

PART I

ALL PORTFOLIOS ARE REQUESTED TO COMPLETE PART I.

If you cannot answer a question, please indicate whether the question is NOT APPLICABLE or if INFORMATION IS NOT AVAILABLE.

Section 1: Contact details

1.1 Portfolio

1.2 Reporting and financial arrangements are governed by:
(Please indicate with a 'X' whether one or more of the following Acts apply)

Financial Management and Accountability Act 1997

YES	NO
X	

Commonwealth Authorities and Companies Act 1997

YES	NO
	X

Other

1.3 Contact Officer

Position

Phone

Fax

Email

Address

This section asks about your portfolio’s total revenues, charges and expenses (but not including the revenues, charges and expenses of agencies that will be completing separate responses to this questionnaire - see Attachment A). All portfolios should complete this section, whether or not you consider you undertake cost recovery.

Section 2: Portfolio revenues, charges and expenses

(Please indicate with a 'X' which response applies)

2.1 Has your portfolio charged any cost recovery fees, levies or other charges in the last five financial years?

YES	NO
X	

Relevant charges include any fees, levies, taxes (including some customs and excise duties earmarked for specific purposes) or other charges which arise from the services, programs or business activities of your portfolio, and which are collected by your portfolio, or by another agency on your behalf. For example, application fees, processing charges, consultancy fees, publication sales, special industry duties, excises or levies other than general taxation.

2.2 Were any of the appropriations allocated to your portfolio in the last five financial years linked (hypothecated) to revenue collected from fees, levies or charges (for example, levies paid to the Consolidated Revenue Fund but earmarked for allocation to your portfolio)? (Whether the revenue was collected by your portfolio or by another agency on your behalf).

YES	NO
	X

2.3 Has your portfolio considered introducing any cost recovery arrangements in the past that were not implemented?
(Please attach any relevant reviews, analysis or other information.)

YES	NO
	X

2.4 Is your portfolio considering introducing any cost recovery arrangements in the future?
(Please attach any relevant reviews, analysis or other information.)

YES	NO
	X

If you answered NO to questions 2.1 and 2.2, you need not answer any further questions. Thank you for your cooperation. Please return the questionnaire to the Commission (see front sheet for instructions).

If you answered YES to EITHER question 2.1 OR question 2.2 OR both, please complete section 3 below, and Part II on the following worksheet.

Section 3: Portfolio revenues and expenses

Please do not include the revenues and expenses in this section of agencies that will be completing separate responses to this questionnaire (see Attachment A).

3.1 Does your portfolio classify revenues and expenses as agency and administered?

Agency revenues and expenses are those controlled by the department/agency (for example, employee and administrative expenses). Administered revenues and expenses are those which are controlled by Government and managed or oversighted by the department/agency on behalf of the Government (for example, social security payments).

YES	NO
Yes	

If your portfolio classifies revenues and expenses as 'agency' and 'administered' then please fill in both tables below. If your portfolio does not classify revenues and expenses as 'agency' and 'administered' then please put all revenues and expenses in the 'agency' table below.

AGENCY portfolio revenues and expenses (Please use \$'000)		1995-96	1996-97	1997-98	1998-99	1999-2000
Agency revenue from cost recovery (a)						
3.2	Cost recovery revenue retained by your portfolio	Figures not available			7,543	12,194
3.3	Cost recovery revenue paid to CRF and appropriated to your portfolio (or another agency for a specific purpose (ie. annotated, hypothecated or earmarked revenues)	(See attached for 98/99 & 99/00)				
3.4	Cost recovery revenue paid to CRF and not specifically appropriated to your portfolio (or another agency)					
3.5	Total agency revenue from cost recovery	0	0	0	7543	12194
Agency revenue from other sources						
3.6	Other appropriations				10981927	15814424
3.7	Other sources (eg. asset sales, dividends, interest, funding from other government agencies)				749097	612986
3.8	Total agency revenue from other sources	0	0	0	11731024	16427410
3.9	Total portfolio agency revenue	0	0	0	11738567	16439604
3.10	Total agency expenses				11594100	11123137
CRF Consolidated Revenue Fund						
(a) Include all revenue from fees, levies, excises and other charges which arise from the services or activities of your portfolio, and which is paid to your portfolio, to another agency or to the Consolidated Revenue Fund.						

ADMINISTERED portfolio revenues and expenses (Please use \$'000)

	1995-96	1996-97	1997-98	1998-99	1999-2000
Administered revenue from cost recovery (a)					
3.11 Cost recovery revenue retained by your portfolio				n/a	n/a
3.12 Cost recovery revenue paid to CRF and appropriated to your portfolio (or another agency for a specific purpose (ie. annotated,					
3.13 Cost recovery revenue paid to CRF and not specifically appropriated to your portfolio (or another agency)					
3.14 Total administered revenue from cost recovery	0	0	0	0	0
Administered revenue from other sources					
3.15 Other appropriations				1186586	1235154
3.16 Other sources (eg. asset sales, dividends, interest, funding from other government agencies)				107717	690853
3.17 Total administered revenue from other sources	0	0	0	1294303	1926007
3.18 Total portfolio administered revenue	0	0	0	1294303	1926007
3.19 Total administered expenses				1591829	2641374

CRF Consolidated Revenue Fund

(a) Include all revenue from fees, levies, excises and other charges which arise from the services or activities of your portfolio, and which is paid to your portfolio, to another agency or to the Consolidated Revenue Fund.

End of Part I. Please complete Part II, which is on a separate worksheet.

PART II

If your portfolio operated any cost recovery arrangements in 1999-2000, please complete this part. Please fill out a separate form for each sub-unit, cost recovery program or activity, or output or outcome for which you are reporting. Similar cost recovery arrangements may be reported in groups.

PART II(a)

Name of sub-unit, agency, program or activity, output or outcome

Section 4: Cost recovery arrangements in 1999-2000

Descriptive material	
4.1	Nature of cost recovery arrangement (eg. licence fee, service charge, hypothecated excise tax or levy etc) <input type="text" value="Defence has a full cost recovery policy for the supply of goods and services."/>
4.2	Basic description of arrangements: (Please attach any relevant documents.) <input type="text" value="The policy is contained in Chief Executive Instructions with costing methodology contained in supplements to Chief Executive Instructions (eg the Ready Reckoner of Personnel Costs and Related Overheads and the Schedule of Rates and Charges) [Copies supplied]"/>
4.3	Who pays the cost recovery charges? <input type="text" value="Recipients of Defence goods and services."/>
4.4	Who benefits from the program or activity, output or outcome? <input type="text"/>
4.5	Do you attempt to measure these benefits? If YES, how? <input type="text" value="No"/>
4.6	Are there alternate providers or substitutes for this program or activity, output or outcome? (Please describe) <input type="text" value="No. Cost recovery is generally provided on an ad hoc basis."/>
4.7	When was this cost recovery arrangement introduced? <input type="text" value="Defence has had a full cost policy since at least 1991."/>

PART II(b)

Name of sub-unit, agency, program or activity, output or outcome Department of Defence

Program or activity, output or outcome cost recovery arrangements in 1999-2000 (continued)
(Please use \$'000)

Program or activity, output or outcome revenues			
4.8	Cost recovery revenue paid to CRF earmarked for appropriation to same portfolio	\$	0
4.9	Cost recovery revenue paid to CRF earmarked for appropriation to a third party	\$	0
4.10	Cost recovery revenue paid to CRF and not earmarked for particular appropriation	\$	0
4.11	Cost recovery revenue paid to CRF (subtotal)	\$	0
4.12	Cost recovery not paid into CRF	\$	12194
4.13	Total cost recovery revenue	\$	12194
4.14	Appropriations not related to cost recovery	\$	15814424
4.15	Other sources (please specify)	\$	612986
4.16	Total program or activity, output or outcome revenues	\$	16439604
Program or activity, output or outcome expenses			
4.17	Direct expenses	\$	11123137
4.18	Indirect expenses (including corporate overheads)	\$	included
4.19	Third party expenses (a)	\$	above
4.20	Total program or activity, output or outcome expenses	\$	11123137
Administration costs			
4.21	What costs are associated with administering the cost recovery arrangements?	\$	unknown

CRF Consolidated Revenue Fund. Direct costs are those directly related to a particular program. Indirect costs include indirect agency overheads and general running costs. (a) Include third party costs where third parties are involved in a program or activity a their costs are being recovered as part of the cost recovery arrangements.

PART II(c)

Name of sub-unit, agency, program or activity, output or outcome Department of Defence

Section 5: Institutional arrangements

5.1 What was the rationale for introducing these cost recovery arrangements? (Please attach sources, eg. legislative objects clauses, press releases, second reading speeches.) Defence cost recovery arrangements can be traced back to Departmental Finance Instruction No 1/91 issued on 2 May 1991, which cited amendments to Section 29 of the Finance Directions as the basis for full cost recovery.

5.2 What was the legal basis for establishing these cost recovery arrangements: (Please name and attach relevant documents.)

Legislation (eg. s.31 of the Financial Management and Accountability Act, tax or levy acts)	FMA Act
Subordinate legislation (eg. regulations, standards)	Chief Executive Instructions and costing supplements [Copies already supplied to PC]
Co-regulation or quasi-regulation	
Commonwealth/State/Territory agreement	
Voluntary arrangements (eg. codes of practice)	
Other	

5.3 Who was consulted about introducing these cost recovery arrangements? (Please name relevant bodies and describe the consultation arrangements.)

Commonwealth government (DOFA etc)	Not applicable
Other governments (state, territory, local)	Not applicable
Industry	Not applicable
Consumers	Not applicable
Other	Not applicable

5.4 What guidelines were consulted when establishing these cost recovery arrangements? (Please attach source of information, guidelines etc.)	Department of Finance Guidelines for Costing Government Activities, July 1991.										
5.5 Which agency is responsible for the following activities? (Please name relevant agency)	<table border="1"> <tr> <td data-bbox="416 612 568 639">Policy setting</td> <td data-bbox="907 612 1789 639">Central Finance Organisation</td> </tr> <tr> <td data-bbox="416 644 557 671">Price setting</td> <td data-bbox="907 644 1789 671">Central Finance Organisation</td> </tr> <tr> <td data-bbox="416 676 577 703">Administration</td> <td data-bbox="907 676 1789 703">Central Finance Organisation</td> </tr> <tr> <td data-bbox="416 708 633 735">Revenue collection</td> <td data-bbox="907 708 1789 735">Central Finance Organisation</td> </tr> </table>	Policy setting	Central Finance Organisation	Price setting	Central Finance Organisation	Administration	Central Finance Organisation	Revenue collection	Central Finance Organisation		
Policy setting	Central Finance Organisation										
Price setting	Central Finance Organisation										
Administration	Central Finance Organisation										
Revenue collection	Central Finance Organisation										
5.6 Is there any ongoing consultation about these cost recovery arrangements? With whom? (Please name relevant bodies.)	<table border="1"> <tr> <td data-bbox="416 807 875 834">Commonwealth government (DOFA etc)</td> <td data-bbox="907 807 1789 834">No</td> </tr> <tr> <td data-bbox="416 839 882 866">Other governments (state, territory, local)</td> <td data-bbox="907 839 1789 866">No</td> </tr> <tr> <td data-bbox="416 871 510 898">Industry</td> <td data-bbox="907 871 1789 898">No</td> </tr> <tr> <td data-bbox="416 903 546 930">Consumers</td> <td data-bbox="907 903 1789 930">No</td> </tr> <tr> <td data-bbox="416 935 483 962">Other</td> <td data-bbox="907 935 1789 962">No</td> </tr> </table>	Commonwealth government (DOFA etc)	No	Other governments (state, territory, local)	No	Industry	No	Consumers	No	Other	No
Commonwealth government (DOFA etc)	No										
Other governments (state, territory, local)	No										
Industry	No										
Consumers	No										
Other	No										
5.7 Please describe these consultation arrangements.	Not applicable										
5.8 Have the cost recovery arrangements been formally reviewed? What was the outcome? (Please attach copy of review)	No										

PART II(d)

Name of sub-unit, agency, program or activity, output or outcome

Department of Defence

Section 6: Price setting arrangements

6.1 How are these cost recovery charges determined? (Please attach any relevant documents)

- | | |
|--|---|
| (i) How are charges set? (eg. by formula in legislation or based on 'market prices') | Charges are determined in line with full cost recovery. |
| (ii) Are charges directly related to the costs of particular activities, outcomes or outputs, or charged on some other basis? (eg. levies on users' turnover, profits or assets) | Yes |

6.2 If charges are directly related to the costs of particular activities, outputs or outcomes:

- | | |
|--|--|
| (i) What costs do charges aim to recover? (eg. only direct costs or indirect costs such as overheads) | The full cost |
| (ii) What proportion of these costs do charges aim to recover? (%) | Generally 100%. |
| (iii) Does the charging regime require assets to be valued? (eg. to allow the calculation of user cost of capital or return on assets) | Yes. |
| (iv) If 'YES' to (iii), on what basis are assets valued? (eg. historic, replacement, deprival or replacement cost) | Deprival |
| (v) Do charges include a user cost of capital? | Yes. |
| (vi) If 'YES' to (v), how is it calculated? | Capital use charge of 12% is used. |
| (vii) Do charges include return on assets? (eg. profit) | No. |
| (viii) If 'YES' to (vii), on what basis? | Not applicable. |
| (ix) Do charges discriminate between types of users? | Yes. |
| (x) If 'YES' to (ix), on what basis? | Defence military and civilian personnel are entitled to subsidised meals |

(xi) Do charges allow for access and equity considerations (eg. waivers, discounts)?	Yes.
(xii) If 'YES' to (xi), on what basis?	Cost waivers may be granted if there sufficient benefit to Defence.
(xiii) Other (Please describe other significant features)	
6.3 How are indirect costs allocated for cost recovery arrangements? (eg. activity based costing, according to share of direct costs or other rule.)	Indirect costs for personnel are averaged over the range of positions which they support [See copy of Ready Reckoner of Personnel Costs and Related Overheads already supplied]
6.4 Are there any price controls on these charges?	No.
6.5 How often is the level of charges changed?	As required.
6.6 What happens if revenue recovered is greater than costs incurred?	Unlikely, due to the ad hoc nature of cost recovery.

End of Part II. Thank you for your cooperation. Please return the questionnaire and attachments to the Commission (see front sheet for instructions)

DEPARTMENT OF DEFENCE - COST RECOVERY

Account	1998/1999	1999/2000
10008 - Museums Revenue	\$0.00	\$37,247.50
10010 - Sale of Charts and Maps	\$0.00	\$2,358,777.72
10026 - Defence Aid to the Civil Community	\$0.00	\$157,312.01
10028 - Speakers Fees	\$0.00	\$0.00
10030 - Course Fees	\$0.00	\$2,747,096.58
10210 - Air Services Charges	\$7,542,937.50	\$6,893,242.00
Total	\$7,542,937.50	\$12,193,675.81