AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Overview, appropriations and budget measures summary

OVERVIEW

The Australian Securities and Investments Commission (ASIC) is an independent government body that enforces and administers the Corporations Law and consumer protection law for investments, life and general insurance, superannuation and banking (except lending) throughout Australia. The Commission is established under the *Australian Securities and Investments Commission Act 1989*.

ASIC has the function of monitoring and promoting market integrity and consumer protection in relation to:

- the Australian financial system;
- the provision of financial services; and
- the payments system.

APPROPRIATIONS

The total appropriation for ASIC in the 2001-02 Budget is $159.2 million. Included in this figure is an administered special appropriation amount of $18.0 million to cover payments related to banking unclaimed monies under the *Banking Act 1959.* Table 1.1 on the following page provides this detail.

Australian Securities and Investments Commission — appropriations 2001-02

Table 1.1: Appropriations and other revenue

Outcome	Agency (price of outputs) ($'000)					Administered ($'000)				($'000)
	Revenue from Government (appropriations)			Revenue from other sources	Price of outputs	Annual appropriations ($'000)		Special approps	Total administered appropriations	Total appropriations
	Bill No. 1	Special approps	Total			Bill No. 1	Bill No. 2 (SPPs & NAOs)			
	(A)	(B)	(C = A+B)	(D)	(E = C+D)	(F)	(G)	(H)	(I = F+G+H)	(J=C+I)
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			(C1)(1)		(E1)(1)				(I1)(1)	
	141,221	-	141,221	5,755	146,976	-	-	18,025	18,025	159,246
			* 96%	4%	100%					
Total	141,221	-	(K1)(1)141,221	5,755	146,976	-	-	18,025	(K2)(1)18,025	159,246
								Agency capital (equity injections and loans)		-
								Administered capital		-
								Total appropriations		159,246

(1) C1, E1 and I1 refer to information provided in Table 2.1. K1 refers to information provided in Table 3.1. K2 refers to information provided in Table 3.6.
(2) Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPP's), New Agency Outcomes (NAO's), administered capital and agency capital via agency injections and loans.
(3) Refer to Table 3.1 for application of agency revenue.
(4) Revenue from other sources includes other revenue from government (for example, resources free of charge) and revenue from other sources (for example, sales of goods and services by agencies). Non-appropriated agency and administered revenues are detailed in Appendix 1.
* Percentage figures indicate the percentage contribution of revenue from government (agency appropriations) to the total price of outputs, by outcome.

BUDGET MEASURES — AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION SUMMARY

Table 1.2: Summary of measures in the 2001-02 Budget

Measure	Outcome	Output groups affected	Appropriations budget 2001-02 ($'000)			Appropriations estimate 2002-03 ($'000)			Appropriations estimate 2003-04 ($'000)			Appropriations estimate 2004-05 ($'000)		
			Admin expenses	Agency outputs	Total	Admin expenses	Agency outputs	Total	Admin expenses	Agency outputs	Total	Admin expenses	Agency outputs	Total
Australian Securities and Investments Commission - supplementary funding for HIH investigation	1	1.1	-	2,500	2,500	-	2,500	2,500	-	-	-	-	-	-
Financial Services Reform Implementation	1	1.1	-	2,600	2,600	-	-	-	-	-	-	-	-	-
Managed Investments	1	1.1	-	2,900	2,900	-	-	-	-	-	-	-	-	-
Superannuation Complaints Tribunal	1	1.1	-	716	716	-	716	716	-	716	716	-	716	716

ADMINISTERED CAPITAL AND AGENCY EQUITY INJECTIONS AND LOANS

ASIC does not have an appropriation for an equity injection or loan or an appropriation for administered capital in 2001-02.

Section 2: Outcomes and outputs information

OUTCOMES AND OUTPUT GROUPS

The map on the following page shows the relationship between government outcomes and the contributing outputs for the Australian Securities and Investments Commission (ASIC). Financial detail for Outcome 1 by output appears in Table 2.1 while non-financial information for Outcome 1 appears in Table 2.2.

The activities contributing to each output are detailed below.

Output 1: Policy and guidance about the laws administered by ASIC

The design and drafting of policy statements, practice notes, guidance documents, class orders, applications for relief and modifications to the law, and all education and liaison activities.

Output 2: Comprehensive and accurate information on companies and corporate activity

All document registration and associated functions — ranging from annual returns, changes of directors, and substantial shareholder notices, to prospectuses and Part A or Part C statements of the Corporations Law — as well as the 'consequential' activities accompanying such registration, such as penalties, et cetera.

Output 3: Compliance, monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity

Compliance checking, surveillance, managing complaints, analysis and targeting.

Output 4: Enforcement activity to give effect to the laws administered by ASIC

Investigations, civil and criminal litigation, administrative and banning action.

Chart 6: Outcomes and output groups

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 in the financial system

Total price of outputs: $147.0 million
Agency outcomes appropriation: $141.2 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

CHANGES TO OUTCOMES AND OUTPUTS

There are no proposed changes in outcomes or outputs since the previous year.

OUTCOME 1 — DESCRIPTION

A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers in the financial system.

Measures affecting Outcome 1

Australian Securities and Investments Commission — supplementary funding for HIH investigation

Additional funding of $5 million over two years will be provided to Australian Securities and Investments Commission to assist it with its investigation of the HIH Insurance Group, and any resulting prosecutions. This additional funding will supplement the Commission's existing enforcement budget, and not act as an upper limit.

Financial Services Reform Implementation

The Government has provided Australian Securities and Investments Commission with transitional funding of $2.6 million to enable it to prepare for the implementation of the major reforms to the regulation of financial products, service providers, intermediaries and markets announced as part of the Corporate Law Economic Reform Programme. The reform programme will provide for a single, harmonised licensing and product disclosure framework.

Managed Investments

The Government will extend Managed Investments transitional funding for one year by $2.9 million. This will allow Australian Securities and Investments Commission (ASIC) to maintain an enhanced level of regulation of managed investment funds while a review is undertaken of the *Managed Investments Act 1998* during 2001-02. The *Managed Investments Act 1998* provides an enhanced regime for managed investments, which includes their licensing and involves ASIC monitoring their operations, investigating and taking action in the event of a breach of law.

Superannuation Complaints Tribunal

The Government has increased the ongoing level of funding for the Superannuation Complaints Tribunal (SCT) by $0.7 million per annum to restore its determinative role in resolving disputes between superannuation fund members and the funds. Funding for the SCT was reduced in 1998-99 following Federal Court judgements in 1997 and 1998 curtailing the tribunal's functions. The High Court restored full powers to the tribunal on 17 June 1999.

See also the related revenue measure *Superannuation Complaints Tribunal* in the Treasury portfolio.

OUTCOME 1 — RESOURCING

Table 2.1 shows how the 2001-02 appropriation and programme structure relates to total resourcing for Outcome 1.

Table 2.1: Total resources for Outcome 1

	Estimated actual 2000-01 $'000	Budget estimate 2001-02 $'000
Administered appropriations		
Banking Act 1959	18,025	18,025
Total administered appropriations	18,025	(I1)[1]18,025
Agency appropriations		
Output Group 1.1 Australian Securities and Investments Commission		
Output 1.1.1 Policy and guidance about laws administered by ASIC	13,500	14,502
Output 1.1.2 Comprehensive and accurate information on companies and corporate activity	39,860	42,818
Output 1.1.3 Compliance, monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity	23,465	25,207
Output1.1.4 Enforcement activity to give effect to the laws administered by ASIC	54,640	58,694
Total revenue from government (appropriations)	131,465	(C1)[1]141,221
Contributing to price of agency outputs	93%	96%
Revenue from other sources	10,300	5,755
Total revenue from other sources	10,300	5,755
Total price from agency outputs (Total revenue from government and from other sources)	141,765	(E1)[1]146,976
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	159,790	165,001

	2000-01	2001-02
Average staffing level (number)	1,200	1,230

(1) C1, E1 and I1 — see Table 1.1.

OUTCOME 1 — CONTRIBUTION OF OUTPUTS

The outputs reflect the programmes and activity that ASIC undertakes in fulfilling its function as a government regulatory authority and are essential for the achievement of the Government's outcome.

The Government seeks to ensure that consumers are adequately informed about the financial market and adequately protected from investing in improper and unfair financial products. To achieve these ASIC aims to reduce fraud and unfair practices in financial markets and financial products so consumers use them confidently and companies and markets perform effectively.

In carrying out its responsibilities ASIC strives for:

- high quality regulation at a reasonable cost to the market; and
- responsive, intelligent and consistent customer service, clearly communicated and with a strong educative role.

Table 2.2: Performance information for Outcome 1

Performance information for agency outputs	
Output Group 1.1 — Australian Securities and Investments Commission	
Output 1.1.1 — Policy and guidance about the laws administered by ASIC	In financial year 2001-02, ASIC will measure: • effectiveness of new policies to assist companies adjust to financial services reform legislation if enacted; • extent to which consumers, investors and other stakeholders are consulted during policy formulation; • infoline calls resolved during first call; and • complaints to ASIC dealt within 28 days.
Output 1.1.2 — Comprehensive and accurate information on companies and corporate activity	• Annual returns lodged electronically; • searches conducted on-line; and • company information lodged on time.
Output 1.1.3 — Compliance monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity	ASIC's objective is to focus compliance activities on specific patterns, problems or risk areas and to respond to these problems with integrated national campaigns that use a range of regulatory tools. Generic performance indicators are not appropriate for this approach. Specific indicators will be developed for each campaign. In addition the following measures apply: • final securities industry licenses issued within 60 business days of application; • managed investment license application — letter of offer/refusal sent within 30 business days; and • managed investment scheme registration — schemes registered within 10 business days (legislative timing 14 days).
Output 1.1.4 — Enforcement activity to give effect to the laws administered by ASIC	• Investigations finalised within 12 months of resourcing; • deliver timely results on matters of special urgency or national significance; and • upgrade ability to enforce the law over the internet and e-commerce.

Evaluations

ASIC's new regulatory system will be subject to a review after five years by the Financial Sector Advisory Council. ASIC was established on 1 July 1998.

Information on evaluation activity that relates to this outcome is included in Table 2.2 above and the results will be shown in ASIC's Annual Report.

Competitive tendering and contracting

ASIC is in the process of developing other IT outsourcing strategies following the Government's decision to allow agencies to determine the scope of their respective IT outsourcing strategies.

Section 3: Budgeted financial statements

The budgeted financial statements will form the basis of the financial statements that will appear in the Australian Securities and Investments Commission (ASIC)'s 2001-02 Annual Report and form the basis for the input into the Whole of Government Accounts. The financial statements should be read in conjunction with the accompanying notes.

The budgeted financial statements have been prepared in accordance with the Goods and Services Tax (GST) accounting guidelines of the Urgent Issues Group (UIG) of the Australian Accounting Standards Board. The UIG consensus requires that expenses and assets be accounted for net of recoverable GST, revenues be accounted for net of GST payable and that cash flows and accounts payable and receivable be reported gross. Appropriations are thus net of recoverable GST amounts.

AGENCY STATEMENTS

Budgeted agency statement of financial performance

This statement provides the expected financial results for ASIC by identifying full accrual expenses revenues and capital use charge, which highlights whether the Department is operating at a sustainable level.

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 categorising them into expected cash flows from operating activities, investing activities and financing activities.

Agency capital budget statement

This statement shows all proposed capital expenditure funded through the Budget as appropriation or from internal sources.

Agency non-financial assets – summary of movement

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

ADMINISTERED NOTES

Details of transactions administered by ASIC on behalf of the Commonwealth are shown in the following notes to the financial statements.

Note of budgeted administered financial performance

This note identifies the main revenues and expenses administered on behalf of the Government. It also discloses administered revenues from government and transfers to the Public Account.

Note of budgeted administered financial position

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

Note of budgeted administered cash flows

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

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

	Estimated actual 2000-01 $'000	Budget estimate 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
Revenues from ordinary activities		(K1)(1)			
Revenue from government	131,465	141,221	135,846	136,373	136,775
Sale of goods and services	1,500	1,500	1,500	1,500	1,500
Interest	1,900	2,005	2,155	2,210	2,290
Other	6,900	2,250	2,290	2,650	2,800
Total revenues from ordinary activities	141,765	146,976	141,791	142,733	143,365
Expenses from ordinary activities (excluding borrowing cost expense)					
Employees	84,313	86,784	85,609	87,834	88,689
Suppliers	46,921	51,642	50,184	50,880	50,957
Depreciation and amortisation	9,588	8,550	5,998	4,019	3,719
Net losses from sale of assets	200	-	-	-	-
Total expenses from ordinary activities (excluding borrowing cost expense)	141,022	146,976	141,791	142,733	143,365
Borrowing cost expense	-	-	-	-	-
Net surplus or deficit from ordinary activities	743	-	-	-	-
Gain or loss on extraordinary items	-	-	-	-	-
Net surplus or deficit	743	-	-	-	-
Capital use charge	-	-	-	-	-
Net surplus or deficit after capital use charge	743	-	-	-	-

(1) K1 — see Table 1.1.

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

	Estimated actual 2000-01 $'000	Budget estimate 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
ASSETS					
Financial assets					
Cash	10,507	9,431	9,416	9,657	8,598
Receivables	1,450	1,500	1,500	1,500	1,500
Total financial assets	11,957	10,931	10,916	11,157	10,098
Non-financial assets					
Land and buildings	4,921	6,746	5,639	4,673	3,707
Infrastructure, plant and equipment	8,063	8,465	10,865	12,485	15,405
Intangibles	5,260	4,283	3,992	3,319	2,646
Other	900	900	900	900	900
Total non-financial assets	19,144	20,394	21,396	21,377	22,658
Total assets	31,101	31,325	32,312	32,534	32,756
LIABILITIES					
Debt					
Other	3,917	2,925	2,312	1,880	1,448
Total debt	3,917	2,925	2,312	1,880	1,448
Provisions and payables					
Employees	26,160	27,376	28,976	29,630	30,284
Suppliers	1,400	1,400	1,400	1,400	1,400
Total provisions and payables	27,560	28,776	30,376	31,030	31,684
Total liabilities	31,477	31,701	32,688	32,910	33,132
EQUITY					
Reserves	325	325	325	325	325
Accumulated surpluses or deficits	-701	-701	-701	-701	-701
Total equity	-376	-376	-376	-376	-376
Current liabilities	15,392	15,013	15,832	15,738	15,639
Non-current liabilities	16,085	16,688	16,856	17,172	17,493
Current assets	12,857	11,831	11,816	12,057	10,998
Non-current assets	18,244	19,494	20,496	20,477	21,758

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

	Estimated actual 2000-01 $'000	Budget estimate 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	141,221	135,846	136,373	136,775
Sale of goods and services	2,770	1,500	1,500	1,500	1,500
Interest	1,900	2,005	2,155	2,210	2,290
Other	7,100	2,200	2,290	2,650	2,800
Total cash received	143,235	146,926	141,791	142,733	143,365
Cash used					
Employees	81,786	86,068	84,009	87,180	88,035
Suppliers	53,416	52,134	50,797	51,312	51,389
Interest	222	-	-	-	-
Total cash used	135,424	138,202	134,806	138,492	139,424
Net cash from operating activities	7,811	8,724	6,985	4,241	3,941
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	3,090	9,800	7,000	4,000	5,000
Total cash used	3,090	9,800	7,000	4,000	5,000
Net cash from investing activities	-3,090	-9,800	-7,000	-4,000	-5,000
FINANCING 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	1,949	-1,076	-15	241	-1,059
Cash at beginning of reporting period	8,558	10,507	9,431	9,416	9,657
Cash at end of reporting period	10,507	9,431	9,416	9,657	8,598

Table 3.4: Agency capital budget statement

	Estimated actual 2000-01 $'000	Budget estimate 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
Purchase of non-current assets					
Funded by capital appropriations	-	-	-	-	-
Funded internally by agency resources	3,090	9,800	7,000	4,000	5,000
Total	3,090	9,800	7,000	4,000	5,000

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

	Land	Buildings	Total land and buildings	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)	-	9,221	9,221	-	34,192	34,192	11,325	54,738
Additions	-	3,109	3,109	-	5,991	5,991	700	9,800
Disposals	-	-	-	-	6,000	6,000	-	6,000
As at 30 June 2002 (closing)	-	12,330	12,330	-	34,183	34,183	12,025	58,538
ACCUMULATED DEPRECIATION								
As at 1 July 2001 (opening)	-	4,300	4,300	-	25,129	25,129	6,065	35,494
Disposals	-	-	-	-	6,000	6,000	-	6,000
Charge for the reporting period	-	1,284	1,284	-	5,589	5,589	1,677	8,550
As at 30 June 2002 (closing)	-	5,584	5,584	-	24,718	24,718	7,742	38,044
Net book value As at 30 June 2002 (closing book value)	-	6,746	6,746	-	9,465	9,465	4,283	20,494
Net book value As at 1 July 2001 (opening book value)	-	4,921	4,921	-	9,063	9,063	5,260	19,244
TOTAL ADDITIONS								
Self funded	-	3,109	3,109	-	5,991	5,991	700	9,800
Total	-	3,109	3,109	-	5,991	5,991	700	9,800

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

	Estimated actual 2000-01 $'000	Budget estimate 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
REVENUES					
Non-taxation					
Sale of goods and services	347,544	352,750	358,035	362,343	362,343
Appropriations	18,025	(K2)[1]18,025	18,025	16,025	16,025
Other sources of non-taxation revenues	23,500	23,500	23,500	23,500	23,500
Total non-taxation	389,069	394,275	399,560	401,868	401,868
Total revenues administered on behalf of the Government	389,069	394,275	399,560	401,868	401,868
EXPENSES					
Net write down of assets	5,000	4,000	4,000	3,000	3,000
Other	18,025	18,025	18,025	16,025	16,025
Total expenses administered on behalf of the Government	23,025	22,025	22,025	19,025	19,025

(1) K2 — see Table 1.1

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

	Estimated actual 2000-01 $'000	Budget estimate 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
ASSETS					
Financial assets					
Cash	1,134	134	134	134	134
Receivables	62,239	65,563	67,915	66,792	66,792
Total financial assets	63,373	65,697	68,049	66,926	66,926
Total assets administered on behalf of the Government	63,373	65,697	68,049	66,926	66,926
LIABILITIES					
Provisions and payables					
Other	47,643	52,118	56,593	56,593	56,593
Total provisions and payables	47,643	52,118	56,593	56,593	56,593
Total liabilities administered on behalf of the Government	47,643	52,118	56,593	56,593	56,593
Current liabilities	47,643	52,118	56,593	56,593	56,593
Non-current liabilities	-	-	-	-	-
Current assets	63,373	65,697	68,049	66,926	66,926
Non-current assets	-	-	-	-	-

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

	Estimated actual 2000-01 $'000	Budget estimate 2001-02 $'000	Forward estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	18,025	18,025	18,025	16,025	16,025
Sale of goods and services	378,044	377,401	383,658	386,966	386,966
Total cash received	396,069	395,426	401,683	402,991	402,991
Cash used					
Cash to Official Public Account	373,044	374,401	379,658	383,966	383,966
Other	23,025	22,025	22,025	19,025	19,025
Total cash used	396,069	396,426	401,683	402,991	402,991
Net cash from operating activities	-	-1,000	-	-	-
Net increase in cash held	-	-1,000	-	-	-
Cash at beginning of reporting period	1,134	1,134	134	134	134
Cash at end of reporting period	1,134	134	134	134	134

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention.

Appendix 1

Non-appropriation agency and administered revenue

	Estimated revenue 2000-01 $'000	Estimated revenue 2001-02 $'000
Non-appropriation agency revenue		
Recoveries of costs	10,300	5,755
Total non-appropriation agency revenue	10,300	5,755
Non-appropriation administered revenue		
Banking unclaimed monies	23,500	23,500
Fees and charges collected under the Corporations Law	347,544	352,750
Total non-appropriation administered revenue	371,044	376,250

Appendix 2

Estimates of expenses from special appropriations

	Estimated expenses 2000-01 $'000	Estimated expenses 2001-02 $'000
Estimated expenses		
Banking Act 1959 - Banking unclaimed monies payments	12,000	18,025
Total estimated expenses	12,000	18,025