

# AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

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# AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

## Section 1: 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* (ASIC Act).

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.

**Table 1.1: Agency outcomes and output groups**

Outcome	Description	Output groups
<b>Outcome 1</b>		
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers	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 deal with misconduct in order to promote a confident and informed market.	Output Group 1.1 Australian Securities and Investments Commission

## Section 2: Agency resources for 2005-06

### **2.1: APPROPRIATIONS AND OTHER RESOURCES**

The total appropriation for the Australian Securities and Investments Commission (ASIC) in the 2005-06 Budget is \$241.1 million.

Table 2.1 shows the total resources from all origins for 2005-06, including appropriations. The table summarises how revenue will be applied by outcome, administered and departmental classification.

**Table 2.1: Appropriations and other revenue 2005-06<sup>1</sup> ('000)**

Outcome	Appropriations					Revenue from other sources <sup>5</sup>		Total resources <sup>7</sup>
	\$'000	\$'000	\$'000	\$'000	% <sup>6</sup>	\$'000	% <sup>6</sup>	\$'000
	Bill No. 1	Bill No. 2 <sup>2</sup>	Special approp <sup>3</sup>	Total approp <sup>4</sup>				
<b>Outcome 1</b>								
A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers								
Administered	-	-	26,000	26,000	100%	-	-	26,000
Departmental	213,656	-	-	213,656	96%	8,205	4%	221,861
<b>Total agency</b>	<b>213,656</b>	<b>-</b>	<b>26,000</b>	<b>239,656</b>		<b>8,205</b>		<b>247,861</b>
Departmental capital (equity injections)	-	1,490	-	1,490	100%	-	-	1,490
Previous year's outputs	-	-	-	-	-	-	-	-
Administered assets and liabilities	-	-	-	-	-	-	-	-
<b>Total resources</b>	<b>213,656</b>	<b>1,490</b>	<b>26,000</b>	<b>241,146</b>		<b>-</b>		<b>249,351</b>

1 This table has been redesigned to correspond with *Budget Paper No. 4, Agency Resourcing 2005-06*.

2 Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), new agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans.

3 Estimated expenses from individual Special Appropriations are shown at Section 3, Table 3.1.

4 Total appropriations = Bill No. 1 + Bill No. 2 + Special appropriations.

5 Revenue from other sources includes *Financial Management and Accountability Act 1997* (FMA) s.31 revenues, CAC body revenues that are available to be expensed, special accounts (non-appropriation revenues) and resources received free of charge.

6 Percentage figures indicate the percentage contribution of Revenue from Government (Departmental Appropriations) to the total price of outputs, by outcome, and the percentage contribution of Revenue from other sources (Departmental) to the total price of outputs, by outcome.

7 Total resources = Total appropriations + Revenue from other sources.

Note: Refer to Budgeted departmental statement of financial performance for application of agency revenue.

## **2.2: 2005-06 BUDGET MEASURES**

Budget measures relating to ASIC as explained in *Budget Paper No. 2, Budget Measures 2005-06* are summarised in Table 2.2. The table also identifies the relevant outcomes, administered items and outputs associated with each measure.

**Table 2.2: Australian Securities and Investments Commission measures**

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2006-07 \$'000			Appropriations forward estimate 2007-08 \$'000			Appropriations forward estimate 2008-09 \$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
			Australian Securities and Investments Commission — United States — Australian audit regulation programme	1	1.1	-	2,079	2,079	-	2,066	2,066	-	2,111	2,111
Australian Securities and Investments Commission — United States — Australian audit regulation programme <i>(Related capital)</i>	1	1.1	-	17	17	-	-	-	-	-	-	-	-	-
Efficiency dividend — increase in the rate from 1 per cent to 1.25 percent <sup>1</sup>	1	1.1	-	- 512	- 512	-	- 1,004	- 1,004	-	- 1,501	- 1,501	-	- 1,501	- 1,501
James Hardie Taskforce investigation and litigation	1	1.1	-	3,426	3,426	-	-	-	-	-	-	-	-	-

**Table 2.2: Australian Securities and Investments Commission measures (continued)**

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2006-07			Appropriations forward estimate 2007-08			Appropriations forward estimate 2008-09		
			2005-06 \$'000			2006-07 \$'000			2007-08 \$'000			2008-09 \$'000		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
James Hardie Taskforce investigation and litigation <i>(Related capital)</i>	1	1.1	-	20	20	-	-	-	-	-	-	-	-	-
One.Tel and Offset Alpine — ongoing litigation investigation	1	1.1	-	3,953	3,953	-	-	-	-	-	-	-	-	-

1 This is a cross portfolio measure. This table shows the ASIC contribution to the measure.

Note: Further information on these measures can be found in *Budget Paper No. 2, Budget Measures 2005-06* and the Measures affecting Outcomes table on page 192. This table shows the resourcing to be provided for these measures and may differ from those in *Budget Paper No. 2, Budget Measures 2005-06* and the Measures affecting Outcomes table as these are on a Government Finance Statistics (GFS) basis.



## 2.3: OTHER RECEIPTS AVAILABLE TO BE USED

Table 2.3 provides details of other receipts available to be used and include FMA s.31 receipts, CAC body receipts that are available to be spent, special accounts (non-appropriation receipts) and resources received free of charge.

**Table 2.3: Other revenues<sup>1</sup>**

	Estimated receipts 2004-05 \$'000	Budget estimate 2005-06 \$'000
<b>Departmental other receipts</b>		
Services	3,264	3,329
Interest	2,450	2,450
Other	2,556	2,613
<b>Total departmental other receipts available to be used</b>	<b>8,270</b>	<b>8,392</b>
<b>Administered other receipts</b>		
Interest	140	140
<b>Total administered other receipts</b>	<b>140</b>	<b>140</b>

<sup>1</sup> This table replaces the former table 'Receipts from independent sources'.

## 2.4: MOVEMENT OF ADMINISTERED FUNDS FROM 2004-05 TO 2005-06

**Table 2.4: Movement of administered funds from 2004-05 to 2005-06**

This table is not applicable to ASIC.

## 2.5: SPECIAL APPROPRIATIONS

**Table 2.5: Estimates of expenses from special appropriations**

		Estimated expenses 2004-05 \$'000	Budget estimate 2005-06 \$'000
	Outcome		
<b>Estimated expenses</b>			
<i>Banking Act 1959</i> - section 69	1	20,000	22,000
<i>Life Insurance Act 1995</i> - section 216	1	4,000	4,000
<b>Total estimated expenses</b>		24,000	26,000

*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 2005-06 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 FMA).

Refunds of overpayments of fees paid under the *Corporations Act 2001* were previously disclosed in Table 2.5 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 Budget Statements.

## 2.6: SPECIAL ACCOUNTS

**Table 2.6: Estimates of special account flows and balances**

		Opening balance	Receipts	Payments	Closing balance
	A <sup>(1)</sup>	<b>2005-06</b>	<b>2005-06</b>	<b>2005-06</b>	<b>2005-06</b>
	B <sup>(1)</sup>	2004-05	2004-05	2004-05	2004-05
	Outcome	\$'000	\$'000	\$'000	\$'000
Other Trust Monies	1	-	-	-	-
		-	-	-	-
Services for other governments and non-agency bodies	1	-	-	-	-
		-	-	-	-
<b>Total special accounts</b>					
<b>2005-06 Budget estimate</b>		-	-	-	-
Total special accounts					
2004-05 estimated actual		-	-	-	-

1 The opening balance for 2005-06 (reference A) is the same as the closing balance for 2004-05 (reference B).

## 2.7: ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

ASIC will receive a departmental equity injection of \$1.5 million in the 2005-06 Budget. An amount of \$1.45 million will be used for fit-out costs for the Choice of Superannuation Fund program. The balance will be used for related capital costs for Budget Measures.

## Section 3: Agency outcomes

This section explains how the resources identified in Section 2 will be used to deliver outputs and administered items that contribute to Outcome 1 for the Australian Securities and Investments Commission (ASIC).

### **3.1: SUMMARY OF OUTCOMES, OUTPUTS AND ADMINISTERED ITEMS**

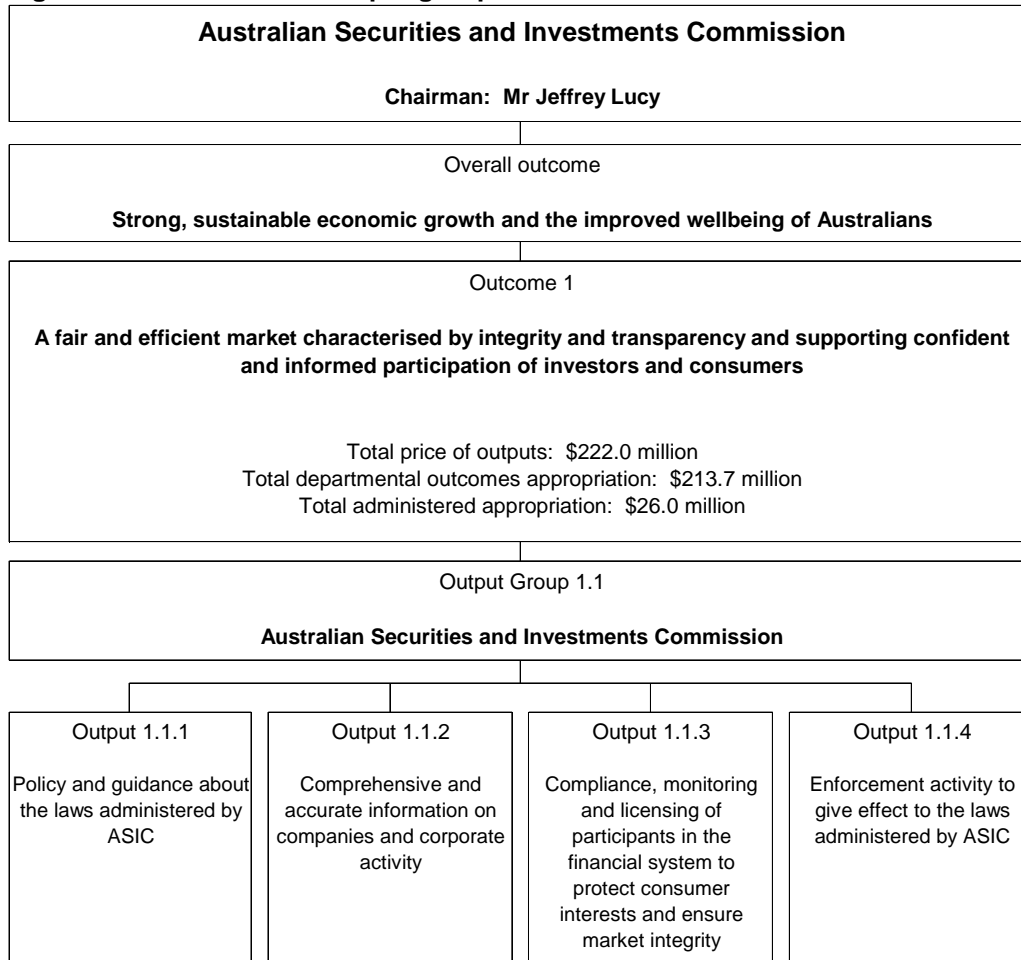
ASIC has not made any changes to its outcome or outputs since the 2004-05 Portfolio Budget Statements.

Each program 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.

The relationship between activities of ASIC and the outcome is summarised in Figure 4.

**Figure 4: Outcomes and output groups and administered items**



### **3.2: OUTCOMES — DEPARTMENTAL AND ADMINISTERED**

ASIC has only one outcome, namely, 'a fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers'. The total appropriation for this outcome for 2005-06 is \$241.1 million.

#### **Figure 5: Departmental appropriations by outcome, 2005-06**

This figure is not applicable to ASIC.

#### **Figure 6: Administered appropriations by outcome, 2005-06**

This figure is not applicable to ASIC.

### **3.3: OUTCOMES RESOURCING**

#### **Outcome 1 description**

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

#### **Outcome 1 resourcing**

Table 3.1 shows how the 2005-06 Budget appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources (Departmental) and the total price of outputs.

**Table 3.1: Total resources for Outcome 1 (\$'000)**

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000
<b>Administered appropriations</b>		
Special appropriation		
<i>Banking Act 1959</i> - Banking Unclaimed Monies	20,000	22,000
<i>Life Insurance Act 1995</i> - Life Unclaimed Monies	4,000	4,000
<b>Total administered appropriations</b>	<b>24,000</b>	<b>26,000</b>
<b>Departmental appropriations</b>		
Output Group 1.1 - Australian Securities and Investments Commission		
Output 1.1.1 - Policy and guidance about the laws administered by ASIC	11,349	11,192
Output 1.1.2 - Comprehensive and accurate information on companies and corporate activity	51,771	52,053
Output 1.1.3 - Compliance, monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity	49,106	57,884
Output 1.1.4 - Enforcement activity to give effect to the laws administered by ASIC	93,662	92,527
<b>Total revenue from government (appropriations) Contributing to price of departmental outputs</b>	<b>205,888</b>	<b>213,656</b>
<b>Revenue from other sources</b>		
Services	3,264	3,329
Interest	2,450	2,450
Other	2,556	2,613
<b>Total revenue from other sources</b>	<b>8,270</b>	<b>8,392</b>
<b>Total price from departmental outputs</b> (Total revenue from government and from other sources)	214,158	222,048
<b>Total estimated resourcing for Outcome 1</b> (Total price of outputs and administered appropriations)	<b>238,158</b>	<b>248,048</b>
	2004-05	2005-06
<b>Average staffing level (number)</b>	<b>1,571</b>	<b>1,534</b>

### 3.4: MEASURES AFFECTING OUTCOMES

#### Measures affecting Outcome 1

	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000
Australian Securities and Investments Commission — United States — Australian audit regulation programme <sup>1</sup>	2,075	2,062	2,107	-
Australian Securities and Investments Commission — United States — Australian audit regulation programme (Related capital)	17	-	-	-
Efficiency dividend — increase in the rate from 1 per cent to 1.25 per cent <sup>2</sup>	- 512	- 1,004	- 1,501	- 1,501
James Hardie Taskforce investigation and litigation <sup>3</sup>	3,131	-	-	-
James Hardie Taskforce investigation and litigation (Related capital)	20	-	-	-
One.Tel and Offset Alpine — ongoing litigation and investigation	3,953	-	-	-

1 This measure involves funding of \$2.079 million in 2005-06, 2.066 million in 2006-07 and \$2.111 million in 2007-08 for ASIC. Also refer to Table 2.2 on page 183.

2 This is a cross portfolio measure. This table shows the ASIC contribution to the measure.

3 The measure involves funding of \$3.426 million to ASIC in 2005-06. Also refer to Table 2.2 on page 183.

Details of these measures are included in *Budget Paper No. 2, Budget Measures 2005-06*.

#### 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 its Outcome.

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 deal with misconduct in order to promote a confident and informed market.



## Performance information for Outcome 1

**Table 3.2: Performance information for Outcome 1**

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**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 2005-06, 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.

**Price: \$11.4 million**

Output 1.1.2 - Comprehensive and accurate information on companies and corporate activity

Utilisation of ASIC's range of channels for the provision of advice and assistance about both lodging and searching company information.

Facilitation of annual review by all companies of that information currently held by ASIC, and the process to ensure all necessary updates.

Targeted compliance actions against those companies failing to provide the necessary information within the prescribed timeframes.

**Price: \$55.1 million**

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**Table 3.2: Performance information for Outcome 1 (continued)**

<b>Performance information for agency outputs (continued)</b>	
<p>Output 1.1.3 - Compliance monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity</p>	<p>ASIC's objective is to focus compliance activities on specific patterns, problems or risk areas and to respond to these problems using a range of regulatory tools</p> <p>Specific indicators are developed for each type of regulatory intervention.</p> <p>Licensing and surveillance</p> <ul style="list-style-type: none"> <li>- Stakeholders' overall acceptance and understanding with discretionary decision making;</li> <li>- Level and quality of guidance to industry as measured by a reduction in the number of requests for guidance over four years;</li> <li>- 50 per cent of targeted surveillances result in corrective action;</li> <li>- Surveillance of 40 per cent of licensed population over four years; and</li> <li>- 70 per cent of licence applications and variations reviewed within 20 business days measured over a period of four years.</li> </ul> <p><b>Price: \$59.0 million</b></p>
<p>Output 1.1.4 - Enforcement activity to give effect to the laws administered by ASIC</p>	<p>Investigations cover a range of breaches across the full spectrum of ASIC's responsibilities.</p> <p>Enhanced public confidence in, and awareness of, ASIC enforcement as measured by survey or stakeholder feedback, an increased level of provision of, or attendance at, seminars addressing compliance issues and increased media coverage.</p> <p>Increased percentage of investigations completed within 12 months.</p> <p>70 per cent of investigations lead to an enforcement action being commenced.</p> <p>Portion of public complaints actioned.</p> <p><b>Price: \$96.5 million</b></p>

**Evaluations for Outcome 1**

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.

## Section 4: Other reporting requirements

### **4.1: PURCHASER-PROVIDER ARRANGEMENTS**

#### **Cross agency overview**

Information contained within ASIC's databases are purchased by several Australian Government agencies, including the Australian Taxation Office.

### **4.2: COST RECOVERY ARRANGEMENTS**

ASIC does not carry out significant ongoing cost recovery arrangements. Consequently, ASIC has not produced a Cost Recovery Impact Statement.

### **4.3: AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE**

#### **Table 4.1: Australian Government Indigenous Expenditure**

This table is not applicable to ASIC.

## **Section 5: 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.

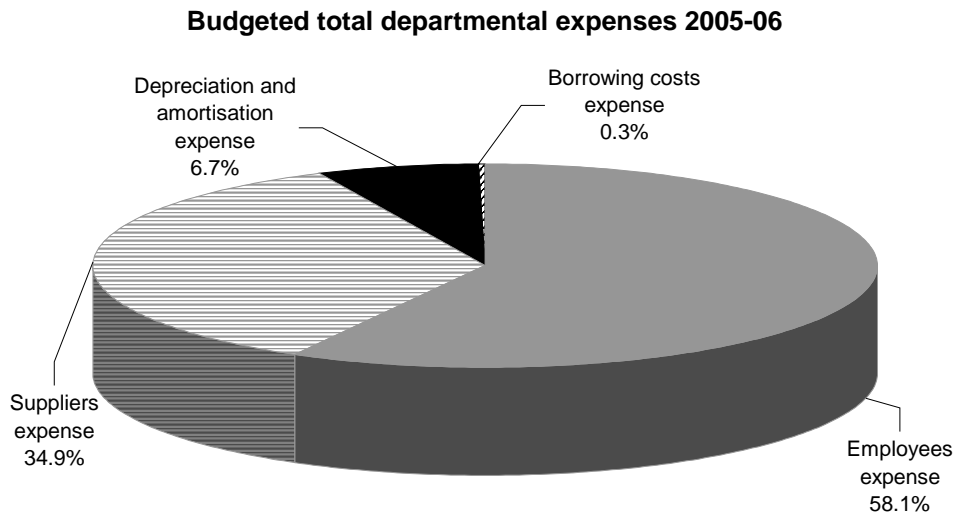
### **5.1: ANALYSIS OF BUDGETED FINANCIAL STATEMENTS**

#### **Budgeted departmental statement of financial performance**

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

Departmental appropriation for 2005-06 is \$213.7 million, which is an increase of \$7.8 million on the amount recognised in 2004-05. The rise in appropriation is attributed to the Government's decision to fund ASIC for its additional responsibilities relating to the implementation, consumer protection and enforcement of the Choice of Superannuation Fund, to fund ASIC's on-going enforcement actions, and also to fund the US – Australian audit regulation program. ASIC will also generate \$8.4 million in receipts from independent sources (i.e. sale of services and interest).

Total expenses including borrowing costs for 2005-06 are estimated to be \$222.0 million, an increase of \$7.9 million over the prior financial year. The expenditure will be used to fund activities that contribute towards achieving the objective outputs 1.1.1 to 1.1.4 appearing in Table 3.1.



### **Budgeted departmental 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, and also shows the Government's remaining equity.

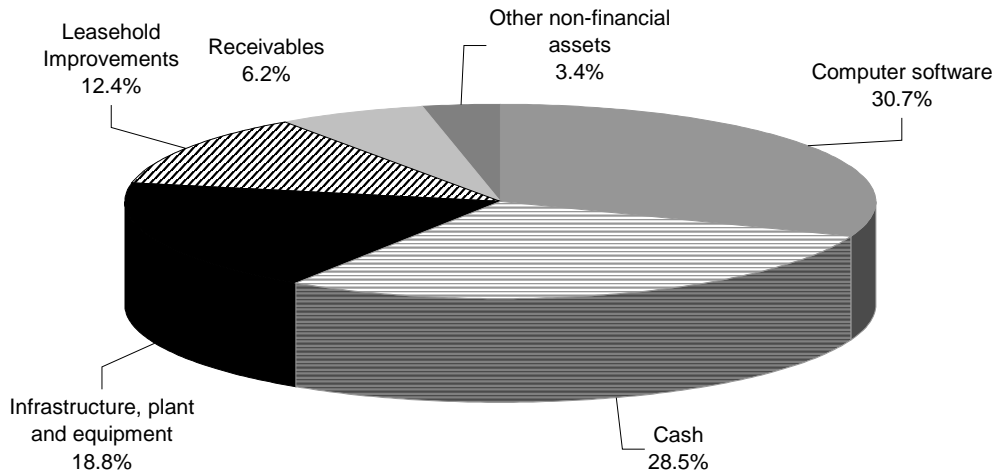
#### **Equity**

ASIC's budgeted equity (or net asset position) for 2005-06 is expected to be \$7.2 million. This includes additional capital funding of \$1.5 million for specific enforcement matters. The increase in contributed equity of \$11.3 million in 2004-05 relates to an injection of capital to address cumulative operating losses, of prior years.

#### **Non-Financial Assets**

A revaluation of plant and equipment to fair value was undertaken in 2004-05 in accordance with ASIC's policy to revalue all classes of non-financial assets every three years, and as required by Australian Equivalents to International Financial Reporting Standards (AEIFRS). The effect of this revaluation was a write-down in the value of assets of \$1.3 million (refer to Table 5.1).

**Budgeted total departmental assets 2005-06**



**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. ASIC is currently negotiating the terms of a new agreement relating to the provision of a lease financing facility. The forward estimates will be updated in the 2005-06 additional estimates once the agreement has been concluded.

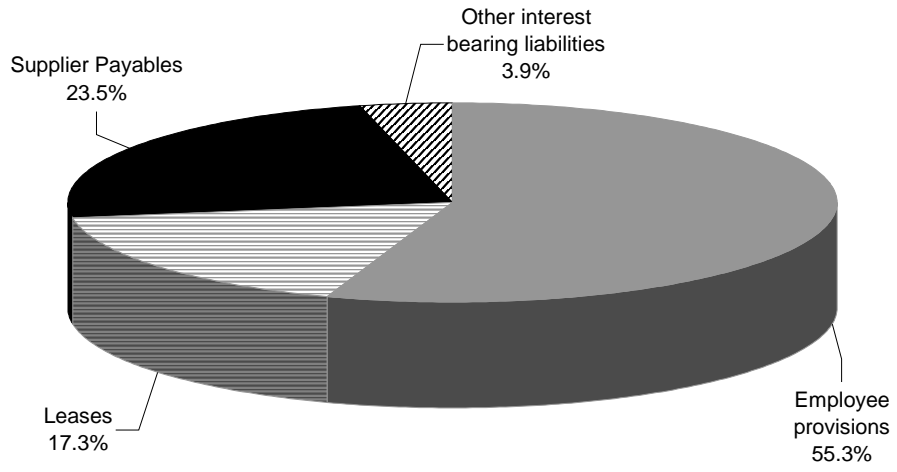
**Provisions and payables**

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 forward estimates as the provisions of the Certified Agreement take effect.

**Supplier payables**

Represents amounts owing to suppliers remaining unpaid at 30 June each year. The increase of \$2.4 million over 2004-05 is in line with the increase in operating expenditure.

**Budgeted total departmental liabilities 2005-06**





## 5.2: BUDGETED FINANCIAL STATEMENTS TABLES

**Table 5.1: Budgeted departmental statement of financial performance for the period ended 30 June**

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>REVENUE</b>					
<b>Revenues from ordinary activities</b>					
Revenues from Government	205,888	213,656	196,741	198,337	197,731
Services	3,264	3,329	3,396	3,464	3,533
Interest	2,450	2,450	2,450	2,450	2,450
Other	2,556	2,613	2,671	2,731	2,792
<b>Revenues from ordinary activities</b>	<b>214,158</b>	<b>222,048</b>	<b>205,258</b>	<b>206,982</b>	<b>206,506</b>
<b>EXPENSE</b>					
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>					
Employees	124,168	129,002	124,576	124,240	125,268
Suppliers	75,252	77,517	65,024	67,084	65,621
Depreciation and amortisation	14,086	14,821	14,950	14,950	14,909
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>	<b>213,506</b>	<b>221,340</b>	<b>204,550</b>	<b>206,274</b>	<b>205,798</b>
Borrowing costs expense	652	708	708	708	708
<b>Operating surplus or deficit from ordinary activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net surplus or deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net surplus or deficit attributable to the Australian Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Change in accumulated results on application of transitional provisions of new accounting standard <sup>1</sup>	- 1,300	-	-	-	-
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	<b>- 1,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1</sup> Adoption of Australian Equivalents to International Financial Reporting Standards (AEIFRS) fair value revaluation of plant and equipment. On 1 July 2004, ASIC revalued plant and equipment assets on the basis of fair value, which resulted in a reduction in the written down value of these assets amounting to \$1.3 million.

**Table 5.2: Budgeted departmental statement of financial position as at 30 June**

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	13,817	16,489	15,489	16,206	15,563
Receivables	3,547	3,584	3,621	3,659	3,611
<b>Total financial assets</b>	<b>17,364</b>	<b>20,073</b>	<b>19,110</b>	<b>19,865</b>	<b>19,174</b>
<b>Non-financial assets</b>					
Leashold Improvements	9,146	7,193	5,565	4,354	4,406
Infrastructure, plant and equipment	11,492	10,891	8,751	8,037	7,576
Intangibles	16,378	17,808	17,606	17,561	17,661
Other non-financial assets	1,970	1,970	1,970	1,970	1,970
<b>Total non-financial assets</b>	<b>38,986</b>	<b>37,862</b>	<b>33,892</b>	<b>31,922</b>	<b>31,613</b>
<b>Total assets</b>	<b>56,350</b>	<b>57,935</b>	<b>53,002</b>	<b>51,787</b>	<b>50,787</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Leases	10,251	8,771	4,705	4,059	3,059
Other interest bearing liabilities	2,485	1,956	1,547	1,289	1,289
<b>Total interest bearing liabilities</b>	<b>12,736</b>	<b>10,727</b>	<b>6,252</b>	<b>5,348</b>	<b>4,348</b>
<b>Provisions</b>					
Employees	28,334	28,079	27,976	28,362	28,362
<b>Total provisions</b>	<b>28,334</b>	<b>28,079</b>	<b>27,976</b>	<b>28,362</b>	<b>28,362</b>
<b>Payables</b>					
Suppliers	9,590	11,949	11,594	10,897	10,897
<b>Total payables</b>	<b>9,590</b>	<b>11,949</b>	<b>11,594</b>	<b>10,897</b>	<b>10,897</b>
<b>Total liabilities</b>	<b>50,660</b>	<b>50,755</b>	<b>45,822</b>	<b>44,607</b>	<b>43,607</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	11,917	13,407	13,407	13,407	13,407
Reserves	5,254	5,254	5,254	5,254	5,254
Retained surpluses or accumulated deficits	- 11,481	- 11,481	- 11,481	- 11,481	- 11,481
<b>Total parent entity interest</b>	<b>5,690</b>	<b>7,180</b>	<b>7,180</b>	<b>7,180</b>	<b>7,180</b>
<b>Total equity</b>	<b>5,690</b>	<b>7,180</b>	<b>7,180</b>	<b>7,180</b>	<b>7,180</b>
<b>Current assets</b>	<b>19,334</b>	<b>22,043</b>	<b>21,080</b>	<b>21,835</b>	<b>21,144</b>
<b>Non-current assets</b>	<b>37,016</b>	<b>35,892</b>	<b>31,922</b>	<b>29,952</b>	<b>29,643</b>
<b>Current liabilities</b>	<b>36,587</b>	<b>37,883</b>	<b>35,315</b>	<b>34,520</b>	<b>34,020</b>
<b>Non-current liabilities</b>	<b>14,073</b>	<b>12,872</b>	<b>10,507</b>	<b>10,087</b>	<b>9,587</b>

\* 'Equity' is the residual interest in assets after deduction of liabilities.

**Table 5.3: Budgeted departmental statement of cash flows for the period ended 30 June**

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	3,078	3,142	3,300	3,426	3,633
Appropriations	206,041	213,656	196,741	198,337	197,731
Interest	2,450	2,450	2,450	2,450	2,450
Other	2,556	2,613	2,671	2,731	2,792
GST recovered	4,491	4,501	4,411	4,411	4,411
<b>Total cash received</b>	<b>218,616</b>	<b>226,362</b>	<b>209,573</b>	<b>211,355</b>	<b>211,017</b>
<b>Cash used</b>					
Employees	130,984	130,799	128,193	131,460	129,341
Suppliers	79,425	78,496	66,626	64,844	66,011
Borrowing costs	652	708	708	708	708
<b>Total cash used</b>	<b>211,061</b>	<b>210,003</b>	<b>195,527</b>	<b>197,012</b>	<b>196,060</b>
<b>Net cash from or used by operating activities</b>	<b>7,555</b>	<b>16,359</b>	<b>14,046</b>	<b>14,343</b>	<b>14,957</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	10,715	9,890	9,400	7,980	10,600
<b>Total cash used</b>	<b>10,715</b>	<b>9,890</b>	<b>9,400</b>	<b>7,980</b>	<b>10,600</b>
<b>Net cash from or used by investing activities</b>	<b>- 10,715</b>	<b>- 9,890</b>	<b>- 9,400</b>	<b>- 7,980</b>	<b>- 10,600</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	11,915	1,490	-	-	-
<b>Total cash received</b>	<b>11,915</b>	<b>1,490</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Repayments of finance lease principal	5,788	5,287	5,646	5,646	5,000
<b>Total cash used</b>	<b>5,788</b>	<b>5,287</b>	<b>5,646</b>	<b>5,646</b>	<b>5,000</b>
<b>Net cash from or used by financing activities</b>	<b>6,127</b>	<b>- 3,797</b>	<b>- 5,646</b>	<b>- 5,646</b>	<b>- 5,000</b>
<b>Net increase or decrease in cash held</b>	<b>2,967</b>	<b>2,672</b>	<b>- 1,000</b>	<b>717</b>	<b>- 643</b>
Cash at the beginning of the reporting period	10,850	13,817	16,489	15,489	16,206
Cash at the end of the reporting period	13,817	16,489	15,489	16,206	15,563

**Table 5.4: Departmental capital budget statement**

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	11,915	1,490	-	-	-
<b>Total capital appropriations</b>	11,915	1,490	-	-	-
<b>Represented by:</b>					
Purchase of non-financial assets	615	1,490	-	-	-
Other	11,300	-	-	-	-
<b>Total represented by</b>	11,915	1,490	-	-	-
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	615	1,490	-	-	-
Funded internally by					
Departmental resources	10,100	8,400	9,400	7,980	10,600
<b>Total</b>	10,715	9,890	9,400	7,980	10,600

**Table 5.5: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)**

	Land	Investment property	Buildings	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	\$'000
<b>As at 1 July 2005</b>									
Gross book value	-	-	28,392	-	22,626	-	27,836	-	78,854
Accumulated depreciation	-	-	- 19,246	-	- 11,134	-	- 11,458	-	- 41,838
<b>Opening net book value</b>	-	-	9,146	-	11,492	-	16,378	-	37,016
Additions:									
by purchase	-	-	1,093	-	4,490	-	4,307	-	9,890
by finance lease	-	-	-	-	3,807	-	-	-	3,807
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
Net revaluation increment/decrement	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	- 3,046	-	- 8,898	-	- 2,877	-	- 14,821
Recoverable amount write-downs	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
Disposals:									
from disposal of entities or operations (including restructuring)	-	-	-	-	-	-	-	-	-
other disposals	-	-	-	-	-	-	-	-	-
<b>As at 30 June 2006</b>									
Gross book value	-	-	29,485	-	30,923	-	32,143	-	92,551
Accumulated depreciation	-	-	- 22,292	-	- 20,032	-	- 14,335	-	- 56,659
<b>Closing net book value</b>	-	-	7,193	-	10,891	-	17,808	-	35,892

**Table 5.6: Schedule of budgeted revenues and expenses administered on behalf of Government for the period ended 30 June**

	Estimated actual 2004-05 \$'000	Budget estimates 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>REVENUES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Non-taxation</b>					
Revenues from government	30,000	32,000	35,000	37,000	37,000
Interest	140	140	140	140	140
Other sources of non-taxation revenues	545,000	551,794	560,114	568,577	577,185
<b>Total non-taxation</b>	<b>575,140</b>	<b>583,934</b>	<b>595,254</b>	<b>605,717</b>	<b>614,325</b>
<b>Total revenues administered on behalf of Government</b>	<b>575,140</b>	<b>583,934</b>	<b>595,254</b>	<b>605,717</b>	<b>614,325</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Other	44,529	41,987	42,000	44,038	44,000
<b>Total expenses administered on behalf of Government</b>	<b>44,529</b>	<b>41,987</b>	<b>42,000</b>	<b>44,038</b>	<b>44,000</b>

**Table 5.7: Schedule of budgeted assets and liabilities administered on behalf of Government as at 30 June**

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash	3,116	3,116	2,612	2,674	2,814
Receivables	67,845	67,555	69,000	71,400	73,400
<b>Total financial assets</b>	<b>70,961</b>	<b>70,671</b>	<b>71,612</b>	<b>74,074</b>	<b>76,214</b>
<b>Total assets administered on behalf of Government</b>	<b>70,961</b>	<b>70,671</b>	<b>71,612</b>	<b>74,074</b>	<b>76,214</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Payables</b>					
Other payables	5,600	5,600	5,600	5,600	5,600
<b>Total payables</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>
<b>Total liabilities administered on behalf of Government</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>

**Table 5.8: Schedule of budgeted administered cash flows for the period ended 30 June**

	Estimated actual 2004-05 \$'000	Budget estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Cash from Official Public Account	30,000	32,000	35,000	37,000	37,000
Interest	140	140	140	140	140
Other	525,294	542,097	551,669	559,139	568,185
<b>Total cash received</b>	<b>555,434</b>	<b>574,237</b>	<b>586,809</b>	<b>596,279</b>	<b>605,325</b>
<b>Cash used</b>					
Borrowing costs	-	-	-	-	-
Cash to Official Public Account	526,110	542,237	552,313	559,217	568,185
Grant payments	-	-	-	-	-
Other	30,000	32,000	35,000	37,000	37,000
<b>Total cash used</b>	<b>556,110</b>	<b>574,237</b>	<b>587,313</b>	<b>596,217</b>	<b>605,185</b>
<b>Net cash from or used by operating activities</b>	<b>- 676</b>	<b>-</b>	<b>- 504</b>	<b>62</b>	<b>140</b>
<b>Net increase or decrease in cash held</b>					
Cash at beginning of reporting period	3,792	3,116	3,116	2,612	2,674
Cash at end of reporting period	3,116	3,116	2,612	2,674	2,814



**Table 5.9: Schedule of administered capital budget**

This table is not applicable to ASIC.

**Table 5.10: Schedule of property, plant, equipment and intangibles — summary of movement (Budget Year 2005-06)**

This table is not applicable to ASIC.

## **5.3: 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 departmental 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. ASIC is reviewing the appropriateness in using the straight line method of depreciation for computer equipment.

### **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.

