

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Section 1: Overview, Appropriations and Budget Measures Summary

OVERVIEW

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

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

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

APPROPRIATIONS

Total appropriations for ASIC in the 1999-2000 Budget are \$132.1 million (see Table 1.1).

Part C: Agency Budget Statements — ASIC

BUDGET MEASURES — AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION SUMMARY

Table 1.2: Summary of Budget Measures in the 1999-2000 Budget

| Measure | Outcome | Output Groups Affected | Appropriations (\$'000) 1999-00 | | | Appropriations (\$'000) 2000-01 | | | Appropriations (\$'000) 2001-02 | | | Appropriations (\$'000) 2002-03 | | |
|---|---------|------------------------|---------------------------------|----------------|-------|---------------------------------|----------------|-------|---------------------------------|----------------|-------|---------------------------------|----------------|-------|
| | | | Admin Expenses | Agency Outputs | Total | Admin Expenses | Agency Outputs | Total | Admin Expenses | Agency Outputs | Total | Admin Expenses | Agency Outputs | Total |
| Corporate Law Economic Reform Program — Expense | | 1 1.1 | - | 2,750 | 2,750 | - | 1,978 | 1,978 | - | 3,480 | 3,480 | - | 936 | 936 |

Note: Administered revenue measures are not attributed to agencies and are reported in *Budget Paper No. 2*.

ADMINISTERED CAPITAL AND EQUITY INJECTIONS AND LOANS

ASIC does not have an appropriation for an equity injection or loan or an appropriation for administered capital in 1999-2000.

Section 2: Outcomes and Outputs Information

OUTCOMES AND OUTPUT GROUPS

The map on the following page shows the relationship between Government outcomes and the contributing outputs for the Australian Securities and Investments Commission. Financial detail for Outcome 1 by output appears in Table 2.2 while non-financial information for Outcome 1 appears in Table 2.3.

The activities contributing to each output include:

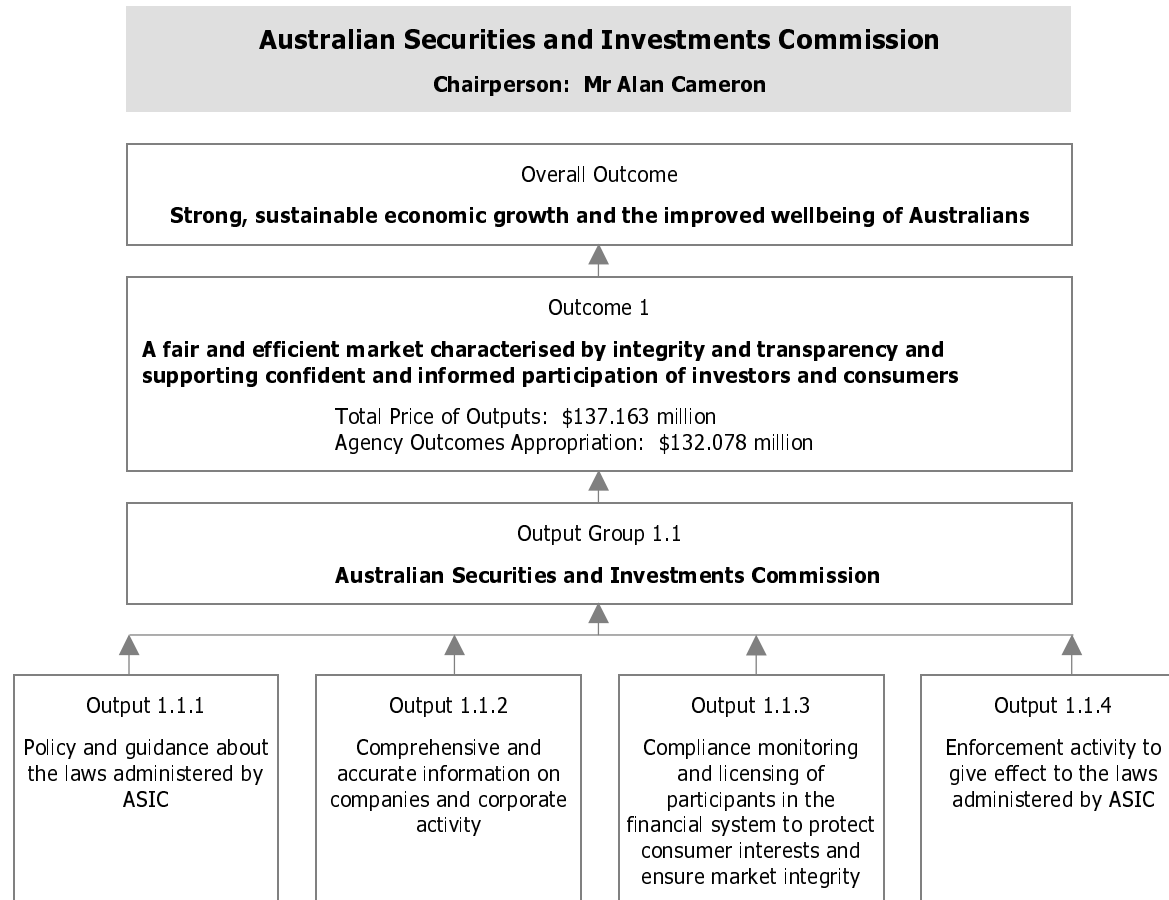
Policy and guidance about the laws administered by ASIC

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

Comprehensive and accurate information on companies and corporate activity

- All document registration and associated functions — ranging from annual returns, changes of directors, and substantial shareholder notices, to prospectuses and Part A or Part C statements of the Corporations Law — as well as the ‘consequential’ activities accompanying such registration, such as penalties, etc.
- Compliance monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity.
- Compliance checking, surveillance, managing complaints, analysis and targeting.
- Enforcement activity to give effect to the laws administered by ASIC.
- Investigations, civil and criminal litigation, administrative and banning action.

Part C: Agency Budget Statements — ASIC



OUTCOME 1

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

Table 2.1 shows the relationship between the programme structure for 1998-99 and the new outcome structure for the 1999-2000 Budget for Outcome 1.

Table 2.1: Relationship between Programme and Outcome Structure for Outcome 1

| Programme Management Budgeting | Accrual Budgeting |
|---|--|
| Programme 8 — Business Affairs | Outcome 1 A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers |
| Sub-programmes | Output Groups |
| Sub-programme 8.1 — Australian Securities and Investments Commission | Output Group 1.1 — Australian Securities and Investments Commission |
| Appropriations for Programme 8 | Appropriations for Outcome 1 |
| Appropriation Bill 1 Running costs, including Section 31 receipts (673-1) | Output Group 1.1 |
| Appropriation Bill 2 Payments to or for the States, the Northern Territory and the Australian Capital Territory (977-1) Australian Securities Commission — for expenditure under <i>the Australian Securities Commission Act 1989</i> (977-1-01) Companies and Securities regulation — compensation for loss of revenue (977-1-02) | Outcome 1 Appropriation Bill 1 Agency Outputs Appropriation Bill 2 |

MEASURES IN THE 1999-2000 BUDGET

Corporate Law Economic Reform Program — Expense

Budget Measure Purpose

This measure will assist the Australian Securities and Investments Commission (ASIC) to develop and implement proposals under the second phase of the Government's Corporate Law Economic Reform Program (CLERP). This phase (CLERP 7) will focus on reducing the paper compliance burden of Australian companies and enabling ASIC to

Part C: Agency Budget Statements — ASIC

make greater use of communications technology. It will also look at a fundamental overhaul and review of the large range of paper-based documents that the law still requires companies to lodge.

The key reforms to be introduced under CLERP 7 include:

- the establishment of a Business Advisory Board to provide strategic advice on the direction and initiatives of the ASIC Information Division;
- the introduction of a ‘no change, no lodge’ policy which will provide that, from 1999-2000, companies and registered schemes will not need to lodge an annual return when there has been no change in the information held by ASIC;
- a review of fees set under the Corporations Law with the objective of reducing fees paid by small business and reducing the complexity of fee arrangements; and
- initiatives to assist ASIC in making optimal use of modern business practices and new communications technology.

RESOURCES FOR OUTCOME 1

Table 2.2 shows how the 1998-99 appropriation and programming structure relates to total resourcing for Outcome 1.

Table 2.2: Total Resources for Outcome

| | Estimated Actual | Estimated Actual | Budget |
|--|---------------------------|------------------------------|-------------------|
| | 1998-99 CASH \$'000 | 1998-99 ACCRUAL \$'000 | 1999-00 \$'000 |
| Price of Agency Outputs | | | |
| Output Group 1.1 — Australian Securities and Investments Commission | | | |
| Output 1.1.1 — Policy and guidance about the laws administered by ASIC | 13,581 | 14,336 | 13,594 |
| Output 1.1.2 — Comprehensive and accurate information on companies and corporate activity | 39,795 | 42,008 | 39,834 |
| Output 1.1.3 — Compliance monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity | 23,606 | 24,919 | 23,629 |
| Output 1.1.4 — Enforcement activity to give effect to the laws administered by ASIC | 60,047 | 63,387 | 60,106 |
| Appropriation Structure 1998-99 (a) | | | |
| Sub-Programme 8.1 — Australian Securities and Investments Commission | | | |
| Subtotal Output Group 1.1 | 137,028 | 144,650 | 137,163 |
| Revenue from Government (Appropriation) for Agency Outputs | 134,830 | 137,028 | 132,078 |
| Revenue from Other Sources | 7,622 | 7,622 | 5,085 |
| Total Price of Outputs | 137,028 | 144,650 | 137,163 |
| Total for Outcome 1 | 137,028 | 144,650 | 137,163 |
| | | 1998-99 | 1999-00 |
| Staff Years (Number) | | 1,267 | 1,272 |

(a) See Table 2.1 for details.

CONTRIBUTION OF OUTPUTS TO OUTCOME 1

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

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

In carrying out its responsibilities the Commission strives for:

- high quality regulation at a reasonable cost to the market; and

Part C: Agency Budget Statements — ASIC

- responsive, intelligent and consistent customer service, clearly communicated and with a strong educative role.

PERFORMANCE INFORMATION FOR OUTCOME 1

| Table 2.3: Performance Information 1999-2000 | |
|---|---|
| Performance Information for Agency Outputs | |
| Output Group 1.1 — Australian Securities and Investments Commission | |
| | <p>ASIC's principal methods for measuring its performance are:</p> <ul style="list-style-type: none"> • a biennial customer satisfaction survey (which will next occur in 2000) conducted by an external market research firm, and • internal monthly publication of key performance indicators. <p>During 1999-2000 a performance measures strategy project will be used to refine our current range of quantitative and qualitative regulatory performance indicators, in consultation with our key stakeholders.</p> |
| Output 1.1.1 — Policy and guidance about the laws administered by ASIC | <p>The Department of Workplace Relations and Small Business has developed Regulatory Performance Indicators about which business regulation agencies, including ASIC, are required to provide information. In addition to these, we will measure:</p> <p>Extent to which policy and processes associated with new law are in place</p> <p>Extent to which consumers, investors and other stakeholders are consulted during policy formulation</p> <p>Extent to which compliance burden is placed on business</p> <p>Infoline calls resolved during first call</p> <p>Complaints to ASIC dealt with in 28 days</p> |
| Output 1.1.2 — Comprehensive and accurate information on companies and corporate activity | <p>Annual returns lodged electronically</p> <p>Searches conducted on-line</p> <p>Company information lodged on time</p> |

Table 2.3: Performance Information 1999-2000 (continued)**Performance Information for Agency Outputs (continued)**

| | |
|--|---|
| Output 1.1.3 — Compliance monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity | <p>ASIC's objective is to focus compliance activities on specific patterns, problems or risk areas and to respond to these problems with integrated national campaigns that use a range of regulatory tools. Generic performance indicators are not appropriate for this approach. Specific indicators will be developed for each campaign.</p> <p>In addition the following measures apply:</p> <p>Final securities industry licences issued within 60 business days of application</p> <p>Managed investment licence application — letter of offer/refusal sent within 30 business days</p> <p>Managed investment scheme registration - schemes registered within 18 business days (legislative timing 28 days)</p> |
| Output 1.1.4 — Enforcement activity to give effect to the laws administered by ASIC | <p>Investigations finalised within 12 months of resourcing</p> |

Evaluations

ASIC's new regulatory system will be subject to a review after five years by the Financial Sector advisory Council.

Information on evaluation activity that relates to this outcome is included in Table 2.3 above and the results will be shown in ASIC's Annual Report.

Competitive Tendering and Contracting

ASIC plans to outsource its staff recruitment function in the 1999-2000 financial year. Evaluations are also being undertaken to assess the feasibility of outsourcing other areas of non-core activity in the near future. These non-core activities include, travel management and property management.

Section 3: Budget Financial Statements

The budget financial statements will form the basis of the financial statements that will appear in the Australian Securities and Investments Commission's 1999-2000 Annual Report, and form the basis for the input into the Whole of Government Accounts.

Budget Statement of Revenues and Expenses (Budget Operating Statement)

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

Budget Statement of Assets and Liabilities (Budget Balance Sheet)

This statement shows the financial position of ASIC. It enables decision makers to track the management of ASIC's assets and liabilities.

Budget Cash Flow Statement

This statement identifies expected cash flows from operating activities, investing activities and financing activities.

Capital Budget

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

Non-financial Assets — Summary of Movement

This statement shows the movement in ASIC's non-financial assets over the Budget year 1999-2000.

Table 3.1: Budget Statement of Revenue and Expenses

| | Estimated Actual | | Estimated | | |
|---|---------------------|-------------------|-------------------|-------------------|-------------------|
| | 1998-99 \$'000 | 1999-00 \$'000 | 2000-01 \$'000 | 2001-02 \$'000 | 2002-03 \$'000 |
| Agency Revenue and Expenses | | | | | |
| Revenue | | | | | |
| Revenue from government | | | | | |
| Ordinary annual appropriations (net appropriations) | 137,028 | 132,078 | 129,020 | 134,894 | 135,717 |
| Resources received free of charge | 540 | 500 | 500 | 500 | 500 |
| Revenue from other sources | | | | | |
| Other revenue from other sources | 7,082 | 4,585 | 4,275 | 4,275 | 4,275 |
| Total Revenue | 144,650 | 137,163 | 133,795 | 139,669 | 140,492 |
| Expenses | | | | | |
| Employees | 77,900 | 77,791 | 73,915 | 75,586 | 74,492 |
| Depreciation and amortisation | 5,582 | 6,910 | 8,435 | 9,475 | 10,474 |
| Other costs of providing goods and services | 55,864 | 51,796 | 51,004 | 54,167 | 55,085 |
| Other | 5,304 | 575 | 350 | 350 | 350 |
| Total Expenses | 144,650 | 137,072 | 133,704 | 139,578 | 140,401 |
| Operating Result before Capital User Charge | - | 91 | 91 | 91 | 91 |
| Capital User Charge | - | 91 | 91 | 91 | 91 |
| Transfers and Dividends | - | - | - | - | - |
| Accumulated Results at Year End | - | - | - | - | - |
| Administered Revenue and Expenses | | | | | |
| Revenue | 349,225 | 353,169 | 355,818 | 359,037 | 364,333 |
| Total Revenue | 349,225 | 352,169 | 355,818 | 359,037 | 364,333 |
| Expenses | 3,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Total Expenses | 3,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Net contribution to government | 346,225 | 351,169 | 353,818 | 357,037 | 362,333 |

Table 3.2: Budget Statement of Assets and Liabilities

| | Estimated Actual | | Estimated | | |
|--|---------------------|-------------------|-------------------|-------------------|-------------------|
| | 1998-99 \$'000 | 1999-00 \$'000 | 2000-01 \$'000 | 2001-02 \$'000 | 2002-03 \$'000 |
| Agency Assets and Liabilities | | | | | |
| Debt | | | | | |
| Leases | 4,990 | 5,360 | 3,811 | 2,966 | 2,395 |
| Other | 4,822 | 2,772 | - | - | - |
| Total Debt | 9,812 | 8,132 | 3,811 | 2,966 | 2,395 |
| Provisions and Payables | | | | | |
| Employees | 21,609 | 22,703 | 23,648 | 24,647 | 25,619 |
| Suppliers | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Other | 385 | 224 | - | - | - |
| Total Provisions and Payables | 33,306 | 32,559 | 28,959 | 29,113 | 29,514 |
| Equity | | | | | |
| Accumulated results | 443 | 443 | 443 | 443 | 443 |
| Reserves | 314 | 314 | 314 | 314 | 314 |
| Total Equity | 757 | 757 | 757 | 757 | 757 |
| Total Liabilities and Equity | 34,063 | 33,316 | 29,716 | 29,870 | 30,271 |
| Financial Assets | | | | | |
| Cash | 7,751 | 7,891 | 4,896 | 10,440 | 16,213 |
| Receivables | 1,585 | 1,375 | 1,375 | 1,375 | 1,375 |
| Total Financial Assets | 9,336 | 9,266 | 6,271 | 11,815 | 17,588 |
| Non-financial Assets | | | | | |
| Land and buildings | 7,466 | 6,554 | 7,744 | 4,944 | 2,144 |
| Infrastructure, plant and equipment | 15,414 | 15,616 | 13,917 | 11,368 | 8,819 |
| Other | 1,847 | 1,880 | 1,784 | 1,743 | 1,720 |
| Total Non-financial Assets | 24,727 | 24,050 | 23,445 | 18,055 | 12,683 |
| Total Assets | 34,063 | 33,316 | 29,716 | 29,870 | 30,271 |
| Administered Assets and Liabilities | | | | | |
| Provisions and Payables | | | | | |
| Other | 800 | 700 | 700 | 700 | 700 |
| Total Provisions and Payables | 800 | 700 | 700 | 700 | 700 |
| Accumulated results | 30,385 | 32,554 | 35,772 | 35,809 | 36,342 |
| Total Equity | 30,385 | 32,554 | 35,772 | 35,809 | 36,342 |
| Total Liabilities and Equity | 31,185 | 33,254 | 36,472 | 36,509 | 37,042 |
| Financial Assets | | | | | |
| Cash | 3,500 | 3,600 | 4,100 | 3,600 | 3,800 |
| Receivables | 12,000 | 13,000 | 14,000 | 14,500 | 14,500 |
| Accrued revenues | 15,685 | 16,654 | 18,372 | 18,409 | 18,742 |
| Total Financial Assets | 31,185 | 33,254 | 36,472 | 36,509 | 37,042 |
| Non-financial Assets | | | | | |
| Total Non-financial Assets | | | | | |
| Total Assets | 65,248 | 66,570 | 66,188 | 66,379 | 67,313 |

Table 3.3: Budget Cash Flow Statement

| | Estimated | | Estimated | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Actual | | | | |
| | 1998-99 \$'000 | 1999-00 \$'000 | 2000-01 \$'000 | 2001-02 \$'000 | 2002-03 \$'000 |
| Agency Cash Flows | | | | | |
| Operating Activities | | | | | |
| Cash Received | | | | | |
| Appropriations | 137,028 | 132,078 | 129,020 | 135,894 | 135,717 |
| Sales of goods and services | 5,103 | 3,070 | 2,650 | 2,650 | 2,650 |
| Other | 1,610 | 1,500 | 1,400 | 1,400 | 1,400 |
| Total Cash Received | 143,741 | 136,648 | 133,070 | 138,944 | 139,767 |
| Cash Used | | | | | |
| Employees | -76,340 | -76,289 | -72,561 | -74,180 | -73,111 |
| Suppliers | -57,994 | -51,844 | -52,682 | -54,970 | -55,633 |
| Total Cash Used | -134,334 | -128,133 | -125,243 | -129,150 | -128,744 |
| Net Cash from Operating Activities | 9,407 | 8,515 | 7,827 | 9,794 | 11,023 |
| Investing Activities | | | | | |
| Cash Received | | | | | |
| Proceeds from sale of property, plant and equipment | 125 | 125 | 125 | 125 | 125 |
| Total Cash Received | 125 | 125 | 125 | 125 | 125 |
| Cash Used | | | | | |
| Purchase of property, plant and equipment | -7,938 | -6,450 | -8,175 | -4,375 | -5,375 |
| Total Cash Used | -7,938 | -6,450 | -8,175 | -4,375 | -5,375 |
| Net Cash from Investing Activities | -7,813 | -6,325 | -8,050 | -4,250 | -5,250 |
| Financing Activities | | | | | |
| Cash Received | | | | | |
| Total Cash Received | - | - | - | - | - |
| Cash Used | | | | | |
| Repayment of borrowings | -1,678 | -2,050 | -2,772 | - | - |
| Total Cash Used | -1,678 | -2,050 | -2,772 | - | - |
| Net Cash from Financing Activities | -1,678 | -2,050 | -2,772 | - | - |
| Net increase/decrease in cash held | -84 | 140 | -2,995 | 5,544 | 5,773 |
| Add cash as at 1 July | 7,835 | 7,751 | 7,891 | 4,896 | 10,440 |
| Cash as at 30 June | 7,751 | 7,891 | 4,896 | 10,440 | 16,213 |
| Administered Cash Flows | | | | | |
| Operating Activities | | | | | |
| Cash Received | | | | | |
| Other | 346,192 | 351,200 | 353,100 | 358,500 | 364,000 |
| Total Cash Received | 346,192 | 351,200 | 353,100 | 358,500 | 364,000 |
| Cash Used | | | | | |
| Other | 346,460 | 351,100 | 352,600 | 359,000 | 363,800 |
| Total Cash Used | 346,460 | 351,100 | 352,600 | 359,000 | 363,800 |
| Net cash from Operating Activities | -268 | 100 | 500 | -500 | 200 |
| Cash at the end of Reporting Period | 3,500 | 3,600 | 4,100 | 3,600 | 3,800 |

CAPITAL BUDGET

Table 3.4: Capital Budget

| Capital Appropriation | Estimated | | | |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 1999-00 \$'000 | 2000-01 \$'000 | 2001-02 \$'000 | 2002-03 \$'000 |
| Total Equity Injections | - | - | - | - |
| Total Loans | - | - | - | - |
| Total Capital Appropriations | - | - | - | - |
| Represented by | - | - | - | - |
| Purchase of non-current assets | 6,450 | 8,175 | 4,375 | 5,375 |
| Total | 6,450 | 8,175 | 4,375 | 5,375 |

Note: ASIC has an annual non-current asset replacement programme in place which enables it to update its IT equipment and office machines on a cyclical basis.

| Purchase of non-current assets | Estimated | | | |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 1999-00 \$'000 | 2000-01 \$'000 | 2001-02 \$'000 | 2002-03 \$'000 |
| Funded by capital appropriations | - | - | - | - |
| Funded internally by Agency resources | 6,450 | 8,175 | 4,375 | 5,375 |
| Total | 6,450 | 8,175 | 4,375 | 5,375 |

Table 3.5: Non-financial Assets — Summary of Movement
Budget year 1999-2000

| | Land | Buildings | Total Land and Buildings | Other Infrastructure, Plant and Equipment | Total Infrastructure, Plant and Equipment | Intangibles | Total |
|---|--------|-----------|-----------------------------|--|--|-------------|--------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Gross Value | | | | | | | |
| As at 1 July 1999 (opening) | 30 | 9,129 | 9,159 | 18,427 | 18,427 | - | 27,586 |
| Additions | - | 1,075 | 1,075 | 5,375 | 5,375 | - | 6,450 |
| Disposals | - | - | - | -2,175 | -2,175 | - | -2,175 |
| Other movements | - | - | - | - | - | - | - |
| As at 30 June 2000 | 30 | 10,204 | 10,234 | 21,627 | 21,627 | - | 31,861 |
| Accumulated Depreciation | | | | | | | |
| As at 1 July 1999 (opening) | - | 1,693 | 1,693 | 3,013 | 3,013 | - | 4,706 |
| Disposals | - | - | - | -1,925 | -1,925 | - | -1,925 |
| Charge for the reporting period | - | 1,987 | 1,987 | 4,924 | 4,924 | - | 6,911 |
| Other movements | - | - | - | - | - | - | - |
| As at 30 June 2000 | - | 3,680 | 3,680 | 6,012 | 6,012 | - | 9,692 |
| Net Book Value as at 30 June 2000 (Closing Book Value) | 30 | 6,524 | 6,554 | 15,615 | 15,615 | - | 22,169 |
| Net Book Value as at 1 July 1999 (Opening Book Value) | 30 | 7,436 | 7,466 | 15,414 | 15,414 | - | 22,880 |
| Total Additions | | | | | | | |
| | Land | Buildings | Total Land and Buildings | Other Infrastructure, Plant and Equipment | Total Infrastructure, Plant and Equipment | Intangibles | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Self funded | - | 1,075 | 1,075 | 5,375 | 5,375 | - | 6,450 |
| Appropriations | - | - | - | - | - | - | - |
| Total | - | 1,075 | 1,075 | 5,275 | 5,375 | - | 6,450 |

NOTES TO THE FINANCIAL STATEMENTS

Budget Statement of Revenue and Expenses

Revenue

Ordinary Annual Appropriations (Net Appropriations)

The amount appropriated in 1998-99 is higher than in subsequent years. This is predominantly due to non-recurring implementation costs of the Financial System Inquiry recommendations which were provided in the 1989-99 appropriation. To a lesser extent, the 1998-99 financial year discloses a cash based appropriation whereas all subsequent appropriations are accrual based.

Revenue from Other Sources

This revenue is higher in 1998-99 compared to subsequent years as it includes Business Names Register usage fees. These fees will no longer be a significant revenue stream after 1998-99 as the States will have implemented their own Business Names systems from 1 July 1999.

Expenses

Employee Expenses

There is a decline in 2000-01 primarily because the funding for initiatives associated with the Managed Investments Bill ceases at the end of 1999-2000. This is subject to a Parliamentary review in 2000-01. Secondary reasons include savings in salaries and package costs associated with voluntary redundancies undertaken in prior years. There is also a reduction in funding provided for initiatives associated with the Corporations Law Economic Reform Project, relative to prior years.

Other Costs of Providing Goods and Services

These expenses decline in 1999-2000 in direct proportion to the drop in funding from 1998-99 to 1999-2000. Funding was provided in 1998-99 for non-recurring implementation costs of the Financial System Inquiry recommendations.

Other Expenses

In 1998-99 these expenses primarily reflect losses associated with decrements arising from the revaluation of assets and the writedown of assets. Other expenses in the forward years are related to the writedown of assets.

Budget Statement of Assets and Liabilities

Debt

This balance relates to borrowings made out of future Parliamentary appropriations. It will be repaid by the end of June 2000.

Appendix 1

Non-Appropriation Departmental and Administered Revenue

| | Estimated Revenue | Estimated Revenue |
|--------------------------------|-------------------|-------------------|
| | 1998-99 | 1999-00 |
| | \$ | \$ |
| External Departmental Revenue | 346,225,000 | 351,169,000 |
| Total Estimated Revenue | 346,225,000 | 351,169,000 |