

**AUSTRALIAN TRADE
COMMISSION
(AUSTRADE)**

AUSTRALIAN TRADE COMMISSION

Section 1: Overview, appropriations and budget measures summary

AGENCY OVERVIEW

The Australian Trade Commission (Austrade) is the lead agency in Australia's efforts to double the number of exporters by 2006. As the Australian Government's principal trade and international business facilitation agency, operating as a statutory authority within the Foreign Affairs and Trade portfolio, Austrade's mandate is to help Australian businesses reduce the time, cost and risks involved in entering overseas markets and expanding commerce in these markets.

Austrade delivers:

- export and outward investment services and international business opportunities to Australians;
- financial assistance to eligible exporters under the Export Market Development Grants Scheme;
- programmes designed to improve community awareness of and commitment to trade and investment;
- advice to the Australian Government and coordination of its export and international business facilitation activities; and
- consular, passport and immigration services in certain locations.

Austrade delivers these services through a global network of offices, with representatives overseas in 110 locations in 56 countries. In 2004-05 Austrade will operate 15 offices and a network of 51 TradeStart offices in partnership with public and private sector ally organisations across Australia. Through this network Austrade works with Australian businesses to identify and capture export opportunities.

In 2004-05, Austrade will build upon the gains of the previous year as it continues to lead the whole-of-government approach to doubling the number of exporters by 2006. In addition, Austrade will focus on maximising export opportunities arising from conclusion of Free Trade Agreements with Singapore, Thailand and the United States of America as well as China's accession to the World Trade Organization.

Austrade's strategy comprises four strands:

1. **Grow established exporters:** continue to help established exporters grow their export businesses and help ensure that they remain sustainable exporters;
2. **Develop new and irregular exporters:** help export-capable businesses that have never exported before or are relatively inexperienced exporters to become sustainable exporters;
3. **Deliver a focus on both industry and geography:** improve support for knowledge-based exporters—particularly in the biotechnology, information and communication technology (ICT) and services sectors—and for other key industries; and
4. **Build community awareness:** communicate the importance of trade to the Australian economy, and the benefits to businesses of exporting and internationalisation.

Details of Austrade's key objectives and strategies for 2004-05 can be found in Austrade's Corporate Plan 2004-05 to 2006-07. Austrade reported against its goals for the previous year in its 2002-03 Annual Report.

APPROPRIATIONS AND RESOURCING

The total appropriation for the Australian Trade Commission in the 2004-05 Budget is \$308.3 million including a departmental equity injection of \$2.2 million (2003-04 \$309.8 million). The components of the net decrease in Austrade's funding relate to:

- adjustments for foreign exchange transactions;
- inflation and parameter adjustments; and
- funding for Budget measures.

Table 1.1 provides a summary of the resources applied to each of Austrade's outcomes for 2004-05 for departmental and administered appropriations. Table 1.2 provides a summary of the measures disclosed in the 2004-05 Budget.

Australian Trade Commission — appropriations 2004-05

Table 1.1: Appropriations and other revenue ('000)

Outcome	Departmental (price of outputs) ('000)					Administered (\$'000)			Total	
	Revenue from Government (appropriations)		Revenue from other sources ⁽⁴⁾	Price of outputs ⁽³⁾	Annual appropriations (\$'000)	Special appropriations ⁽⁵⁾	Total administered appropriations	Total appropriations		
	Bill No. 1	Special approps ⁽⁵⁾	Total			Bill No. 1	Bill No. 2 (SPPs & NAOs) ⁽²⁾			
	(A)	(B)	(C = A+B) (C1) ⁽¹⁾	(D)	(E = C+D) (E1) ⁽¹⁾	(F)	(G)	(H)	(I = F+G+H) (I1) ⁽¹⁾	(J=C+I)
Outcome 1 - Australians succeeding in international business with widespread community support	147,486	0	147,486	23,986	171,472	150,400	0	0	150,400	297,886
Outcome 2 - Australians informed about and provided access to consular, passport and immigration services in specific locations overseas	8,241	0	8,241	3,477	11,718	0	0	0	0	8,241
Total	155,727	0	155,727	27,463	183,190	150,400	0	0	(K2)(1)	306,127
			(K1)(1)			Departmental capital (equity injections and loans)			(K3) ⁽¹⁾	2,200
						Administered assets and liabilities			(K4) ⁽¹⁾	0
						Total appropriations				308,327

Part C: Agency Budget Statements — Austrade

1. Cells C1, E1 and I1 refer to information provided in Total Resources for Outcome tables. Amounts K1, K2 to Budgeted Statement of Financial Performance, and amounts K3, K4 to Capital Budget Statements.
2. Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), new agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans.
3. Refer to Budgeted Statement of Financial Performance for application of agency revenue.
4. Revenue from other sources includes other revenue from government (for example, resources free of charge) and revenue from other sources (for example, sales of goods and services by agencies such as the Australian Bureau of Statistics (ABS) or the Australian Broadcasting Corporation (ABC)). Non-appropriated departmental and administered revenues are details in Appendix 1.
5. Estimated expenses from individual Special Appropriations are shown in Appendix 2.

Note: Percentage figures indicate the percentage contribution of Revenue from Government (Departmental Appropriations) to the Total Price of Outputs, by outcome.

MEASURES - SUMMARY

Table 1.2: Summary of measures disclosed in the 2004-05 Budget

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2005-06 (\$'000)			Appropriations forward estimate 2006-07 (\$'000)			Appropriations forward estimate 2007-08 (\$'000)		
			2004-05 (\$'000)		Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
			Admin expenses	Dept outputs										
Budget measure														
Trade facilitation - New Opportunities - New Exporters Programme	1	1.3	0	1,700	1,700	0	1,500	1,500	0	1,500	1,500	0	1,400	1,400
Investing in Australia's Security - relocation and security upgrade of overseas missions	1	1.3	0	2,900	2,900 *	0	500	500	0	600	600	0	600	600
Melbourne 2006 Commonwealth Games - contribution	1	1.3	0	0	0	0	800	800	0	0	0	0	0	0
Consular services - information technology requirements	2	2.1	0	0	0	0	0	0	0	0	0	0	0	0

*Includes departmental equity injection of \$2.2 million

RECEIPTS FROM INDEPENDENT SOURCES

Table 1.3: Receipts from independent sources - Departmental

	Estimated revenue 2003-04 \$'000	Estimated revenue 2004-05 \$'000
Sale of goods and services	23,412	23,412
Interest	2,120	1,464
Other	2,571	2,337
Total estimated revenue	28,103	27,213

Table 1.4: Receipts from independent sources - Administered

	Estimated revenue 2003-04 \$'000	Estimated revenue 2004-05 \$'000
Interest and royalties	249	31
Total estimated revenue	249	31

Cost recovery arrangements account for 43 per cent of receipts from independent sources. See Section 4, under "Cost Recovery Arrangements".

MOVEMENT OF ADMINISTERED FUNDS FROM 2003-04 TO 2004-05

Table 1.4: Movement of administered funds from 2003-04 to 2004-05

Not applicable to Austrade.

SPECIAL APPROPRIATIONS

Table 1.5: Estimates of expenses from special appropriations

Not applicable to Austrade.

SPECIAL ACCOUNTS

Table 1.6: Estimates of special account flows and balances

Not applicable to Austrade.

ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

The Government is providing an equity injection of \$2.2 million in 2004-05 for the cost of security upgrades at posts including the cost of fitting out relocated posts.

Section 2: Outcomes and outputs information

OUTCOMES AND OUTPUTS

The map on the next page shows the relationship between Austrade's two outcomes and its five outputs. The Australian Government has set these outcomes, which are primarily directed to the economic well-being of the Australian community and job creation.

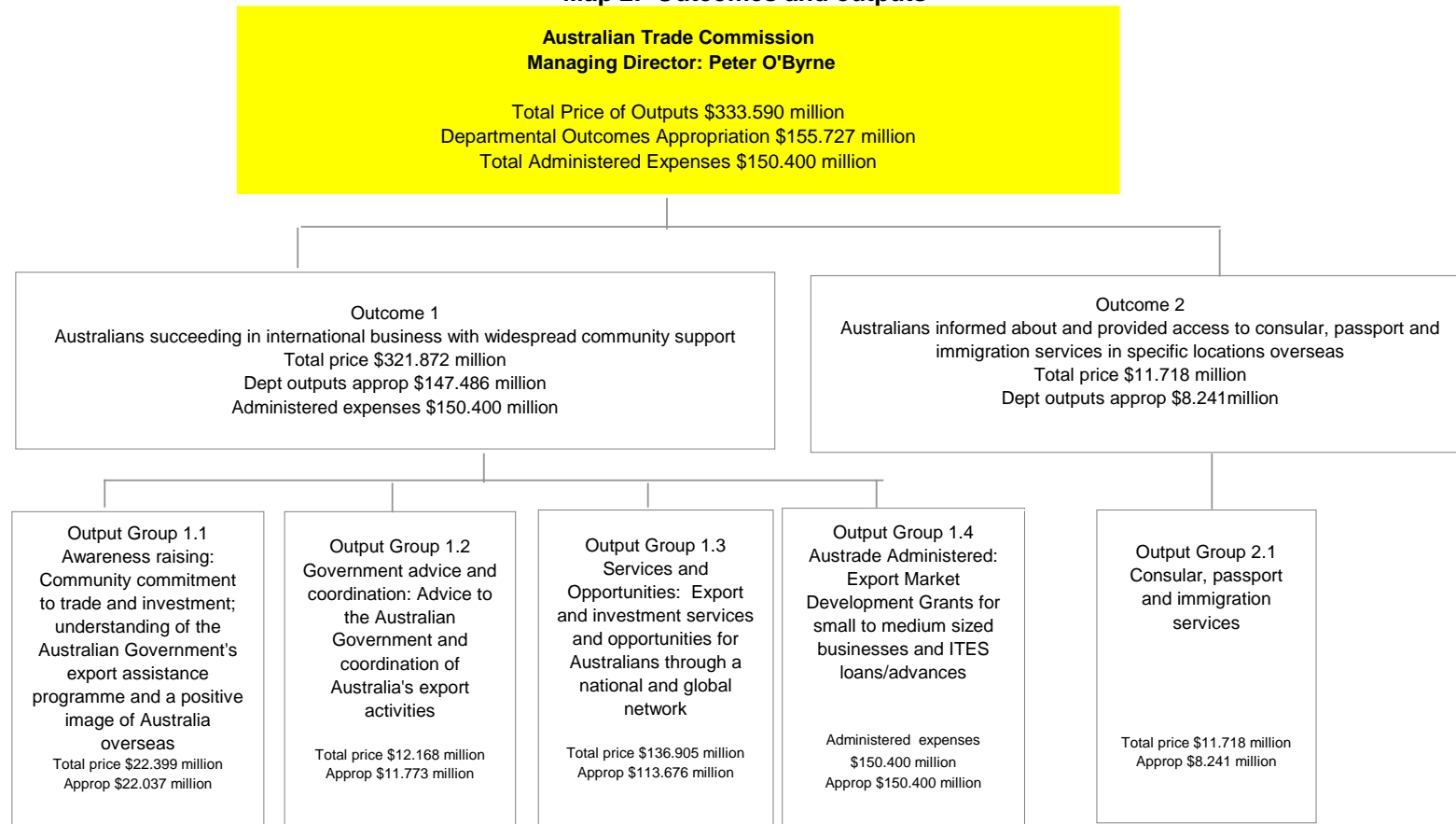
Austrade's performance is continually monitored using measures of performance at a corporate level, a unit level and individually through performance agreements with Austrade staff.

The services delivered to achieve Austrade's outputs are subject to market testing, where appropriate, to ensure they are delivered in the most efficient manner and in accordance with Government competitive tendering and contracting policy.

Output cost attribution

As Austrade is a services organisation its outputs are directly related to the time its services staff spend on the provision of services to clients. Services staff record their time according to outputs in a time recording system which is combined with base salaries of staff to arrive at a direct cost attributable to each output at a post or unit level. These costs are converted to percentages, which are then used as drivers in the financial management information system to allocate direct and indirect costs to each output.

Map 2: Outcomes and outputs

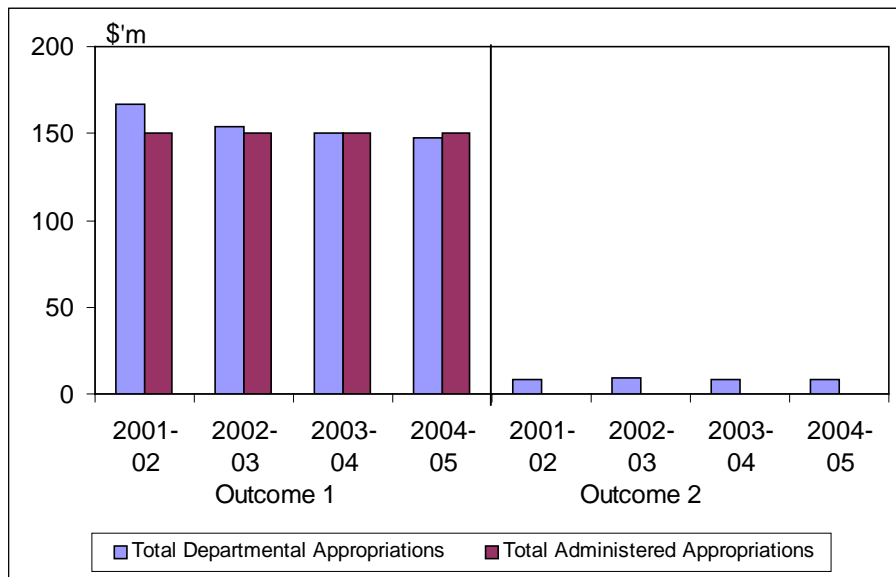


CHANGES TO OUTCOMES AND OUTPUTS

There are no changes to outcomes and outputs from the previous year.

TRENDS IN RESOURCING ACROSS OUTCOMES

Chart 1: Trends in appropriations for all outcomes (\$'m)



OUTCOME 1 — DESCRIPTION

Australians succeeding in international business with widespread community support

Austrade focuses its efforts and resources:

- to increase community awareness and commitment to the importance of trade and investment;
- to lead the whole-of-government approach to doubling the number of exporters by 2006;
- to increase significantly the proportion of knowledge-based and services-focussed companies doing business internationally; and
- to continuously improve its existing business.

Measures affecting Outcome 1⁴

Trade facilitation - New Opportunities - New Exporters Programme

The Government will provide \$19.6 million over four years to help Australian exporters to capitalise on the emerging trade opportunities arising from the conclusion of Free Trade Agreements with Singapore, Thailand and the United States as well as China's accession to the World Trade Organization.

The Government will provide the Australian Trade Commission additional funding of \$6.1 million over four years to meet the cost of this measure. The remaining expenses (\$13.5 million over four years) will be absorbed from within the existing resourcing of the Australian Trade Commission.

Financial Impact: Austrade Outcome 1 will receive \$1.7 million in 2004-05, \$1.5 million in 2005-06, \$1.5 million in 2006-07, and \$1.4 million in 2007-08.

Investing in Australia's Security - relocation and security upgrade of overseas missions

The Government will provide total funding of \$79.1 million over five years (including \$11.1 million in 2003-04) for the relocation of a number of overseas missions and for the enhancement of security measures at some others. This amount includes expense funding of \$27.8 million over five years (including \$2.7 million in 2003-04).

⁴ This relates to measures disclosed in the 2004-05-budget context (that is, measures agreed since the *Mid-Year Economic and Fiscal Outlook* (MYEFO)).

The relocation of overseas missions for security reasons will cost \$49.5 million over five years (including \$14.7 million expense funding). The capital funding will cover the fit-out of the new premises.

A number of other missions require an upgrade of their existing security measures at a cost of \$29.6 million over five years (including \$13.1 million expense funding). The capital funding will provide for the introduction of various security detection systems, the upgrade of chancery and residential security and an enhancement of emergency communications. The expense funding will meet associated ongoing operational costs.

Financial Impact: Austrade Outcome 1 will receive \$3.6 million in 2004-05 comprising \$1.4 million in expense funding and \$2.2 million in capital funding, \$0.5 million in 2005-06, \$0.6 million in 2006-07, and \$0.6 million in 2007-08.

The total resourcing is higher than figures contained in Budget Paper 2 Budget Measures 2004-05, arising from the funding of the write-down of assets that do not have an impact on the fiscal and underlying cash balances.

Melbourne 2006 Commonwealth Games - contribution

The Government will provide a package of assistance totalling \$272.5 million over four years from 2003-04 to 2006-07 to contribute to the staging of the Melbourne Commonwealth Games (M2006) to be held from 15-26 March 2006.

The assistance package includes \$139.8 million (including \$40.0 million in 2003-04) in new funding over the four years as a contribution to meeting the costs of the Games. The Government will also provide \$132.7 million in services and support which will be absorbed within existing resources.

Funding includes a grant of \$102.9 million to the Victorian Government for specific M2006 initiatives. These include \$40.0 million for the Opening and Closing Ceremonies, \$15.0 million for the Queen's Baton Relay, \$18.2 million for the M2006 Volunteer Programme, \$10.0 million for the Elite Athletes with a Disability Programme, \$7.5 million to provide airfare subsidies for athletes from developing countries participating in M2006, and \$6.0 million towards the costs of the M2006 Cultural Programme.

Funding of \$84.8 million will be provided over three years to provide security services and support to ensure a safe and secure M2006. Of this, \$56.5 million will be funded from existing resources.

Funding of \$27.1 million (including capital of \$0.2 million) over three years will be provided for non-security related services associated with staging M2006, of which \$18.5 million will be provided from existing resources. Activities involved include pre-event drug testing of international athletes, sporting programmes for people with

Section 2: Outcomes and outputs information

disabilities, provision of aviation safety information and increased trade and investment promotion activities.

The Australian Sports Commission will provide an estimated \$55.3 million in direct assistance for M2006 sports through existing programmes over two years from 2004-05. Significant indirect assistance is also provided to support athletes, coaches and support staff of M2006 sports.

Visa application costs will be waived for Commonwealth Games Family Members, resulting in revenue forgone of \$1.4 million. Exemptions from Income and Withholding Tax for the Commonwealth Games Federation, estimated at \$1.0 million, were recorded as a measure, *Income tax exemption for the Commonwealth Games Federation*, in the 2002-03 Mid-Year Economic and Fiscal Outlook.

Financial Impact: Austrade Outcome 1 will receive funding of \$0.8 million in 2005-06.

Consular services - information technology requirements

The Government will provide \$2.1 million over four years for the delivery of an information technology system to link consular and passport services in Australian Trade Commission (Austrade) offices with information systems managed by the Department of Foreign Affairs and Trade.

This measure will be fully funded through the reallocation of existing Austrade resources and involves funding of \$1.5 million in 2004-05, \$0.2 million in 2005-06, \$0.2 million in 2006-07 and \$0.2 million in 2007-08.

OUTCOME 1 — RESOURCING

Table 2.1.1 shows how the 2004-05 Budget appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs. Cell references **C1**, **E1** and **I1** show the links back to Table 1.1 (the Appropriations and Other Revenue Table for Austrade).

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

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000
Administered appropriations		
Output Group 1.4 - Austrade Administered	150,400	150,400
Total administered appropriations	150,400	150,400
Departmental appropriations		
Output Group 1.1 - Awareness raising	19,159	22,037
Subtotal Output Group 1.1	19,159	22,037
Departmental appropriations		
Output Group 1.2 - Government advice and coordination	11,262	11,773
Subtotal Output Group 1.2	11,262	11,773
Departmental appropriations		
Output Group 1.3 - Services and opportunities	120,007	113,676
Subtotal Output Group 1.3	120,007	113,676
Total revenue from government (appropriations)	150,428	147,486
Contributing to price of departmental outputs	85.9%	86.0%
		(C1)(1)
Revenue from other sources		
Sale of goods and services	19,744	19,935
Interest	2,120	1,464
Revenue from sale of assets	250	250
Other	2,571	2,337
Total revenue from other sources	24,685	23,986
Total price from departmental outputs (Total revenue from government and from other sources)	175,113	171,472
		(E1)(1)
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	325,513	321,872
	2003-04	2004-05
Average staffing level (number)	992	1,014

OUTCOME 1 — CONTRIBUTION OF OUTPUTS

Effectiveness - Overall achievement of the Outcome -

What Austrade intends to achieve in the period 2004-05 is:

Proportion of Australians who believe exports make a major contribution to the economy ^[1] (80%)

Number of Australian exporters ^[1] - 39,000

Footnotes:

[1] Not wholly within Austrade's control

PERFORMANCE INFORMATION FOR OUTCOME 1

Table 2.2.1: Performance information for Outcome 1

Performance information for departmental outputs

Output group 1.1 —

Awareness Raising - Community commitment to trade and investment, understanding of the Australian Government's export assistance programs and a positive business image of Australia

Quality

Client satisfaction - Minister's Office *

Quantity

Community awareness of the importance of the Government's trade and international business facilitation activities through Austrade ^[1] (75%)

*The measure of the Minister's satisfaction will be provided to the Board by the Minister

[1] Not wholly within Austrade's control

Output group 1.2 —

Government advice and coordination - Advice to the Australian Government and coordination of Australia's export activities

Quality

Client satisfaction - Minister's Office *

Quantity

Number of briefs (incl. submissions and Ministerials) provided to: Ministers, Parliament, public sector agencies (575)

Percentage of material prepared within agreed timeframes (100%)

*The measure of the Minister's satisfaction will be provided to the Board by the Minister

Table 2.2.1: Performance information for Outcome 1 (continued)

Output group 1.3 —	
Services and Opportunities - Export and investment services and opportunities for Australians through a national and global network	<p><i>Quality</i></p> <p>Client satisfaction with Austrade's services (85%)</p> <p><i>Quantity</i></p> <p>Number of clients who achieve export success with Austrade's assistance (Total EI Clients) (3,750)</p> <p>Number of new and irregular exporter clients who achieve export success with Austrade's assistance (New/NEDP EI Clients) (1,420)</p> <p>Number of established clients who achieve export success with Austrade's assistance (Established EI Clients) (2,330)</p> <p>Number of clients in Biotechnology, ICT and Services sectors who achieve success with Austrade's assistance (BIS Clients) (1,350)</p> <p>Value of export success with Austrade's assistance (Total EI Dollars) (\$8,000m)</p> <p>Number of clients who achieve outward investment success with Austrade's assistance (OII Clients) (80)</p> <p>Value of outward investment success with Austrade's assistance (OII Dollars) (\$1,120m)</p> <p>Number of clients who achieve export success indirectly through Austrade (500)</p> <p>Number of clients receiving initial information & advice and/or detailed services from Austrade (13,000)</p>
Performance information for administered items (including third party outputs)	
Output 1.4	
Administering programmes - Export Market Development Grants for small to medium sized businesses and ITES loans/advances	<p><i>Quantity</i></p> <p>Total number of grant applicants (3,760)</p> <p>Total number of grant recipients (3,440)</p> <p>Number of first time grant applicants (1,360)</p> <p>Number of first time grant recipients (1,100)</p> <p>Number and \$ of financial facilities under management (6 & \$2.1m)</p>

Export Impact = EI Outward Investment Impact = OII

EVALUATIONS

Planned evaluations and reviews affecting Austrade in 2004-05, include:

- Risk Management – appropriate reviews will be undertaken to ensure that sound financial, legal and ethical decision making processes are adhered to and monitored. This includes a review of the risk management plan, fraud control plan and the operation of the internal audit plan;
- Review of the Export Market Development Grants Scheme; and
- Australian National Audit Office Performance Audits – Austrade expects to participate in a number of ANAO reviews in 2004-05, either commissioned or in progress, these include:
 - Protecting Australian Missions and Staff Overseas; and
 - TradeStart and Export Access Programs for Regional and Rural Australia.

COMPETITIVE TENDERING AND CONTRACTING

External service providers are utilised to deliver a range of services including legal services, internal audit and IT systems development. Austrade adheres to Government policy in the competitive tendering of, and contracting for, its services and business activities. Major service providers are selected on the basis of value for money through competitive processes.

Austrade systematically reviews whether activities are best delivered by the organisation or by other providers. Austrade's strategic procurement and contracting activities are coordinated through the Procurement and Contract Management Unit, which provides guidance to all areas of the Commission in procurement and contractual matters. The unit is responsible for providing high quality policy advice on procurement, tendering and contract management as well as identifying and implementing strategic procurement opportunities.

OUTCOME 2 — DESCRIPTION

Australians informed about and provided access to consular, passport and immigration services in specific locations overseas

OUTCOME 2 — RESOURCING

Table 2.1.2 shows how the 2003-04 Budget appropriations translate to total resourcing for Outcome 2, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs. Cell references **C1**, **E1** and **I1** show the links back to Table 1.1 (the Appropriations and Other Revenue Table for Austrade).

Table 2.1.2: Total resources for Outcome 2 (\$'000)

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000
Departmental appropriations		
Output Group 2.1 - Consular, passport and immigration services	8,120	8,241
Subtotal Output Group 2.1	8,120	8,241
Total revenue from government (appropriations)	8,120	8,241
Contributing to price of departmental outputs	68.9%	70.3%
		(C1)(1)
Revenue from other sources		
Sale of goods and services	3,668	3,477
Total revenue from other sources	3,668	3,477
Total price from departmental outputs (Total revenue from government and from other sources)	11,788	11,718
		(E1)(1)
Total estimated resourcing for Outcome 2 (Total price of outputs and administered appropriations)	11,788	11,718
	2003-04	2004-05
Average staffing level (number)	38	38

OUTCOME 2 – CONTRIBUTION OF OUTPUTS

The production of Output 2.1 is delivered in accordance with agreements between Austrade, DFAT and DIMIA. These agreements ensure that the consular, passport and immigration services are provided seamlessly and consistently across all posts.

Section 2: Outcomes and outputs information

The total estimated resourcing for Outcome 2 is dissected as follows: Consular Services (\$4.8 million), Passport Services (\$5.2 million) and Immigration Services (\$1.7 million).

PERFORMANCE INFORMATION FOR OUTCOME 2

Effectiveness - Overall achievement of the Outcome -

Austrade's specific objective for the period is:

Delivery of comprehensive, responsive, high quality consular and passport services in specific locations overseas

Table 2.2.1: Performance information for Outcome 1

Output group 2.1 —	
Consular, passport and immigration services	<i>Quality</i> Client satisfaction (DFAT and DIMIA)
	<i>Quantity</i> Number of travel documents issued (8,000) Number of notarial acts (5,000) Number of Australians assisted overseas (not receiving travel documents or notarial acts) (45,000) Number of visa applications received (76,400)

EVALUATIONS

Planned evaluations and reviews affecting Austrade in 2004-05, include:

- Risk Management - appropriate reviews will be undertaken to ensure that sound financial, legal and ethical decision making processes are adhered to and monitored. This includes a review of the risk management plan, fraud control plan and the operation of the internal audit plan; and
- Australian National Audit Office Performance Audits - Austrade expects to participate in a number of ANAO reviews in 2004-05, either commissioned or in progress, these include:
 - Consular Services follow-up audit; and
 - Protecting Australian Missions and Staff Overseas.

COMPETITIVE TENDERING AND CONTRACTING

Refer to Competitive tendering and contracting under Outcome 1, p. 105.

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Austrade continues to go through a period of change and has projected an operating loss for 2004-05 of \$8.0 million. This represents the costs incurred to best position Austrade to fulfil its role in doubling the number of Australian exporters by 2006.

The components of the net decrease in revenue from government next financial year is a result of:

- adjustments for foreign exchange transactions;
- inflation and parameter adjustments; and
- funding for Budget measures.

This is also reflected in a commensurate reduction in operating expenses for 2004-05.

DEPARTMENTAL FINANCIAL STATEMENTS

Budgeted Departmental Statement of Financial Performance

This statement provides a picture of the expected financial results for Austrade by identifying full accrual expenses and revenues, which highlights whether the Commission is operating at a sustainable level.

Budgeted Departmental Statement of Financial Position

This statement shows the financial position of Austrade. It enables decision-makers to track the management of the agency's assets and liabilities.

Budgeted Departmental Statement of Cash Flows

Budgeted cash flows, as reflected in the statement of cash flows, provides important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Departmental Capital Budget Statement

Shows all planned departmental capital expenditure (capital expenditure on non financial assets), whether funded either through capital appropriations for additional equity or borrowings, or from funds from internal sources.

Departmental Non Financial Assets — Summary of Movement

Shows budgeted acquisitions, disposals and depreciation of non-financial assets during the budget year.

SCHEDULE OF ADMINISTERED ACTIVITY

Schedule of Budgeted Revenues and Expenses Administered on behalf of Government

This schedule identifies the main revenues and expenses administered on behalf of the Government. It also discloses administered revenues from Government and Transfers to the Official Public Account.

Schedule of Budgeted Assets and Liabilities Administered on behalf of Government

This schedule shows the assets and liabilities administered on behalf of the Government.

Schedule of Budgeted Administered Cash Flows

This schedule shows cash flows administered on behalf of the Government.

Schedule of Administered Capital Budget

This schedule shows details of planned administered capital expenditure.

Schedule of Administered Non-financial Assets — Summary of Movement

This schedule discloses details of movements in administered non-financial assets.

**Table 3.1: Budgeted Departmental Statement of Financial Performance
for the period ended 30 June 2005**

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
REVENUE					
Revenues from ordinary activities					
Revenues from Government	158,548	155,727	156,805	157,751	159,324
Goods and services	23,412	23,412	23,412	23,412	23,412
Interest	2,120	1,464	1,296	1,138	1,200
Dividends	0	0	0	0	0
Revenue from sales of assets	250	250	250	250	250
Reversals of previous asset write-downs	0	0	0	0	0
Rents	0	0	0	0	0
Royalties	0	0	0	0	0
Net foreign exchange gains	0	0	0	0	0
Correction of fundamental error	0	0	0	0	0
Other	2,571	2,337	2,337	2,337	2,337
Revenues from ordinary activities	186,901	183,190	184,100	184,888	186,523
EXPENSE					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	92,350	89,847	87,713	88,243	89,289
Suppliers	89,631	87,988	83,732	83,990	84,579
Grants	0	0	0	0	0
Subsidies	0	0	0	0	0
Depreciation and amortisation	12,255	12,255	12,255	12,255	12,255
Write-down of assets	200	900	200	200	200
Value of assets sold	200	200	200	200	200
Net foreign exchange losses	0	0	0	0	0
Correction of fundamental error	0	0	0	0	0
Other	0	0	0	0	0
Expenses from ordinary activities (excluding borrowing costs expense)	194,636	191,190	184,100	184,888	186,523
Borrowing costs expense	0	0	0	0	0
Share of net profits or (losses) of associates and joint ventures accounted for using the equity method	0	0	0	0	0
Correction of fundamental error	0	0	0	0	0
Operating surplus or (deficit) from ordinary activities	(7,735)	(8,000)	0	0	0
Gain or (loss) on extraordinary items	0	0	0	0	0
Correction of fundamental error	0	0	0	0	0
Net surplus or (deficit)	(7,735)	(8,000)	0	0	0

**Table 3.2: Budgeted Departmental Statement of Financial Position
as at 30 June 2005**

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
ASSETS					
Financial assets					
Cash	27,228	22,369	24,791	27,195	29,527
Receivables	7,549	7,549	7,549	7,549	7,549
Investments accounted for under the equity method	0	0	0	0	0
Investments (s.18 CAC Act; s.19 CAC Act)	0	0	0	0	0
Other investments	5,517	5,517	5,517	5,517	5,517
Accrued revenues	0	0	0	0	0
Other financial assets	0	0	0	0	0
Total financial assets	40,294	35,435	37,857	40,261	42,593
Non-financial assets					
Land and buildings	33,182	32,726	32,274	31,827	31,384
Infrastructure, plant and equipment	21,967	23,346	23,221	23,094	23,014
Heritage and cultural assets	0	0	0	0	0
Inventories	0	0	0	0	0
Intangibles	8,580	8,580	8,580	8,577	8,577
Other non-financial assets	2,957	2,957	2,957	2,957	2,957
Total non-financial assets	66,686	67,609	67,032	66,455	65,932
Total assets	106,980	103,044	104,889	106,716	108,525
LIABILITIES					
Interest bearing liabilities					
Loans	0	0	0	0	0
Leases	0	0	0	0	0
Deposits	0	0	0	0	0
Overdraft	0	0	0	0	0
Other interest bearing liabilities	0	0	0	0	0
Total interest bearing liabilities	0	0	0	0	0
Provisions					
Employees	29,493	31,357	33,202	35,029	36,838
Capital use charge	0	0	0	0	0
Other provisions	0	0	0	0	0
Total provisions	29,493	31,357	33,202	35,029	36,838
Payables					
Suppliers	5,562	5,562	5,562	5,562	5,562
Grants	0	0	0	0	0
Dividends	0	0	0	0	0
Borrowing costs	0	0	0	0	0
Other payables	4,147	4,147	4,147	4,147	4,147
Total payables	9,709	9,709	9,709	9,709	9,709
Total liabilities	39,202	41,066	42,911	44,738	46,547

Table 3.2: Budgeted Departmental Statement of Financial Position as at 30 June 2005 (continued)

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
EQUITY*					
Parent entity interest					
Contributed equity	673	2,873	2,873	2,873	2,873
Reserves	77,717	77,717	77,717	77,717	77,717
Statutory funds	0	0	0	0	0
Retained surpluses or accumulated deficits	(10,612)	(18,612)	(18,612)	(18,612)	(18,612)
Total parent entity interest	67,778	61,978	61,978	61,978	61,978
Outside equity interest					
Contributed equity	0	0	0	0	0
Reserves	0	0	0	0	0
Retained surpluses or accumulated deficits	0	0	0	0	0
Total outside equity interest	0	0	0	0	0
Total equity	67,778	61,978	61,978	61,978	61,978
Total assets and liabilities by maturity:					
Current assets	40,294	35,435	37,857	40,261	42,593
Non-current assets	66,686	67,609	67,032	66,455	65,932
Current liabilities	16,464	17,246	18,021	18,788	19,548
Non-current liabilities	22,738	23,820	24,890	25,950	26,999

*Note: 'Equity' is the residual interest in assets after deduction of liabilities.

Table 3.3: Budgeted Departmental Statement of Cash Flows for the period ended 30 June 2005

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	23,412	23,412	23,412	23,412	23,412
Appropriations	158,548	155,727	156,805	157,751	159,324
Interest	2,120	1,464	1,296	1,138	1,200
Dividends	0	0	0	0	0
Other	6,621	6,487	6,487	6,487	6,487
Extraordinary items	0	0	0	0	0
Total cash received	190,701	187,090	188,000	188,788	190,423
Cash used					
Employees	93,583	87,983	85,868	86,416	87,480
Suppliers	89,631	87,988	83,732	83,990	84,579
Grants	0	0	0	0	0
Borrowing costs	0	0	0	0	0
Other	4,050	4,150	4,150	4,150	4,150
Extraordinary items	0	0	0	0	0
Total cash used	187,264	180,121	173,750	174,556	176,209
Net cash from/(used by) operating activities	3,437	6,969	14,250	14,232	14,214
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	250	250	250	250	250
Proceeds from sales of financial instruments	0	0	0	0	0
Bills of exchange and promissory notes	0	0	0	0	0
Repayments of loans made	0	0	0	0	0
Proceeds from sales of Investments (s.18 CAC Act; s.19 CAC Act)	0	0	0	0	0
Other	3,116	0	0	0	0
Extraordinary items	0	0	0	0	0
Total cash received	3,366	250	250	250	250
Cash used					
Purchase of property, plant and equipment	12,664	14,278	12,078	12,078	12,132
Purchase of financial instruments	0	0	0	0	0
Bills of exchange and promissory notes	0	0	0	0	0
Loans made	0	0	0	0	0
Purchase of Investments (s.18 CAC Act; s.19 CAC Act)	0	0	0	0	0
Other	0	0	0	0	0
Extraordinary items	0	0	0	0	0
Total cash used	12,664	14,278	12,078	12,078	12,132
Net cash from/(used by) investing activities	(9,298)	(14,028)	(11,828)	(11,828)	(11,882)

Section 3: Budgeted financial statements

Table 3.3: Budgeted Departmental Statement of Cash Flows for the period ended 30 June 2005 (continued)

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	463	2,200	0	0	0
Proceeds from issuing financial instruments	0	0	0	0	0
Proceeds from loans	0	0	0	0	0
Other	0	0	0	0	0
Extraordinary items	0	0	0	0	0
Total cash received	463	2,200	0	0	0
Cash used					
Repayments of debt	0	0	0	0	0
Capital use charge paid	0	0	0	0	0
Dividends paid	0	0	0	0	0
Other	0	0	0	0	0
Extraordinary items	0	0	0	0	0
Total cash used	0	0	0	0	0
Net cash from/(used by) financing activities	463	2,200	0	0	0
Net increase/(decrease) in cash held	(5,398)	(4,859)	2,422	2,404	2,332
Cash at the beginning of the reporting period	32,626	27,228	22,369	24,791	27,195
Effect of exchange rate movements on cash at the beginning of reporting period	0	0	0	0	0
Cash at the end of the reporting period	27,228	22,369	24,791	27,195	29,527

Table 3.4: Departmental Capital Budget Statement

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	697	2,200	0	0	0
Total loans	0	0	0	0	0
Total capital appropriations	697	2,200	0	0	0
Represented by:					
Purchase of non-financial assets	697	2,200	0	0	0
Other	0	0	0	0	0
Total represented by	697	2,200	0	0	0
PURCHASE OF NON FINANCIAL ASSETS					
Funded by capital appropriation	697	2,200	0	0	0
Funded internally by					
Departmental resources	11,967	12,078	12,078	12,078	12,132
Total	12,664	14,278	12,078	12,078	12,132

Table 3.5: Departmental Non-financial Assets — Summary of Movement (Budget year 2004-05)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	19,443	13,739	0	21,967	0	8,580	0	63,729
Additions	0	0	0	9,153	0	5,125	0	14,278
Disposals (net)	0	0	0	(200)	0	0	0	(200)
Net revaluation increments / decrements	0	0	0	0	0	0	0	0
Recoverable amount write-downs	0	0	0	(900)	0	0	0	(900)
Depreciation / amortisation expense	0	(456)	0	(6,674)	0	(5,125)	0	(12,255)
Other movements	0	0	0	0	0	0	0	0
Carrying amount at the end of year	19,443	13,283	0	23,346	0	8,580	0	64,652
Total additions								
Represented By:								
Self funded	0	0	0	6,953	0	5,125	0	12,078
Appropriations	0	0	0	2,200	0	0	0	2,200
Total represented by:	0	0	0	9,153	0	5,125	0	14,278

Table 3.6: Schedule of Budgeted Revenues and Expenses Administered on behalf of Government for the period ended 30 June 2005

	Estimated actual 2003-04 \$'000	Budget estimates 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
REVENUES					
Taxation					
Income tax	0	0	0	0	0
Indirect tax	0	0	0	0	0
Other taxes, fees and fines	0	0	0	0	0
Total taxation	0	0	0	0	0
Non-taxation (revenues from government)					
Goods and services	0	0	0	0	0
Interest	101	26	11	0	0
Dividends	0	0	0	0	0
Net foreign exchange gains	0	0	0	0	0
Revenue from sale of assets revenues	0	0	0	0	0
Rents	0	0	0	0	0
Royalties	148	5	5	5	5
Correction of fundamental error	0	0	0	0	0
Other sources of non-taxation	457	360	360	49	0
Total non-taxation	706	391	376	54	5
Total revenues administered on behalf of Government	706	391	376	54	5
EXPENSES					
Grants	142,880	142,880	142,880	142,880	142,880
Subsidies	0	0	0	0	0
Personal benefits	0	0	0	0	0
Employees	4,950	5,184	5,320	5,534	5,755
Suppliers	2,570	2,336	2,200	1,986	1,765
Depreciation and amortisation	0	0	0	0	0
Write down and impairment of assets	0	0	0	0	0
Value of assets sold	0	0	0	0	0
Net foreign exchange losses	0	0	0	0	0
Interest	0	0	0	0	0
Correction of fundamental error	0	0	0	0	0
Other	0	0	0	0	0
Extraordinary items	0	0	0	0	0
Total expenses administered on behalf of Government	150,400	150,400	150,400	150,400	150,400

Table 3.7: Schedule of Budgeted Assets and Liabilities Administered on behalf of Government as at 30 June 2005

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
ASSETS					
Financial assets					
Cash	7,154	7,545	7,921	7,975	7,980
Receivables	198	198	198	198	198
Investments	0	0	0	0	0
Investments (s.18 CAC Act.; s.19 CAC Act)	0	0	0	0	0
Accrued revenues	0	0	0	0	0
Other financial assets	0	0	0	0	0
Total financial assets	7,352	7,743	8,119	8,173	8,178
Non-financial assets					
Land and buildings	0	0	0	0	0
Infrastructure, plant and equipment	0	0	0	0	0
Heritage and cultural assets	0	0	0	0	0
Inventories	0	0	0	0	0
Intangibles	0	0	0	0	0
Other non-financial assets	0	0	0	0	0
Total non-financial assets	0	0	0	0	0
Total assets administered on behalf of government	7,352	7,743	8,119	8,173	8,178
LIABILITIES					
Interest bearing liabilities					
Australian Government securities	0	0	0	0	0
Loans	0	0	0	0	0
Leases	0	0	0	0	0
Deposits	0	0	0	0	0
Overdrafts	0	0	0	0	0
Other interest bearing liabilities	0	0	0	0	0
Total interest bearing liabilities	0	0	0	0	0
Provisions					
Employees	1,916	1,916	1,916	1,916	1,916
Taxation refunds provided	0	0	0	0	0
Australian currency on issue	0	0	0	0	0
Other provisions	0	0	0	0	0
Total provisions	1,916	1,916	1,916	1,916	1,916
Payables					
Suppliers	55	55	55	55	55
Grants and subsidies	0	0	0	0	0
Personal benefits payable	0	0	0	0	0
Taxation refunds due	0	0	0	0	0
Other payables	0	0	0	0	0
Total payables	55	55	55	55	55
Total liabilities administered on behalf of Government	1,971	1,971	1,971	1,971	1,971

**Table 3.8: Schedule of Budgeted Administered Cash Flows
for the period ended 30 June 2005**

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
OPERATING ACTIVITIES					
Cash received					
Income tax	0	0	0	0	0
Indirect tax	0	0	0	0	0
Other taxes, fees and fines	0	0	0	0	0
Sale of goods	0	0	0	0	0
Rendering of services	0	0	0	0	0
Interest	101	26	11	0	0
Royalties	148	5	5	5	5
Cash from Official Public Account -					
Appropriations	150,400	150,400	150,400	150,400	150,400
Special Accounts	0	0	0	0	0
Other	0	0	0	0	0
Transfer from other entities (Finance - Whole of Government)	0	0	0	0	0
Other	90	95	95	95	95
Total cash received	150,739	150,526	150,511	150,500	150,500
Cash used					
Borrowing costs	0	0	0	0	0
Employees	4,950	5,184	5,320	5,534	5,755
Grant payments	142,880	142,880	142,880	142,880	142,880
Interest paid	0	0	0	0	0
Subsidies paid	0	0	0	0	0
Personal benefits	0	0	0	0	0
Suppliers	2,660	2,431	2,295	2,081	1,860
Cash to Official Public Account from -					
Appropriations	0	0	0	0	0
Special Accounts	0	0	0	0	0
Other	0	0	0	0	0
Transfers to other entities (Finance - Whole of Government)	0	0	0	0	0
Other	0	0	0	0	0
Total cash used	150,490	150,495	150,495	150,495	150,495
Net cash from/(used by) operating activities	249	31	16	5	5

Table 3.8: Schedule of Budgeted Administered Cash Flows for the period ended 30 June 2005 (continued)

	Estimated actual 2003-04 \$'000	Budget estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment and intangibles	0	0	0	0	0
Proceeds from sales of equity instruments	0	0	0	0	0
Proceeds from sales of investments	0	0	0	0	0
Proceeds from sales of investments (s.18 CAC Act; s.19 CAC Act)	0	0	0	0	0
Repayments of advances	0	0	0	0	0
Cash from Official Public Account	0	0	0	0	0
Other	360	360	360	49	0
Total cash received	360	360	360	49	0
Cash used					
Purchase of property, plant and equipment and intangibles	0	0	0	0	0
Purchase of equity instruments	0	0	0	0	0
Advances and loans made	0	0	0	0	0
Cash to Official Public Account	0	0	0	0	0
Purchase of investments (s.18 CAC Act; s.19 CAC Act)	0	0	0	0	0
Other	0	0	0	0	0
Total cash used	0	0	0	0	0
Net cash from/(used by) investing activities	360	360	360	49	0
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrowing	0	0	0	0	0
Cash from Official Public Account	0	0	0	0	0
Other	0	0	0	0	0
Total cash received	0	0	0	0	0
Cash used					
Net repayment of borrowings	0	0	0	0	0
Cash to Official Public Account	0	0	0	0	0
Other	0	0	0	0	0
Total cash used	0	0	0	0	0
Net cash from/(used by) financing activities	0	0	0	0	0
Net increase/(decrease) in cash held	609	391	376	54	5
Cash at beginning of reporting period	6,545	7,154	7,545	7,921	7,975
Effect of exchange rate movements on cash at beginning of reporting period	0	0	0	0	0
Cash at end of reporting period	7,154	7,545	7,921	7,975	7,980

Part C: Agency Budget Statements — Austrade

Table 3.9: Schedule of Administered Capital Budget

Not applicable to Austrade.

Table 3.10: Schedule of Administered Non-financial Assets — Summary of Movement (Budget year 2004-05)

Not applicable to Austrade.

NOTES TO THE FINANCIAL STATEMENTS

Departmental Financial Statements and Schedule of Administered Activity

Under the Australian Government's accrual-based budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are separately budgeted for and reported on from transactions agencies do not have control over (Administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

- Departmental 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.
- 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.

Appropriations in the accrual budgeting framework

Under the Australian Government's accrual budgeting framework, separate annual appropriations are provided for:

- Departmental price of outputs appropriations: representing the Government's funding for outputs from agencies,
- Departmental capital appropriations: for investments by the Government for either additional equity or loans in agencies,
- Administered expense appropriations: for the estimated Administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the states; and
- Administered capital appropriations: for increases in Administered equity through funding non-expense Administered payments.

Special appropriations fund the majority of payments from the Consolidated Revenue Fund (especially those that are entitlement driven or involve transfers to State governments).

Administered investments in controlled entities

Each Australian Government Department is required to show an Administered investment in each *Commonwealth Authority and Company (CAC) Act 1997* entity within their portfolio. These Administered investments should be valued at the Commonwealth's ownership interest in the net assets of those CAC entities, fixed at a notional acquisition date of 30 June 1997.

Asset valuation

From 1 July 2002 Australian Government agencies and authorities are required to use either the cost basis or the fair value basis to measure Property, Plant and Equipment. Austrade is progressively revaluing its classes of assets from the deprival method of valuation to fair value, with the process to be completed by 30 June 2004. In the case of Austrade's Property, Plant and Equipment fair value essentially reflects the current market value of the assets, and does not differ materially from the depreciated deprival value of those assets.

Section 4: Purchaser-provider and cost recovery arrangements

PURCHASER-PROVIDER ARRANGEMENTS

Purchaser arrangements - where Austrade purchases cross agency services

Department of Foreign Affairs and Trade (DFAT)

Cross agency overview and responsibility

Common Administrative Services (CAS) - In conjunction with a number of Commonwealth departments and agencies, Austrade purchases CAS from DFAT at numerous DFAT managed overseas posts.

The present three year CAS Agreement, in Austrade's case consisting of both a Memorandum of Understanding and Letter of Agreement, will expire on 30 June 2004. DFAT is currently negotiating with relevant agencies for a new Service Level Agreement to run from July 2004. The sections below have been completed on the basis of the existing agreement.

Resourcing

The purchase of CAS from DFAT is resourced through all output groups under Outcome 1. The budgeted CAS price in 2003-04 is \$0.5 million.

Provider Arrangements - where Austrade supplies cross agency services

In 2004-05, Austrade will be providing services to:

- Department of Agriculture, Fisheries and Forestry (DAFF);
- Department of Foreign Affairs and Trade (DFAT);
- Department of Immigration and Multicultural and Indigenous Affairs (DIMIA);
- Invest Australia; and
- Department of Education, Science and Training (DEST).

Department of Agriculture, Fisheries and Forestry

Wine Promotion

Austrade works very closely with the Australian Wine Export Council (AWEC), a part of the Australian Wine and Brandy Corporation, to develop strategies and undertake marketing and promotion activities in a number of markets to increase exports of Australian wine.

Department of Foreign Affairs and Trade

Consular Services

DFAT is responsible for the provision of access to consular and passport services in Australia and overseas. In certain locations overseas, Austrade manages consulates for the Australian Government, providing a range of consular assistance, including passport services, notarial acts, medical evacuations, prison visits and general advice and assistance to Australians overseas.

Resourcing and performance information for the provision of these services can be found under Outcome 2, Output Group 2.1.

Invest Australia

Investment Attraction

Under a memorandum of understanding (MOU) with Invest Australia, Austrade supports Invest Australia's inward investment role and provides IT services. This is done through the Australian Trade Commissioner network overseas.

Resourcing and performance information for the provision of these services can be found under Outcome 1, Output Group 1.4.

Department of Immigration and Multicultural and Indigenous Affairs

Visa Services

At several of Austrade's overseas posts (generally where there is no DFAT or DIMIA presence), visa services are delivered by Austrade on behalf of DIMIA.

Resourcing and performance information for the provision of these services can be found under Outcome 2, Output Group 2.1.

Department of Education, Science and Training

Australian Education International (AEI) is part of the Department of Education, Science and Training. AEI's mission is to advance the internationalisation of the Australian education and training industry and to promote the industry's services to international clients. Austrade delivers generic marketing and promotion services on behalf of AEI in Europe, Brazil and Dubai under purchaser-provider agreements.

COST RECOVERY ARRANGEMENTS

Summary of Cost Recovery Impact Statement

Austrade's Cost Recovery Impact Statement process, or a modified process therein, will be undertaken in a timeframe consistent with the Government's five-year review schedule for existing arrangements, currently scheduled for 2007.

The majority of Austrade's services, and particularly those delivered by our overseas posts, are delivered under our Client Service Policy (CSP). CSP costs are partially recovered on a sliding scale and are based upon the direct and in-direct costs associated with staff time adjusted to market rates.