



protects investors, superannuants, depositors and insurance policy holders **protecting you** *protects investors, superannuants, depositors and insurance policy holders*



ASIC

Australian Securities &
Investments Commission

Annual Report
1999-2000

ASIC at a glance

The Australian Securities and Investments Commission

- is an independent Commonwealth government body established by the *Australian Securities and Investments Commission Act 1989*.
- began on 1 January 1991 as the Australian Securities Commission, to administer the Corporations Law. In July 1998 it received new consumer protection responsibilities and its current name.
- regulates and enforces laws that promote honesty and fairness in financial markets, products and services and in Australian companies.
- underpins the strength, growth and international reputation of Australia's financial markets.

protects investors, superannuants, depositors and insurance policy holders

- maintains a public database on Australia's 1.2 million companies to provide certainty in commercial dealings.
- works with other financial, consumer and law enforcement bodies in Australia and internationally.
- reports to the Commonwealth Parliament directly and through the Treasurer, the Hon Peter Costello, MP and Minister for Financial Services and Regulation, the Hon Joe Hockey, MP.
- employs 1,234 full time equivalent staff around Australia, under the direction of three full time Commissioners appointed by the Governor-General on the nomination of the Treasurer.

We work to achieve these outcomes

- Investors and consumers act prudently and rely on the integrity of the market because we enforce their rights, warn them of risks and take action to improve standards of behaviour across the financial sector.
- Companies and market participants behave honestly and fairly because we actively enforce the law with strength, judgement and consistency.
- Our staff are highly motivated, professional and effective because we support, develop and challenge them.
- Government and our other stakeholders acknowledge that we deliver on our mandate and use our resources and administer Commonwealth revenue effectively and efficiently.

1999-2000 in brief



We caused listed companies to make a record \$2,400 million worth of corrections in their financial statements to better inform their shareholders.

We banned 50 unsuitable people from giving investment advice, the highest ever.

We succeeded in 84% of our 461 Court cases. Courts gaoled 25 people, including insider traders Simon Hannes and Kenneth Firns.

People used our public database twice as often for free company information, now 3.2 million times per year, and 2.7 million times for paid searches, up 25%.

Our long and difficult Yannon investigation concluded when the Commonwealth Director of Public Prosecutions decided to lay no charges. (In 1996 we helped Coles Myer Ltd recover most of the \$18 million it lost.)

After we inspected how two major banks offered investment advice, they entered into enforceable undertakings to ensure clients receive a fair and accurate impression of commissions, fees and services and to upgrade staff training and compliance.

We hosted 445 delegates from 91 countries at the International Organisation of Securities Commissions' successful annual conference, the biggest international event in our history.

High Court judgments cast doubt over how the Corporations Law operates. We supported proposals for States to refer powers to the Commonwealth to remove those doubts.

In our benchmarking survey, a sample of 560 people rated our effectiveness higher than in the last survey. We improved most in regulating financial reporting, corporate disclosure, market integrity and enforcing the law.

Our costs held steady at \$135 million. To keep within budget, we have cut 70 positions and reduced some activities, including small business. We collected and transferred \$361 million in company fees to consolidated revenue, up 9%.

Who we regulate and how we do it

Organisations and people we regulate

Superannuation funds
Life and general insurance companies
Deposit taking by banks, credit unions, building societies, friendly societies

We regulate them by

- Setting standards about what they tell their customers
- Monitoring their sales practices and compliance with codes of practice
- Checking customer complaints systems
- Co-operating with APRA
- Investigating and taking action against misconduct

Investment advisers
Insurance agents and brokers

- Setting standards for their education, training and operations
- Licensing them before they start operating
- Recording their details and the names of their authorised representatives on a public register
- Monitoring the quality of advice they give
- Investigating and taking action against misconduct

Australian Stock Exchange Ltd (ASX Ltd)

- Advising the Minister on changes to its rules
- Monitoring what ASX Ltd says and does as a listed company
- Monitoring trading in ASX Ltd shares
- Investigating and taking action against misconduct of listed companies, brokers and traders that the ASX tells us about

Sydney Futures Exchange and other markets authorised by the Minister

- Advising the Minister on whether to approve new markets
- Advising the Minister on changes to market rules
- Investigating and taking action against misconduct that the market operators tell us about

Managed investments

- Setting standards for their operations
- Licensing them before they start operating
- Recording their details and the names on a public register
- Receiving prospectuses before money is raised
- Monitoring their sales practices and operations
- Investigating and taking action against misconduct

Companies

- Registering each company with a unique number
- Recording the company's number, name, directors and other information on a public register
- Granting or refusing their requests for relief from the law
- Receiving prospectuses before money is raised
- Monitoring what directors say and do
- Inspecting company financial statements
- Investigating and taking action against misconduct

Company auditors and liquidators

- Registering them before they start operating
- Monitoring their work
- Investigating and taking action against misconduct

Where we fit in the regulatory picture



We are one of three Commonwealth government bodies that regulate the financial system.

We protect markets and consumers from manipulation, deception and unfair practices. We regulate advising, selling and disclosure of all financial products and services to consumers, except credit. We are also the Corporations Law watchdog, promoting honesty and fairness in companies and in the market.

The Australian Prudential Regulation Authority (APRA) is responsible for promoting the safety and soundness of deposit taking institutions, life and general insurance companies, and larger superannuation funds.

The Reserve Bank of Australia (RBA) is responsible for monetary policy and the stability of the financial system.

Contents

Overview	1–7
Chairman's review of operations	8–15
Commissioners	16
Corporate governance	17
Financial results 1999–2000	19
Community involvement	20
Summary of our major operations	21
Enforcement and regulation	24–39
Public information	40–43
National and support services	44–49
Our staff	50–55
Consumer Advisory Panel	56
Audit Committee and audit services	57
Appendixes	58–59
Six year summary	60
Financial Statements	61–102
Index	103–104

Further information

Use our Infoline on 1300 300 630 or website <http://www.asic.gov.au>.

About this report

This report is produced under section 36 of the *Commonwealth Authorities and Companies Act 1997*. We met the requirement to transmit it to the Minister in time for tabling in Parliament on or before 30 October. We obtain and use feedback about our report from Parliamentarians. We aim to meet best practice in reporting as well as legal requirements. Last year's report won a Gold Award from Annual Report Awards Australia Inc.

Results for 1999-2000

What we planned to do	What we achieved
<p>Stakeholders increase effective communication to build support, to encourage compliance and to give investors and consumers more skill and confidence</p>	<ul style="list-style-type: none">• Gave evidence to Parliamentary Committees 11 times (4 times last year), and made six written submissions• Increased effective communication with most, but not all, stakeholders according to independent research• Increased positive media coverage of ASIC generally and of enforcement, although Yannon result increased negative coverage• Increased circulation of our monthly newsletter from 5,000 to 6,000 and increased public seminars for business• Increased use of our consumer website by 125% (7,440 visits monthly), issued 14 warnings and consumer alerts on current issues; launched <i>WatchDOG</i> our new investor and consumer website
<p>Operations take faster, more effective regulatory and enforcement action; tackle patterns of misconduct, not just individual cases; and build electronic-commerce capacities</p>	<ul style="list-style-type: none">• Performed more effectively, achieved greater positive impact on the market and on individual firms, and improved enforcement although more to be done, according to independent research• Finished 174 corporate investigations within 12 months, and 48 market investigations within 9 months, faster than last year but still below target. Court results steady; bannings and enforceable undertakings more than double• Achieved most objectives in first year of proactive campaigns, but need to upgrade research and analysis and involve more staff (see page 9)• Sevenfold increase in electronic enforcement activities, with 60 staff trained in basic techniques; automated surveillance slowed for budgetary reasons (see page 26)• Issued new policies to help companies adjust to new fundraising and takeover laws; set up internet searches for investment offers; allowed fundraisers to receive applications for securities over the internet



What we planned to do	What we achieved
Operations <i>Continued</i>	<ul style="list-style-type: none">• Reduced manual processing of company data by award-winning electronic company registration system (used by more than 46% of all new companies), launched do-it-yourself internet updating for small companies, and promoted electronic lodgment: up 9% for company annual returns and up 11% for changes to company details• Implemented two major IT applications that integrate systems, manage data and streamline processes for reports of misconduct and for managed investments• Completed all Y2K projects, tested and signed off on trouble free Y2K transition by 2.15 pm New Year's Day
Our staff <i>lead, develop and challenge staff to boost our regulatory effectiveness</i>	<ul style="list-style-type: none">• Improved performance despite increased workloads, new responsibilities and law reform, with no increase in staff numbers• Increased spending on learning and development by about 10% and related it more closely to regulatory and enforcement activities• Implemented performance management for all staff for the first time; 90% of first appraisals completed on time
Finance <i>control costs, increase efficiency and align financial management with core business</i>	<ul style="list-style-type: none">• Controlled overall costs within agreed budget, despite increased volume and complexity of work and no increase in core funding• Collected \$361 million in fees on behalf of the Commonwealth, up 9%• Installed new systems to process staff pay, leave, and benefits (reducing paper transactions) and upgraded revenue management and reporting• Implemented new travel management system and helped cut travel costs by about 15%

Results with three year comparison

Result	1999/2000	1998/99	1997/98
Net cost to government steady			
\$ millions	135	137	127
Annual change	-1%	8%	2%
Staff numbers up slightly			
Average full time equivalents	1234	1206	1120
Annual change	2%	7%	-11%
Fees collected for the Commonwealth up 9%			
\$ millions	361	332	324
Annual change	9%	2%	8.7%
Major enforcement actions up, minor matters down			
Total enforcement actions completed	461	564	199
Annual change	-18%	183%	12%
Court results remained above 70% target			
% successful	84%	89%	90%
Annual change	-6%	-1%	7%
New investigations steady			
Annual change	234 nil	233 8%	215 16%
Corporate investigations finished faster			
Number completed within 12 months	174	146	137
% completed within 12 months	95%	90%	85%
Annual change	6%	6%	27%
Market investigations finished faster			
Number completed within 9 months	48	61	28
% completed within 9 months	83%	74%	70%
Annual change	11%	6%	46%
Fundraising relief applications steady			
Annual change	1534 -4%	1598 -33%	2373 16%
Fundraising relief applications processed on target			
% processed within 10 business days	80%	76%	83%
Annual change	5%	-8%	28%
Prospectuses registered/lodged up			
Annual change	1033 46%	707 4%	683 13%
% company annual returns lodged on time			
Annual change	94% +1%	93% -1%	94% 4.8%
% annual returns lodged electronically up			
Annual change	63% 7%	59% 9%	54% 20%
% on-line company searches up			
Annual change	94% 2%	92% 4%	88% 4.7%
Calls to Infoline rise			
Annual change	107,000 3%	104,000 17%	89,000 27%
Infoline helped most callers on the spot			
Annual change	92% 1%	91% -2%	93% 24%
% IT mainframe availability steady			
Annual change	99.7 nil	99.7 0.1%	99.8% 1.8%



Areas of work	What we plan to deliver over three years
<p>Stakeholders</p> <p>increase effective communication, build support, encourage compliance and give investors and consumers more skill and confidence</p>	<ul style="list-style-type: none"> • Increase help for investors and consumers in mainstream media by 20%, and raise ASIC's profile • Account to Parliament and government for our performance; meet increasing requests for submissions, especially on law reform • Maintain effective communication with stakeholders, and meet needs for more information • Increase use of our consumer website by 100%
<p>Operations</p> <p>take faster, more effective regulatory and enforcement action; tackle patterns of misconduct, not just individual cases; and build electronic-commerce capacities</p>	<ul style="list-style-type: none"> • Maintain goal of completing all investigations within 12 months. Deliver timely results on matters of special urgency or national significance • Raise the business community's rating (in benchmarking studies) of our enforcement performance from moderate to good • Maintain our target for successful criminal and civil litigation at 70% • Upgrade our ability to enforce the law over the internet and in e-commerce • Boost surveillance, compliance reviews and campaigns, if necessary up to a quarter of the work of regulatory and enforcement staff; reduce reactive activities; upgrade research and analysis • Issue new policies to help companies adjust to financial services reform legislation if approved • Increase the percentage of new companies incorporating electronically from 46% to 75% • Increase the percentage of companies updating information electronically from 63% to 70%, and reduce manual processing
<p>Our staff</p> <p>lead, develop and challenge staff to boost our regulatory effectiveness</p>	<ul style="list-style-type: none"> • Handle workloads, new responsibilities and law reform and improve performance without increasing staff numbers • Modernise employment conditions to give staff and the organisation more flexible recruitment, employment and working conditions • New IT services that extend what staff can do from their desktop • Continue learning and development focus on regulatory and enforcement activities
<p>Finance</p> <p>control costs, increase efficiency and align financial management with core business</p>	<ul style="list-style-type: none"> • Contain overall costs within the budget approved by Parliament • Collect fees for the Commonwealth, meeting audit standards for management and reporting • Continue to reduce costs of goods and services through operational efficiencies

Chairman's review of operations



ASIC and overseas regulators issued a special bulletin on investor protection in the "new economy".

ASIC Chairman
Alan Cameron, AM
at IOSCO Conference

My term as ASIC Chairman expires on 31 December 2000, making this my last annual report.

When I started on 1 January 1993 we regulated only companies and investments, we did not measure our impact and we duplicated many back office functions around Australia.

Our services cost \$137 million and we collected \$216 million in revenue.

my personal thanks go to our staff, managers and the Commissioners with whom I have served over the past eight years

In this section we cover:

- Chairman's review
 - Commissioners' profile
 - Corporate governance
 - Financial results
 - Community involvement
 - Summary of major operations
-

ASIC today regulates companies, investments, superannuation, insurance and deposit taking. Our performance measures show that our effectiveness, impact and reputation has grown. We rationalised back office work. We now employ 300 fewer but better paid staff. Our services cost \$135 million and we collected \$361 million in revenue.

Credit for these achievements and my personal thanks go to our staff, managers and the Commissioners with whom I have served over the past eight years, and to successive governments that put their faith in the organisation.

Nevertheless our resources have been stretched, and next year ASIC will have much to do with fewer staff than last year. The organisation will need the support and understanding of all our stakeholders to maintain and improve our performance.

Identifying and solving problems

Early results of a fresh approach

Last year we approved a three year plan that will, when fully implemented, devote more staff time to identifying and solving important problems that investors and consumers face, as well as responding to urgent tasks.

The results of campaigns where we adopted a problem solving approach have encouraged us to press ahead.

Campaign and objective	Results
Increase fair and accurate information shareholders receive about their companies	Listed companies made \$2.4 billion worth of corrections in their financial statements. Intangibles and revenue recognition put on the agenda.
Increase timely disclosure to the ASX of company announcements likely to affect share prices	Trading halts tripled during pilot campaign operated; marked reduction in unexplained movements and price and volume detected by ASX computer surveillance.
Reduce the number of investment managers who have inadequate compliance plans	44 managers amended their compliance plans, structures and procedures.
Reduce the number of unregistered insurance brokers	Stopped unlawful franchising of brokers in WA, NSW, ACT and Queensland. Cancelled one broker's registration. 70 brokers using unregistered business names.
Find out if superannuation member statements comply with the law and how members use them	Found substantial compliance, but identified areas for improvement.
Discourage secret, bogus "high yield" offshore investments schemes	Number of schemes has declined. ASIC publicity and enforcement has slowed down these operations.

Chairman's review of operations

By improving analysis and problem solving skills, and by carrying out compliance reviews and campaigns, our regulatory and enforcement staff will devote much more of their energy to eliminating or reducing problems that threaten investors and consumers. The balance of their time will go to responding to individual cases and issues.

By early 2001, we will set directions for our involvement in consumer education (based on the strategy discussion paper we released in July 2000).

Responding to regulatory and enforcement issues

Stronger enforcement results

By upgrading project management and technical skills, we completed 232 investigations within more demanding deadlines, despite a 17% rise in matters on hand (page 6). We maintained a success in Court well above our 70% target (page 6). The people we regulate also noticed a better performance in enforcement than two years ago, according to independent market research.

To ensure investors receive efficient, honest and fair advice, we banned 50 people from advising, nearly three times as many as last year.

We took 62 enforceable undertakings to secure quick, effective remedies, up from 25 last year, of which 52 dealt with retail investor and consumer

matters. (Full list at www.asic.gov.au.)

The undertakings we secured from Westpac and Suncorp-Metway will produce better advice to investors than other enforcement action we might have taken. We won refunds for Aborigines in the Northern Territory and Queensland in our first "unconscionable conduct" action against mis-selling insurance.

We launched civil proceedings to recover about \$10 million for 26,000 EPAS superannuation fund members.

Better disclosure for shareholders

On Australian markets, dot.com and "new economy" stocks created disclosure and accounting issues that we tackled through a campaign (pages 26, 30), investor alerts about margin lending and computer trading programs, as well as discussions with individual companies. For example, at our instigation, "new economy" company, One.Tel Ltd, published financial statements in line with accounting standards, writing off \$100 million in expenses, previously recorded as an asset.

We worked with Telstra, the government and their advisers to iron out legal, logistical and disclosure issues in "T2", the largest secondary sale of shares ever offered in the Australian market. ASIC pressure produced more informative and more balanced documents for shareholders in Hudson Conway Ltd and for 1.8 million members of the NRMA upon demutualisation of its insurance operations.

Electronic enforcement and regulation

E-commerce and the internet have eliminated cost and geographical barriers to financial scams.

Two Melbourne men face ASIC charges over sending more than four million unsolicited e-mails to manipulate US stock, Rentech. We have forced unlicensed people to take down sites that offer unlicensed advice, or to get a licence. We have proposed guidelines to reduce misleading information about investments on internet discussion groups.

At its 25th annual conference hosted by ASIC in Sydney, the International Organisation of Securities Commissions (IOSCO) issued a special bulletin on investor protection in the “new economy” of the internet and e-commerce. International delegates praised our initiative in focusing the agenda on these and other issues.

Regulatory results make an impact

Those who deal with us reported improved performance and stronger impact in our regulatory work, especially in managed investments, takeovers and professional licensing, see page 24.

We implemented law reforms to managed investments. Last year we licensed 274 managers and registered 1780 schemes, examining compliance plans and documents for every application. For the first time, we have an accurate picture of the industry and insight into its weak spots. After about

\$100 million in defaulting loans affected more than 1,000 investors, we also took over regulating mortgage lending schemes previously regulated under State laws. Our investigations resulted in winding up unviable operators, criminal charges and civil action.

To help companies deal with changes to fundraising and takeover laws, our policy staff drafted, consulted with relevant parties and finalised nine new policies and nearly 80 class orders. A special project team built Australia’s first on-line register of investment offers.

We reviewed financial advising by real estate agents, recommending that agents advising on property investments operate under similar rules to securities advisers.

Changing markets

Like markets overseas, Australia’s share and futures markets are turning into competitive international businesses. Australia now has two authorised stock markets, with a third pending, and may soon have two futures markets. For ASIC, this not only presented additional technical work but also raised questions about how competitive, commercial organisations will fulfil supervisory functions. We discussed these issues with the parties, government and our international colleagues.

Chairman's review of operations

Moving public information onto the internet

More users of our information

Our public information database now records details of 1.195 million companies, as well as registered investment schemes, licensed financial advisers, insurance brokers, banned and disqualified advisers and company directors.

This database is one of the largest government internet services. People used our database for free information 3.2 million times. They browsed our new on-line list of investment offers 35,000 times since it began on 13 March 2000.

Electronic service delivery

We have adopted an electronic services delivery strategy that will progressively increase electronic services, will be consistent with government standards and will reduce transaction costs for companies and the other people whom we regulate. We will develop new electronic services for our regulatory and law enforcement operations.

Electronic business services

New e-commerce initiatives saw 46% of the 100,000 new companies register electronically, using a system that recently won the Australian Information Industry Association Award for Excellence. Small companies have subscribed to our *eRegisters* service, that lets them update their own company information.

These changes promise significant reductions in manual data processing. Paid on-line searches grew 25%, while the number of over the counter searches fell. For this reason, we are gradually integrating our Business Centres with Regional Offices.

Australian Business Register

The Australian Business Number, part of the new tax system, and the Australian Business Register that supports it, will have major long-term implications for the maintenance of our corporate database. We are represented on a task force set up in Brisbane to implement the Australian Business Register.

Facing tough legal, investigative and financial issues

Constitutional challenges to the law

Recent High Court judgements cast doubt over how the Corporations Law operates, and over the power of Commonwealth agencies to enforce it. Companies, financial markets and investors rely on this law, and I have appealed to State Ministers to refer powers to the Commonwealth.

Yannon investigation concluded

We completed our long and difficult investigation of the late 1980s Yannon transaction, in which Coles Myer Ltd lost approximately \$18 million. As was widely reported, the Director of Public Prosecutions (DPP) ultimately decided not to lay charges. I explained at a

special press conference the factors that made the investigation so long. Nonetheless, the time taken was clearly unsatisfactory, and we therefore reviewed the whole process in consultation with the DPP.

Financial issues, fees and GST

Thanks to steps we took in January 2000, our net costs of services at 30 June 2000 held steady at \$135 million. The 2000-01 federal budget did not increase our core funding. Commissioners agreed to reduce staff numbers to 1,200 and spend less on some activities such as small business.

We transferred \$361 million in fees to the Commonwealth, up 9% as a result of increased companies, and increased searches of our database. See page 19 for our financial results, and pages 61 to 102 for our financial statements.

The real impact of the GST on the price we pay for goods and services is uncertain. However, the Department of Finance and Administration has calculated that the abolition of the Wholesale Sales Tax will create savings, so the federal budget cut government agencies pro-rata, in ASIC's case by \$2.3 million.

We have continued to reduce routine costs. New travel arrangements saved about 15% in travel costs, and we installed IT systems that eliminate paper flow in approving travel and processing staff pay, leave and other entitlements.

Working with Parliament, government and the community

The Commonwealth Parliament took a closer interest in our work; this year we gave evidence to Parliamentary Committees 11 times, up from four times last year. We made six written submissions, including one about our consumer protection work. For our relationship with the Minister, see corporate governance page 17.

To ensure harmony and cooperation between ourselves and other financial regulators, I served as an ex-officio member of the APRA Board and the Council of Financial Regulators (ASIC, APRA and the Reserve Bank). We collaborated with the Commonwealth Director of Public Prosecutions who decides on and prosecutes all our indictable criminal matters, see page 34.

We could not have achieved many of our results without support from consumer groups, industry associations, company directors and professionals.

I particularly wish to acknowledge those who supported us in hosting the IOSCO Conference, the largest international event in our history that ran extraordinarily smoothly. See also page 20 about how we involved the community.

Chairman's review of operations

Managing staff and performance

Staff performance and development

Independent survey results showed that our staff performed well in the eyes of the people who most often deal with them, considering the diverse issues and broad markets we regulate.

This, and our own data on performance, substantiated comments I received that our staff handled urgent, complex and heavy workloads effectively and within agreed deadlines. They displayed a genuine desire to improve ASIC's performance and their own professional skills, see also page 50.

Our fifth Summer School on regulatory reform studied how to identify patterns of non-compliance, design compliance strategies and measure their effectiveness. Ten senior ASIC staff, nine Australian agencies and eight overseas agencies attended, led by Professor Malcolm K Sparrow of Harvard University. A former UK police officer, he now researches and works with US regulatory agencies. This highly successful School stimulated ASIC's leadership to greater innovation in tackling regulatory issues.

Management changes

Commissioners benefited from a full team for the whole year when Deputy Chairman David Knott joined us on 5 July 1999. My term and Jillian's expire later in 2000. For information about Commissioners, their roles and corporate governance, see pages 16-18.

We appointed Ian Johnston as National Director Infrastructure. His predecessor Phil Khoury left us after nine years, having helped reform our organisation.

Among Regional Commissioners who lead our operational work, Ian Johnston moved from Tasmania and ACT Regional Commissioner Greg Tanzer took over in Queensland, succeeding Barrie Adams. Barrie's many years of devoted and effective service were recognised by the award of the Public Service Medal in January 2000. Ron Ladlay took charge in the ACT. See page 55 for current National Directors and Regional Commissioners.

Y2K, service and complaints about staff

On 1 January 2000 we electronically registered the first new company in the world, New Millenium 2000 Pty Ltd , successfully testing our systems. Thanks to careful planning and remediation, Australia's markets, financial institutions and ASIC switched over without disruption.

Our service standards held up under heavy pressure. Our Infoline telephone staff dealt with 90% of questions and problems on the spot, but rising call volumes meant many callers could not get through at their first attempt. To offer a faster channel to information, we upgraded our website and added new web services.

Senior managers investigated 12 serious complaints about our staff, down by two. See pages 52-53 for details.

Looking ahead

ASIC faces many challenges and demands across its portfolio of responsibilities.

The Constitutional challenges to our powers under the Corporations Law create doubt and delay for us and for the community. This issue now requires an urgent solution.

We face a complex and heavy workload in implementing the Financial Services Reform Bill, that if approved, will harmonise consumer protection across all financial products and services. The Bill also rewrites the rules about the supervision of markets including the Australian Stock Exchange.

ASIC must resolve issues arising from the globalisation of securities and futures markets. Both the ASX Ltd and the Sydney Futures Exchange are undergoing sweeping change to meet global competition as fully commercial operations.

We will be responsible for protecting consumers if Parliament introduces “superannuation choice” to allow millions of members a choice of funds.

Investors, consumers and businesses expect us to maintain and improve our performance. With stretched resources and with fewer staff than last year, ASIC will need the support and understanding of all our stakeholders.

This will be my final overview in an ASIC annual report. It has been an extraordinary honour and pleasure to serve as Chairman. I wish ASIC, its staff and diverse stakeholders all the best for the future, and in particular I thank the Government, the Parliament, our fellow regulators, the Director of Public Prosecutions, past and current colleagues and staff for their support.



Alan Cameron, AM
Chairman

Commissioners



Alan Cameron, ASIC Chairman, AM, BA, LLM (Hons)

Alan Cameron is a lawyer. He has served as Chairman of ASIC and the ASC from 1 January 1993 until 31 December 2000. Previously he was Commonwealth Ombudsman, and before that, national executive partner of Blake Dawson Waldron, solicitors. He has held a range of other appointments and has been a director of a number of companies.

He is an ex-officio member of the Companies and Securities Advisory Committee and the Council of Financial Regulators, and a Board member of the Australian Prudential Regulation Authority. From 1997 to 1999 he was Chairman of the Joint Forum, an international body of regulators of firms active in banking, insurance and securities.



David Knott, ASIC Deputy Chairman, LLB

David Knott's term runs from 5 July 1999 until 4 July 2002. He is a lawyer and Fellow of the Australian Institute of Company Directors. Previously he was Chief Operating Officer of the Australian Prudential Regulation Authority (APRA).

He spent 13 years in private legal practice, specialising in company and commercial law. In 1992 he became inaugural Executive Director of the Australian Financial Institutions Commission, which was established by the State and Territory governments to regulate credit unions and building societies. He then served as Chief Executive of Commonwealth Funds Management. In 1998 he was appointed to help establish APRA, playing a key part in the Authority's formation, strategic planning and structuring.



Jillian Segal, ASIC Commissioner, BA, LLB, LLM (Harv.)

Jillian Segal's term runs from 13 October 1997 until 12 October 2000. She is a lawyer, specialising in corporate and environment law. She was previously Special Counsel at Dunhill Madden Butler advising on issues management and prior to that a partner and consultant to Allen, Allen and Hemsley. She has also been a company director with particular experience in the financial services sector.

Among her other interests she was a Professorial Fellow in the Faculty of Law at the University of Wollongong, a member of the Legal sub-committee of the Companies and Securities Advisory Committee and a member of the consultative committee for the Corporate Law Simplification project.

Commissioners' role, appointment and remuneration

Three full time Commissioners direct ASIC's affairs, approve and review operational plans and performance, appoint and appraise the most senior executives and involve themselves in all major enforcement, regulatory, budgetary and staffing matters. Commissioners appoint eight Regional Commissioners in consultation with the relevant State Minister.

Commissioners receive advice from staff, including the National Directors of Enforcement, Regulation and Infrastructure, and General Counsel. Independent legal and accounting experts advised on specific matters. We do not have a procedure for an individual Commissioner to obtain legal advice independently at ASIC expense. No occasion for such advice has arisen, and all Commissioners are legally qualified.

The Governor-General, on the nomination of the Minister, appoints Commissioners on fixed terms that may be terminated only for reasons set out in section 111 of the ASIC Act. The terms of the Chairman and Commissioner Jillian Segal expire later in 2000. The Minister may appoint acting Commissioners during vacancies or absences. The Remuneration Tribunal sets Commissioners' remuneration, see also page 92.

The role of the Parliament, Minister and State Ministers

Commissioners reported to Parliament and the responsible Minister on ASIC's performance.

The Parliamentary Joint Committee on Corporations and Securities reviewed our annual report and activities at public and private hearings. The Senate Standing Committee on Economics required ASIC to appear and answer questions on our budget estimates on three occasions. We made six submissions and gave evidence 11 times to Parliamentary Committees, submitted an annual report and responded to inquiries on behalf of constituents.

The Treasurer, the Hon Peter Costello MP, and, in matters determined by him, the Minister for Financial Services and Regulation, the Hon Joe Hockey MP, are responsible for ASIC. Under sections 12 and 14 of the ASIC Act, the responsible Minister may direct how we use our powers, perform our functions or direct us to investigate. He gave no directions this year. Only one has ever been given, in September 1992.

Our Commissioners met regularly with the Treasurer and with the Minister for Financial Services and Regulation. We briefed them and the Treasury about current issues and proposed changes to the law.

Under the Corporations Agreement, we submitted half yearly reports on our performance to State and Territory Ministers, and attended the Ministerial Council on Corporations, comprising Commonwealth, State and Territory Ministers, as an observer to answer questions.

Corporate governance

Integrity and confidentiality

Commissioners and staff use financial products and services that ASIC regulates. To maintain the integrity of our decisions, we require disclosure of any real or apparent conflict of interest. Commissioners and staff took no part in decisions where a real or apparent conflict of interest could arise. In those cases, we set up special reporting and decision making procedures.

The Chairman and Commissioners disclosed to the Minister all direct or indirect pecuniary interests in businesses, companies or superannuation trusts, funds or retirement savings accounts or retirement savings account providers. Senior executives disclosed their interests to the Chairman. Other staff keep registers of their interests at work that supervisors may inspect at any time, and submit annual returns of interests. Commissioners have appointed senior disclosure officers to advise managers and staff in handling particular situations.

To avoid misuse of information, strict procedures reinforce the criminal law to safeguard confidential information.

Independent audit

The Commonwealth Auditor-General audits ASIC's financial statements. The Commission's Audit Committee helped Commissioners examine internal and external audit matters and risk assessment, see its report on page 57. The independent Chair, Ms Merran Kelsall, is a senior chartered accountant and company director in private practice. The Deputy Chair is also independent. The Committee's charter conforms with Australian National Audit Office and Australian Institute of Company Directors best practice guidelines.

Financial results 1999-2000



Overall costs and outputs

The net cost of ASIC's services was \$135.3 million, \$132.4 million funded from Parliamentary appropriation, and the balance from operating revenue. See pages 61-102 for our full financial report.

Output costs*	Cost
Output 1: Policy and guidance about laws administered by ASIC	\$13.9m
Output 2: Comprehensive and accurate information on companies and corporate activity	\$41m
Output 3: Compliance monitoring and licensing of participants in the financial system to protect consumer interests and ensure market integrity	\$24.1m
Output 4: Enforcement activity to give effect to the laws administered by ASIC	\$56.3m

*National and support costs are apportioned to these outputs

Employee expenses rose

Our employee expenses of just over \$83.8m represented our major outlay, up by nearly 8%. This increase reflected the full year effect of an increase in staff resulting from the expansion in ASIC's roles and responsibilities from 1 July 1998, the full year effect of our Certified Agreement put in place in December 1998, and an increase in provisions. See page 83 of our financial statements.

Expenses on goods and services fall

Our costs on goods and services, excluding property, represented some 24% of outlays, down from last year because we no longer faced set up costs for additional responsibilities under the ASIC Act. Notable reductions occurred in communications, computing, office requisites and legal expenses. We will continue to contain these costs. Property expenses remained steady although we changed leasing arrangements in Sydney, Perth, Adelaide and Hobart.

Investment in infrastructure

We invested about \$5 million in infrastructure, including a new human resources information system, a financial information system to improve managing and reporting fees and charges collected under the Corporations Law, and a litigation support system to assist in court proceedings.

Loan repayments

We paid back to the government the second instalment of a \$6.5 million loan we took out in 1998, repaying just over \$2 million in principal. (We paid out the balance in early 2000-01.)

Revenue collected

We collected \$361 million, up 9% , in statutory fees under the Corporations Law. See page 69 of our financial statements.

Community involvement

ASIC involves the community in our work, although differently from customer service organisations.

We deal with investors and consumers mainly when things go wrong.

To identify and deal with consumer risks and issues, we involve consumer advocates and experts.

We deal most often with people we regulate to discuss, propose or enforce duties and obligations. To remain sensitive to commercial issues and needs, we consult frequently with industry but ensure public scrutiny by publicising regulatory policies and decisions.

Investors and consumers

Our Consumer Advisory Panel brought together, under an independent Chair, nine other consumer and investor advocates experienced in the financial services industry. The panel met four times, successfully recommended \$55,000 worth of research projects that identified issues and risks facing investors and consumers, alerted us to other problems, and commented on policy. A Commissioner, our Directors of Consumer Protection and Communication usually attended these meetings. See page 56 for the Panel's report. We also consulted other investor and consumer organisations.

People we regulate

The organisations and people we regulate are listed on page 2. We met regularly with about 18 peak industry and professional associations, and consulted other organisations, companies and professionals, and helped thousands of directors and professionals over the phone.

Under the Corporations Agreement with the States and Northern Territory, we maintained seven Regional Liaison Committees representing the business community. They met about four times each year, received information on our performance and service, and offered ideas. A Commissioner usually attended these meetings.

General public

Through the media, our website, speeches, investment and business expos, we encouraged people to report misconduct and comment on policy proposals. We responded to 5,534 misconduct allegations, up 5%. To encourage reporting of internet scams, we awarded "Gulls" (\$50 gullibility awards for outrageous swindles) and referred serious cases for investigation. We invited comment on 13 proposed policies.

Summary of major operations



Regulatory and enforcement operations

Who and where we are

- 662 full time equivalent staff
- Eight offices in each State and Territory capital
- Costs: about \$73 million

What we do

- Investigate and act against alleged misconduct
- License and inspect financial advisers, insurance brokers and other intermediaries
- Approve and monitor consumer complaint resolution schemes
- Monitor codes of practice across all financial services
- Receive and inspect prospectuses
- Register and inspect managed investment schemes
- Supervise securities and futures markets
- Monitor what company directors say and do
- Monitor takeovers
- Grant or refuse requests for relief from the law
- Register company auditors and liquidators
- Handle defunct company property

What we achieved

- Court results dropped slightly to 84% success in 461 matters, but above 70% target
- 25 prison sentences, the second highest on record
- Completed investigations more quickly despite a 17% rise in matters on hand, see page 6
- 80% of 1534 fundraising applications processed within 10 business days, up 5%
- Banned 50 unsuitable people from giving investment advice, 34 more than last year
- Completed two year transition for managed investment schemes, with only eight entities missing the deadline

What we plan

- Complete all investigations within 12 months; deliver timely results on urgent or nationally significant matters
- Raise the rating in benchmarking studies of our enforcement performance
- Maintain our target for successful criminal and civil litigation at 70%
- Upgrade our ability to enforce the law over the internet and in e-commerce
- Boost compliance reviews and campaigns, and reduce reactive work
- Implement the Financial Services Reform Bill, if passed
- Focus on consumer protection and reduce some small business activities

Summary of major operations

Public information

Who and where we are

- 287 full time equivalent staff
- Information Processing Centre at Traralgon, Victoria; 12 Business Centres in capital cities, Geelong, Newcastle, Gold Coast and Townsville
- Costs: about \$31 million

What we do

- Register new companies with a unique number
- Record every company's name, number, directors and other information on a public register
- Collect company fees and transfer them to consolidated revenue
- Process changes to company details and make retrievable images of company documents
- Answer company housekeeping and information enquiries
- Take enforcement action against people who fail to lodge company information

What we achieved

- On-line company searches increased by 25%, and free internet browsing up 100%
- Total over the counter paid searches fell 27%, as appeal of on-line increased
- 94% of company information lodged on time, up 1%
- Increased electronic lodgement of annual returns by 7%, ahead of target
- Electronic Company Registrations, now attracting nearly 50% of all registrations
- Maintained service levels despite staff reductions

What we plan

- Increase the percentage of new companies incorporating electronically to 75%
- Increase the number of companies updating information electronically from 63% to 70%, and reduce manual processing
- Integrate our company compliance and electronic services functions into our mainstream regulatory and enforcement work
- Offer businesses increased opportunities to deal with us electronically
- Implement changes to Corporations Law resulting from the Corporate Law Economic Reform Program



National coordination and support services

Who and where we are

- 285 full time equivalent staff
- National Offices in Melbourne (our headquarters) and in Sydney
- Costs: about \$31 million

What we do

- Develop guidelines and policies to help business comply with the law
- Coordinate and provide legal, accounting and policy support for enforcement and compliance activities
- Provide information technology systems and support
- Provide human resources, training and payroll services
- Provide finance, budgeting and audit systems and advice
- Provide administrative support to operations
- Provide and advise on communication and publishing
- Operate Infoline call centre

What we achieved

- 20 new policies issued to guide industry, up from 14 last year
- IT system availability and service maintained without Y2K problems
- 23,500 IT help desk calls, up 5%; 77% resolved within 15 minutes, up 4%
- Provided human resources advice and payroll services for 1,234 full time equivalent staff
- Managed \$135 million in costs and collected \$361 million in revenue
- Answered 91% of Infoline calls on the spot (steady, but surging call volumes left many callers unable to get through)
- Survey respondents praised communication activities

What we plan

- Issue new policies to help companies adjust to financial services reform legislation if approved
- Manage increased workloads, new responsibilities and law reform and improve staff performance, without increasing staff numbers
- Increase spending on learning and development and relate it closely to regulatory and enforcement activities
- More flexible recruitment and employment options for managers
- New IT applications that link all our regulatory and enforcement processes

Enforcement and regulation



Vic Grainger, investor

Mr Vic Grainger is one of the investors that Anastasis Papas defrauded. Following ASIC's investigation, Papas was sentenced to 10 years gaol on 66 charges of stealing and fraud involving a total of \$703,000.

Our strategies and impact

We aimed to protect investors and consumers and to maintain the overall integrity of Australia's financial markets by:

- delivering faster and consistently high quality briefs for administrative, civil and criminal action against misconduct and those who conceal it; and
- sharpening the focus and impact of regulation to uncover and resolve problems earlier.

In the past two years, we have increased our impact and influence on the market and on individual firms that we regulate, according to independent market research. Overall, between 35% to 75% of respondents said ASIC's impact on the market overall had been "quite large" or "very large", compared with 33% to 71% in 1998. Between 30% to 50% said ASIC's impact on their firm had been "quite large" or "very large", compared with 22% to 44% in 1998.

In this section we cover:

- Our strategies
 - What we did
 - Investors and consumers
 - Markets
 - Small business
 - Reports of misconduct
 - DPP relationship
 - Outlook
-



What we did

Main activities	This year	Last year	% change
Investigations commenced	234	233	nil
Serious criminal litigation completed	101	88	15%
Summary prosecutions completed	336	410	-18%
Civil enforcement actions completed	80	64	25%
Complaints of misconduct finalised	8384	7904	6%
Managed investment entities licensed	274	102	169%
Managed investment schemes registered	1780	467	281%
Prospectuses registered/lodged	1033	707	46%
Consumer complaint resolution schemes approved	1	1	nil
New regulatory policies issued	20	14	43%
Fundraising relief applications received	1534	1598	-4%
Takeovers received	81	73	11%
Takeover relief applications received	356	506	-30%
Securities licence applications received	269	213	26%
Insurance broker registration applications received	249	159	57%
Company auditor applications received	82	78	5%
Company liquidator applications received	50	36	39%
Resources used	This year	Last year	% change
Staff employed (FTEs)	662	640	-3%
Estimated costs	\$73 million	\$73 million	nil

Enforcement and regulation

Protecting retail investors and consumers

Cleaning up bad advice

Eight financial advisers and stockbrokers went to gaol on ASIC charges. We imposed 50 banning orders, nine of them against advisers who misled clients into the failed Wattle Group that promised 50% p.a. returns. (Fourteen people await trial on criminal charges for this \$165 million scheme.) The 16 life bannings alone (see pages 38-39) almost equal the total bans imposed last year. To support this industry clean up, we set new competency standards for employees and agents of licence holders.

Secretive, offshore, bogus "high yield trading programs" attracted unwise investors, especially in Queensland. Through Court action and publicity, we made these schemes harder to promote and operate, although we cannot eliminate them. Similarly, overseas fraudsters persisted in cold calling Australian investors, although our publicity may have somewhat reduced this problem.

Educating investors and consumers

Some investors encouraged fraud by taking little interest in their affairs or by recklessly chasing high returns. We published warnings about offshore high yield investment schemes, margin lending, computer share trading software, and "spam" scams.

We joined other regulators worldwide in a special bulletin on investor protection in the new economy covering initial public offerings, valuation of hi-tech companies, short term trading strategies and preserving investor confidence.

ASIC's new investor and consumer website, watchdog.asic.gov.au, began in March 2000, with fresh information about investing, shares and managed investments. Visitor numbers have grown to about 7,500 in June. We posted advice about on-line share trading, flood insurance, insurance brokers and insurance telemarketing.

Electronic enforcement increases

The internet has made it cheap and easy to circulate scams, and false and misleading information, but it also benefits legitimate investors, fundraising and financial services businesses.

Our staff charged two Melbourne men over allegedly sending more than 4 million spam e-mails to manipulate the price of US stock, Rentech. (One pleaded guilty in July 2000.) Stephen Matthews was gaoled for contempt of court for publishing alleged investment advice on "The Chimes" internet site without a licence. We took three enforceable undertakings to prevent unlawful internet investment offers, including an illegal share trading game; we stopped three unlawful investment advice sites; and stopped on-line promotion of an unlicensed share trading software program.

Electronic regulation

To assist investors, we permitted fundraisers to use electronic application forms for investment offers and other financial products, and to distribute prospectuses through internet portals.

We issued proposed guidelines on the operation of internet discussion sites, commonly known as internet chat sites or bulletin boards, which contain information, advice or opinions about securities. The guidelines covered what warnings must be given to members of the public viewing the postings, warnings to people making the postings, and the obligations that site operators must meet.

On-line broking websites

We analysed internet stockbroking, now used by many thousands of investors to buy and sell shares. We focused on whether order taking and processing was clearly explained, whether the identity of the broker was clear and what was said about service and complaint handling arrangements. (The study was released in August 2000.)

Financial disclosure in concise reports

Some entities made only minimal effort in the concise reports they sent to shareholders for 1999. They did not comply with the spirit of the concise reporting requirements, which is to include information relevant to evaluating the business but without all the detailed accounting disclosures included in a full financial report. Companies needed to make a greater effort to include meaningful information in concise reports, because that is the only financial report many shareholders receive.

Superannuation compliance

In our first compliance review of superannuation member statements, we found substantial compliance in the industry, despite some problems. We also conducted a small survey of fund members, and found that most did read their member statements and looked at annual reports. Additional qualitative research suggested changes members wanted to their annual reports.

We began civil action to recover more than \$10 million for 26,000 members of the EPAS fund. Former adviser Christopher Matson was gaoled in July 2000 for obtaining clients' money for himself by falsely telling a superannuation fund manager that his client wanted to redeem money.

Enforcement and regulation

General insurance broking and sales practices

Last year 300 people advertised as insurance brokers who were not registered. While many listings proved inadvertent, 70 brokers unlawfully used unregistered business names. One firm was unlawfully franchising brokers in WA, NSW, ACT and Queensland, and has undertaken to stop this practice. We cancelled two brokers' registration, see page 39. East Coast Insurance Broker (NSW) Pty Ltd came to our notice as an insolvent insurance intermediary, see also page 39.

Inspection of company practices in flood insurance identified areas for improvement, and we alerted consumers on how to purchase flood insurance. Two new compliance reviews began this year. Staff are inspecting audit practices of insurance brokers because some unlawfully hold on to consumers' premiums without forwarding them to the insurance companies. We also began reviewing sales practices in disability insurance.

We issued insurance telemarketing guidelines to protect consumers. We took enforceable undertakings from Suncorp-Metway to correct misleading insurance advertising, and from insurance company Connelly Temple for not defining "hazardous occupation" in consumer brochures.

Prospectuses and investment offer documents

We received 1033 prospectuses, the highest number since 1993/94. In the coming year we will target financial statements of internet company start-ups to ensure that they disclose information to the market.

Under new laws, we no longer examine prospectuses before they are issued. Instead all investment offers are exposed to 7-14 days of public comment before securities may be allotted. Our website service, OfferList, displays all legal offers and since 13 March, people browsed this database 35,000 times.

We inspected 109 prospectuses where our staff or the public thought disclosure looked weak. These inspections resulted in corrections, supplementary prospectuses and occasionally, orders that stopped fundraising altogether.

Managed investments in transition

The managed investments industry covers major funds with tens of thousands of unit holders to small agricultural schemes with a few hundred investors. On 30 June 2000, the industry completed a two year transition from the old law to the new. During this period we licensed 376 responsible entities and registered 2247 schemes. This year alone, staff licensed 274 new responsible entities (about 73% of total), registered 1780 schemes, and followed up laggards so that only eight schemes missed the two year deadline.

Protecting investors in managed funds

We strengthened compliance and investor protection by inspecting 44 responsible entities, and revoking two licences. We found that many entities still faced problems bedding down effective compliance systems. To help them, we published commentary and summaries of the better compliance plans for financial assets, property and agricultural schemes, and issued proposed guidelines for auditing compliance plans. For the first time, we built a database of the industry and identified areas of risk.

Under the managed investment laws, ASIC took a more direct role in regulating solicitors mortgage and finance brokers schemes following numerous failures under State regulation. We also regulated more closely other real estate investments, such as serviced strata schemes.

Consumer complaint resolution

We published guidelines about what consumer complaint resolution schemes must do to receive our approval, and approved the Financial Industry Complaints Service, covering advisers, managed investments and life insurance.

Electronic funds transfer code to expand

We chaired a working group to expand the Electronic Funds Transfer Code of Conduct from just ATM and EFTPOS transactions to all forms of electronic banking, including telephone and internet banking and stored value products such as smart cards. The working group released two discussion papers and plans to have the new code completed during 2000-01.

Industry codes of practice monitored and reviewed

Staff monitored the voluntary industry codes of practice for the Banking, Credit Union, Building Society and EFT Codes, covering April 1998 to March 1999. Compliance remained high. Complaints had increased but at a far slower rate than the increase in transactions.

ASIC also contributed to the Taskforce on Self-Regulation and to the Advisory Group developing the Best Practice Model for e-Business.

Improving bank transaction fee disclosure

Independent research found low consumer understanding of the fees they pay. We formed a working group of industry, consumer and government representatives to look at how to improve bank transaction fee disclosure. This group met for the first time in April 2000. We also wrote a submission for the Parliamentary Joint Committee on Corporations and Securities inquiry into electronic and telephone banking fees.

Enforcement and regulation

General insurance and banking codes

General insurers selling specific types of insurance must be members of a code we approve. The industry submitted amendments to the General Insurance Code for approval. We supported most of the changes and negotiated some additional amendments. Before we could approve the amendments, however, we also had to be satisfied that the general insurance external complaints scheme, the IEC, met legislative requirements. (We approved the General Insurance Code in July 2000).

In the first half of 2000, banks and credit unions began reviews of their codes, to which we are contributing. Issues we have raised include consistency with the new Financial Services Reform Bill, fee disclosure and electronic commerce.

Protecting the integrity of Australia's markets

Insider trading

Simon Hannes was gaoled for insider trading in TNT Ltd options, in the first defended insider trading case. He has appealed. In other cases, one defendant was acquitted and one convicted and gaoled for trading in Carpenter Pacific Resources NL, based on their knowledge of a favourable Court judgment in Papua New Guinea that had not been announced to the market. All three defendants were acquitted in the Mt Kersey Mines NL matter. The ASX and SFE alerted us to a number of other matters during the year which we are investigating.

Continuous disclosure

To reduce opportunities for insider trading, we conducted a joint campaign with ASX to follow up companies whose share prices rose ahead of price sensitive announcements. Especially in Perth and Brisbane, where we ran this pilot campaign, we saw a marked rise in trading halts ahead of such announcements. The media also started publishing more news about ASX share price queries and company replies. (We are extending this disclosure campaign in 2000-01 to cover newly listed companies or those which raised funds in back door listings.)

Analyst briefings

We issued a discussion paper on what listed companies might do to share information with all their shareholders when they brief analysts. The paper prompted lively debate, and seems to have encouraged many companies to announce details of analyst briefings to the market and to post presentations on their websites.

Financial disclosure to shareholders

To make sure shareholders received fair and accurate information about their companies, we reviewed 310 full financial reports of listed entities.

In that sample, many companies kept shareholders in the dark about the true cost of directors' and executives' remuneration by not disclosing the value and terms of options, or by leaving out details of all or some of the five most highly paid executive officers. Others glossed over how they decided on emoluments, or said nothing about the relationship between emoluments and the company's performance.

Some companies overstated profits by refusing to amortise intangible assets, as though these assets had an infinite life, although other companies agreed to amortise them. Some companies recorded revenue even before they rendered any services, while others kept silent about how they recognised their revenue. We will focus on revenue and asset recognition policies in future reviews.

\$2.4 billion changes flowed from accounting surveillance

The table below details public results of significant issues that we addressed with individual companies.

Company	Issue	Result
Insurance company	Intangible assets	Wrote off \$2.2 billion of intangible assets and increased prior years' amortisation expenses by \$30 million p.a.
Airport operator	Licence amortisation	Increased amortisation expense by \$4 million
Airport operator	Licence amortisation	Increased amortisation expense by \$7 million
Unlisted industrial company	Lodging accounts	Court required lodgment of accounts
Resources company	Reserve accounting	Reversed \$112 million from reserve as abnormal revenue
Telecommunications company	Deferred expenses	\$100 million of assets restated as expenses

Competitive markets

Australia's share and futures markets are becoming competitive international businesses.

We are involved to make sure markets remain well supervised. We are working with the Monetary Authority of Singapore on cross border regulatory issues raised by proposed links between ASX Ltd and Singapore Stock Exchange Ltd. We advised the

Enforcement and regulation

Minister about re-authorising Newcastle Stock Exchange Ltd as a stock exchange, and guided the Stock Exchange of Bendigo Ltd on its proposal to re-open. We have worked with Australian Derivatives Exchange Ltd on its proposal for approval as a futures exchange and with Options Clearing House Pty Ltd on its application for approval as a futures clearing house.

Sydney Futures Exchange Ltd (SFE) closed its trading floor and began 24 hour screen trading in November 1999. SFE is planning to convert to a “for profit” company, limited by shares through a Court approved scheme of arrangement. We made submissions to the Court about the proposed arrangement and draft explanatory statement to SFE members. We also reviewed changes proposed to SFE’s constitution and by-laws.

We monitored daily trading in ASX Ltd shares and compliance by ASX Ltd with its listing rules in much the same way as ASX Ltd oversees listed entities. At the request of ASX Ltd we granted a trading halt, but made no formal price queries.

Managing conflicts of interest

ASX Ltd and Computershare Ltd both unsuccessfully bid for control of SFE. To minimise possible conflicts of interest, we acted as consultant to ASX Ltd in regulating Computershare Ltd while the bids were in the market.

ASX Perpetual Registrars Ltd, the 50:50 joint venture between ASX Ltd and Perpetual Trustees Australia Ltd, may create further possible conflicts of interest between ASX as a regulator and as a profit making company. Similar issues arose from SFE’s proposed commercialisation, and from applications by “for-profit” companies for approval as exchanges. We worked on these issues with the parties and government.

Takeovers

We received notice of 81 takeovers. We referred CP Ventures Ltd’s conduct to the Corporations and Securities Panel. The company, which had common directors with Bristile Ltd, bought Wesfi Ltd shares for cash and then accepted those shares into Bristile’s scrip offer. We argued that this tactic helped Bristile avoid making a cash bid for all shares it acquired. While the Panel ruled against us, it did find that in general, this type of conduct would usually be unacceptable.

The Panel’s role in takeovers expanded on 13 March to become the sole umpire of all takeover disputes, and any affected company or person can refer a matter to it for adjudication. We retained our role in granting relief from takeover laws, and we can still take our own enforcement action in takeovers.

Legal issues affected takeovers

The High Court restored a wide interpretation of our power to modify the takeover law. It decided that we had acted within our power when we allowed a successful bidder to acquire shares issued after a takeover had concluded when they were not originally subject to the bid.

Legal confusion continued over the extra \$28.5 million ASIC won for shareholders of Great Central Mines Ltd in an action against an unlawful takeover scheme. The High Court ruled that the Federal Court had no power to hear Corporations Law matters, and the status of the Great Central Mines ruling remains unclear. An appeal to the full Federal Court is continuing on this matter.

Small business

Eight company directors gaoled this year had cheated investors or creditors of small to medium sized companies or were managing companies while disqualified. In 336 matters, we summarily prosecuted directors or company officers for offences such as failing to give external administrators, statements about the company's affairs or books and records.

To protect the public, we prohibited 42 people from acting as a director where they had failed to meet minimum legal standards. Our website lists people disqualified from company management. All new company directors received a letter explaining their obligations. The small business section of our website attracted 7,000 visitors in June 2000, up 20% on June 1999. Infoline calls from directors and company secretaries rose 29%, from 4716 to 6120.

In future, we will reduce some small business activities to focus on consumer protection, but we will investigate misconduct in small companies where it poses a significant threat to the community.

Complaints and reports of misconduct

Staff analysed and assessed 5534 complaints from the public, alleging breaches of the law, up 5%. This information helped identify patterns as well as individual cases of misconduct. We referred 46% complaints for follow-up inspection.

We analysed and assessed 2850 reports from company liquidators, receivers, administrators and auditors, up 26%. In 94% of cases, we took no further action because of the age of the matter, lack of sufficient evidence or scarce resources.

Enforcement and regulation

Complaints about misconduct made to ASIC through the public and through statutory reports	1999/2000	1998/1999
Public complaints	5534	5269
Public complaints not within ASIC's jurisdiction	574	470
Net public complaints	4960	4799
Action taken on public complaints		
• Investigation	1.5%	2.4%
• Surveillance	19.4%	28.5%
• Resolved by information provided/negotiation	17.6%	13.0%
• Analysed, assessed and recorded only	53.9%	50.2%
Statutory reports from external administrators and auditors	2850	2207
No offences identified	4.5%	5.3%
Action taken on statutory reports		
• Investigation	0.6%	0.5%
• Surveillance	2.4%	5.9%
• Resolved by information provided/negotiation	1.6%	2.2%
• Analysed, assessed and recorded only	93.7%	88.1%

Relationship with DPP, witness expenses

Criminal prosecutions in all indictable matters are decided and prosecuted by the Commonwealth DPP. We involve DPP officers in considering evidence on potentially serious criminal investigations at an early stage.

When we conclude a criminal investigation the matter is referred to the DPP. We reduced the time we took between starting an investigation and sending a brief to the DPP.

	Months					Total
	0-3	3-6	6-9	9-12	12 +	
1999-2000	26	33	21	14	6	100
1998-1999	20	36	15	17	11	99

The DPP accepts handover of a matter for prosecution once it has decided that the evidence is sufficient and the matter otherwise warrants prosecution. In most cases charges are laid within three months of handover being accepted by the DPP. Generally, it is a matter for the DPP when handover is to be accepted. In at least 25% of cases, handover is accepted at the same time as charges are laid.

There were 19 claims for allowances and expenses under section 89 of the ASIC Law by people required to attend our hearings and inquiries. 16 were paid in full, three were rejected. The total amount paid was \$5,103. The highest claim paid was \$984 and the lowest claim paid was \$12.

Outlook

The Government's Financial Services Reform Bill, previously known as CLERP 6, will create extra pressures on us to issue new policies, revise old ones and build new systems to register and license thousands of companies and people under the proposed new provisions.

The recent correction in "new economy" stocks may expose weaknesses in financial reporting and corporate governance. With co-operation from the ASX, we will extend our continuous disclosure campaign to cover newly listed companies or those which raised funds in back door listings.

We will increase our pro-active campaigns, and sustain our work on electronic commerce, electronic enforcement and market regulation.

Our key objectives are to:

- complete all our investigations within 12 months, compared with 85% previously
- upgrade our ability to enforce the law over the internet and in e-commerce
- raise the business community's rating (in our benchmarking studies) of our enforcement performance from moderate to good
- maintain our target for successful criminal and civil litigation at 70%.

We also plan to:

- boost surveillance, compliance reviews and campaigns, if necessary up to about a quarter of the work of regulatory and enforcement staff, by reducing reactive activities and upgrading research and analysis
- publish more material for market participants about good practice and how to comply with the law, up from about 10% to 25% of our regulatory publishing
- increase activity and information that helps consumers make better informed decisions to invest, save and insure themselves, so that our investor and consumer protection messages in mainstream media increase by 50%, and
- reduce our small business activities to focus on consumer protection.

25 criminals gaoled

What they did	Names and details of crime	Sentence
Unlicensed people who cheated investors	Robert James McLeod for fraud of \$1.3 million in an illegal fundraising scheme	7 years
	Paul Wilhelm for fraudulently obtaining \$432,000 from investors	5 years
	Micheal Childs for stealing \$125,000 from a church group he advised	3 years and 5 months
	Donald Richard Maxwell for deceptively obtaining financial advantage and offering securities without a prospectus	12 months periodic detention
Investment advisers who cheated their clients	Anastasis Papas for stealing and fraud of \$703,000 from clients, friends, pensioners and disabled people	10 years
	Colin Quarrell for dishonestly obtaining and using about \$4 million from clients through the Sentinel group	5 years, with a minimum of 3
	Anthony Fitzwater for misappropriating \$180,000 from a client's insurance bond	4 years
	Bruce Vague for stealing more than \$240,000 from a client's trust account	3 years and 6 months
	Michael Camillieri for stealing \$346,000 from clients and from personal super-annuation funds	2 years and 6 months (18 months suspended)
	Larry Westwood for misappropriating \$114,000 from four investors	2 years, plus 12 months parole
	Phillip Stephen O'Leary for stealing \$130,000 from clients	1 year and 6 months, to serve 8 months
	Maxwell Vardanega for obtaining financial advantage by deception involving \$1.4 million	5 years gaol, suspended upon a \$5000 self recognisance and 52 weekend custodial detentions

What they did	Names and details of crime	Sentence
Insider trading	Simon Hannes for trading in TNT options knowing that TNT was about to be taken over	2 years and 2 months
	Kenneth Firms for trading in Carpenter Pacific Resources NL	1 year and 2 months
Dishonest company directors and officers	Company secretary Andrew Szumylo for 58 criminal charges	7 years
	David John Pratt for stealing \$1.06 million from his company	4 years
	Andrew John Smith for misappropriating more than \$156,000 from his company	4 years
	Company secretary David Bennell for stealing more than \$180,000	2 years and 3 months
	Milan Tusek, bankrupt and former property developer for fraud	2 years and 6 months, minimum 12 months.
	Leon Kaine for obtaining goods by false pretences and being knowingly concerned with a company acting for a fraudulent purpose	8 months
People who defrauded companies	William Tooth for gaining financial advantage by deception from a bank	5 years and 3 months
Managing companies while disqualified	Frederick Hallaghan	3 months
	Ashur and Hammurabi Barhy	5 months periodic detention
Contempt of court	Stephen Lewis Mathews for publishing material on an internet site contrary to orders of the Court	3 months

16 investment advisers banned for life

What they did	Name
Adelaide stockbroker involved in unauthorised transactions. The principal firm paid \$17 million in compensation to 250 clients.	Hamish Boyd McLachlan
Perth finance broker misled clients, misused his trust account, failed to disclose an interest in securities, and did not have a reasonable basis for making recommendations. Losses estimated at least \$11 million from around 200 investors.	Graeme Clifford Grubb
Perth mortgage broker misled clients and failed to look after their money. Potential losses of millions of dollars for about 500 people.	Kenneth Francis O'Brien
Burnie adviser allegedly misapplied funds from 16 clients to the value of \$1.5 million.	Joachim Prehn
Perth stockbroker used client's scrip worth \$762,000 without authority to meet margin calls, and lost about \$800,000. He agreed to repay approximately \$500,000.	Richard Morris Dawson
Melbourne stockbroker conducted unauthorised trades worth \$350,000, falsified statements and made unauthorised withdrawals from clients' accounts.	Richard Long Chin Joon
Sydney adviser defrauded a former client of more than \$349,000. Convicted on fraud charges.	Ian William Pavletich
NSW financial adviser put clients into a mortgage scheme not approved by his firm. Four investors lost over \$300,000.	Laurence Tobin
Perth stockbroker traded warrants without accreditation, falsely completed orders, gave clients false and misleading information and made inappropriate recommendations. Clients lost over \$200,000, but his firm made good the losses.	Paul John Peos
Perth stockbroker traded on fictitious accounts, and without authority on clients' accounts, causing losses of \$106,000. His firm referred his conduct to ASIC for investigation.	Paul Franklin Morgan

What they did	Name
Perth stockbroker conducted personal trades, using the account of third party, without her employer's knowledge.	Lynette Hartley
Sydney adviser placed elderly investors seeking low-risk ventures into high-risk speculative investments, causing substantial losses.	Hans Robert John Felden
Launceston adviser obtained about \$40,000 of clients' money for himself by falsely telling a fund manager that clients wanted to redeem money. (Also convicted and gaoled in July 2000).	Christopher Martyn Matson
Victorian employee falsified 150 clients' signatures to receive fees from their superannuation investments, totalling \$26,337. The employer compensated affected clients.	Trevor John Knight
Queensland adviser fraudulently withdrew \$16,000 of clients' funds, misappropriated tax refunds and used a forged ATO assessment form.	Wayne McIver
Toukley adviser failed to look after the affairs of approximately 60 clients, resulting in unauthorised dealings.	Steven Michael Cochrane

Anyone banned from advising investors is listed on our register of banned representatives at **www.asic.gov.au**.

Insurance brokers prosecuted and deregistered

Four brokers prosecuted for offences against the Insurance Agents and Brokers Act:

- Ronald Stanley
- Trojan Insurance Brokers
- Royce Charlett and
- Victor James Isbester (Oxford Insurance Brokers Pty Ltd, formerly Budget Insurance Brokers Pty Ltd).

Two insurance brokers had their registration cancelled:

- Elvis Korcari, trading as VIP Insurance Brokers, and
- Nemur Varity Pty Ltd resulting from insolvency (the broker failed to provide satisfactory audited accounts and ASIC determined that the broker was unable to pay his debts as and when they fell due, therefore insolvent).

Public information

Nearly half of the new companies we registered used our award winning electronic registration service.

Our Electronic Company Registration service won the Australian Information Industry Association National Award for Excellence

Our strategies

The number of companies registered in Australia increased by 4% to 1,195,851 which is 46,554 more than last year and the highest number ever recorded. People use our national company database, now ten years old, to make sure they know who they are dealing with. Our staff collect and process company information and collect fees on behalf of the Commonwealth.

Our main strategies were:

- to offer fast access to our database to people lodging information or searching for it, through new electronic services, and to make sure our services fitted in with other government reforms such as ABN, Business Entry Point and on-line strategy
- to reduce the time and cost of our ongoing service and processing work, implement changes to the law and begin integrating Business Centres and Regional Offices, and
- to plan the future design and operation of our public information activities, including law reform and compliance strategies.

In this section we cover:

- Our strategies
 - What we did
 - Electronic registration
 - Electronic searching
 - Law reform
 - Outlook
-



National Awards
for
Excellence
through Information Technology

What we did

Main activities	This year	Last year	% change
New companies incorporated	105,472	98,038	8%
Company fees collected for the Commonwealth	\$361 million	\$332 million	9%
On-line searches	2,667,835	2,141,783	25%
Over the counter searches	161,609	191,831	-27%
Changes to company data processed on-line	45%	37%	29%
Company data lodged on time	94%	93%	1%
Companies deregistered by ASIC	38,036	21,339	78%
Companies deregistered on request	24,937	14,366	74%

Resources used	This year	Last year	% change
FTE Staff employed	287	314	-9%
Estimated costs	\$31 million	\$36 million	-14%

Electronic registration and data lodgment

Electronic company registration

Nearly half of the 105,472 company registrations were received through our Electronic Company Registration service, first launched as a pilot project in October 1998. We also provided a company registration service through the Commonwealth Government Business Entry Point website.

This service won the Australian Information Industry Association National Award for Excellence through information technology.

Public information

Data lodgment

This year, 683,136 or 63% of all annual returns were lodged electronically, up from 59% and slightly exceeding our target for the year. Companies can also update their details electronically. Last year 45% of changes occurred electronically, amounting to the equivalent of 355,025 documents, up 29% on last year although 14% less than our target.

Our *eRegisters* service, designed for small companies that prefer to deal with ASIC directly over the internet, became fully operational this year, and allows company directors or their agents to change their company data and to lodge and pay for their annual return. With only minimal promotion, we have 3,603 subscribers.

Company information on time

94% of companies lodged their information with us on time. There has been a continuing trend towards generally higher levels of compliance in lodging company information. However, this year we issued about 35,000 penalty notices to companies for non-lodgment, a 52% increase on 1998-99.

Electronic searching

Full company searches

Today 94% of all company searches occur on-line, the highest number ever. The total number of paid searches has also increased, up 25% on last year. Searches occur through our approved

commercial information brokers, a number of whom can be reached through the internet.

Only 6% of searches were conducted over the counter in our Business Centres. Not only does this percentage continue to fall, but it also fell in absolute terms from 221,163 to 161,609. This means that we will go on relocating and, over time, integrating Business Centres within our Regional Offices.

Free internet information

The Netsearch facility on our website, first launched in March 1997, provides basic details of a company's name, its unique Australian Company Number and a list of documents lodged with us. It also offers searches of licensed financial advisers, their representatives, insurance brokers, company auditors and liquidators. Netsearch also provides access to the business names index.

This free service was redesigned this year to make the choice of services more obvious to users and to provide search hints to people who used them less often.

Netsearch browses doubled from 1,694,047 in 1998-9 to 3,214,852 in 1999-2000. The vast majority of these were Netsearch browses of company names. The remainder were free searches of securities dealers, futures brokers, their representatives, auditors, liquidators, and of registers of people banned from directing companies or from giving investment advice.

We also launched Company Alert, an overnight e-mail service that lets users know of changes to company details lodged on our database. About 2,000 people have set up profiles of 11,500 companies they are interested in.

Law reform

Australian Business Number

We worked with the Australian Taxation Office to ensure that existing arrangements for Australian Company Numbers were compatible with the new ABNs. All company ABNs include the nine digit ACN, and in June 2000 our company names index changed so that people could search our company database, using either number. We also assisted companies with their inquiries during the changeover period.

CLERP 7

The Government has released for public comment its latest proposals for changing the requirements faced by Australian companies. These will change the obligations, processes and fees payable for every company in Australia, and if implemented, will mean companies may no longer have to lodge an annual return with us although they will still pay an annual fee.

Outlook

We will need to rely more heavily on risk-based compliance procedures. Service and processing will remain a large part of the workload, but will be substantially reduced and increasingly electronic and telephone based. We expect these reforms to ultimately result in workload savings of around 70 FTEs over the next three to four years, by far the largest program of change attempted by our public information staff.

All back office processing work will, over time, move from the Business Centres to our Information Processing Centre in Traralgon, Victoria. Business Centres will progressively be physically integrated into ASIC Regional Offices, maintaining our public enquiries and public assistance capability over the next five years. Potentially this could serve as the public interface, not only for public information, but also for taking complaints, assisting the public and consumer protection.

High volume electronic lodgment and service delivery is well advanced. We are moving increasingly into smaller volume electronic interfaces. ASIC's regulatory and enforcement operations are also moving into electronic service delivery with demands from clients to communicate by e-mail, lodge applications and documents electronically and obtain information electronically. Increasingly, we need to share information electronically with other law enforcement and regulatory agencies.

National and support services



To help investors, ASIC staff built a new on-line system that lists investment offers.

OFFERlist displays fundraising offer documents

What we did

Our support services include information technology, human resources, learning and development, finance and management services and our national telephone inquiry services. Much of our work this year went into specific projects described below or into responding to specific inquiries and problems.

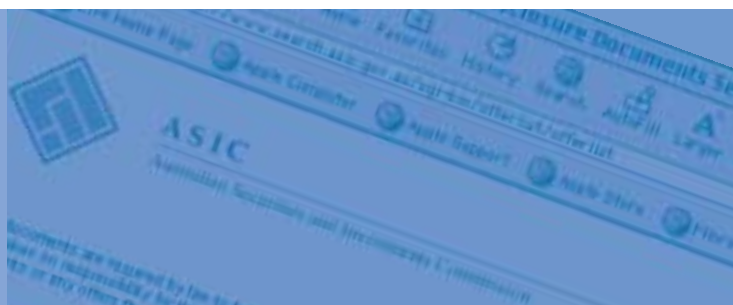
In this section we cover:

- What we did
- Our strategies
- IT services
- Corporate services
- Call centres
- Outlook

Resources used	This year	Last year	% change
FTE staff employed*	285	252	12%
Estimated costs	\$31 million	\$29 million	7%

* This includes 32 staff of the Superannuation Complaints Tribunal (SCT), up from 27 staff last year. The SCT is funded through ASIC but is an independent statutory tribunal.

Below we describe the work of about 150 staff in information technology, corporate services and telephone call centres. Other national office staff in legal, accounting, compliance and policy worked in direct support of our enforcement and regulatory operations.



Our strategies

The success of our regulatory and enforcement activities depends on the ability of our support services to deliver the right systems and services. Our strategy has been to:

- deliver systems and services that demonstrate a clear benefit to regulatory and enforcement operations, and
- provide support efficiently and with a minimum of “noise” that would distract operational staff from their work.

Information technology

A leading role in delivering electronic government services

A small group of IT staff has been dedicated to developing electronic commerce services such as electronic company registration and electronic data lodgment. The impact of these services is now considerable. We conducted approximately 13 million electronic commerce transactions with our customers through our company information activities, see pages 41-43.

New systems introduced

Lotus Notes was rolled out to all staff by September 1999. This was the first step in our plan to integrate the information systems and give staff systems that help them manage the entire chain of regulatory and enforcement transactions.

The most important new application along these lines was for managed investments. The system includes a database of responsible entities, assisting surveillance targeting, licensing and scheme registration. It will be a model for developing future applications.

Our new complaints management system went into production.

We also built a new desktop system for generating, approving and processing staff travel requests.

National and support services

A new human resources payroll system was launched in May 2000. Because the system is integrated with network security, staff can enter and view payroll information, leave, transfers and overtime without additional passwords. New financial management information systems went into production on 1 July 1999.

IT infrastructure outsourcing

Substantial resources were taken up in preparing a request for tender for outsourcing our IT and telecommunications infrastructure. This project will have a significant impact on the organisation, staff and those who deal with us. The request for tender is expected to be released to the market early in the new financial year.

Internet and intranet

ASIC's website ranks among the most visited Commonwealth government sites, with about 200,000 visits each month by June 2000. Our home pages and data management systems were re-designed and replaced, offering much greater flexibility in managing and updating information. Coinciding with this change, all our internet data searching and lodging transactions were upgraded and redesigned, including the new OfferList database of investment offer documents lodged with ASIC.

Year 2000 compliance

By 2.15pm on New Year's Day we were able to sign off on all our systems and applications operating normally without any Y2K faults, thanks to the many staff who played a part in preparing for the changeover.

Intranet

Our intranet portal now includes our financial and human resources systems, as well as daily national and local news summaries on login. It also includes links to other ASIC intranet sites and a site index.

Corporate and management services

Communication

To ensure that the people we regulate and investors keep up to date, we issued 558 media releases, of which more than 90% were published. We published 11 issues of *ASIC News* to more than 6,000 readers and upgraded the design of our website. Our investor April Fool's Day 1999 campaign *Millennium Bug Insurance: an offer too good to be true?* won the International Public Relations Association Golden World Award and the Public Relations Institute's Gold Target Award for investor communication.

Business continuity and security

As part of our Y2K business continuity arrangements, a Year 2000 transition plan was successfully implemented. Using a similar process, we have been planning for future significant events such as the Olympics. Security arrangements in our offices were strengthened with the installation of additional security systems and other preventative measures. New security systems were installed in our premises at 1 Martin Place.

Rationalisation of accommodation

National Office Sydney and the NSW Regional Office were relocated to 1 Martin Place. The staged move, completed by December, minimised disruption and service delivery and provided ongoing opportunities for cost savings and efficiency gains. We continued to rationalise our leasing arrangements by co-locating Business Centres with Regional Offices, reducing the number of leases from 34 to 31.

Environment

As a responsible public service organisation, we continually seek to minimise our impact on the environment and reduce associated costs. These are largely confined to our use of energy for heat, light and power in our offices, and the disposal of paper waste. We have benchmarked our usage, implemented internal measures and established an alliance with an external service provider who will provide best practice energy efficiency solutions.

Travel/contracts

Our national service arrangements provided direct and indirect cost savings and efficiency gains. By changing our travel management processes we have reduced our travel expenditure by 16%. We implemented a new contract for office supplies and will continue to establish other strategic alliances that benefit ASIC nationally.

National and support services

Learning and development

To make our training effort more effective, learning and development staff prepared six curricula for enforcement, regulatory policy, DISC (deposit taking, insurance, superannuation and consumer protection), markets, managed investments, and accounting. These will be reviewed each year.

More than 100 core technical learning programs were offered over the past year in areas such as enforcement, markets, accounting, insurance, superannuation, consumer protection and law (see also pages 51-52).

Human resources

A new Public Service Act came into operation on 5 December 1999. The short time available precluded our preparing in advance new policies and instruments to support its implementation within ASIC. However, within three months, 50% of the key policies and instruments were prepared and executed by the Commissioners. We are working on the remaining 50%, including the elements of the new APS Values.

ASIC business units were also provided with ongoing advice on particular issues as they arose.

Call centres

Calls about lodging and obtaining company information

About 22 staff in our Information Processing Centre and Business Centres handled more than 728,000 telephone calls this year about routine company housekeeping matters and company searches. Following a review, we propose to centralise handling all these calls through a new 1300 telephone number.

Infoline

Infoline is our principal call centre for regulatory and enforcement activities. It received 107,000 calls this year, a 3% increase on the 104,000 received last year, with the major proportion of this increase due to managed investments and superannuation and insurance matters. 92%, or 7% above our target, were dealt with on the spot, slightly down on last year. This freed our enforcement and regulatory staff to deal with more complex matters. Infoline employs 13 staff.

In the remaining 8% of calls we had another staff member ring the caller back, and we now average 73% of callbacks within 24 hours, much improved from 24% last year. Many Infoline callers did not get through at their first attempt. To offer a faster channel to information, we upgraded our website and added new web services.

Financial complaints referral centre

In cooperation with the complaints resolution schemes for banking, life and general insurance, superannuation and investment advice, we operated the financial complaints referral centre on a trial basis until February 2000. At that point, we integrated it into our Infoline service, because call volumes were insufficient to justify a stand alone operation.

Outlook

Law reform proposals to harmonise regulation across the entire financial services industry will present us with the opportunity to build new computer systems to handle all aspects of regulatory and enforcement activity, starting with applications from business, data analysis, complaints management, and (where necessary) enforcement.

In staffing, we look forward to negotiating more up to date and less restrictive working arrangements that will benefit staff as well as the organisation. Our current Certified Agreement negotiations will present an opportunity to carry this forward.

We will bring our support services generally closer to our regulatory and enforcement operations, and will encourage them to offer practical leadership and guidance to the organisation in managing people and money issues.

Our staff



ASIC staff at training workshop

ASIC staff now handle wider consumer protection responsibilities across investments, superannuation, insurance and deposit taking.

In this section we cover:

- Who works for us
 - Major issues
 - Senior management and organisation
 - Outlook
-

Who works for us

Staff numbers and basis of employment

At 30 June 2000, we employed 1,219 full time equivalent staff (1,274 headcount), most under the Public Service Act, of whom 38 were Senior Executive Service officers (including eight Regional Commissioners).

On a headcount basis, staff employed under the Public Service Act comprised 954 permanent staff and 253 temporary staff, compared with 961 and 207 temporary staff last year. Staff employed under the ASIC Act comprised 52 contractors (mainly in information technology) and 15 consultants (when adequate expertise was not available to provide essential specialist services including investigatory, legal, corporate regulatory and accounting functions).

In regulatory and enforcement activities we employ professionals with legal, accounting, commercial, analytical or investigative skills or with financial sector experience. In our company information work, we employ administrative staff with information processing and customer service skills. For our support services we employ people with general management, project management, information and technology as well as administrative skills.

Location and profile of staff

We had 468 staff in Victoria, including our National Office, Regional Office, the Information Processing Centre at Traralgon and the Superannuation Complaints Tribunal; 428 in New South Wales, including National Office and Regional Office; 121 in Queensland; 93 in Western Australia; 59 in South Australia; 25 in the Australian Capital Territory; 15 in Tasmania and 10 in the Northern Territory.

Our full time equivalent staff profile at 30 June is illustrated below.

Type of staff	Number	%
Operational and support (ASIC 1-4)	801	66
Senior operational staff (EL1 and EL2)	368	30
Senior Executive Service Officers	38	3
Others (contract staff under the ASIC Act)	12	1
	1,219	100

Major issues

Learning and development

To deliver training activities in a more flexible manner, a national learning and development website provides staff with tools for development planning, an induction program, several banking industry modules, and enforcement case studies. More on-line learning initiatives are planned for the next 12 months.

We adopted a new plan for developing leadership and management capabilities. The plan identified the critical knowledge, skills and personal qualities expected of our current and emerging leaders. Over 120 senior executive and executive level staff contributed and ten external organisations were consulted to validate its relevance to financial services. We have integrated these leadership capabilities into a guide for executive staff to use in managing performance of staff, and into training and workshops.

Our staff

ASIC and the Federal Reserve Bank of San Francisco facilitated two APEC workshops in Malaysia for securities and banking regulators in Asia and the Pacific. About 100 senior managers attended from approximately 18 countries. The first workshop featured a case study of ASIC's training strategies in deposit taking, insurance, superannuation and consumer protection; and the second workshop featured an e-commerce case study.

Workforce planning

To develop a detailed workforce model for the organisation, this year we compiled a comprehensive employee database of our middle and senior level staff and unit organisation. For the first time it pulled together data from various systems that had previously become either out of date or somewhat disorganised. We also tested demand and supply forecasting techniques in areas of the organisation.

Staff recruitment

The engagement of staff working a set term (now called non-ongoing staff) and contract staff continued to increase and now make up 24% of our full time equivalent staff compared with 16% last year.

Industrial environment

During the year we completed a round of Australian Workplace Agreement (AWA) offers to our executive level staff. The acceptance rate for these offers was high. Our current Certified Agreement nominally expires on 30 June 2000 and we have commenced negotiations with the Community and Public Sector Union for a new agreement. There have been no significant national industrial issues or disputes.

Performance management

We have successfully implemented the first year of our performance management system. All staff are now eligible for performance based pay. We assessed the success rate by conducting a review of the mid-year assessment process and found that our extensive training effort (over 100 training courses) and a new range of tools and guides was instrumental in receiving very positive feedback from both managers and staff.

Complaints about our staff

Our staff exercise important legal powers and we have procedures to investigate properly any complaints about how they behaved. 12 complaints were received, two less than last year. The majority of the complaints alleged professional misconduct.

As a result of inquiries into these complaints, six complaints were found to be unsubstantiated, one complaint was found to be partially substantiated, one

complaint was found to be substantiated, and three complaints are still being investigated. One complaint was withdrawn. The substantiated complaint concerned the need for a more professional approach by counter staff at a Business Centre. The staff concerned have been counselled and provided with appropriate training. In all cases the complainant was advised of the outcome of the inquiry.

In our last annual report five matters were still under investigation. In three instances the complaint was unsubstantiated and in one instance the complaint was partially substantiated. In each case the complainant was advised of the result. In one instance, the complaint was still under investigation at 30 June 2000.

Workplace diversity

During the year we continued our analysis and research across ASIC to identify the current practices and understanding of workplace diversity from a practical perspective, including the components of the new APS Values. We conducted a workplace diversity survey for employees resulting in approximately 650 responses, leading to an improved harassment policy and complaints procedure.

Equal opportunity

We are an equal opportunity employer, with women making up 54.5% of our workforce. At 30 June 2000, one Commissioner and three Regional Commissioners are women and women made up 31% of our executives and senior executives. Women hold 63% of all ASO positions.

Occupational health and safety

ASIC staff had no major health and safety incidences during the year. OHS Committees have been effectively monitoring the workplace and reducing risks. Rehabilitation case managers have helped ensure injured workers return to work early. We have an occupational health and safety policy and an occupational health and safety agreement signed with the union.

Superannuation

The majority of our staff are members of the Commonwealth and public sector superannuation schemes, which are defined benefit funds. A small number of staff are covered under State government and private sector schemes. The majority of these staff were employed by State governments and transferred to ASIC at its inception in 1991. ASIC contributions to various superannuation schemes appear on page 83.

Our staff

Senior management and organisation

Commissioners

Our Commissioners are full-time executives, appointed by the Governor-General under the ASIC Act, and sections 108-111 set out the terms and conditions of their appointments. Section 111 sets out grounds for termination. The Commissioners' qualifications and roles are on pages 16 and 17.

The Commissioners were Chairman Alan Cameron AM, re-appointed for a three-year term ending on 31 December 2000, Deputy Chairman David Knott, appointed for a 3 year term ending on 4 July 2002, and Commissioner Jillian Segal, appointed for a three year term ending on 12 October 2000.

National Directors, General Counsel and Chief Accountant

At 30 June 1999, there were three full time National Directors who assisted in coordinating our activities. Joseph P Longo is National Director Enforcement. He is a lawyer, and was previously ASC litigation consultant in Perth and formerly a commercial litigation partner at Parker and Parker, solicitors. Shane Tregillis is National Director Regulation. He is a lawyer and was previously ASC Director of Regulatory Policy and worked in market regulation with the National Companies and Securities Commission (NCSC). Ian Johnston is National Director Infrastructure. He is a lawyer, an experienced general manager in financial services and was previously Regional Commissioner Tasmania.

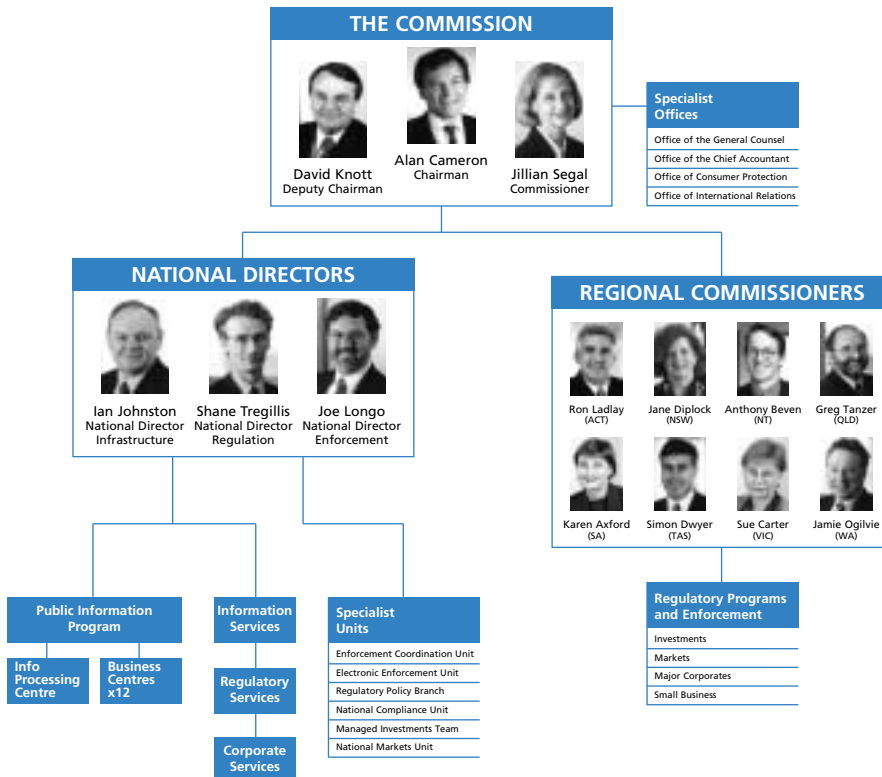
General Counsel is Brendan Byrne, previously counsel for our Regulatory Policy Branch. Jan McCahey is Chief Accountant, and was appointed in 1998. She was formerly Director of Accounting Standards at the Australian Accounting Research Foundation.

Regional Commissioners

Our Regional Commissioners, appointed by Commissioners in consultation with State Ministers, run our enforcement and regulatory operations in each State and Territory. Employed on fixed term contracts, they are qualified in law or accounting or have extensive regulatory experience.

At 30 June 2000 they were: Karen Axford, South Australia, until 26 April 2001; Anthony Beven, Northern Territory, until 20 September 2002; Sue Carter, Victoria, until 16 February 2002; Jane Diplock, New South Wales, until 17 January 2002; Simon Dwyer, Tasmania, until a new appointment is made; Ron Ladlay, ACT, until 20 March 2003; Jamie Ogilvie, Western Australia, until 12 January 2001; and Greg Tanzer, Queensland, until 20 March 2005.

How we are organised



Outlook

Our second Certified Agreement is under negotiation, and we are seeking to build on efficiencies and savings so that, as far as possible, the new Agreement can be self-funding or cost neutral, and not require staff reductions to meet salary increases.

We are embarking on major change over the next three years to align our people management policies and practices with our business needs and preferred ways of operating. Some of the expected outcomes of this reform program are:

- cost savings
- better internal services for operational staff
- a more capable and productive workforce, and
- improved morale and job satisfaction.

Consumer Advisory Panel



The Consumer Advisory Panel (CAP), established in November 1998, met four times. It advised ASIC on consumer issues and commented on ASIC consumer protection activities. The Office of Consumer Protection acted as our secretariat.

CAP supported research on areas of risk to consumers in financial services (the Consumer Issues Survey). This research was used in ASIC's consumer education discussion paper, along with our earlier Consumer Education Stocktake. CAP supported research on consumer understanding of the disclosure of bank fees that was discussed at ASIC's 'Bank Fees Forum' in April with industry, consumer and government representatives. This has led to a project on how to improve fee disclosure. We also contributed to research assisting consumer input into the reviews of the payments systems codes.

CAP again discussed and commented on policy and campaign matters. For example, CAP members were briefed about the proposed Financial Services Reform Bill and we provided comment on ASIC's solicitors' mortgages policy.

Members	Meetings attended
Barbara Cail AM (Chairman)	4
Ray Bricknell, Australian Investors Association	3
Chris Connolly, Financial Services Consumer Policy Centre	3
Dan Coyne/Kate Beddoe, Australian Consumers' Association	4
Jenni Mack, Consumers Federation of Australia	3
Gordon Renouf, Northern Territory Legal Aid Service	3
Ted Rofe/David Jackson, Australian Shareholders' Association	4
Gerard Thomas, Australian Pensioners and Superannuants' Federation	4
Ray Trestrail, Independent Retirees	3
Cassandra Williams, CANNEX	4

I thank all members for contributing. ASIC always intended to vary CAP's membership over time to ensure that a range of consumer organisations participate, so I particularly acknowledge the efforts of members who will not be rejoining CAP next year. I look forward to welcoming new members onto the panel.

Barbara Cail AM
Chairman, Consumer Advisory Panel

ASIC Audit Committee and audit services



The ASIC Audit Committee helped Commissioners discharge their responsibilities for financial reporting and for overseeing the effectiveness and integrity of internal controls and audit processes. The Committee examined internal and external audit matters, risk assessment, business continuity planning, GST preparedness, and Year 2000 compliance program.

The Audit Committee has between five and six members, at least two of whom (including the Chairman and Deputy Chairman) are suitably qualified persons appointed from outside ASIC.

Chairman Merran Kelsall, BCom (Hons), FCA, is a chartered accountant, consultant and company director. Deputy Chairman Robert Savage, BCom, FCA, is a chartered accountant and company director.

The internal appointments include at least one Commissioner and at least one Regional Commissioner.

The Committee met five times: twice in August 1999; and once in December 1999, April 2000 and June 2000. Details of membership and attendance were:

Members	Meetings attended
Merran Kelsall (Chairman - appointed 29 January 1998)	5
Robert Savage (Deputy Chairman - appointed 1 March 2000)	2
Roy Boyce (Deputy Chairman - retired 4 April 2000)	3
Karen Axford (appointed 13 May 1998)	5
Sue Carter (appointed 20 April 1999)	5
Jillian Segal (appointed 6 November 1997)	4

Ms Axford is South Australian Regional Commissioner, Ms Carter is Victorian Regional Commissioner, and Ms Segal is a Commissioner. Mr Boyce, who retired from the Committee after five and a half years as Deputy Chairman, is an FCA, chartered accountant and company director.

The Australian National Audit Office provided external audit services, chartered accountants Ernst & Young provided internal audit services, and Simon Farrer held the position of National Manager Audit. Both external and internal audit representatives attended Audit Committee meetings.

Internal audits included reviews of Year 2000 readiness; GST preparedness; defunct companies administration; business continuity planning; charge card compliance; Corporations Law revenue collection and debt management; *eRegisters*; accounts payable; payroll processing; and pre and post implementation reviews of ASIC financial and human resource management systems.

Merran Kelsall
Chairman, ASIC Audit Committee

Appendixes

Publications

We publish the following free publications:

- External newsletters: *ASIC News* (regulation and enforcement), *InFocus* (company information); internal staff newsletters: *Shortcuts* (regulation and enforcement), *Inside Info* (company information).
- Brochures: *Don't kiss your money goodbye*, *Super decisions*.
- Annual report, occasional reports, papers and information sheets on a wide range of topics accessible through our website or Infoline.

We publish for sale: *ASIC Digest*, *ASIC Working Guide for Accountants*, *ASIC Working Guide for Company Secretaries*, *ASIC Good Advice Handbook: investment advisory services*, *ASIC Forms on CD-ROM*.

Certain powers exercised under the ASIC Act 1989

Under section 138 of the ASIC Act, we set out here information about how we exercised our powers under Part 15 of the *Retirement Savings Accounts Act 1997* and under Part 29 of the *Superannuation Industry (Supervision) Act 1993*.

These powers permit us to vary or set aside certain provisions of these Acts. In using these powers, we broadly followed the policy of the former Insurance and Superannuation Commission. We published the instruments we issued in the *Gazette* and reported them in the *ASIC Digest*.

During the year, we did not exercise our powers under Part 15 of the *Retirement*

Savings Accounts Act 1997. We issued six instruments under Part 29 of the *Superannuation Industry (Supervision) Act 1993*. Five instruments varied or set aside legal provisions concerning a particular person or organization, and related to disclosure requirements under the *Superannuation Industry (Supervision) Act 1993*. One instrument was made for trustees of regulated superannuation funds, covering unclaimed superannuation moneys and the lost member register, following the removal of unclaimed money provisions from the Act in October 1999.

Freedom of Information Act 1982

Members of the public may obtain copies of documents in ASIC's possession under the *Commonwealth Freedom of Information Act 1982* ("FOI Act") by making an application addressed to the Administrative Law Coordinator in the Regional Office in the State or Territory in which the applicant resides or to the Manager, Administrative Law, National Office Sydney.

ASIC maintains the following categories of documents which are in its possession as required by section 8 of the FOI Act:

- documents relating to meetings of ASIC, meetings between ASIC and government and non-government bodies, business communities and committees
- documents relating to parliamentary committees and parliamentary questions
- papers relating to new and amending legislation

- general correspondence with members of the public
- documents relating to applications from businesses, including:
 - (a) correspondence, statistics, policy documents and registration materials relating to licensees, receivers, auditors, liquidators and official liquidators
 - (b) internal working papers and statistics relating to examination and assessment of financial and accounting information, securities and futures and other matters
 - (c) applications and submissions made to ASIC
- documents, books and records of companies and individuals obtained pursuant to ASIC's information gathering powers; investigation reports and prosecution briefs
- documents relating to administrative law matters
- registers of instruments of delegation, direction and authorisation
- documents relating to accommodation, estimates, accounts, expenditure, banking arrangements and internal audit; computer systems and purchases, human resources, recruitment and staff management
- handbooks, guidelines, manuals, policy statements, practice notes, media releases, information releases, pamphlets and annual reports and other documents held as public database information (ASCOT) (see note below).

As required by section 9 of the FOI Act, ASIC makes available to the public the following documents for inspection and purchase by subscription from the Centre for Professional Development, telephone 03 9205 0600:

ASIC Digest - which contains policy statements, practice notes, information brochures, media releases, information releases, summaries of most ASIC instruments, class orders, ministerial orders and pro formas for applications.

Note: Documents that are made available to the public on ASCOT, in the *ASIC Digest* and by the Centre for Professional Development are not available directly from ASIC under the FOI Act.

Commonwealth Electoral Act 1918

Section 311(A) of the *Commonwealth Electoral Act 1918* requires us to report for the financial year ended 30 June 2000, payments made by us or on our behalf to:

- advertising agencies: AORTA \$114,992 for advertising, creative, production and account service
- market research organisations: Chant Link & Associates \$137,193 and Eureka Strategic Research \$2,450
- polling organisations: nil
- direct mail organisations: City Mail Room \$44,521 and Security Mailing Services \$51,716
- media advertising organisations: Advertising Investment Services \$202,472.

Six year summary

10

	1999/2000	1998/99	1997/98	1996/97	1995/96	1994/95
Business information						
Number of registered companies	1,195,851	1,149,297	1,088,192	1,026,206	965,461	933,652
New companies incorporated	105,472	98,038	97,031	92,680	79,259	82,278
Company searches through on-line brokers	2,666,835	2,141,783	1,922,408	1,990,041	1,704,433	1,347,155
Over the counter searches at ASIC offices	161,069	191,831	284,150	382,252	472,502	625,526
ASIC website browses	3,214,852	1,694,047	-	-	-	-
Securities dealers	2,081	1,833	1,547	1,608	1,508	1,408
Authorised representatives	36,068	31,392	28,968	25,971	26,763	41,571
Investment advisers	224	231	130	227	241	232
Futures brokers	120	108	99	97	87	83
Futures representatives	65	64	40	51	35	30
Foreign insurance agents	12	-	-	-	-	-
General insurance brokers	1043	-	-	-	-	-
Life insurance brokers	225	-	-	-	-	-
Managed investment schemes registered (previously principal trust deeds approved)	1,780	502	313	144	109	89
Prospectuses registered	1,033	707	683	602	466	503
Takeovers (Parts A & C) registered	81	73	76	75	96	64
ASIC funding and revenue						
Parliamentary appropriation (\$m)	132	137	123	126	129	138
Loan outstanding (\$m)	2.8	4.8	6.5	4.0	-	-
Fees transferred to Commonwealth Consolidated Revenue Fund (\$m)	361	331	335	298	275	258
ASIC performance data						
Investigations commenced	234	233	215	186	155	256
Litigation concluded	461	564	199	178	* 41	74
% successful litigation	84	89	90	84	* 78	81
% company annual returns lodged on time	94	91	94	90	78	84
Financial summary (\$m)						
Operations						
Total operating expenses before abnormals	138.7	145.5	127.1	127.8	140.4	151.7
Total operating revenue	7.6	9.2	7.5	7.0	8.2	6.4
Net cost to government	131.1	136.6	127.1	124.6	136.5	147.7
Revenue from government	132.4	137.5	123.2	126.2	128.7	138.2
Financial position						
Current assets	12.2	12.1	10.3	13.4	9.7	11.2
Non-current assets	24.9	25.6	25.6	25.8	27.9	31.4
Current liabilities	21.7	17.1	15.6	21.2	18.3	13.6
Non-current liabilities	16.6	18.9	19.5	13.7	17.4	19.2
Total liabilities	38.3	36.0	35.1	34.9	35.7	32.9
Total equity	(1.1)	1.6	0.8	4.2	1.9	9.7

* These figures and those for preceding years included only major criminal matters.

Financial statements for ASIC operations



Contents	Page
Independent audit report	62
Statement by the Commissioners	63
Operating statement	64
Balance Sheet	65
Statement of cash flows	66
Schedule of commitments	67
Schedule of contingencies	68
Statement of administered revenues and expenses	69
Statement of administered assets and liabilities	70
Administered cash flows	71
Schedule of administered commitments	72
Schedule of administered contingencies	72
Notes to and forming part of the financial statements	73
1. Summary of accounting policies	73
2. Reporting by segments and outcomes	79
3. Abnormal items	80
4. Economic dependency	81
5. Revenues from Government	81
6. Revenue from independent sources	82
7. Operating Expenses - goods and services	83
8. Operating expense - Interest	85
9. Financial assets	85
10. Non-financial assets	87
11. Debt	89
12. Provisions and payables	90
13. Equity	90
14. Cash flow reconciliation	91
15. Related parties	92
16. Remuneration of Commissioners and Executive Officers	92
17. Trust monies	94
18. Expenditure relating to Boards, Panel and Tribunal	95
19. Auditors remuneration	96
20. Assets of deregistered companies vesting in ASIC	96
21. Financial instruments	97
22. Administered financial instruments	100

Independent audit report

To the Treasurer

Scope

I have audited the financial statements of the Australian Securities and Investments Commission for the year ended 30 June 2000. The financial statements comprise:

- Statement by Commissioners
- Operating Statement
- Balance Sheet
- Statement of Cash Flows
- Schedule of Commitments
- Schedule of Contingencies
- Statement of Administered Revenues and Expenses
- Statement of Administered Assets and Liabilities
- Administered Cash Flows
- Schedule of Administered Commitments
- Schedule of Administered Contingencies, and
- Notes to and forming part of the Financial Statements.

The members of the Commission are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view of the Commission which is consistent with my understanding of its financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion,

- (i) the financial statements have been prepared in accordance with Schedule 2 of the Finance Minister's Orders; and
- (ii) the financial statements give a true and fair view, in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and Schedule 2 of the Finance Minister's Orders, of the financial position of the Australian Securities and Investments Commission as at 30 June 2000 and the results of its operations and its cash flows for the year then ended.

Australian National Audit Office



P Hinchey
Senior Director

Delegate of the Auditor-General
Sydney
22 August 2000

Statement by the Commissioners

In our opinion, the attached financial statements give a true and fair view of the matters required by Schedule 2 of the Finance Minister's Orders made under the Commonwealth Authorities and Companies Act 1997 and the Financial Management and Accountability Act 1997 for the year ended 30 June 2000.



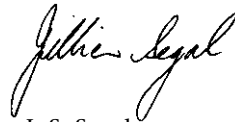
A. J. Cameron, AM
Chairman

22 August 2000



D. W. Knott
Deputy Chairman

22 August 2000



J. S. Segal
Commissioner

22 August 2000

Operating statement

for the year ended 30 June 2000

	Notes	2000 \$'000	1999 \$'000
Operating revenues			
Revenues from government	5 (a)	132,571	137,486
Sale of goods and services	6 (a)	2,050	2,567
Interest	6 (b)	1,889	1,992
Net gains from sale of assets	6 (c)	17	24
Other	6 (d)	3,691	4,649
<i>Total operating revenues (before abnormal items)</i>		140,218	146,718
Operating expenses			
Employees	7 (a)	83,787	77,271
Suppliers	7 (b)	46,187	57,832
Depreciation and amortisation	7 (c)	8,238	8,258
Write-down of assets	7 (d)	101	1,696
Net losses from sale of assets	7 (e)	163	90
Interest	8	230	386
<i>Total operating expenses</i>		138,706	145,533
<i>Operating surplus before abnormal items</i>		1,512	1,185
Abnormal items	3	(4,284)	(300)
<i>Operating (deficit) surplus</i>		(2,772)	885
Accumulated surplus at beginning of reporting period		1,328	443
<i>Total available for appropriation</i>		(1,444)	1,328
<i>Accumulated (deficit) / surplus at end of reporting period</i>	13 (a)	(1,444)	1,328

The above statement should be read in conjunction with the accompanying notes.

Balance Sheet

as at 30 June 2000

	Notes	2000 \$'000	1999 \$'000
ASSETS			
Financial assets			
Cash	9 (a)	8,558	8,802
Receivables	9 (b)	2,695	1,552
Total financial assets		11,253	10,354
Non-financial assets			
Land and buildings	10 (a)	5,815	7,335
Plant and equipment	10 (b)	12,704	14,851
Intangibles	10 (c)	6,423	3,375
Other	10 (f)	980	1,727
Total non-financial assets		25,922	27,288
Total assets		37,175	37,642
LIABILITIES			
Debt			
Loans	11 (a)	2,772	4,822
Other	11 (b)	5,779	7,690
Total debt		8,551	12,512
Provisions and payables			
Employees	12 (a)	23,633	21,402
Suppliers	12 (b)	5,863	1,259
Interest payable	12 (c)	222	386
Other	12 (d)	25	430
Total provisions and payables		29,743	23,477
Total liabilities		38,294	35,989
EQUITY			
Reserves	13 (a)	325	325
Accumulated (deficit) / surplus	13 (a)	(1,444)	1,328
Total equity		(1,119)	1,653
Total liabilities and equity		37,175	37,642
Current liabilities		21,728	17,128
Non-current liabilities		16,566	18,861
Current assets		12,233	12,081
Non-current assets		24,942	25,561

The above statement should be read in conjunction with the accompanying notes.

Statement of cash flows

for the year ended 30 June 2000

	Notes	2000 \$'000	1999 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		132,381	137,028
Interest		1,876	2,016
Sales of goods and services		2,611	2,601
Other		1,031	4,498
<i>Total cash received</i>		137,899	146,143
Cash used			
Employees		(80,823)	(76,314)
Suppliers		(47,436)	(57,161)
Interest and other financing costs		(394)	(520)
<i>Total cash used</i>		(128,653)	(133,995)
Net cash from operating activities	14 (a)	9,246	12,148
INVESTING ACTIVITIES			
Cash received			
Proceeds from redemption of internal treasury bills		-	660
Proceeds from sale of property, plant & equipment		212	49
<i>Total cash received</i>		212	709
Cash used			
Purchase of property, plant & equipment		(7,652)	(10,212)
<i>Total cash used</i>		(7,652)	(10,212)
Net cash used in investing activities		(7,440)	(9,503)
FINANCING ACTIVITIES			
Cash used			
Repayments of debt		(2,050)	(1,678)
<i>Total cash used</i>		(2,050)	(1,678)
Net cash used in financing activities		(2,050)	(1,678)
<i>Net (decrease) increase in cash held</i>		(244)	967
Cash at the beginning of the reporting period		8,802	7,835
Cash at the end of the reporting period	9 (a)	8,558	8,802

The above statement should be read in conjunction with the accompanying notes.

Schedule of commitments

as at 30 June 2000

	2000 \$'000	1999 \$'000
BY TYPE		
OTHER COMMITMENTS		
Operating leases (a)	148,950	158,803
Other commitments (interest on loan)	-	222
Total other commitments	148,950	159,025
Total commitments payable	148,950	159,025
Commitments receivable	(3,173)	(4,590)
Net commitments	145,777	154,435
BY MATURITY		
All net commitments		
One year or less	18,666	18,300
From one to two years	16,313	20,271
From two to five years	49,229	43,021
Over five years	61,569	72,843
Net commitments	145,777	154,435
Operating lease commitments		
One year or less	20,133	19,567
From one to five years	67,248	66,393
Over five years	61,569	72,843
Operating lease commitments	148,950	158,803

(a) Operating leases are non-cancellable leases for office accommodation
The above schedule should be read in conjunction with the accompanying notes.

Schedule of contingencies

as at 30 June 2000

CONTINGENT LOSSES

There were no contingent losses as at 30 June 2000 (1998-99 nil)

CONTINGENT GAINS

There were no contingent gains as at 30 June 2000 (1998-99 nil)

SCHEDULE OF UNQUANTIFIABLE CONTINGENT LOSSES/GAINS

ASIC is party to many civil litigation matters arising out of its statutory duty to enforce laws for which it is responsible. Like any other party to litigation, ASIC is exposed to the risk of being required to pay the other party's costs if unsuccessful.

Similarly, ASIC may be entitled to recover costs arising out of such litigation.

There are seven current claims against ASIC where proceedings have been instituted. An additional claim was finally settled in the reporting period.

There are two cases where legal proceedings were threatened during the reporting period, but proceedings have not yet been commenced. In each case, it is not expected that such proceedings will commence.

However, with respect to each of these matters, based on legal advice received and save for having to pay legal fees and other out of pocket expenses, ASIC:

- (a) denies liability;
- (b) is confident of successfully defending the action instituted; and
- (c) considers that it will not be required to pay any damages.

The above schedule should be read in conjunction with the accompanying notes.

Statement of administered revenues and expenses

for the year ended 30 June 2000

	Notes	2000 \$'000	1999 \$'000
Operating revenues			
Non-taxation			
Other sources of non-taxation revenues	6(e)	359,536	338,966
Revenues from Government	5(c), 5(d)	3,322	22
Total non-taxation		362,858	338,988
Total operating revenues		362,858	338,988
Operating expenses			
Net write-down of administered assets	7(f)	6,028	7,751
Other	5(d), 1(f)	22	22
Total operating expenses		6,050	7,773
Net contribution to the Budget Outcome		356,808	331,215
Transfer to Official Commonwealth Public Account		(360,975)	(331,778)
Net (deficit)		(4,167)	(563)
Accumulated results at the beginning of the reporting period		26,897	27,460
Accumulated results at end of the reporting period	13(b), 1(g)(ii)	22,730	26,897

The above statement should be read in conjunction with the accompanying notes.

Statement of administered assets and liabilities

as at 30 June 2000

	Notes	2000 \$'000	1999 \$'000
ASSETS			
Financial assets			
Cash	9(c)(i)	1,134	8,041
Receivables	9(c)(ii)	15,015	12,134
Accrued revenues	9(c)(iii)	7,970	8,142
Total assets		24,119	28,317
LIABILITIES			
Provisions and payables	12(e)	1,389	1,420
Total liabilities		1,389	1,420
EQUITY			
Accumulated results		22,730	26,897
Total equity	13(b), 1(g)(ii)	22,730	26,897
Total liabilities and equity		24,119	28,317
Current liabilities		1,389	1,420
Current assets		24,119	28,317

The above statement should be read in conjunction with the accompanying notes.

Administered cash flows

for the year ended 30 June 2000

	Notes	2000 \$'000	1999 \$'000
OPERATING ACTIVITIES			
Cash received - Corporations Law fees & charges		354,068	336,051
Total cash received		354,068	336,051
Cash used			
Cash to official Commonwealth Public Account	14 (b)	360,975	331,778
Total cash used		360,975	331,778
Net cash (used in) from operating activities	14 (b)	(6,907)	4,273
<i>Net (decrease) increase in cash held</i>			
Cash at the beginning of the reporting period		8,041	3,768
Cash at the end of the reporting period	9 (c)(i)	1,134	8,041

The above statement should be read in conjunction with the accompanying notes.

Schedule of administered commitments

as at 30 June 2000

There were no administered commitments as at 30 June 2000 (1998-99 nil)

Schedule of administered contingencies

as at 30 June 2000

There were no administered contingencies as at 30 June 2000 (1998-99 nil)

The above schedules should be read in conjunction with the accompanying notes.

Notes to and forming part of the financial statements

for the year ended 30 June 2000

Note Description

1. Summary of accounting policies
2. Reporting by segments and outcomes
3. Abnormal items
4. Economic dependency
5. Revenues from Government
6. Revenue from independent sources
7. Goods and services expenses
8. Interest expense
9. Financial assets
10. Non-financial assets
11. Debt
12. Provisions and payables
13. Equity
14. Cash flow reconciliation
15. Related parties
16. Remuneration of Commissioners and Executive Officers
17. Trust monies
18. Expenditure relating to Boards, Panel and Tribunal
19. Auditors remuneration
20. Assets vesting in ASIC
21. Financial instruments
22. Administered financial instruments

1. Summary of accounting policies

(a) Objectives of ASIC

The Australian Securities and Investments Commission (ASIC) is an independent Commonwealth government body set up by the *Australian Securities and Investments Commission Act 1989* (ASIC Act) to administer the Corporations Law throughout Australia.

ASIC's objective is to promote the confident and informed participation of investors and consumers in the financial system.

ASIC collects and administers revenue under the *Corporations Act 1989* and prescribed fees set by *the Corporations (Fees) Regulations*.

(b) Basis of accounting

The financial statements are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and section 63 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- *Requirements for the Preparation of Financial Statements of Commonwealth Agencies and Authorities* made by the Minister for Finance and Administration in August 1999 (Schedule 2 to the Commonwealth Authorities and Companies (CAC) Orders, and for administered items, Schedule 2 to the Financial Management and Accountability (FMA) Orders).
- Australian Accounting Standards;
- other authoritative pronouncements of the Australian Accounting Standards Boards; and
- the Consensus Views of the Urgent Issues Group.

The statements have been prepared having regard to:

- Statements of Accounting Concepts; and
- the Explanatory Notes to Schedule 2 issued by the Department of Finance and Administration.

The financial statements for ASIC and Administered items have been incorporated into a combined financial statement which has been prepared on an accruals basis which is in accordance with the historical cost convention, except for certain assets which, as

noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position of ASIC or Administered items.

(c) Changes in Accounting Policy

Changes in accounting policy have been identified in this note under their appropriate headings.

(d) Administered items

ASIC collects and administers revenue under the *Corporations Act 1989* and prescribed fees set by the *Corporations (Fees) Regulations*. The revenues from these fees are not available to ASIC and are remitted to the Commonwealth's Official Public Account. Transactions and balances relating to these fees are reported as Administered Items.

Administered items are distinguished in the financial statements by shading.

(e) Reporting by Outcomes

A comparison of Budget and Actual figures by outcome specified in the Appropriation Acts relevant to ASIC is presented in Note 2. Any intra-government costs included in the figure 'net cost to Budget outcomes' are eliminated in calculating the actual budget outcome for the Government overall.

(f) Appropriations

From 1 July 1999, the Commonwealth Budget has been prepared under an accruals framework. Under this framework, Parliament appropriates moneys to ASIC as revenue appropriations.

Revenue Appropriations

Revenues from government are revenues of the core operating activities of ASIC. Appropriations for outputs are recognised as revenue to the extent they have been received into ASIC's bank account or are entitled to be received by ASIC at year end.

Resources Received Free of Charge

Resources and services received free of charge are recognised in the Operating Statement / Statement of Administered Revenues and Expenses as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Going Concern

ASIC is a statutory body and prepares its accounts on a going concern basis which assumes that it is able to extinguish its liabilities as they arise through the normal level of appropriations it receives from Government and where necessary by seeking an advance from future appropriations or a capital injection.

(g) Other Revenue

ASIC is largely funded by Parliamentary Appropriations which enable it to carry out its functions under the *Corporations Law*. Appropriation revenue is recognised at the time ASIC becomes entitled to receive the revenue.

Operating revenue from independent sources is mainly comprised of bank interest, business names receipts, recoveries of legal costs and prosecution disbursements.

Revenue from the sale of goods and services is recognised upon the delivery of goods and services to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the disposal of non-current assets is recognised when control of the asset has passed to the buyer.

Administered revenue

(i) Definition of Revenue

Revenues and related assets are considered to arise when the Government, through the application of legislation by ASIC, gains control of the future economic benefits that flow from prescribed fees and other statutory charges.

(ii) Recognition of Revenue

The revenues of the Commonwealth, when administered by ASIC, are recognised on an accruals basis when the following conditions apply:

- the client or the client group can be identified in a reliable manner;
- an amount of prescribed fee or other statutory charge is payable by the client or client group under legislative provisions; and
- the amount of the prescribed fee or other statutory charge payable by the client or the client group can be reliably measured, and it is probable that the amount will be collected.

Statutory Revenue arising from services rendered by ASIC under the *Corporations Law* is collected and deposited in the Commonwealth Public Account (CPA) on behalf of the Commonwealth.

Statutory revenue comprises fees for the lodgement of annual returns and other prescribed fees and voluntary enquiries

from clients for microfiche, certificates and document images.

ASIC also determines a reliable estimate of amounts payable by existing clients who have been identified as not having remitted or not lodged an annual return.

(h) Employee entitlements

Leave

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of ASIC is estimated to be less than the annual entitlement for sick leave.

The liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2000 and is recognised at its nominal amount.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2000. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Separation and redundancy

Provision is also made for separation and redundancy payments in cases where positions have been formally identified as excess to requirements, the existence of an excess has been publicly communicated, and a reliable estimate of the amount payable can be determined.

Superannuation

The majority of employees contribute to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. There are also a small number of employees covered under state government and private superannuation schemes. The majority of these employees were employed by the various state governments and were transferred to ASIC at its inception in 1989.

Details of Superannuation payments are disclosed in note 7 (a).

(i) Leases

No finance leases existed during the financial year. All leased assets have been classified as operating leases as substantially all the risks and benefits incidental to the ownership of the leased assets remain with the lessor.

Operating lease payments are charged to expense on a basis which is representative of the pattern of benefits derived from the leased assets. The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space becomes surplus.

Cash lease incentives are recognised as a liability and are reduced by allocating lease payments between rental expense in the operating statement and the deferred lease incentive liability over the term of the lease.

Lease incentives taking the form of rent free holidays are recognised as a liability. This liability is reduced by allocating lease payments between rental expense and reduction of the liability.

(j) Cash

For the purpose of the Statements of Cash Flows for both ASIC and Administered items, cash includes deposits held at call with a bank.

(k) Taxation

ASIC is exempt from all forms of taxation with the exception of sales tax, debits tax, fringe benefits tax and the goods and services tax (GST). ASIC has recognised both GST payable and receivable for amounts of GST paid or collected prior to 1 July 2000 relating to transactions where GST is applicable.

Administered items are exempt from all forms of taxation.

(l) Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

(m) Property, plant and equipment

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. The \$2,000 threshold was selected because it facilitates efficient asset management and recording without materially affecting asset values recognised. Property, plant and equipment acquired free or for a nominal charge is recognised initially at fair value.

Revaluations

Schedule 2 requires that buildings, infrastructure, plant and equipment be revalued progressively in accordance with the 'deprival' method of valuation in successive 3-year cycles.

The requirements of Schedule 2 have been implemented as follows:

- leasehold improvements were revalued in full during the 1997-98 financial year;
- plant and equipment assets have been revalued in full during the 1998-99 financial year.

Assets in each class acquired after the commencement of the revaluation cycle are reported at cost and are not captured by the progressive revaluation then in progress. Plant and equipment is recognised at its depreciated replacement cost.

Any assets which would not be replaced or are surplus to requirements are valued at net realisable value.

At 30 June 2000, ASIC had no assets in this situation.

All valuations are independent.

Recoverable amount test

The carrying amount of each item of non-current property plant and equipment assets is reviewed to determine whether it is in excess of the asset's recoverable amount. If an excess exists as at the reporting date, the asset is written down to its recoverable amount immediately.

In assessing recoverable amounts, the relevant cash flows, including the expected cash inflows from future appropriations by the Parliament, have been discounted to their present value.

The application of the recoverable amount test to the not-for-profit departmental non-current assets of ASIC is a change of accounting policy required by the Finance Minister's Orders in 1999-2000. The new policy is being applied from the beginning of 1999-2000. No write-down to recoverable amount has been made in 1999-2000 as a result of this change in policy.

(n) Depreciation and amortisation

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to ASIC 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 useful life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation and amortisation rates applying to each class of depreciable asset are based on the following useful lives:

	2000	1999
Buildings on freehold land	40 years	40 years
Leasehold improvements	Lease term	Lease term
Plant and equipment	5 to 10 years	5 to 10 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 7(c).

(o) Intangible Assets - computer software

The carrying amount of each non-current intangible asset is reviewed to determine whether it is in excess of the asset's recoverable amount. If an excess exists as at the reporting date, the asset is written down to its recoverable amount immediately. In assessing recoverable amounts, the relevant cash flows, including the expected cash inflows from future appropriations by the Parliament, have been discounted to their present value.

The application of the recoverable amount test to the not-for-profit departmental non-current assets of ASIC is a change of accounting policy required by the Finance Minister's Orders in 1999-2000. The new policy is being applied from the beginning of 1999-2000. No write-down to recoverable amount has been made in 1999-2000 as a result of this change in policy.

Intangible assets are amortised on a straight line basis over their anticipated useful lives.

Useful lives are:

	2000	1999
Computer software	3 to 5 years	5 years

(p) Receivables

ASIC receivables comprises amounts expected to be received from operating revenue. A provision for doubtful debts is not considered necessary.

Administered debts deemed uncollectable are written off against a provision for doubtful debts. Provisions are made when collection of the debt is judged to be less rather than more likely.

(q) Expenditure of Boards, Panel and Tribunal

Pursuant to Sections 171, 202 and 224 of the Australian Securities and *Investments Commission Act 1989*, and the *Superannuation (Resolution of Complaints) Act 1993*, ASIC is required to support various boards, panel and tribunal to promote activities which enable ASIC to attain its aims. Employee and administrative expenditure incurred on behalf of these boards, panel and tribunal are included in the Operating Statement of ASIC (Note 18).

(r) Rounding

Amounts are rounded off to the nearest \$1,000 except in relation to:

- remuneration of Commissioners;
- remuneration of executive officers;
- remuneration of auditors; and
- administered fee write off and waivers.

(s) Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

(t) Financial instruments

Accounting policies in relation to financial instruments are disclosed in Notes 21 and 22.

2. Reporting by segments and outcomes

ASIC's aim is to protect the interests of companies and investors by providing information about companies, helping businesses to interpret the law, and taking action against offenders. ASIC operates in a single activity and has offices in each state and territory in Australia.

ASIC is structured to meet one outcome: A fair and efficient market characterised by integrity and transparency and supporting confident and informed participation of investors and consumers.

Outcomes for 1999-2000 - net cost to Government

	Outcome		
	Budget \$'000	Actual \$'000	
Administered expenses	2,000	6,050	
Net cost of entity outputs	132,487	131,059	
Outcome before abnormal/extraordinary items	134,487	137,109	
Abnormal/extraordinary items	-	4,284	Note 3
Net Cost to Budget Outcome	134,487	141,393	
Total assets deployed as at 30/06/00	66,570	61,294	(a)
Net assets deployed as at 30/06/00	33,311	21,611	(a)

(a) Total assets and net assets deployed are shown on ASIC's Balance Sheet and Statement of Administered Assets and Liabilities.

Reporting by Outcome by funding source for 1999-2000

Outcome	Outputs \$'000			Expense against revenue from other sources	Total Expenses against outputs	Total Appropriations \$'000	Total Expenses \$'000
	Special Appropriation	Annual Appropriation Acts	Total				
	Revenue from Government (Appropriations)						
Actual	-	132,381	132,381	(b)	142,990	132,381	142,990

(b) It is not possible to identify expenses incurred against specific funding sources.

3. Abnormal items

	2000 \$'000	1999 \$'000
Surplus lease space expense	-	300
Operating lease expense on early surrender of lease (a)	4,710	-
Write down of Leasehold Improvements on early surrender of lease (a)	1,151	-
Internally developed software initially expensed in 1998/99 - now recognised as an intangible asset.	(1,577)	-
Total	4,284	300

(a) Abnormal expenses were incurred as part of the move of the National Office Sydney and Regional Office NSW to its new premises in late 1999.

4. Economic dependency

ASIC is controlled by the Government of the Commonwealth of Australia.

ASIC is dependent on appropriations from Parliament of the Commonwealth for its continued existence and ability to carry out its normal activities and functions under the *Corporations Law*.

5. Revenues from Government

(a) Revenues from Government

	2000 \$'000	1999 \$'000
Appropriations	132,381	137,028
Services received free of charge (b)	190	458
Total	132,571	137,486

(b) Services received free of charge

During the year ASIC received services at no cost from the following organisations:

Australian Federal Police (based on the estimated salary benefit received by ASIC)	190	369
Insurance and Superannuation Commission (based on estimated value of computer equipment received by ASIC)	-	89
Total	190	458

(c) Administered Revenues from Government

Transfers from Official Public Account	3,300	-
Administered services received free of charge (d)	22	22
	3,322	22

(d) Administered services received free of charge

Financial statement audit services by the Auditor-General are provided free of charge to ASIC in relation to the audit of Corporations Law revenue items. The fair value of audit services provided is **\$22,000** (1998-99: \$22,000).

6. Revenue from independent sources

	2000 \$'000	1999 \$'000
(a) Sale of goods and services		
Services	2,050	2,567
(b) Bank interest	1,889	1,992
(c) Net gains from sale of assets		
Non-financial assets		
Plant & equipment	17	24
(d) Other revenue		
Cost recoveries (i)	796	2,268
Other (ii)	2,895	2,381
Total other revenue	3,691	4,649

(i) ASIC has been a litigant in courts. The amounts paid by ASIC for court costs, investigations, professional fees, legal costs and prosecution disbursements are recovered where possible.

(ii) Comprised of:

Rent	1,395	928
Contribution to Superannuation Complaints Tribunal and Corporations and Securities Panel from the interest accumulated in the Companies Unclaimed Monies Account.	1,031	830
Other	469	623
	2,895	2,381

(e) Administered Revenues

	Note	2000 \$'000	2000 \$'000	2000 \$'000	1999 \$'000	1999 \$'000	1999 \$'000
Corporations Law fees and charges		Fines	Fees	Total	Fines	Fees	Total
Mandatory collections	(i)	23,455	306,821	330,276	27,731	287,087	314,818
Information broker fees	(ii)	-	26,310	26,310	-	20,850	20,850
Court recoveries	(ii)	718	-	718	313	-	313
Voluntary enquiries	(iii)	-	2,232	2,232	-	2,985	2,985
Total Corporations Law fees and charges		24,173	335,363	359,536	28,044	310,922	338,966

- (i) Fees and charges arising from acts which are mandatory under the *Corporations Law*. Examples include lodgement of Annual Returns and other fees prescribed in Fees Regulations.
- (ii) Fees and charges arising from other acts under the *Corporations Law*. Examples include Information Brokers Fees and Court recoveries relating to the Summary Prosecutions program.
- (iii) Fees and charges arising from voluntary enquiries from clients. Examples include requests for Extracts, Microfiche records, Certificates and Document Images.

7. Operating Expenses - goods and services

(a) Employee expenses

	2000 \$'000	1999 \$'000
Basic remuneration for services provided	82,435	75,321
Redundancy expenses	1,352	1,950
Total employee expenses	83,787	77,271

The increase in employee expenses reflects the full year effect of an increase in staff following from the expansion in ASIC's roles and responsibilities commencing 1 July 1998, the full year effect of the Certified Agreement put in place in December 1998, and an increase in accrued provisions (see also Note 12 (a)).

Redundancy expenses are calculated on the basis of two weeks pay for every year of service by employees made redundant up to a maximum of 48 weeks.

Employer contributions to superannuation amounting to **\$8,116,164** (1998-99: \$6,950,030) have been expensed in these financial statements and are included in basic remuneration for services provided.

Contributions to superannuation schemes are at rates calculated to cover existing and emerging obligations.

Employer Superannuation Productivity Benefit contributions totalled **\$1,165,005** (1998-99: \$1,632,001).

(b) Suppliers expenses

Supply of goods and services	36,149	40,726
Operating lease rentals (note 3)	10,038	17,106
Total suppliers expenses	46,187	57,832

(c) Depreciation and amortisation

	2000 \$'000	1999 \$'000
Depreciation of building on freehold land (disposed May 2000)	3	3
Depreciation of plant & equipment	4,833	5,876
Amortisation of leasehold improvements	1,519	1,459
Amortisation of intangible assets - computer software	1,883	920
Total depreciation and amortisation	8,238	8,258

(d) Write down of non-financial assets

Plant and equipment - write-off	101	1,696
---------------------------------	-----	-------

(e) Losses from the sale of non-financial assets

Plant and equipment	163	90
---------------------	-----	----

Gains from the sale of assets are disclosed in Note 6(c).

(f) Administered Expenses

Write Down of Administered Assets	Note		
Write off of fees and charges	(i)	2,726	3,975
Waiver of fees and charges owing	(ii)	2,770	2,574
Other	(iii)	532	1,202
Total write down of assets		6,028	7,751

(i). The number, and aggregate amount, of Commonwealth monies, written off during the financial year pursuant to section 47 of the *FMA Act 1997* is as follows **10,442** items totalling **\$2,725,143** (1998-99: 18,572 items totalling \$3,975,449).

(ii). The number, and aggregate amount, of amounts owing to the Commonwealth, the recovery of which was waived during the financial year pursuant to subsection 34(1) of the *FMA Act 1997* is as follows: **18,958** items totalling **\$2,770,050**. (1998-99: 18,102 items totalling \$2,574,450).

(iii). An increase in the provision for doubtful debts over last year of **\$532,072** provides a calculated equivalent to 19.32% of debts over 90 days (1998-99: 17.8%), totalling **\$1,734,298** (1998-99: \$1,202,226).

8. Operating expense - Interest

	2000 \$'000	1999 \$'000
Interest on loan from future parliamentary appropriations.	230	386

9. Financial assets

(a) Cash

Cash at bank and on hand	6,423	8,802
Deposits at call	2,135	-
	8,558	8,802
Balance of cash as at 30 June shown in the Statement of Cash Flows	8,558	8,802

(b) Receivables

Goods and services	2,627	987
Other debtors	-	565
GST receivable	68	-
	2,695	1,552

Receivables (gross) which are overdue are aged as follows:

Overdue by:		
less than 30 days	2,621	924
30 to 60 days	60	568
60 to 90 days	14	60
Total receivables (gross)	2,695	1,552

(c) Administered Financial Assets

	2000	1999
	\$'000	\$'000
(i) Cash		
Cash at bank and on hand	1,134	8,041
Balance of cash as at 30 June shown in the Statement of Administered Cash Flows	1,134	8,041
(ii) Receivables		
Corporations Law fees and charges	11,931	11,008
Information brokers fees	4,818	2,328
Gross receivables	16,749	13,336
Less: provision for doubtful debts	(1,734)	(1,202)
	15,015	12,134
The total of uncollected Commonwealth revenue classified by age analysis which is overdue is as follows:		
Overdue by:		
less than 30 days	6,385	5,162
30 to 60 days	691	1,074
60 to 90 days	698	334
More than 90 days	8,975	6,766
Total receivables (gross)	16,749	13,336
(iii) Accrued Revenues		
Annual returns not yet lodged	5,977	6,107
Late fees attributable to annual returns	1,993	2,035
	7,970	8,142

10. Non-financial assets

	2000 \$'000	1999 \$'000
(a) Land and buildings		
Freehold land at May 1997 valuation	-	30
Building on freehold land at May 1997 valuation	-	125
Accumulated depreciation	-	(6)
	-	119
Leasehold improvements - at valuation (1997-98) (i)	4,628	6,304
Accumulated amortisation	(1,989)	(1,311)
	2,639	4,993
Leasehold improvements - at cost	3,593	2,341
Accumulated amortisation	(417)	(148)
	3,176	2,193
Total buildings (net)	5,815	7,305
Total land and buildings	5,815	7,335
(i) The revaluation of the Leasehold Improvements was performed on 30 June 1998 in accordance with the progressive revaluation policy stated at Note 1(m) by an independent valuer from the Australian Valuation Office.		
(b) Plant and equipment		
Plant and equipment - at cost	13,605	10,799
Less accumulated depreciation	(3,906)	(1,726)
	9,699	9,073
Plant and equipment - at valuation 1998-99 (i)	19,787	23,936
Less accumulated depreciation	(16,782)	(18,158)
	3,005	5,778
Total plant and equipment	12,704	14,851
(i) The revaluation of plant and equipment as at 1 July 1998 in accordance with the revaluation policy stated at Note 1(m) was completed by an independent valuer from the Australian Valuation Office. A valuation increment of \$0.011m was transferred to the asset revaluation reserve.		
(c) Intangible assets - computer software		
Computer software - internally developed - in progress	1,265	-
Computer software	8,971	5,304
Accumulated amortisation	(3,813)	(1,929)
Total intangibles	6,423	3,375

**(d) Movement summary 1999-2000 for all assets
irrespective of valuation basis**

Item	Land	Buildings	Total Land & Buildings	Plant & Equipment	Computer software - Total intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross value as at 1 July 1999	30	8,770	8,800	34,735	5,304	48,839
Additions - replacement assets	-	1,299	1,299	2,999	3,355	7,653
Prior year adjustment	-	-	-	-	1,577	1,577
Write-offs	-	(1,723)	(1,723)	(2,188)	-	(3,911)
Disposals	(30)	(125)	(155)	(2,154)	-	(2,309)
Gross value as at 30 June 2000	-	8,221	8,221	33,392	10,236	51,849
Accumulated depreciation / amortisation as at 1 July 1999	-	1,465	1,465	19,884	1,929	23,278
Depreciation / amortisation charge for assets held 1 July 1999	-	1,475	1,475	4,617	1,462	7,554
Depreciation / amortisation charge for additions	-	47	47	216	422	685
Write-offs	-	(572)	(572)	(2,087)	-	(2,659)
Disposals	-	(9)	(9)	(1,942)	-	(1,951)
Accumulated depreciation / amortisation as at 30 June 2000	-	2,406	2,406	20,688	3,813	26,907
Net book value as at 30 June 2000	-	5,815	5,815	12,704	6,423	24,942
Net book value as at 1 July 1999	30	7,305	7,335	14,851	3,375	25,561

(e) Summary of balances of assets at valuation as at 30 June 2000

As at 30 June 2000						
Gross value	-	4,628	4,628	19,786	-	24,414
Accumulated Depreciation / Amortisation	-	1,989	1,989	16,781	-	18,770
Net book value	-	2,639	2,639	3,005	-	5,644
As at 30 June 1999						
Gross value	30	6,429	6,459	23,936	-	30,395
Accumulated Depreciation / Amortisation	-	1,317	1,317	18,158	-	19,475
Net book value	30	5,112	5,142	5,778	-	10,920

(f) Other non-financial assets

	2000 \$'000	1999 \$'000
Prepaid property rentals	-	1,268
Other prepayments	980	459
Total other non-financial assets	980	1,727

11. Debt

(a) Loan

Loan from future parliamentary appropriations	2,772	4,822
Maturity schedule for loan:		
Payable: - within one year	2,772	1,828
- within one to two years	-	2,994
Total loan	2,772	4,822

(b) Other

Property lease incentives (i)	4,529	4,982
The property lease incentive liability is repayable as follows:		
within one year	1,060	1,635
within one to two years	617	871
within two to five years	1,379	1,021
more than five years	1,473	1,455
	4,529	4,982
Property sub-lease (surplus space) (ii)	1,250	2,708
The net liability in respect of future payments for surplus space on non-cancellable leases is as follows:		
within one year	802	1,170
within one to two years	375	989
within two to five years	73	549
	1,250	2,708
Total leases	5,779	7,690

- (i) Total property lease incentives represent deferred rental expenditure accrued as at 30 June 2000. The payment of these amounts will be made over the life of the leases, commencing after the expiry of the rent deferral periods.
- (ii) The surplus space on non-cancellable leases has been recognised as a liability and an expense. The above amounts for operating lease rentals include the total expected outlay relating to surplus space as specified in the leases and are determined net of probable sub-lease revenue.

12. Provisions and payables

(a) Liabilities to employees

	2000 \$'000	1999 \$'000
Salaries and wages	2,396	1,335
Annual leave	7,929	7,365
Long service leave	11,911	11,341
Superannuation pensions	1,397	1,361
Aggregate employee entitlement liability	23,633	21,402

(b) Suppliers

Trade creditors	5,860	1,259
GST payable	3	-
	5,863	1,259

(c) Interest payable

Interest payable on loan from future parliamentary appropriations	222	386
---	-----	-----

(d) Prepayments received

Revenue received in advance	25	430
-----------------------------	----	-----

(e) Administered provisions and payables

Other provisions

Refunds	1,311	1,099
Other trust monies	78	321
	1,389	1,420

13. Equity

(a)

Item	Accumulated results		Asset revaluation reserve		TOTAL EQUITY	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Balance 1 July 1999	1,328	443	325	314	1,653	757
Operating result	(2,772)	885	-	-	(2,772)	885
Net revaluation increase (i)	-	-	-	11	-	11
Balance 30 June 2000	(1,444)	1,328	325	325	(1,119)	1,653

(i). The net revaluation increase in the asset revaluation reserve comprises:

	2000 \$'000	1999 \$'000
revaluation increment - plant and equipment	-	11

(b) Administered Equity

Item	Accumulated results		TOTAL EQUITY	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Balance 1 July 1999	26,897	27,460	26,897	27,460
(Deficit)	(4,167)	(563)	(4,167)	(563)
Balance 30 June 2000	22,730	26,897	22,730	26,897

Administered equity is held on behalf of the Commonwealth (see also Note 1(g)(ii)).

14. Cash flow reconciliation

(a) Reconciliation of Operating (deficit) surplus to net cash provided by operating activities

	2000 \$'000	1999 \$'000
Operating (deficit) / surplus	(2,772)	885
Depreciation and amortisation of property, plant and equipment	8,238	8,258
Increase in employee provisions	2,231	1,066
Decrease / (increase) in other assets	747	(391)
(Increase) in receivables	(1,143)	(1,012)
Increase / (decrease) in liability to suppliers	4,604	(84)
(Decrease) / increase in other payables	(2,075)	1,210
(Decrease) / increase in other liabilities	(405)	430
Net loss on disposal of property, plant and equipment	146	90
Write down of property, plant and equipment assets	1,252	1,696
Internally developed software adjustment	(1,577)	-
Net cash provided by operating activities	9,246	12,148

(b) Administered cash flow reconciliation

	2000 \$'000	1999 \$'000
Reconciliation of net contribution to budget outcome to net cash provided by operating activities		
Net contribution to budget outcome	356,808	331,215
Cash to Commonwealth Public Account	(360,975)	(331,778)
Net increase in administered assets from operations	(4,167)	(563)
Increase in provisions for doubtful debts	532	293
(Decrease) / increase in other payables	(3,413)	369
(Increase) in receivables	(31)	(1,811)
Decrease in accrued revenue	172	5,985
Net cash (used in) / provided by operating activities	(6,907)	4,273

15. Related parties

The members of the Commission during the year were:

A. J. Cameron (Chairman)

D.W. Knott was appointed as Deputy Chairman on 5 July 1999

J. S. Segal (Commissioner, acting Deputy Chairman up to 4 July 1999)

There were no loans made to Commissioners or Commissioner related entities during the reporting period.

There were no other transactions with Commissioners or Commissioner related entities during the reporting period.

The aggregate remuneration of Commissioners is disclosed in note 16(a).

There were no transactions with other related parties during the reporting period.

16. Remuneration of Commissioners and Executive Officers

(a) Remuneration of Commissioners

	2000 \$	1999 \$
Aggregate amount of superannuation payments in connection with the retirement of Commissioners	66,250	66,548
Other remuneration received or due and receivable by Commissioners	765,662	686,704
Total remuneration received or due and receivable by Commissioners	831,912	753,252

The number of Commissioners included in these figures is shown below in the relevant remuneration bands.

	2000 Members	1999 Members
\$40,001 - \$50,000	-	1
\$160,001 - \$170,000	-	1
\$210,001 - \$220,000	-	1
\$250,001 - \$260,000	1	1
\$270,001 - \$280,000	1	-
\$290,001 - \$300,000	1	-
	3	4

(b) Remuneration of Executive Officers

	2000 \$	1999 \$
Income received or due and receivable by executive officers	5,166,683	4,806,432

The number of executive officers included in these figures are shown below in the relevant income bands

	Executives	Executives
\$100,001 - \$110,000	3	1
\$110,001 - \$120,000	-	3
\$120,001 - \$130,000	2*	5
\$130,001 - \$140,000	10	8
\$140,001 - \$150,000	7*	4
\$150,001 - \$160,000	2	2
\$160,001 - \$170,000	2	1
\$170,001 - \$180,000	3	1
\$180,001 - \$190,000	3*	2
\$200,001 - \$210,000	1	-
\$230,001 - \$240,000	-	1*
\$240,001 - \$250,000	-	1*
\$290,001 - \$300,000	-	2*
\$310,001 - \$320,000	1	-
	34	31

* includes redundancy / retirement payment

The executive remuneration includes all Executive Officers concerned with or taking part in the management of ASIC during 1999-2000 except for the Commissioners. Details in relation to Commission members have been incorporated into Note 16(a) - Remuneration of Commissioners.

17. Trust monies

ASIC has established a number of trust accounts. Monies received are placed in special bank accounts and expended in accordance with the *Corporations Law and the Life Insurance Act 1995*. These monies are not available for other purposes of ASIC and are not recognised in the financial statements.

	2000 \$'000	1999 \$'000
Section 462 Companies Code receipts (represented by cash at bank)		
Opening balance	194	163
Receipts	160	151
Interest received	3	4
Disbursements	(259)	(124)
Closing balance	98	194
Security Deposits under s786(2)(d) (Dealers & investment advisers)		
Cash (at bank)	160	60
Interest bearing deposits (at bank)	1,180	1,405
Inscribed stock	120	-
Insurance bonds	40	2,435
Bank guarantees	38,900	33,547
Closing balance	40,400	37,447
Security Deposits under s1284(1) (Liquidators)		
Insurance bonds	8,400	10,100
Bank guarantees	250	250
Closing balance	8,650	10,350
Companies Unclaimed Monies Account (Part 9.7) (represented by cash at bank)		
Opening balance	25,328	22,809
Receipts	3,054	3,543
Interest received	1,254	1,070
Disbursements	(1,152)	(945)
Bank Charges	(4)	(3)
Special Purpose	(2,556)	(830)
Management costs recovered by ASIC	(385)	(259)
Consolidated revenue transfer	(770)	(57)
Closing balance	24,769	25,328

	2000 \$'000	1999 \$'000
Life Insurance Unclaimed Monies Account s216 Life Insurance Act 1995		
Opening balance	414	-
Appropriation	1,500	2,700
Interest received	28	21
Disbursements	(1,521)	(2,304)
Bank Charges	(2)	(3)
Closing balance	419	414
Total Funds transferred to Consolidated Revenue in accordance with s216(3)	4,112	3,263
Trust monies held under s1323 of the Corporations Law		
Opening balance	6,644	-
Receipts	-	6,449
Interest received	191	195
Disbursements	(6,835)	-
Closing balance	-	6,644
Settlements monies held pending the outcome of legal proceedings (represented by cash at bank)		
Opening balance	3,058	429
Receipts	11,615	2,724
Interest received	145	17
Disbursements	(10,832)	(112)
Closing balance	3,986	3,058
 18. Expenditure relating to Boards, Panel and Tribunal		
Pursuant to Sections 171, 202 and 224 of the <i>Australian Securities and Investments Commission (ASIC) Act 1989</i> , ASIC is required to support boards and a panel to promote activities which enable ASIC to attain its aims.		
Corporations and Securities Panel (CSP) - budgetary control over the CSP was transferred to the Treasury from 2 February 2000.	538	93
Companies Auditors and Liquidators Disciplinary Board (CALDB)	493	329
Australian Accounting Standards Board (AASB)	1,414	1,482
Superannuation Complaints Tribunal	2,007	1,551

The Superannuation Complaints Tribunal (SCT) is an independent body with distinct responsibilities as set out under the *Superannuation (Resolution of Complaints) Act 1993* but operates under the budgetary umbrella of ASIC as from 1 July 1998.

Employee and administrative expenditure incurred on behalf of these boards, panel and tribunal are included in the Operating Statement of ASIC.

19. Auditors remuneration

	2000 \$	1999 \$
Remuneration to the Auditor-General for auditing the financial statements of ASIC in respect of the reporting period.	113,000	119,788
Financial statement audit services by the Auditor-General are provided free of charge to ASIC in relation to the audit of <i>Corporations Law</i> revenue (administered) items. The fair value of audit services provided.	22,000	22,000

20. Assets of deregistered companies vesting in ASIC

Section 601AD of the Corporations Law provides that, on deregistration of a company, all of the company's property vests in ASIC. ASIC adopts a passive approach to administering vested property and accounts for those assets as if it were a trustee.

ASIC generally only deals with vested property once an application is made by a third party for ASIC to exercise its powers under section 601AE of the Corporations Law. ASIC therefore does not consider it to be appropriate that the value of any identified property vesting be recorded, or disclosed, in these financial statements.

Assets vesting in ASIC include the following categories: Land & Buildings, Property Plant & Equipment, Intangibles, Investments and Shares.

21. Financial instruments

(a) Terms, conditions and accounting policies

Financial instrument	Notes	Accounting policies and methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
Financial assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Deposits at call	9 (a)	Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	Temporarily surplus funds, mainly from monthly drawdowns of appropriation, are placed on deposit at call with ASIC's banker. Interest is earned on the daily balance at the prevailing daily rate for money on call and is paid at month end.
Receivables (goods and services)	9 (b)	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are net 14 days (1998-99: 14 days).
Other debtors	9 (b)	As for receivables (goods and services)	As for receivables (goods and services)
Financial liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Non-bank loans	11 (a)	The loan is carried at the balance yet to be repaid. Interest is expensed as it accrues.	The loan is repayable in annual instalments. Interest is calculated on the reducing balance of the loan. The effective interest rate is 8.0%. The last instalment is due to be paid in 2000-01. The loan is unsecured.
Lease incentives	11 (b)	The lease incentive is recognised as a liability on receipt of the incentive. The amount of the liability is reduced on a straight-line over the life of the lease by allocating lease payments between rental expense and reduction of the liability.	
Trade creditors	12 (b)	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received. Settlement is usually made net 30 days.	

21. Financial instruments (cont.)

(b) Interest rate risk

Financial instrument	Notes	Floating interest rate		Fixed interest rate						Non-interest bearing		Total		Weighted Average Effective Interest Rate			
				1 year or less		1 to 2 years		> 2 years									
		2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	%	%
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Financial assets (recognised)																	
Cash at bank	9 (a)	6,354	8,713	-	-	-	-	-	-	-	-	6,354	8,713	4.4	3.9		
Cash in hand	9 (a)	-	-	-	-	-	-	-	-	69	89	69	89	n/a	n/a		
Deposits at call	9 (a)	2,135	-	-	-	-	-	-	-	-	-	2,135	-	5.7	-		
Receivables for goods and services	9 (b)	-	-	-	-	-	-	-	-	2,695	1,552	2,695	1,552	n/a	n/a		
Other debtors	10 (f)	-	-	-	-	-	-	-	-	980	1,727	980	1,727	n/a	n/a		
Total financial assets (recognised)		8,489	8,713	-	-	-	-	-	-	3,744	3,368	12,233	12,081				
Total assets												37,175	37,642				
Financial liabilities (recognised)																	
Non-bank loans	11 (a)	-	-	2,772	1,828	-	2,994	-	-	-	-	2,772	4,822	8.0	8.0		
Leases	11 (b)	-	-	-	-	-	-	-	-	5,779	7,690	5,779	7,690	n/a	n/a		
Trade creditors	12 (b)	-	-	-	-	-	-	-	-	5,863	1,259	5,863	1,259	n/a	n/a		
Other creditors	12 (c),(d)	-	-	-	-	-	-	-	-	247	816	247	816	n/a	n/a		
Total financial liabilities (recognised)		-	-	2,772	1,828	-	2,994	-	-	11,889	9,765	14,661	14,587				
Total liabilities												38,294	35,989				

(c) Net fair values of financial assets and liabilities

Financial assets	2000		1999	
	Total carrying amount \$'000	Aggregate net fair value \$'000	Total carrying amount \$'000	Aggregate net fair value \$'000
Cash at bank	6,354	6,354	8,713	8,713
Cash on hand	69	69	89	89
Deposits at call	2,135	2,135	-	-
Receivables for goods and services	2,695	2,695	1,552	1,552
Other debtors	980	980	1,727	1,727
	12,233	12,233	12,081	12,081
Financial Liabilities	2000		1999	
	Total carrying amount \$'000	Aggregate net fair value \$'000	Total carrying amount \$'000	Aggregate net fair value \$'000
Cash at bank	6,354	6,354	8,713	8,713
Non-bank loans	2,772	2,772	4,822	4,822
Leases	5,779	5,779	7,690	7,690
Trade creditors	5,863	5,863	1,259	1,259
Other creditors	247	247	816	816
	14,661	14,661	14,587	14,587

Financial assets

The net fair values of cash and deposits on call approximate their carrying amounts.

Financial liabilities

The net fair values of non-bank loans are approximated by their carrying amounts.

The net fair value of surplus space on non-cancellable leases has been recognised as a liability and stated at net present value of future net outlays.

The net fair values for trade and other creditors, all of which are short-term in nature, are approximated by their carrying amounts.

(d) Credit risk exposures

ASIC's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

ASIC has no significant exposures to any concentrations of credit risk.

22. Administered Financial Instruments

(a) Terms, conditions and accounting policies.

Financial instrument	Notes	Accounting policies and methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows)
Financial assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Deposits at call		Deposits are recognised at their nominal amounts.	Monies awaiting payment to the CPA are held at call with ASIC's banker.
Receivables – Corporations Law fees outstanding.	9 (c)	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are net 30 days (1998-99: 30 days).
Accrued revenues	9 (c)	As for Receivables – Corporations Law fees outstanding.	As for Receivables – Corporations Law fees outstanding.
Financial liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Refunds	12 (e)	These amounts are payable to companies that have either paid in excess of what has been assessed or as a result of waiving a late fee. Refunds are recognised at their nominal amounts, being the amounts at which the liabilities will be settled.	Refunds awaiting payment to companies are held at call with ASIC's banker.
Payable to the CPA		Monies held awaiting payment to the CPA for Corporations Law fees and charges. Payables to the CPA are recognised at their nominal amounts, being the amounts at which the liabilities will be settled.	Monies awaiting payment to the CPA are held at call with ASIC's banker.

22. Administered Financial Instruments (cont.)

(b) Interest Rate Risk : Administered

Financial instrument	Notes	Floating interest rate		Fixed interest rate		Non-interest bearing		Total		Weighted Average Effective Interest Rate	Weighted Average Effective Interest Rate
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000	2000 %	1999 %
Financial assets (recognised)											
Cash at bank	9 (c)	-	-	-	-	1,134	8,041	1,134	8,041	n/a	n/a
Receivables	9 (c)	-	-	-	-	15,015	12,134	15,015	12,134	n/a	n/a
Accrued revenue	9 (c)	-	-	-	-	7,970	8,142	7,970	8,142	n/a	n/a
Total financial assets (recognised)		-	-	-	-	24,119	28,317	24,119	28,317	-	-
Total assets		-	-	-	-			24,119	28,317	-	-
Financial liabilities (recognised)											
Refunds	12 (e)	-	-	-	-	1,311	1,099	1,311	1,099	n/a	n/a
Other Trust monies	12 (e)	-	-	-	-	78	321	78	321	n/a	n/a
Total financial liabilities (recognised)		-	-	-	-	1,389	1,420	1,389	1,420	-	-
Total liabilities		-	-	-	-			1,389	1,420	-	-

(c) Net fair values of administered financial assets and liabilities

Administered financial assets	2000		1999	
	Total carrying amount \$'000	Aggregate net fair value \$'000	Total carrying amount \$'000	Aggregate net fair value \$'000
Cash at bank and on hand	1,134	1,134	8,041	8,041
Fees receivable	15,015	15,015	12,134	12,134
Accrued revenue	7,970	7,970	8,142	8,142
Total financial assets	24,119	24,119	28,317	28,317
Financial liabilities (recognised)				
Refunds	1,311	1,311	1,099	1,099
Other	78	78	321	321
Total financial liabilities (recognised)	1,389	1,389	1,420	1,420

Financial assets

The net fair values of cash and deposits on call approximate their carrying amounts.

Receivables are carried at assessed value, which is equal to their net fair value.

Financial liabilities

Refunds are carried at their nominal value.

(d) Administered Credit Risk Exposures

The maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Administered Assets and Liabilities, for the Administered accounts.

There are no significant exposures to any concentrations of credit risk in regard to the Administered accounts.

Index

accommodation	47	corporate governance	17–18
achievements	4–5, 21–23	corporate services	47–48
advertising	59	cost of services	1, 5, 7–8, 13, 19, 25, 41, 44
analyst briefings	30	court cases	1, 4, 6–7, 10–11
Audit Committee	18, 57	credit unions	2, 29
Australian Business Number (ABN)	12, 43	criminals gaoled	36–37
Australian Prudential Regulation Authority (APRA)	2–3, 13	deposit taking institutions	2–3, 8
Australian Stock Exchange Ltd (ASX Ltd)	2, 9, 15, 32	Director of Public Prosecutions (DPP)	1, 12–13
banks	1–2, 29–30	directors	2, 37
banning orders	1, 4, 10, 38–39	educational programs	4
building societies	2, 29	Electoral Act disclosure	59
business continuity	47	electronic commerce	7, 11–12, 45
business information	60	electronic company registration	5, 7, 12, 40–41
call centres	48–49	electronic data lodgment	5, 7, 41–42
campaigns	4, 7, 9	electronic enforcement & regulation	4, 11, 26–27
Chairman	14–16	electronic funds transfers (EFT)	29
Chairman's review of operations	8–15	enforceable undertakings	1, 4, 10
Chief Accountant	54–55	enforcement	1, 10–11, 24–39
CLERP 7	43	enforcement operations	4, 6–7, 21
codes of practice	2, 29–30	enterprise agreements	52
Coles Myer Ltd	1, 12	environmental impact	47
Commissioners	14, 16–17, 54–55	equal opportunity	53
Commonwealth Electoral Act 1918	59	eRegisters service	12, 42
communication	4, 7, 47	fees	1, 5–7, 13
community involvement	13, 20	financial advisers	1–2, 26, 36, 38–39
company disclosures to shareholders	9–10	financial complaints referral centre	49
company information	1, 42, 48	financial management (ASIC)	5, 7
company officers gaoled	37	financial reporting	1–2, 6, 27, 30–31
company registration	2, 5, 7, 12, 40–41	financial statements (ASIC)	61–102
company regulation	2, 8	financial summary (ASIC)	19, 60
company searches	42	fraud	37
complaint resolution schemes	2, 29, 49	freedom of information	58–59
complaints about staff	14, 52–53	friendly societies	2, 29
complaints assessment	33–34, 49	funding	5–6, 60
compliance plans	9	fundraising law reform	4, 11
concise reports	27	futures markets	2, 15, 32
confidentiality	18	gaol sentences	36–37
conflicts of interest	18, 32	General Counsel	54–55
constitutional challenges	12, 15	government relations	7, 13, 17
Consumer Advisory Panel (CAP)	20, 56	GST	12
consumer complaints resolution schemes	21, 29	High Court decisions	1, 12
consumer education	4, 26	human resources	48
consumer protection	2–3, 26–30		
contempt of court	37		
continuous disclosure	30		
contracts	47		

independent audit	18	planning	7, 9, 21-23
industrial relations	53	problem identification & solving	9
industry codes of practice	2, 29-30	productivity	5
Infoline	6, 48-49	prospectuses	2, 6, 28
information technology (IT)	5-7, 13, 45-46	public information	1-2, 12, 20, 22, 40-43
infrastructure investment	19	public relations	47
insider trading	30, 37	publications	4, 58
insurance industry			
regulation	2-3, 8-10, 28, 30, 39	real estate agents	11
international markets	11, 15, 30	Regional Commissioners	14, 54-55
International Organisation of		Regional Liaison Committees	20
Securities Commissions (IOSCO)	1, 11, 13	regulatory operations	2-3, 7, 10-11, 20-21, 24-39
international relations	52	relief from the law	2, 6
internet see electronic commerce; websites		remuneration	17
intranet	46	research & analysis	4, 7
investigations	4, 6-7, 10, 12-13	Reserve Bank of Australia (RBA)	3
investment advisers	1-2, 26, 36, 38-39	results	4-6, 9, 11
investor protection		retail investors	26-30
see consumer protection		revenue collected	1, 5-8, 19, 60
law reform	7, 11, 15, 43	security	47
legal issues	12, 33	senior management	14, 54-55
legislative base	3, 58-60	service standards	14
licensing	2, 21, 36	share trading	2, 9
litigation	1, 4, 6-7, 10-11	small business	1, 32
loan repayments	19	staff	7-8, 50-55
		staff, complaints about	14, 52-53
managed investments	2, 9, 11, 28-29	staff costs	19
management services	14, 47-48	staff learning & development	4-5, 7, 48, 51-52
managing companies while disqualified	1-3, 11, 30-33	staff numbers & employment	1, 5-6, 25, 41, 44, 50
markets	1-3, 11, 30-33	staff performance	5
media coverage	4, 7	staff profile & location	51, 53
Ministerial directions	17	staff recruitment	52
misconduct	2, 21, 33-34	stakeholders	4, 7
mortgage lending schemes	11	superannuation industry	
		regulation	2-3, 8-10, 15, 27
national coordination and		superannuation of staff	53
support services	23, 44-49	support services	23, 44-49
National Directors	14, 54-55	Sydney Futures Exchange	2, 15, 32
objectives	4-5, 9	takeovers	4, 11, 32-33
occupational health & safety	53	travel management	5, 13, 47
offer documents	4, 28, 44		
offshore investments	9	websites	4, 6-7, 12, 42-43, 46
operations	4-5, 7-15, 21-23	witness expenses	34-35
organisation chart	54		
outlook	7, 15, 35, 43, 49, 55	Y2K compliance	5, 14, 46-47
		Yannon investigation	1, 4, 12-13
Parliament	4, 7, 13, 15, 17		
pecuniary interests	18		
performance			
measurement	1, 4-5, 7-8, 14, 52, 60		



ASIC

Australian Securities &
Investments Commission

How to find ASIC

<http://www.asic.gov.au>

Infoline

Information for consumers and complaints about financial services and products (except lending), investors' rights, companies, company directors, auditors and liquidators, company administration, policy and procedures:

1300 300 630

National Offices

Policy and coordination

Melbourne

Sydney

Regional Offices

Corporate regulation and investigations

Australian Capital Territory

New South Wales

Northern Territory

Queensland

South Australia

Tasmania

Victoria

Western Australia

Business Centres

Incorporation, document lodgment, searches & fees

Adelaide

Telephone 08 8202 8500

Facsimile 08 8202 8510

Brisbane

Telephone 07 3867 4900

Facsimile 07 3867 4930

Canberra

Telephone 02 6250 3850

Facsimile 02 6250 3888

Darwin

Telephone 08 8943 0950

Facsimile 08 8943 0960

Geelong

Telephone 03 5229 2966

Facsimile 03 5229 2940

Gold Coast

Telephone 07 5528 1960

Facsimile 07 5528 1968

Hobart

Telephone 03 6235 6850

Facsimile 03 6235 6860

Melbourne

Telephone 03 9280 3500

Facsimile 03 9280 3550

Newcastle

Telephone 02 4929 4555

Facsimile 02 4929 1759

Perth

Telephone 08 9261 4200

Facsimile 08 9261 4210

Sydney

Telephone 02 9911 2500

Facsimile 02 9911 2550

Townsville

Telephone 07 4721 3885

Facsimile 07 4721 3803

Information Processing Centre

Company annual returns, penalty notices, deregistration and reinstatement

Traralgon, VIC

Telephone 03 5177 3700

Facsimile 03 5177 3999