AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Overview, variations and measures

AGENCY OVERVIEW

There has been no change to the overview included in the *2004-05 Portfolio Budget Statements* (page 157).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of $6.7 million for the Australian Securities and Investments Commission (ASIC) in 2004-05.

Measures

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

	2004-05 $'000	2005-06 $'000	2006-07 $'000	2007-08 $'000
Outcome 1 Strengthening the Australian Securities and Investments Commission's enforcement capabilities	6,887	-	-	-
Strengthening the Australian Securities and Investments Commission's enforcement capabilities *(Related capital)*	615	-	-	-
Choice of Superannuation Fund - Australian Securities and Investments Commission	-	7,053	5,908	5,177
Choice of Superannuation Fund - Australian Securities and Investments Commission *(Related capital)*	-	716	-	-
Choice of Superannuation Fund - Superannuation Complaints Tribunal	-	895	900	961
Choice of Superannuation Fund - Superannuation Complaints Tribunal *(Related capital)*	-	737	-	-

Other variations to appropriations

The following variations contributed to net savings (reduction) in agency departmental outputs of $0.8 million in 2004-05. Explanations for these variations are detailed below.

HIH Taskforce

ASIC is seeking to recognise $6.5 million of undrawn 2003-04 HIH Taskforce appropriation in 2004-05.

An amount of $7.7 million appropriated in 2004-05 for the HIH Taskforce has been reprofiled to 2005-06.

These above two variations will result in a net saving of $1.2 million in 2004-05.

Increase in the price of outputs

ASIC is seeking additional price of outputs funding of $0.4 million, being a revision to the Government parameters used to restate the forward estimates.

Table 1.1: Summary of measures since the 2004-05 Budget

Measure	Outcome	Output Groups affected	2004-05 appropriations budget $'000			2005-06 appropriations forward estimate $'000			2006-07 appropriations forward estimate $'000			2007-08 appropriations forward estimate $'000		
			Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total
Strengthening ASIC's enforcement capabilities	1	1.1	-	6,887	6,887	-	-	-	-	-	-	-	-	-
Strengthening ASIC's enforcement capabilities *(Related capital)*	1	1.1	-	615	615	-	-	-	-	-	-	-	-	-
Choice of Superannuation Fund - ASIC	1	1.1	-	-	-	-	7,053	7,053	-	5,908	5,908	-	5,177	5,177
Choice of Superannuation Fund - ASIC *(Related capital)*	1	1.1	-	-	-	-	716	716	-	-	-	-		-
Choice of Superannuation Fund - SCT	1	1.1	-	-	-	-	895	895	-	900	900	-	961	961
Choice of Superannuation Fund - SCT *(Related capital)*	1	1.1	-	-	-	-	737	737	-	-	-	-	-	-

Map 2: Outcomes and output groups for the agency

Australian Securities and Investments Commission

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: $214.5 million
Agency outcomes appropriation: $205.9 million
Administered special appropriation: $24.0 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) 2004-05

	2003-04 available $'000	2004-05 budget $'000	2004-05 revised $'000	Additional estimates $'000	Reduced estimates $'000
AGENCY OUTPUTS					
Outcome 1					
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	192,784	199,842	205,888	6,046	-
Total	192,784	199,842	205,888	6,046	-

Note: Special Administered Appropriations that were previously disclosed under this heading are now shown in Table 1.7.

Table 1.3: Appropriation Bill (No. 4) 2004-05

	2003-04 available $'000	2004-05 budget $'000	2004-05 revised $'000	Additional estimates $'000	Reduced estimates $'000
Non-operating					
Equity injections	2	11,300	11,915	615	-
Total capital	2	11,300	11,915	615	-
Total	2	11,300	11,915	615	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2004-05 budget	2004-05 revised	variation
Outcome 1 A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	1,573	1,585	12
Total	1,573	1,585	12

AGENCY AND ADMINISTERED REVENUES

Table 1.6: Agency and administered revenues

	2004-05 budget estimate $'000	2004-05 revised estimate $'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
Services	3,264	3,264
Interest	700	2,450
Other	2,856	2,856
Total non-appropriation agency revenues	6,820	8,570
Appropriation revenue	199,842	205,888
Total estimated agency revenues	206,662	214,458
ESTIMATED ADMINISTERED REVENUES		
Non-appropriation administered revenues		
Other	499,640	536,540
Total non-appropriation administered revenues	499,640	536,540
Appropriation revenue	23,000	24,000
Total estimated administered revenues	522,640	560,540
Total estimated agency and administered revenues	729,302	774,998

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

Table 1.7: Estimates of expenses from special appropriations

	2004-05 budget estimate $'000	2004-05 revised estimate $'000
ESTIMATED AGENCY EXPENSES		
Special appropriations		
Estimated payments of banking unclaimed monies paid under the *Banking Act 1959*	20,000	20,000
Estimated payments of life insurance unclaimed monies paid under the *Life Insurance Act 1995*	3,000	4,000
Total estimated agency expenses	23,000	24,000

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.

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.

Refund of overpayment of fees paid under the *Corporations Act 2001*: All fees and charges collected in accordance with the *Corporations Act 2001* are banked into consolidated revenue in accordance with Section 81 of the Constitution. In 2004-05 it is forecast that an amount of $6 million of overpaid fees and charges will be refunded. This requires separate appropriation in accordance with Section 83 of the Constitution (appropriated under Section 28 of the *Financial Management and Accountability Act 1997).*

Refunds of overpayments of fees paid under the *Corporations Act 2001* were previously disclosed in Table 1.7 above. Based on advice received from the Department of Finance and Administration these refunds are not agency expenses, and are now being disclosed as a narrative in the Portfolio Additional Estimates Statements.

ESTIMATED SPECIAL ACCOUNT FLOWS

Table 1.8: Estimated special account flows

		opening balance	receipts	payments	closing balance
	A[1]	**2004-05**	**2004-05**	**2004-05**	**2004-05**
	B[1]	2003-04	2003-04	2003-04	2003-04
		$'000	$'000	$'000	$'000
SPECIAL ACCOUNTS					
Other Trust Monies		**-**	**-**	**-**	**-**
		-	-	-	-
Services for other governments and		**-**	**-**	**-**	**-**
non-agency bodies		-	-	-	-
Total special accounts		**-**	**-**	**-**	**-**

(1) The revised opening balance for 2004-05 (reference A) is the same as the final actual closing balance for 2003-04 (reference B). This balance may have changed from that shown in the *2004-05 Portfolio Budget Statements* as the actual for 2003-04 will have been updated to reflect the final budget outcome for that year.

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 *2004-05 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 expenses are allocated using staff numbers attributed to each programme.

Table 2.1: Total resources for Outcome 1

	2004-05 budget estimate $'000	2004-05 revised estimate $'000
Administered appropriations		
Special appropriations		
Banking Act 1959 - Banking Unclaimed Monies	20,000	20,000
Life Insurance Act 1995 - Life Unclaimed Monies	3,000	4,000
Total administered apppropriations	23,000	24,000
Agency appropriations		
Output Group 1.1 - Australian Securities and Investments Commission		
Output 1.1.1 - Policy and guidance about the laws administered by ASIC	9,352	9,369
Output 1.1.2 - Comprehensive and accurate information on companies and corporate activity	48,002	48,088
Output 1.1.3 - Compliance, monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity	61,351	61,461
Output 1.1.4 - Enforcement activity to give effect to the laws administered by ASIC	81,137	86,970
Total revenues from government (appropriations)		
Contributing to price of agency outputs	199,842	205,888
Revenue from other sources		
Services	3,264	3,264
Interest	700	2,450
Other	2,856	2,856
Total revenue from other sources	6,820	8,570
Total price of agency outputs		
(Total revenues from government and from other sources)	206,662	214,458
Total estimated resourcing for Outcome 1		
(Total price of outputs and administered appropriations)	229,662	238,458

	2004-05	2004-05
Average staffing level (number)	1,573	1,585

Revised performance information and level of achievement — 2004-05

ASIC has not made any changes to its performance information since the *2004-05 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.

The budgeted financial statements contain estimates prepared in accordance with the requirements of the Australian Government's financial budgeting and reporting framework, including the principles of Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

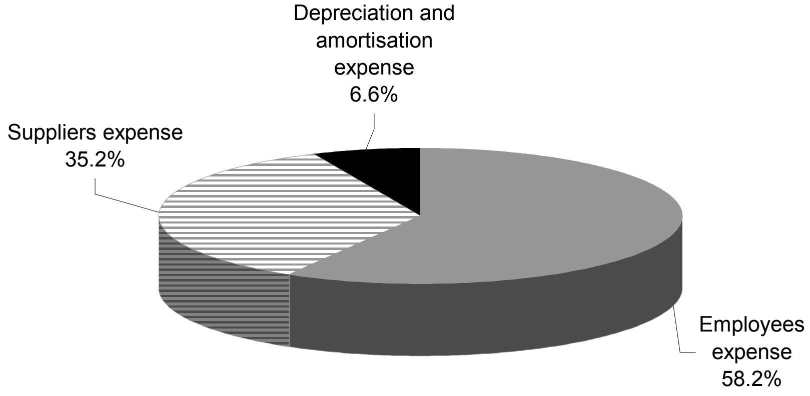
Budgeted agency statement of financial performance

ASIC is budgeting for a break-even operating result for 2004-05 and for the remainder of the forward estimates.

Appropriation for 2004-05 is $205.9 million, which is an increase of $22.6 million on the amount recognised in 2003-04. The rise in appropriation is attributed to the transfer of funding received for the HIH Taskforce from 2003-04 and 2004-05 and the Government's decision to fund ASIC for enhanced enforcement activities and consumer protection and corporate regulation.

Total expenses including borrowing costs for 2004-05 are estimated to be $214.5 million, an increase of $18.3 million over the prior financial year. The expenditure will be used to fund increased activity levels arising from the increasing demands for ASIC's services including actioning complaints and increased surveillance and enforcement activities.

Budgeted total agency expenses 2004-05



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.

Equity

ASIC's budgeted equity (or net asset position) for 2004-05 has increased by \$11.9 million as a consequence of the Government's decision to provide ASIC with a \$11.3 million equity injection to address past year losses, in addition to capital funding of \$0.6 million for specific enforcement matters.

This equity injection will place ASIC in a positive equity position and is reflected as an increase in cash and in total equity.

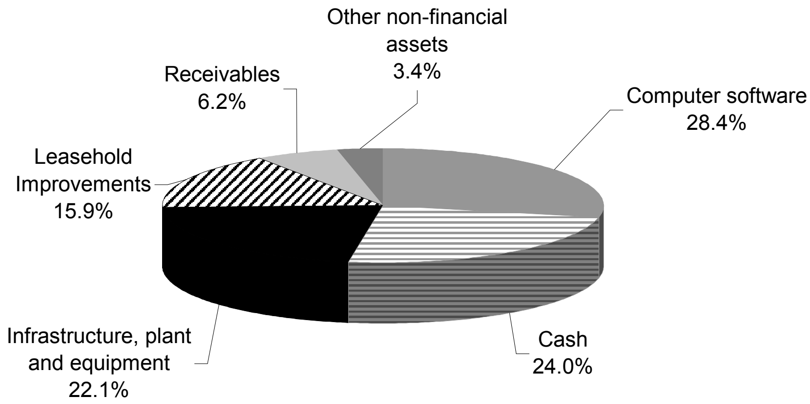
Financial Assets

The increase in cash arising from the equity injection of \$11.3 million referred to above, has resulted in total financial assets increasing by approximately the same amount. The \$0.6 million will be spent on the purchase of capital items.

Non-Financial Assets

A fair value revaluation of plant and equipment is scheduled for 2004-05 in accordance with ASIC's policy to revalue all classes of non-financial assets every three years.

Budgeted total agency assets 2004-05



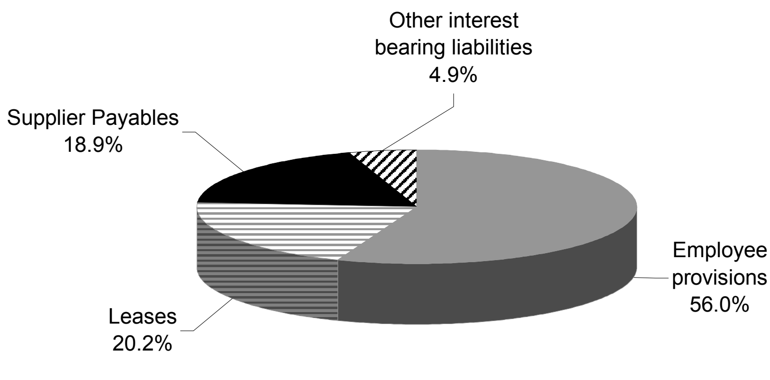
Liabilities — debt

The principal item under this heading is the estimated amount owing by ASIC in respect of finance leases for computer equipment and peripherals. The forward estimates assume that ASIC will continue to lease all future equipment acquisitions made in accordance with its asset replacement program.

Provisions and payables

The principal item under this heading is employee leave provisions and accruals. The amount is expected to remain constant as a percentage of total salaries over the period of the forward estimates.

Budgeted total agency liabilities 2004-05



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

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

Note of budgeted administered financial performance

The statement of financial performance shows the revenue and expenses associated with the collection of revenue under the *Corporations Act 2001,* and ASIC's responsibilities in administering unclaimed monies under the *Banking Act 1959* and the *Life Insurance Act 1995*.

Revenues from government include the budgeted amount of appropriation required to pay claimants for unclaimed monies previously transferred to consolidated revenue.

Expenses represent the budget estimated for the payment of unclaimed monies and overpayments referred to above and the budgeted estimate of bad debt expense.

Other revenue represents the amount of fees and charges budgeted to be levied under the *Corporations Act 2001*. The increase in 2004-05 is the result of an increase in the number of companies being incorporated and an increase in the annual review fee of $12. This is the first increase in the annual review fee since 1997.

Note of budgeted administered financial position

Financial Assets

The amount shown for receivables in 2004-05 and in the forward estimates is the estimated amount of fees and charges under the *Corporations Act 2001* remaining unpaid.

Liabilities — payables

The amounts shown in the forward estimates represent the estimated amount of refunds relating to the over payments of annual review and other fees under the *Corporations Act 2001.*

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)

	2003-04 actual $'000	2004-05 revised budget $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000	2007-08 forward estimate $'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	183,285	205,888	204,886	195,852	197,903
Goods and services	3,603	3,264	3,329	3,396	3,464
Interest	2,043	2,450	2,450	2,450	2,450
Revenue from sales of assets	11	-	-	-	-
Other revenues	2,396	2,856	2,913	2,971	3,031
Total revenues from ordinary activities	191,338	214,458	213,578	204,669	206,848
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	116,465	124,468	127,320	124,644	124,808
Suppliers	66,066	75,252	71,028	64,371	66,386
Depreciation and amortisation	12,836	14,086	14,522	14,946	14,946
Write-down of assets	99	-	-	-	-
Value of assets sold	87	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	195,553	213,806	212,870	203,961	206,140
Borrowing costs expense	605	652	708	708	708
Operating surplus or (deficit) from ordinary activities	(4,820)	-	-	-	-
Increase in accumulated results on application of transitional provisions of new accounting standard	925	-	-	-	-
Total revenue, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity	(3,895)	-	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners	(3,895)	-	-	-	-

Table 3.2: Budget agency statement of financial position (as at 30 June)

	2003-04 actual $'000	2004-05 revised budget $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000	2007-08 forward estimate $'000
ASSETS					
Financial assets					
Cash	10,850	13,817	16,190	15,186	15,899
Receivables	10,163	3,547	3,584	3,621	3,659
Total financial assets	21,013	17,364	19,774	18,807	19,558
Non-financial assets					
Leashold Improvements	10,969	9,146	7,367	5,739	4,528
Infrastructure, plant and equipment	12,017	12,792	12,279	10,143	9,433
Intangibles	12,158	16,378	17,808	17,606	17,561
Other non-financial assets	1,970	1,970	1,970	1,970	1,970
Total non-financial assets	37,114	40,286	39,424	35,458	33,492
Total assets	58,127	57,650	59,198	54,265	53,050
LIABILITIES					
Interest bearing liabilities					
Leases	9,496	10,251	8,771	4,705	4,059
Other interest bearing liabilities	9,531	2,485	1,956	1,547	1,289
Total interest bearing liabilities	19,027	12,736	10,727	6,252	5,348
Provisions					
Employees	34,466	28,334	28,079	27,976	28,362
Total provisions	34,466	28,334	28,079	27,976	28,362
Payables					
Suppliers	9,559	9,590	11,949	11,594	10,897
Total payables	9,559	9,590	11,949	11,594	10,897
Total liabilities	63,052	50,660	50,755	45,822	44,607
EQUITY(1)					
Parent equity interest					
Contributed equity	2	11,917	13,370	13,370	13,370
Reserves	5,254	5,254	5,254	5,254	5,254
Retained surpluses or (accumulated deficits)	(10,181)	(10,181)	(10,181)	(10,181)	(10,181)
Total parent equity interest	(4,925)	6,990	8,443	8,443	8,443
Total equity	(4,925)	6,990	8,443	8,443	8,443
Current assets	22,983	19,334	21,744	20,777	21,528
Non-current assets	35,144	38,316	37,454	33,488	31,522
Current liabilities	33,923	29,504	30,863	28,321	27,430
Non-current liabilities	29,129	21,156	19,892	17,501	17,177

(1) 'Equity' is the residual interest in assets after deduction of liabilities.

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

	2003-04 actual $'000	2004-05 revised budget $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000	2007-08 forward estimate $'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	186,132	205,888	204,886	195,852	197,903
Goods and services	3,874	3,078	3,142	3,300	3,426
Interest	2,043	2,450	2,450	2,450	2,450
GST recovered	5,395	4,491	4,501	4,411	4,411
Other	3,976	2,856	2,913	2,971	3,031
Total cash received	201,420	218,763	217,892	208,984	211,221
Cash used					
Employees	109,634	131,131	129,117	128,261	132,024
Suppliers	73,136	79,425	72,007	65,973	64,150
Borrowing costs	605	652	708	708	708
Cash to Official Public Account - Appropriation return	3,000	-	-	-	-
Total cash used	186,375	211,208	201,832	194,942	196,882
Net cash from/(used by) operating activities	15,045	7,555	16,060	14,042	14,339
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	11	-	-	-	-
Total cash received	11	-	-	-	-
Cash used					
Purchase of property, plant and equipment	9,845	10,715	9,853	9,400	7,980
Total cash used	9,845	10,715	9,853	9,400	7,980
Net cash from/(used by) investing activities	(9,834)	(10,715)	(9,853)	(9,400)	(7,980)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	2	11,915	1,453	-	-
Total cash received	2	11,915	1,453	-	-
Cash used					
Repayments of finance lease principal	5,551	5,788	5,287	5,646	5,646
Total cash used	5,551	5,788	5,287	5,646	5,646
Net cash from/(used by) financing activities	(5,549)	6,127	(3,834)	(5,646)	(5,646)
Net increase/(decrease) in cash held	(338)	2,967	2,373	(1,004)	713
Cash at the beginning of the reporting period	11,188	10,850	13,817	16,190	15,186
Cash at the end of the reporting period	10,850	13,817	16,190	15,186	15,899

Table 3.4: Agency capital budget statement

	2003-04 actual $'000	2004-05 revised budget $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000	2007-08 forward estimate $'000
CAPITAL APPROPRIATIONS					
Total equity injections	2	11,915	1,453	-	-
Total	2	11,915	1,453	-	-
Represented by					
Purchase of non-current assets	2	615	1,453	-	-
Other	-	11,300	-	-	-
Total	2	11,915	1,453	-	-
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	2	615	1,453	-	-
Funded internally by agency resources	9,843	10,100	8,400	9,400	7,980
Total	9,845	10,715	9,853	9,400	7,980

Table 3.5: Agency non-financial assets — Summary of movement (Budget year 2004-05)

	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	-	10,969	-	12,017	-	12,158	-	35,144
Additions	-	1,250	-	10,138	-	5,870	-	17,258
Disposals	-	-	-	-	-	-	-	-
Net revaluation increment / (decrement)	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation / amortisation expense	-	3,073	-	9,363	-	1,650	-	14,086
Write-off of assets	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	9,146	-	12,792	-	16,378	-	38,316
Total additions								
Self funded	-	903	-	9,870	-	5,870	-	16,643
Appropriations	-	347	-	268	-	-	-	615
Total	-	1,250	-	10,138	-	5,870	-	17,258

Table 3.6: Note of budgeted financial performance administered on behalf of government (for the period ended 30 June)

	2003-04 actual $'000	2004-05 revised budget $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000	2007-08 forward estimate $'000
REVENUES					
Non-taxation					
Revenues from government	20,404	24,000	26,000	29,000	31,000
Interest	47	140	140	140	140
Other	493,160	536,400	543,091	551,281	559,611
Total non-taxation	513,611	560,540	569,231	580,421	590,751
Total revenues administered on behalf of the government	513,611	560,540	569,231	580,421	590,751
EXPENSES					
Other	41,409	38,529	41,987	42,000	44,038
Total expenses administered on behalf of the government	41,409	38,529	41,987	42,000	44,038

Table 3.7: Note of budgeted financial position administered on behalf of government (as at 30 June)

	2003-04 actual $'000	2004-05 revised budget $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000	2007-08 forward estimate $'000
ASSETS					
Financial assets					
Cash	3,792	3,116	3,116	2,612	2,674
Receivables	62,777	73,845	73,555	75,000	77,400
Total financial assets	66,569	76,961	76,671	77,612	80,074
Total assets administered on behalf of the government	66,569	76,961	76,671	77,612	80,074
LIABILITIES					
Payables					
Other	5,709	5,600	5,600	5,600	5,600
Total payables	5,709	5,600	5,600	5,600	5,600
Total liabilities administered on behalf of the government	5,709	5,600	5,600	5,600	5,600
Current assets	66,569	76,961	76,671	77,612	80,074
Non-current assets	-	-	-	-	-
Current liabilities	5,709	5,600	5,600	5,600	5,600
Non-current liabilities	-	-	-	-	-

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

	2003-04 actual $'000	2004-05 revised budget $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000	2007-08 forward estimate $'000
OPERATING ACTIVITIES					
Cash received					
Interest	47	140	140	140	140
Cash from Official Public Account	20,404	30,000	32,000	35,000	37,000
Other	423,207	516,694	533,394	542,836	550,173
Total cash received	443,658	546,834	565,534	577,976	587,313
Cash used					
Cash to Official Public Account	427,202	517,510	533,534	543,480	550,251
Other	18,042	30,000	32,000	35,000	37,000
Total cash used	445,244	547,510	565,534	578,480	587,251
Net cash from/(used by) operating activities	(1,586)	(676)	-	(504)	62
Net increase/(decrease) in cash held	(1,586)	(676)	-	(504)	62
Cash at beginning of reporting period	5,378	3,792	3,116	3,116	2,612
Cash at end of reporting period	3,792	3,116	3,116	2,612	2,674

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

Under the Australian Government'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 that 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 Australian 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 Australian Government's accrual budgeting framework, separate annual appropriations are provided for:

- departmental price of outputs appropriations representing the Australian Government's purchase of outputs from agencies;
- departmental capital appropriations for investments by the Australian 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 2004, Australian Government 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 has adopted fair value as a basis for valuing its non-current assets.

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than $2,000, which are expensed in the year of acquisition.

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 that 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.

Receivables

A provision is raised for any doubtful debts based on a review of the collectability of all outstanding accounts as at year end.

Bad debts are written off during the year in which they are identified.