

# AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

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# AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

## Section 1: Entity 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, to enforce and give effect to the laws of the Commonwealth that confer functions and powers on it.

ASIC focuses on the following priorities:

- promoting investor and financial consumer trust and confidence;
- ensuring fair, orderly and transparent markets; and
- providing efficient and accessible registration.

More specifically, ASIC is an integrated financial services and market regulator responsible for consumer protection and market integrity in areas such as investment management (including superannuation), capital markets (including primary and secondary capital markets), corporations and their auditors and liquidators, and

market operators (for example, the Australian Securities Exchange). ASIC has an enforcement and regulatory role designed to detect, understand and respond to misconduct.

ASIC plays a key role in public and consumer financial education through its MoneySmart website and a variety of community outreach activities and programs.

ASIC also operates a public register that provides information about Australia's 2.12 million companies, 1.99 million business names, financial services licensees and other professionals registered with ASIC.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

**Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2015-16 as at Budget May 2015**

	<i>Actual Available Appropriation 2014-15 \$'000</i>	<i>Estimate of prior year amounts available in 2015-16 \$'000</i>	<i>Proposed at 2015-16 Budget \$'000</i>	<i>Total 2015-16 estimate \$'000</i>
<b>Ordinary annual services (a)</b>				
<b>Departmental appropriation</b>				
Prior year departmental appropriation (b)	-	95,926	-	95,926
Departmental appropriation (c)	340,692	-	330,761	330,761
s74 Retained revenue receipts (d)	2,044	-	2,147	2,147
<b>Total</b>	<b>342,736</b>	<b>95,926</b>	<b>332,908</b>	<b>428,834</b>
<b>Administered expenses</b>				
Outcome 1 - Assetless				
Administration fund	3,571	-	3,580	3,580
Ordinary annual services	4,320	-	3,214	3,214
<b>Total</b>	<b>7,891</b>	<b>-</b>	<b>6,794</b>	<b>6,794</b>
<b>Total ordinary annual services</b>	<b>350,627</b>	<b>95,926</b>	<b>339,702</b>	<b>435,628</b>
<b>Other services</b>				
<b>Departmental non-operating</b>				
Equity injections (e)	11,978	-	1,793	1,793
<b>Total other services</b>	<b>11,978</b>	<b>-</b>	<b>1,793</b>	<b>1,793</b>
<b>Total available annual appropriations (A+B)</b>	<b>362,605</b>	<b>95,926</b>	<b>341,495</b>	<b>437,421</b>
<b>Special appropriations</b>				
<i>Banking Act 1959</i>	96,917	-	65,670	65,670
<i>Life Insurance Act 1995</i>	10,721	-	6,438	6,438
<b>Total special appropriations</b>	<b>107,638</b>	<b>-</b>	<b>72,108</b>	<b>72,108</b>
<b>Total appropriations excluding special accounts (A+B+C)</b>	<b>470,243</b>	<b>95,926</b>	<b>413,603</b>	<b>509,529</b>

**Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2015-16 as at Budget May 2015 (continued)**

	<i>Actual Available Appropriation 2014-15 \$'000</i>	Estimate of prior year amounts available in 2015-16 \$'000	Proposed at 2015-16 Budget \$'000	Total 2015-16 estimate \$'000
<b>Special accounts</b>				
Opening balance (f)	-	51,900	-	51,900
Appropriation receipts	27,000	-	26,973	26,973
Non-appropriation receipts to special accounts	1,000	-	1,000	1,000
<b>Total special account</b>	<b>28,000</b>	<b>51,900</b>	<b>79,900</b>	<b>79,873</b>
<b>Total resourcing (A+B+C+D)</b>	<b>498,243</b>	<b>147,826</b>	<b>493,503</b>	<b>589,402</b>
Less receipts from other sources and credited to special accounts	27,000	-	26,973	26,973
<b>Total net resourcing for ASIC</b>	<b>471,243</b>	<b>147,826</b>	<b>466,530</b>	<b>562,429</b>

(a) Appropriation Bill (No.1) 2015-16.

(b) Estimated adjusted balance carried forward from previous year.

(c) Includes an amount of \$19.1m in 2015-16 for the Departmental Capital Budget (refer to Table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

(d) Estimated Retained revenue receipts under section 74 of the PGPA Act.

(e) Appropriation Bill (No.2) 2015-16.

(f) Estimated opening balance for special accounts (less 'Special Public Money' held in accounts Other Trust Monies accounts (OTM), Services for other Government and Non-agency Bodies like accounts (SOG), or Services for Other Entities and Trust Moneys accounts (SOETM)). For further information on special accounts see Table 3.1.2.

Reader note: All figures are GST exclusive.

### 1.3 BUDGET MEASURES

Budget measures in Part 1 relating to ASIC are detailed in Budget Paper No. 2 and are summarised below.

**Table 1.2: Entity 2015-16 Budget measures**

**Part 1: Measures announced since the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO)**

	Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
<b>Expense measures</b>						
Australian Securities and Investments Commission – Competition for Market Services – continuation	1.1					
Departmental expenses		-	3,168	3,142	3,169	3,200
Growing Jobs and Small Business – crowd-sourced equity funding for public companies	1.1					
Departmental expenses		-	1,243	1,782	1,749	1,643
Growing Jobs and Small Business – streamlining business registration	1.1					
Departmental expenses (a)		-	31	1,628	-	-
Reversal of Banking and Life Insurance unclaimed provisions	1.2					
Administered expenses		-	(78,886)	(82,954)	(86,104)	(89,150)
Smaller Government						
- Australian Securities and Investments Commission Registry Function - commercialisation	1.1					
Departmental expenses		-	1,000	-	-	-
<b>Total expense measures</b>		-	<b>(73,444)</b>	<b>(76,402)</b>	<b>(81,186)</b>	<b>(84,307)</b>

**Part 1: Measures announced since the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO) (continued)**

	Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
<b>Related capital</b>						
Growing Jobs and Small Business – crowd-sourced equity funding for public companies						
	Departmental capital	1.1	-	1,352	-	-
Growing Jobs and Small Business – streamlining business registration						
	Departmental capital (a)	1.1	-	4,504	550	-
<b>Total related capital</b>			-	<b>5,856</b>	<b>550</b>	-
<b>Revenue measures</b>						
Reversal of Banking and Life Insurance unclaimed provisions						
	Administered revenues	1.2	-	(119,237)	(122,218)	(125,273)
Australian Securities and Investments Commission – Competition for Market Services – continuation						
	Administered revenues	1.1	-	3,168	3,142	3,169
<b>Total revenue measures</b>			-	<b>(116,069)</b>	<b>(119,076)</b>	<b>(122,104)</b>

(a) This amount has not been appropriated and is awaiting 2nd pass business case clearance and is not included in the agency's financial estimates.

Prepared on a Government Financial 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 entities achieve the intended results of their outcome statements. Entities are required to identify the programmes which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programmes, specifying the performance indicators and targets used to assess and monitor the performance of ASIC in achieving government outcomes.

**Outcome 1: To allow markets to allocate capital efficiently to fund the real economy by promoting investor and financial consumer trust and confidence, facilitating fair, orderly and transparent markets and delivering efficient and accessible registration.**

#### **Outcome 1 strategy**

The strategy under Outcome 1 focuses on:

- investor and financial consumer trust and confidence, through education, holding gatekeepers to account, and understanding and responding to consumer behaviour;
- fair, orderly and transparent markets through ASIC's role in market supervision, surveillance of market conduct and corporate governance; and
- efficient and accessible registration with a focus on small business and deregulation.

#### **Outcome expense statement**

Table 2.1 provides an overview of the total expenses for Outcome 1, by programme.



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

	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
<b>Outcome 1:</b> To allow markets to allocate capital efficiently to fund the real economy by promoting investor and financial consumer trust and confidence, facilitating fair, orderly and transparent markets and delivering efficient and accessible registration.		
<b>Programme 1.1: Australian Securities and Investments Commission</b>		
Departmental expenses		
Departmental appropriation	321,255	310,523
Expenses not requiring appropriation in the budget year	44,596	39,071
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	5,828	6,095
Expenses not requiring appropriation in the budget year	45,034	45,542
<b>Total for Programme 1.1</b>	<b>416,713</b>	<b>401,231</b>
<b>Programme 1.2: Banking Act 1959, Life Insurance Act 1995, unclaimed monies and special accounts</b>		
Administered expenses		
Companies unclaimed monies - section 77 of the PGPA ACT	27,267	27,949
Ordinary annual services (Appropriation Bill No. 1)	654	699
Administered expenses		
Special appropriations		
<i>Banking Act 1959 - Banking Unclaimed Moneys</i>	70,061	8,472
<i>Life Insurance Act 1995 - Life Unclaimed Moneys</i>	6,091	937
Total for special appropriations	104,073	38,057
<b>Total for Programme 1.2</b>	<b>104,073</b>	<b>38,057</b>
<b>Outcome 1 totals by appropriation type</b>		
Departmental expenses		
Departmental appropriation	321,255	310,523
Expenses not requiring appropriation in the budget year	44,596	39,071
Administered expenses		
Companies unclaimed monies - section 77 of the PGPA ACT	27,267	27,949
Ordinary annual services (Appropriation Bill No. 1)	654	699
Special appropriations	76,152	9,409
Ordinary annual services (Appropriation Bill No. 1)	5,828	6,095
Expenses not requiring appropriation in Budget year	45,034	45,542
<b>Total expenses for Outcome 1</b>	<b>520,786</b>	<b>439,288</b>
	2014-15	2015-16
<b>Average staffing level (number)</b>	1,573	1,569

## 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 through ASIC's detect, understand and respond approach where investor and financial consumer trust and confidence and fair, orderly and transparent markets are most at risk. ASIC:

- detects misconduct or the risk of misconduct through surveillance, breach reporting, reports from whistleblowers and the public, data gathering and matching;
- understands and analyses the intelligence it receives; and
- responds to misconduct or the risk of misconduct through education, disrupting harmful behaviour, enforcement, communicating the actions we take, engagement with industry and stakeholders, guidance and policy advice.

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

### **Programme expenses**

ASIC's budgeted expenditure reduced from the 2014-15 year due to the termination of a number of measures and other savings initiatives.

**Table 2.2: Programme 1.1 expenses**

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual departmental expenses					
Departmental items	321,255	310,523	306,686	308,650	311,019
Expenses not requiring appropriation	44,596	39,071	32,107	26,176	20,651
Annual administered expenses					
Ordinary annual services	5,828	6,095	4,176	4,247	4,276
Expenses not requiring appropriation	45,034	45,542	46,056	46,576	47,103
<b>Total Programme expenses</b>	<b>416,713</b>	<b>401,231</b>	<b>389,025</b>	<b>385,649</b>	<b>383,049</b>

### **Programme 1.1 deliverables**

ASIC will deliver this objective through engagement with industry and stakeholders, surveillance, guidance, education, enforcement, policy advice, and communicating the actions we take.

Programme deliverables are focused under each strategic priority.

### **Promoting investor and financial consumer trust and confidence**

Deliverables are designed to:

- educate investors and promote information about risk, reward and diversification, and improve financial literacy levels so investors and financial consumers are empowered with trust and confidence in the financial system;

- hold people with a trusted role in the financial system (gatekeepers such as advisers, custodians, and product manufacturers and distributors) to account if they are not meeting their obligations;
- supervise and hold accountable those in the financial services sector where misconduct is detected; and
- recognise and understand how and why investors and financial consumers make financial decisions, and respond using this understanding.

### **Ensuring fair, orderly and transparent 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 (gatekeepers such as auditors, directors, market operators and participants) to account if they are not meeting their obligations.

### **Providing efficient and accessible registration**

Deliverables seek to:

- provide stakeholders with modern, efficient, accurate and cost effective corporate registers;
- 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 1.1 key performance indicators**

ASIC measures 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. In 2015-16, they will be supported by additional measures to be outlined in ASIC's Corporate Plan, and through ASIC's compliance with the Regulator Performance Framework.

**Promoting investor and financial consumer trust and confidence**

- investors and financial consumers have trust and confidence to participate, and when participating, in the financial system;
- 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.

**Ensuring fair, orderly and transparent markets**

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

**Providing efficient and accessible registration**

- registration is efficient, accurate and cost effective for business;
- business complies with ongoing registration obligations;
- the public has easy access to information in 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**

From 1 January 2016, unclaimed monies from banking and deposit taking institutions and life insurance institutions will be transferred to ASIC after a period of 7 years of inactivity on accounts. Previously the period of inactivity before transfer was 3 years. This will significantly reduce the claims required to be refunded across the forward years.

**Table 2.3: Programme 1.2 expenses**

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Annual administered expenses:					
Special appropriations	76,152	9,409	7,200	6,079	1,705
Ordinary annual services	654	699	773	837	902
section 77 of the PGPA ACT	27,267	27,949	28,647	28,864	29,085
<b>Total Programme expenses</b>	<b>104,073</b>	<b>38,057</b>	<b>36,620</b>	<b>35,780</b>	<b>31,692</b>

**Programme 1.2 deliverables**

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

**Programme 1.2 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 ASIC finances for the 2015-16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and 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 section 78 of the PGPA Act or under separate enabling legislation (section 80 of the PGPA Act refers). 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 \$'000	Receipts \$'000	Payments \$'000	Adjustments \$'000	Closing balance \$'000
ASIC Deregistered Companies						
Trust Moneys Special Account (D)	1	<b>1,546</b> 1,546	<b>1,000</b> 1,000	- -	<b>1,000</b> 1,000	<b>1,546</b> 1,546
ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account (D)	1	<b>11</b> 11	- -	- -	- -	<b>11</b> 11
ASIC Security Deposits Special Account (D)	1	<b>445</b> 445	- -	- -	- -	<b>445</b> 445
Enforcement Special Account (D)	1	<b>51,900</b> 51,900	- -	<b>26,973</b> -	<b>26,973</b> -	<b>51,900</b> 51,900
<b>Total special accounts 2015-16 Budget estimate</b>		<b>53,902</b>	<b>1,000</b>	<b>26,973</b>	<b>27,973</b>	<b>53,902</b>
<i>Total special accounts 2014-15 estimated actual</i>		<i>53,902</i>	<i>1,000</i>	<i>-</i>	<i>1,000</i>	<i>53,902</i>

(A) = Administered.

(D) = Departmental.

### 3.1.3 Australian Government Indigenous Expenditure

**Table 3.1.3: Australian Government Indigenous Expenditure**

	<i>Approp Bill No. 1 \$'000</i>	<i>Approp Bill No. 2 \$'000</i>	<i>Special approp \$'000</i>	<i>Total approp \$'000</i>	<i>Other \$'000</i>	<i>Total \$'000</i>	<i>Programme</i>
Australian Securities and Investments Commission							
<b>Departmental 2015-16</b>	<b>837</b>	-	-	<b>837</b>	-	<b>837</b>	<b>1.1</b>
<i>Departmental 2014-15</i>	<i>583</i>	-	-	<i>583</i>	-	<i>583</i>	<i>1.1</i>

## 3.2 BUDGETED FINANCIAL STATEMENTS

### 3.2.1 Differences in Entity resourcing and financial statements

There are no material differences between ASIC 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 2015-16 and for the remainder of the forward estimates, after adding back non-appropriated depreciation and amortisation expenses.

#### 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 2015-16 is \$84.4 million.

The 2015-16 equity position reflects the cumulative effect of capital injections of \$20.9 million received during 2015-16.

#### 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 77 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

Taxation revenue represents the amount of fees and charges budgeted to be levied under the *Corporations (Fees) Act 2001*, *Corporations (Review Fees) Act 2003*, *National Consumer Credit Protection (Fees) Regulation 2010*, *Business Names Registration (Fees) Regulation 2012* and *Superannuation*, and *Industry (Supervision) Act 1993*.

Other non-taxation revenue represents the 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 2015-16 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 2015-16 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 77 of the PGPA 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**

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	213,390	212,187	213,776	214,211	215,986
Supplier	107,365	97,836	92,410	93,939	94,529
Finance costs	500	500	500	500	504
Depreciation and amortisation	44,596	39,071	32,107	26,176	20,651
<b>Total expenses</b>	<b>365,851</b>	<b>349,594</b>	<b>338,793</b>	<b>334,826</b>	<b>331,670</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	1,204	1,282	3,487	3,487	3,487
Other revenue	840	865	865	865	865
<b>Total revenue</b>	<b>2,044</b>	<b>2,147</b>	<b>4,352</b>	<b>4,352</b>	<b>4,352</b>
<b>Gains</b>					
Other	172	172	172	180	180
<b>Total gains</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>180</b>	<b>180</b>
<b>Total own-source income</b>	<b>2,216</b>	<b>2,319</b>	<b>4,524</b>	<b>4,532</b>	<b>4,532</b>
<b>Net cost of (contribution by) services</b>	<b>363,635</b>	<b>347,275</b>	<b>334,269</b>	<b>330,294</b>	<b>327,138</b>
Appropriation revenue	322,465	311,630	305,588	307,544	309,913
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(41,170)</b>	<b>(35,645)</b>	<b>(28,681)</b>	<b>(22,750)</b>	<b>(17,225)</b>
<b>Note: Impact of net cash appropriation arrangements</b>					
	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'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	(41,170)	(35,645)	(28,681)	(22,750)	(17,225)
<b>Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income</b>	<b>(41,170)</b>	<b>(35,645)</b>	<b>(28,681)</b>	<b>(22,750)</b>	<b>(17,225)</b>

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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	15,129	15,129	15,129	15,129	15,129
Trade and other receivables	102,655	102,753	101,588	98,846	98,846
<b>Total financial assets</b>	<b>117,784</b>	<b>117,882</b>	<b>116,717</b>	<b>113,975</b>	<b>113,975</b>
<b>Non-financial assets</b>					
Land and buildings	36,290	27,920	24,923	31,898	39,986
Infrastructure, plant and equipment	24,912	24,734	25,893	28,192	30,404
Intangibles	84,995	77,602	71,122	58,162	51,252
Other	17,649	17,750	17,750	17,750	17,750
<b>Total non-financial assets</b>	<b>163,846</b>	<b>148,006</b>	<b>139,688</b>	<b>136,002</b>	<b>139,392</b>
<b>Total assets</b>	<b>281,630</b>	<b>265,888</b>	<b>256,405</b>	<b>249,977</b>	<b>253,367</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	80,259	82,938	82,938	82,938	82,938
Other	8,465	8,465	8,465	8,465	8,465
<b>Total provisions</b>	<b>88,724</b>	<b>91,403</b>	<b>91,403</b>	<b>91,403</b>	<b>91,403</b>
<b>Payables</b>					
Suppliers	12,495	12,585	11,637	9,611	9,611
Other	79,979	76,189	72,193	66,162	62,232
<b>Total payables</b>	<b>92,474</b>	<b>88,774</b>	<b>83,830</b>	<b>75,773</b>	<b>71,843</b>
<b>Total liabilities</b>	<b>181,198</b>	<b>180,177</b>	<b>175,233</b>	<b>167,176</b>	<b>163,246</b>
<b>Net assets</b>	<b>100,432</b>	<b>85,711</b>	<b>81,172</b>	<b>82,801</b>	<b>90,121</b>
<b>EQUITY</b>					
Contributed equity	289,874	310,798	334,940	359,319	383,864
Reserves	6,366	6,366	6,366	6,366	6,366
Retained surpluses or accumulated deficits	(195,808)	(231,453)	(260,134)	(282,884)	(300,109)
<b>Total equity</b>	<b>100,432</b>	<b>85,711</b>	<b>81,172</b>	<b>82,801</b>	<b>90,121</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015-16)**

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2015</b>	(195,808)	6,366	-	289,874	100,432
Balance carried forward from previous period					
<b>Adjusted opening balance</b>	<b>(195,808)</b>	<b>6,366</b>	<b>-</b>	<b>289,874</b>	<b>100,432</b>
<b>Comprehensive income</b>					
Surplus (deficit) for the period	(35,645)	-	-	-	(35,645)
<b>Total comprehensive income recognised directly in equity</b>	<b>(35,645)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(35,645)</b>
<b>Transactions with owners</b>					
<b>Contributions by owners</b>					
Equity Injection - Appropriation	-	-	-	1,793	1,793
Departmental Capital Budget (DCB)	-	-	-	19,131	19,131
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,924</b>	<b>20,924</b>
<b>Estimated closing balance as at 30 June 2016</b>	<b>(231,453)</b>	<b>6,366</b>	<b>-</b>	<b>310,798</b>	<b>85,711</b>
<b>Closing balance attributable to the Australian Government</b>	<b>(231,453)</b>	<b>6,366</b>	<b>-</b>	<b>310,798</b>	<b>85,711</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	1,204	1,282	3,487	3,487	3,487
Appropriations	322,252	311,532	306,753	310,286	309,913
GST received	13,941	12,501	12,188	13,972	12,577
Other	840	865	865	865	865
<b>Total cash received</b>	<b>338,237</b>	<b>326,180</b>	<b>323,293</b>	<b>328,610</b>	<b>326,842</b>
<b>Cash used</b>					
Employees	213,148	209,508	213,776	214,211	215,986
Suppliers	110,160	101,296	97,329	99,927	95,357
GST Paid	13,941	12,500	12,188	13,972	12,577
Cash used other	250	670	353	2,389	3,426
<b>Total cash used</b>	<b>337,499</b>	<b>323,974</b>	<b>323,646</b>	<b>330,499</b>	<b>327,346</b>
<b>Net cash from or (used by) operating activities</b>	<b>738</b>	<b>2,206</b>	<b>(353)</b>	<b>(1,889)</b>	<b>(504)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	27,931	23,130	23,789	22,490	24,041
<b>Total cash used</b>	<b>27,931</b>	<b>23,130</b>	<b>23,789</b>	<b>22,490</b>	<b>24,041</b>
<b>Net cash from or (used by) investing activities</b>	<b>(27,931)</b>	<b>(23,130)</b>	<b>(23,789)</b>	<b>(22,490)</b>	<b>(24,041)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	27,193	20,924	24,142	24,379	24,545
<b>Total cash received</b>	<b>27,193</b>	<b>20,924</b>	<b>24,142</b>	<b>24,379</b>	<b>24,545</b>
<b>Net cash from or (used by) financing activities</b>	<b>27,193</b>	<b>20,924</b>	<b>24,142</b>	<b>24,379</b>	<b>24,545</b>
<b>Net increase or (decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	15,129	15,129	15,129	15,129	15,129
<b>Cash at the end of the reporting period</b>	<b>15,129</b>	<b>15,129</b>	<b>15,129</b>	<b>15,129</b>	<b>15,129</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Departmental capital budget statement (for the period ended 30 June)**

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 - DCB	15,215	19,131	24,142	24,379	24,545
Equity injections - Bill 2	11,978	1,793	-	-	-
<b>Total new capital appropriations</b>	<b>27,193</b>	<b>20,924</b>	<b>24,142</b>	<b>24,379</b>	<b>24,545</b>
<b>Provided for:</b>					
Purchase of non-financial assets	26,943	20,254	23,789	22,490	24,041
<b>Total Items</b>	<b>26,943</b>	<b>20,254</b>	<b>23,789</b>	<b>22,490</b>	<b>24,041</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations (a)	12,966	4,669	-	-	-
Funded by capital appropriation - DCB (b)	14,965	18,461	23,789	22,490	24,041
<b>TOTAL</b>	<b>27,931</b>	<b>23,130</b>	<b>23,789</b>	<b>22,490</b>	<b>24,041</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	27,931	23,130	23,789	22,490	24,041
<b>Total cash used to acquire assets</b>	<b>27,931</b>	<b>23,130</b>	<b>23,789</b>	<b>22,490</b>	<b>24,041</b>

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.

(b) Does not include annual finance lease costs. Include purchases from current and previous years' Departmental Capital Budgets (DCBs).

Prepared on Australian Accounting Standards basis.

**Table 3.2.6: Statement of asset movements (Budget year 2015-16)**

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
<b>As at 1 July 2015</b>				
Gross book value	84,522	65,366	264,768	414,656
Accumulated depreciation/amortisation and impairment	(48,232)	(40,454)	(179,773)	(268,459)
<b>Opening net book balance</b>	<b>36,290</b>	<b>24,912</b>	<b>84,995</b>	<b>146,197</b>
<b>Capital asset additions</b>				
By purchase - appropriation ordinary annual services (a)	924	2,760	19,446	23,130
<b>Total asset additions</b>	<b>924</b>	<b>2,760</b>	<b>19,446</b>	<b>23,130</b>
<b>Other movements</b>				
Depreciation/amortisation expense	(9,294)	(2,938)	(26,839)	(39,071)
<b>Total other movements</b>	<b>(9,294)</b>	<b>(2,938)</b>	<b>(26,839)</b>	<b>(39,071)</b>
<b>As at 30 June 2016</b>				
Gross book value	85,446	68,126	284,214	437,786
Accumulated depreciation/amortisation and impairment	(57,526)	(43,392)	(206,612)	(307,530)
<b>Closing net book balance</b>	<b>27,920</b>	<b>24,734</b>	<b>77,602</b>	<b>130,256</b>

(a) "Appropriation ordinary annual services" refers to funding provided through Appropriation Bill (No.1) 2015-16 for depreciation / amortisation expenses, DCBs or other operational expenses.  
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)**

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
<b>EXPENSES</b>					
Grants	3,571	3,580	3,598	3,660	3,685
Write down and impairment of assets	45,034	45,542	46,056	46,576	47,103
Interest expense	4,086	3,849	3,493	3,372	1,406
Supply of goods and services expense	2,257	2,515	578	587	591
Other	99,957	34,208	33,127	32,408	30,286
<b>Total expenses administered on behalf of government</b>	<b>154,905</b>	<b>89,694</b>	<b>86,852</b>	<b>86,603</b>	<b>83,071</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Taxation revenue</b>					
Other taxation revenue	816,242	834,230	842,120	860,126	878,880
<b>Total taxation revenue</b>	<b>816,242</b>	<b>834,230</b>	<b>842,120</b>	<b>860,126</b>	<b>878,880</b>
<b>Non-taxation revenue</b>					
Other sources of non-taxation revenues	157,271	41,966	43,015	44,091	45,193
<b>Total non-taxation revenue</b>	<b>157,271</b>	<b>41,966</b>	<b>43,015</b>	<b>44,091</b>	<b>45,193</b>
<b>Total own-source revenue administered on behalf of Government on behalf of government</b>	<b>973,513</b>	<b>876,196</b>	<b>885,135</b>	<b>904,217</b>	<b>924,073</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>973,513</b>	<b>876,196</b>	<b>885,135</b>	<b>904,217</b>	<b>924,073</b>
<b>Net Cost of (contribution by) services</b>	<b>(818,608)</b>	<b>(786,502)</b>	<b>(798,283)</b>	<b>(817,614)</b>	<b>(841,002)</b>
<b>Total comprehensive income/(loss)</b>	<b>818,608</b>	<b>786,502</b>	<b>798,283</b>	<b>817,614</b>	<b>841,002</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)**

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	3,876	3,876	3,876	3,876	3,876
Receivables	120,374	121,772	123,008	124,522	126,827
<b>Total assets administered on behalf of government</b>	<b>124,250</b>	<b>125,648</b>	<b>126,884</b>	<b>128,398</b>	<b>130,703</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	20,837	20,837	20,837	20,837	20,837
Other payables	397,926	335,228	307,846	289,375	270,994
<b>Total liabilities administered on behalf of government</b>	<b>418,763</b>	<b>356,065</b>	<b>328,683</b>	<b>310,212</b>	<b>291,831</b>
<b>Net assets/(liabilities)</b>	<b>(294,513)</b>	<b>(230,417)</b>	<b>(201,799)</b>	<b>(181,814)</b>	<b>(161,128)</b>

Prepared on Australian Accounting Standards basis.



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

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Net GST received	325	328	331	331	-
Other	914,539	829,254	837,843	856,126	876,708
<b>Total cash received</b>	<b>914,864</b>	<b>829,582</b>	<b>838,174</b>	<b>856,457</b>	<b>876,708</b>
<b>Cash used</b>					
Grants	3,571	3,580	3,598	3,660	3,721
Other	137,786	103,270	64,580	54,836	50,667
Net GST paid	325	328	331	331	-
<b>Total cash used</b>	<b>141,682</b>	<b>107,178</b>	<b>68,509</b>	<b>58,827</b>	<b>54,388</b>
<b>Net cash from or (used by) operating activities</b>	<b>773,182</b>	<b>722,404</b>	<b>769,665</b>	<b>797,630</b>	<b>822,320</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Cash from Official Public Account	151,357	116,850	78,178	68,496	64,388
<b>Total cash received</b>	<b>151,357</b>	<b>116,850</b>	<b>78,178</b>	<b>68,496</b>	<b>64,388</b>
<b>Cash used</b>					
Cash to Official Public Account	924,539	839,254	847,843	866,126	886,708
<b>Total cash used</b>	<b>924,539</b>	<b>839,254</b>	<b>847,843</b>	<b>866,126</b>	<b>886,708</b>
<b>Net cash from or (used by) financing activities</b>	<b>(773,182)</b>	<b>(722,404)</b>	<b>(769,665)</b>	<b>(797,630)</b>	<b>(822,320)</b>
<b>Net increase or (decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at beginning of reporting period	3,876	3,876	3,876	3,876	3,876
<b>Cash at end of reporting period</b>	<b>3,876</b>	<b>3,876</b>	<b>3,876</b>	<b>3,876</b>	<b>3,876</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 entity 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 ASIC or authority that are controlled by ASIC. Departmental expenses include

employee and supplier expenses and other administrative costs which are incurred by ASIC in providing its goods and services.

Administered items are revenues, expenses, assets and liabilities that are managed by ASIC 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 programs from entities;
- departmental capital appropriations for investments by the Australian Government for either additional equity or loans in entities;
- 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 is 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

Taxation revenue is generated from fees and fines under the *Corporations (Fees) Act 2001*, *Corporations (Review Fees) Act 2003*, *National Consumer Credit Protection (Fees) Regulation 2010*, *Business Names Registration (Fees) Regulation 2012* and *Superannuation, and Industry (Supervision) Act 1993*.

Other non-taxation revenue are 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.