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 company and financial services laws to protect consumers, investors and creditors. The Commission is established under the *Australian Securities and Investments Commission Act 2001*.

The ASIC Act requires that the Commission:

- Uphold the law uniformly, effectively and quickly;
- Promote confident and informed participation by investors and consumers in the financial system;
- Make information about companies and other bodies available to the public; and
- Improve the performance of the financial system and the entities within it.

In performing its functions ASIC works closely with other financial, consumer and law enforcement bodies in Australia and internationally.

APPROPRIATIONS

The appropriation for ASIC in the 2002-03 Budget is $158.4 million for Outcome 1. From 1 July 2000 ASIC assumed responsibility for the administration of unclaimed moneys from banking and deposit taking institutions. Accordingly, ASIC will also receive $18.025 million as a special administered appropriation to cover the return of unclaimed moneys under the *Banking Act 1959.* Table 1.1 on the following page provides this detail.

Australian Securities and Investments Commission — appropriations 2002-03

Table 1.1: Appropriations and other revenue ($'000)

Outcome	Agency (price of outputs) ($'000)					Administered ($'000)				($'000)
	Revenue from government (appropriations)			Revenue from other sources[3]	Price of outputs[2]	Annual appropriations ($'000)		Special appropriations[4]	Total administered appropriations	Total appropriations
	Bill No. 1	Special approps	Total			Bill No. 1	Bill No. 2 (SPPs & NAO's)			
	(A)	(B)	(C = A+B)	(D)	(E = C+D)	(F)	(G)	(H)	(I = F+G+H)	(J=C+I)
			(C1)[1]		(E1)[1]				(I1)[1]	
Outcome 1 — A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	158,390	-	158,390	7,325	165,715	-	-	18,025	18,025	176,415
			96%	4%	100%					
Total	158,390	-	(K1)[1] 158,390	7,325	165,715	-	-	18,025	(K2)[1] 18,025	176,415
								Agency capital (equity injections and loans)		-
								Administered capital		-
								Total appropriations		176,415

1. References C1, E1 and I1 refer to information provided in Table 2.1. References K1 and K2 refer to information provided in Table 3.1 and Table 3.7 respectively.
2. Refer to Budgeted Statement of Financial Performance in Table 3.1 for application of agency revenue.
3. 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). Non-appropriated agency revenues are detailed in Appendix 1.
4. Estimated expenses from individual special appropriations are shown in Appendix 2.

Note: Percentage figures indicate the percentage contribution of revenue from government (agency appropriations) to the total price of outputs, by outcome.

MEASURES — AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION SUMMARY

Table 1.2: Summary of measures disclosed in the 2002-03 Budget

Measure	Outcome	Output Group affected	Appropriations budget 2002-03 ($'000)			Appropriations forward estimate 2003-04 ($'000)			Appropriations forward estimate 2004-05 ($'000)			Appropriations forward estimate 2005-06 ($'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 Output Pricing Review	1	1.1	-	19,400	19,400	-	25,800	25,800	-	22,300	22,300	-	23,300	23,300

Note: Out year appropriations for enforcement of the Financial Services Reform Act have been provisionally included in the forward estimates subject to a review in light of experience in enforcing the Act.

EQUITY INJECTIONS AND LOANS

ASIC does not have an appropriation for an equity injection or loan or in the 2002-03 Budget.

Section 2: Outcomes and outputs information

OUTCOMES AND OUTPUT GROUPS

The map below 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.

Map 2: 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

Total price of outputs: $165.7 million
Agency outcomes appropriation: $158.4 million
Administered appropriation: $18.0 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 to the outcome 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.

Measures affecting Outcome 1

Australian Securities and Investments Commission Output Pricing Review

The Government has conducted an output pricing review of the Australian Securities and Investments Commission (ASIC) in 2001-02. In light of the review, ASIC will be provided with additional funding to implement and administer the legislative changes introduced by the *Financial Services Reform Act 2001* (the Act), and to maintain its enforcement capability.

Additional funding for enforcement will assist ASIC's handling of an increasing case-load, including a number of high-profile cases, and improve its ability to preserve and recover assets for the benefit of investors.

The financial services reforms, which commenced on 11 March 2002, will improve the regulation of financial products, service providers and markets by introducing a single, harmonised licensing and product disclosure framework. Funding allocated in the out years for enforcement is subject to review in the light of experience in enforcing the Act.

OUTCOME 1 — RESOURCING

Table 2.1 shows how the 2002-03 appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

Table 2.1: Total resources for Outcome 1 ($'000)

	Estimated actual 2001-02 $'000	Budget estimate 2002-03 $'000
Administered appropriations		
Special appropriations	18,025	18,025
Total administered expenses	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 the laws administered by ASIC	8,243	8,305
Output 1.1.2 - Comprehensive and accurate information on companies and corporate activity	39,062	39,355
Output 1.1.3 - Compliance, monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity	40,373	45,232
Output 1.1.4 - Enforcement activity to give effect to the laws administered by ASIC	61,143	65,498
Total price of outputs	148,821	158,390
Total revenue from government (appropriations)	148,821	(C)[1] 158,390
Contributing to price of departmental outputs	96%	96%
Revenue from other sources		
Sales of goods and services	1,500	1,925
Interest	2,400	2,500
Other	3,061	2,900
Total revenue from other sources	6,961	7,325
Total price from agency outputs		
(Total revenue from government and from other sources)	155,782	(E)[1] 165,715
Total estimated resourcing for Outcome 1		
Total price of outputs and administered appropriations	173,807	183,740

	2001-02	2002-03
Average staffing level (number)	1,334	1,452

(1) C1, E1 and I1 show the links back to Table 1.1.

OUTCOME 1 — CONTRIBUTION OF OUTPUTS

ASIC has developed a framework to ensure that delivery of specified outputs meets or exceeds anticipated requirements. These outputs reflect the programs and activities ASIC undertakes as a regulatory authority to meet the objective of Outcome 1.

Through ASIC, the government seeks to ensure that consumers and investors receive honest and competent financial advice that is untainted by conflicts of interest, and that information about corporations is current and accurate. ASIC also has an enforcement and regulatory role designed to tackle misconduct in order to promote a confident and informed market.

PERFORMANCE INFORMATION FOR OUTCOME 1

Table 2.2: Performance information for Outcome 1

Performance information for agency outputs	
Output Group 1.1 - Australian Securities and Investment Commission	
Output 1.1.1 - Policy and guidance about the laws administered by ASIC	In financial year 2002-03, ASIC will measure: The effectiveness of new policies to assist companies adjust to the financial services reform legislation; and The extent to which consumers, investors and other stakeholders are consulted during policy formulation.
Output 1.1.2 - Comprehensive and accurate information on companies and corporate activity	Annual returns lodged electronically; Searches conducted on-line; Company information lodged on time; and Increased number of Infoline calls resolved during first call.
Output 1.1.3 - Compliance monitoring and licensing of FSR 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. Specific indicators are developed for each campaign. FSR Licensing and surveillance - Successful transition of the industry within 2 years; - Stakeholders' satisfaction with discretionary decision making as measured by survey;

Table 2.2: Performance information for Outcome 1 (continued)

Performance information for agency outputs (continued)	
	- Level and quality of guidance to industry as measured by a reduction in the number of requests for guidance over 4 years; - 70 per cent of targeted surveillances result in corrective action; - Surveillance of 40 per cent of licensed population over 4 years; and - 70 per cent of licence applications and variations reviewed within 15 business days measured over a period of 4 years.
Output 1.1.4 - Enforcement activity to give effect to the laws administered by ASIC	- Investigations cover a range of breaches across the full spectrum of ASIC's responsibilities; - Enhanced public confidence in, and awareness of, ASIC enforcement as measured by survey and the extent of media coverage; - Increase number of investigations completed within 12 months; - Handle 70 per cent of complaints within one month of receipt; and - Increased electronic enforcement actions.

EVALUATIONS

ASIC's outputs have been subject to a pricing review jointly conducted with the Department of Finance and Administration in financial year 2001-02. This review was finalised in February 2002.

ASIC regularly seeks feedback from consumers, investors and other stakeholders on the effectiveness of policy advice and administration of the law.

The results of ASIC's performance are presented in its Annual Report.

The Government's financial sector reforms are due to be reviewed by the Financial Sector Advisory Council in financial year 2003-04.

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 are accounted for net of recoverable GST, revenues are 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 FINANCIAL 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 ASIC's non-financial assets over the Budget year.

NOTES OF ADMINISTERED ACTIVITY

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 2001-02 $'000	Budget estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000	Forward estimate 2005-06 $'000
Revenues from ordinary activities					
Revenue from government	148,821	(K1)[1] 158,390	162,962	159,904	160,847
Sales of goods and services	1,500	1,925	2,061	2,105	2,385
Interest	2,400	2,500	2,210	2,290	2,300
Other	3,061	2,900	3,000	3,100	3,200
Total revenues from ordinary activities	155,782	165,715	170,233	167,399	168,732
Expenses from ordinary activities					
Employees	86,169	98,566	104,012	102,641	103,602
Suppliers	61,964	62,501	62,555	62,119	61,630
Depreciation and amortisation	8,739	4,648	3,666	2,639	3,500
Value of assets sold	2,000	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	158,872	165,715	170,233	167,399	168,732
Borrowing costs expense	-	-	-	-	-
Net surplus or deficit from ordinary activities	(3,090)	-	-	-	-
Gain or loss on extraordinary items	-	-	-	-	-
Net surplus or deficit	(3,090)	-	-	-	-
Capital use charge	-	-	-	-	-
Net surplus or deficit after capital use charge	(3,090)	-	-	-	-

(1) K1 — shows the link back to Table 1.1.

Table 3.2: Budgeted Agency Statement of Financial Position
as at 30 June

	Estimated actual 2001-02 $'000	Budget estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000	Forward estimate 2005-06 $'000
ASSETS					
Financial assets					
Cash	11,915	11,842	12,616	10,819	10,019
Receivables	5,469	4,244	2,305	2,210	2,095
Total financial assets	17,384	16,086	14,921	13,029	12,114
Non-financial assets					
Land and buildings	9,661	8,554	9,088	9,622	10,322
Infrastructure, plant and equipment	2,196	5,196	5,796	6,796	7,296
Inventories	-	-	-	-	-
Intangibles	4,365	4,124	3,824	4,151	3,951
Other	916	916	916	916	916
Total non-financial assets	17,138	18,790	19,624	21,485	22,485
Total assets	34,522	34,876	34,545	34,514	34,599
LIABILITIES					
Debt					
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Overdrafts	-	-	-	-	-
Other	3,546	2,800	2,115	1,430	715
Total debt	3,546	2,800	2,115	1,430	715
Provisions and payables					
Employees	27,549	29,149	29,803	30,457	31,457
Suppliers	2,013	1,513	1,213	1,213	1,013
Grants	-	-	-	-	-
Other	-	-	-	-	-
Total provisions and payables	29,562	30,662	31,016	31,670	32,470
Total liabilities	33,108	33,462	33,131	33,100	33,185
EQUITY					
Capital	-	-	-	-	-
Reserves	5,079	5,079	5,079	5,079	5,079
Accumulated surpluses or deficits	(3,665)	(3,665)	(3,665)	(3,665)	(3,665)
Total equity	1,414	1,414	1,414	1,414	1,414
Current liabilities	16,949	17,079	16,941	17,104	17,235
Non-current liabilities	16,159	16,383	16,190	15,996	15,950
Current assets	18,300	17,002	15,837	13,945	13,030
Non-current assets	16,222	17,874	18,708	20,569	21,569

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

	Estimated actual 2001-02 $'000	Budget estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000	Forward estimate 2005-06 $'000
OPERATING ACTIVITIES					
Cash received					
Appropriations for outputs	148,821	158,390	162,962	159,904	160,847
Sales of goods and services	1,500	1,925	2,061	2,105	2,385
Interest	2,400	2,500	2,210	2,290	2,300
GST Recovered	3,961	3,961	3,961	3,961	3,961
Other	3,061	2,900	3,000	3,100	3,200
Total cash received	159,743	169,676	174,194	171,360	172,693
Cash used					
Employees	86,220	96,299	101,404	103,292	103,348
Suppliers	63,744	63,189	63,555	61,404	61,684
GST paid	3,961	3,961	3,961	3,961	3,961
Total cash used	153,925	163,449	168,920	168,657	168,993
Net cash from operating activities	5,818	6,227	5,274	2,703	3,700
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	400	-	-	-	-
Total cash received	400	-	-	-	-
FINANCING ACTIVITIES					
Cash used					
Purchases of property, plant and equipment	6,580	6,300	4,500	4,500	4,500
Total cash used	6,580	6,300	4,500	4,500	4,500
Net cash from investing activities	(6,180)	(6,300)	(4,500)	(4,500)	(4,500)
Net increase (decrease) in cash held	(362)	(73)	774	(1,797)	(800)
Cash at the beginning of the reporting period	12,277	11,915	11,842	12,616	10,819
Cash at the end of the reporting period	11,915	11,842	12,616	10,819	10,019

Table 3.4: Agency Capital Budget Statement

	Estimated actual 2001-02 $'000	Budget estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000	Forward estimate 2005-06 $'000
PURCHASE OF NON CURRENT ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by agency resources	6,580	6,300	4,500	4,500	4,500
Total	6,580	6,300	4,500	4,500	4,500

Table 3.5: Agency Non-financial Assets — Summary of Movement (Budget year 2002-03)

	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
Carrying amount at the start of year	-	9,661	9,661	-	2,196	2,196	4,365	16,222
Additions	-	-	-	-	5,000	5,000	1,300	6,300
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(1,107)	(1,107)	-	(2,000)	(2,000)	(1,541)	(4,648)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	8,554	8,554	-	5,196	5,196	4,124	17,874
Total additions								
Self funded	-	-	-	-	5,000	5,000	1,300	6,300
Appropriations	-	-	-	-	-	-	-	-
Total	-	-	-	-	5,000	5,000	1,300	6,300

Table 3.7: Note of Budgeted Financial Performance Administered on behalf of Government *for the period ended 30 June*

	Estimated actual 2001-02 $'000	Budget estimates 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000	Forward estimate 2005-06 $'000
REVENUES					
Taxation					
Income tax	-	-	-	-	-
Indirect tax	-	-	-	-	-
Other taxes, fees and fines	-	-	-	-	-
Total taxation	-	-	-	-	-
Non-taxation					
Interest					
Appropriations	18,025	(K2)(1) 18,025	16,025	16,025	16,025
Dividends	-	-	-	-	-
Proceeds from sales of assets	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Other sources of non-taxation revenues	390,500	401,639	409,460	429,563	435,150
Total non-taxation	408,525	419,664	425,485	445,588	451,175
Total revenues administered on behalf of government	408,525	419,664	425,485	445,588	451,175
EXPENSES	-	-	-	-	-
Grants	-	-	-	-	-
Subsidies	-	-	-	-	-
Personal benefits	-	-	-	-	-
Suppliers	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Value of assets sold	-	-	-	-	-
Net foreign exchange issues	-	-	-	-	-
Interest	-	-	-	-	-
Other	22,025	22,025	19,025	19,025	19,025
Total expenses administered on behalf of government	22,025	22,025	19,025	19,025	19,025

(1) K2 — shows the link back to Table 1.1.

Table 3.8: Note of Budgeted Financial Position Administered on behalf of Government *as at 30 June*

	Estimated actual 2001-02 $'000	Budget estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000	Forward estimate 2005-06 $'000
ASSETS					
Financial assets					
Cash	3,572	3,572	3,572	3,572	3,572
Receivables	90,605	90,664	91,504	91,667	91,667
Investments	-	-	-	-	-
Accrued revenues	-	-	-	-	-
Other	-	-	-	-	-
Total financial assets	94,177	94,236	95,076	95,239	95,239
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	-	-	-	-	-
Other	-	-	-	-	-
Total non-financial assets	-	-	-	-	-
Total assets administered on behalf of government	94,177	94,236	95,076	95,239	95,239
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Overdrafts	-	-	-	-	-
Other	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions and payables					
Employees	-	-	-	-	-
Suppliers	61,305	61,325	62,105	62,105	61,805
Grants	-	-	-	-	-
Other	-	-	-	-	-
Total provisions and payables	61,305	61,325	62,105	62,105	61,805
Total liabilities administered on behalf of government	61,305	61,325	62,105	62,105	61,805
Current liabilities	61,305	61,325	62,105	62,105	61,805
Non-current liabilities	-	-	-	-	-
Current assets	94,177	94,236	95,076	95,239	95,239
Non-current assets	-	-	-	-	-

Table 3.9: Note of Budgeted Administered Cash Flows
for the period ended 30 June

	Estimated actual 2001-02 $'000	Budget estimate 2002-03 $'000	Forward estimate 2003-04 $'000	Forward estimate 2004-05 $'000	Forward estimate 2005-06 $'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	18,025	18,025	16,025	16,025	16,025
Cash from Official Public Account	-	-	-	-	-
Other	387,984	397,600	406,400	426,400	431,850
Total cash received	406,009	415,625	422,425	442,425	447,875
Cash used					
Repayments of debt	-	-	-	-	-
Cash to Official Public Account	389,200	397,600	406,400	426,400	431,850
Other	18,025	18,025	16,025	16,025	16,025
Total cash used	407,225	415,625	422,425	442,425	447,875
Net cash from operating activities	-	-	-	-	-
Net increase (decrease) in cash held	(1,216)	-	-	-	-
Cash at beginning of reporting period	4,788	3,572	3,572	3,572	3,572
Administered cash at end of reporting period	3,572	3,572	3,572	3,572	3,572

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

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

APPENDIX 1: RECEIPTS FROM INDEPENDENT SOURCES

Receipts from independent sources

	Estimated revenue 2001-02 $'000	Estimated revenue 2002-03 $'000
AGENCY REVENUE		
Non-appropriation agency revenue		
Interest	2,400	2,500
Sales of goods and services	1,500	1,925
Court cost recoveries	341	500
Sub leases	848	-
Other	1,872	2,400
Total non-appropriation agency revenue	6,961	7,325

APPENDIX 2: ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

Estimates of expenses from special appropriations

	Estimated expenses 2001-02 $'000	Estimated expenses 2002-03 $'000
ESTIMATED EXPENSES		
Special appropriations		
Banking Act 1959 — Payments of Banking unclaimed moneys	18,025	18,025
Total estimated expenses	18,025	18,025