

# AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

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# AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Australian Securities and Investments Commission (ASIC) is an independent government body established under the *Australian Securities and Investments Commission Act 2001*.

ASIC's objectives, as set out in the *Australian Securities and Investments Commission Act 2001*, are to:

- maintain, facilitate and improve the performance of the financial system and the entities within that system in the interests of commercial certainty, reducing business costs, and the efficiency and development of the economy;
- promote the confident and informed participation of investors and consumers in the financial system;
- administer the laws that confer functions and powers on it effectively and with a minimum of procedural requirements;
- receive, process and store, efficiently and quickly, the information given to ASIC under the laws that confer functions and powers on it;
- ensure that information is available as soon as practicable for access by the public; and
- take whatever action it can take, and is necessary, in order to enforce and give effect to the laws of the Commonwealth that confer functions and powers on it.

ASIC's areas of regulatory responsibility include consumer protection and market integrity in the financial services sector, investment management (including superannuation), capital markets (including primary and secondary capital markets), corporations and their auditors and liquidators, and oversight of market operators (for example, the Australian Securities Exchange).

ASIC also operates a major public register function that provides information about Australia's 2.1 million companies, 1.9 million business names, financial services licensees and other professionals registered with ASIC.

ASIC also provides public and consumer education material through a variety of community outreach activities and programmes, and has an enforcement and regulatory role designed to deal with misconduct, in order to promote a confident and informed market.

ASIC will continue to focus on the following priorities:

- confident and informed investors and financial consumers;
- fair and efficient financial markets; and
- efficient registration and licensing.

## 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for ASIC.

**Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2014-15 as at Budget May 2014**

	Estimate of prior year amounts available in <sup>+</sup> 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	=	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
<b>Ordinary annual services</b>					
<b>Departmental</b>					
Prior year departmental appropriation	89,334 <sup>5</sup>	-		89,334	-
Departmental appropriation <sup>3</sup>	-	340,689 <sup>1</sup>		340,689	382,103
Receipts from other sources (s31)	-	2,044 <sup>4</sup>		2,044	2,023
<b>Total departmental</b>	<b>89,334</b>	<b>342,733</b>		<b>432,067</b>	<b>384,126</b>
<b>Administered expenses</b>					
Outcome 1 - Assetless					
Administration fund	-	3,571 <sup>1</sup>		3,571	3,551
Ordinary annual services	-	4,320 <sup>1</sup>		4,320	2,778
<b>Total administered</b>	<b>-</b>	<b>7,891</b>		<b>7,891</b>	<b>6,329</b>
<b>Total ordinary annual services</b>	<b>A 89,334</b>	<b>350,624</b>		<b>439,958</b>	<b>390,455</b>
<b>Other services</b>					
<b>Departmental non-operating</b>					
Equity injections	-	5,950 <sup>2</sup>		5,950	11,791
<b>Total other services</b>	<b>B -</b>	<b>5,950</b>		<b>5,950</b>	<b>11,791</b>
<b>Total available annual appropriations (A+B)</b>	<b>89,334</b>	<b>356,574</b>		<b>445,908</b>	<b>402,246</b>
<b>Special appropriations</b>					
Banking Act 1959	-	95,248		95,248	274,419
Life Insurance Act 1995	-	7,701		7,701	15,898
<b>Total special appropriations</b>	<b>C -</b>	<b>102,949</b>		<b>102,949</b>	<b>290,317</b>
<b>Total appropriations excluding special accounts (A+B+C)</b>	<b>89,334</b>	<b>459,523</b>		<b>548,857</b>	<b>692,563</b>

**Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2014-15 as at Budget May 2014 (continued)**

	Estimate of prior year amounts available in 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
<b>Special accounts</b>				
Opening balance <sup>6</sup>	33,794	-	33,794	-
Appropriation receipts	-	27,000	27,000	30,000
Non-appropriation receipts to special accounts	-	1,000	1,000	1,000
<b>Total special account</b>	<b>D 33,794</b>	<b>28,000</b>	<b>61,794</b>	<b>31,000</b>
<b>Total resourcing (A+B+C+D)</b>	<b>123,128</b>	<b>487,523</b>	<b>610,651</b>	<b>723,563</b>
Less appropriations drawn from annual appropriations above and credited to special accounts	-	27,000	27,000	30,000
<b>Total net resourcing for ASIC</b>	<b>123,128</b>	<b>460,523</b>	<b>583,651</b>	<b>693,563</b>

1. Appropriation Bill (No. 1) 2014-15.

2. Appropriation Bill (No. 2) 2014-15.

3. Includes \$15.2 million in 2014-15 for the departmental capital budget (also refer to Table 3.2.5).

4. Receipts received under section 31 of the *Financial Management and Accountability Act 1997*.

5. Estimated adjusted balance carried forward from previous year.

6. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.2.

### 1.3 BUDGET MEASURES

Budget measures relating to ASIC are summarised below.

**Table 1.2: Australian Securities and Investments Commission 2014-15 Budget measures**

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
<b>Expense measures</b>						
Australian Securities and Investments Commission - savings	1.1	3,012	(26,022)	(32,503)	(32,120)	(32,442)
Efficiency Dividend - temporary increase in the rate <sup>1</sup>	1.1	-	(3,676)	(8,449)	(13,076)	(13,076)
Efficiency Dividend - a further temporary increase of 0.25 per cent						
Departmental expenses	1.1	-	(894)	(1,744)	(2,579)	(2,604)
Administered expenses	1.1	-	(15)	(31)	(32)	(33)
MoneySmart teaching and online MoneySmart programme <sup>1</sup>	1.1	-	-	-	-	-
Public Service efficiencies <sup>2</sup>	1.1	(100)	(494)	(1,063)	(1,467)	(1,467)
Reforms to APS management and efficient procurement of agency software <sup>1</sup>	1.1	(99)	(494)	(1,062)	(1,467)	(1,467)

**Table 1.2: Australian Securities and Investments Commission 2014-15 Budget measures (continued)**

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
<b>Expense measures (continued)</b>						
Repeal of the Carbon tax - abolishing other measures <sup>3</sup>	1.1	-	(726)	-	-	-
Farm Management Deposits - exempting deposits from the unclaimed monies scheme						
Administered expenses	1.2	-	*	*	*	*
Bank accounts - further reform of arrangements relating to transfer of unclaimed monies <sup>1</sup>						
Administered expenses	1.2	(4,300)	(4,700)	(5,100)	(5,100)	(5,100)
<b>Total expense measures</b>		<b>(1,487)</b>	<b>(37,021)</b>	<b>(49,952)</b>	<b>(55,841)</b>	<b>(56,189)</b>
<b>Related capital</b>						
Efficiency Dividend - a further temporary increase of 0.25 per cent	1.1	-	(39)	(99)	(187)	(189)
<b>Total related capital</b>		<b>-</b>	<b>(39)</b>	<b>(99)</b>	<b>(187)</b>	<b>(189)</b>
<b>Related revenue</b>						
Farm Management Deposits - exempting deposits from the unclaimed monies scheme						
Administered revenue	1.2	-	*	*	*	*
Bank accounts - further reform of arrangements relating to transfer of unclaimed monies <sup>1</sup>						
Administered revenue	1.2	(7,400)	(8,100)	(8,800)	(8,800)	(8,800)
<b>Total related revenue</b>		<b>(7,400)</b>	<b>(8,100)</b>	<b>(8,800)</b>	<b>(8,800)</b>	<b>(8,800)</b>

1. This measure was included in the *Economic Statement 2013* and has not previously appeared in a portfolio statement.

2. This measure was included in Budget Paper No. 2, *Budget Measures 2013-14* and has not previously appeared in a portfolio statement.

3. This measure was included in the *Mid-Year Economic and Fiscal Outlook 2013-14* and has not previously appeared in a portfolio statement.

\* The nature of this measure is such that a reliable estimate cannot be provided.

Prepared on a Government Finance Statistics (fiscal) basis.

## Section 2: Outcomes and planned performance

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the budget and forward years.

ASIC's outcome is described below together with its related programmes specifying the strategy, programme objective, programme deliverables and programme key performance indicators used to assess and monitor the performance of ASIC.

**Outcome 1: Improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems**

#### **Outcome 1 strategy**

The strategy under Outcome 1 focuses on:

- confident and informed investors and financial consumers, focusing on education, holding gatekeepers to account, and consumer behaviour;
- fair and efficient financial markets through ASIC's role in market supervision, market competition and corporate governance; and
- efficient registration and licensing with a focus on small business.

## Outcome 1 Budgeted resources

Table 2.1 provides an overview of the total resources for Outcome 1.

**Table 2.1: Budgeted resources for Outcome 1**

	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
<b>Outcome 1:</b> Improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems		
<b>Programme 1.1: Australian Securities and Investments Commission</b>		
Departmental expenses		
Departmental appropriation	366,279	321,252
Expenses not requiring appropriation in the budget year	51,611	44,596
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	5,551	5,828
Expenses not requiring appropriation in the budget year	43,011	43,495
<b>Total for Programme 1.1</b>	<b>466,452</b>	<b>415,171</b>
<b>Programme 1.2: Banking Act 1959, Life Insurance Act 1995, unclaimed monies and special accounts</b>		
Administered expenses		
Companies unclaimed monies - section 28 of the FMA ACT	24,821	24,937
Ordinary annual services (Appropriation Bill No. 1)	2,179	2,063
Administered expenses		
Special appropriations		
<i>Banking Act 1959</i> - Banking Unclaimed Moneys	121,844	44,336
<i>Life Insurance Act 1995</i> - Life Unclaimed Moneys	4,727	5,743
Total for special appropriations	153,571	77,079
<b>Total for Programme 1.2</b>	<b>153,571</b>	<b>77,079</b>
<b>Outcome 1 totals by appropriation type</b>		
Departmental expenses		
Departmental appropriation	366,279	321,252
Expenses not requiring appropriation in the budget year	51,611	44,596
Administered expenses		
Companies unclaimed monies - section 28 of the FMA ACT	24,821	24,937
Ordinary annual services (Appropriation Bill No. 1)	2,179	2,063
Special appropriations	126,571	50,079
Ordinary annual services (Appropriation Bill No. 1)	5,551	5,828
Expenses not requiring appropriation in budget year	43,011	43,495
<b>Total expenses for Outcome 1</b>	<b>620,023</b>	<b>492,250</b>
	2013-14	2014-15
<b>Average staffing level (number)</b>	<b>1,782</b>	<b>1,573</b>



## Contributions to Outcome 1

### Programme 1.1: Australian Securities and Investments Commission

#### Programme objective

Programme 1.1 contributes to Outcome 1 by improving industry behaviour where market integrity and consumer confidence are most at risk, by helping consumers and retail investors make well-informed decisions in the financial economy, and supervising Australia's financial markets.

This programme also seeks to improve ASIC's registry and stakeholder services by developing initiatives for business and consumer stakeholders to simplify and reduce the cost of interactions with ASIC.

#### Programme expenses

ASIC's estimates are reducing from 2013-14 levels due to the termination of measures and other savings initiatives.

**Table 2.2: Programme 1.1 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget estimate \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	366,279	321,252	306,041	303,403	306,287
Expenses not requiring appropriation	51,611	44,596	39,071	32,107	26,176
Annual administered expenses					
Ordinary annual services	5,551	5,828	6,113	4,197	4,281
Expenses not requiring appropriation	43,011	43,495	43,985	44,480	44,981
<b>Total programme expenses</b>	<b>466,452</b>	<b>415,171</b>	<b>395,210</b>	<b>384,187</b>	<b>381,725</b>

#### Programme deliverables

ASIC will deliver this objective through engagement with industry and stakeholders, surveillance, guidance, education, enforcement activities, and policy advice.

Programme deliverables are focused under each strategic priority.

#### Confident and informed investors and financial consumers

Deliverables are designed to:

- educate investors and promote information about risk, reward and diversification so they can make informed investment decisions;
- supervise those in the financial services sector for instances of misconduct;

- hold people with a trusted role in the financial system (gatekeepers such as auditors, directors, advisers, custodians, product manufacturers and distributors, market operators and participants) to account if they are not meeting their obligations; and
- recognise how investors and financial consumers make decisions.

### **Fair and efficient financial markets**

Deliverables focus on:

- supervising equities and derivatives markets for instances of market misconduct;
- supervising market operators for compliance with statutory obligations;
- promoting good corporate governance; and
- holding people with a trusted role in the financial system to account if they are not meeting their obligations.

### **Efficient registration and licensing**

Deliverables seek to:

- provide stakeholders with modern, efficient, accurate and cost effective corporate register and licensing systems;
- improve public access to information about registered and licensed entities;
- reduce costs and red tape for business by making it easier to transact with ASIC; and
- administer the law to enhance commercial certainty and reduce business costs.

### **Programme key performance indicators**

ASIC measures its performance by considering how effective it is in delivering against a range of more detailed outcomes under each strategic priority. Measures incorporate both internal regulatory activity and stakeholder feedback.

### **Confident and informed investors and consumers**

- investors and financial consumers can make informed decisions;
- product issuers, credit providers and advisers meet required standards;
- fair and efficient processes are in place for resolution of disputes; and
- misconduct is dealt with and deterred.

**Fair and efficient financial markets**

- participants in financial markets meet required standards;
- financial markets are orderly and efficient;
- issuers and their officers meet required standards; and
- misconduct is dealt with and deterred.

**Efficient licensing and registration**

- registration and licensing is efficient, accurate and cost effective for business;
- business complies with ongoing registration and licensing obligations;
- the public has easy access to information to ASIC registers; and
- misconduct is dealt with and deterred.

**Programme 1.2: Banking Act 1959, Life Insurance Act 1995, unclaimed monies and special accounts**

**Programme objective**

ASIC is responsible for the administration of unclaimed money from banking and deposit taking institutions and life insurance institutions.

**Programme expenses**

There are no significant changes to estimates across the forward years.

**Table 2.3: Programme 1.2 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget estimate \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual administered expenses:					
Special appropriations	126,571	50,079	56,063	62,234	68,866
Ordinary annual services	2,179	2,063	1,770	1,650	1,760
Section 28 of the FMA Act	24,821	24,937	25,230	25,230	25,240
<b>Total program expenses</b>	<b>153,571</b>	<b>77,079</b>	<b>83,063</b>	<b>89,114</b>	<b>95,866</b>

**Programme deliverables**

Provide an accurate register of unclaimed money and special accounts administered by ASIC.

**Programme key performance indicators**

ASIC has the following key performance indicators:

- ensure that refunds of unclaimed monies are paid to successful claimants promptly; and
- ensure that payments of monies from special accounts are paid out promptly in accordance with the specified purposes or appropriate legislation.

## Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2014-15. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, special accounts and Australian Government Indigenous expenditure.

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Movement of administered funds between years

ASIC has not moved any administered funds between years.

#### 3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by ASIC.

**Table 3.1.2: Estimates of special account cash flows and balances**

	Outcome	Opening balance 2014-15 2013-14 \$'000	Receipts			Closing balance 2014-15 2013-14 \$'000
			non- appropriated 2014-15 2013-14 \$'000	Receipts appropriated 2014-15 2013-14 \$'000	Payments 2014-15 2013-14 \$'000	
ASIC Deregistered Companies						
Trust Moneys Special Account(D)	1	1,436	1,000	-	1,000	1,436
ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account(D)	1	11	-	-	-	11
ASIC Security Deposits Special Account(D)	1	456	-	-	-	456
Enforcement Special Account(D)	1	33,794	-	27,000	27,000	33,794
<b>Total special accounts 2014-15 Budget estimate</b>		<b>35,697</b>	<b>1,000</b>	<b>27,000</b>	<b>28,000</b>	<b>35,697</b>
Total special accounts 2013-14 estimate actual		35,697	1,000	30,000	31,000	35,697

(A) Administered.

(D) Departmental.

### 3.1.3 Australian Government Indigenous expenditure

**Table 3.1.3: Australian Government Indigenous expenditure**

	Appropriations				Other \$'000	Total \$'000	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000			
	Australian Securities and Investments Commission						
<b>Departmental 2014-15</b>	<b>822</b>	-	-	<b>822</b>	-	<b>822</b>	<b>1.1</b>
<i>Departmental 2013-14</i>	<i>732</i>	-	-	<i>732</i>	-	<i>732</i>	<i>1.1</i>

## 3.2 BUDGETED FINANCIAL STATEMENTS

### 3.2.1 Differences in agency resourcing and financial statements

There are no material differences between agency resourcing and financial statements.

### 3.2.2 Analysis of budgeted financial statements

#### Budgeted departmental income statement

ASIC is budgeting for a break-even operating result for 2014-15 and for the remainder of the forward estimates, after adding back non-appropriated depreciation and amortisation expenses.

Total expenses (excluding depreciation) are estimated to be \$321.3 million for 2014-15. The expenditure will be used to fund activities that contribute towards achieving the outcome and programme objectives outlined in Section 2.

#### Budgeted departmental balance sheet

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

ASIC's budgeted equity (or net asset position) for 2014-15 is \$101.5 million.

The 2014-15 equity position reflects the cumulative effect of capital injections of \$21.2 million received during 2014-15.

#### Budgeted departmental statement of cash flows

The budgeted statement of cash flows provides 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.

#### Departmental statement of changes in equity — summary of movement

This statement shows the changes in the equity position of ASIC. It helps decision-makers to track the management of ASIC's equity.

### **Departmental capital budget statement**

This statement shows details of capital appropriations received by ASIC. It helps decision-makers to track the acquisition of new non-financial assets.

### **Statement of asset movements — departmental**

This statement shows details of gross asset movements during the year. It helps decision-makers to analyse movements of non-financial assets.

### **Schedule of administered activity**

#### **Schedule of budgeted income and expenses administered on behalf of government**

The schedule of budgeted income and expenses administered on behalf of government 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*, the *Life Insurance Act 1995* and section 28 of the *Financial Management and Accountability Act 1997* (FMA Act).

Other non-taxation revenue represents the amount of fees and charges budgeted to be levied under the *Corporations Act 2001* and estimated receipts of unclaimed monies under the *Banking Act 1959*, the *Life Insurance Act 1995* and the *Corporations Act 2001*.

Expenses represent budgeted payments of unclaimed monies, refund of overpaid fees and charges levied under the *Corporations Act 2001*, bad debt expense, administered advertising expenses and grant payments to registered insolvency practitioners to investigate breaches of directors' duties and fraudulent conduct.

#### **Schedule of budgeted assets and liabilities administered on behalf of government**

The amount shown for receivables in 2014-15 and in the forward estimates is the estimated amount of fees and charges under the *Corporations Act 2001* remaining unpaid at 30 June.

The amounts shown in other payables for 2014-15 and the forward estimates represent the estimated amount of refunds relating to the overpayments of annual review and other fees under the *Corporations Act 2001*, estimated claims payable under the *Banking Act 1959* and the *Life Insurance Act 1995* and companies unclaimed monies under section 28 of the FMA Act.

#### **Schedule 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.

### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (showing net cost of services)  
(for the period ended 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>EXPENSES</b>					
Employee benefits	240,384	212,720	208,384	210,240	210,740
Supplier	125,395	108,032	97,157	92,663	95,047
Finance costs	500	500	500	500	500
Depreciation and amortisation	51,611	44,596	39,071	32,107	26,176
<b>Total expenses</b>	<b>417,890</b>	<b>365,848</b>	<b>345,112</b>	<b>335,510</b>	<b>332,463</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	1,188	1,204	1,282	3,487	3,487
Other revenue	835	840	865	865	865
<b>Total revenue</b>	<b>2,023</b>	<b>2,044</b>	<b>2,147</b>	<b>4,352</b>	<b>4,352</b>
<b>Gains</b>					
Other	172	172	172	172	180
<b>Total gains</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>180</b>
<b>Total own-source income</b>	<b>2,195</b>	<b>2,216</b>	<b>2,319</b>	<b>4,524</b>	<b>4,532</b>
<b>Net cost of (contribution by) services</b>	<b>415,695</b>	<b>363,632</b>	<b>342,793</b>	<b>330,986</b>	<b>327,931</b>
Appropriation revenue	366,374	322,462	307,148	302,305	305,181
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(49,321)</b>	<b>(41,170)</b>	<b>(35,645)</b>	<b>(28,681)</b>	<b>(22,750)</b>
<b>Note: Impact of net cash appropriation arrangements</b>					
	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
<b>Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(49,321)	(41,170)	(35,645)	(28,681)	(22,750)
<b>Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income</b>	<b>(49,321)</b>	<b>(41,170)</b>	<b>(35,645)</b>	<b>(28,681)</b>	<b>(22,750)</b>

Prepared on Australian Accounting Standards basis.



**Table 3.2.2: Budgeted departmental balance sheet  
(as at 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	2,216	2,216	2,216	2,216	2,216
Trade and other receivables	95,294	92,631	95,605	94,440	91,698
<b>Total financial assets</b>	<b>97,510</b>	<b>94,847</b>	<b>97,821</b>	<b>96,656</b>	<b>93,914</b>
<b>Non-financial assets</b>					
Land and buildings	57,076	51,944	43,574	40,577	47,552
Infrastructure, plant and equipment	19,444	18,474	18,296	19,455	21,754
Intangibles	106,013	92,298	80,734	74,373	61,605
Other	8,970	9,069	9,170	9,170	9,170
<b>Total non-financial assets</b>	<b>191,503</b>	<b>171,785</b>	<b>151,774</b>	<b>143,575</b>	<b>140,081</b>
<b>Total assets</b>	<b>289,013</b>	<b>266,632</b>	<b>249,595</b>	<b>240,231</b>	<b>233,995</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	81,674	81,916	84,595	84,595	84,595
Other	9,648	9,898	9,728	9,875	7,986
<b>Total provisions</b>	<b>91,322</b>	<b>91,814</b>	<b>94,323</b>	<b>94,470</b>	<b>92,581</b>
<b>Payables</b>					
Suppliers	41,031	42,570	43,184	42,236	40,210
Other	35,104	30,697	26,553	22,410	18,268
<b>Total payables</b>	<b>76,135</b>	<b>73,267</b>	<b>69,737</b>	<b>64,646</b>	<b>58,478</b>
<b>Total liabilities</b>	<b>167,457</b>	<b>165,081</b>	<b>164,060</b>	<b>159,116</b>	<b>151,059</b>
<b>Net assets</b>	<b>121,556</b>	<b>101,551</b>	<b>85,535</b>	<b>81,115</b>	<b>82,936</b>
<b>EQUITY</b>					
Contributed equity	262,681	283,846	303,475	327,736	352,307
Reserves	9,213	9,213	9,213	9,213	9,213
Retained surpluses or accumulated deficits	(150,338)	(191,508)	(227,153)	(255,834)	(278,584)
<b>Total equity</b>	<b>121,556</b>	<b>101,551</b>	<b>85,535</b>	<b>81,115</b>	<b>82,936</b>
<b>Current assets</b>	<b>106,480</b>	<b>103,916</b>	<b>106,991</b>	<b>105,826</b>	<b>103,084</b>
<b>Non-current assets</b>	<b>182,533</b>	<b>162,716</b>	<b>142,604</b>	<b>134,405</b>	<b>130,911</b>
<b>Current liabilities</b>	<b>92,809</b>	<b>90,183</b>	<b>89,332</b>	<b>84,241</b>	<b>78,073</b>
<b>Non-current liabilities</b>	<b>74,648</b>	<b>74,898</b>	<b>74,728</b>	<b>74,875</b>	<b>72,986</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows  
(for the period ended 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	1,188	1,204	1,282	3,487	3,487
Appropriations	373,201	325,125	304,174	303,470	307,923
GST received	17,139	13,941	12,501	12,188	13,972
Other	835	840	865	865	865
<b>Total cash received</b>	<b>392,363</b>	<b>341,110</b>	<b>318,822</b>	<b>320,010</b>	<b>326,247</b>
<b>Cash used</b>					
Employees	240,202	212,478	205,705	210,240	210,740
Suppliers	117,356	110,827	100,617	97,582	101,035
GST Paid	17,138	13,941	12,500	12,188	13,972
Cash used other	32	250	670	353	2,389
<b>Total cash used</b>	<b>374,728</b>	<b>337,496</b>	<b>319,492</b>	<b>320,363</b>	<b>328,136</b>
<b>Net cash from or (used by) operating activities</b>	<b>17,635</b>	<b>3,614</b>	<b>(670)</b>	<b>(353)</b>	<b>(1,889)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	47,013	24,779	18,959	23,908	22,682
<b>Total cash used</b>	<b>47,013</b>	<b>24,779</b>	<b>18,959</b>	<b>23,908</b>	<b>22,682</b>
<b>Net cash from or (used by) investing activities</b>	<b>(47,013)</b>	<b>(24,779)</b>	<b>(18,959)</b>	<b>(23,908)</b>	<b>(22,682)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	30,532	21,165	19,629	24,261	24,571
<b>Total cash received</b>	<b>30,532</b>	<b>21,165</b>	<b>19,629</b>	<b>24,261</b>	<b>24,571</b>
<b>Net cash from or (used by) financing activities</b>	<b>30,532</b>	<b>21,165</b>	<b>19,629</b>	<b>24,261</b>	<b>24,571</b>
<b>Net increase or (decrease) in cash held</b>	<b>1,154</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	1,062	2,216	2,216	2,216	2,216
<b>Cash at the end of the reporting period</b>	<b>2,216</b>	<b>2,216</b>	<b>2,216</b>	<b>2,216</b>	<b>2,216</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2014-15)**

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2014</b>					
Balance carried forward from previous period	(150,338)	9,213	-	262,681	121,556
<b>Adjusted opening balance</b>	(150,338)	9,213	-	262,681	121,556
<b>Comprehensive income</b>					
Surplus (deficit) for the period	(41,170)	-	-	-	(41,170)
<b>Total comprehensive income recognised directly in equity</b>	(41,170)	-	-	-	(41,170)
<b>Transactions with owners</b>					
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	5,950	5,950
Appropriation (departmental capital budget)	-	-	-	15,215	15,215
<b>Total transactions with owners</b>	-	-	-	21,165	21,165
<b>Estimated closing balance as at 30 June 2015</b>	(191,508)	9,213	-	283,846	101,551

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Departmental capital budget (DCB) statement**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 - DCB	18,741	15,215	19,188	24,261	24,571
Equity injections - Bill 2	11,791	5,950	441	-	-
<b>Total new capital appropriations</b>	30,532	21,165	19,629	24,261	24,571
<b>Provided for:</b>					
Purchase of non-financial assets	30,476	20,915	18,959	23,908	22,682
<b>Total items</b>	30,476	20,915	18,959	23,908	22,682
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	11,291	9,814	441	-	-
Funded by capital appropriation - DCB	18,685	14,965	18,518	23,908	22,682
Funded internally from departmental resources	17,037	-	-	-	-
<b>TOTAL</b>	47,013	24,779	18,959	23,908	22,682
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	47,013	24,779	18,959	23,908	22,682
<b>Total cash used to acquire assets</b>	47,013	24,779	18,959	23,908	22,682

Prepared on Australian Accounting Standards basis.

**Table 3.2.6: Statement of asset movements — departmental**

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
<b>As at 1 July 2014</b>				
Gross book value	108,840	60,579	258,783	428,202
Accumulated depreciation/amortisation and impairment	51,764	41,135	152,770	245,669
<b>Opening net book balance</b>	<b>57,076</b>	<b>19,444</b>	<b>106,013</b>	<b>182,533</b>
<b>Capital asset additions</b>				
By purchase - appropriation ordinary annual services	4,138	3,960	16,681	24,779
<b>Total asset additions</b>	<b>4,138</b>	<b>3,960</b>	<b>16,681</b>	<b>24,779</b>
<b>Other movements</b>				
Depreciation/amortisation expense	9,270	4,930	30,396	44,596
<b>Total other movements</b>	<b>9,270</b>	<b>4,930</b>	<b>30,396</b>	<b>44,596</b>
<b>As at 30 June 2015</b>				
Gross book value	112,978	64,539	275,464	452,981
Accumulated depreciation/amortisation and impairment	61,034	46,065	183,166	290,265
<b>Closing net book balance</b>	<b>51,944</b>	<b>18,474</b>	<b>92,298</b>	<b>162,716</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Grants	3,551	3,571	3,591	3,616	3,689
Write down and impairment of assets	43,011	43,495	43,985	44,480	44,981
Interest expense	5,018	4,637	3,522	3,314	3,437
Supply of goods and services expense	2,000	2,257	2,522	581	592
Other	148,553	72,442	79,541	85,800	92,429
<b>Total expenses administered on behalf of government</b>	<b>202,133</b>	<b>126,402</b>	<b>133,161</b>	<b>137,791</b>	<b>145,128</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Non-taxation revenue</b>					
Other sources of non-taxation revenues	859,935	887,043	916,878	940,063	967,336
<b>Total non-taxation revenue</b>	<b>859,935</b>	<b>887,043</b>	<b>916,878</b>	<b>940,063</b>	<b>967,336</b>
<b>Total own-source revenues administered on behalf of Government on behalf of government</b>	<b>859,935</b>	<b>887,043</b>	<b>916,878</b>	<b>940,063</b>	<b>967,336</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>859,935</b>	<b>887,043</b>	<b>916,878</b>	<b>940,063</b>	<b>967,336</b>
<b>Net Cost of (contribution by) services</b>	<b>(657,802)</b>	<b>(760,641)</b>	<b>(783,717)</b>	<b>(802,272)</b>	<b>(822,208)</b>
<b>Surplus (Deficit)</b>	<b>657,802</b>	<b>760,641</b>	<b>783,717</b>	<b>802,272</b>	<b>822,208</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,753	2,753	2,753	2,753	2,753
Receivables	103,303	99,132	97,469	95,937	98,752
<b>Total assets administered on behalf of government</b>	<b>106,056</b>	<b>101,885</b>	<b>100,222</b>	<b>98,690</b>	<b>101,505</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Payables</b>					
Suppliers	750	750	750	750	750
Other payables	343,344	269,329	254,455	257,675	259,455
<b>Total liabilities administered on behalf of government</b>	<b>344,094</b>	<b>270,079</b>	<b>255,205</b>	<b>258,425</b>	<b>260,205</b>
<b>Net assets/(liabilities)</b>	<b>(238,038)</b>	<b>(168,194)</b>	<b>(154,983)</b>	<b>(159,735)</b>	<b>(158,700)</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted administered cash flows  
(for the period ended 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Net GST received	323	325	328	331	331
Other	821,499	847,719	874,557	897,115	919,540
<b>Total cash received</b>	<b>821,822</b>	<b>848,044</b>	<b>874,885</b>	<b>897,446</b>	<b>919,871</b>
<b>Cash used</b>					
Grants	3,551	3,571	3,591	3,616	3,689
Other	332,776	153,351	100,459	86,475	94,678
Net GST paid	323	325	328	331	331
<b>Total cash used</b>	<b>336,650</b>	<b>157,247</b>	<b>104,378</b>	<b>90,422</b>	<b>98,698</b>
<b>Net cash from or (used by) operating activities</b>	<b>485,172</b>	<b>690,797</b>	<b>770,507</b>	<b>807,024</b>	<b>821,173</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Cash from Official Public Account	342,252	161,923	111,050	97,091	105,366
<b>Total cash received</b>	<b>342,252</b>	<b>161,923</b>	<b>111,050</b>	<b>97,091</b>	<b>105,366</b>
<b>Cash used</b>					
Cash to Official Public Account	828,231	852,720	881,557	904,115	926,539
<b>Total cash used</b>	<b>828,231</b>	<b>852,720</b>	<b>881,557</b>	<b>904,115</b>	<b>926,539</b>
<b>Net cash from or (used by) financing activities</b>	<b>(485,979)</b>	<b>(690,797)</b>	<b>(770,507)</b>	<b>(807,024)</b>	<b>(821,173)</b>
<b>Net increase or (decrease) in cash held</b>	<b>(807)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at beginning of reporting period	3,560	2,753	2,753	2,753	2,753
<b>Cash at end of reporting period</b>	<b>2,753</b>	<b>2,753</b>	<b>2,753</b>	<b>2,753</b>	<b>2,753</b>

Prepared on Australian Accounting Standards basis.

### 3.2.4 Notes to the financial statements

#### Basis of accounting

The budgeted financial statements have been prepared on an Australian Accounting Standards basis.

#### 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 fees, fines and expenses that have been earmarked for a specific purpose by the Australian Government.

### **Appropriations in the accrual budgeting framework**

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

- departmental appropriations representing the Australian Government's purchase of programmes 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.

### **Departmental**

#### **Asset valuation**

ASIC has adopted fair value as a basis for valuing its leasehold improvements and plant and equipment. Valuation is conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date.

#### **Asset recognition threshold**

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, 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 lower of fair value or 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 income statement on a basis that is representative of the pattern of benefits derived from the lease assets.

#### Depreciation and amortisation

Computer equipment and plant and equipment are depreciated using the straight-line method. 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.

#### 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.

#### Provisions and payables

Provisions and payables represent liabilities for miscellaneous accruals and employee benefits, including accrued salary and leave entitlements, provisions for making good leased premises and lease incentives. No provision for sick leave is required as all sick leave is non-vesting.

### **Administered**

#### **Schedule of budgeted revenues and expenses administered on behalf of government**

##### Revenues

Non-taxation revenues are predominately comprised of *Corporations Act 2001* fees and charges, and collections of unclaimed monies under the *Banking Act 1959*, the *Life Insurance Act 1995* and the *Corporations Act 2001*.

##### Write-down and impairment of assets

Write-down and impairment of assets represents waivers and write-offs of corporations law fees.

**Schedule of budgeted assets and liabilities administered on behalf of government**

Financial assets

The financial assets include *Corporations Act 2001* debt invoiced and still outstanding at year-end.

**Schedule of budgeted administered cash flows**

All cash collected by ASIC for corporations law revenue is transferred to the Official Public Account (OPA) at the close of business each day. Cash collected for *Banking Act 1959* unclaimed monies, *Life Insurance Act 1995* unclaimed monies and *Corporations Act 2001* unclaimed monies is transferred to the OPA when received.