

## PART I

**ALL AGENCIES 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 Agency

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

Other

1.3 Contact Officer

Position

Phone

Fax

Email

Address

**This section asks about your agency's total revenues, charges and expenses. All agencies should complete this section, whether or not you consider you undertake cost recovery.**

**Section 2: Agency revenues, charges and expenses**

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

2.1 Has your agency 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 agency, and which are collected by your agency 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 agency 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 agency or by another agency on your behalf).

YES	NO

2.3 Has your agency 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 agency 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: Agency revenues and expenses**

3.1 Does your agency 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
<input type="checkbox"/>	<input type="checkbox"/>

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

<b>AGENCY revenues and expenses (Please use \$'000)</b>					
	1995-96	1996-97	1997-98	1998-99	1999-2000
<b>Agency revenue from cost recovery (a)</b>					
3.2 Cost recovery revenue retained by your agency					
3.3 Cost recovery revenue paid to CRF and appropriated to your agency (or another agency for a specific purpose (ie. annotated, hypothecated or earmarked revenues)					
3.4 Cost recovery revenue paid to CRF and not specifically appropriated to your agency (or another agency)					
<b>3.5 Total agency revenue from cost recovery</b>	0	0	0	0	0
<b>Agency revenue from other sources</b>					
3.6 Other appropriations					
3.7 Other sources (eg. asset sales, dividends, interest, funding from other government agencies)					
<b>3.8 Total agency revenue from other sources</b>	0	0	0	0	0
<b>3.9 Total agency revenue</b>	0	0	0	0	0
<b>3.10 Total agency expenses</b>					
<b>CRF Consolidated Revenue Fund</b>					
(a) Include all revenue from fees, levies, excises and other charges which arise from the services or activities of your agency and which is paid to your agency to another agency or to the Consolidated Revenue Fund.					

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

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

**CRF Consolidated Revenue Fund**

(a) Include all revenue from fees, levies, excises and other charges which arise from the services or activities of your agency and which is paid to your agency 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 agency 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 Australian Valuation Office

**Section 4: Cost recovery arrangements in 1999-2000**

Descriptive material	
4.1	<p>Nature of cost recovery arrangement (eg. licence fee, service charge, hypothecated excise tax or levy etc)</p> <p>Fees are charged for valuations</p>
4.2	<p>Basic description of arrangements: (Please attach any relevant documents.)</p> <p>The AVO operates as a commercial business and receives no appropriation from the Commonwealth Budget. AVO operates profitably and the determination of operating profit takes into account AVO making a payment to CRF in lieu of any taxes it is exempt from by virtue of its Government status. Fees for an individual valuation are set on a commercial basis which may have regard to the cost of providing that service, competitors prices, the quantity of work of hand etc.</p>
4.3	<p>Who pays the cost recovery charges?</p> <p>The client</p>
4.4	<p>Who benefits from the program or activity, output or outcome?</p> <p>Clients benefit from AVO's services in a number of ways, e.g. Work done for Centrelink reduces Commonwealth benefit payment outlays through valuation of beneficiary assets and/or detection of fraud. Work done for the ACT Government lead to assessments of 'betterment tax'.</p>
4.5	<p>Do you attempt to measure these benefits? If YES, how?</p> <p>No, in theory the benefits would derived by the client regardless of who provided the service. In practice, other issues, eg quality of service, independence tend to be more important for our clients.</p>

4.6 Are there alternate providers or substitutes for this program or activity, output or outcome? (Please describe)	Yes, there are similarly qualified valuers employed by private sector firms. Some clients consider that these firms have less independence because in addition to valuing assets they are also involved in selling assets.
4.7 When was this cost recovery arrangement introduced?	AVO has operated on a commercial basis since DAS commenced the commercialisation process. AVO rejoined the ATO in October 97 after the abolition of DAS.

**PART II(b)**

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

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

<b>Program or activity, output or outcome revenues</b>			
4.8	Cost recovery revenue paid to CRF earmarked for appropriation to same agency	\$	<input type="text"/>
4.9	Cost recovery revenue paid to CRF earmarked for appropriation to a third party	\$	<input type="text"/>
4.10	Cost recovery revenue paid to CRF and not earmarked for particular appropriation	\$	<input type="text"/>
4.11	Cost recovery revenue paid to CRF (subtotal)	\$	0
4.12	Cost recovery not paid into CRF	\$	17662
4.13	Total cost recovery revenue	\$	17662
4.14	Appropriations not related to cost recovery	\$	<input type="text"/>
4.15	Other sources (please specify) - interest, rent and gain on sale of asse	\$	394
<b>4.16</b>	<b>Total program or activity, output or outcome revenues</b>	\$	<b>18056</b>
<b>Program or activity, output or outcome expenses</b>			
4.17	Direct expenses	\$	10990
4.18	Indirect expenses (including corporate overheads)	\$	6070
4.19	Third party expenses (a)	\$	<input type="text"/>
4.20	<b>Total program or activity, output or outcome expenses</b>	\$	<b>17060</b>
<b>Administration costs</b>			
4.21	What costs are associated with administering the cost recovery arrangements?	\$	<input type="text"/>

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

Australian Valuation Office

**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.)

Around 1990 DAS agreed that it would commercialise its service activities. This did not mean cost recovery this meant full commercialisation with the intention being that units would pay tax equivalents and operate at a profit that met rate of return criteria. The then business units including AVO were established as separate components within the DAS Business Services Trust Account. A lot of material about commercialisation is on the DAS website but unfortunately DOFA has disabled access to this site.

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)

Audit Act (now superceded by FMA)

Subordinate legislation (eg. regulations, standards)

Co-regulation or quasi-regulation

MOU between DAS & DoF, Commonwealth Competitive Neutrality Guidelines

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)

Commercialisation was a DAS initiative and was supported by DoF.

Other governments (state, territory, local)

Industry

Consumers

Other



<p>5.4 What guidelines were consulted when establishing these cost recovery arrangements? (Please attach source of information, guidelines etc.)</p>	<p>The basis was agreed between DAS and DoF at the time of commercialisation.</p>
<p>5.5 Which agency is responsible for the following activities? (Please name relevant agency)</p> <p>Policy setting</p> <p>Price setting</p> <p>Administration</p> <p>Revenue collection</p>	<p>AVO</p> <p>AVO</p> <p>AVO</p> <p>AVO</p>
<p>5.6 Is there any ongoing consultation about these cost recovery arrangements? With whom? (Please name relevant bodies.)</p> <p>Commonwealth government (DOFA etc)</p> <p>Other governments (state, territory, local)</p> <p>Industry</p> <p>Consumers</p> <p>Other</p>	<p>In principle no, where contracts/MOUs exist contract reviews occur</p> <p>See above</p> <p></p> <p></p> <p></p>
<p>5.7 Please describe these consultation arrangements.</p>	<p>see above</p>
<p>5.8 Have the cost recovery arrangements been formally reviewed? What was the outcome? (Please attach copy of review)</p>	<p>Not recently</p>

**PART II(d)**

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

Australian Valuation Office

**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')	Fees for an individual valuation are set on a commercial basis which may have regard to the cost of providing that service, competitors prices, the quantity of work of hand etc.
(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)	Fees generally have regard to the full cost. In times of excess capacity marginal cost pricing may be adopted and in peak times fees may be set at a premium level.
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)	All costs.
(ii)	What proportion of these costs do charges aim to recover? (%)	> 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 (as required by FMOs)
(v)	Do charges include a user cost of capital?	Yes
(vi)	If 'YES' to (iv), how is it calculated?	Interest is payable to DOFA on AVO's debt capital. Interest and depreciation expenses are taken into account in AVO's costs.
(vii)	Do charges include return on assets? (eg. profit)	Yes

(viii)	If 'YES' to (vii), on what basis?	A dividend of 50% of AVO's operating profit is payable to DOFA. In order to meet dividend and profit expectations, fees need to be set commensurately.
(ix)	Do charges discriminate between types of users?	Yes
(x)	If 'YES' to (ix), on what basis?	As previously stated prices are commercially driven. For any given service AVO seeks to maximise its fee within whatever constraints apply at the time of setting the fee.
(xi)	Do charges allow for access and equity considerations (eg. waivers, discounts)?	No, this is not relevant in AVO's case.
(xii)	If 'YES' to (xi), on what basis?	
(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.)	Rule of thumb methods are currently used.
6.4	Are there any price controls on these charges?	Yes, market forces dictate prices as clients are not obliged to use the services of the AVO,
6.5	How often is the level of charges changed?	Each valuation is quoted separately. Charges have regard to all relevant factors.
6.6	What happens if revenue recovered is greater than costs incurred?	This is intended.

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