AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Overview, appropriations and budget measures summary

AGENCY 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 AND RESOURCING

The total appropriation for ASIC in the 2003-04 Budget is $214.7 million. Table 1.1 details the total appropriation for ASIC by outcome. It includes details of agency revenue received from other sources and special appropriations provided by the Government.

Table 1.2 details funding provided for new budget measures in 2003-04.

Australian Securities and Investments Commission — appropriations 2003-04

Table 1.1: Appropriations and other revenue

Outcome	Agency (price of outputs) $'000					Administered $'000				$'000
	Revenues from government (appropriations)			Revenue from other sources[3]	Price of outputs[2]	Annual appropriations		Special appropriations[4]	Total administered appropriations	Total appropriations
	Bill No. 1 (A)	Special approps (B)	Total (C = A+B) (C1)[1]	(D)	(E = C+D) (E1)[1]	Bill No. 1 (F)	Bill No. 2 (SPPs) (G)	(H)	(I = F+G+H) (I1)[1]	(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	175,142	-	175,142	5,100	180,242	17,500	-	22,025	39,525	214,667
			97%	3%	100%					
Total	175,142		(K1)[1]175,142	5,100	180,242	17,500	-	22,025	(K2)[1]39,525	214,667
								Agency capital (equity injections and loans)		-
								Administered capital		-
								Total appropriations		214,667

(1) C1, E1 and I1 refer to information provided in Table 2.1, Total resources for Outcome 1. K1 and K2 refer to information provided in Table 3.1, Budgeted Agency Statement of Financial Performance and Table 3.6, Note of Budgeted Financial Performance Administered on behalf of the Government, respectively.
(2) Refer to Table 3.1, Budgeted Agency Statement of Financial Performance for application of agency revenue.
(3) Revenue from other sources includes other revenues from government (for example, resources free of charge) and revenue from other sources (for example, goods and services). Non-appropriated agency revenues are detailed in Table 1.3.
(4) Estimated expenses from special appropriations are shown in Table 1.4.
Note: Percentage figures indicate the percentage contribution of revenues 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 2003-04 Budget

Measure	Outcome	Output Groups affected	Appropriations budget 2003-04 $'000			Appropriations forward estimate 2004-05 $'000			Appropriations forward estimate 2005-06 $'000			Appropriations forward estimate 2006-07 $'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 - corporate disclocure initiatives	1	1.1	-	3,000	3,000	-	3,038	3,038	-	3,108	3,108	-	3,180	3,180
Australian Securities and Investments Commission - corporate insolvency initiative	1	1.1	-	3,000	3,000	-	3,038	3,038	-	3,108	3,108	-	3,180	3,180
Australian Securities and Investments Commission - funding for the HIH investigations taskforce	1	1.1	17,500	-	17,500	10,700	-	10,700	-	-	-	-	-	-
Superannuation Complaints Tribunal - additional funding	1	1.1	-	2,135	2,135	-	1,315	1,315	-	1,411	1,411	-	1,511	1,511

AGENCY REVENUES

Table 1.3: Agency revenues

	Estimated revenue 2002-03 $'000	Estimated revenue 2003-04 $'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
Goods and services	2,958	2,850
Interest	2,200	150
Proceeds from sales of assets	104	-
Other	3,959	2,100
Total estimated agency revenues	9,221	5,100

Goods and services

The Productivity Commission's cost recovery guidelines apply to the sale of imaging/printing services, which is estimated to be $0.9 million in 2003-04.

ASIC's pricing of these services has been reviewed by the Productivity Commission and has been found to be consistent with its guidelines.

SPECIAL ADMINISTERED APPROPRIATIONS

Table 1.4: Estimates of expenses from special administered appropriations

	Estimated expense 2002-03 $'000	Estimated expense 2003-04 $'000
ESTIMATED AGENCY EXPENSES		
Special appropriations		
Estimated payments of banking unclaimed monies paid under the *Banking Act 1959*	18,025	16,025
Estimated payments of life insurance unclaimed monies paid under the *Life Insurance Act 1995*	6,000	2,000
Estimated refunds of overpayments for fees paid under the *Corporations Act 2001*	4,000	4,000
Total estimated agency expenses	28,025	22,025

Note: For further details on each special appropriation refer to the following text.

Banking Act 1959: Approved Deposit Taking Institutions, being Banks, Building Societies and Credit Unions, are required to remit to the Government, the balance in bank accounts that have remained dormant for seven years. This special appropriation covers repayments estimated to be made to claimants from the Banking Unclaimed

Monies Account where the validity of the claim has been established by the relevant institution. Estimated payments for 2003-04 are expected to be lower than 2002-03 due to the successful campaign launched by ASIC during 2002-03 directed at potential claimants.

Life Insurance Act 1995: Life Insurance Companies and Friendly Societies are required to remit to the Government amounts payable on matured life insurance policies that have remained unclaimed for seven years. This special appropriation covers estimated payments made to claimants from the Life Unclaimed Monies Account where the validity of the claim has been established by the relevant Life Insurance Companies. Estimated payments for 2003-04 are expected to be lower than 2002-03 due to the successful campaign launched by ASIC during 2002-03 directed at potential claimants.

Refund of overpayment of fees paid under the *Corporations Act 2001*: All fees and charges collected in accordance with the Corporations Act are banked into consolidated revenue in accordance with Section 81 of the Constitution. The amount of $4 million represents the estimated refund of overpaid fees and charges, which requires separate appropriation in accordance with Section 83 of the Constitution.

EQUITY INJECTIONS AND LOANS

ASIC does not have an appropriation for an equity injection or loan in the 2003-04 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).

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: $180.2 million
Agency outcomes appropriation: $175.1 million
Administered appropriation: $39.5 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

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.

CHANGES TO OUTCOMES AND OUTPUTS

There are no proposed changes to the outcome or outputs.

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 — corporate disclosure initiatives

The Government will provide the Australian Securities and Investments Commission (ASIC) with funding of $12.3 million over four years for its role in the implementation of Part 9 of the Corporate Law Economic Reform Programme (CLERP 9). Ongoing funding is subject to a review in 2003-04 in light of the findings of the HIH Royal Commission.

Under the CLERP 9 reforms, ASIC will be provided with additional powers to deal with inadequate disclosure. This funding will enable ASIC to conduct surveillance, investigate and take enforcement action in relation to alleged contraventions of these provisions.

Australian Securities and Investments Commission — corporate insolvency initiative

The Government will provide the Australian Securities and Investments Commission (ASIC) with funding of $12.3 million over four years for a programme directed at targeted surveillance of misconduct by company officers in small/medium enterprises (SMEs) and identified high-risk industry sectors. ASIC will increase enforcement work and ASIC-initiated winding up action of SMEs to prevent abuse of the corporate form.

On-going funding will be reviewed in 2003-04 in light of the findings of the Cole Royal Commission.

Australian Securities and Investments Commission — funding for the HIH investigations taskforce

The Government will provide additional funding of $28.2 million over two years to the Australian Securities and Investments Commission (ASIC) to establish a dedicated taskforce to undertake investigations and civil litigation on possible breaches of the *Corporations Act 2001* as identified by the HIH Royal Commission.

Funding for the Taskforce will be subject to review by the end of 2003 in light of ASIC caseloads experience during the initial period.

Funding has also been earmarked for possible criminal prosecutions arising from the investigations and/or identified by the HIH Royal Commission.

Superannuation Complaints Tribunal — additional funding

The Government will provide additional funding of $6.3 million over four years to increase the base funding for the Superannuation Complaints Tribunal (SCT) to enable it to meet increasing demands on its services. This would also enable the SCT not to resort to supplementary funding to meet its needs as has been the case to date. The funding will allow the SCT to continue to service current and increasing complaints lodgements, retain technical skills and avoid delays in bringing cases to a conclusion.

See also the related revenue measure titled *Superannuation Complaints Tribunal – additional funding* in the Treasury portfolio.

OUTCOME 1 — RESOURCING

Table 2.1 shows how the 2003-04 appropriations translate to total resourcing for Outcome 1, including administered expenses, revenues from government (appropriations), revenue from other sources, and the total price of outputs.

Table 2.1: Total resources for Outcome 1

	Estimated actual 2002-03 $'000		Budget estimate 2003-04 $'000
Administered appropriations			
Annual appropriations			
Investigation and litigation into the collapse of the HIH Group	-		17,500
Special appropriations			
Banking Act 1959 - Banking Unclaimed Monies	18,025		16,025
Life Insurance Act 1995 - Life Unclaimed Monies	6,000		2,000
Reimbursement of overpayment of fees paid under the *Corporations Act 2001*	4,000		4,000
Total administered appropriations	28,025	(I1)(1)	39,525
Agency appropriations			
Output Group 1.1 - Australian Securities and Investments Commission			
Output 1.1.1 - Policy and guidance about the laws administered by ASIC	9,215		9,327
Output 1.1.2 - Comprehensive and accurate information on companies and corporate activity	43,722		44,250
Output 1.1.3 - Compliance, monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity	45,258		58,328
Output 1.1.4 - Enforcement activity to give effect to the laws administered by ASIC	65,431		63,237
Total revenues from government (appropriations)	163,626	(C1)(1)	175,142
Contributing to price of agency outputs	95%		97%
Revenue from other sources			
Goods and services	2,958		2,850
Interest	2,200		150
Proceeds from sales of assets	104		-
Other	3,959		2,100
Total revenue from other sources	9,221		5,100
Total price from agency outputs (Total revenues from government and from other sources)	172,847	(E1)(1)	180,242
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	200,872		219,767

	2002-03	2003-04
Average staffing level (number)	1,362	1,460

(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 programmes 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 2003-04, 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	Successful transition to CLERP 7 requirements for ongoing and regular review by companies to verify the accuracy of their respective company record. Development and implementation of a variety of compliance programs to ensure that companies meet their responsibilities to lodge prescibed information under the CLERP 7 legislation. Increased public access to company information via a variety of accessible and useful channels.
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. Specific indicators are developed for each campaign. FSR Licensing and surveillance - Successful transition of the industry by March 2004; - 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)		
Output 1.1.3 -	Compliance monitoring and licensing of FSR participants in the financial system to protect consumer interests and ensure market integrity (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. Increased number of complex investigations completed within 12 months. Handle 70 per cent of complaints within one month of receipt.

EVALUATIONS

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 the 2003-04 financial year.

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.

NOTES 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

	Estimated actual 2002-03 $'000		Budget estimate 2003-04 $'000	Forward estimate 2004-05 $'000	Forward estimate 2005-06 $'000	Forward estimate 2006-07 $'000
REVENUES						
Revenues from ordinary activities						
Revenues from government	163,626	(K1)[1]	175,142	172,587	174,437	173,790
Goods and services	2,958		2,850	2,900	2,950	3,000
Interest	2,200		150	150	150	150
Proceeds from sales of assets	104		-	-	-	-
Other	3,959		2,100	2,240	2,370	2,510
Total revenues from ordinary activities	172,847		180,242	177,877	179,907	179,450
EXPENSES						
Expenses from ordinary activities (excluding borrowing costs expense)						
Employees	99,359		107,164	104,568	106,088	106,117
Suppliers	64,147		59,435	59,031	59,149	58,129
Depreciation and amortisation	12,608		12,983	13,790	14,147	14,571
Write-down of assets	101		-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	176,215		179,582	177,389	179,384	178,817
Borrowing costs expense	774		660	488	523	633
Net surplus or deficit	(4,142)		-	-	-	-

(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 2002-03 $'000	Budget estimate 2003-04 $'000	Forward estimate 2004-05 $'000	Forward estimate 2005-06 $'000	Forward estimate 2006-07 $'000
ASSETS					
Financial assets					
Cash	6,357	5,429	3,064	3,349	3,288
Receivables	1,768	1,686	1,720	1,570	1,570
Total financial assets	8,125	7,115	4,784	4,919	4,858
Non-financial assets					
Leasehold improvements	14,458	14,178	13,864	13,495	13,195
Infrastructure, plant and equipment	11,231	9,884	11,460	12,577	14,770
Intangibles	8,345	7,974	7,577	8,739	9,489
Other	1,593	1,593	1,593	1,593	1,593
Total non-financial assets	35,627	33,629	34,494	36,404	39,047
Total assets	43,752	40,744	39,278	41,323	43,905
LIABILITIES					
Debt					
Other	14,529	11,960	12,278	13,659	15,893
Total debt	14,529	11,960	12,278	13,659	15,893
Provisions					
Employees	28,426	28,728	27,382	28,432	29,032
Total provisions	28,426	28,728	27,382	28,432	29,032
Payables					
Suppliers	5,859	5,118	4,680	4,294	4,042
Total payables	5,859	5,118	4,680	4,294	4,042
Total liabilities	48,814	45,806	44,340	46,385	48,967
EQUITY					
Parent entity interest					
Reserves	5,254	5,254	5,254	5,254	5,254
Retained surpluses or Accumulated deficits	(10,316)	(10,316)	(10,316)	(10,316)	(10,316)
Total parent equity interest	(5,062)	(5,062)	(5,062)	(5,062)	(5,062)
Total equity	(5,062)	(5,062)	(5,062)	(5,062)	(5,062)
Total assets and liabilities by maturity					
Current assets	9,718	8,708	6,377	6,512	6,451
Non-current assets	34,034	32,036	32,901	34,811	37,454
Current liabilities	26,556	24,824	24,009	24,970	26,238
Non-current liabilities	22,258	20,982	20,331	21,415	22,729

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

	Estimated actual 2002-03 $'000	Budget estimate 2003-04 $'000	Forward estimate 2004-05 $'000	Forward estimate 2005-06 $'000	Forward estimate 2006-07 $'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	160,775	175,142	172,587	174,437	173,790
Goods and services	3,062	2,932	2,866	2,800	2,941
Interest	2,200	150	150	150	150
Other	3,959	2,100	2,240	2,370	2,510
Total cash received	169,996	180,324	177,843	179,757	179,391
Cash used					
Employees	98,359	107,162	105,915	105,238	106,758
Suppliers	64,294	60,447	60,015	59,564	57,490
Borrowing costs	774	660	488	523	633
Total cash used	163,427	168,269	166,418	165,325	164,881
Net cash from operating activities	6,569	12,055	11,425	14,432	14,510
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	104	-	-	-	-
Total cash received	104	-	-	-	-
Cash used					
Purchases of property, plant and equipment	11,327	6,763	7,101	9,036	8,925
Total cash used	11,327	6,763	7,101	9,036	8,925
Net cash from investing activities	(11,223)	(6,763)	(7,101)	(9,036)	(8,925)
FINANCING ACTIVITIES					
Cash used					
Repayments of finance lease principal	5,535	6,220	6,689	5,111	5,646
Total cash used	5,535	6,220	6,689	5,111	5,646
Net cash from financing activities	(5,535)	(6,220)	(6,689)	(5,111)	(5,646)
Net increase/(decrease) in cash held	(10,189)	(928)	(2,365)	285	(61)
Cash at the beginning of the reporting period	16,546	6,357	5,429	3,064	3,349
Cash at the end of the reporting period	6,357	5,429	3,064	3,349	3,288

Table 3.4: Agency Capital Budget Statement

	Estimated actual 2002-03 $'000	Budget estimate 2003-04 $'000	Forward estimate 2004-05 $'000	Forward estimate 2005-06 $'000	Forward estimate 2006-07 $'000
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	-	-	-	-	-
Funded internally by agency resources	18,976	10,985	14,655	16,057	17,214
Total	18,976	10,985	14,655	16,057	17,214

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	-	14,458	-	11,231	-	8,345	-	34,034
Additions	-	2,795	-	5,869	-	2,321	-	10,985
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(3,075)	-	(7,216)	-	(2,692)	-	(12,983)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	14,178	-	9,884	-	7,974	-	32,036
Total additions								
Self funded	-	2,795	-	5,869	-	2,321	-	10,985
Appropriations	-	-	-	-	-	-	-	-
Total	-	2,795	-	5,869	-	2,321	-	10,985

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

	Estimated actual 2002-03 $'000		Budget estimate 2003-04 $'000	Forward estimate 2004-05 $'000	Forward estimate 2005-06 $'000	Forward estimate 2006-07 $'000
REVENUES						
Non-taxation						
Appropriations	28,025	(K2)[(1)]	39,525	32,725	22,025	22,025
Interest	140		140	140	140	140
Other	426,900		471,400	474,250	480,545	487,139
Total non-taxation	455,065		511,065	507,115	502,710	509,304
Total revenues administered on behalf of the Government	455,065		511,065	507,115	502,710	509,304
EXPENSES						
Other	32,225		52,525	48,925	33,225	33,225
Total expenses administered on behalf of the Government	32,225		52,525	48,925	33,225	33,225

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

	Estimated actual 2002-03 $'000	Budget estimate 2003-04 $'000	Forward estimate 2004-05 $'000	Forward estimate 2005-06 $'000	Forward estimate 2006-07 $'000
ASSETS					
Financial assets					
Cash	3,447	4,839	4,571	4,462	4,222
Receivables	85,730	137,305	142,354	144,614	136,546
Accrued revenues	11,127	-	-	-	-
Total financial assets	100,304	142,144	146,925	149,076	140,768
Total assets administered on behalf of the Government	100,304	142,144	146,925	149,076	140,768
LIABILITIES					
Payables					
Other	76,569	72,669	77,649	76,830	76,830
Total payables	76,569	72,669	77,649	76,830	76,830
Total liabilities administered on behalf of the Government	76,569	72,669	77,649	76,830	76,830
Current liabilities	76,569	72,669	77,649	76,830	76,830
Non-current liabilities	-	-	-	-	-
Current assets	100,304	142,144	146,925	149,076	140,768
Non-current assets	-	-	-	-	-

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

	Estimated actual 2002-03 $'000	Budget estimate 2003-04 $'000	Forward estimate 2004-05 $'000	Forward estimate 2005-06 $'000	Forward estimate 2006-07 $'000
OPERATING ACTIVITIES					
Cash received					
Cash from Official Public Account	28,025	39,525	32,725	22,025	22,025
Other	418,894	414,192	458,121	466,406	484,147
Total cash received	446,919	453,717	490,846	488,431	506,172
Cash used					
Cash to Official Public Account	418,900	412,800	458,389	466,515	484,387
Other	28,025	39,525	32,725	22,025	22,025
Total cash used	446,925	452,325	491,114	488,540	506,412
Net cash from operating activities	(6)	1,392	(268)	(109)	(240)
Net increase/(decrease) in cash held	(6)	1,392	(268)	(109)	(240)
Cash at beginning of reporting period	3,453	3,447	4,839	4,571	4,462
Cash at end of reporting period	3,447	4,839	4,571	4,462	4,222

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.