

# 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. Under the legislation that APRA administers, APRA is tasked with protecting the interests of depositors, policyholders and superannuation fund members. 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 mandate is to protect the Australian community by establishing and enforcing 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 works closely with other regulatory agencies to achieve its mandate including those that form part of the Council of Financial Regulators (CFR) which includes the Department of the Treasury (the Treasury), the Reserve Bank of Australia (RBA), and the Australian Securities and Investments Commission (ASIC) in achieving its mandate.

APRA places a strong emphasis on an active program of prudential supervision. APRA's supervisory approach is forward-looking, primarily risk-based, consultative, consistent and in line with international best practice. APRA's 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.

Consistent with the Government's expectations, APRA does not pursue a zero failure objective. 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 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's aim 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.

*Australian Prudential Regulation Authority Budget Statements*

The structure of the Australian financial system continues to evolve and risks to APRA, the institutions and industries it regulates or financial system stability can emerge quickly. Each year, in setting its strategic priorities and initiatives, APRA takes into consideration its operating environment and the Government's policy priorities to ensure it continues to effectively deliver on its mandate.

In light of the emergence of COVID-19 and subsequent ongoing uncertainty in the external environment, APRA's 2020-2024 Corporate Plan has been formulated so as to maintain a commitment to APRA's longer term strategic objectives to maintain financial system resilience; improve outcomes for superannuation members; transform governance, culture, remuneration and accountability across all regulated institutions; and improve cyber resilience across the financial system; together with uplifting its internal capabilities in key areas, while at the same time maximising the ability of APRA to actively respond to the pandemic and its near-term impacts on the industries and institutions that APRA regulates.

To serve the interests of the Australian community and address the increasing risk of failure of one or more APRA-regulated institutions, APRA's priority over the next 12-18 months is to maintain financial system resilience by: protecting the safety and soundness of APRA-regulated institutions; fostering their operational resilience during a period of significant disruption; and enhancing contingency plans for adverse events.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity 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 the entity'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 2020-21 as at Budget October 2020**

|   | <i>2019-20<br/>Estimated<br/>actual<br/>\$'000</i> | 2020-21<br>Estimate<br>\$'000 |
|---|--|-------------------------------|
| <b>Departmental</b>   |  |                               |
| Annual appropriations - ordinary annual services (a)  |  |                               |
| Departmental appropriation  | -  | 3,630                         |
| s74 External Revenue (b)  | 5,439  | 4,187                         |
| Total departmental annual appropriations  | 5,439  | 7,817                         |
| Special accounts  |  |                               |
| Opening balance (c)   | 71,678   | 72,828                        |
| Appropriation receipts (d)  | 5,439  | 7,817                         |
| Non-appropriation receipts to Special Accounts  | 188,087  | 182,570                       |
| Total special accounts  | 265,204  | 263,215                       |
| <i>less departmental appropriations drawn from annual/special appropriations and credited to special accounts</i> | 5,439  | 7,817                         |
| <b>Total departmental resourcing</b>  | <b>265,204</b>                                     | <b>263,215</b>                |
| <b>Administered</b>   |  |                               |
| Special accounts  |  |                               |
| Opening balance (c)   | 835  | 835                           |
| Non-appropriation receipts to Special Accounts (e)  | 472,666  | 450,000                       |
| Total special account receipts  | 473,501  | 450,835                       |
| <b>Total administered resourcing</b>  | <b>473,501</b>                                     | <b>450,835</b>                |
| <b>Total resourcing for APRA</b>  | <b>738,705</b>                                     | <b>714,050</b>                |
|   | <i>2019-20</i>                                     | <i>2020-21</i>                |
| <b>Average staffing level (number)</b>  | 734  | 785                           |

**Table 1.1: Australian Prudential Regulation Authority resource statement — Budget estimates for 2020-21 as at Budget October 2020 (continued)**

**Third party payments from and on behalf of other entities**

|  | <i>2019-20<br/>Estimated<br/>actual<br/>\$'000</i> | <i>2020-21<br/>Estimate<br/>\$'000</i> |
|--|--|--|
| Receipts received from other entities for the provision of services (disclosed in s74 Retained revenue receipts section above) | 702  | 805                                    |

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

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

(a) Appropriation Bill (No. 1) 2020-21.

(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, 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, and the Department of Agriculture, Water and the Environment.

(e) Comprises Private Health Insurance risk equalisation receipts which are redistributed to industry.

### 1.3 BUDGET MEASURES

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

**Table 1.2: APRA 2020-21 Budget measures  
Measures announced after the Economic and Fiscal Update July 2020**

|   | Program | 2020-21<br>\$'000 | 2021-22<br>\$'000 | 2022-23<br>\$'000 | 2023-24<br>\$'000 |
|---|---------|-------------------|-------------------|-------------------|-------------------|
| <b>Receipt measures</b>                 |         |                   |                   |                   |                   |
| Superannuation Reform                   | 1.1     |                   |                   |                   |                   |
| Administered receipt                    |         | -                 | 1,492             | 652               | 655               |
| Treasury Portfolio — additional funding | 1.1     |                   |                   |                   |                   |
| Administered receipt                    |         | -                 | 28,803            | -                 | -                 |
| <b>Total receipt measures</b>           |         | <b>-</b>          | <b>30,295</b>     | <b>652</b>        | <b>655</b>        |
| <b>Payment measures</b>                 |         |                   |                   |                   |                   |
| Superannuation Reform                   | 1.1     |                   |                   |                   |                   |
| Departmental payment                    |         | 710               | 920               | 610               | 610               |
| Treasury Portfolio — additional funding | 1.1     |                   |                   |                   |                   |
| Departmental payment                    |         | 12,447            | 16,356            | -                 | -                 |
| <b>Total payment measures</b>           |         | <b>13,157</b>     | <b>17,276</b>     | <b>610</b>        | <b>610</b>        |

Prepared on a Government Finance Statistics (Underlying Cash) 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.

APRA's outcome is described below together with its related program. 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:  
<https://www.apra.gov.au/news-and-publications/apra-2020-2024-corporate-plan>

The most recent annual performance statement can be found at:  
<https://www.apra.gov.au/news-and-publications/apra-annual-reports>



## 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**

|  | 2019-20<br>Estimated<br>actual<br>\$'000 | 2020-21<br>Budget<br>\$'000 | 2021-22<br>Forward<br>estimate<br>\$'000 | 2022-23<br>Forward<br>estimate<br>\$'000 | 2023-24<br>Forward<br>estimate<br>\$'000 |
|--|--|-----------------------------|--|--|--|
| <b>Program 1.1: Australian Prudential Regulation Authority</b> |  |                             |  |  |  |
| Administered expenses  |  |                             |  |  |  |
| Special appropriations (a)                                     | 472,666                                  | 450,000                     | 450,000                                  | 450,000                                  | 450,000                                  |
| Expenses not requiring appropriation in the Budget year        | 55                                       | 55                          | 55                                       | 55                                       | 55                                       |
| <b>Administered total</b>                                      | <b>472,721</b>                           | <b>450,055</b>              | <b>450,055</b>                           | <b>450,055</b>                           | <b>450,055</b>                           |
| Departmental expenses  |  |                             |  |  |  |
| Special accounts   | 191,948                                  | 197,228                     | 209,417                                  | 196,663                                  | 197,034                                  |
| s74 External Revenue (b)                                       | 4,041                                    | 4,187                       | 4,587                                    | 4,542                                    | 4,542                                    |
| Ordinary annual services (Appropriation Bill No. 1)            | -  | 3,630                       | 2,071                                    | 988                                      | 1,024                                    |
| Expenses not requiring appropriation in the Budget year (c)    | 240                                      | 390                         | 240                                      | 240                                      | 240                                      |
| <b>Departmental total</b>                                      | <b>196,229</b>                           | <b>205,435</b>              | <b>216,315</b>                           | <b>202,433</b>                           | <b>202,840</b>                           |
| <b>Total expenses for program 1.1</b>                          | <b>668,950</b>                           | <b>655,490</b>              | <b>666,370</b>                           | <b>652,488</b>                           | <b>652,895</b>                           |
| <b>Total expenses for Outcome 1</b>                            | <b>668,950</b>                           | <b>655,490</b>              | <b>666,370</b>                           | <b>652,488</b>                           | <b>652,895</b>                           |

|  | 2019-20 | 2020-21 |
|--|---------|---------|
| <b>Average staffing level (number)</b> | 734     | 785     |

- (a) Private Health Insurance risk equalisation payments.  
 (b) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act 2013.  
 (c) Expenses not requiring appropriation in the Budget year are made up of ANAO audit services that are received free of charge and for 2020-21 only \$0.150m discount from a supplier, 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 2020-21 Budget measures have created new programs or materially changed existing programs.

|  |  |  |
|--|--|--|
| <p><b>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.</b></p> |  |  |
| <p><b>Program 1.1 – Australian Prudential Regulation Authority</b><br/>To enhance public confidence in Australia’s financial institutions through establishing and enforcing prudential standards and practice and delivering on APRA’s strategic objectives set out in its 2020-2024 Corporate Plan.</p>                            |  |  |
| <p><b>Delivery</b></p>   | <p>APRA will focus delivery on its strategic objectives to maintain financial system resilience; improve outcomes for superannuation members; transform governance, culture, remuneration and accountability across all regulated institutions; and improve cyber resilience across the financial system; together with uplifting internal capabilities in key areas. To serve the interests of the Australian community and address the increasing risk of failure of one or more APRA-regulated institutions, APRA’s priority over the next 12-18 months is to maintain financial system resilience by: protecting the safety and soundness of APRA-regulated institutions; fostering their operational resilience during a period of significant disruption; and enhancing contingency plans for adverse events.</p>  |  |
| <p><b>Performance information</b></p>  |  |  |
| <p><b>Year</b></p>   | <p><b>Performance criteria</b></p>   | <p><b>Targets</b></p>  |
| <p>2019-20</p>   | <ul style="list-style-type: none"> <li>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.</li> <li>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. The higher the percentage, the lower the incidence of loss.</li> </ul> | <p>Consistent with the Government’s expectations, APRA does not pursue a ‘zero failure’ target. Rather, APRA’s objective is to maintain a low incidence of failure of regulated institutions while not unnecessarily hindering efficiency, competition or otherwise impeding the competitive neutrality or contestability of the financial system.</p> |

*Australian Prudential Regulation Authority Budget Statements*

| <b>Year</b>        | <b>Performance criteria</b>   | <b>Targets</b>  |
|--------------------|---|---|
| 2020-21 and beyond | <p>As per 2019-20, plus:</p> <ul style="list-style-type: none"> <li>• Percentage of Financial Claims Scheme (FCS) payments paid to account holders within seven calendar days of an FCS declaration.</li> <li>• Number of outstanding claims in the event of an FCS declaration.</li> </ul>   | <p>As per 2019-20, plus:</p> <p>APRA measures the efficiency with which it performs its function in relation to the FCS for banks, building societies and credit unions by measuring the percentage of FCS payments paid to account holders within seven calendar days of an FCS declaration. Although the circumstance of each declaration will vary the timeliness of payment, this measure is consistent with APRA's endeavours to pay most account holders, or enable them to access, their FCS payment within seven days. Given the long tail nature of general insurance claims which do not easily lend themselves to measures of efficiency, APRA reports on the number of outstanding claims in the event of an FCS declaration.</p> |
| <b>Purposes</b>    | <p>The Australian Prudential Regulation Authority (APRA) is an independent statutory authority established for the purpose of prudential supervision of financial institutions and for promoting financial system stability in Australia. In performing this role, APRA is responsible for 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 2020-21 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 a decrease in revenue from Government for 2020-21 as a consequence of new budget measures being appropriated in 2021-22 (Table 1.2) combined with a small return to industry of an over-collection of industry levies in 2019-20.

Employee benefits of \$145.3 million support an average staffing level (ASL) of 785 in 2020-21. The estimated staffing will enable APRA to supervise regulated institutions, evolve APRA's prudential and supervisory frameworks and practices to respond to emerging risks, continue to deliver on its longer-term strategic objectives and to serve the interests of the Australian community and address the increasing risk of failure of one or more APRA-regulated institutions by protecting the safety and soundness of APRA-regulated institutions; fostering their operational resilience during a period of significant disruption; and enhancing contingency plans for adverse events.

Supplier costs in 2020-21 of \$41.0 million reflect office leasing costs, IT support and maintenance, travel, training and other non-people related expenditures.

Depreciation and Amortisation of \$18.1 million reflects the amortisation of APRA's fixed assets over their useful life.

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 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 funds, the Financial Claims Scheme special account and a \$2.0 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 it 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 the ACCC.

### 3.2. BUDGETED FINANCIAL STATEMENTS TABLES

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

|  | 2019-20<br>Estimated<br>actual<br>\$'000 | 2020-21<br>Budget<br>\$'000 | 2021-22<br>Forward<br>estimate<br>\$'000 | 2022-23<br>Forward<br>estimate<br>\$'000 | 2023-24<br>Forward<br>estimate<br>\$'000 |
|--|--|-----------------------------|--|--|--|
| <b>EXPENSES</b>  |  |                             |  |  |  |
| Employee benefits  | 132,774                                  | 145,314                     | 158,699                                  | 148,077                                  | 149,577                                  |
| Suppliers  | 44,333                                   | 41,144                      | 33,022                                   | 29,373                                   | 28,246                                   |
| Grants and scholarships  | 103                                      | -                           | -  | -  | -  |
| Depreciation and amortisation  | 17,961                                   | 18,100                      | 23,877                                   | 24,435                                   | 24,645                                   |
| Finance costs  | 1,011                                    | 877                         | 717                                      | 548                                      | 372                                      |
| Losses from asset sales  | 47                                       | -                           | -  | -  | -  |
| <b>Total expenses</b>  | <b>196,229</b>                           | <b>205,435</b>              | <b>216,315</b>                           | <b>202,433</b>                           | <b>202,840</b>                           |
| <b>LESS:</b>   |  |                             |  |  |  |
| <b>OWN-SOURCE INCOME</b>   |  |                             |  |  |  |
| <b>Own-source revenue</b>  |  |                             |  |  |  |
| Sale of goods and rendering of services  | 3,573                                    | 2,957                       | 3,357                                    | 3,312                                    | 3,312                                    |
| Other  | 708                                      | 1,620                       | 1,470                                    | 1,470                                    | 1,470                                    |
| <b>Total own-source revenue</b>  | <b>4,281</b>                             | <b>4,577</b>                | <b>4,827</b>                             | <b>4,782</b>                             | <b>4,782</b>                             |
| <b>Total own-source income</b>   | <b>4,281</b>                             | <b>4,577</b>                | <b>4,827</b>                             | <b>4,782</b>                             | <b>4,782</b>                             |
| <b>Net (cost of)/contribution by services</b>                                      | <b>(191,948)</b>                         | <b>(200,858)</b>            | <b>(211,488)</b>                         | <b>(197,651)</b>                         | <b>(198,058)</b>                         |
| Revenue from Government  | 188,086                                  | 186,200                     | 221,598                                  | 195,297                                  | 195,703                                  |
| <b>Surplus/(deficit) attributable to the Australian Government</b>                 | <b>(3,862)</b>                           | <b>(14,658)</b>             | <b>10,110</b>                            | <b>(2,354)</b>                           | <b>(2,355)</b>                           |
| <b>OTHER COMPREHENSIVE INCOME</b>  |  |                             |  |  |  |
| Changes in asset revaluation surplus   | 42                                       | 42                          | -  | -  | -  |
| <b>Total other comprehensive income</b>  | <b>42</b>                                | <b>42</b>                   | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 |
| <b>Total comprehensive income/(loss)</b>   | <b>(3,820)</b>                           | <b>(14,616)</b>             | <b>10,110</b>                            | <b>(2,354)</b>                           | <b>(2,355)</b>                           |
| <b>Total comprehensive income/(loss) attributable to the Australian Government</b> | <b>(3,820)</b>                           | <b>(14,616)</b>             | <b>10,110</b>                            | <b>(2,354)</b>                           | <b>(2,355)</b>                           |

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

**Note: Impact of net cash appropriation arrangements**

|   | 2019-20<br>\$'000 | 2020-21<br>\$'000 | 2021-22<br>\$'000 | 2022-23<br>\$'000 | 2023-24<br>\$'000 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Total comprehensive income/(loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations, depreciation on ROU, principal repayments on leased assets</b> | <b>14,141</b>     | <b>3,484</b>      | <b>33,987</b>     | <b>22,081</b>     | <b>22,290</b>     |
| less: Depreciation/amortisation expenses previously funded through revenue appropriations   | 17,961            | 18,100            | 23,877            | 24,435            | 24,645            |
| <b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>   | <b>(3,820)</b>    | <b>(14,616)</b>   | <b>10,110</b>     | <b>(2,354)</b>    | <b>(2,355)</b>    |

Prepared on Australian Accounting Standards basis.

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

|   | 2019-20<br>Estimated<br>actual<br>\$'000 | 2020-21<br>Budget<br>\$'000 | 2021-22<br>Forward<br>estimate<br>\$'000 | 2022-23<br>Forward<br>estimate<br>\$'000 | 2023-24<br>Forward<br>estimate<br>\$'000 |
|---|--|-----------------------------|--|--|--|
| <b>ASSETS</b>                             |  |                             |  |  |  |
| <b>Financial assets</b>                   |  |                             |  |  |  |
| Cash and cash equivalents                 | 72,828                                   | 40,501                      | 58,348                                   | 67,499                                   | 75,584                                   |
| Trade and other receivables               | 2,071                                    | 2,071                       | 2,071                                    | 2,071                                    | 2,071                                    |
| <b>Total financial assets</b>             | <b>74,899</b>                            | <b>42,572</b>               | <b>60,419</b>                            | <b>69,570</b>                            | <b>77,655</b>                            |
| <b>Non-financial assets</b>               |  |                             |  |  |  |
| Land and buildings                        | 50,822                                   | 41,887                      | 34,634                                   | 26,540                                   | 18,236                                   |
| Property, plant and equipment             | 18,863                                   | 15,875                      | 13,351                                   | 10,827                                   | 10,362                                   |
| Intangibles                               | 37,604                                   | 53,727                      | 52,028                                   | 45,611                                   | 37,985                                   |
| Other non-financial assets                | 3,756                                    | 3,756                       | 3,756                                    | 3,756                                    | 3,756                                    |
| <b>Total non-financial assets</b>         | <b>111,045</b>                           | <b>115,245</b>              | <b>103,769</b>                           | <b>86,734</b>                            | <b>70,339</b>                            |
| <b>Total assets</b>                       | <b>185,944</b>                           | <b>157,817</b>              | <b>164,188</b>                           | <b>156,304</b>                           | <b>147,994</b>                           |
| <b>LIABILITIES</b>                        |  |                             |  |  |  |
| <b>Payables</b>                           |  |                             |  |  |  |
| Suppliers                                 | 6,555                                    | 6,555                       | 6,555                                    | 6,555                                    | 6,555                                    |
| Other payables                            | 2,937                                    | 3,957                       | 4,956                                    | 5,456                                    | 6,456                                    |
| <b>Total payables</b>                     | <b>9,492</b>                             | <b>10,512</b>               | <b>11,511</b>                            | <b>12,011</b>                            | <b>13,011</b>                            |
| <b>Interest bearing liabilities</b>       |  |                             |  |  |  |
| Leases                                    | 52,232                                   | 43,327                      | 35,789                                   | 27,059                                   | 17,404                                   |
| <b>Total interest bearing liabilities</b> | <b>52,232</b>                            | <b>43,327</b>               | <b>35,789</b>                            | <b>27,059</b>                            | <b>17,404</b>                            |
| <b>Provisions</b>                         |  |                             |  |  |  |
| Employee provisions                       | 49,697                                   | 53,116                      | 55,916                                   | 58,616                                   | 61,316                                   |
| Other provisions                          | 12,752                                   | 3,752                       | 3,752                                    | 3,752                                    | 3,752                                    |
| <b>Total provisions</b>                   | <b>62,449</b>                            | <b>56,868</b>               | <b>59,668</b>                            | <b>62,368</b>                            | <b>65,068</b>                            |
| <b>Total liabilities</b>                  | <b>124,173</b>                           | <b>110,707</b>              | <b>106,968</b>                           | <b>101,438</b>                           | <b>95,483</b>                            |
| <b>Net assets</b>                         | <b>61,771</b>                            | <b>47,110</b>               | <b>57,220</b>                            | <b>54,866</b>                            | <b>52,511</b>                            |
| <b>EQUITY*</b>                            |  |                             |  |  |  |
| <b>Parent entity interest</b>             |  |                             |  |  |  |
| Contributed equity                        | 16,657                                   | 16,657                      | 16,657                                   | 16,657                                   | 16,657                                   |
| Reserves                                  | 19,591                                   | 13,633                      | 14,633                                   | 15,633                                   | 16,633                                   |
| Retained surplus (accumulated deficit)    | 25,523                                   | 16,820                      | 25,930                                   | 22,576                                   | 19,221                                   |
| <b>Total parent entity interest</b>       | <b>61,771</b>                            | <b>47,110</b>               | <b>57,220</b>                            | <b>54,866</b>                            | <b>52,511</b>                            |
| <b>Total equity</b>                       | <b>61,771</b>                            | <b>47,110</b>               | <b>57,220</b>                            | <b>54,866</b>                            | <b>52,511</b>                            |

Prepared on Australian Accounting Standards basis.

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



**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2020-21)**

|  | Retained earnings<br>\$'000 | Asset revaluation reserve<br>\$'000 | Other reserves<br>\$'000 | Contributed equity/capital<br>\$'000 | Total equity<br>\$'000 |
|--|-----------------------------|-------------------------------------|--------------------------|--------------------------------------|------------------------|
| <b>Opening balance as at 1 July 2020</b>                         |                             |                                     |                          |                                      |                        |
| Balance carried forward from previous period                     | 25,523                      | 7,591                               | 12,000                   | 16,657                               | 61,771                 |
| <b>Adjusted opening balance</b>                                  | <b>25,523</b>               | <b>7,591</b>                        | <b>12,000</b>            | <b>16,657</b>                        | <b>61,771</b>          |
| <b>Comprehensive income</b>                                      |                             |                                     |                          |                                      |                        |
| Surplus/(deficit) for the period                                 | (14,658)                    | -                                   | -                        | -                                    | (14,658)               |
| <b>Total comprehensive income</b>                                | <b>(14,658)</b>             | <b>-</b>                            | <b>-</b>                 | <b>-</b>                             | <b>(14,658)</b>        |
| Transfers between equity components                              | 5,955                       | 42                                  | (6,000)                  | -                                    | (3)                    |
| <b>Estimated closing balance as at 30 June 2021</b>              | <b>16,820</b>               | <b>7,633</b>                        | <b>6,000</b>             | <b>16,657</b>                        | <b>47,110</b>          |
| <b>Closing balance attributable to the Australian Government</b> | <b>16,820</b>               | <b>7,633</b>                        | <b>6,000</b>             | <b>16,657</b>                        | <b>47,110</b>          |

Prepared on Australian Accounting Standards basis.

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

|   | 2019-20<br>Estimated<br>actual<br>\$'000 | 2020-21<br>Budget<br>\$'000 | 2021-22<br>Forward<br>estimate<br>\$'000 | 2022-23<br>Forward<br>estimate<br>\$'000 | 2023-24<br>Forward<br>estimate<br>\$'000 |
|---|--|-----------------------------|--|--|--|
| <b>OPERATING ACTIVITIES</b>   |  |                             |  |  |  |
| <b>Cash received</b>  |  |                             |  |  |  |
| Appropriations  | 200,767                                  | 195,401                     | 229,487                                  | 202,776                                  | 203,070                                  |
| Sale of goods and rendering of services                             | 4,380                                    | 4,187                       | 4,587                                    | 4,542                                    | 4,542                                    |
| Net GST received  | 6,099                                    | 5,314                       | 3,602                                    | 3,237                                    | 3,125                                    |
| Other   | 447                                      | 390                         | 240                                      | 240                                      | 240                                      |
| <b>Total cash received</b>  | <b>211,693</b>                           | <b>205,293</b>              | <b>237,917</b>                           | <b>210,796</b>                           | <b>210,976</b>                           |
| <b>Cash used</b>  |  |                             |  |  |  |
| Employees   | 126,077                                  | 140,877                     | 154,899                                  | 144,877                                  | 145,877                                  |
| Suppliers   | 39,545                                   | 55,157                      | 36,327                                   | 32,310                                   | 31,071                                   |
| Interest payments on lease liability                                | 981                                      | 877                         | 717                                      | 548                                      | 372                                      |
| Net GST paid  | 271                                      | 300                         | 300                                      | 300                                      | 300                                      |
| s74 External Revenue transferred to the OPA                         | 11,410                                   | 9,201                       | 7,889                                    | 7,479                                    | 7,367                                    |
| <b>Total cash used</b>  | <b>178,284</b>                           | <b>206,413</b>              | <b>200,133</b>                           | <b>185,515</b>                           | <b>184,986</b>                           |
| <b>Net cash from/(used by) operating activities</b>                 | <b>33,409</b>                            | <b>(1,120)</b>              | <b>37,784</b>                            | <b>25,281</b>                            | <b>25,990</b>                            |
| <b>INVESTING ACTIVITIES</b>   |  |                             |  |  |  |
| <b>Cash used</b>  |  |                             |  |  |  |
| Purchase of property, plant and equipment and intangibles           | 25,028                                   | 22,300                      | 12,400                                   | 7,400                                    | 8,250                                    |
| <b>Total cash used</b>  | <b>25,028</b>                            | <b>22,300</b>               | <b>12,400</b>                            | <b>7,400</b>                             | <b>8,250</b>                             |
| <b>Net cash from/(used by) investing activities</b>                 | <b>(25,028)</b>                          | <b>(22,300)</b>             | <b>(12,400)</b>                          | <b>(7,400)</b>                           | <b>(8,250)</b>                           |
| <b>FINANCING ACTIVITIES</b>   |  |                             |  |  |  |
| <b>Cash used</b>  |  |                             |  |  |  |
| Principal payments on lease liability                               | 7,231                                    | 8,905                       | 7,538                                    | 8,730                                    | 9,655                                    |
| <b>Total cash used</b>  | <b>7,231</b>                             | <b>8,905</b>                | <b>7,538</b>                             | <b>8,730</b>                             | <b>9,655</b>                             |
| <b>Net cash from/(used by) financing activities</b>                 | <b>(7,231)</b>                           | <b>(8,905)</b>              | <b>(7,538)</b>                           | <b>(8,730)</b>                           | <b>(9,655)</b>                           |
| <b>Net increase/(decrease) in cash held</b>                         | <b>1,150</b>                             | <b>(32,326)</b>             | <b>17,846</b>                            | <b>9,151</b>                             | <b>8,085</b>                             |
| Cash and cash equivalents at the beginning of the reporting period  | 71,678                                   | 72,828                      | 40,502                                   | 58,348                                   | 67,500                                   |
| <b>Cash and cash equivalents at the end of the reporting period</b> | <b>72,828</b>                            | <b>40,502</b>               | <b>58,348</b>                            | <b>67,500</b>                            | <b>75,584</b>                            |

Prepared on Australian Accounting Standards basis.

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

|  | 2019-20<br>Estimated<br>actual<br>\$'000 | 2020-21<br>Budget<br>\$'000 | 2021-22<br>Forward<br>estimate<br>\$'000 | 2022-23<br>Forward<br>estimate<br>\$'000 | 2023-24<br>Forward<br>estimate<br>\$'000 |
|--|--|-----------------------------|--|--|--|
| <b>PURCHASE OF NON-FINANCIAL ASSETS</b>                                      |  |                             |  |  |  |
| Funded internally from departmental resources                                | 23,301                                   | 22,300                      | 12,400                                   | 7,400                                    | 8,250                                    |
| <b>TOTAL</b>   | <b>23,301</b>                            | <b>22,300</b>               | <b>12,400</b>                            | <b>7,400</b>                             | <b>8,250</b>                             |
| <b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b> |  |                             |  |  |  |
| Total purchases  | 23,301                                   | 22,300                      | 12,400                                   | 7,400                                    | 8,250                                    |
| <b>Total cash used to acquire assets</b>                                     | <b>23,301</b>                            | <b>22,300</b>               | <b>12,400</b>                            | <b>7,400</b>                             | <b>8,250</b>                             |

Prepared on Australian Accounting Standards basis.

**Table 3.6: Statement of asset movements (Budget year 2020-21)**

|  | Buildings<br>\$'000 | Other<br>property,<br>plant and<br>equipment<br>\$'000 | Computer<br>software<br>and<br>intangibles<br>\$'000 | Total<br>\$'000 |
|--|---------------------|--|--|-----------------|
| <b>As at 1 July 2020</b>   |                     |  |  |                 |
| Gross book value   | -                   | 31,707   | 87,127   | 118,834         |
| Gross book value - ROU assets  | 59,516              | -  | -  | 59,516          |
| Accumulated depreciation/<br>amortisation and impairment             | -                   | (12,844)   | (49,523)   | (62,367)        |
| Accumulated depreciation/amortisation<br>and impairment - ROU assets | (8,694)             | -  | -  | (8,694)         |
| <b>Opening net book balance</b>                                      | <b>50,822</b>       | <b>18,863</b>  | <b>37,604</b>  | <b>107,289</b>  |
| <b>Capital asset additions</b>                                       |                     |  |  |                 |
| <b>Estimated expenditure on new<br/>or replacement assets</b>        |                     |  |  |                 |
| By purchase - other  | -                   | 1,190  | 21,110   | 22,300          |
| <b>Total additions</b>   | <b>-</b>            | <b>1,190</b>   | <b>21,110</b>  | <b>22,300</b>   |
| <b>Other movements</b>   |                     |  |  |                 |
| Depreciation/amortisation expense                                    | -                   | (4,178)  | (4,987)  | (9,165)         |
| Depreciation/amortisation on<br>ROU assets                           | (8,935)             | -  | -  | (8,935)         |
| <b>Total other movements</b>   | <b>(8,935)</b>      | <b>(4,178)</b>   | <b>(4,987)</b>                                       | <b>(18,100)</b> |
| <b>As at 30 June 2021</b>  |                     |  |  |                 |
| Gross book value   | -                   | 32,897   | 108,237  | 141,134         |
| Gross book value - ROU assets  | 59,516              | -  | -  | 59,516          |
| Accumulated depreciation/<br>amortisation and impairment             | -                   | (17,022)   | (54,510)   | (71,532)        |
| Accumulated depreciation/amortisation<br>and impairment - ROU assets | (17,629)            | -  | -  | (17,629)        |
| <b>Closing net book balance</b>                                      | <b>41,887</b>       | <b>15,875</b>  | <b>53,727</b>  | <b>111,489</b>  |

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)**

|  | 2019-20<br>Estimated<br>actual<br>\$'000 | 2020-21<br>Budget<br>\$'000 | 2021-22<br>Forward<br>estimate<br>\$'000 | 2022-23<br>Forward<br>estimate<br>\$'000 | 2023-24<br>Forward<br>estimate<br>\$'000 |
|--|--|-----------------------------|--|--|--|
| <b>EXPENSES</b>  |  |                             |  |  |  |
| Finance costs  | 55                                       | 55                          | 55                                       | 55                                       | 55                                       |
| Risk equalisation distributions                                      | 472,666                                  | 450,000                     | 450,000                                  | 450,000                                  | 450,000                                  |
| <b>Total expenses administered on behalf of Government</b>           | <b>472,721</b>                           | <b>450,055</b>              | <b>450,055</b>                           | <b>450,055</b>                           | <b>450,055</b>                           |
| <b>LESS:</b>   |  |                             |  |  |  |
| <b>OWN-SOURCE INCOME</b>   |  |                             |  |  |  |
| <b>Own-source revenue</b>  |  |                             |  |  |  |
| <b>Non-taxation revenue</b>  |  |                             |  |  |  |
| <i>Financial Institutions Supervisory Levies Collection Act 1998</i> |  |                             |  |  |  |
| Interest   | 237,877                                  | 223,408                     | 259,206                                  | 231,301                                  | 232,534                                  |
| Fines and penalties  | 55                                       | 55                          | 55                                       | 55                                       | 55                                       |
| Risk equalisation receipts   | 1,611                                    | -                           | -  | -  | -  |
| <b>Total non-taxation revenue</b>                                    | <b>472,666</b>                           | <b>450,000</b>              | <b>450,000</b>                           | <b>450,000</b>                           | <b>450,000</b>                           |
| <b>Total own-source revenue administered on behalf of Government</b> | <b>712,209</b>                           | <b>673,463</b>              | <b>709,261</b>                           | <b>681,356</b>                           | <b>682,589</b>                           |
| <b>Total own-sourced income administered on behalf of Government</b> | <b>712,209</b>                           | <b>673,463</b>              | <b>709,261</b>                           | <b>681,356</b>                           | <b>682,589</b>                           |
| <b>Net (cost of)/contribution by services</b>                        | <b>(239,488)</b>                         | <b>(223,408)</b>            | <b>(259,206)</b>                         | <b>(231,301)</b>                         | <b>(232,534)</b>                         |
| <b>Surplus/(deficit)</b>   | <b>239,488</b>                           | <b>223,408</b>              | <b>259,206</b>                           | <b>231,301</b>                           | <b>232,534</b>                           |

Prepared on Australian Accounting Standards basis.

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

|   | 2019-20<br>Estimated<br>actual<br>\$'000 | 2020-21<br>Budget<br>\$'000 | 2021-22<br>Forward<br>estimate<br>\$'000 | 2022-23<br>Forward<br>estimate<br>\$'000 | 2023-24<br>Forward<br>estimate<br>\$'000 |
|---|--|-----------------------------|--|--|--|
| <b>ASSETS</b>   |  |                             |  |  |  |
| <b>Financial assets</b>                                       |  |                             |  |  |  |
| Cash and cash equivalents                                     | 835                                      | 835                         | 835                                      | 835                                      | 835                                      |
| Receivables   | 2,197                                    | 2,197                       | 2,197                                    | 2,197                                    | 2,197                                    |
| <b>Total financial assets</b>                                 | <b>3,032</b>                             | <b>3,032</b>                | <b>3,032</b>                             | <b>3,032</b>                             | <b>3,032</b>                             |
| <b>Total assets administered on behalf of Government</b>      | <b>3,032</b>                             | <b>3,032</b>                | <b>3,032</b>                             | <b>3,032</b>                             | <b>3,032</b>                             |
| <b>LIABILITIES</b>  |  |                             |  |  |  |
| <b>Payables</b>   |  |                             |  |  |  |
| Lloyds Security Trust Deposit                                 | 2,000                                    | 2,000                       | 2,000                                    | 2,000                                    | 2,000                                    |
| <b>Total payables</b>   | <b>2,000</b>                             | <b>2,000</b>                | <b>2,000</b>                             | <b>2,000</b>                             | <b>2,000</b>                             |
| <b>Total liabilities administered on behalf of Government</b> | <b>2,000</b>                             | <b>2,000</b>                | <b>2,000</b>                             | <b>2,000</b>                             | <b>2,000</b>                             |
| <b>Net assets/(liabilities)</b>                               | <b>1,032</b>                             | <b>1,032</b>                | <b>1,032</b>                             | <b>1,032</b>                             | <b>1,032</b>                             |

Prepared on Australian Accounting Standards basis.

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

|   | 2019-20<br>Estimated<br>actual<br>\$'000 | 2020-21<br>Budget<br>\$'000 | 2021-22<br>Forward<br>estimate<br>\$'000 | 2022-23<br>Forward<br>estimate<br>\$'000 | 2023-24<br>Forward<br>estimate<br>\$'000 |
|---|--|-----------------------------|--|--|--|
| <b>OPERATING ACTIVITIES</b>                                 |  |                             |  |  |  |
| <b>Cash received</b>  |  |                             |  |  |  |
| Financial Institutions Supervisory Levies                   | 237,880                                  | 223,408                     | 259,206                                  | 231,301                                  | 232,534                                  |
| Interest  | -  | 55                          | 55                                       | 55                                       | 55                                       |
| Risk equalisation levy collections                          | 472,666                                  | 450,000                     | 450,000                                  | 450,000                                  | 450,000                                  |
| Fines   | 1,611                                    | -                           | -  | -  | -  |
| <b>Total cash received</b>                                  | <b>712,157</b>                           | <b>673,463</b>              | <b>709,261</b>                           | <b>681,356</b>                           | <b>682,589</b>                           |
| <b>Cash used</b>  |  |                             |  |  |  |
| Borrowing costs   | -  | 55                          | 55                                       | 55                                       | 55                                       |
| Risk equalisation levy payments                             | 472,666                                  | 450,000                     | 450,000                                  | 450,000                                  | 450,000                                  |
| <b>Total cash used</b>                                      | <b>472,666</b>                           | <b>450,055</b>              | <b>450,055</b>                           | <b>450,055</b>                           | <b>450,055</b>                           |
| <b>Net cash from/(used by) operating activities</b>         | <b>239,491</b>                           | <b>223,408</b>              | <b>259,206</b>                           | <b>231,301</b>                           | <b>232,534</b>                           |
| <b>Net increase/(decrease) in cash held</b>                 | <b>239,491</b>                           | <b>223,408</b>              | <b>259,206</b>                           | <b>231,301</b>                           | <b>232,534</b>                           |
| Cash and cash equivalents at beginning of reporting period  | 835                                      | 835                         | 835                                      | 835                                      | 835                                      |
| Cash from Official Public Account for:                      |  |                             |  |  |  |
| - Risk equalisation collections                             | 472,666                                  | 450,000                     | 450,000                                  | 450,000                                  | 450,000                                  |
| - Special accounts  | -  | -                           | -  | -  | -  |
| <b>Total cash from Official Public Account</b>              | <b>472,666</b>                           | <b>450,000</b>              | <b>450,000</b>                           | <b>450,000</b>                           | <b>450,000</b>                           |
| Cash to Official Public Account for:                        |  |                             |  |  |  |
| - Financial Institutions Supervisory Levies                 | (239,491)                                | (223,408)                   | (259,206)                                | (231,301)                                | (232,534)                                |
| Risk equalisation payments                                  | (472,666)                                | (450,000)                   | (450,000)                                | (450,000)                                | (450,000)                                |
| <b>Total cash to Official Public Account</b>                | <b>(712,157)</b>                         | <b>(673,408)</b>            | <b>(709,206)</b>                         | <b>(681,301)</b>                         | <b>(682,534)</b>                         |
| <b>Cash and cash equivalents at end of reporting period</b> | <b>835</b>                               | <b>835</b>                  | <b>835</b>                               | <b>835</b>                               | <b>835</b>                               |

Prepared on Australian Accounting Standards basis





