

AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

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AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The role of the Australian Prudential Regulation Authority (APRA) is to regulate relevant financial institutions in accordance with the laws of the Commonwealth that provide for prudential regulation or retirement income standards. In performing and exercising its functions, APRA is to balance the objectives of financial safety and efficiency, competition, contestability and competitive neutrality, and, in balancing these objectives, is to promote financial system stability in Australia.

APRA's core mission is to establish and enforce prudential standards and practices designed to ensure that, under all reasonable circumstances, financial promises made by institutions APRA supervises are met within a stable, efficient and competitive financial system. APRA also administers the Financial Claims Schemes, the private health insurance risk equalisation special account and, as a national statistical agency for the Australian financial sector, collects and publishes data from prudentially regulated and other financial institutions.

In undertaking its core mission, APRA places a strong emphasis on an active program of prudential supervision. APRA's supervisory approach is based on the fundamental premise that the primary responsibility for financial soundness and prudent risk management within an APRA-regulated institution rests with its board of directors and senior management. APRA's role is to promote prudent behaviour by institutions through a robust prudential framework of legislation, prudential standards and prudential guidance, which aims to ensure that risk-taking is conducted within reasonable bounds and that risks are clearly identified and well-managed.

APRA takes a risk-based approach to supervision that is designed to identify and assess those areas of greatest risk to an APRA-regulated institution (or to the financial system as a whole) and then direct supervisory resources and attention to these risks. APRA seeks to ensure that its supervisory judgments are accurate, timely and robust and that its responses are targeted and proportionate.

In doing so, APRA does not pursue a zero failure objective. Rather, APRA seeks to maintain a low incidence of failure of APRA-regulated institutions whilst not unduly hindering efficiency, competition or otherwise impeding the competitive neutrality or contestability of the financial system. APRA cannot eliminate the risk that any institution might fail and it recognises that attempting to do so would impose an unnecessary burden on institutions and the financial system. APRA's objective is to identify likely failure of an APRA-regulated institution early enough so that corrective action can be promptly initiated or an orderly exit achieved.

APRA's integrated structure and risk-based supervisory approach enable it to deal efficiently and effectively with the evolution of the financial sector, and the wide range of financial institutions within it.

Strong and safe financial institutions that meet their financial promises under all reasonable circumstances, and a stable financial system, are fundamental for fostering growth and sustainable competition. An important component of a stable financial system is a robust regulatory framework in times of crisis. APRA will continue to build on its crisis management capability to better deal with the failure of a financial institution and to preserve financial stability in times of stress.

Each year, APRA considers initiatives to strengthen its core functions and capabilities. The successful delivery of these initiatives will support the effective delivery of APRA's mission.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to APRA for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (Government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for APRA's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

**Table 1.1: Australian Prudential Regulation Authority resource statement —
Budget estimates for 2018-19 as at Budget May 2018**

| | 2017-18 <i>Estimated actual \$'000</i> | 2018-19 <i>Estimate \$'000</i> |
|---|---|---------------------------------------|
| Departmental | | |
| Annual appropriations - ordinary annual services (a) | | |
| Departmental appropriation | 731 | 126 |
| s74 Retained revenue receipts (b) | 13,277 | 5,503 |
| Total departmental annual appropriations | <u>14,008</u> | <u>5,629</u> |
| Special accounts | | |
| Opening balance (c) | 71,635 | 83,097 |
| Appropriation receipts (d) | 14,008 | 5,629 |
| Non-appropriation receipts to Special Accounts | 135,185 | 142,539 |
| <i>Total special account receipts</i> | <i>220,828</i> | <i>231,265</i> |
| <i>less departmental appropriations drawn from annual/special appropriations and credited to special accounts</i> | <i>14,008</i> | <i>5,629</i> |
| Total departmental resourcing | 220,828 | 231,265 |
| Administered | | |
| Special accounts | | |
| Opening balance (c) | 835 | 835 |
| Non-appropriation receipts to Special Accounts (e) | 450,000 | 450,000 |
| <i>Total special account receipts</i> | <i>450,835</i> | <i>450,835</i> |
| Total administered resourcing | 450,835 | 450,835 |
| Total resourcing for APRA | 671,663 | 682,100 |
| | 2017-18 | 2018-19 |
| Average staffing level (number) | 626 | 642 |

Third party payments from and on behalf of other entities

| | 2017-18 <i>Estimated actual \$'000</i> | 2018-19 <i>Estimate \$'000</i> |
|--|---|---------------------------------------|
| Receipts received from other entities for the provision of services (disclosed above in s74 Retained revenue receipts section above) | 1,630 | 1,695 |

Prepared on a resourcing (that is, appropriations available) basis.

Note: All figures shown above are GST exclusive - these may not match figures in the cash flow statement.

- (a) Appropriation Bill (No.1) 2018-19.
- (b) Estimated retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).
- (c) Excludes 'Special Public Money'. For further information on special appropriations and special accounts, please refer to Budget Paper No. 4 - Agency Resourcing. Please also see Table 2.1 for further information on outcome and program expenses broken down by various funding sources, e.g. annual appropriations, special appropriations and special accounts.
- (d) Appropriation receipts include receipts from the Department of Foreign Affairs and Trade, the Reserve Bank of Australia, the Australian Bureau of Statistics, the Australian Taxation Office, the Australian Securities and Investments Commission and the Department of Agriculture and Water Resources.
- (e) Includes Private Health Insurance Industry risk equalisation receipts which are redistributed to industry, estimated to be \$450.0m in 2017-18 and \$450.0m in 2018-19.

1.3 BUDGET MEASURES

Budget measures in Table 1.2 relating to APRA are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO)

| | Program | 2017-18 \$'000 | 2018-19 \$'000 | 2019-20 \$'000 | 2020-21 \$'000 | 2021-22 \$'000 |
|---|---------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenue measures | | | | | | |
| Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry — further support | | | | | | |
| Administered revenues | 1.1 | - | 2,724 | - | - | - |
| Total | | - | 2,724 | - | - | - |
| Full Cost Recovery of Superannuation Activities | | | | | | |
| Administered revenues | 1.1 | - | 7,849 | 7,646 | 8,023 | 8,406 |
| Total | | - | 7,849 | 7,646 | 8,023 | 8,406 |
| Total revenue measures | | | | | | |
| Administered | | - | 10,573 | 7,646 | 8,023 | 8,406 |
| Total | | - | 10,573 | 7,646 | 8,023 | 8,406 |
| Expense measures | | | | | | |
| Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry — further support | | | | | | |
| Departmental expenses | 1.1 | - | 2,724 | - | - | - |
| Total | | - | 2,724 | - | - | - |
| Total expense measures | | | | | | |
| Departmental | | - | 2,724 | - | - | - |
| Total | | - | 2,724 | - | - | - |

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for APRA can be found at:

<http://www.apra.gov.au/AboutAPRA/Publications/Pages/Corporate-Plan.aspx>

The most recent annual performance statement can be found in the Annual Report at:

http://www.apra.gov.au/AboutAPRA/Publications/Documents/Annual_Report_2017.pdf

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1:

Enhanced public confidence in Australia's financial institutions through a framework of prudential regulation which balances financial safety and efficiency, competition, contestability and competitive neutrality and, in balancing these objectives, promotes financial system stability in Australia.

Budgeted expenses for Outcome 1

This table shows how much APRA intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

| | 2017-18 Estimated actual \$'000 | 2018-19 Budget \$'000 | 2019-20 Forward estimate \$'000 | 2020-21 Forward estimate \$'000 | 2021-22 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| Program 1.1: Australian Prudential Regulation Authority | | | | | |
| Administered expenses | | | | | |
| Special account (a) | 450,000 | 450,000 | 450,000 | 450,000 | 450,000 |
| Administered total | 450,000 | 450,000 | 450,000 | 450,000 | 450,000 |
| Departmental expenses | | | | | |
| Special accounts | 128,496 | 139,727 | 138,445 | 132,398 | 133,229 |
| Ordinary annual services (Appropriation Bill No. 1) | 731 | 126 | 124 | 4,083 | 3,884 |
| s74 Retained revenue receipts (b) | 13,277 | 5,503 | 5,277 | 5,277 | 5,277 |
| Expenses not requiring appropriation in the Budget year (c) | 196 | 196 | 196 | 196 | 196 |
| Departmental total | 142,700 | 145,552 | 144,042 | 141,954 | 142,586 |
| Total expenses for program 1.1 | 592,700 | 595,552 | 594,042 | 591,954 | 592,586 |
| Total expenses for Outcome 1 | 592,700 | 595,552 | 594,042 | 591,954 | 592,586 |

| | 2017-18 | 2018-19 |
|--|---------|---------|
| Average staffing level (number) | 626 | 642 |

- (a) Private health insurance industry risk equalisation payments.
- (b) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.
- (c) Expenses not requiring appropriation in the Budget year are made up of ANAO audit services that are received free of charge, however the expense is recognised along with an equal and offsetting income stream.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as Government priorities change.

Table 2.2: Performance criteria for Outcome 1

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018-19 Budget measures have created new programs or materially changed existing programs.

| <p>Outcome 1 - Enhanced public confidence in Australia's financial institutions through a framework of prudential regulation which balances financial safety and efficiency, competition, contestability and competitive neutrality and, in balancing these objectives, promotes financial system stability in Australia.</p> | | |
|---|---|--|
| <p>Program 1.1 – To enhance public confidence in Australia's financial institutions through establishing and enforcing prudential standards and practice that balances financial safety and efficiency, competition, contestability and competitive neutrality and, in balancing these objectives, promotes financial system stability in Australia.</p> | | |
| Delivery | | Maintain a robust prudential framework that sets requirements for prudent behaviour at regulated institutions and actively supervise regulated institutions with the aim of mitigating financial loss by depositors, insurance policyholders and superannuation fund members that may result from the failure of a regulated institution to adequately manage risk. |
| Performance information | | |
| Year | Performance criteria (a) | Targets |
| 2017-18 | <p>Criteria for assessing performance in 2017-18:</p> <ul style="list-style-type: none"> The Performing Entity Ratio (PER) — the PER is an indicator of the incidence of failure amongst regulated institutions. It is determined as the number of regulated institutions that met their commitments to beneficiaries in a given year divided by the total number of regulated institutions. The higher the percentage, the lower the incidence of failure. The Money Protection Ratio (MPR) — the MPR is an indicator of the incidence of loss in the financial sector. It is determined as the dollar value of liabilities to beneficiaries held in Australia in regulated institutions less any prudential losses to beneficiaries in a given year, divided by the total dollar value of liabilities to beneficiaries in Australia in regulated institutions. Again, the higher the percentage, the lower the incidence of loss. | <p>APRA does not pursue a 'zero failure' target. Rather, the objective is to maintain a low incidence of failure of supervised institutions whilst not unduly hindering efficiency, competition or otherwise impeding the competitive neutrality or contestability of the financial system.</p> <p>APRA's aim is to identify likely failures early enough so that corrective action can be initiated to prevent the failure, or at least to set in train appropriate wind-up or other exit strategies to minimise losses to beneficiaries.</p> <p>Since APRA's inception in 1998 the annual PER has averaged 99.93 per cent and the annual MPR, which is dominated by the losses associated with HIH Insurance in 2001, has averaged 99.97 per cent.</p> |
| 2018-19 | As per 2017-18 | As per 2017-18 |
| 2019-20 and beyond | As per 2017-18 | As per 2017-18 |
| Purposes | <p>The Australian Prudential Regulation Authority (APRA) is an independent statutory authority established for the purpose of prudential supervision of individual financial institutions and for promoting financial system stability in Australia. In performing this role, APRA is responsible for, in particular, protecting the interests of depositors, insurance policyholders and superannuation fund members.</p> | |

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of APRA's finances for the 2018-19 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between APRA's resourcing and its financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The departmental comprehensive income statement (Table 3.1) indicates an increase in revenue from Government for 2018-19 as a consequence of a budget measure (Table 1.2) and a claw-back of an under-collection of industry levies in 2017-18, partially offset by one-off other revenue in 2017-18 not expected to be repeated in 2018-19.

Employee expenses of \$107.2 million support an average staffing level (ASL) of 642 in 2018-19. The estimated staffing will enable APRA to supervise regulated institutions and their response to emerging risks, assess the need for and develop new prudential standards and guidance and continue to develop the tools and capability to resolve failures and near-failures in an orderly manner.

Supplier costs in 2018-19 reflect office leasing costs, IT support and maintenance, travel, training and other non-people related expenditures.

The budgeted departmental balance sheet (Table 3.2) shows that APRA will maintain sufficient financial assets to meet all known employee and supplier commitments as and when they fall due.

The budgeted departmental statement of cash flows (Table 3.4) reflects the source and application of appropriations and other revenue, as detailed in Table 3.1.

The schedule of budgeted income and expenses administered on behalf of Government (Table 3.7) shows the amounts APRA collects in supervisory levies (the levies) from the finance industry on behalf of the Government under the *Financial Institutions Supervisory Levies Collection Act 1998*.

Apart from the amount required to fund APRA, the levies also include amounts to fund the activities of the Australian Taxation Office (ATO) for unclaimed monies, lost member functions and for the administration of claims for early release of superannuation benefits on compassionate grounds; the Gateway Network Governance Body Ltd (GNGB) for governing and maintaining the superannuation transactions network; the Australian Securities and Investments Commission (ASIC) to improve outcomes in Financial Services and to manage superannuation complaints; and the Australian Competition and Consumer Commission (ACCC) to enhance competition in the financial system.

In addition, the receipts and distributions relating to the administration of the Private Health Insurance industry risk equalisation processes under the *Private Health Insurance (Risk Equalisation Levy) Act 2003* are included.

The schedule of budgeted assets and liabilities administered on behalf of Government (Table 3.8) reflects residual Financial Assistance Levy receivables, the Financial Claims Scheme special account and a \$2 million Lloyds security deposit as required by section 92Q of the *Insurance Act 1973*.

The schedule of budgeted administered cash flows (Table 3.9), indicates that cash collected is swept daily from the APRA account to the Official Public Account (OPA), from which APRA, in turn, draws down the amounts appropriated to it by the Parliament (as per Table 3.1), or returns to the Private Health Insurance industry as quarterly risk equalisation payments. The residual is retained in the OPA to meet the Treasurer's Determinations for the ATO, GNGB, ASIC and ACCC.

3.2. BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

| | 2017-18 Estimated actual \$'000 | 2018-19 Budget \$'000 | 2019-20 Forward estimate \$'000 | 2020-21 Forward estimate \$'000 | 2021-22 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| EXPENSES | | | | | |
| Employee benefits | 100,400 | 107,152 | 108,703 | 106,841 | 106,900 |
| Suppliers | 33,700 | 30,000 | 25,985 | 23,570 | 23,049 |
| Depreciation and amortisation | 8,600 | 8,400 | 9,354 | 11,543 | 12,637 |
| Total expenses | 142,700 | 145,552 | 144,042 | 141,954 | 142,586 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Own-source revenue | | | | | |
| Sale of goods and rendering of services | 4,442 | 4,643 | 4,417 | 4,417 | 4,417 |
| Other | 9,031 | 1,056 | 1,056 | 1,056 | 1,056 |
| Total own-source revenue | 13,473 | 5,699 | 5,473 | 5,473 | 5,473 |
| Total own-source income | 13,473 | 5,699 | 5,473 | 5,473 | 5,473 |
| Net (cost of)/contribution by services | | | | | |
| Revenue from Government | (129,227) | (139,853) | (138,569) | (136,481) | (137,113) |
| Surplus/(deficit) attributable to the Australian Government | 6,688 | 2,812 | (1,500) | 1,000 | 1,000 |

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

| | 2017-18 Estimated actual \$'000 | 2018-19 Budget \$'000 | 2019-20 Forward estimate \$'000 | 2020-21 Forward estimate \$'000 | 2021-22 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 85,450 | 84,506 | 80,550 | 86,528 | 93,474 |
| Trade and other receivables | 2,529 | 2,529 | 2,529 | 2,529 | 2,529 |
| Total financial assets | 87,979 | 87,035 | 83,079 | 89,057 | 96,003 |
| Non-financial assets | | | | | |
| Property, plant and equipment | 22,336 | 23,910 | 20,877 | 17,945 | 15,803 |
| Intangibles | 16,765 | 20,794 | 27,813 | 26,602 | 23,507 |
| Other non-financial assets | 1,863 | 1,863 | 1,863 | 1,863 | 1,863 |
| Total non-financial assets | 40,964 | 46,567 | 50,553 | 46,410 | 41,173 |
| Total assets | 128,943 | 133,602 | 133,632 | 135,467 | 137,176 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Suppliers | 1,534 | 1,534 | 1,534 | 1,534 | 1,534 |
| Other payables | 29,379 | 27,512 | 25,735 | 23,319 | 20,598 |
| Total payables | 30,913 | 29,046 | 27,269 | 24,853 | 22,132 |
| Provisions | | | | | |
| Employee provisions | 40,363 | 44,077 | 47,384 | 50,635 | 54,065 |
| Other provisions | 3,219 | 3,219 | 3,219 | 3,219 | 3,219 |
| Total provisions | 43,582 | 47,296 | 50,603 | 53,854 | 57,284 |
| Total liabilities | 74,495 | 76,342 | 77,872 | 78,707 | 79,416 |
| Net assets | 54,448 | 57,260 | 55,760 | 56,760 | 57,760 |
| EQUITY* | | | | | |
| Parent entity interest | | | | | |
| Contributed equity | 16,657 | 16,657 | 16,657 | 16,657 | 16,657 |
| Reserves | 14,216 | 15,216 | 16,216 | 17,216 | 18,216 |
| Retained surplus (accumulated deficit) | 23,575 | 25,387 | 22,887 | 22,887 | 22,887 |
| Total equity | 54,448 | 57,260 | 55,760 | 56,760 | 57,760 |

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

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018-19)

| | Retained earnings \$'000 | Asset revaluation reserve \$'000 | Other reserves \$'000 | Contributed equity/capital \$'000 | Total equity \$'000 |
|--|-----------------------------|-------------------------------------|--------------------------|--------------------------------------|------------------------|
| Opening balance as at 1 July 2018 | | | | | |
| Balance carried forward from previous period | 23,575 | 7,216 | 7,000 | 16,657 | 54,448 |
| Adjusted opening balance | 23,575 | 7,216 | 7,000 | 16,657 | 54,448 |
| Comprehensive income | | | | | |
| Surplus/(deficit) for the period | 2,812 | - | - | - | 2,812 |
| Total comprehensive income | 2,812 | - | - | - | 2,812 |
| Transactions with owners | | | | | |
| Sub-total transactions with owners | - | - | - | - | - |
| Transfers between equity components | (1,000) | - | 1,000 | - | - |
| Estimated closing balance as at 30 June 2019 | 25,387 | 7,216 | 8,000 | 16,657 | 57,260 |
| Closing balance attributable to the Australian Government | 25,387 | 7,216 | 8,000 | 16,657 | 57,260 |

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

| | 2017-18 Estimated actual \$'000 | 2018-19 Budget \$'000 | 2019-20 Forward estimate \$'000 | 2020-21 Forward estimate \$'000 | 2021-22 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Appropriations | 154,865 | 151,217 | 145,020 | 145,218 | 145,983 |
| Sale of goods and rendering of services | 4,442 | 4,643 | 4,417 | 4,417 | 4,417 |
| Net GST received | 2,974 | 3,049 | 2,674 | 2,460 | 2,593 |
| Other | 9,813 | 860 | 860 | 860 | 860 |
| Total cash received | 172,093 | 159,768 | 152,971 | 152,956 | 153,854 |
| Cash used | | | | | |
| Employees | 98,739 | 104,623 | 106,222 | 104,777 | 103,110 |
| Suppliers | 32,711 | 33,535 | 29,414 | 27,063 | 28,527 |
| s74 Retained revenue receipts transferred to OPA | 17,229 | 8,552 | 7,951 | 7,737 | 7,870 |
| Total cash used | 148,678 | 146,709 | 143,587 | 139,578 | 139,508 |
| Net cash from/(used by) operating activities | 23,415 | 13,059 | 9,384 | 13,378 | 14,346 |
| INVESTING ACTIVITIES | | | | | |
| Cash used | | | | | |
| Purchase of property, plant and equipment and intangibles | 9,600 | 14,003 | 13,340 | 7,400 | 7,400 |
| Total cash used | 9,600 | 14,003 | 13,340 | 7,400 | 7,400 |
| Net cash from/(used by) investing activities | (9,600) | (14,003) | (13,340) | (7,400) | (7,400) |
| Net increase/(decrease) in cash held | 13,815 | (944) | (3,956) | 5,978 | 6,946 |
| Cash and cash equivalents at the beginning of the reporting period | 71,635 | 85,450 | 84,506 | 80,550 | 86,528 |
| Cash and cash equivalents at the end of the reporting period | 85,450 | 84,506 | 80,550 | 86,528 | 93,474 |

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

| | 2017-18 Estimated actual \$'000 | 2018-19 Budget \$'000 | 2019-20 Forward estimate \$'000 | 2020-21 Forward estimate \$'000 | 2021-22 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| PURCHASE OF NON-FINANCIAL ASSETS | | | | | |
| Funded internally from departmental resources | | | | | |
| | 9,600 | 14,003 | 13,340 | 7,400 | 7,400 |
| TOTAL | 9,600 | 14,003 | 13,340 | 7,400 | 7,400 |
| RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE | | | | | |
| Total purchases | 9,600 | 14,003 | 13,340 | 7,400 | 7,400 |
| Total cash used to acquire assets | 9,600 | 14,003 | 13,340 | 7,400 | 7,400 |

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2018-19)

| | Other property, plant and equipment \$'000 | Computer software and intangibles \$'000 | Total \$'000 |
|---|--|--|-----------------|
| As at 1 July 2018 | | | |
| Gross book value | 34,358 | 60,710 | 95,068 |
| Accumulated depreciation/amortisation and impairment | (12,022) | (43,945) | (55,967) |
| Opening net book balance | 22,336 | 16,765 | 39,101 |
| Capital asset additions | | | |
| Estimated expenditure on new or replacement assets | | | |
| By purchase - other | 4,100 | 9,903 | 14,003 |
| Total additions | 4,100 | 9,903 | 14,003 |
| Other movements | | | |
| Depreciation/amortisation expense | (2,526) | (5,874) | (8,400) |
| Total other movements | (2,526) | (5,874) | (8,400) |
| As at 30 June 2019 | | | |
| Gross book value | 38,458 | 70,613 | 109,071 |
| Accumulated depreciation/ amortisation and impairment | (14,548) | (49,819) | (64,367) |
| Closing net book balance | 23,910 | 20,794 | 44,704 |

Prepared on Australian Accounting Standards basis.

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)

| | 2017-18 Estimated actual \$'000 | 2018-19 Budget \$'000 | 2019-20 Forward estimate \$'000 | 2020-21 Forward estimate \$'000 | 2021-22 Forward estimate \$'000 |
|--|--|-----------------------------|--|--|--|
| EXPENSES | | | | | |
| Other expenses | 55 | 55 | 55 | 55 | 55 |
| Risk Equalisation distributions | 450,000 | 450,000 | 450,000 | 450,000 | 450,000 |
| Total expenses administered on behalf of Government | 450,055 | 450,055 | 450,055 | 450,055 | 450,055 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Own-source revenue | | | | | |
| Non-taxation revenue | | | | | |
| Other revenue | 55 | 55 | 55 | 55 | 55 |
| Financial Institutions Supervisory Levies Collection Act 1998 | 245,580 | 214,320 | 180,446 | 169,173 | 169,935 |
| Risk Equalisation receipts | 450,000 | 450,000 | 450,000 | 450,000 | 450,000 |
| Total non-taxation revenue | 695,635 | 664,375 | 630,501 | 619,228 | 619,990 |
| Total own-source revenue administered on behalf of Government | 695,635 | 664,375 | 630,501 | 619,228 | 619,990 |
| Total own-sourced income administered on behalf of Government | 695,635 | 664,375 | 630,501 | 619,228 | 619,990 |
| Net cost of/(contribution by) services | (245,580) | (214,320) | (180,446) | (169,173) | (169,935) |
| Surplus/(deficit) | 245,580 | 214,320 | 180,446 | 169,173 | 169,935 |

Prepared on Australian Accounting Standards basis.

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)

| | 2017-18 Estimated actual \$'000 | 2018-19 Budget \$'000 | 2019-20 Forward estimate \$'000 | 2020-21 Forward estimate \$'000 | 2021-22 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 835 | 835 | 835 | 835 | 835 |
| Receivables | 2,348 | 2,348 | 2,348 | 2,348 | 2,348 |
| Total financial assets | 3,183 | 3,183 | 3,183 | 3,183 | 3,183 |
| Total assets administered on behalf of Government | | | | | |
| | 3,183 | 3,183 | 3,183 | 3,183 | 3,183 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Lloyds Security Trust Deposit | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Total payables | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Total liabilities administered on behalf of Government | | | | | |
| | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Net assets/(liabilities) | 1,183 | 1,183 | 1,183 | 1,183 | 1,183 |

Prepared on Australian Accounting Standards basis.

Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

| | 2017-18 Estimated actual \$'000 | 2018-19 Budget \$'000 | 2019-20 Forward estimate \$'000 | 2020-21 Forward estimate \$'000 | 2021-22 Forward estimate \$'000 |
|---|--|-----------------------------|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Other | 55 | 55 | 55 | 55 | 55 |
| Administered revenue | 695,580 | 664,320 | 630,446 | 619,173 | 619,935 |
| Total cash received | 695,635 | 664,375 | 630,501 | 619,228 | 619,990 |
| Cash used | | | | | |
| Other | 55 | 55 | 55 | 55 | 55 |
| Administered expenses | 695,580 | 664,320 | 630,446 | 619,173 | 619,935 |
| Total cash used | 695,635 | 664,375 | 630,501 | 619,228 | 619,990 |
| Net cash from/(used by) operating activities | - | - | - | - | - |

Prepared on Australian Accounting Standards basis.

