

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

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AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australian Securities and Investments Commission (ASIC) is an independent government body established under the *Australian Securities and Investments Commission Act 2001*.

ASIC's objectives, as set out in the *Australian Securities and Investments Commission Act 2001* are to:

- maintain, facilitate and improve the performance of the financial system and the entities within that system in the interests of commercial certainty, reducing business costs, and the efficiency and development of the economy;
- promote the confident and informed participation of investors and consumers in the financial system;
- administer the laws that confer functions and powers on it effectively and with a minimum of procedural requirements;
- receive, process and store, efficiently and quickly, the information given to ASIC under the laws that confer functions and powers on it;
- ensure that information is available as soon as practicable for access by the public; and
- take whatever action it can take, and is necessary, in order to enforce and give effect to the laws of the Commonwealth that confer functions and powers on it.

ASIC's areas of regulatory responsibility include consumer protection and market integrity in the financial services sector, investment management (including superannuation), capital markets (including primary and secondary capital markets), corporations and their auditors and liquidators, and oversight of the Australian Stock Exchange.

ASIC also operates a major public register function that provides information about Australia's 1.9 million companies, financial services licensees and other professionals registered with ASIC.

ASIC also provides public and consumer education material through a variety of community outreach activities and programs, and has an enforcement and regulatory role designed to deal with misconduct, in order to promote a confident and informed market.

ASIC will continue to focus on the following priorities:

- confident and informed investors and financial consumers;
- fair and efficient financial markets; and
- efficient registration and licensing.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for ASIC.

Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2012-13 as at Budget May 2012

	Estimate of prior year amounts available in 2012-13 \$'000	Proposed at Budget 2012-13 \$'000	Total estimate 2012-13 \$'000	Actual available appropriation 2011-12 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	54,360 ⁵	-	54,360	-
Departmental appropriation ³	-	363,674 ¹	363,674	387,550
Receipts from other sources (s31)	-	3,536 ⁴	3,536	22,746
Total departmental	54,360	367,210	421,570	410,296
Administered expenses				
Outcome 1 - Assetless				
Administration fund	-	3,566 ¹	3,566	3,471
Total administered	-	3,566	3,566	3,471
Total ordinary annual services	A 54,360	370,776	425,136	413,767
Other services				
Departmental non-operating				
Equity injections	-	13,934 ²	13,934	6,462
Total other services	B -	13,934	13,934	6,462
Total available annual appropriations (A+B)	54,360	384,710	439,070	420,229
Special appropriations				
Banking Act 1959	-	39,693	39,693	36,416
Life Insurance Act 1995	-	4,115	4,115	3,775
Total special appropriations	C -	43,808	43,808	40,191
Total appropriations excluding special accounts (A+B+C)	54,360	428,518	482,878	460,420

Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2012-13 as at Budget May 2012 (continued)

	Estimate of prior year amounts available in 2012-13 \$'000	Proposed at Budget 2012-13 \$'000	Total estimate 2012-13 \$'000	Actual available appropriation 2011-12 \$'000
Special accounts				
Opening balance ⁶	40,452	-	40,452	99,729
Appropriation receipts	-	30,000	30,000	30,000
Non-appropriation receipts to special accounts	-	109,000	109,000	52,508
Total special account	D 40,452	139,000	179,452	182,237
Total resourcing (A+B+C+D)	94,812	567,518	662,330	642,657
Less appropriations drawn from annual appropriations above and credited to special accounts	-	30,000	30,000	30,000
Total net resourcing for ASIC	94,812	537,518	632,330	612,657

1. Appropriation Bill (No. 1) 2012-13.

2. Appropriation Bill (No. 2) 2012-13.

3. Includes \$15.8 million in 2012-13 for the Departmental Capital Budget (also refer to Table 3.2.5).

4. Receipts received under s31 of the *Financial Management and Accountability Act 1997*.

5. Estimated adjusted balance carried from previous year for annual appropriations.

6. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.2.

1.3 BUDGET MEASURES

Budget measures relating to ASIC are detailed in Budget Paper No. 2, *Budget Measures 2012-13* and are summarised below.

Table 1.2: Australian Securities and Investments Commission 2012-13 Budget measures

Program	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Expense measures					
Australian Securities and Investments Commission					
- enhanced market supervision	1.1	- 12,327	5,451	4,596	5,040
- operational funding	1.1	- 15,500	28,800	28,800	28,800
Future of Financial Advice Reform	1.1	- 3,147	7,678	6,650	5,364
Insolvency practitioners - modernisation and harmonisation of the regulatory framework	1.1	- 1,063	1,487	1,203	1,214
Stronger Super - self managed superannuation funds auditor registration	1.1	- 2,069	1,273	1,168	1,176

Table 1.2: Australian Securities and Investments Commission 2012-13 Budget measures (continued)

	Program	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Expense measures (continued)						
Tax compliance – maintaining the cross agency approach to preventing abuse of secrecy jurisdictions (Project Wickenby)	1.1	-	-	702	603	-
Total expense measures		-	34,106	45,391	43,020	41,594
Related capital						
Australian Securities and Investments Commission - enhanced market supervision	1.1	-	2,217	7,673	5,950	441
Future of Financial Advice Reform	1.1	-	1,038	-	-	-
Insolvency practitioners - modernisation and harmonisation of the regulatory framework	1.1	-	5,257	1,200	-	-
Stronger Super - self managed superannuation funds auditor registration	1.1	-	5,034	-	-	-
Total related capital		-	13,546	8,873	5,950	441
Related revenue						
Australian Securities and Investments Commission - enhanced market supervision	1.1	-	1,465	6,952	9,418	15,168
Future of Financial Advice Reform	1.1	-	4,021	10,418	5,304	5,304
Insolvency practitioners - modernisation and harmonisation of the regulatory framework	1.1	-	6,350	3,717	2,704	2,797
Stronger Super - self managed superannuation funds auditor registration	1.1	-	(496)	37	(163)	(150)
Total related revenue		-	11,340	21,124	17,263	23,119

Prepared on a Government Finance Statistics (fiscal) basis.

1.4 CHANGES TO THE PROGRAM STRUCTURE

The following table outlines changes to ASIC's outcome and program structure since the 2011-12 Budget.

Figure 2: Transition Table

Comparison of ASIC's Outcome and Programs for 2011-12 and 2012-13

2011-12 Budget year	2012-13 Budget year
<p>Outcome 1 : Improved confidence in financial market integrity and protection of investors and consumers through research, policy education, compliance and deterrence that mitigates emerging risks</p>	<p>Outcome 1 : Improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems</p>
<p>Program 1.1: Research, policy, compliance, education and information initiatives</p>	<p>Program 1.1: Australian Securities and Investments Commission</p>
<p>Departmental Items: Program Support P 1.1</p>	<p>Departmental Items: Program Support P 1.1 and P 1.2</p>
<p>Program 1.2: Enforcement / deterrence</p>	<p>Administered Items: Assetless Administration Fund P 1.2</p>
<p>Departmental items: Program Support P 1.1</p> <p>Administered Items Assetless Administration Fund P 1.1</p>	<p>Program 2.2: <i>Banking Act 1959</i> and <i>Life Insurance Act 1959</i>, Unclaimed Moneys and Special accounts</p> <p>Administered Items: Special Appropriation - <i>Banking Act 1959</i> - Banking Unclaimed Moneys P 2.2</p> <p>Special appropriation <i>Life Insurance Act 1995</i> - Life Unclaimed Moneys P 2.2</p> <p>Special accounts P 1.1 and P 1.2</p>
<p>Outcome 2 : Streamlined and cost-effective interaction and access to information for business and the public, through registry, licencing and business facilitation services.</p>	
<p>Program 2.1: Legal infrastructure for Companies and financial services providers</p>	
<p>Departmental items: Legal infrastructure for companies and financial services providers P 1.2</p>	
<p>Program 2.2: <i>Banking Act 1959</i> and <i>Life Insurance Act 1959</i>, Unclaimed Moneys and Special accounts</p>	
<p>Administered Items: Special Appropriation - <i>Banking Act 1959</i> - Banking Unclaimed Moneys P 1.2</p> <p>Special appropriation <i>Life Insurance Act 1995</i> - Life Unclaimed Moneys P 1.2</p> <p>Special accounts P 1.2</p>	

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

ASIC's outcome is described below together with its related programs specifying the strategy, program objective, program deliverables and program key performance indicators used to assess and monitor the performance of ASIC.

Outcome 1: Improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems

Outcome 1 strategy

The strategy under Outcome 1 focuses on:

- confident and informed investors and financial consumers, focusing on education, holding gatekeepers to account, and consumer behaviour;
- fair and efficient financial markets through our role in market supervision, market competition and corporate governance; and
- efficient registration and licensing with a focus on small business.

Outcome 1 Budgeted resources

Table 2.1 provides an overview of the total resources for Outcome 1.

Table 2.1: Budgeted resources for Outcome 1

Outcome 1: Improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems	2011-12 Estimated actual expenses \$'000	2012-13 Estimated expenses \$'000
Program 1.1: Australian Securities and Investments Commission		
Departmental expenses		
Departmental appropriation	347,697	350,438
Expenses not requiring appropriation in the budget year	43,857	45,461
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	3,471	3,566
Expenses not requiring appropriation in the budget year	32,760	34,090
Total for Program 1.1	427,785	433,555
Program 1.2: Banking Act 1959, Life Insurance Act 1995, unclaimed monies and special accounts		
Administered expenses		
Special appropriations		
<i>Banking Act 1959</i> - Banking Unclaimed Moneys	36,416	39,693
<i>Life Insurance Act 1995</i> - Life Unclaimed Moneys	3,775	4,115
Total for Program 1.2	40,191	43,808
Outcome 1 totals by appropriation type		
Departmental expenses		
Departmental appropriation	347,697	350,438
Expenses not requiring appropriation in the budget year	43,857	45,461
Administered expenses		
Special appropriations	40,191	43,808
Ordinary annual services (Appropriation Bill No. 1)	3,471	3,566
Expenses not requiring appropriation in Budget year	32,760	34,090
Total expenses for Outcome 1	467,976	477,363
	2011-12	2012-13
Average staffing level (number)	1,851	1,820

Contributions to Outcome 1

Program 1.1: Australian Securities and Investments Commission

Program 1.1 objective

Program 1.1 contributes to Outcome 1 by improving industry behaviour where market integrity and consumer confidence are most at risk, and by helping consumers and retail investors make well-informed decisions in the financial economy, through engagement with industry and stakeholders, surveillance, guidance, education, deterrence activities (for example, enforcement action) and policy advice.

Program 1.1 also seeks to improve ASIC's registry and stakeholder services by developing initiatives for business and consumer stakeholders to:

- simplify their interactions with ASIC; and
- reduce the cost of those interactions.

Program 1.1 expenses

There are no significant changes to estimates across the forward years.

Table 2.2: Program 1.1 expenses

	2011-12 Revised budget \$'000	2012-13 Budget estimate \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	391,554	395,899	393,268	384,267	376,296
Annual administered expenses:					
Ordinary annual services	3,471	3,566	3,568	3,598	3,633
Expenses not requiring appropriation	32,760	34,090	34,499	34,913	35,332
Total program expenses	427,785	433,555	431,335	422,778	415,261

Program 1.1 deliverables

Improving industry behaviour

Financial economy programs, for each major grouping of market participants, are designed to:

- monitor market developments and identify and prioritise factors and behaviours most likely to result in threats to market integrity and the fair treatment of consumers;
- devise and implement information, guidance and regulatory initiatives most likely to reduce the threat of misconduct or mistreatment of consumers and retail investors; and
- target misconduct or mistreatment through tailored deterrence activity.

Ensuring investors and financial consumers are informed and confident

Investor and financial consumer programs are designed to:

- educate investors and promote information about risk, reward and diversification so that they can make informed investment decisions;
- hold people with a trusted role in our financial system (gatekeepers such as auditors, directors, advisers, custodians, product manufacturers and distributors,

market operators and participants) to account if they are not meeting their obligations; and

- recognise how investors and financial consumers make decisions.

Ensuring fair and efficient financial markets

These programs focus on ASIC's role in market supervision, market competition and promoting good corporate governance to ensure fair and efficient financial markets.

Registry and licensing services

Programs are designed to:

- provide stakeholders with modern, efficient, accurate and cost effective corporate register and licensing systems; and
- improve public access to information about registered and licensed entities.
- In addition to these programs ASIC achieves its objectives through a number of business as usual activities including enforcement/deterrence, improving stakeholder services and facilitating business.

Enforcement / deterrence

Deterrence activities are designed to:

- investigate suspect conduct and take appropriate and timely criminal, civil or administrative action, especially where market integrity and consumers and retail investors are most at risk;
- create community confidence that the law is being effectively enforced;
- communicate clearly about ASIC's enforcement approach and outcomes to improve industry understanding and drive behavioural change in key risk areas; and
- encourage industry participation in enhanced standards of behaviour (alleviating the need for additional regulation).
- ASIC finances preliminary investigations and reports by liquidators into the failure of companies with few or no assets that have been selected by ASIC, where it appears that enforcement action may result from the investigations and reports. A particular focus of the Assetless Administration Fund is to curb fraudulent phoenix activity.

Stakeholder services

Activities are designed to:

- improve service delivery to better meet stakeholder needs;
- take prompt and appropriate regulatory action on reports of misconduct;
- provide accurate information and assistance to the public; and
- provide accurate and useful information to industry stakeholders about the regulatory system and its administration by ASIC.

Facilitating business

Activities are designed to:

- reduce costs and red tape for businesses by making it easier to transact with ASIC;
- improve consultation with regulated entities and other stakeholders;
- administer the law to enhance commercial certainty and reduce business costs; and
- facilitate inward and outward investment in Australian capital markets.

Program 1.1 key performance indicators

ASIC has the following key performance indicators:

- improved confidence in market integrity;
- improvements in quality and availability of financial advice;
- improvements in overall financial literacy levels;
- improvements in retail investor and financial consumer perception of information received about products and services;
- improvements in conduct of market participants and corporates;
- clear alignment between ASIC enforcement actions and key risk areas;
- improved stakeholder perceptions of how ASIC deals with people who do not comply with the law;
- improved effectiveness and efficiency of registry and licensing services;
- improved stakeholder satisfaction with ASIC's corporate register and other stakeholder services; and
- ASIC's regulatory system not being seen as a major barrier to inward and outward capital flows.

Program 1.2: Banking Act 1959, Life Insurance Act 1995, unclaimed monies and special accounts

Program 1.2 objective

ASIC is responsible for the administration of unclaimed money from banking and deposit taking institutions and life insurance institutions.

Program 1.2 expenses

There are no significant changes to estimates across the forward years.

Table 2.3: Program 1.2 expenses

	2011-12 Revised budget \$'000	2012-13 Budget estimate \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Annual administered expenses:					
Special appropriations	40,191	43,808	47,750	52,048	56,731
Total program expenses	40,191	43,808	47,750	52,048	56,731

Program 1.2 deliverables

Provide an accurate register of unclaimed money and special accounts administered by ASIC.

Program 1.2 key performance indicators

ASIC has the following key performance indicators:

- ensure that refunds of unclaimed moneys are paid to successful claimants promptly; and
- ensure that payments of moneys from special accounts are paid out promptly in accordance with the specified purposes or appropriate legislation.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2012-13. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, special accounts and Australian Government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

ASIC has not moved any administered funds between years.

3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by ASIC.

Table 3.1.2: Estimates of special account cash flows and balances

	Outcome	Opening balance 2012-13 2011-12 \$'000	Receipts		Payments 2012-13 2011-12 \$'000	Closing balance 2012-13 2011-12 \$'000
			non-appropriated 2012-13 2011-12 \$'000	Receipts appropriated 2012-13 2011-12 \$'000		
ASIC Deregistered Companies						
Trust Moneys Special Account (D)	1	- 774	1,000 1,000	- -	1,000 1,774	- -
ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account (D)	1	10,500 68,700	- 1,508	- -	10,500 59,708	- 10,500
ASIC Security Deposits Special Account (D)	1	- 303	- -	- -	- 303	- -
Companies and Unclaimed Moneys Special Account(A)	1	25,458 25,458	108,000 50,000	- -	108,000 50,000	25,458 25,458
Enforcement Special Account (D)	1	4,494 4,494	- -	30,000 30,000	30,000 30,000	4,494 4,494
Other Trust Moneys Account (D)	1	- -	- -	- -	- -	- -
Total special accounts						
2012-13 Budget estimate		40,452	109,000	30,000	149,500	29,952
Total special accounts 2011-12 estimate actual		99,729	52,508	30,000	141,785	40,452

(A) = Administered.

(D) = Departmental.

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.3: Australian Government Indigenous Expenditure

	Appropriations				Other \$'000	Total \$'000	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000			
	Australian Securities and Investments Commission						
Departmental 2012-13	950	-	-	950	-	950	1.1
<i>Departmental 2011-12</i>	<i>699</i>	-	-	<i>699</i>	-	<i>699</i>	<i>1.1</i>

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no material differences in agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

Budgeted departmental income statement

ASIC is currently budgeting for a break-even operating result for 2012-13 and for the remainder of the forward estimates, after adding back non-appropriated depreciation and amortisation expenses

Total revenue and expenses (excluding depreciation) are estimated to be \$352.7 million for 2012-13. The expenditure will be used to fund activities that contribute towards achieving the outcome and program objectives outlined in Section 2.

Budgeted departmental balance sheet

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

ASIC's budgeted equity (or net asset position) for 2012-13 is \$149.3 million.

The 2012-13 equity position reflects the cumulative effect of capital injections of \$29.7 million received during 2012-13.

Budgeted departmental statement of cash flows

The budgeted 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 statement of changes in equity — summary of movement

This statement shows the changes in the equity position of ASIC. It helps decision-makers to track the management of ASIC's equity.

Departmental Capital Budget statement

This statement shows details of capital appropriations received by ASIC. It helps decision-makers to track the acquisition of new non-financial assets.

Statement of asset movements — departmental

This statement shows details of gross asset movements during the year. It helps decision-makers to analyse movements of non-financial assets.

Schedule of administered activity

Schedule of budgeted income and expenses administered on behalf of government

The schedule of budgeted income and expenses administered on behalf of government shows the revenue and expenses associated with the collection of revenue under the *Corporations Act 2001* and ASIC's responsibilities in administering unclaimed moneys under the *Banking Act 1959* and the *Life Insurance Act 1995*.

Other non-taxation revenue represents the amount of fees and charges budgeted to be levied under the *Corporations Act 2001* and estimated receipts of unclaimed moneys under the *Banking Act 1959* and the *Life Insurance Act 1995*.

Expenses represent budgeted payments of unclaimed moneys, refund of overpaid fees and charges levied under the *Corporations Act 2001*, bad debt expense and payments to registered insolvency practitioners to investigate breaches of directors' duties and fraudulent conduct.

Schedule of budgeted assets and liabilities administered on behalf of government

The amount shown for receivables in 2012-13 and in the forward estimates is the estimated amount of fees and charges under the *Corporations Act 2001* remaining unpaid at 30 June.

The amounts shown in other payables for 2012-13 and the forward estimates represent the estimated amount of refunds relating to the overpayments of annual review and other fees under the *Corporations Act 2001*.

Schedule of budgeted administered cash flows

Budgeted administered cash flows provide 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.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (showing net cost of services)
(for the period ended 30 June)**

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
EXPENSES					
Employee benefits	222,984	228,869	224,953	217,839	220,669
Supplier	124,213	121,069	127,112	132,695	126,382
Finance costs	500	500	500	500	500
Depreciation and amortisation	43,857	45,461	40,703	33,233	28,745
Total expenses	391,554	395,899	393,268	384,267	376,296
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	3,394	2,765	2,688	2,704	2,782
Other revenue	24,055	771	835	840	865
Total revenue	27,449	3,536	3,523	3,544	3,647
Gains					
Other	172	172	172	172	172
Total gains	172	172	172	172	172
Total own-source income	27,621	3,708	3,695	3,716	3,819
Net cost of (contribution by) services	363,933	392,191	389,573	380,551	372,477
Appropriation revenue	322,926	349,020	351,160	349,608	346,022
Surplus (deficit) attributable to the Australian Government	(41,007)	(43,171)	(38,413)	(30,943)	(26,455)
Note: Impact of net cash appropriation arrangements					
	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2015-15 \$'000	2015-16 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	560	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(41,567)	(43,171)	(38,413)	(30,943)	(26,455)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(41,007)	(43,171)	(38,413)	(30,943)	(26,455)

Prepared on Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
ASSETS					
Financial assets					
Cash and equivalents	1,593	1,833	2,987	2,987	2,987
Trade and other receivables	70,816	67,512	61,646	60,173	61,535
Total financial assets	72,409	69,345	64,633	63,160	64,522
Non-financial assets					
Land and buildings	57,060	52,893	48,450	43,659	45,911
Infrastructure, plant and equipment	26,153	28,242	25,535	23,358	28,714
Intangibles	129,543	116,934	111,394	101,205	90,283
Other	4,756	4,851	4,948	5,047	5,148
Total non-financial assets	217,512	202,920	190,327	173,269	170,056
Total assets	289,921	272,265	254,960	236,429	234,578
LIABILITIES					
Provisions					
Employees	50,174	46,963	47,145	47,387	50,066
Other	9,644	10,104	10,604	10,854	11,354
Total provisions	59,818	57,067	57,749	58,241	61,420
Payables					
Suppliers	31,817	35,481	32,701	32,699	32,316
Other	35,547	30,425	25,618	21,214	17,591
Total payables	67,364	65,906	58,319	53,913	49,907
Total liabilities	127,182	122,973	116,068	112,154	111,327
Net assets	162,739	149,292	138,892	124,275	123,251
EQUITY					
Contributed equity	208,672	238,396	266,409	282,735	308,166
Reserves	6,473	6,473	6,473	6,473	6,473
Retained surpluses or accumulated deficits	(52,406)	(95,577)	(133,990)	(164,933)	(191,388)
Total equity	162,739	149,292	138,892	124,275	123,251
Current assets	77,165	74,196	69,581	68,207	69,670
Non-current assets	212,756	198,069	185,379	168,222	164,908
Current liabilities	64,292	65,033	61,076	59,788	60,168
Non-current liabilities	62,890	57,940	54,992	52,366	51,159

Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	3,091	2,765	2,688	2,704	2,782
Appropriations	327,834	351,888	355,890	350,306	344,660
GST received	13,373	12,555	15,986	15,309	15,608
Other	19,655	771	835	840	865
Total cash received	363,953	367,979	375,399	369,159	363,915
Cash used					
Employees	237,721	232,080	224,771	217,597	217,990
Suppliers	127,337	122,014	133,488	136,253	130,317
GST Paid	13,373	12,555	15,986	15,309	15,608
Borrowing costs	-	40	-	250	-
Total cash used	378,431	366,689	374,245	369,409	363,915
Net cash from or (used by) operating activities	(14,478)	1,290	1,154	(250)	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	53,771	30,774	28,013	16,076	25,431
Total cash used	53,771	30,774	28,013	16,076	25,431
Net cash from or (used by) investing activities	(53,771)	(30,774)	(28,013)	(16,076)	(25,431)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	65,108	29,724	28,013	16,326	25,431
Total cash received	65,108	29,724	28,013	16,326	25,431
Net cash from or (used by) financing activities	65,108	29,724	28,013	16,326	25,431
Net increase or (decrease) in cash held	(3,141)	240	1,154	-	-
Cash at the beginning of the reporting period	4,734	1,593	1,833	2,987	2,987
Cash at the end of the reporting period	1,593	1,833	2,987	2,987	2,987

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2012-13)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2012					
Balance carried forward from previous period	(52,406)	6,473	-	208,672	162,739
Adjusted opening balance	(52,406)	6,473	-	208,672	162,739
Comprehensive income					
Surplus (deficit) for the period	(43,171)	-	-	-	(43,171)
Total comprehensive income recognised directly in equity	(43,171)	-	-	-	(43,171)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	13,934	13,934
Appropriation (departmental capital budget)	-	-	-	15,790	15,790
Total transactions with owners	-	-	-	29,724	29,724
Estimated closing balance as at 30 June 2013	(95,577)	6,473	-	238,396	149,292

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	6,462	13,934	9,180	5,950	441
Equity injections - Bill 2	58,646	15,790	18,833	10,376	24,990
Total new capital appropriations	65,108	29,724	28,013	16,326	25,431
Provided for:					
Purchase of non-financial assets	53,211	29,724	28,013	16,326	25,431
Other items	11,897	-	-	-	-
Total Items	65,108	29,724	28,013	16,326	25,431
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	11,465	13,934	9,180	5,950	441
Funded by capital appropriation - DCB	41,746	15,750	18,833	10,126	24,990
Funded internally from departmental resources	560	1,090	-	-	-
TOTAL	53,771	30,774	28,013	16,076	25,431
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	53,771	30,774	28,013	16,076	25,431
Total cash used to acquire assets	53,771	30,774	28,013	16,076	25,431

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2012				
Gross book value	89,485	56,173	204,582	350,240
Accumulated depreciation/amortisation and impairment	32,425	30,020	75,039	137,484
Opening net book balance	57,060	26,153	129,543	212,756
Capital asset additions				
By purchase - appropriation ordinary annual services	2,960	7,591	20,223	30,774
Total asset additions	2,960	7,591	20,223	30,774
Other movements				
Depreciation/amortisation expense	7,127	5,502	32,832	45,461
Total other movements	7,127	5,502	32,832	45,461
As at 30 June 2013				
Gross book value	92,445	63,764	224,805	381,014
Accumulated depreciation/amortisation and impairment	39,552	35,522	107,871	182,945
Closing net book balance	52,893	28,242	116,934	198,069

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	3,471	3,566	3,568	3,598	3,633
Write down and impairment of assets	32,760	34,090	34,499	34,913	35,332
Other	40,191	43,808	47,750	52,048	56,731
Total expenses administered on behalf of government	76,422	81,464	85,817	90,559	95,696
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Non-taxation revenue					
Other sources of non-taxation revenues	731,657	773,312	795,958	807,123	829,173
Total non-taxation revenue	731,657	773,312	795,958	807,123	829,173
Total own-source revenues administered on behalf of Government on behalf of government	731,657	773,312	795,958	807,123	829,173
Total own-sourced income administered on behalf of Government	731,657	773,312	795,958	807,123	829,173
Net Cost of (contribution by) services	(655,235)	(691,848)	(710,141)	(716,564)	(733,477)
Surplus (Deficit)	655,235	691,848	710,141	716,564	733,477

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	5,473	5,473	5,473	5,473	5,473
Receivables	97,317	96,946	96,306	95,520	94,646
Total assets administered on behalf of government	102,790	102,419	101,779	100,993	100,119
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	1,084	1,084	1,084	1,084	1,084
Other payables	6,998	6,998	6,997	6,997	6,998
Total liabilities administered on behalf of government	8,082	8,082	8,081	8,081	8,082
Net assets/(liabilities)	94,708	94,337	93,698	92,912	92,037

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
OPERATING ACTIVITIES					
Cash received					
Net GST received	316	324	324	327	330
Other	696,792	739,593	762,098	772,996	794,716
Total cash received	697,108	739,917	762,422	773,323	795,046
Cash used					
Grants	3,471	3,566	3,568	3,598	3,633
Other	40,191	43,808	47,750	52,048	56,731
Net GST paid	316	324	324	327	330
Total cash used	43,978	47,698	51,642	55,973	60,694
Net cash from or (used by) operating activities	653,130	692,219	710,780	717,350	734,352
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	49,662	53,374	57,318	61,646	66,364
Total cash received	49,662	53,374	57,318	61,646	66,364
Cash used					
Cash to Official Public Account	700,486	745,593	768,098	778,996	800,716
Total cash used	700,486	745,593	768,098	778,996	800,716
Net cash from or (used by) financing activities	(650,824)	(692,219)	(710,780)	(717,350)	(734,352)
Net increase or (decrease) in cash held	2,306	-	-	-	-
Cash at beginning of reporting period	3,167	5,473	5,473	5,473	5,473
Cash at end of reporting period	5,473	5,473	5,473	5,473	5,473

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Basis of accounting

The budgeted financial statements have been prepared on an Australian Accounting Standards basis.

Budgeted agency financial statements

Under the Australian Government's accrual budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are separately budgeted for and reported on from transactions that 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 Australian Government according to set government directions. Administered expenses and administered revenues include fees, fines and expenses that have been earmarked for a specific purpose by the Australian Government.

Appropriations in the accrual budgeting framework

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

- departmental appropriations representing the Australian Government's purchase of programs from agencies;
- departmental capital appropriations for investments by the Australian Government for either additional equity or loans in agencies;
- administered expense appropriations for the estimated administered expenses relating to an existing outcome or a new outcome; and
- administered capital appropriations for increases in administered equity through funding non-expense administered payments.

Departmental

Asset valuation

ASIC has adopted fair value as a basis for valuing its leasehold improvements and plant and equipment. Valuation is conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date.

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition.

Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the lower of fair value or the present value of minimum lease payments at the inception of the lease and a liability recognised for the same amount. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the income statement on a basis that is representative of the pattern of benefits derived from the lease assets.

Depreciation and amortisation

Since 1 July 2011 all plant and equipment is depreciated over its estimated useful life using the straight-line method of depreciation. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated life of the improvements or the unexpired period of the lease. Depreciation/amortisation rates (useful lives) are reviewed at each balance date and necessary adjustments are recognised.

Receivables

A provision is raised for any doubtful debts based on a review of the collectability of all outstanding accounts as at year-end.

Bad debts are written off during the year in which they are identified.

Provisions and payables

Provisions and payables represent liabilities for miscellaneous accruals and employee benefits, including accrued salary and leave entitlements, provisions for making good leased premises and lease incentives. No provision for sick leave is required as all sick leave is non-vesting.

Administered

Schedule of budgeted revenues and expenses administered on behalf of government

Revenues

Non-taxation revenues are predominately comprised of *Corporations Act 2001* fees and charges, and collections of unclaimed moneys under the *Banking Act 1959* and the *Life Insurance Act 1995*.

Write-down and impairment of assets

Write-down and impairment of assets represents waivers and write-offs of corporations law fees.

Schedule of budgeted assets and liabilities administered on behalf of government

Financial assets

The financial assets include *Corporations Act 2001* debt invoiced and still outstanding at year-end.

Schedule of budgeted administered cash flows

All cash collected by ASIC for corporations law revenue is transferred to the Official Public Account (OPA) at the close of business each day. Cash collected for *Banking Act 1959* unclaimed moneys and *Life Insurance Act 1995* unclaimed moneys is transferred to the OPA when received.

