



Australian Government
Attorney-General's Department
Australian Financial Security Authority

COST RECOVERY IMPLEMENTATION STATEMENT
Personal Insolvency and Trustee Services
Effective 1 July 2015

Cost recovery involves government entities charging individuals or non-government organisations some or all of the efficient costs of a specific government activity. This may include goods, services or regulation, or a combination of them. The Australian Government Cost Recovery Guidelines (the CRGs)¹ set out the overarching framework under which government entities design, implement and review cost recovered activities.

¹ The CRGs are available on the Department of Finance website (www.finance.gov.au).

1. INTRODUCTION

1.1 Purpose of the CRIS

This Cost Recovery Implementation Statement (CRIS) provides information on how the Australian Financial Security Authority (AFSA) implements cost recovery for Personal Insolvency and Trustee Services. It also reports financial and non-financial performance information for Personal Insolvency and Trustee Services and contains financial forecasts for 2015-16 and forward estimates. AFSA will regularly update the CRIS until the activity or cost recovery for the activity has been discontinued.

1.2 Description of the activities

1.2.1 Background

AFSA's policy outcome is to deliver on behalf of the Australian Government:

Improved and equitable financial outcomes for consumers, business and the community through application of bankruptcy and personal property securities laws, regulation of personal insolvency practitioners, and trustee services.

This policy outcome is delivered through two separate programmes, being:

1. Personal Insolvency and Trustee Services; and
2. Operation of a National Register of Security Interests in Personal Property.

The funding of these two programmes is managed separately and this is reflected in there being a separate CRIS for the activities within each programme. This CRIS focuses only on the Personal Insolvency and Trustee Services programme's activities. A CRIS for the Personal Property Securities Register (PPSR) programme's activities operates in conjunction with this CRIS.

AFSA's Personal Insolvency and Trustee Programme is currently primarily funded through annual appropriations for operating costs and capital replacements. The amount of appropriation AFSA receives is correlated with revenue AFSA earns from fees and charges, almost all of which is returned to the Commonwealth's Consolidated Revenue Fund.

AFSA's Personal Insolvency and Trustee Services activities are categorised into five groups:

1. Information and Registry,
2. Regulation,
3. Estate Administration,
4. Proceeds of Crime, and
5. Enforcement.

Personal Insolvency and Trustee Service activities that are not recovered via a fee are funded through levies. (Refer to Annex A for a listing of AFSA's Personal Insolvency and Trustee Services and their respective funding sources.) The need to fund activities through a levy arises when it is not practicable to charge a fee. For example, fees are not charged for education activities (i.e. *Debt Agreements – Education*), as doing so would be counter-productive to the Government's policy objective of educating stakeholders.

1.2.2 Charging Context

Charging for Personal Insolvency and Trustee Services is in accordance with the Australian Government's Cost Recovery Guidelines. AFSA commenced cost recovery in 2005, following a review of AFSA's activities. (At that time AFSA was known as the Insolvency and Trustee Service Australia.) Since then, the charges within the CRIS have been updated regularly to reflect AFSA's changing cost base and subsequent reviews of the appropriateness of various fee types.

In the 2013-14 Mid-year Economic Fiscal Outlook, the Australian Government announced AFSA was to transition to being funded completely through cost recovery. Accordingly, the Realisations Charge was increased and two new fees introduced.

The two fees, introduced on 1 April 2014, were for the processing of debtor's petition applications and overseas travel requests. The debtor petition processing fee subsequently ceased on 23 June 2014 due to disallowance by the Australian Senate. The increase in the rate of the Realisations Charge to 6% took effect on 1 July 2014.

1.2.3 Stakeholders

The key stakeholders for each activity group within Personal Insolvency and Trustee Services are as follows.

Information and Registry:

Paying stakeholders

- Bankrupts embarking on overseas travel
- Debtors and creditors as parties to Debt Agreements and Personal Insolvency Agreement proposals
- Creditors seeking a Bankruptcy Notice in bankruptcy proceedings
- Parties performing searches of the National Personal Insolvency Index (NPII)
- Parties utilising the Personal Insolvency Reporting Service (PIRS)
- Parties undertaking document inspection of public records maintained by the Official Receiver

Other Stakeholders

- Registered Trustees
- Debt Agreement Administrators

Regulation:

Paying stakeholders

- Registered Trustees
- Registered Debt Agreement Administrators

Estate Administration:

Stakeholders

- Bankrupts and creditors
- Other parties who have interest in the estates

Proceeds of Crime:

Stakeholders

- Community groups with interests in Proceeds of Crime funding

Enforcement:

Paying stakeholders

- Parties subject to Infringement Notices

Other stakeholders

- Parties undergoing investigations

2. POLICY AND STATUTORY AUTHORITY TO COST RECOVER

2.1 Government policy approval to cost recover the activity

Current government policy is for AFSA to be fully funded through cost recovery charges.²

No new fees are sought to be introduced in the 2015-16 financial year. However, increases to the following existing fees are planned with effect from 1 July:

- the fee for NPII searches
- the fee for PIRS and
- Realisations Charge to 7.0%.

AFSA is enhancing the NPII searches and the PIRS services available to the public in order to make the information more easily and directly accessible to end users. In order to support this undertaking, it is necessary to augment and maintain the security of the data, and continue to enhance systems that ensure data quality and mitigate potential risk of misuse.

Additionally, AFSA must support systems in relation to associated analytics. The increase in fees associated with NPII and PIRS represent the increased operational costs associated with maintaining IT security, quality assurance over the data and related analytics.

The increase in the Realisations Charge is commensurate with the Government's announcement of AFSA's transition to being fully funded through cost recovery.

2.2 Statutory authority to charge

The statutory authority for AFSA's fees and charges is provided under the Bankruptcy Act and proceeds of crime legislation as follows:

- *Bankruptcy Act 1966* – <http://www.comlaw.gov.au/Details/C2014C00413>
- *Bankruptcy (Fees and Remuneration) Determination 2015* – Presently in draft-this document will be updated with reference when the Determination is published
- *Bankruptcy (Estate Charges)(Amount of Charge Payable) Determination 2015* - Presently in draft-this document will be updated with reference when the Determination is published
- *Proceeds of Crime Act 1987* - <http://www.comlaw.gov.au/Details/C2014C00614>

² See 2013-14 Mid-year Economic Fiscal Outlook available at www.budget.gov.au

- *Proceeds of Crime Act 2002* – <http://www.comlaw.gov.au/Details/C2014C00432>
- *Proceeds of Crime Regulations 1987*-
<http://www.comlaw.gov.au/Details/F2011C00393>
- *Proceeds of Crime Regulations 2002*-
<http://www.comlaw.gov.au/Details/F2002B00260>

The specific legislative provisions for each of AFSA's charges are detailed in Annex B.

3. COST RECOVERY MODEL

3.1 Outputs and business processes of the activity

The high level outputs associated with AFSA's activity groups are as follows:

Information and Registry:

- Provision of a bankruptcy registry service
- Advice to debtors on insolvency options
- Assess and register personal insolvency agreement applications and court ordered insolvency administrations
- Issue of Official Receiver notices including bankruptcy
- Maintaining the NPII

Regulation:

- Regulation of insolvency practitioners including registration
- Review of practitioners systems and files
- Advertising of creditors meetings

Estate Administration:

- Preliminary enquiries to identify offences and matters to be investigated
- Administration of bankruptcies, personal insolvency and debts agreements in lieu of a registered trustee or debt agreement administrator

Proceeds of Crime:

- Administer confiscated and restrained assets for Proceeds of Crime matters

Enforcement:

- Investigating and assessing allegations of fraud and misconduct
- Issue of infringement notices
- Preparing briefs of evidence for prosecution by the Commonwealth Director of Public Prosecutions (CDPP)
- Liaising with relevant state and federal agencies and law enforcement bodies in order to provide a whole-of-government approach to fraud detection, prevention and control.

Numerous business processes underlie each of AFSA's activity groups and outputs. Annex C provides an overview.

3.2 Costs of the activity

3.2.1 Overview of Costs

AFSA utilises an Activity-Based Costing (ABC) model for calculating the costs of activities. The ABC model incorporates AFSA's business process architecture and time in motion analysis for each activity ensuring that sufficient resources are allocated to maintain service level standards.

Costs allocated are assigned to each activity either as a direct or indirect cost as described in the following sections.

The volumes for activities forecasted in this CRIS are derived from an analysis of historical volumes and trends over the last few years. At this stage, there are no foreseeable legislative changes or economic drivers which would further impact volume forecasts.

Details of AFSA's expected costs are provided in Section 6 of this document.

3.2.2 Direct Costs

Direct costs are assigned where they can be directly traced to an activity (as listed in Annex A). By analysing each of AFSA's team's structure and outputs, costs such as direct employee expenses and direct supplier costs were distinguished, and allocated to the service provided.

A detailed analysis of IT costs was undertaken which identified direct costs associated with activities or services. These include the operational costs of supporting specific applications, dedicated servers and IT infrastructure. Costs were allocated by identifying storage capacity, length of processes and activity volumes.

3.2.3 Indirect Costs

Indirect costs represent all costs that cannot be directly attributed to a specific activity. These costs are typically corporate functions, shared infrastructure operational costs and management responsibilities that cross over more than one output.

Indirect costs have been divided into a number of cost pools and attributed based on cost drivers. Cost drivers have been determined with reference to the functions of the cost pools and estimates of the consumption of resources in the activities undertaken. The cost drivers utilised are either staff based (full time equivalent or FTE) or related to service/activity volumes.

The majority of corporate costs have been allocated on an FTE basis. These include property, human resources, governance and communications. Other corporate costs such as finance and IT were allocated using a combination of FTE and volumes where applicable. Finance costs that are volume driven include accounts payable and receivable and banking. IT costs identified as volume driven include items such as bandwidth and data storage.

3.2.4 Relationship between Depreciation and Capital Expenditure

Depreciation of AFSA's fixed assets, and amortisation of AFSA's intangible assets, are subsets of both the direct and indirect costs above.

The charges presented in this CRIS are costed so as to cover all of AFSA's operating costs, including depreciation and amortisation of assets. Depreciation and amortisation are used as a proxy for the likely capital expenditure required for the replacement and enhancement of assets presently in use. AFSA at this time, does not impose any additional factors into its pricing for capital expenditure on Insolvency processes.

3.2.5 Overview of AFSA's Activity-Based Costing in the context of the Insolvency Services

The charges imposed for each of the Insolvency Service activities are designed to cover the direct costs of the personnel performing the business process, the costs of the information and communication technology (ICT) costs as well as the indirect costs of AFSA's corporate support structures. In determining the price for each activity, AFSA seeks to equitably allocate indirect costs to each of AFSA's activities.

As an example, in the case of Debt Agreements, direct costs would incorporate the personnel who perform the receipt and assessment of the Debt Agreement Proposal, the personnel who conduct the relevant voting processes and the personnel who perform the reporting back to relevant parties.

The ICT costs consist of:

- ICT personnel dedicated wholly or partly toward sustaining Insolvency-related software and systems.
- ICT infrastructure operating costs for Personal Insolvency-related software; and
- Amortisation of software developed or purchased to conduct Personal Insolvency Services.

In addition to direct personnel and ICT, costs are attributed for support staff from the National Service Centre, as well as legal and communications. Indirect costs such as finance and human resource management are allocated using a cost-driver appropriate to the given function.

The price for each activity is assessed on the utilisation of the allocated resources and attributed on the basis of the level of resources required to deliver on the forecast volume

3.3 Design of cost recovery charges

3.3.1 Nature of AFSA's Cost Base

A large proportion of AFSA's cost base relates to staff. Personal Insolvency and Trustee Services work in a specialised field which requires a highly-skilled workforce to effectively manage its responsibilities. Whilst workloads may fluctuate from year to year, the nature of the work requires AFSA to maintain a core of appropriately qualified personnel.

AFSA's cost base also comprises property, information technology, legal and general administrative costs.

The charges for AFSA's activities are reviewed regularly to ensure that over time, they will provide sustainable funding from year to year, while addressing fluctuating demand for AFSA's services. AFSA is conscious that charges also need to be equitable, so that different clients are being charged, as much as possible, consistent amounts for services provided in

different financial years.

The demand for AFSA's services as a whole have fallen marginally over the last few years (2.17% of total units in the 2012-13 financial year, and 4.24% in 2013-14). The fluctuations within individual activities can be more volatile. For example in 2013-14, Bankruptcies and Personal Insolvency Agreements fell 10.9% and 29.25% respectively over the previous year, while Debt Agreements rose 10.9%.³

3.3.2 Structure of AFSA's Charging

There are two types of charges for the activities AFSA provides:

1. Fees (which can be either a fixed amount for a given activity, or a set rate/hourly charge) and
2. Levies (which are usually applied as a percentage charge over a given asset base- in the case of Personal Insolvency and Trustee Services - assets realised).

Consistent with the principles outlined in section 1.2.1 of this document, where practicable, fees are charged in preference to a levy for the services AFSA provides. Fees are priced to cover:

- the direct costs of the service delivery and
- a reasonable apportionment of indirect and capital costs.

The majority of AFSA's activities are charged using a flat fee, as most of AFSA's activities have a fairly standardised workload for each case (e.g. *Processing Debt Agreement Proposals*). This has been verified in time and motion studies which AFSA has undertaken.

For the remainder of the activities, the amount of work involved in each case is highly variable (e.g. *Administration of Special Estates*). Therefore, to ensure pricing is equitable, these activities are charged on an hourly basis.

Two levies are also charged for Personal Insolvency and Trustee Services. The first levy, called the Realisations Charge, is based on the value of assets realised from Bankruptcies, Debt Agreements and Personal Insolvency Agreements. The second levy, called the Interest Charge, is based on the interest earned on funds held in trust accounts by registered trustees, less bank fees. These two levies are designed to cover the costs of the activities which are not charged on a fee basis.

AFSA publishes all relevant charges, along with current and previous CRIS' on the 'cost recovery' page on its website at the following address:
<http://www.afsa.gov.au/resources/fees-and-charges>.

³ Historical Statistics are available at: <http://www.afsa.gov.au/resources/statistics/provisional-bankruptcy-and-personal-insolvency-statistics/annual-statistics/annual-statistics>

4. RISK

4.1 Cost Recovery Risk Assessment of Increasing Fees

The majority of the activities and associated costs in 2015-16 are continuing without substantial change from the previous year.

However as previously identified, the most recent changes are increased charges for:

- NPII Searches;
- PIRS; and
- the Realisations Charge.

The increase in fees for NPII and PIRS are to cover the costs of mitigating the risks associated with providing greater access of Personal Insolvency data to a wider range of people. The NPII and PIRS services are being targeted directly toward a class of stakeholders who previously obtained Personal Insolvency data via a private sector provider, but may now choose to obtain this data directly from AFSA. As such AFSA needs to ensure the data is high quality and secure in order to provide it to these stakeholders. The costs of addressing these risks through analytics and security measures have been incorporated into proposed fees.

The increase in the Realisations Charge does not present significant risk to the Commonwealth or stakeholders, as the increased revenue is derived from an existing process. The increased Realisations Charge rate of 7.0 per cent still sits under the historical maximum of 8.0 per cent.

4.2 General Risks

As discussed in section 3, the demand for AFSA's activities, and therefore, AFSA's revenue stream is sensitive to market fluctuations. The size of the fluctuations in previous years would indicate the potential to create a material impact on AFSA's funding (e.g. The demand for Insolvency Activities dropped 4.2% of units in 2013-14 over the previous year).

To address this risk, AFSA purposely manages its workforce to incorporate a number of non-ongoing personnel, (both employees and contractors). This provides AFSA the flexibility to decrease the utilisation of personnel, and the associated expenses when demand for services reduces.

5. STAKEHOLDER ENGAGEMENT

5.1 Stakeholder Consultation

To ensure potentially impacted stakeholders had an opportunity to provide feedback on fee changes, AFSA undertook a broad distribution of the draft CRIS to external stakeholder groups and communities. The Insolvency CRIS was published on the AFSA website (www.afsa.gov.au) on Monday 10 November 2014, together with details on how feedback could be provided. On the same day, AFSA sent an email to stakeholders with information on the consultation period, together with a link to the CRIS. The email was sent to AFSA's broad stakeholder list, which includes Registered Debt Agreement Administrators, Registered Trustees, financial counsellors

and others who have nominated to be kept informed of AFSA news and updates. In total, over 1300 stakeholders were provided with information on the CRIS.

The consultation period closed on Friday 5 December 2014. AFSA sent a reminder email to stakeholders on Tuesday 2 December 2014, about the opportunity to provide feedback.

Two stakeholders took the opportunity to provide feedback. The matters covered in the feedback included:

- a request that the increase in the Personal Insolvency Reporting Service be phased in over a number of years rather implemented in one year
- a suggestion that the level of remuneration from Estate Administrations be increased in order to maintain the realisations charge at the present level

In responding to stakeholder feedback on staggering the fee increase of the Personal Insolvency Reporting Service, it was noted that the fees presented in this CRIS cover the full cost of AFSA performing Personal Insolvency activities, and that each fee has been calculated to cover the costs of each activity. As AFSA will be funded completely through cost recovery, it cannot decrease fees for the Personal Insolvency Reporting Service without substantially reducing the costs of performing the activity. Any such reduction will result in a corresponding reduction in the quality of service, AFSA's capacity to provide required support, and ability to manage future threats to the service such as security risks. For these reasons AFSA has decided against staggering increased fees so that underlying cost of supporting the Personal Insolvency Reporting Service is fully covered.

In responding to stakeholder feedback which suggest increasing the Estate Administration charges instead of the realisations charge, it should be noted the fees presented in this CRIS are aligned with the expenses AFSA incurs in providing its activities. As the costs associated with providing Estate Administration have not increased materially, AFSA has not sought to increase the corresponding fees. The realisations charge seeks to reflect the costs which cannot be allocated directly towards activities, including those previously funded by the Commonwealth Government. Examples of costs which cannot be allocated directly to an activity include supporting investigation and prosecution of breaches of personal insolvency law and enquiries into estates where there appear to be potential offences.

Over recent years the realisations charge has varied between 8.0 per cent and 3.5 per cent. The increase introduced in the most recent CRIS is modest but necessary.

AFSA has considered the points made by stakeholders but believes the charges as they are presently presented in this CRIS, represent the optimal financial framework to allow AFSA to recover the costs of insolvency activities. AFSA has responded directly to the stakeholders who provided feedback, to outline the rationale for the decision for the increases.

It is important to AFSA that stakeholders are kept up to date with developments in AFSA's sphere of responsibility. AFSA maintains a website that includes fact sheets, media releases, newsletters and statistical data. Current and historical CRIS information and other financial data such as annual reports are held on the website for stakeholders' convenience.

6. FINANCIAL ESTIMATES

6.1 Projections

The table below outlines the financial results which AFSA is currently expecting to achieve against the Personal Insolvency and Trustee Services programme.

Table 1: Financial Projections

	A	B	C	D	E
	2015-16	2016-17	2017-18	2018-19	2019-20
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost Recovered Administered Revenue	52,847	53,901	54,979	56,079	57,201
Cost Recovered Departmental Revenue	3,505	3,587	3,659	3,732	3,806
Total Revenue = X	56,352	57,488	58,638	59,811	61,007
Expenses = Y	56,352	57,488	58,638	59,811	61,007
Balance = X-Y	0	0	0	0	0
Cumulative balance	-3,203	-3,203	-3,203	-3,203	-3,203

7A. FINANCIAL PERFORMANCE

7A.1 Historical Performance

This table outlines the historical financial performance of the Personal Insolvency and Trustee Services programme.

Table 2: Historical Financial Performance

	2014-15 \$'000	2013-14 \$'000	2012-13 \$'000	2011-12 \$'000
Total Cost Recovered Revenue = X	48,997	50,759	49,475	57,321
Expenses = Y	49,993	53,962	53,001	56,125
Balance = X-Y	-996	-3,203	-3,526	1,196
Cumulative balance	By the nature of AFSA's work, demand for services fluctuates from year to year.			

AFSA reassesses the demand for its services each year, while also considering long-term trends. This will identify any anomalies in AFSA's cost and revenue model. While there are fluctuations in AFSA's balance line on a year to year basis, AFSA endeavours to match expenses and revenue over a longer term (up to 10 years), while addressing market fluctuations.

7B. NON-FINANCIAL PERFORMANCE

7B.1 Performance Measures

The table below describes the goals and performance measures for the activities covered in this CRIS. At the end of the financial year, the results against each performance measure will be published.

Table 3: Goals and Performance Measures

Our goals	Performance Measures
Foster Confidence	Stakeholder meetings and focus groups are held regularly. Action taken in response to feedback obtained from industry meetings and surveying tools.
	Achieve compliance with Regulator Performance Framework including achievement of our risk based Insolvency Practitioner Compliance Program.
	80% of complaints actioned in less than 60 days.
	AFSA receives less than three Ombudsman section 12 notices comment/suggestion per annum.
	95% of Bankruptcy Act and PPS Act offence referrals assessed within five business days.
	90% of Bankruptcy Act and PPS Act investigations completed within 12 months.
	Taking quantifiable actions to achieve high levels of compliance by bankrupts, debtors and creditors.
Deliver Value	At least 10% of active administered matters are closed each month.
	70% of dividends are paid within two months of receipt of funds.
	Fees accurately reflect the cost of efficient and effective services.
Effective Services	95% of insolvency related applications are assessed and registered within five business days.
	Registers and digital services are delivered with a high level of availability.
	Clients are provided with various channels to provide feedback to improve services.
Quality Information	Continuously improve accessibility, availability, consistency and quality of information services.

Feedback from stakeholders and clients on the usefulness of information. Action taken in response to feedback obtained.

AFSA has developed a Corporate Plan for the 2015-16 financial year and the above table reflects Performance Measures consistent with that document. The corporate plan has been released in accordance with the 1 July 2015 requirement as detailed within the Public Governance, Performance and Accountability Act 2013 (PGPA Act)

8. KEY FORWARD DATES AND EVENTS

- October 2016: Update of Financial Estimates, and Financial Performance and Non-Financial Performance

9. CRIS APPROVAL AND CHANGE REGISTER

Date of CRIS change	CRIS change	Approver	Basis for change
30/4/2015	Initial Release	Attorney-General	N/A
1/6/2016	Financial Estimates, and Financial Performance and Non-Financial Performance	Chief Finance Officer - AFSA	N/A

10. LIST OF ANNEXES

- A. Activities and Applicable Charges
- B. Legislative Authorities to Charge
- C. Itemisation of AFSA's Outputs and Business Processes
- D. Glossary

Annex A: Activities and Applicable Charges

Ref. No.	ACTIVITY GROUPS	Funding Source	2015-16		
			Charge \$ (GST Exclusive)	Volumes	Revenue \$
Information and Registry					
1.01	Processing Debtor Petitions, Creditor Petitions and Declaration of Intentions	Levy	-	22,780	-
1.02	Debt agreements - compliance	Levy	-	11,700	-
1.03	Debt agreements - education	Levy	-	11,700	-
1.04	Debt Agreement Proposal lodgement fee	Fee	200	12,296	2,459,200
1.05	Personal Insolvency Agreement document processing fee	Fee	240	284	68,160
1.06	Application for a Bankruptcy Notice	Fee	470	9,075	4,265,250
1.07	Application for an extension of time for the service of a Bankruptcy Notice	Fee	160	120	19,200
1.08	Issuing a Statutory Notice (Official Receiver Notice - at trustee's request)	Fee	480	220	105,600
1.09	Issue of Official Receiver Notices - (in accordance with s77CA)‡	Levy	-	1300	-
1.11	NPII: Online self service using Bankruptcy Register Search	Fee	15	324,371	4,865,565
1.12	Personal Insolvency Reporting Service + maintenance charges	Fee	6.80	447,189	3,040,885
1.13	Inspecting a publicly-available document or the NPII	Fee	45	94	4,230
1.14	Information provision	Levy	-	340,000	-
1.15	RCIC reconciliation activity	Levy	-	243	-
1.16	Overseas Travel Application fee	Fee	150	4,700	705,000
	TOTAL			1,186,072	15,533,090
Regulation					
2.01	Regulation of Trustees and DAA's - information & education	Levy	-	10	-
2.02	Regulation of Trustees and DAA's - monitoring, inspections, complaints etc	Levy	-	1,950	-
2.03	Application to be registered as a Trustee	Fee	2,200	10	22,000
2.04	Initial Registration - Trustee	Fee	1,300	7	9,100
2.05	Renewal of registration (every 3 years) - Trustee	Fee	1,700	81	137,700
2.06	Application to be registered as a Debt Agreement Administrator	Fee	2,200	8	17,600
2.07	Initial Registration - Debt Agreement Administrator	Fee	1,300	6	7,800
2.08	Renewal of registration (every 3 years) - Debt Agreement Administrator	Fee	1,700	18	30,600
2.09	Inspector General reviews, AAT matters, disciplinary proceedings	Levy	-	120	-
2.10	Review of trustee remuneration & costs†	Levy	-	50	-
2.11	Publishing a notice advertising creditors' meetings on AFSA's website*	Fee	236.36	520	122,907
	TOTAL			2,780	347,707
Estate Administration					
3.01	Administration of (fee-paying) Bankrupt Estates - \$4000 + 20% of realisations*	Fee	3,636.36	2,250	9,180,810
3.02	Administration of non fee paying bankruptcies	Levy	-	8,300	-
3.03	Administration of Compositions (s73) and Personal Insolvency Agreements - 20% of proposal amount*‡	Fee	18.18%	50	98,619
3.04	Administration of Debt Agreements (by the Official Trustee) - 20% of proposal amount*	Fee	18.18%	25	74,085
3.05	Administration of special estates (e.g. Child Support) - \$250 per hour*	Fee	227.27	145	32,954
3.06	Administration of Controlling Trustee Authorities (s188) and Pre-bankruptcy control orders (s50) - \$250 per hour*‡	Fee	227.27	331	75,226
3.07	Recovery of Insurance Cover (Recovery of amounts paid by the Official Trustee)*	Fee	-	-	172,000
3.08	Recovery of Administration Charges (Recovery of amounts paid by the Official Trustee)*	Fee	-	-	136,000
	TOTAL			11,101	9,769,695
Proceeds of Crime					
4.01	Proceeds of Crime - matters which realise assets \$200 per hour*	Fee	181.82	2,442	444,004
	TOTAL			2,442	444,004
Enforcement					
5.01	Investigation of bankruptcy offences	Levy	-	1,760	-
5.02	Infringement notice regime	Fee	170	76	12,920
	TOTAL			1,836	12,920
LEVIES & CHARGES					
6.01	Realisations Charge (7% of money received by trustees and administrators in bankruptcies, debt agreements, compositions and personal insolvency agreements)	N/A	7.00%	-	28,490,887
6.02	Interest Charge (The interest earned of funds held in trust net of bank charges)	N/A	-	-	1,753,333
	TOTAL				30,244,220
	TOTAL			1,204,231	56,351,636

* Subject to GST

† Part X s188 authorities and personal insolvency agreements that commenced prior to 1 Dec 2010 are subject to a different regime. *Taxation of a bill of costs in relation to the administration of an estate* and *Taxation of a trustee's remuneration in an estate* are subject to a GST-inclusive fee of \$200 per hour.

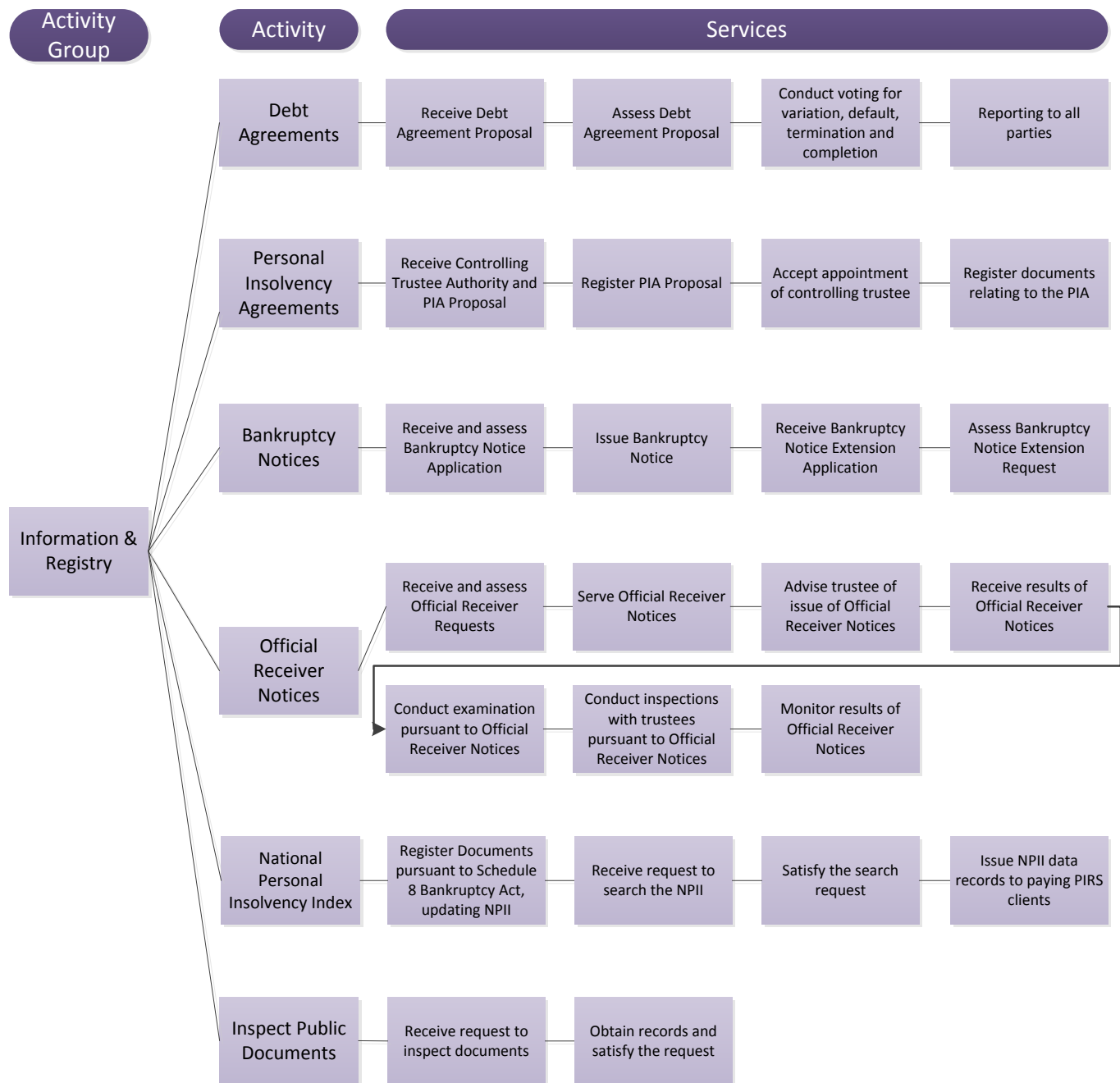
‡ All section references are to the *Bankruptcy Act* 1966.

Annex B: Legislative Authorities to Charge

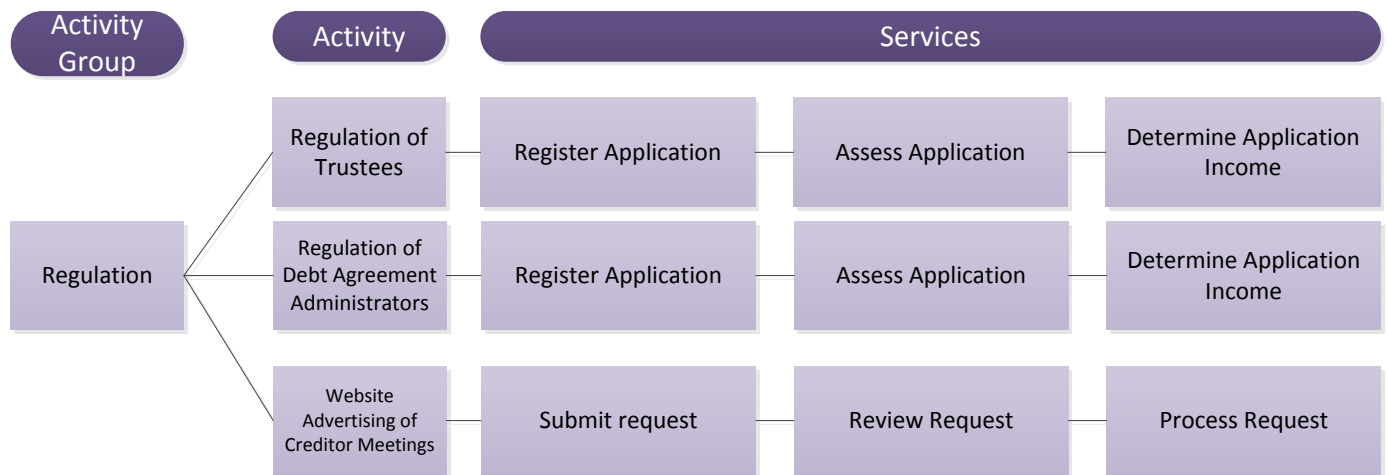
Ref. No.	ACTIVITIES	Authority to Recover
	Information and Registry	
1.04	Debt Agreement Proposal lodgement fee	s316 and s185C of the Bankruptcy Act 1966
1.05	Personal Insolvency Agreement document processing fee	s316 and s189A of the s2.10 of the Bankruptcy Act 1966
1.06	Application for a Bankruptcy Notice	s316 and s41(1) of the Bankruptcy Act 1966 and paragraph 4.01(2) of the Bankruptcy Regulations 1996
1.07	Application for an extension of time for the service of a Bankruptcy Notice	s316 of the Bankruptcy Act 1966 and paragraph 4.02A(b) of the Bankruptcy Regulations 1996.
1.08	Issuing a Statutory Notice (Official Receiver Notice - at trustee's request)	s316 and s163(A)(2) of the Bankruptcy Act 1966
1.11	NPII: Online self service using Bankruptcy Register Search	s316 of the Bankruptcy Act 1966 and paragraph 13.06 of the Bankruptcy Regulations 1996
1.12	Personal Insolvency Reporting Service + maintenance charges	s316 of the Bankruptcy Act 1966 and paragraph 13.06 of the Bankruptcy Regulations 1996
1.13	Inspecting a publicly-available document or the NPII	s316; s54(4); s55 (9); s56G(2); s57(11); s77C(3)(b)(iii); s188B(3); s226(3); s226(4); and s246(5) of the Bankruptcy Act 1966; paragraph 4.17 of the Bankruptcy Regulations 1996 (in relation to a composition proposal accepted by creditors under s73(4)); paragraph 13.06(1) of the Bankruptcy Regulations 1996 (in relation to an extract of index material supplied by the Official Receiver under s316(1)); and paragraph 16.09 of the Bankruptcy Regulations 1996 (in relation to a transcript of evidence under s81(17))
1.16	Overseas Travel Application fee	s316 of the Bankruptcy Act and paragraph 5.02 of the Bankruptcy Regulations 1996
	Regulation	
2.03	Application to be registered as a Trustee	s316 and s154A (3)(b) of the Bankruptcy Act 1966
2.04	Initial Registration - Trustee	s316 and s155C(1)(b) of the Bankruptcy Act 1966
2.05	Renewal of registration (every 3 years) - Trustee	s316 and s155D(1)(b) of the Bankruptcy Act 1966
2.06	Application to be registered as a Debt Agreement Administrator	s316 and s186B(2)(c) of the Bankruptcy Act 1966
2.07	Initial Registration - Debt Agreement Administrator	s316 and s186D(1)(b) of the Bankruptcy Act 1966
2.08	Renewal of registration (every 3 years) - Debt Agreement Administrator	s316 and s186D(1)(b) of the Bankruptcy Act 1966
2.11	Publishing a notice advertising creditors' meetings on AFSA's website	s316, 64A and 76A of the Bankruptcy Act 1966 and Schedule 2 and Part 2 of Schedule 6 of the Bankruptcy Regulations 1996
	Estate Administration	
3.01	Administration of (fee-paying) Bankrupt Estates	s163 of the Bankruptcy Act 1966
3.03	Administration of Compositions (s73) and Personal Insolvency Agreements	s163 and s189AC(1)(a)&(b) of the Bankruptcy Act 1966
3.04	Administration of Debt Agreements (by the Official Trustee)	s163 and 185Z of the Bankruptcy Act 1966
3.05	Administration of special estates (e.g. child support)	Agreement with relevant Commonwealth agencies
3.06	Administration of Controlling Trustee Authorities (s188) and Pre-bankruptcy control orders (s50)	s163 and s189AC of the Bankruptcy Act 1966 and paragraph 4.07 of the Bankruptcy Regulations
3.07	Recovery of Insurance Cover (Recovery of amounts paid by the Official Trustee)	Paragraph 16.08 of the Bankruptcy Regulations 1996
3.08	Recovery of Administration Charges (Recovery of amounts paid by the Official Trustee)	Paragraph 16.08 of the Bankruptcy Regulations 1996
	Proceeds of Crime	
4.01	Proceeds of Crime - matters which realise assets	Regulation 8, 9, 14 and 15 of the Proceeds of Crime Regulations 1987 Regulation 15 of the Proceeds of Crime Regulations 2002
	Enforcement	
5.01	Infringement notice regime partially Levy funded	s277B(2) of the Bankruptcy Act 1966
	LEVIES & CHARGES	
6.01	Realisations Charge	s6(1) & s7(1) Bankruptcy (Estate Charges) Act 1997
6.02	Interest Charge	s5(1) Bankruptcy (Estate Charges) Act 1997

Annex C: Itemisation of AFSA's Outputs and Business Processes

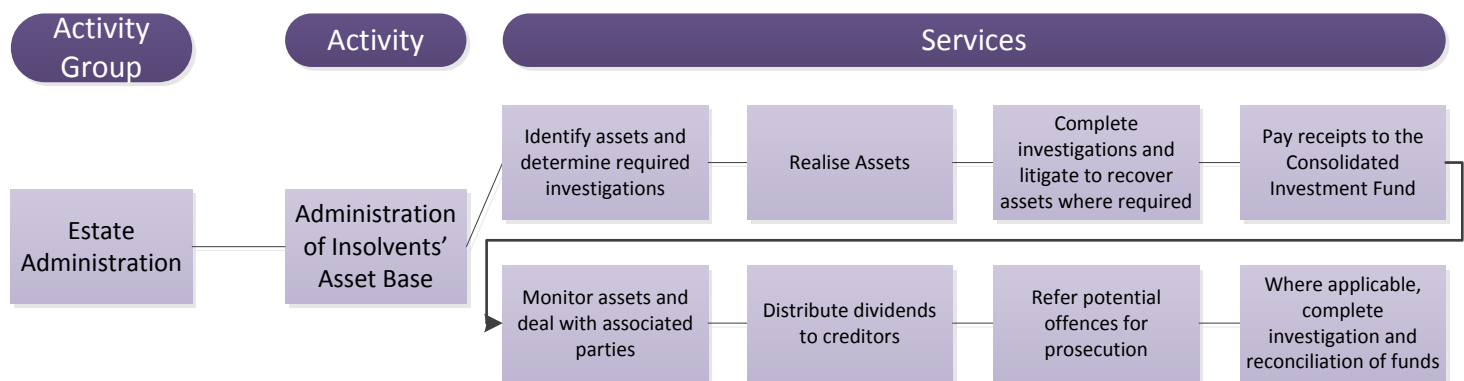
Activity Group 1: Information and Registry



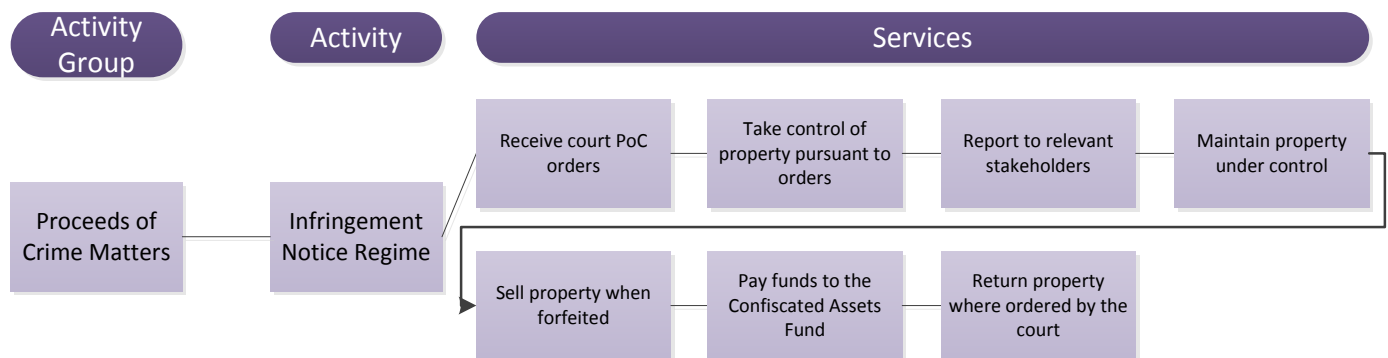
Activity Group 2: Regulation



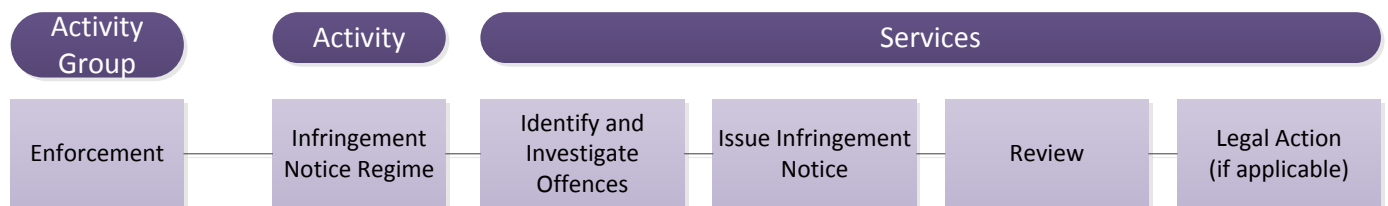
Activity Group 3: Official Trustee Estate Administration



Activity Group 4: Proceeds of Crime



Activity Group 5: Enforcement



Annex D: Glossary

Activity: represents the product which is delivered to AFSA's clients and customers. This corresponds to the individual lines presented in Annex A of this document (e.g. 1.01 Processing Debtor Petitions, Creditor Petitions and Declarations of Intention; 1.02 Debt Agreements – Compliance; etc). Cost recovery charges are applied at the Activity level.

Function: the responsibility for performing a given process.

Output: represents the benefits obtained and/or realised from the provision of services.

Process: represents the standardised workflows and procedures AFSA employs in order to perform its services.

Service: represent the constituent bodies of work AFSA performs in the course of providing activities. For example, in a Debt Agreement process, the constituent bodies of work would include:

- The response to the Debt Agreement Proposal, including its recording, assessing and review;
- Management of Debt Agreements, including variations, terminations, etc.; and
- Managing the Proposal Voting process.