	3,083	4,530	3,819	3,128
Infrastructure, plant and equipment	793	1,475	1,317	1,323	1,279
Intangibles	338	2,092	3,486	3,994	3,293
Other non-financial assets	453	453	453	453	453
<b>Total non-financial assets</b>	<b>5,367</b>	<b>7,103</b>	<b>9,786</b>	<b>9,589</b>	<b>8,153</b>
<b>Total assets</b>	<b>14,301</b>	<b>15,375</b>	<b>15,827</b>	<b>16,329</b>	<b>16,899</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	261	552	651	742	719
Other payables	1,401	1,115	959	832	814
<b>Total payables</b>	<b>1,662</b>	<b>1,667</b>	<b>1,610</b>	<b>1,574</b>	<b>1,533</b>
<b>Provisions</b>					
Employees	6,495	7,095	7,695	8,295	8,895
Other provisions	416	355	264	202	213
<b>Total provisions</b>	<b>6,911</b>	<b>7,450</b>	<b>7,959</b>	<b>8,497</b>	<b>9,108</b>
<b>Total liabilities</b>	<b>8,573</b>	<b>9,117</b>	<b>9,569</b>	<b>10,071</b>	<b>10,641</b>
<b>EQUITY</b>					
<b>Parent entity interest</b>					
Contributed equity	2,360	2,890	2,890	2,890	2,890
Reserves	1,151	1,151	1,151	1,151	1,151
Retained surpluses or accumulated deficits	2,217	2,217	2,217	2,217	2,217
<b>Total parent entity interest</b>	<b>5,728</b>	<b>6,258</b>	<b>6,258</b>	<b>6,258</b>	<b>6,258</b>
<b>Total equity</b>	<b>5,728</b>	<b>6,258</b>	<b>6,258</b>	<b>6,258</b>	<b>6,258</b>
<b>Current assets</b>	<b>9,387</b>	<b>8,725</b>	<b>6,494</b>	<b>7,193</b>	<b>9,199</b>
<b>Non-current assets</b>	<b>4,914</b>	<b>6,650</b>	<b>9,333</b>	<b>9,136</b>	<b>7,700</b>
<b>Current liabilities</b>	<b>7,414</b>	<b>7,881</b>	<b>8,548</b>	<b>9,207</b>	<b>9,861</b>
<b>Non-current liabilities</b>	<b>1,159</b>	<b>1,236</b>	<b>1,021</b>	<b>864</b>	<b>780</b>

**Table 3.3: Budgeted departmental statement of cash flows for the period ended 30 June**

	Actual 2005-06 \$'000	Revised Budget 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	958	682	682	682	682
Appropriations	29,979	31,464	33,562	33,802	34,083
GST Refund	1,055	1,319	1,507	1,221	1,097
Other cash received	1,319	550	550	550	550
<b>Total cash received</b>	<b>33,311</b>	<b>34,015</b>	<b>36,301</b>	<b>36,255</b>	<b>36,412</b>
<b>Cash used</b>					
Employees	19,007	19,354	20,675	20,865	21,081
Suppliers	12,579	12,212	12,113	12,008	12,065
<b>Total cash used</b>	<b>31,586</b>	<b>31,566</b>	<b>32,788</b>	<b>32,873</b>	<b>33,146</b>
<b>Net cash from or (used by) operating activities</b>	<b>1,725</b>	<b>2,449</b>	<b>3,513</b>	<b>3,382</b>	<b>3,266</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	1	-	-	-	-
<b>Total cash received</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, equipment and intangibles	1,681	3,641	5,744	2,683	1,260
<b>Total cash used</b>	<b>1,681</b>	<b>3,641</b>	<b>5,744</b>	<b>2,683</b>	<b>1,260</b>
<b>Net cash from or (used by) investing activities</b>	<b>(1,680)</b>	<b>(3,641)</b>	<b>(5,744)</b>	<b>(2,683)</b>	<b>(1,260)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations – contributed equity	343	530	-	-	-
Reduction in appropriations receivable	-	662	2,231	-	-
<b>Total cash received</b>	<b>343</b>	<b>1,192</b>	<b>2,231</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Increase in appropriation receivable	-	-	-	699	2,006
<b>Total cash used</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>699</b>	<b>2,006</b>
<b>Net cash from or (used by) financing activities</b>	<b>343</b>	<b>1,192</b>	<b>2,231</b>	<b>(699)</b>	<b>(2,006)</b>
<b>Net increase or (decrease) in cash held</b>	<b>388</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	488	876	876	876	876
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
<b>Cash at the end of the reporting period</b>	<b>876</b>	<b>876</b>	<b>876</b>	<b>876</b>	<b>876</b>

**Table 3.4: Departmental statement of changes in equity — summary of movement Budget year 2006-07**

	Accumulated Results \$'000	Asset Revaluation Reserve \$'000	Contributed Equity/ Capital \$'000	Total Equity \$'000
<b>Opening balance as at 1 July 2006</b>				
Balance carried forward from previous period	2,217	1,151	2,360	5,728
<b>Adjusted opening balance</b>	<b>2,217</b>	<b>1,151</b>	<b>2,360</b>	<b>5,728</b>
Net operating result	-	-	-	-
Appropriations (equity injection)	-	-	530	530
<b>Estimated closing balance as at 30 June 2007</b>	<b>2,217</b>	<b>1,151</b>	<b>2,890</b>	<b>6,258</b>

**Table 3.5: Departmental capital budget statement**

	Actual 2005-06 \$'000	Revised Budget 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	1,738	530	-	-	-
<b>Total capital appropriations</b>	<b>1,738</b>	<b>530</b>	-	-	-
<b>Represented by:</b>					
Purchase of non-financial assets	321	530	-	-	-
Increase in appropriation receivable	1,417	-	-	-	-
<b>Total represented by</b>	<b>1,738</b>	<b>530</b>	-	-	-
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	321	530	-	-	-
Funded internally by departmental resources	1,207	2,781	5,222	2,439	1,145
<b>Total</b>	<b>1,528</b>	<b>3,311</b>	<b>5,222</b>	<b>2,439</b>	<b>1,145</b>

**Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement Budget year 2006-07**

	Buildings	Other Infrastructure Plant and Equipment	Computer Software	Total
	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2006</b>				
Gross book value	5,168	2,203	4,123	11,494
Accumulated depreciation/amortisation	(1,385)	(1,410)	(3,785)	(6,580)
<b>Opening net book value</b>	<b>3,783</b>	<b>793</b>	<b>338</b>	<b>4,914</b>
Additions:				
by purchase	-	1,259	-	1,259
internally developed	-	-	2,052	2,052
Depreciation/amortisation expense	(653)	(577)	(298)	(1,528)
Amortisation of makegood	(47)	-	-	(47)
<b>As at 30 June 2007</b>				
Gross book value	5,168	3,462	6,175	14,805
Accumulated depreciation	(2,085)	(1,987)	(4,083)	(8,155)
<b>Estimated closing net book value</b>	<b>3,083</b>	<b>1,475</b>	<b>2,092</b>	<b>6,650</b>

**Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government for the period ended 30 June**

	Actual 2005-06 \$'000	Revised Budget 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF THE GOVERNMENT</b>					
<b>Revenue</b>					
<b>Taxation</b>					
Other taxes, fees and fines	10,650	8,128	9,050	9,015	9,017
<b>Total taxation</b>	<b>10,650</b>	<b>8,128</b>	<b>9,050</b>	<b>9,015</b>	<b>9,017</b>
<b>Non-taxation</b>					
Goods and services	16,608	15,442	15,442	15,442	15,442
Interest	793	800	800	800	800
<b>Total non-taxation</b>	<b>17,401</b>	<b>16,242</b>	<b>16,242</b>	<b>16,242</b>	<b>16,242</b>
<b>Total revenues administered on behalf of the Government</b>	<b>28,051</b>	<b>24,370</b>	<b>25,292</b>	<b>25,257</b>	<b>25,259</b>
<b>Total income administered on behalf of the Government</b>	<b>28,051</b>	<b>24,370</b>	<b>25,292</b>	<b>25,257</b>	<b>25,259</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Other expenses	-	-	-	-	-
<b>Total expenses administered on behalf of the Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government as at 30 June**

	Actual 2005-06 \$'000	Revised Budget 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF THE GOVERNMENT</b>					
<b>Financial assets</b>					
Cash and cash equivalents	821	821	821	821	821
Receivables	142	142	142	142	142
Accrued revenues	3,125	3,125	3,125	3,125	3,125
<b>Total financial assets</b>	<b>4,088</b>	<b>4,088</b>	<b>4,088</b>	<b>4,088</b>	<b>4,088</b>
<b>Total assets administered on behalf of the Government</b>	<b>4,088</b>	<b>4,088</b>	<b>4,088</b>	<b>4,088</b>	<b>4,088</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF THE GOVERNMENT</b>					
<b>Payables</b>					
GST Payable	83	83	83	83	83
Other payables	6	6	6	6	6
<b>Total payables</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>
<b>Total liabilities administered on behalf of Government</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>	<b>89</b>

**Table 3.9: Schedule of budgeted administered cash flows for the period ended 30 June**

	Actual	Revised	Forward	Forward	Forward
	2005-06	Budget	Estimate	Estimate	Estimate
	\$'000	2006-07	2007-08	2008-09	2009-10
		\$'000	\$'000	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Other taxes, fees and fines	11,136	8,128	9,050	9,015	9,017
Rendering of services	21,407	16,742	16,742	16,742	16,742
Interest	793	800	800	800	800
<b>Total cash received</b>	<b>33,336</b>	<b>25,670</b>	<b>26,592</b>	<b>26,557</b>	<b>26,559</b>
<b>Cash used</b>					
Refund of revenue	1,582	500	500	500	500
Net GST paid	865	800	800	800	800
<b>Total cash used</b>	<b>2,447</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>
<b>Net cash from operating activities</b>	<b>30,889</b>	<b>24,370</b>	<b>25,292</b>	<b>25,257</b>	<b>25,259</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
<b>Total cash received</b>	-	-	-	-	-
<b>Cash used</b>					
<b>Total cash used</b>	-	-	-	-	-
<b>Net cash from investing activities</b>	-	-	-	-	-
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Cash from Official Public Account	1,353	1,300	1,300	1,300	1,300
<b>Total cash received</b>	<b>1,353</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>
<b>Cash used</b>					
Cash to Official Public Account	31,674	25,670	26,592	26,557	26,559
<b>Total cash used</b>	<b>31,674</b>	<b>25,670</b>	<b>26,592</b>	<b>26,557</b>	<b>26,559</b>
<b>Net cash from financing activities</b>	<b>(30,321)</b>	<b>(24,370)</b>	<b>(25,292)</b>	<b>(25,257)</b>	<b>(25,259)</b>
<b>Net increase or (decrease) in cash held</b>	<b>568</b>	-	-	-	-
Cash at beginning of reporting period	253	821	821	821	821
<b>Cash at end of reporting period</b>	<b>821</b>	<b>821</b>	<b>821</b>	<b>821</b>	<b>821</b>

## **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 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; and
- 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.

#### **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 largely 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.