

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

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AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

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), credit and corporations and their auditors and liquidators.

ASIC also operates a major public register function that provides information about Australia's 1.7 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.

In 2011-12 ASIC will be implementing a number of the Stronger Super reforms, including the development of a register for self managed superannuation fund auditors.

ASIC will put in place a regulatory framework and revise its supervisory systems and processes for the introduction of market competition. This builds on the earlier transfer of market supervision responsibilities from the Australian Securities Exchange to ASIC in August 2010.

In addition, ASIC will receive funding of \$28.8m in 2011-12 for the continuation of the global financial crisis program and to sustain operations until the completion of the Government's review into ASIC's funding, expected in the first half of the financial year.

ASIC expects to have an average staffing level of 1,885 in 2011-12, with offices in all states and territories.

ASIC will continue to focus on the following priorities:

- financial economy priorities; and
 - building confidence in the integrity of Australia's capital markets;
 - assisting and protecting retail investors and consumers in the financial economy;
 - facilitating international capital flows and international enforcement; and
 - continuing to manage the domestic and international implications of the global financial crisis; and
- real economy priorities;
 - lifting operational effectiveness and service levels for all ASIC stakeholders; and
 - using new technologies to improve services and reduce costs.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2011-12 as at Budget May 2011

	Estimate of prior year amounts available in 2011-12 \$'000	Proposed at Budget 2011-12 \$'000	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	40,113 ⁵	-	40,113	-
Departmental appropriation ³	-	387,550 ¹	387,550	340,756
Receipts from other sources (s31)	-	22,746 ⁴	22,746	34,597
Total departmental	40,113	410,296	450,409	375,353
Administered expenses				
Outcome 1 - Assetless				
Administration fund	-	3,471 ¹	3,471	3,450
Total administered	-	3,471	3,471	3,450
Total ordinary annual services	A 40,113	413,767	453,880	378,803
Other services				
Departmental non-operating				
Equity injections	-	6,462 ²	6,462	29,621
Total other services	B -	6,462	6,462	29,621
Total available annual appropriations (A+B)	40,113	420,229	460,342	408,424
Special appropriations				
Banking Act 1959	-	36,861	36,861	33,648
Life Insurance Act 1995	-	3,539	3,539	3,247
Total special appropriations	C -	40,400	40,400	36,895
Total appropriations excluding special accounts (A+B+C)	40,113	460,629	500,742	445,319

Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2011-12 as at Budget May 2011 (continued)

	Estimate of prior year amounts available in 2011-12 \$'000	Proposed at Budget 2011-12 \$'000	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Special accounts				
Opening balance ⁶	74,436	-	74,436	-
Appropriation receipts	-	30,000	30,000	30,000
Non-appropriation receipts to special accounts	-	51,000	51,000	127,500
Total special account	D 74,436	81,000	155,436	157,500
Total resourcing (A+B+C+D)	114,549	541,629	656,178	602,819
Less appropriations drawn from annual appropriations above and credited to special accounts	-	30,000	30,000	30,000
Total net resourcing for ASIC	114,549	511,629	626,178	572,819

1. Appropriation Bill (No. 1) 2011-12.
2. Appropriation Bill (No. 2) 2011-12.
3. Includes an amount of \$58.6 million in 2011-12 for the departmental capital budget (refer to Table 3.2.5 for further details).
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 (refer to Table 3.1.2 for further details).

1.3 BUDGET MEASURES

Budget measures relating to ASIC are detailed in Budget Paper No. 2, *Budget Measures 2011-12* and are summarised below.

Table 1.2: Australian Securities and Investments Commission 2011-12 Budget measures

	Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Expense measures						
Australian Securities and Investments Commission	1.1, 1.2					
- additional funding	2.1	-	28,849	-	-	-
Competition for Market	1.1, 1.2					
Services	2.1	6,367	6,739	5,561	3,396	3,291
Efficiency dividend - temporary increase in the rate	1.1, 1.2					
Departmental Expenses	2.1	-	(1,557)	(3,281)	(3,979)	(4,808)
Administered expenses	2.1	-	(18)	(36)	(45)	(55)
Stronger Super						
- initial funding for self managed superannuation funds auditor registration	1.1, 1.2	108	41	-	-	-
- MySuper	2.1	-	802	1,109	1,252	488
Stronger Super - self managed super funds	1.1, 1.2 2.1	-	693	6,298	834	593
Total expense measures		6,475	35,549	9,651	1,458	(491)
Related capital measures						
Competition for Market	1.1, 1.2					
Services	2.1	462	3,375	388	307	-
Efficiency dividend - temporary increase in the rate	1.1, 1.2 2.1	-	(298)	(301)	(300)	(199)
Stronger Super						
- initial funding for self managed superannuation funds auditor registration	1.1, 1.2	1,535	1,090	-	-	-
Total related capital		1,997	4,167	87	7	(199)
Related Revenue						
Australian Accounting Standards Board and Auditing and Assurance Standards Board - additional funding	2.1	-	1,765	1,783	1,800	1,816
Australian Securities and Investments Commission	1.1, 1.2					
- additional funding	2.1	-	18,849	-	-	-
Competition for Market						
Services	2.1	-	7,950	9,050	6,600	6,250
Stronger Super - self managed super funds	2.1	-	-	993	449	449
Total related revenue		-	28,564	11,826	8,849	8,515

Prepared on a government finance statistics (fiscal) basis.

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, specifying the strategy, program, objective, deliverables and key performance indicators used to assess and monitor the performance of ASIC.

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

Outcome 1 strategy

The strategy under Outcome 1 focuses on:

- building confidence in the integrity of Australia's capital markets;
- assisting and protecting retail investors and consumers in the financial economy; and
- continuing to manage the implications of the global financial crisis.

Outcome expense statement

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

Table 2.1: Budgeted expenses for Outcome 1

	2010-11	2011-12
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	Estimated actual expenses \$'000	Estimated expenses \$'000
Program 1.1: Research, policy, compliance, education and information initiatives		
Departmental expenses		
Departmental appropriation	108,008	103,531
Expenses not requiring appropriation in the budget year	12,150	13,327
Total for Program 1.1	120,158	116,858
Program 1.2: Enforcement / deterrence		
Departmental expenses		
Departmental appropriation	156,071	149,600
Expenses not requiring appropriation in the budget year	17,556	19,257
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	3,450	3,471
Total for Program 1.2	177,077	172,328
Outcome 1 totals by appropriation type		
Departmental expenses		
Departmental appropriation	264,079	253,131
Expenses not requiring appropriation in the budget year	29,706	32,584
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	3,450	3,471
Total expenses for Outcome 1	297,235	289,186
	2010-11	2011-12
Average staffing level (number)	1,489	1,376

Contributions to Outcome 1

Program 1.1: Research, policy, compliance, education and information initiatives

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.

Program 1.1 expenses

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

Table 2.2: Program 1.1 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	120,158	116,858	114,230	108,294	106,121
Total program expenses	120,158	116,858	114,230	108,294	106,121

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.

Helping retail investors and consumers

Retail investor and consumer programs are designed to:

- give consumers and retail investors access to clear, useful information about financial economy products and services;
- make financial advice more accessible and more reliable;

- enhance community-wide financial literacy; and
- enable consumers and retail investors to better assess the benefits and risks of decisions about financial products and services.

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 consumer perception of information received about products and services; and
- improvements in conduct of market participants and corporates.

Program 1.2: Enforcement / deterrence

Program 1.2 objective

Program 1.2 contributes to Outcome 1 by enforcing the law to maximise deterrent effect and improve behaviour of entities subject to the laws that ASIC administers.

Program 1.2 expenses

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

Table 2.3: Program 1.2 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	173,627	168,857	165,061	156,483	153,344
Annual administered expenses:					
Ordinary annual services	3,450	3,471	3,556	3,554	3,587
Total program expenses	177,077	172,328	168,617	160,037	156,931

Program 1.2 deliverables

Enforcement / deterrence

Deterrence programs 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 little or no assets that have been selected by ASIC, where it appears that enforcement action may result from the investigation and report. A particular focus of the Assetless Administration Fund is to curb fraudulent phoenix activity.

Program 1.2 key performance indicators

ASIC has the following key performance indicators:

- clear alignment between ASIC enforcement actions and key risk areas; and
- improved stakeholder perceptions of how ASIC deals with people who do not comply with the law.

Outcome 2: Streamlined and cost-effective interaction and access to information for business and the public, through registry, licensing and business facilitation services

Outcome 2 Strategy

The strategy under Outcome 2 focuses on:

- lifting ASIC's operational effectiveness and service levels for all stakeholders;
- using technology to reduce costs for business and contribute to cutting red tape; and
- facilitating business, including international capital flows.

Outcome 2 budgeted expenses

Table 2.4 provides an overview of the total resources for Outcome 2 by program.

Table 2.4: Budgeted expenses for Outcome 2

	2010-11	2011-12
Outcome 2: Streamlined and cost-effective interaction and access to information for business and the public, through registry, licensing and business facilitation services	Estimated actual expenses \$'000	Estimated expenses \$'000
Program 2.1: Legal infrastructure for companies and financial services providers		
Departmental expenses		
Departmental appropriation	96,560	93,655
Expenses not requiring appropriation in the budget year	10,987	12,052
Administered expenses		
Expenses not requiring appropriation in the budget year	31,477	30,020
Total for Program 2.1	139,024	135,727
Program 2.2: Banking Act and Life Insurance Act, Unclaimed Moneys and Special Accounts		
Administered expenses		
Special appropriations		
<i>Banking Act 1959</i> - Banking Unclaimed Moneys	33,648	36,861
<i>Life Insurance Act 1995</i> - Life Unclaimed Moneys	3,247	3,539
Total for Program 2.2	36,895	40,400
Outcome 2 totals by appropriation type		
Departmental expenses		
Departmental appropriation	96,560	93,655
Expenses not requiring appropriation in the budget year	10,987	12,052
Administered expenses		
Expenses not requiring appropriation in the budget year	31,477	30,020
Special appropriations	36,895	40,400
Total expenses for Outcome 2	175,919	176,127
	2010-11	2011-12
Average staffing level (number)	551	509

Contributions to Outcome 2

Program 2.1: Legal infrastructure for companies and financial services providers

Program 2.1 objective

Program 2.1 contributes to Outcome 2 by improving 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 2.1 expenses

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

Table 2.5: Program 2.1 expenses

	2010-11 Revised budget	2011-12 Budget	2012-13 Forward year 1	2013-14 Forward year 2	2014-15 Forward year 3
Annual departmental expenses:					
Departmental items	107,547	105,707	91,536	93,038	93,199
Annual administered expenses:					
Expenses not requiring appropriation	31,477	30,020	30,387	30,759	31,136
Total program expenses	139,024	135,727	121,923	123,797	124,335

Program 2.1.1 deliverables

Modernising registry 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.

Improving stakeholder services

Programs 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 ASIC's administration of it.

Facilitating business

Initiatives 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 2.1 key performance indicators

ASIC has the following key performance indicators:

- 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 2.2: Banking Act and Life Insurance Act, unclaimed moneys and special accounts

Program 2.2 objectives

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

Moneys from bank and deposit taking institutions that are inactive for seven or more years are transferred to the Commonwealth and deposited into the Official Public Account (OPA).

Moneys in respect of matured life insurance policies that have not been claimed within seven years are transferred to the Commonwealth and deposited into the OPA.

Refunds are paid to successful claimants out of the OPA.

Program 2.2 expenses

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

Table 2.6: Program 2.2 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Administered expenses:					
Special appropriations					
<i>Banking Act 1959</i> - Banking Unclaimed Moneys	33,648	36,861	40,380	44,235	48,459
<i>Life Insurance Act 1995</i> - Life Unclaimed Moneys	3,247	3,539	3,857	4,204	4,583
Total program expenses	36,895	40,400	44,237	48,439	53,042

Program 2.2 deliverables

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

Program 2.2 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 2011-12. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and 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 2011-12 2010-11 \$'000	Receipts		Payments 2011-12 2010-11 \$'000	Closing balance 2011-12 2010-11 \$'000
			non- appropriated 2011-12 2010-11 \$'000	Receipts appropriated 2011-12 2010-11 \$'000		
ASIC Deregistered Companies						
Trust Moneys Special Account (D)	1	- 740	1,000 1,000	- -	1,000 1,740	- -
ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account (D)	1	67,221 13,721	- 76,500	- -	67,221 23,000	- 67,221
ASIC Security Deposits Special Account (D)	1	- 383	- -	- -	- 383	- -
Companies and Unclaimed Moneys Special Account(A)	2	7,215 7,215	50,000 50,000	- -	50,000 50,000	7,215 7,215
Enforcement Special Account (D)	1	- 6,508	- -	30,000 30,000	30,000 36,508	- -
Other Trust Moneys Account (D)	1	- -	- -	- -	- -	- -
Total special accounts 2011-12 Budget estimate		74,436	51,000	30,000	148,221	7,215
Total special accounts 2010-11 estimate actual		28,567	127,500	30,000	111,631	74,436

(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 2011-12	850	-	-	850	-	850	1.1
<i>Departmental 2010-11</i>	<i>740</i>	-	-	<i>740</i>	-	<i>740</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 between the resource information presented in the Budget Papers and Portfolio Budget Statements as a result of differences between Australian Accounting Standards and Government Finance Statistics.

3.2.2 Analysis of budgeted financial statements

Budgeted departmental income statement

ASIC is currently budgeting for a break-even operating result for 2011-12 and for the remainder of the forward estimates, after adding back non-appropriated depreciation and amortisation expenses under the new net cash appropriation arrangements, which began in the 2010-11 Budget. The new arrangements involve the cessation of funding for depreciation, amortisation and makegood expenses. Funding for these expenses has been replaced with a departmental capital budget (Table 3.2.5 refers).

Total revenue and expenses (excluding depreciation) are estimated to be \$346.8 million for 2011-12. 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 2011-12 is \$153.7 million.

The 2011-12 equity position reflects the cumulative effect of capital injections of \$65.1 million received during 2011-12.

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 2011-12 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 2011-12 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: Budgeted departmental comprehensive income statement (for the period ended 30 June)

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
EXPENSES					
Employee benefits	223,711	206,826	187,970	182,986	177,474
Supplier	134,138	137,170	135,957	131,010	138,148
Finance costs	500	500	500	500	500
Depreciation and amortisation	42,983	46,926	46,400	43,318	36,543
Total expenses	401,332	391,422	370,827	357,814	352,665
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	3,362	3,394	3,429	3,365	3,395
Other revenue	31,538	19,655	771	835	840
Total revenue	34,900	23,049	4,200	4,200	4,235
Gains					
Other	172	172	172	172	172
Total gains	172	172	172	172	172
Total own-source income	35,072	23,221	4,372	4,372	4,407
Net cost of (contribution by) services	366,260	368,201	366,455	353,442	348,258
Appropriation revenue	325,567	323,565	322,345	312,414	314,005
Surplus (deficit) attributable to the Australian Government	(40,693)	(44,636)	(44,110)	(41,028)	(34,253)
Note: Reconciliation of operating result attributable to the agency					
	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Operating result attributable to the Australian Government	(40,693)	(44,636)	(44,110)	(41,028)	(34,253)
Plus non-appropriated expenses depreciation and amortisation expenses	40,693	44,636	44,110	41,028	34,253
Operating result attributable to ASIC	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS					
Financial assets					
Cash and equivalents	277	1,536	1,776	2,930	2,930
Trade and other receivables	46,899	56,399	55,523	50,214	49,576
Total financial assets	47,176	57,935	57,299	53,144	52,506
Non-financial assets					
Land and buildings	66,509	58,378	52,052	45,806	39,796
Infrastructure, plant and equipment	18,718	16,248	15,734	10,783	10,313
Intangibles	119,705	136,591	117,176	108,903	91,822
Other	8,133	8,167	8,167	8,167	8,167
Total non-financial assets	213,065	219,384	193,129	173,659	150,098
Total assets	260,241	277,319	250,428	226,803	202,604
LIABILITIES					
Provisions					
Employees	59,560	60,064	60,064	60,064	60,064
Other	11,418	11,918	12,418	12,918	13,418
Total provisions	70,978	71,982	72,482	72,982	73,482
Payables					
Suppliers	26,208	26,447	26,447	22,928	22,928
Other	29,814	25,177	21,751	18,325	14,897
Total payables	56,022	51,624	48,198	41,253	37,825
Total liabilities	127,000	123,606	120,680	114,235	111,307
Net assets	133,241	153,713	129,748	112,568	91,297
EQUITY					
Contributed equity	141,567	206,675	226,820	250,668	263,650
Reserves	6,473	6,473	6,473	6,473	6,473
Retained surpluses or accumulated deficits	(14,799)	(59,435)	(103,545)	(144,573)	(178,826)
Total equity	133,241	153,713	129,748	112,568	91,297
Current assets	55,309	66,102	65,466	61,311	60,673
Non-current assets	204,932	211,217	184,962	165,492	141,931
Current liabilities	85,784	85,033	83,736	78,920	77,621
Non-current liabilities	41,216	38,573	36,944	35,315	33,686

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	3,059	3,091	3,429	3,365	3,395
Appropriations	344,613	313,232	322,785	316,587	313,505
GST received	13,403	13,373	12,555	14,920	14,523
Other	31,538	19,655	771	835	840
Total cash received	392,613	349,351	339,540	335,707	332,263
Cash used					
Employees	224,729	206,322	187,970	182,986	177,474
Suppliers	137,995	140,294	138,775	136,647	140,266
GST Paid	13,403	13,373	12,555	14,920	14,523
Borrowing costs	-	-	-	-	-
Total cash used	376,127	359,989	339,300	334,553	332,263
Net cash from or (used by) operating activities	16,486	(10,638)	240	1,154	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	73,339	53,211	20,145	23,848	12,982
Total cash used	73,339	53,211	20,145	23,848	12,982
Net cash from or (used by) investing activities	(73,339)	(53,211)	(20,145)	(23,848)	(12,982)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	56,941	65,108	20,145	23,848	12,982
Total cash received	56,941	65,108	20,145	23,848	12,982
Net cash from or (used by) financing activities	56,941	65,108	20,145	23,848	12,982
Net increase or (decrease) in cash held	88	1,259	240	1,154	-
Cash at the beginning of the reporting period	189	277	1,536	1,776	2,930
Cash at the end of the reporting period	277	1,536	1,776	2,930	2,930

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2011-12)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	(14,799)	6,473	-	141,567	133,241
Adjusted opening balance	(14,799)	6,473	-	141,567	133,241
Comprehensive income					
Surplus (deficit) for the period	(44,636)	-	-	-	(44,636)
Total comprehensive income recognised directly in equity	(44,636)	-	-	-	(44,636)
Transactions with owners					
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	6,462	6,462
Appropriation (departmental capital budget)	-	-	-	58,646	58,646
Total transactions with owners	-	-	-	65,108	65,108
Estimated closing balance as at 30 June 2012	(59,435)	6,473	-	206,675	153,713

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	22,800	58,646	19,757	23,541	12,982
Equity injections - Bill 2	34,141	6,462	388	307	-
Total capital appropriations	56,941	65,108	20,145	23,848	12,982
Represented by:					
Purchase of non-financial assets	56,941	53,211	20,145	23,848	12,982
Other items	-	11,897	-	-	-
Total represented by	56,941	65,108	20,145	23,848	12,982
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	27,141	11,465	388	307	-
Funded by capital appropriation - DCB	29,800	41,746	19,757	23,541	12,982
Funded internally from departmental resources	16,398	-	-	-	-
TOTAL	73,339	53,211	20,145	23,848	12,982
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	73,339	53,211	20,145	23,848	12,982
Total cash used to acquire assets	73,339	53,211	20,145	23,848	12,982

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 2011				
Gross book value	93,771	46,048	166,164	305,983
Accumulated depreciation/amortisation and impairment	27,262	27,330	46,459	101,051
Opening net book balance	66,509	18,718	119,705	204,932
Capital asset additions				
By purchase - appropriation ordinary annual services	3,000	4,026	46,185	53,211
Total asset additions	3,000	4,026	46,185	53,211
Other movements				
Depreciation/amortisation expense	11,131	6,496	29,299	46,926
Total other movements	11,131	6,496	29,299	46,926
As at 30 June 2012				
Gross book value	94,271	48,074	207,849	350,194
Accumulated depreciation/amortisation and impairment	35,893	31,826	71,258	138,977
Closing net book balance	58,378	16,248	136,591	211,217

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 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Non-taxation					
Other sources of non-taxation revenues	686,453	759,568	791,079	803,939	819,924
Total revenues administered on behalf of government	686,453	759,568	791,079	803,939	819,924
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	3,450	3,471	3,556	3,554	3,587
Write down and impairment of assets	31,477	30,020	30,387	30,759	31,136
Other	36,895	40,400	44,237	48,439	53,042
Total expenses administered on behalf of government	71,822	73,891	78,180	82,752	87,765

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 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	4,587	4,587	4,587	4,587	4,587
Receivables	87,741	88,874	92,529	96,149	99,733
Total assets administered on behalf of government	92,328	93,461	97,116	100,736	104,320
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Suppliers	985	985	985	985	985
Other payables	7,000	7,000	7,000	7,000	7,000
Total liabilities administered on behalf of government	7,985	7,985	7,985	7,985	7,985

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Net GST received	314	316	323	323	326
Other	654,340	728,415	757,037	769,560	785,204
Total cash received	654,654	728,731	757,360	769,883	785,530
Cash used					
Grants	3,450	3,471	3,556	3,554	3,587
Other	36,895	40,400	44,237	48,439	53,042
Net GST paid	314	316	323	323	326
Total cash used	40,659	44,187	48,116	52,316	56,955
Net cash from or (used by) operating activities	613,995	684,544	709,244	717,567	728,575
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	47,345	49,871	53,793	57,993	62,629
Total cash received	47,345	49,871	53,793	57,993	62,629
Cash used					
Cash to Official Public Account	659,770	734,415	763,037	775,560	791,204
Total cash used	659,770	734,415	763,037	775,560	791,204
Net cash from or (used by) financing activities	(612,425)	(684,544)	(709,244)	(717,567)	(728,575)
Net increase or (decrease) in cash held	1,570	-	-	-	-
Cash at beginning of reporting period	3,017	4,587	4,587	4,587	4,587
Cash at end of reporting period	4,587	4,587	4,587	4,587	4,587

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

Computer equipment is depreciated using the declining-balance method while, for all other plant and equipment, the straight-line method of depreciation is applied. 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.