AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Overview, variations and measures

OVERVIEW

There has been no change to the overview included in the *2003-04 Portfolio Budget Statements* (page 143).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of $17.642 million for the Australian Securities and Investments Commission (ASIC).

Measures

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

	2003-04 $'000	2004-05 $'000	2005-06 $'000	2006-07 $'000
Outcome 1				
Budget estimates - enhanced quality and timeliness	116	121	126	131
Budget estimates - enhanced quality and timeliness *(Related capital)*	2	-	-	-

Budget estimates — enhanced quality and timeliness

The Government will provide additional funding to agencies of $88.5 million over five years (including $0.1 million in 2007-08) to implement the Budget Estimates and Framework Review (BEFR) recommendations. This funding includes capital of $7.4 million over four years.

In the 2003-04 Budget the Government made provision for $78 million over five years to improve the accuracy, responsiveness and effectiveness of agencies' contribution to the Commonwealth's budget estimates and framework system and to assist agencies to drive improved financial management and reporting within their organisations. The Government has provided an extra $10.5 million over five years to fund agencies to implement the BEFR recommendations.

Other variations to appropriations

The following variations contributed to a change in agency departmental outputs of $17.526 million for ASIC. Explanations for these variations are detailed below.

HIH Taskforce

ASIC is seeking to reclassify funding appropriated in the 2003-04 Budget of $17.5 million ($28.2 million over two years) from administered to departmental. There has been no increase in the total amount of funding provided by the Government for this purpose.

Increase in the price of outputs

ASIC is seeking additional price of outputs funding of $0.026 million following the Government decision to supplement ASIC for increases in Comcover premium rates for 2003-04.

MEASURES — AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION SUMMARY

Table 1.1: Summary of measures since the 2003-04 Budget

Measure	Outcome	Output Groups affected	2003-04 appropriations budget $'000			2004-05 appropriations forward estimate $'000			2005-06 appropriations forward estimate $'000			2006-07 appropriations forward estimate $'000		
			Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total
Budget estimates - enhanced quality and timeliness	1	1.1	-	116	116	-	121	121	-	126	126	-	131	131
Budget estimates - enhanced quality and timeliness *(Related capital)*	1	1.1	-	2	2	-	-	-	-	-	-	-	-	-

Map 2: Outcomes and output groups for the agency

Australian Securities and Investments Commission

Acting Chairman: Mr Jeffrey Lucy

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: $199.8 million
Agency outcomes appropriation: $192.8 million
Administered appropriation: $23.0 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

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2003-04

	2002-03 available $'000	2003-04 budget $'000	2003-04 revised $'000	Additional estimates $'000	Reduced estimates $'000
ADMINISTERED ITEMS					
Outcome 1					
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	21,000	39,525	23,000	-	16,525
Total	21,000	39,525	23,000	-	16,525
AGENCY OUTPUTS					
Outcome 1					
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	159,981	175,142	192,784	17,642	-
Total	159,981	175,142	192,784	17,642	-
Total administered and agency	180,981	214,667	215,784	17,642	16,525

Table 1.3: Appropriation Bill (No. 4) 2003-04

	2002-03 available $'000	2003-04 budget $'000	2003-04 revised $'000	Additional estimates $'000	Reduced estimates $'000
Non-Operating					
Equity injection	-	-	2	2	-
Total capital	-	-	2	2	-
Total	-	-	2	2	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2003-04 budget	2003-04 revised	variation
Outcome 1			
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	1,460	1,530	70
Total	1,460	1,530	70

SUMMARY OF AGENCY SAVINGS

S	Savings from annual appropriations	$17.5 million
T	Transfer appropriation monies across outcomes	-
C	Carryover of funds to future years	-
A	Savings from capital appropriations	-
Total agency savings		$17.5 million

AGENCY AND ADMINISTERED REVENUES

Table 1.6: Agency and administered revenues

	2003-04 budget estimate $'000	2003-04 revised estimate $'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
Goods and services	2,850	2,850
Interest	150	800
Other	2,100	3,400
Total non-appropriation agency revenues	5,100	7,050
Appropriation revenue	175,142	192,784
Total estimated agency revenues	180,242	199,834
ESTIMATED ADMINISTERED REVENUES		
Non-appropriation administered revenues		
Other	471,540	471,540
Total non-appropriation administered revenues	471,540	471,540
Appropriation revenue	39,525	23,000
Total estimated administered revenues	511,065	494,540
Total estimated agency and administered revenues	691,307	694,374

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The Australian Securities and Investments Commission (ASIC) has not made any changes to its outcome or outputs since the *2003-04 Portfolio Budget Statements*.

Output cost attribution

Each programme of activity (cost centre) in ASIC is linked to one of the four outputs. Accordingly, expenses against these programmes accrue against the outputs as they occur.

Where an expense relates to more than one output, it is allocated using a predetermined formula. For example, property lease overheads are allocated using staff numbers attributed to each programme.

Table 2.1: Total resources for Outcome 1

	2003-04 budget estimate $'000	2003-04 revised estimate $'000
Administered appropriations		
Annual appropriations		
Investigation and litigation into the collapse of the HIH Group	17,500	-
Special appropriations		
Banking Act 1959 - Banking Unclaimed Moneys	16,025	18,000
Life Insurance Act 1995 - Life Unclaimed Moneys	2,000	3,000
Reimbursement of overpayment of fees paid under the *Corporations Act 2001*	4,000	2,000
Total administered appropriations	39,525	23,000
Agency appropriations		
Output Group 1.1 - Australian Securities and Investments Commission		
Output 1.1.1 - Policy and guidance about the laws administered by ASIC	9,327	9,327
Output 1.1.2 - Comprehensive and accurate information on companies and corporate activity	44,250	44,250
Output 1.1.3 - Compliance, monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity	58,328	58,328
Output 1.1.4 - Enforcement activity to give effect to the laws administered by ASIC	63,237	80,879
Total revenues from government (appropriations) contributing to price of agency outputs	175,142	192,784
Revenue from other sources		
Goods and services	2,850	2,850
Interest	150	800
Other	2,100	3,400
Total revenue from other sources	5,100	7,050
Total price from agency outputs (Total revenues from government and from other sources)	180,242	199,834
Total estimated resourcing (Total price of outputs and administered appropriations)	219,767	222,834

	2003-04	2003-04
Average staffing level (number)	1,460	1,530

Revised performance information and level of achievement – 2003-04

ASIC has not made any changes to its performance information since the *2003-04 Portfolio Budget Statements.*

Section 3: Budgeted financial statements

The budgeted agency and financial statements and related notes for the Australian Securities and Investments Commission (ASIC) are presented in this section. The financial statements should be read in conjunction with the accompanying notes. The Budget estimate and three forward years comprise the following statements.

AGENCY 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 highlights whether the agency 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 during the budget year.

NOTE OF ADMINISTERED ACTIVITY

The financial results from revenue and special appropriations 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 Official 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

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.

Table 3.1: Budgeted Agency Statement of Financial Performance (for the period ended 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	162,832	192,784	182,645	173,178	172,090
Goods and services	2,782	2,850	2,900	2,950	3,000
Interest	2,094	800	150	150	150
Revenue from sales of assets	69	-	-	-	-
Other	4,718	3,400	3,440	3,470	3,510
Revenues from ordinary activities	172,495	199,834	189,135	179,748	178,750
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	96,919	111,744	108,855	105,274	105,017
Suppliers	62,557	74,446	66,001	59,803	58,528
Depreciation and amortisation	12,317	12,984	13,791	14,148	14,572
Write-down of assets	255	-	-	-	-
Expenses from ordinary activities (excluding borrowing costs expense)	172,048	199,174	188,647	179,225	178,117
Borrowing costs expense	559	660	488	523	633
Net surplus or deficit	(112)	-	-	-	-

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

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
ASSETS					
Financial assets					
Cash	11,188	7,359	7,145	6,631	6,571
Receivables	3,375	1,793	1,677	1,677	1,677
Total financial assets	14,563	9,152	8,822	8,308	8,248
Non-financial assets					
Leasehold improvements	12,133	11,853	11,539	11,170	10,870
Infrastructure, plant and equipment	12,930	13,484	13,959	13,375	14,067
Intangibles	8,200	10,829	10,282	10,444	11,194
Other	1,036	1,036	1,036	1,036	1,036
Total non-financial assets	34,299	37,202	36,816	36,025	37,167
Total assets	48,862	46,354	45,638	44,333	45,415
LIABILITIES					
Interest bearing liabilities					
Leases	11,364	9,366	10,231	12,141	14,784
Other	4,126	3,555	3,008	2,479	2,070
Total interest bearing liabilities	15,490	12,921	13,239	14,620	16,854
Provisions					
Employees	27,637	27,939	26,593	24,193	23,084
Total provisions	27,637	27,939	26,593	24,193	23,084
Payables					
Suppliers	6,767	6,526	6,838	6,552	6,509
Total payables	6,767	6,526	6,838	6,552	6,509
Total liabilities	49,894	47,386	46,670	45,365	46,447
EQUITY					
Parent equity interest					
Reserves	5,254	5,254	5,254	5,254	5,254
Accumulated deficits	(6,286)	(6,286)	(6,286)	(6,286)	(6,286)
Total parent equity interest	(1,032)	(1,032)	(1,032)	(1,032)	(1,032)
Total equity	(1,032)	(1,032)	(1,032)	(1,032)	(1,032)
Current liabilities	27,292	26,060	25,995	25,331	25,953
Non-current liabilities	22,602	21,326	20,675	20,034	20,494
Current assets	15,599	10,188	9,858	9,344	9,284
Non-current assets	33,263	36,166	35,780	34,989	36,131

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

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	159,981	192,784	182,645	173,178	172,090
Sales of goods and services	3,234	2,620	2,866	2,800	2,941
Interest	2,094	800	150	150	150
Other	4,021	3,400	3,440	3,470	3,510
GST recovered	6,953	4,553	4,491	4,501	4,411
Total cash received	176,283	204,157	193,592	184,099	183,102
Cash used					
Employees	(96,208)	(112,242)	(110,698)	(105,839)	(106,017)
Suppliers	(68,905)	(77,199)	(70,080)	(66,804)	(63,441)
Borrowing costs	(559)	(660)	(488)	(523)	(633)
Total cash used	(165,672)	(190,101)	(181,266)	(173,166)	(170,091)
Net cash from/(used by) operating activities	10,611	14,056	12,326	10,933	13,011
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	69	-	-	-	-
Total cash received	69	-	-	-	-
Cash used					
Purchase of property, plant and equipment	(11,066)	(11,665)	(5,851)	(6,336)	(7,425)
Total cash used	(11,066)	(11,665)	(5,851)	(6,336)	(7,425)
Net cash from/(used by) investing activities	(10,997)	(11,665)	(5,851)	(6,336)	(7,425)
FINANCING ACTIVITIES					
Cash used					
Repayments of finance lease principal	(4,972)	(6,220)	(6,689)	(5,111)	(5,646)
Total cash used	(4,972)	(6,220)	(6,689)	(5,111)	(5,646)
Net cash from/(used by) financing activities	(4,972)	(6,220)	(6,689)	(5,111)	(5,646)
Net increase/(decrease) in cash held	(5,358)	(3,829)	(214)	(514)	(60)
Cash at the beginning of the reporting period	16,546	11,188	7,359	7,145	6,631
Cash at the end of the reporting period	11,188	7,359	7,145	6,631	6,571

Table 3.4: Agency Capital Budget Statement

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	-	2	-	-	-
Funded internally by agency resources	18,068	15,885	13,405	13,357	15,714
Total	18,068	15,887	13,405	13,357	15,714

Table 3.5: Agency Non-financial Assets — Summary of Movement (Budget year 2003-04)

	Land	Leasehold improvements	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at the start of year	-	12,133	-	12,930	-	8,200	-	33,263
Additions	-	2,795	-	7,771	-	5,321	-	15,887
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(3,075)	-	(7,217)	-	(2,692)	-	(12,984)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	11,853	-	13,484	-	10,829	-	36,166
Total additions								
Self funded	-	2,795	-	7,769	-	5,321	-	15,885
Appropriations	-	-	-	2	-	-	-	2
Total	-	2,795	-	7,771	-	5,321	-	15,887

Table 3.6: Note of Budgeted Financial Performance Administered on behalf of the Government (for the period ended 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
REVENUES					
Non-taxation					
Appropriations	21,000	23,000	25,000	28,000	30,000
Interest	150	140	140	140	140
Other	431,162	471,400	474,250	480,545	487,139
Total non-taxation	452,312	494,540	499,390	508,685	517,279
Total revenues administered on behalf of the Government	452,312	494,540	499,390	508,685	517,279
EXPENSES					
Other	26,839	39,291	43,000	35,500	37,500
Total expenses administered on behalf of the Government	26,839	39,291	43,000	35,500	37,500

Table 3.7: Note of Budgeted Financial Position Administered on behalf of the Government (as at 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
ASSETS					
Financial assets					
Cash	5,378	3,148	3,148	3,148	3,148
Receivables	18,652	53,081	49,761	57,694	55,829
Total financial assets	24,030	56,229	52,909	60,842	58,977
Total assets administered on behalf of the Government	24,030	56,229	52,909	60,842	58,977
LIABILITIES					
Payables					
Other payables	8,170	920	920	920	920
Total payables	8,170	920	920	920	920
Total liabilities administered on behalf of the Government	8,170	920	920	920	920
Current liabilities	8,170	920	920	920	920
Non-current liabilities	-	-	-	-	-
Current assets	24,030	56,229	52,909	60,842	58,977
Non-current assets	-	-	-	-	-

Table 3.8: Note of Budgeted Administered Cash Flows (for the period ended 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
OPERATING ACTIVITIES					
Cash received					
Cash from Official Public Account	21,000	23,000	25,000	28,000	30,000
Other	431,333	413,570	459,710	465,252	481,644
Total cash received	452,333	436,570	484,710	493,252	511,644
Cash used					
Cash to Official Public Account	429,408	415,800	459,710	465,252	481,644
Other	21,000	23,000	25,000	28,000	30,000
Total cash used	450,408	438,800	484,710	493,252	511,644
Net cash from operating activities	1,925	(2,230)	-	-	-
Net increase/(decrease) in cash held	1,925	(2,230)	-	-	-
Cash at beginning of reporting period	3,453	5,378	3,148	3,148	3,148
Cash at end of reporting period	5,378	3,148	3,148	3,148	3,148

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.

Budgeted agency financial statements and notes for the administered items

Under the Commonwealth'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 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 Government according to set Government directions. Administered expenses and administered revenues include taxes, fees, fines and expenses that have been earmarked for a specific purpose by Government.

Appropriations in the accrual budgeting framework

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

- departmental price of outputs appropriations representing the Government's purchase of outputs from agencies;
- departmental capital appropriations for investments by the 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.

Asset valuation

From 1 July 2002, Commonwealth agencies and authorities are required to use either the cost basis or the fair value basis to value infrastructure, plant and equipment and leasehold improvements on a three yearly revaluation cycle. ASIC intends to adopt fair value as a basis for valuing its non-current assets.

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 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 statement of financial performance on a basis, which is representative of the pattern of benefits derived from the lease assets.

Depreciation and amortisation

Depreciable, plant and equipment and leased information technology assets are written off to their estimated residual values over their estimated useful lives using in all cases the straight line method of depreciation. Leasehold improvements are amortised on a straight line basis over the lesser of the estimated life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) are reviewed at each balance date and necessary adjustments are recognised.