AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Overview, variations and measures

OVERVIEW

There has been no change to the overview included in the 2001-02 Portfolio Budget Statements (page 139).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The Australian Securities and Investments Commission (ASIC) is seeking an additional $7.6 million in agency outputs for the HIH Royal Commission ($4.6 million), investigative work into HIH ($2.5 million) and implementation of the Financial Services Regulation Act ($0.5 million).

Explanations for these variations are detailed below.

MEASURES

Outcome 1 — A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers

	2001-02 ($'000)	2002-03 ($'000)	2003-04 ($'000)	2004-05 ($'000)
Outcome 1				
Funding for HIH Royal Commission related costs	4,600	-	-	-
Implementation of the Financial Services Regulation Act	500	-	-	-
Total	5,100	-	-	-

Funding for HIH Royal Commission related costs

The Government has agreed to provide ASIC with $4.6 million to meet the costs of its involvement with the HIH Royal Commission. This involvement stems primarily from ASIC's role as the corporate regulator and hence a party to the proceedings. The funding will cover ASIC's legal costs in appearing before the Royal Commission and some internal support.

Implementation of the Financial Services Regulation Act

The Government has agreed to provide ASIC with funding of $0.5 million for implementation and administration of the *Financial Services Reform Act 2001*, which is effective from 11 March 2002. This is to ensure that ASIC has the capability to meet the new legislative requirement to implement a program of licensing, surveillance and provision for relief from the law for the regulated markets.

OTHER VARIATIONS TO APPROPRIATIONS

ASIC is seeking funding of $2.5 million to cover the cost of investigating the HIH Insurance Group.

The Government agreed in the 2001-02 Budget to provide ASIC with $2.5 million in each of 2001-02 and 2002-03 to assist ASIC with its investigation of the HIH Insurance Group, and any resulting prosecutions (refer page 144 of the 2001-02 Portfolio Budget Statements).

The $2.5 million sought is the 2001-02 portion of the measure.

Map 2: Outcomes and output groups for the agency

Australian Securities and Investments Commission

Chairman: Mr David Knott

Overall outcome

Strong, sustainable economic growth and the improved wellbeing of Australians

Outcome 1

A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers

Total price of outputs: $155.700 million
Agency outcomes appropriation: $148.821 million

Output Group 1.1

Australian Securities and Investments Commission

Output 1.1.1	Output 1.1.2	Output 1.1.3	Output 1.1.4
Policy and guidance about the laws administered by ASIC	Comprehensive and accurate information on companies and corporate activity	Compliance, monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity	Enforcement activity to give effect to the laws administered by ASIC

MEASURES: AGENCY SUMMARY

Table 1.1: Summary of measures since the 2001-02 Budget

Measure	Outcome	Output groups affected	Appropriations 2001-02 ($'000)			Appropriations 2002-03 ($'000)			Appropriations 2003-04 ($'000)			Appropriations 2004-05 ($'000)		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Funding for HIH Royal Commission related costs	1	1.1	-	4,600	4,600	-	-	-	-	-	-	-	-	-
Implementation of the Financial Services Regulation Act	1	1.1	-	500	500	-	-	-	-	-	-	-	-	-
Total			-	5,100	5,100	-	-	-	-	-	-	-	-	-

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATIONS BILL

Table 1.2: Appropriation Bill (No. 3) 2001-02

	2000-01 available $'000	2001-02 budget $'000	2001-02 revised $'000	Additional estimates $'000	Reduced estimates $'000
AGENCY OUTPUTS					
Outcome 1					
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers in the financial system	131,465	141,221	148,821	7,600	-
Total	131,465	141,221	148,821	7,600	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2001-02 Budget	2001-02 Revised	Variation
Outcome 1			
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers in the financial system	1,230	1,262	32
Total	1,230	1,262	32

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

There have been no changes to ASIC's outcome and outputs included in the 2001-02 Portfolio Budget Statements.

Revised performance information and level of achievement — 2001-02

The revised performance information that ASIC will use to assess the level of its achievement against Outputs 1.1.3 and 1.1.4 during 2001-02 is shown below:

Table 2.1: Performance information for outputs affected by additional estimates Outcome 1

Output	Performance information 2001-02
Output 1.1.3 Compilance, monitoring and licensing of participants in the financial system to protect consumer interest and ensure market integrity	Quality: Provide an effective licensing regime for new industry applicants and a transition of existing financial services industry to the new licensing structure Quantity: Number of applications processed on time and number of relief (modification)applications provided Price: $0.5 million
Output 1.1.4 Enforcement Activity to give effect to the laws administered by ASIC	Quality: Enhance public confidence in ASIC's enforcement capability Quantity: Complete HIH investigation within a reasonable timeframe Price: $7.1 million

Section 3: Budgeted Financial Statements

Budgeted agency statement of financial performance

This statement provides the expected financial results for ASIC by identifying full accrual expenses and revenues which highlight its financial performance.

Budgeted agency statement of financial position

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

Budgeted agency statement of cash flows

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

Agency capital budget statement

This statement shows all proposed capital expenditure funded from internal sources.

Agency non-financial assets — summary of movement

This statement shows the movement in ASIC's non-financial assets over the Budget year.

Table 3.1: Budgeted agency statement of financial performance
for the period ended 30 June 2002

	Actual 2000-01 $'000	Revised budget 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
Revenues from ordinary activities					
Revenue from government	131,621	148,821	139,023	136,907	137,311
Sales of goods and services	1,914	1,720	1,925	2,000	2,120
Interest	1,908	2,400	2,500	2,210	2,290
Net gains from sales of assets	23	-	-	-	-
Other	8,735	2,759	2,900	3,000	3,100
Total revenues from ordinary activities	144,201	155,700	146,348	144,117	144,821
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	83,051	84,884	84,909	85,834	86,689
Suppliers	50,454	64,614	56,791	55,017	55,493
Depreciation and amortisation	9,479	6,386	4,648	3,266	2,639
Write down of assets	270	-	-	-	-
Net losses from sales of assets	78	2,000	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	143,332	157,884	146,348	144,117	144,821
Borrowing cost expense	-	-	-	-	-
Net surplus or deficit from ordinary activities	869	(2,184)	-	-	-
Gain or loss on extraordinary items					
Net surplus or deficit	869	(2,184)	-	-	-
Capital use charge	-	-	-	-	-
Net surplus or deficit after capital use charge	869	(2,184)	-	-	-

Table 3.2: Budgeted agency statement of financial position *as at 30 June 2002*

	Actual 2000-01 $'000	Revised budget 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
ASSETS					
Financial assets					
Cash	12,277	13,328	14,255	18,490	18,478
Receivables	1,969	5,689	4,464	1,464	2,084
Total financial assets	14,246	19,017	18,719	19,954	20,562
Non-financial assets					
Land and buildings	7,905	9,121	8,014	7,048	6,082
Infrastucture,plant and equipment	8,789	1,689	4,189	4,189	4,189
Intangibles	5,367	4,365	4,124	3,824	4,151
Other	916	916	916	916	916
Total non-financial assets	22,977	16,091	17,243	15,977	15,338
Total assets	37,223	35,108	35,962	35,931	35,900
LIABILITIES					
Debt					
Other	4,693	3,546	2,800	2,115	1,430
Total debt	4,693	3,546	2,800	2,115	1,430
Provisions and payables					
Employees	26,333	27,549	29,149	29,803	30,457
Suppliers	4,013	4,013	4,013	4,013	4,013
Total provisions and payables	30,346	31,562	33,162	33,816	34,470
Total liabilities	35,039	35,108	35,962	35,931	35,900
EQUITY					
Reserves	2,759	2,759	2,759	2,759	2,759
Accumulated surpluses or deficits	(575)	(2,759)	(2,759)	(2,759)	(2,759)
Total equity	2,184	-	-	-	-
Current liabilities	18,616	18,949	19,579	19,741	19,904
Non-current liabilities	16,423	16,159	16,383	16,190	15,996
Current assets	15,162	19,933	19,635	20,870	21,478
Non-current assets	22,061	15,175	16,327	15,061	14,422

Table 3.3: Budgeted agency statement of cash flows
for the period ended 30 June 2002

	Actual 2000-01 $'000	Revised budget 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
OPERATING ACTIVITIES					
Cash received					
Appropriations for outputs	131,465	148,821	139,023	136,907	137,311
Sales of goods and services	4,647	1,720	1,925	2,000	2,120
Interest	1,908	2,400	2,500	2,210	2,290
Other	6,723	2,759	2,900	3,000	3,100
Total cash received	144,743	155,700	146,348	144,117	144,821
Cash used					
Employees	80,152	84,935	82,830	82,865	87,340
Suppliers	53,389	68,214	56,791	55,017	55,493
Interest	222	-	-	-	-
Total cash used	133,763	153,149	139,621	137,882	142,833
Net cash from operating activities	10,980	2,551	6,727	6,235	1,988
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	23	4,000	-	-	-
Total cash received	23	4,000	-	-	-
Cash used					
Purchase of property, plant and equipment	4,512	5,500	5,800	2,000	2,000
Total cash used	4,512	5,500	5,800	2,000	2,000
Net cash from investing activities	(4,489)	(1,500)	(5,800)	(2,000)	(2,000)
FINANCIAL ACTIVITIES					
Cash used					
Repayments of debt	2,772	-	-	-	-
Total cash used	2,772	-	-	-	-
Net cash from financing activities	(2,772)	-	-	-	-
Net increase in cash held	3,719	1,051	927	4,235	(12)
Cash at the beginning of the reporting period	8,558	12,277	13,328	14,255	18,490
Cash at the end of the reporting period	12,277	13,328	14,255	18,490	18,478

Table 3.4: Agency capital budget statement

	Actual 2000-01 $'000	Revised budget 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally by					
Departmental resources	4,512	5,500	5,800	2,000	2,000

Table 3.5: Agency non-financial assets — summary of movement (Budget year 2001-02)

	Land	Buildings	Total Land and Buidings	Specialist Military Equipment	Other Infrastructure Plant and Equipment	Total Infrastructure Plant and Equipment	Intangibles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
GROSS VALUE								
As at 1 July 2001 (opening)	-	17,712	17,712	-	32,185	32,185	11,747	61,644
Additions	-	2,900	2,900	-	1,600	1,600	1,000	5,500
Disposals	-	-	-	-	10,000	10,000	-	10,000
Other movements	-	-	-	-	-	-	-	-
As at 30 June 2002 (closing)	-	20,612	20,612	-	23,785	23,785	12,747	57,144
ACCUMULATED DEPRECIATION								
As at 1 July 2001 (opening)	-	9,807	9,807	-	23,396	23,396	6,380	39,583
Disposals	-	-	-	-	4,000	4,000	-	4,000
Charge for the reporting period	-	1,684	1,684	-	2,700	2,700	2,002	6,386
Other movements	-	-	-	-	-	-	-	-
As at 30 June 2002 (closing)	-	11,491	11,491	-	22,096	22,096	8,382	41,969
Net book value As at 30 June 2002 (closing book value)	-	9,121	9,121	-	1,689	1,689	4,365	15,175
Net book value as at 1 July 2001 opening book value)	-	7,905	7,905	-	8,789	8,789	5,367	22,061
TOTAL ADDITIONS								
Self funded	-	2,900	2,900	-	1,600	1,600	1,000	5,500
Appropriations	-	-	-	-	-	-	-	-
Total	-	2,900	2,900	-	1,600	1,600	1,000	5,500

Table 3.6: Note of budgeted administered financial performance
for the period ended 30 June 2002

	Actual 2000-01 $'000	Revised budget 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
REVENUES					
Non-taxation					
Interest	174	-	-	-	-
Appropriations	16,322	18,025	18,025	16,025	16,025
Other sources of non-taxation revenues	387,312	386,100	391,539	397,060	402,663
Total non-taxation	403,808	404,125	409,564	413,085	418,688
Total revenues administered on behalf of the Government	403,808	404,125	409,564	413,085	418,688
EXPENSES					
Net write down of assets	6,969	4,000	4,000	3,000	3,000
Other	11,648	18,025	18,025	16,025	16,025
Total expenses administered on behalf of the Government	18,617	22,025	22,025	19,025	19,025

Table 3.7: Note of budgeted administered financial position *as at 30 June 2002*

	Actual 2000-01 $'000	Revised budget 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
ASSETS					
Financial assets					
Cash	4,788	3,572	2,572	1,572	572
Receivables	91,769	90,605	90,664	91,504	91,667
Total financial assets	96,557	94,177	93,236	93,076	92,239
Total assets administered on behalf of the Government	96,557	94,177	93,236	93,076	92,239
LIABILITIES					
Provisions and payables					
Other	60,985	61,305	61,325	62,105	62,105
Total provisions and payables	60,985	61,305	61,325	62,105	62,105
Total liabilities administered on behalf of the Government	60,985	61,305	61,325	62,105	62,105
Current liabilities	60,985	61,305	61,325	62,105	62,105
Current assets	96,557	94,177	93,236	93,076	92,239

Table 3.8: Note of budgeted administered cash flows
for the period ended 30 June 2002

	Actual 2000-01 $'000	Revised budget 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
OPERATING ACTIVITIES					
Cash received					
Other taxes, fees and fines	347,739	386,433	391,559	397,840	402,663
Appropriations	16,322	18,025	18,025	16,025	16,025
Other	11,942	-	-	-	-
Total cash received	376,003	404,458	409,584	413,865	418,688
Cash used					
Cash to Official Public Account	347,633	384,800	388,500	395,000	400,500
Other	24,716	20,874	22,084	19,865	19,188
Total cash used	372,349	405,674	410,584	414,865	419,688
Net cash from operating activities	3,654	(1,216)	(1,000)	(1,000)	(1,000)
FINANCING ACTIVITIES					
Net increase in cash held	3,654	(1,216)	(1,000)	(1,000)	(1,000)
Cash at beginning of reporting period	1,134	4,788	3,572	2,572	1,572
Cash at end of reporting period	4,788	3,572	2,572	1,572	572

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The agency budgeted statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

Agency

The financial statements are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are a general purpose financial report.

The statements have been prepared with:

Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board (AASB);

Other authoritative pronouncements of the Board; and

Consensus Views of the Urgent Issues Group.

Administered

Revenue

ASIC collects and administers revenue under the *Corporations Act 2001*, the *Corporations (Fees) Act 2001* and Corporations (Fees) Regulations. The revenues from these fees are not available to ASIC and are remitted to the Commonwealth's Official Public Account. Transactions and balances relating to these fees are reported as Administered Items.

Special Appropriations for payments to be made under the *Banking Act 1959* are also reported as part of the Administered Financial Statements.

Expenses

Estimated payments made under the *Banking Act 1959* are included in the Administered Financial Statement.

Appendices 1 and 2

Appendix 1

Non-appropriation agency and administered revenue

	Actual Revenue 2000-01 $'000	Estimated Revenue 2001-02 $'000
Agency	12,580	6,879
Administered	403,808	404,125
Total estimated revenue	416,388	411,004

Appendix 2

Estimates of expenses from special appropriations

	Actual Expenses 2000-01 $'000	Estimated Expenses 2001-02 $'000
Banking Act 1959 - Payments of Banking Unclaimed Moneys	11,648	18,025
Total estimated Expenses	11,648	18,025