



Australian Government

**Corporations and Markets
Advisory Committee**

CAMAC

Annual Report

2012–2013

**Corporations and Markets
Advisory Committee**

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2012–13**

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Australian Government

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2 October 2013

The Hon. Joe Hockey MP
Treasurer
Parliament House
CANBERRA ACT 2600

Dear Treasurer

I enclose the annual report for 2012–13 of the Corporations and Markets Advisory Committee.

The report has been prepared in accordance with s 162 of the *Australian Securities and Investments Commission Act 2001* (the ASIC Act) and the *Requirements for Annual Reports for departments, executive agencies and FMA Act bodies*, approved by the Joint Committee of Public Accounts and Audit in June 2013.

I note that, under subsection 162(3) of the ASIC Act, a copy of this report is to be tabled in each House of the Parliament within 15 sitting days of that House after the day on which you receive the report.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J Rees', written in a cursive style.

Joanne Rees
Convenor

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Convenor's review

CAMAC's achievements

The 2012–13 financial year was very productive for CAMAC.

Early in that financial year, CAMAC finalised its recommendations on the reconstruction and winding up of managed investment schemes. The report *Managed Investment Schemes* was submitted to the Government in July 2012 and published in August 2012. CAMAC is now embarking on the second stage of its review of managed investment schemes, with its discussion paper *The establishment and operation of managed investment schemes* to be published in the latter part of 2013.

In December 2011, the Government asked CAMAC to consider various matters relating to company annual general meetings. In September 2012, CAMAC published its discussion paper *The AGM and Shareholder Engagement*. It received a large number of submissions and held a series of very successful and informative Roundtables in July 2013. CAMAC is now considering all the matters raised in the discussion paper in light of this consultation process, with a view to submitting its report to the Government.

In September 2012, the Government asked CAMAC to consider certain matters concerning the administration of charitable trusts by licensed trustee companies. CAMAC received submissions on the issues raised in this reference from a number of stakeholders. CAMAC also conducted a Roundtable of stakeholders in April 2013. CAMAC submitted its report *Administration of charitable trusts* to the Government in May 2013.

In *Advancing Australia as a Digital Economy: An Update to the National Digital Economy Strategy*, published in June 2013, reference was made to holding an independent review of the regulation of crowd sourced equity funding. Subsequently, CAMAC was requested to conduct the review. CAMAC published its discussion paper in September 2013. CAMAC anticipates holding roundtable consultations in 2014 with respondents, with a view to finalising its report prior to the end of April 2014.

Governance

During the 2012–2013 financial year, CAMAC continued to utilise a sub-committee system to provide strategic thought leadership on each of its references. At the commencement of each new reference, a sub-committee

of experts from CAMAC and the Legal Committee, and sources external to CAMAC where appropriate, is formed to provide this leadership and develop recommendations to CAMAC. All CAMAC discussion papers and reports are settled by the full CAMAC membership.

CAMAC has also advised the Government that in consequence of the introduction of the sub-committee system, it is unnecessary to continue with the Legal Committee as a separate entity. Legal Committee members have already served very effectively on various sub-committees. Rather, the intention is that a Panel of Experts, which may include persons who have served on the Legal Committee, will be established at the commencement of each project, to assist the CAMAC sub-committee.

The sub-committee system has proved to be very successful in assisting CAMAC to perform its functions efficiently.

Outlook

During the coming financial year, CAMAC will continue with its work on managed investment schemes, the AGM and shareholder engagement, and crowd sourced equity funding, with a view to providing its advice to the Government on each of these matters.

CAMAC will also respond to any further requests for advice from the Minister and keep under consideration other areas that may be suitable for review.

Acknowledgements

CAMAC maintains close contact with officers of Treasury and appreciates the attendance by representatives of that department at its meetings. It also receives administrative assistance from ASIC officers, including in relation to financial management, payroll, library services and information technology, and appreciates that support.

I wish to acknowledge the outstanding work of the administration of charitable trusts sub-committee in bringing the CAMAC report on that matter to completion, as well as the continuing dedicated work of the managed investments schemes sub-committee, the AGM and shareholder engagement sub-committee, and the crowd sourced equity funding sub-committee.

I thank each of the members of CAMAC who contribute their experience and expertise on a part-time basis and have other commitments. I particularly wish to acknowledge the significant contribution of Bob Seidler as chair of the managed investments sub-committee, Greg Vickery as chair of both the administration of charitable trusts and crowd sourced

equity funding sub-committees, and Ian Ramsay as chair of the AGM and shareholder engagement sub-committee. I also acknowledge and thank the small, long-serving Executive which supports CAMAC's operations.

Issues and developments

The Committee's work in 2012–13 in meeting the outcome and program described in the Treasury Portfolio Budget Statement in a timely manner is summarised below.

The independent and expert advice in the Committee's reports is supported by detailed research and analysis to enable the Government to reach informed decisions on the questions relating to corporations regulation and financial products, services and markets that it refers to the Committee.

Managed investment schemes

Terms of reference

In November 2010, the then Parliamentary Secretary to the Treasurer, the Hon. David Bradbury MP (the PST), referred various matters concerning the regulation of managed investment schemes to CAMAC for consideration and advice. The PST asked CAMAC to:

- examine whether the current temporary responsible entity (RE) framework enables the transfer of viable scheme businesses where the original RE is under financial stress, and if not whether it should be reformed or replaced
- examine whether REs are unable to restructure a financially viable scheme and advise if the current legislative methods available to companies under the Corporations Act should be adapted to managed schemes
- examine whether the current statutory framework is adequate for the winding up of schemes, and agribusinesses in particular, and whether it provides the necessary guidance for liquidators, creditors, investors and growers
- advise what legislative amendments should be made if the current legislative framework does not provide the necessary legislative tools with respect to the arrangements for dealing with non-viable schemes
- examine other proposals to improve Chapter 5C of the Corporations Act, including in relation to convening scheme meetings, cross-guarantees entered into by REs on behalf of other group members and statutory limited liability.

Discussion paper

In June 2011, CAMAC published its discussion paper *Managed Investment Schemes*.

The submissions received on the discussion paper are available on the CAMAC website.

July 2012 Report

CAMAC submitted its report *Managed Investment Schemes* to the Government in July 2012 and published it in August 2012.

CAMAC considered the matters referred to it within the broader context of significant developments that have occurred with the use of schemes in the decade since the current legislation was introduced, in particular the greater use of contract-based ‘common enterprise’ entrepreneurial schemes (such as horticultural or forestry schemes) alongside more traditional trust-based ‘pooled’ investment schemes (such as cash management trusts or property funds). Also, it has become more commonplace for responsible entities (REs) (which manage schemes) to operate a number of schemes or to have other business operations of their own (multi-function REs). This contrasts with REs whose only function is to operate one scheme (sole-function REs).

CAMAC noted that these developments have raised complex issues concerning the adequacy of the current legal framework, both for the regulation of ongoing schemes and for the regulation of schemes or their REs that experience financial stress.

The report recommended:

- a prohibition on the creation of new common enterprise schemes
- a new regulatory structure for the operation of schemes, described as the Separate Legal Entity Proposal (SLE Proposal), which would simplify the procedures for making claims against scheme property, transferring the liability of an RE and putting a scheme into external administration
- a requirement that new schemes be operated only by sole-function REs (unnecessary if the SLE Proposal is introduced)
- a series of other reforms, including:
 - requiring each scheme to have a definitive register of scheme agreements and a definitive register of scheme property

- various ways to overcome the disincentives for an entity to act as a temporary responsible entity (TRE), including limiting the liabilities of the TRE (which would be necessary if the SLE Proposal is not adopted) and modifying the duties of a TRE to be commensurate with the temporary nature of that office
- adopting a statutory concept of insolvency for schemes, similar to corporations
- facilitative provisions to permit a financially stressed scheme to be placed in voluntary administration, with the approach under the SLE Proposal being the preferred option
- a winding up procedure for an insolvent scheme, comparable to that for winding up an insolvent company
- giving scheme members statutory limited liability, the same as for shareholders, and regardless of any contrary provision in a scheme constitution.

CAMAC indicated in its report that it will examine other proposals to improve Chapter 5C of the Corporations Act in a separate second stage of its review.

Second stage of the review

CAMAC has been developing its discussion paper *The establishment and operation of managed investment schemes*, dealing with a wide range of issues covering the following areas:

- definitional matters
- scheme registration
- the governance framework for schemes, including the scheme constitution, the RE, and the compliance and risk management framework
- matters relating to scheme members, including meetings
- disclosure
- takeovers and reorganizations of schemes
- external administration of schemes
- regulatory powers and enforcement
- international issues

- other matters.

CAMAC anticipates releasing the discussion paper in the latter part of 2013.

The AGM and shareholder engagement

By letter of 5 December 2011, the then Parliamentary Secretary to the Treasurer, the Hon. David Bradbury MP (the PST), requested CAMAC to consider a number of matters concerning the annual general meeting (AGM).

The PST requested that CAMAC inform the Government on:

- the future of the annual general meeting in Australia, including how documents and meeting forms should change to meet the needs of shareholders in the future
- the risks and opportunities presented by advancements in technology, in the context of maintaining the ongoing relevance and efficacy of the AGM
- the challenges posed to the structure of the AGM by globalisation, including potential increases in international share ownership and dual-listing.

CAMAC sees the request from the Government as entailing a consideration of three overarching issues:

- the role of the AGM within the broader context of the ongoing relationship between the board and the institutional and retail shareholders of the company, often referred to as shareholder engagement
- the content of the annual report, being the principal document for consideration at the AGM that provides information to shareholders on the state of the company and the stewardship of the board
- the future role of the AGM and the processes for conducting the meeting.

In September 2012, CAMAC published a discussion paper containing detailed background information on these issues and raising various specific questions on which it sought comment.

CAMAC received 36 submissions from interested parties, which are published on the CAMAC website www.camac.gov.au

In July 2013, CAMAC conducted three Roundtables in Sydney and Melbourne on various matters included in the discussion paper.

CAMAC is considering the matters raised in the discussion paper, taking into account the submissions received and the Roundtable deliberations, with a view to forwarding its report in 2013-14.

Administration of charitable trusts

By letter of 20 September 2012, the then Parliamentary Secretary to the Treasurer, the Hon. Bernie Ripoll MP, requested CAMAC to consider various matters concerning fees, and replacement of trustees, for those charitable trusts that are administered by licensed trustee companies (LTCs), as well as other issues that impact on the charitable purposes of trusts. CAMAC was asked to report to the Government in May 2013.

CAMAC invited written submissions from interested parties. It also conducted a Roundtable of stakeholders in Melbourne in April 2013.

In May 2013, CAMAC submitted its report *Administration of charitable trusts* to the Government and published it on its website.

CAMAC's starting point was to ask why donors set up charitable trusts in the first place. CAMAC considers that the primary intent of a donor is to achieve the benevolent and philanthropic purposes or objectives for which that person established and funded the charitable trust, within the time frame of the trust, and in an effective and efficient manner. CAMAC considers that administrative arrangements for operating a charitable trust should be assessed according to the extent to which they advance or promote that primary intent.

For this purpose, CAMAC put forward a number of recommendations in its report concerning the administrative arrangements for charitable trusts:

- as a key first step, the Australian Charities and Not-for-profits Commission to conduct, or coordinate, Stewardship audits of a cross-section of charitable trusts administered by LTCs. The purpose of these audits would be to overcome the present deficit of relevant and indisputable information on the state of administration of charitable trusts, including the extent to which each trustee has assumed its responsibilities and exercised its powers for the purpose of achieving the primary intent of the donor. These Stewardship audits could be initiated without delay, as they do not require legislative intervention
- the introduction of a statutory 'fair and reasonable' requirement for all fees and costs charged against a charitable trust. CAMAC considered that the proposed obligation on LTCs to file statements of compliance

with this requirement would be consistent with promoting the primary intent of the donor

- changes to the judicial dispute resolution procedures to enhance access to the court, and to broaden the court's remedial powers, including in regard to whether fees and costs charged against a particular charitable trust are excessive or whether an LTC should be replaced as the trustee of a particular charitable trust. In this context, CAMAC put forward guidance to assist the court in determining these matters in accordance with the primary intent of the donor.

The CAMAC report also identified a range of matters for further consideration in light of the outcome of the Stewardship audits.

Crowd sourced equity funding

In *Advancing Australia as a Digital Economy: An Update to the National Digital Economy Strategy* (June 2013), reference was made to holding an independent review of the regulation of crowd sourced equity funding (CSEF). CAMAC was asked to undertake that review.

CSEF refers to arrangements through which a business (the issuer) seeks to raise capital, particularly early-stage funding, by offering small debt or equity interests in the issuer to large numbers of investors through a crowd funding online platform, which serves as an intermediary between the issuer and the investors.

In September 2013, CAMAC published a discussion paper *Crowd sourced equity funding*, which took into account the current position in Australia in regard to this form of corporate fundraising as well as developments in the United States, Canada, Europe and New Zealand. CAMAC invited submissions by the end of November 2013 on the matters raised in the discussion paper.

Given the developing nature of CSEF regulation in various jurisdictions, CAMAC intends periodically to update the discussion paper online. These updates will be posted on the CAMAC website www.camac.gov.au

In addition to considering the written submissions of stakeholders, CAMAC anticipates holding roundtable consultations in 2014 with respondents, with a view to finalising its report prior to the end of April 2014.

Outlook for 2013–14

In the coming financial year, CAMAC will complete its review of crowd sourced equity funding, and continue its review of the annual general meeting and shareholder engagement and its review of managed investment schemes.

In addition, as well as responding to any further requests for advice from the Minister, CAMAC will keep under consideration other areas that may be suitable for review.

References to CAMAC reviews

During 2012–13 CAMAC’s work was referred to in various articles in the daily media. It was also referred to in other publications, including:

Annual general meeting and shareholder engagement

- Gill North, ‘Public company communication, engagement and accountability: Where are we and where should we be heading?’ 31 *Company & Securities Law Journal* 167

Managed investment schemes

- P Hoser, ‘Managed Investment Schemes - the next big thing’ (2012) 13 *Insolvency Law Bulletin* 26
- M Garry, ‘Separate legal entities and the end of common enterprise schemes — CAMAC’s recommendations for the reform of managed investment schemes’ vol 11 Issue 4 *Financial Services Newsletter* 85
- N D’Angelo, ‘The CAMAC Report on managed investment schemes: Another opportunity missed?’ (2012) 23 *Journal of Banking and Finance Law and Practice* 253
- ‘2012 Wish List from the Editorial Panel’ (2012) 13 *Insolvency Law Bulletin* 106

Executive remuneration

- A Irgang, ‘Capping and corporate governance: An analysis of executive remuneration in Australia’ (2013) 31 *Company & Securities Law Journal* 145

Market integrity

- J Overland, ‘What is inside “information”? Clarifying the ambit of insider trading laws’ (2013) 31 *Company & Securities Law Journal* 189

Sons of Gwalia

- P Miller, ‘Shareholder class actions: Are they good for shareholders?’ (2012) 86 *Australian Law Journal* 633
- G Craddock, ‘Causation in securities litigation’ (2012) 86 *Australian Law Journal* 813

These references, and other references to CAMAC reviews, can be found under Publications/Reports on the CAMAC website www.camac.gov.au

Past reports

The following CAMAC reports and related papers are available at www.camac.gov.au:

- Administration of charitable trusts (May 2013)
- Managed investment schemes (July 2012)
- Derivatives (December 2011)
- Executive remuneration (April 2011)
- Executive remuneration information paper (July 2010)
- Guidance for directors (April 2010)
- Members' schemes of arrangement (December 2009)
- Aspects of market integrity (June 2009)
- Diversity on boards of directors (March 2009)
- Shareholder claims against insolvent companies: implications of the *Sons of Gwalia* decision (December 2008)
- Issues in external administration (November 2008)
- Long-tail liabilities: the treatment of unascertained future personal injury claims (May 2008)
- The social responsibility of corporations (December 2006)
- Personal liability for corporate fault (September 2006)
- Corporate duties below board level (April 2006)
- Rehabilitating large and complex enterprises in financial difficulties (October 2004)
- Directors and officers insurance (June 2004)
- Insider trading (November 2003)
- Retail client compensation in financial markets (September 2001)
- Charges over uncertificated securities (April 2001)

- Sections 181 and 189 of the Corporations Law (October 2000)
- Qualifications and experience for secretaries of public companies (August 2000)
- Shareholder participation in the modern listed public company (Company meetings) (June 2000)
- Corporate groups (May 2000)
- Jurisdictional legal risk for collateral securities (May 2000)
- Liability of members of managed investment schemes (March 2000)
- Compulsory acquisitions (March 2000)
- Compulsory acquisitions and buy-outs (March 1999)
- Reform of ss 621(4) and 623(2) and (3) of the Corporate Law Economic Reform Program Bill 1998 (December 1998)
- Corporate voluntary administration (June 1998)
- Netting in financial markets transactions (June 1997)
- Regulation of on-exchange and OTC derivatives markets (June 1997)
- Continuous disclosure (November 1996)
- Compulsory acquisitions (January 1996)
- Law of derivatives: an international comparison (January 1995)
- Anomalies in the takeovers provisions of the Corporations Law (March 1994)
- Collective investments: other people's money (September 1993) (in conjunction with the Australian Law Reform Commission)
- Statutory derivative actions (July 1993)
- Collective investments: superannuation (March 1992) (in conjunction with the Australian Law Reform Commission)
- Prospectus law reform (March 1992)
- Company directors and officers: indemnification, relief and insurance (February 1992)
- An enhanced statutory disclosure system (September 1991)

- Report on reform of the law governing corporate financial transactions (Related party financial transactions) (July 1991).

The Committee

Overview

CAMAC is established under the *Australian Securities and Investments Commission Act 2001* (the ASIC Act) to provide informed and expert advice to the Minister about corporate, financial product and financial market matters (ss 1(1)(c) and 148).

Its members are appointed by the Minister following consultation with the States and Territories.

The CAMAC Convenor has appointed three CAMAC members to an audit committee.

During 2012–13, there were CAMAC sub-committees for managed investments, annual general meetings, charitable trusts and crowd sourced equity funding.

CAMAC comes under the *Financial Management and Accountability Act 1997* for the purpose of financial accountability.

The Committee is supported by a full-time Executive located in Sydney.

For CAMAC's outcome and program structure, see Appendix 2.

Functions

The Committee's statutory functions are 'on its own initiative or when requested by the Minister, to advise the Minister, and to make to the Minister such recommendations as it thinks fit, about any matter' relating to corporations and financial services law, administration and practice. The Committee sees its role as being to provide informed, objective and independent advice to the Minister on such matters. In so doing, it seeks to promote a sound and effective regulatory framework for corporate activity and financial services and efficient financial markets.

CAMAC comes under the Treasury Portfolio.

In fulfilling its functions, CAMAC undertakes reviews, resulting in the presentation and publication of reports, and also responds to particular requests from the Minister for advice. Its general practice for conducting a major review is to establish a sub-committee that includes CAMAC and

Legal Committee members with relevant expertise and interest and invite and consider submissions from interested persons before settling a report to the Minister. In matters where the Minister requires urgent advice, CAMAC prepares a report on the basis of its own deliberations.

Through consultation and the provision of timely advice to the Minister, CAMAC seeks to ensure that Australian financial markets and corporations operate in a commercial environment of the highest standard, supported by appropriate legislation.

Membership

CAMAC is a body corporate, comprising part-time members appointed in their personal capacity by the Minister. The Minister appoints one of the members as the Convenor.

The members are selected, following consultation between the Commonwealth and the States, on the basis of their knowledge of, or experience in, business, the administration of companies, the financial markets, financial products and financial services, law, economics or accounting. The Chairperson of the Australian Securities and Investments Commission (ASIC) is a member of CAMAC by virtue of s 147 of the ASIC Act. The ASIC Chairperson may nominate a member of ASIC or an SES employee or acting SES employee of ASIC to attend in his or her place (s 153(1A), (1B)).

The members during 2012–13 are set out below.

- **Joanne Rees, Convenor (Sydney) (appointed until April 2016).** Joanne is Chief Executive Officer of Allygroup and has a diverse range of senior experience in consulting and legal services. Over the past 17 years she has focussed on advising both federal and state governments as a lawyer and consultant. As managing partner of Phillips Fox in Canberra from 1992–1999, Joanne handled key accounts for many federal government agencies, including the Department of Health and Aged Services, Comcare, Defence, ComSuper, Health Insurance Commission, AusAID, Department of Finance and Administration, Centrelink, the Public Service Commission and the Department of Social Security. In 2001, Joanne was hired by the Australian Securities and Investments Commission to manage its most significant civil penalty prosecutions following major corporate collapses. Joanne was subsequently the lead partner in establishing Ernst & Young's NSW Government practice and has brought her expertise in governance, law and risk management to her role as a non-executive director on a number of government boards and committees. As CEO of Allygroup she currently advises the Australian Taxation Office, Attorney-General's Department and Defence. Throughout her diverse

career, Joanne has managed to drive change in organizations to improve the long-term sustainability and integrity of organizational practices.

- **David Gomez (Darwin) (appointed until May 2014).** David is Chief Financial Officer of the Northern Territory Government's Land Development Corporation, AustralAsia Railway Corporation and the Darwin Waterfront Corporation. His previous roles include as principal at Merit Partners Accountants, Director Operations at ASIC's Northern Territory Regional Office, a lawyer with the Australian Government Solicitor, State Manager of Fraud Prevention and Internal Audit of the Commonwealth Department of Employment Education Training and an insolvency accountant with PKF Chartered Accountants. He is an adjunct lecturer at Charles Darwin University and has lectured in business and law subjects. He is a member of the ASIC Regional Liaison Committee, a fellow of CPA Australia and a member of the Law Society of the Northern Territory.
- **Teresa Handicott (Brisbane) (appointed until May 2016).** Teresa is a partner with Corrs Chambers Westgarth and the youngest person and first woman to be appointed chair of its board. She has over two decades of experience in mergers and acquisitions, including nine years as a member of the Takeovers Panel. Teresa has served as an associate commissioner of the ACCC and as a director of CS Energy Limited and of the Queensland Cultural Centre Trust. Teresa's other roles include QUT Council Member, Chairman of the QUT Law Founders' Scholarship Fund, Director, Bangarra Dance Theatre Australia Ltd (from July 2013), Member of Chief Executive Women (CEW) and Member, Scholarship Committee CEW. She is a Finsia Senior Fellow.
- **Jane McAloon (Melbourne) (resigned in May 2013).** Jane has been at BHP Billiton since 2006 and has been the President Governance and Group Company Secretary since 2013. Her previous role was Group Manager, Corporate & External Services & Company Secretary at the Australian Gas Light Company (AGL). She spent six years working for the New South Wales Government, holding senior positions in the NSW Cabinet Office, the Department of Energy and Utilities and the Department of Land and Water Conservation. Her experience encompasses non-executive director roles on both private sector and government boards. Jane resigned from CAMAC in May 2013 due to work commitments.
- **Alice McCleary (Adelaide) (appointed until May 2014).** Alice is a professional director and chartered accountant. She is a member of several boards and committees in the private and public sectors. Her professional background is in corporate taxation.

- **Denise McComish (Perth) (appointed until May 2014).** Denise has been a partner at KPMG for over 20 years, with significant experience in providing audit and assurance services to major companies operating in Western Australia, nationally and globally, particularly in the financial services, infrastructure and mining sectors. She regularly reports on internal controls, governance and risk issues to Boards and Audit Committees. She also has expertise in International Financial Reporting Standards, and served for six years on the Australian Accounting Standards Board. She is a fellow of the Institute of Chartered Accountants in Australia, a member of the Takeovers Panel, Pro-Chancellor of Edith Cowan University, and a director of other not-for-profit organizations.
- **Greg Medcraft (Sydney).** Greg is Chairman of the Australian Securities and Investments Commission, having been appointed to that position in May 2011 for a five year term. Greg joined ASIC as a Commissioner in February 2009. Before joining ASIC, Greg was Chief Executive Officer and Executive Director at the Australian Securitisation Forum. Greg spent nearly 30 years in investment banking at Société Générale in Australia, Asia, Europe and the Americas. More recently, he was the Managing Director and Global Head of Securitisation, based in New York. In 2002, Greg co-founded the American Securitization Forum and was its Chairman from 2005 until 2007 when he returned to Australia. In January 2008, he was appointed Chairman Emeritus of the Forum. In March 2013, Greg was appointed as Chair of the International Organization of Securities Commissions (IOSCO).
- **Marian Micalizzi (Brisbane) (appointed until April 2013).** Marian is a chartered accountant and director, with expertise in corporate and financial advisory areas. She is a current member of several boards and advisory committees. Marian's term expired on 16 April 2013.
- **Michael Murray (Sydney) (appointed until May 2014).** Michael is the Legal Director of the Insolvency Practitioners Association (IPA). He was previously a lawyer with the Australian Government Solicitor working in insolvency, tax and regulatory law. He was a solicitor assisting on the HIH Royal Commission from 2001 to 2003. Michael has written and presented widely on a range of issues in corporate and personal insolvency and is the author of *Keay's Insolvency* (7th ed, with Jason Harris) and of CCH's *Australian Insolvency Management Practice*. He is a member of INSOL International's Academics Group.
- **Geoffrey Nicoll (Canberra) (appointed until May 2014).** Geoff is an Executive Member of the Business Law Section of the Law Council of Australia. Since 2003, he has also sat as the Law Council's representative on the Business Advisory Committee of ASIC. At the

University of Canberra, Geoff was the Director of the National Centre for Corporate Law and Policy Research (from 2006 to 2009), Acting Head of the Law School (2005), Director of the University's Governance Research Area (2004), and an Academic Director of the National Institute for Governance (from 2000 to 2003).

- **John Price (Melbourne) (nominee of ASIC Chairman from May 2012).** John commenced as an ASIC Commissioner on 21 March 2012. Since joining ASIC in 1999, John has held a number of senior roles, including most recently as Senior Executive Leader, Strategy and Policy. John's previous roles at ASIC include Senior Executive Leader, Corporations, Acting Executive Director, Regulation and Director, Applications and Licensing. In these roles John has been closely involved in the development and implementation of regulatory policy, the regulatory aspects of major transactions, and the identification and development of regulatory responses to emerging issues and risks. His regulatory experience includes matters relating to fundraising, mergers and acquisitions, financial services and accounting and audit. Prior to joining ASIC, John worked in the Gold Coast and Brisbane offices of Corrs Chambers Westgarth, a national law firm.

Pursuant to s 153(1A), (1B) of the ASIC Act, John attended meetings as the nominee of the ASIC Chairman.

- **Ian Ramsay (Melbourne) (appointed until May 2014).** Ian is the Harold Ford Professor of Commercial Law at Melbourne Law School, University of Melbourne, where he is Director of the Centre for Corporate Law and Securities Regulation. He has practised law with firms in New York and Sydney. He is a member of the Australian Securities and Investments Commission External Advisory Panel, the Companies Auditors and Liquidators Disciplinary Board, and the Corporations Law Committee of the Law Council of Australia. Former positions he has held include Dean of Melbourne Law School at the University of Melbourne, Head of the Federal Government inquiry on auditor independence, member of the International Federation of Accountants taskforce on rebuilding confidence in financial reporting, member of the Takeovers Panel and member of the Law Committee of the Australian Institute of Company Directors. Ian has published extensively on corporate law issues both internationally and in Australia.
- **Brian Salter (Sydney) (appointed until May 2016).** Brian is the General Counsel at AMP. Brian has 30 years' experience in the legal profession advising many of Australia's leading financial and wealth management companies. Prior to joining AMP, he was a partner with law firm Clayton Utz for 19 years. Brian is also a member of the Legal

Committee of the Australian Institute of Company Directors and the Corporations Committee of the Business Law Section of the Law Council of Australia. He is a former Chairman and National Committee member of the Australian Securitisation Forum and is presently a director of AMP Superannuation Limited and SCECGS Redlands Limited. Brian was appointed to the Legal Committee in September 2011 and subsequently became a CAMAC member in May 2013.

- **Robert Seidler AM (Sydney) (appointed until April 2013).** Bob is Chairman of Hunter Phillip Japan Ltd. He was previously a consultant at Ashurst. He had been practising law for more than 30 years, including nearly 10 years as a partner of an international firm based in Sydney and Tokyo. While working in Tokyo, he became the first Australian lawyer licensed to practise foreign law in Japan and was a member of The Ministry of International Trade and Industry Import Board, being appointed by the Japanese Prime Minister to represent Australia and New Zealand. He has been a director of various Australian subsidiaries of international banks and is currently on the board of a listed Australian company, Vice President of the Australia Japan Business Cooperation Committee and a member of the New South Wales Government's Multicultural Business Advisory Committee. Bob's term expired on 16 April 2013.
- **Greg Vickery AO (Brisbane) (appointed until May 2014).** Greg is Special Counsel at Norton Rose Australia. He practised law as a Partner for 40 years, primarily in the corporate and commercial areas. He is a former President of the Queensland Law Society. He is an Adjunct Professor of Law at the University of Queensland and regularly speaks on aspects of company law. He is a member of the Regional ASIC Committee in Queensland and of several Boards. He is the immediate past President of Australian Red Cross and is now Chairman of the International Standing Commission of the Red Cross and Red Crescent Societies.

During 2012–13, CAMAC met 4 times. The members attended the following number of meetings:

- Joanne Rees—4
- David Gomez—4
- Jane McAloon—2
- Alice McCleary—3
- Denise McComish—3
- Marian Micalizzi—4

- Michael Murray—4
- John Price (nominee of ASIC Chairman)—4
- Geoffrey Nicoll—2
- Ian Ramsay—4
- Robert Seidler—4
- Greg Vickery—4.

Teresa Handicott and Brian Salter became members of CAMAC after the last of the CAMAC meetings for 2012-13.

Joanne Rees presented on the annual general meeting at one conference.

Sub-committees

During 2012–13, CAMAC had sub-committees for each of its current terms of reference.

Members of CAMAC sub-committees include CAMAC and Legal Committee members with relevant expertise and interest.

Charitable trusts

The charitable trusts sub-committee comprised Greg Vickery (chair), member of CAMAC and Convenor of the Legal Committee, Rosey Batt, Damian Egan and Rachel Webber of the Legal Committee and Kate Hamilton of ASIC. The sub-committee met 3 times in 2012–13.

Managed investment schemes

The managed investment schemes sub-committee (the schemes sub-committee) comprised Robert Seidler (chair), Michael Murray and Geoffrey Nicoll of CAMAC, James Marshall and David Proudman of the Legal Committee and Michelle Reid of ASIC. The sub-committee met 4 times in 2012–13.

The AGM and shareholder engagement

The AGM and shareholder engagement sub-committee (the AGM sub-committee) comprised Ian Ramsay (chair), Jane McAloon, Denise McComish, Geoff Nicoll and Joanne Rees from CAMAC, Elizabeth Boros and Brian Salter from the Legal Committee (Brian became a member of CAMAC in May 2013), Diane Brown from ASIC (until January 2012) and Jane Eccleston from ASIC (from February 2012). The sub-committee met twice in 2012–13.

Crowd sourced equity funding

The crowd sourced equity funding sub-committee comprised Greg Vickery (chair), Teresa Handicott, Ian Ramsay and Brian Salter from CAMAC and Maan Beydoun of ASIC. The sub-committee did not commence formal meetings until the second half of 2013.

Audit Committee

The Convenor, as Chief Executive of CAMAC, has established an audit committee, with the terms of reference required by regulation 22C of the *Financial Management and Accountability Regulations 1997*, in compliance with s 46 of the *Financial Management and Accountability Act 1997*.

During 2012–13, Alice McCleary was chair of the Audit Committee. The other members were David Gomez and Denise McComish.

During 2012–13, the Audit Committee met twice.

Work of the Committee during 2012–13 included:

- reviewing, and making recommendations to the Convenor about, CAMAC's administrative arrangements, including the Audit Committee charter
- reviewing CAMAC's 2011–12 financial statements.

Legal Committee

CAMAC, under s 154 of the ASIC Act, may inform itself in such manner as it sees fit. Pursuant to that provision, the Legal Committee was formally established in September 1991. Its function is to provide expert legal analysis, assessment and advice to CAMAC in relation to such matters as are referred to it by CAMAC.

The members of the Legal Committee are appointed in their personal capacity by the Minister. They are selected from throughout Australia, following consultation between the Commonwealth and the States, on the basis of their expertise in corporate law.

The members during 2012–13 are set out below.

- **Greg Vickery AO (Brisbane) (appointed until May 2014).** Greg is Special Counsel at Norton Rose Australia. He practised law as a Partner for 40 years, primarily in the corporate and commercial areas. He is a former President of the Queensland Law Society. He is an

Adjunct Professor of Law at the University of Queensland and regularly speaks on aspects of company law. He is a member of the Regional ASIC Committee in Queensland and of several Boards. He is the immediate past President of Australian Red Cross and is now Chairman of the International Standing Commission of the Red Cross and Red Crescent Societies.

- **Rosey Batt (Adelaide) (appointed until May 2014).** Rosey is the Principal of Rosey Batt and Associates, which she founded in 2001 after spending a number of years as a partner with Minter Ellison and then Norman Waterhouse. Her primary areas of practice are in Business Transactions, Trade Practices, Commercialisation of Business Opportunities, Intellectual Property, Agriculture and Corporate Governance. She has had extensive commercial legal experience acting for Publicly Listed Corporations, SME's and individuals and in complex Aviation, Corporations Law, Banking and Finance and Trade Practices litigation. As well as being a facilitator for the Australian Institute of Company Directors in their Company Directors Course, she has extensive Board experience and currently sits on several Private and Not for Profit Boards.
- **Lyn Bennett (Darwin) (appointed until November 2012).** Lyn is a partner with Minter Ellison, practising in commercial law. She has broad experience over 25 years, practising in Victoria and in recent years in Darwin. She is the chair of the commercial law sub-committee of the Law Society of the Northern Territory and a member of the Property and Commercial Law Taskforce assisting the Northern Territory government, and is also an appointed member of the Northern Territory Architects Board. She has been actively involved over many years in boards of various private community organizations and corporate entities. Lyn's term expired on 9 November 2012.
- **Elizabeth Boros (Melbourne) (appointed until April 2013).** Elizabeth is a barrister based in Melbourne. Before coming to the Bar, she held the Sir Keith Aickin Chair of Company Law at Monash University and was a consultant in the corporate group at Blake Dawson. She is the author of *Minority Shareholders' Remedies* and the co-author of *Corporate Law*. She is a member of the Executive of the Law Council of Australia's Business Law Section, as well as that section's Corporations and E-Commerce committees. Her former external roles include terms as a director of ASX Supervisory Review Pty Ltd and External Expert to the Law Department at the London School of Economics. Elizabeth's term expired on 16 April 2013.
- **Damian Egan (Hobart) (appointed until September 2014).** Damian is a commercial law partner with Murdoch Clarke and President of the Retirement Benefits Fund Board (Tasmania) and chair of its

Investment Committee. He is a board member of Hobart Airport and several responsible entities (trustees) concerning mortgage funds and mortgage backed securities. Damian is also a member of the governing board of Hobart City Mission.

- **Jennifer Hill (Sydney) (appointed until April 2013).** Jennifer is a Professor of Law at the University of Sydney. She teaches, and has written widely in, corporate law and corporate governance, and has been a Visiting Professor at a number of US law schools, including the University of Virginia, the University of Texas at Austin and Vanderbilt University. She is a Research Associate of the European Corporate Governance Institute (ECGI) and a member of several international editorial boards, including *International Corporate Law and Financial Regulation* for Cambridge University Press. Jennifer's term expired on 16 April 2013.
- **James Marshall (Sydney) (appointed until April 2013).** James is a partner of Ashurst (formerly known as Blake Dawson) and is the Head of the Restructuring and Insolvency Group of that firm. He practises in the areas of business turnaround and restructuring and has been active in the distressed debt markets. He has a longstanding interest in insolvency law reform and was a member of the Insolvency Law Advisory Group, which was commissioned by Treasury to advise it in relation to the proposed amendments to the corporate insolvency legislation. He lectures on insolvency topics at the Law School of the University of Sydney. James is also a member of the Financial Services Institute of Australasia and the Insolvency Practitioners Association. James's term expired on 16 April 2013.
- **David Proudman (Adelaide) (appointed until April 2013).** David is a partner of Johnson Winter & Slattery and was admitted as a practitioner in South Australia in 1986. He is a past National Chair of the Insolvency & Reconstruction Committee of the Law Council of Australia. He was a member of the Insolvency Law Advisory Group appointed by the Parliamentary Secretary to the Treasurer to advise on the Corporations Amendment (Insolvency) Bill 2007 and is a member of the Consultative Group on Personal Property Security Reform, having been appointed by the Attorney-General. David advises banks, financial institutions, corporations and insolvency practitioners in all aspects of corporate insolvency, workouts, reconstructions and recoveries. David's term expired on 16 April 2013.
- **Brian Salter (Sydney) (appointed until September 2014).** Brian is the General Counsel at AMP. Brian has 30 years' experience in the legal profession advising many of Australia's leading financial and wealth management companies. Prior to joining AMP, he was a partner with law firm Clayton Utz for 19 years. Brian is also a member of the

Legal Committee of the Australian Institute of Company Directors and the Corporations Committee of the Business Law Section of the Law Council of Australia. He is a former Chairman and National Committee member of the Australian Securitisation Forum and is presently a director of AMP Superannuation Limited and SCECGS Redlands Limited. Brian was appointed to the Legal Committee in September 2011 and subsequently became a CAMAC member in May 2013.

- **Rachel Webber (Perth) (appointed until September 2014).** Rachel is a Special Counsel at Jackson McDonald, practising in corporate and commercial law. Her primary areas of expertise include corporations law advice, with an emphasis on financial services regulation, corporate fundraising, ASX compliance, managed investments, mergers and acquisitions and general commercial law. She is the convenor of the Commercial Law Committee of the Law Society of Western Australia and is a member of the Corporations Committee of the Business Law Section of the Law Council of Australia.

During 2012–13, the Legal Committee did not meet. CAMAC has advised the Government that in consequence of the introduction of the sub-committee system, it is unnecessary to continue with the Legal Committee as a separate entity. The intention is that a Panel of Experts, which may include persons who have served on the Legal Committee, will be established at the commencement of each project, to assist the CAMAC sub-committee formed for that project.

Executive

As at 30 June 2013, CAMAC had a full-time Executive of three officers, being John Kluver (Executive Director), Vincent Jewell (Deputy Director) and Thaumani (Timmi) Parrino (Office Manager).

The Executive carries out research, liaises with interested organizations and individuals and prepares, on the basis of the Committee's deliberations, draft papers and other material for the Committee's consideration.

John Kluver presented on managed investments and on the annual general meeting at two conferences.

Coordination with other bodies

CAMAC, through the Executive, maintains contact with officers of the Commonwealth Treasury, ASIC and other relevant government and private sector bodies. Representatives of Treasury attend CAMAC meetings, at the invitation of the Committee.

CAMAC also receives administrative support from ASIC, including, in particular, from ASIC's Finance Section in Sydney, its Payroll Section in Brisbane, its information technology officers and the ASIC Library.

Other information

Financial performance

CAMAC operated within budget during the 2012–13 financial year.

Ethics

CAMAC staff members are required to adhere to the Australian Public Service values and code of conduct under the *Public Service Act 1999*.

Australian Public Service values include commitment to service, ethical behaviour, respect for all people, accountability and impartiality.

The requirements of the code of conduct include honesty, care and diligence, courtesy, compliance with the law, avoiding conflicts of interest and proper use of Commonwealth resources and information.

Fraud

CAMAC has a fraud control plan, which it implements with the assistance of the ASIC fraud control section, and a fraud business risk assessment.

CAMAC has appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet its needs and comply with the Commonwealth Fraud Control Guidelines (including the reporting aspects of those guidelines).

CAMAC has taken all reasonable measures to minimise the possibility of fraud and to ensure that any fraud against CAMAC will be investigated and the proceeds of that fraud recovered. These measures have proved effective, as there have been no known incidents of fraud.

External scrutiny

CAMAC's accounting records are audited each year by the Australian National Audit Office.

During the financial year, there were no judicial decisions or decisions of administrative tribunals or reports by the Auditor-General (other than the annual independent auditor's report prepared by the Australian National Audit Office on CAMAC's financial statements), a Parliamentary

Committee or the Commonwealth Ombudsman concerning, or that may have a significant impact on, the operations of CAMAC.

The Parliamentary Joint Committee on Corporations and Financial Services (PJC) and the Senate Economics Legislation Committee also prepare reports on the annual reports of agencies which come under the Treasury portfolio, including CAMAC.

The PJC in its *Report on the 2011–12 annual reports of bodies established under the ASIC Act* made a suggestion to enhance CAMAC’s annual report. That suggestion has been implemented in this report.

Management of human resources

As at 30 June 2013, CAMAC had three full-time ongoing APS employees based in Sydney (two male and one female), being:

- an Executive Director (SES level)
- a Deputy Director (Executive Level 2)
- an Office Manager (APS 6).

The Executive Director is employed pursuant to a contract for services with CAMAC, with his salary and other entitlements being linked to Treasury SES salary scales and other entitlements. The Executive Director does not receive performance pay.

The salaries and other entitlements of the Deputy Director and the Office Manager are linked to relevant ASIC officer salary scales and entitlements, which are determined under a collective agreement for ASIC staff. The Deputy Director and the Office Manager each received a performance bonus in the 2012–13 financial year. The performance bonus for the Deputy Director was \$14,378. The performance bonus for the Office Manager was \$7,441.

Staff members attend seminars from time to time on relevant matters to assist CAMAC in performing its policy and administrative functions.

No work health and safety issues arose during the 2012–13 financial year.

CAMAC is giving ongoing consideration to questions of workforce planning, taking into account the small size of the Executive.

Purchasing

CAMAC’s general policy is that any major capital items are purchased through arrangement with ASIC, which follows the *Commonwealth*

Procurement Guidelines. CAMAC did not have any major capital purchases in 2012–13.

Consultants

During 2012–13, CAMAC did not enter into any new consultancy contracts and there were no active ongoing consultancy contracts.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website www.tenders.gov.au.

Competitive tendering and contracting

CAMAC did not undertake any competitive tendering or contracting during the 2012–13 financial year.

Australian National Audit Office Access Clauses

CAMAC has not entered into any contract of \$100,000 or more during the reporting period that does not provide for the Auditor-General to have access to the contractor's premises.

Exempt contracts

CAMAC has no contracts or standing offers that have been exempted from being published in AusTender on the basis that publication would disclose exempt matters under the *Freedom of Information Act 1982*.

Commonwealth Disability Strategy

General information on the Commonwealth Disability Strategy and the National Disability Strategy is available in the Australian Public Service Commission's *State of the Service Report* and the *APS Statistical Bulletin*, available at www.apsc.gov.au.

Work health and safety

CAMAC, through its Executive, monitors the workplace environment on an ongoing basis to ensure the health, safety and welfare of workers who carry out work for CAMAC. No accidents or dangerous occurrences, or relevant investigations, took place during the 2012–13 financial year.

All employees, and CAMAC and Legal Committee members when attending meetings, are covered under Comcare and Comcover.

Freedom of information

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements. This information appears on the CAMAC website under the FOI tab.

Advertising and market research

CAMAC does not carry out any advertising or market research.

Ecologically sustainable development and environmental performance

Section 516A of the *Environment Protection And Biodiversity Conservation Act 1999* requires CAMAC to report on matters relevant to environmentally sustainable development (ESD). CAMAC reports that:

- the only activities relevant to ESD principles concern procurement of goods and services
- CAMAC's legislative function is not related to ESD principles
- the outcome specified for CAMAC in the annual Appropriation Act (No. 1) does not have ESD implications
- CAMAC is a small agency with only three full-time staff operating from a single location in Sydney and has a limited environmental impact. The CAMAC Executive seeks to use the minimum energy, water, paper and other resources necessary to perform its functions and keeps under constant review possible measures to reduce its environmental impact.

Discretionary grants

CAMAC does not administer any discretionary grant programs.

Legal services expenditure

CAMAC had no legal services expenditure during the 2012–13 financial year.

Glossary

AGM	annual general meeting
APS	Australian Public Service
ASIC	Australian Securities and Investments Commission
ASIC Act	<i>Australian Securities and Investments Commission Act 2001</i>
ASX	Australian Securities Exchange
CAMAC	Corporations and Markets Advisory Committee
CSEF	Crowd sourced equity funding
ESD	environmentally sustainable development
FMA Act	<i>Financial Management and Accountability Act 1997</i>
FOI Act	<i>Freedom of Information Act 1982</i>
IPS	Information Publication Scheme
PJC	Parliamentary Joint Committee on Corporations and Financial Services
RE	responsible entity
SES	Senior Executive Service

Date and signing of report

This Annual Report is signed by the Convenor, Joanne Rees, as Agency Head of the Corporations and Markets Advisory Committee.

A handwritten signature in black ink, appearing to read 'J. Rees', written in a cursive style.

Joanne Rees
Convenor
2 October 2013



INDEPENDENT AUDITOR'S REPORT

To the Parliamentary Secretary to the Treasurer

I have audited the accompanying financial statements of the Corporations and Markets Advisory Committee for the year ended 30 June 2013, which comprise: a Statement by the Chief Executive and Executive Director; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Statement of Cash Flows; Schedule of Commitments; Schedule of Contingencies; and Notes to and Forming Part of the Financial Statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive of the Corporations and Markets Advisory Committee is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation and Markets Advisory Committee's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporations and Markets Advisory Committee's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive

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of the Corporations and Markets Advisory Committee, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Corporations and Markets Advisory Committee:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Corporations and Markets Advisory Committee's financial position as at 30 June 2013 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



Carla Jago

Executive Director

Delegate of the Auditor-General

Canberra

2 September 2013

Financial statements

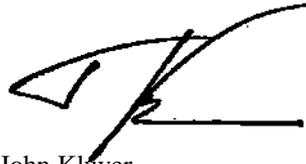
for the year ended 30 June 2013

STATEMENT BY CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR

In our opinion, the attached financial statements for the year ended 30 June 2013 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.



Joanne Rees
Convenor (Chief Executive)
2 September 2013



John Kliver
Executive Director
2 September 2013

Statement of comprehensive income

for the year ended 30 June 2013

	Note	2013 \$	2012 \$
EXPENSES			
Employees	4a	600,205	638,432
Suppliers	4b	315,286	355,520
Depreciation and amortisation	4c	10,312	6,381
Finance costs	5	1,333	2,173
Total expenses		927,136	1,002,506
Gains			
Resources received free of charge	6a	15,500	15,000
Total own-source income		15,500	15,000
Net cost of services		911,636	987,506
Revenues from Government	6b	985,000	1,030,000
Surplus attributable to the Australian Government		73,364	42,494
Total comprehensive income attributable to the Australian Government	19	73,364	42,494

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

Balance sheet*as at 30 June 2013*

	Note	2013 \$	2012 \$
ASSETS			
Financial assets			
Cash	7(a)	69,387	65,708
Receivables	7(b)	866,231	761,405
<i>Total financial assets</i>		935,618	827,113
Non-financial assets			
Leasehold improvements	8a, 8c	18,646	25,078
Plant and equipment	8b, 8c	12,774	16,654
Other non-financial assets	8d	8,344	24,914
<i>Total non-financial assets</i>		39,764	66,646
TOTAL ASSETS		975,382	893,759
LIABILITIES			
Payables			
Suppliers	9a	1,483	14,379
Other payables	9b	51,096	73,067
<i>Total payables</i>		52,579	87,446
Provisions			
Employees	10a	363,945	338,152
Other provisions	10b	45,468	44,135
<i>Total provisions</i>		409,413	382,287
TOTAL LIABILITIES		461,992	469,733
NET ASSETS		513,390	424,026
EQUITY			
Contributed equity		56,000	40,000
Reserves		22,141	22,141
Accumulated surplus		435,249	361,885
TOTAL EQUITY		513,390	424,026

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

Statement of changes in equity

for the year ended 30 June 2013

	Accumulated results		Asset revaluation reserve		Contributed equity		TOTAL EQUITY	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	361,885	319,391	22,141	22,141	40,000	20,000	424,026	361,532
Operating surplus	73,364	42,494	-	-	-	-	73,364	42,494
Revaluation	-	-	-	-	-	-	-	-
<i>Total comprehensive income attributable to the Australian Government</i>	73,364	42,494	-	-	-	-	73,364	42,494
Transactions with owners:								
Appropriations—departmental capital budget	-	-	-	-	16,000	20,000	16,000	20,000
	-	-	-	-	16,000	20,000	16,000	20,000
Closing balance attributable to the Australian Government	435,249	361,885	22,141	22,141	56,000	40,000	513,390	424,026

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

Statement of cash flows

for the year ended 30 June 2013

	Note	2013	2012
		\$	
OPERATING ACTIVITIES			
Cash received			
Appropriations		881,257	902,561
GST recovered from ATO		30,378	33,704
Total cash received		911,635	936,265
Cash used			
Employees		(575,383)	(581,028)
Suppliers		(348,573)	(366,726)
Total cash used		(923,956)	(947,754)
Net cash from operating activities	11	(12,321)	(11,489)
INVESTING ACTIVITIES			
Cash used			
Purchase of leasehold improvements, plant and equipment		–	(7,584)
Net cash (used) by investing activities		–	(7,584)
FINANCING ACTIVITIES			
Cash received			
Appropriations—contributed equity		16,000	20,000
Net cash (used) by financing activities		16,000	20,000
Net increase/(decrease) in cash held		3,679	927
Cash at the beginning of the reporting period		65,708	64,781
Cash at the end of the reporting period	7a	69,387	65,708

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

Schedule of commitments

as at 30 June 2013

	Note	2013 \$	2012 \$
BY TYPE			
Other commitments			
Operating leases	(a)	107,446	287,507
Total other commitments		107,446	287,507
Commitments receivable	(b)	(9,768)	(26,137)
Net commitments by type		97,678	261,370
BY MATURITY			
Operating lease commitment:			
One year or less		107,446	180,061
From one to five years		–	107,446
Total operating lease commitments		107,446	287,507
Commitments receivable			
Operating lease commitment:			
One year or less		(9,768)	(16,369)
From one to five years		–	(9,768)
Total commitments receivable	(b)	(9,768)	(26,137)
Net commitments by maturity		97,678	261,370

Notes:

(a) Operating leases included are effectively non-cancellable and comprise:

<i>Nature of lease</i>	<i>General description of leasing</i>
Leases for office accommodation	. Subject to fixed annual increase . No contingent rentals exist

(b) Commitments receivable consist of GST recoverable in respect of operating leases. All commitments are GST inclusive.

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

Schedule of contingencies

as at 30 June 2013

Contingent liabilities

There were no quantifiable contingent liabilities as at 30 June 2013 (2012: nil).

Contingent assets

There were no quantifiable contingent assets as at 30 June 2013 (2012: nil).

Unquantifiable contingent liabilities

There were no unquantifiable contingent liabilities as at 30 June 2013 (2012: nil).

Unquantifiable contingent assets

There were no unquantifiable contingent assets as at 30 June 2013 (2012: nil).

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

Notes to and forming part of the financial statements

for the year ended 30 June 2013

Notes

- 1 Summary of significant accounting policies
- 2 Events after the balance sheet date
- 3 Economic dependency
- 4 Operating expenses
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- 20 Compliance with statutory conditions for payments from Consolidated Revenue Fund

1 Summary of significant accounting policies

1.1 Objective of Corporations and Markets Advisory Committee

The Corporations and Markets Advisory Committee (CAMAC) is an independent body operating under the *Australian Securities and Investments Commission Act 2001* to provide informed and expert advice to the Minister about corporate, financial product and financial market matters.

The objectives of CAMAC are to stimulate and lead the debate on the enhancement of standards for corporations and participants in financial markets and to provide the Australian Government with advice of the highest quality on any steps needed to achieve this, including suitable regulatory reform where necessary.

CAMAC is an agency prescribed under Schedule 1, Part 1 of the *Financial Management and Accountability Regulations 1997* (FMA Regulations).

Monitoring of constitutional and other legal requirements

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth* (2012) 288 ALR 410, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

1.2 Basis of preparation of the financial statements

The financial statements and notes are required by section 49 of the *Financial Management and Accountability Act 1997* (FMA Act) and are a general purpose financial report.

The financial statements and notes have been prepared in accordance with the:

- Finance Minister's Orders (or FMOs) for Financial Reporting (incorporating policy and guidance) for reporting periods ending on or after 1 July 2011;
- Finance Minister's Amendment Orders (Financial Statements for reporting periods ending on or after 1 July 2012); and

- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets, which are at fair value. Except where stated, no allowance is made for the effect of changing prices on results or the financial position of CAMAC. The financial report is presented in Australian dollars.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to CAMAC or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are not recognised are reported in the Schedule of Commitments or the Schedule of Contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.3 New Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. The following new accounting standards, amendments to standards and interpretations were issued by the Australian Accounting Standards Board prior to the signing date and are applicable to the current reporting period, but have not had a material financial impact on CAMAC:

- AASB 2011-9 *Presentation of Items of Other Comprehensive Income*.

Other new standards or revised standards that were issued prior to the signing date and are applicable to the current reporting period did not have a financial impact, and are not expected to have a future financial impact, on CAMAC.

Future Australian Accounting Standard requirements

New standards, amendments to standards or interpretations that have been issued by the Australian Accounting Standards Board, and are effective for future reporting periods, are expected to have a material financial impact on CAMAC:

- AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*
- AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*
- AASB 2012-2 *Amendments to Australian Accounting Standards—Disclosures—Offsetting Financial Assets and Financial Liabilities*
- AASB 13 *Fair Value Measurement*
- AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*
- AASB 2011-10 *Amendments to AASB 119 Employee Benefits (September 2011)*
- AASB 9 *Financial Instruments*
- AASB 2012-6 *Amendments to Australian Accounting Standards—Mandatory Effective Date of AASB 9 and Transition Disclosures*
- AASB 2012-3 *Amendments to Australian Accounting Standards—Offsetting Financial Assets and Financial Liabilities*
- AASB 1055 *Budgeting Reporting*.

1.4 Revenue

Revenues from Government

Amounts appropriated for departmental outputs appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue when CAMAC gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

Resources received free of charge

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

1.5 Employee benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for ‘short-term employee benefits’ (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

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

The leave liabilities are calculated on the basis of employees’ remuneration, including CAMAC’s employer superannuation contribution rates, to the extent that the leave is likely to be taken during service rather than paid out on termination.

Superannuation

CAMAC employees are members of the Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation Scheme (PSS).

The CSS and PSS are defined benefit schemes of the Australian Government.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance and Deregulation as an administered item.

CAMAC makes employer contributions to the CSS & PSS at rates determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of CAMAC’s employees.

1.6 Leases

All leased assets have been classified as operating leases, as substantially all the risks and benefits incidental to the ownership of the leased assets remain with the lessor.

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

1.7 Finance costs

Finance costs are expensed as incurred.

1.8 Cash

Cash means petty cash and deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.9 Other non-financial assets

These assets are recognised at their nominal amounts, being cost.

1.10 Financial assets and financial liabilities

Financial assets

CAMAC's financial assets are classified as 'loans and receivables' for the purposes of AASB 139 *Financial Instruments: Recognition and Measurement*.

Financial assets are recognised and derecognised at transaction date.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis.

Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

Financial assets are held at amortised cost. If there is objective evidence that an impairment loss has been incurred for 'loans and receivables' financial assets, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

Financial liabilities

Financial liabilities are classified as ‘other financial liabilities’ for the purposes of AASB 139 *Financial Instruments: Recognition and Measurement*.

Financial liabilities are recognised and derecognised at transaction date.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of whether they have been invoiced).

1.11 Acquisition of assets

Assets are recorded at cost on acquisition, provided the asset recognition threshold is satisfied (refer to note 1.12). The cost on acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

1.12 Leasehold improvements, plant and equipment

Asset recognition threshold

Acquisitions of leasehold improvements, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located, if restoration is contractually required. ‘Make good’ provisions in property leases are accounted for on this basis. These costs are included in the value of CAMAC’s leasehold improvements with a corresponding restoration provision recognised.

Revaluations

Fair values of each class of asset are determined as shown below:

Asset class	Fair value measured at:
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Market value

Following initial recognition at cost, leasehold improvements, plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/(deficit). Revaluation decrements for a class of assets are recognised directly in the surplus/(deficit) except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Assets that are surplus to requirements are measured at their net realisable value. At 30 June 2013 CAMAC held no surplus assets.

Depreciation and amortisation

Depreciable plant and equipment assets (including library books) are written down to their estimated residual values over their estimated useful lives to CAMAC using, in all cases, the straight-line method of depreciation. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

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

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

	2013	2012
Leasehold improvements	Lease Term	Lease Term
Plant and equipment	2–20 years	2–20 years

1.13 Impairment of non-current assets

Leasehold improvements, plant and equipment are assessed for impairment at the end of each financial year. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if CAMAC were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.14 Other provisions

In accordance with AASB 116 *Property, Plant & Equipment* and AASB Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, CAMAC recognises a liability for estimated restoration costs relating to leased premises where the lease creates an obligation for CAMAC to make good those premises.

1.15 Taxation

CAMAC is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST). CAMAC recovers GST from the Australian Taxation Office.

Revenues, expenses, assets and liabilities are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

1.16 Insurance

CAMAC has insured for risks through Comcover, the Government's insurable risk managed fund. Workers' compensation is insured through Comcare Australia.

1.17 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or

represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when the chance of settlement is greater than remote.

1.18 Comparative figures

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

1.19 Changes in accounting policy

There have been no changes in accounting policies during the year ended 30 June 2013.

1.20 Rounding

The figures in these financial statements have been rounded to the nearest dollar.

2 Events after the balance sheet date

There were no events occurring after balance sheet date that had a material effect on the financial statements.

3 Economic dependency

CAMAC is controlled by the Commonwealth of Australia. Accordingly, CAMAC is dependent on appropriations from the Parliament of the Commonwealth for its continued existence and ability to carry out its normal activities and functions as set out in section 148 of the *Australian Securities and Investments Commission Act 2001*.

4 Operating expenses

	Notes	2013	2012
		\$	\$
4a Employees and members			
Salaries		458,811	472,349
Superannuation	(i)	77,391	71,356
Leave and other entitlements		64,003	94,727
Total employee expenses		600,205	638,432

(i) Contributions to superannuation schemes are at rates calculated to cover existing and emerging obligations. Superannuation payments for members are paid into private superannuation funds or the Public Sector Superannuation Scheme (PSS). Refer to Note 13d for remuneration of members.

	Notes	2013	2012
		\$	\$
4b Suppliers			
Goods and Services			
Audit fee		15,500	15,000
Management fee		70,000	70,000
Office requisites		3,991	13,888
Postage		500	4,724
Property-related outgoings		17,051	19,073
Stationery		2,066	1,384
Subscriptions		15,394	11,556
Travel		35,955	60,388
Other goods and services		10,891	16,000
Total Goods and Services		171,348	212,013
Goods and services are made up of:			
Rendering of services—related entities		85,500	85,000
Rendering of services—external parties		66,594	100,223
Provision of goods—external parties		19,254	26,790
Total goods and services expenses		171,348	212,013
Other supplier expenses			
Operating lease rentals	(i)	140,749	140,749
Workers compensation premiums		3,189	2,758
Total other supplier expenses		143,938	143,507
Total supplier expenses		315,286	355,520

(i) These comprise minimum lease payments only.

	Note	2013	2012
		\$	\$
4c Depreciation and amortisation			
Depreciation of plant and equipment	8c	3,880	3,282
Amortisation of leasehold improvements	8c	6,432	3,099
Total depreciation and amortisation expense	8c	10,312	6,381

5 Finance costs

	2013	2012
	\$	\$
Unwinding of discount on other provisions	1,333	2,173

6 Operating revenue

	Note	2013	2012
		\$	\$

6a Gains

Resources received free of charge	(i)	15,500	15,000
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(i) As a prescribed agency, CAMAC receives audit services from the Australian National Audit Office free of charge. The fair value of the service received for the reporting period is \$15,500 (2012: \$15,000).

6b Revenues from Government

Departmental outputs		985,000	1,030,000
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7 Financial assets

	Note	2013	2012
		\$	\$

7a Cash

Cash on hand		1,000	1,000
Cash at bank		68,387	64,708
Total cash		69,387	65,708

7b Receivables

Appropriation receivable		856,461	752,718
Other receivable		859	–
GST receivable		8,911	8,687
Total receivables		866,231	761,405

Receivables are expected to be recovered:

No more than 12 months		866,231	761,405
		866,231	761,405

8 Non-financial assets

	Note	2013	2012
		\$	\$

8a Leasehold improvements

Leasehold improvements—at fair value		28,609	28,609
Accumulated amortisation		(9,963)	(3,531)
Total leasehold improvements	8c	18,646	25,078

8b Plant and equipment

Plant and equipment—at fair value		20,258	20,258
Accumulated depreciation		(7,484)	(3,604)
Total plant and equipment	8c	12,774	16,654

A valuation was undertaken by the Australian Valuation Office as at 30 June 2011. The valuation confirmed there was no material difference between the fair value and carrying value of plant and equipment assets and leasehold improvements.

No indicators of impairment were found for plant and equipment or leasehold improvements at 30 June 2013.

8c Analysis of leasehold improvements, plant and equipment

Table A Reconciliation of opening and closing balances of leasehold improvements and plant and equipment 2012–13

	Leasehold improvements	Plant and equipment	Total
	\$	\$	\$
As at 1 July 2012			
Gross book value	28,609	20,258	48,867
Accumulated depreciation/amortisation	(3,531)	(3,604)	(7,135)
Opening net book value	25,078	16,654	41,732
Depreciation/amortisation expense	(6,432)	(3,880)	(10,312)
As at 30 June 2013			
Gross book value	28,609	20,258	48,867
Accumulated depreciation/amortisation	(9,963)	(7,484)	(17,447)
Closing net book value	18,646	12,774	31,420

Table B Reconciliation of opening and closing balances of leasehold improvements, plant and equipment 2011–12

	Leasehold improvements	Plant and equipment	Total
As at 1 July 2011	\$	\$	\$
Gross book value	28,609	12,673	41,282
Accumulated depreciation/amortisation	(432)	(322)	(754)
<i>Opening net book value</i>	28,177	12,351	40,528
Additions			
by purchase	–	7,585	7,585
Depreciation/amortisation expense	(3,099)	(3,282)	(6,381)
As at 30 June 2012			
Gross book value	28,609	20,258	48,867
Accumulated depreciation/amortisation	(3,531)	(3,604)	(7,135)
<i>Closing net book value</i>	25,078	16,654	41,732

8d Other non-financial assets

		2013	2012
		\$	\$
Lease incentive asset	(i)	8,344	24,914
<i>Total other non-financial assets</i>		8,344	24,914

(i) The balance as at 30 June 2013 represents CAMAC's lease incentive receivable from the office accommodation lease that was renewed during the 2008–09 financial year.

9 Payables

	Note	2013	2012
		\$	\$

9a Supplier payables

Trade creditors		1,483	14,379
<i>Total supplier payables</i>		<u>1,483</u>	<u>14,379</u>

Suppliers are expected to be settled within 12 months.

9b Other payables

Rent payable		7,231	15,869
Property lease incentive		8,345	22,650
Salaries and bonuses		<u>35,520</u>	<u>34,548</u>
<i>Total other payables</i>		<u>51,096</u>	<u>73,067</u>

Payables are expected to be settled:

No more than 12 months		51,096	57,492
More than 12 months		<u>-</u>	<u>15,575</u>
		<u>51,096</u>	<u>73,067</u>

10 Provisions

	2013	2012
	\$	\$

10a Employees

Leave entitlements	<u>363,945</u>	<u>338,152</u>
<i>Total employee provisions</i>	<u>363,945</u>	<u>338,152</u>

Employee provisions are expected to be settled:

No more than 12 months	<u>39,964</u>	<u>24,807</u>
More than 12 months	<u>323,981</u>	<u>313,345</u>
	<u>363,945</u>	<u>338,152</u>

10b Other

Restoration obligations—leased premises	<u>45,468</u>	<u>44,135</u>
<i>Total other provisions</i>	<u>45,468</u>	<u>44,135</u>

Reconciliation of the opening and closing balance of restoration provision

Carrying amount 1 July	44,135	41,962
Unwinding of discount or change in discount rate	<u>1,333</u>	<u>2,173</u>
<i>Closing balance 30 June</i>	<u>45,468</u>	<u>44,135</u>

11 Cash flow reconciliation

Reconciliation of cash per Balance Sheet to Statement of Cash Flows	Note	2013 \$	2012 \$
Cash and cash equivalents as per:			
Cash Flow Statement		69,387	65,708
Balance Sheet		69,387	65,708
Difference		–	–
Reconciliation of net cost of services to net cash from operating activities:			
Net cost of services		(911,636)	(987,506)
Add revenue from Government		985,000	1,030,000
Surplus attributable to the Australian Government		73,364	42,494
Adjustments for non-cash items			
Depreciation and amortisation		10,312	6,381
Finance costs		1,333	2,173
<i>Changes in assets and liabilities resulting from operating activities</i>			
Increase in employee provisions		25,793	57,404
(Increase)/decrease in other non-financial assets		16,570	19,964
(Increase) in receivables		(104,826)	(129,786)
Increase/(decrease) in payables		(34,867)	(10,119)
<i>Net cash received from operating activities</i>		(12,321)	(11,489)

12 Related party disclosures

12a The members of the Advisory Committee during the financial year and to the date of this report were:

- Joanne Rees—Convenor
- David Gomez
- Teresa Handicott (appointed 1 May 2013)
- Jane McAloon (resigned 31 May 2013)
- Alice McCleary
- Denise McComish
- Greg Medcraft (ASIC Chairman)
- Marian Micalizzi (term expired 16 April 2013)
- Michael Murray
- Geoffrey Nicoll
- John Price (Nominee of ASIC's Chairman)
- Ian Ramsay
- Brian Salter (appointed 1 May 2013)
- Robert Seidler (term expired 16 April 2013)
- Greg Vickery.

12b The members of the Legal Committee during the financial year and to the date of this report were:

- Greg Vickery—Convenor
- Rosey Batt
- Lyn Bennett (term expired 9 November 2012)
- Elizabeth Boros (term expired 16 April 2013)
- Damian Egan
- Jennifer Hill (term expired 16 April 2013)
- James Marshall (term expired 16 April 2013)
- David Proudman (term expired 16 April 2013)
- Brian Salter
- Rachel Webber.

12c During the financial year there were no related party transactions with Advisory Committee members or Legal Committee members, except for the payment of \$70,000 to ASIC of which Greg Medcraft is the Chairman and John Price is a Commissioner (2012: \$70,000). The payment to ASIC is for administrative support, including financial management, payroll, library services and information technology.

The sitting fees payable to members and the aggregate remuneration of members are disclosed in note 13d.

13 Remuneration of members and executive officer

Note 13a and Note 13b disclose the remuneration of those senior executives who are either classified in Groups 9–11 of the Public Service Classification Rules 2000 or those who perform functions controlling operational activities that have a direct impact on the economic function and viability of CAMAC and whose employment conditions are equivalent to Senior Executive Service (SES) employment conditions of service.

Note 13b discloses only those senior executives appointed to a senior executive role in a substantive capacity during the reporting period. Note 13a is prepared on an accruals basis: therefore the total expense in Note 13a may differ from the average annual reportable remuneration paid in Note 13b.

The executive remuneration includes the sole Executive Officer concerned with or taking part in the management of CAMAC during 2012–13 except for the members of the Committee. Details in relation to members of the Committee have been incorporated into Note 13d Sitting members.

13a Total expense recognised in relation to employment of senior executives

	2013 \$	2012 \$
Short-term employee benefits:		
Salary and performance bonuses	218,552	240,835
Annual leave accrued	8,307	(12,487)
Total short-term employee benefits	226,859	228,348
Post-employment benefits:		
Superannuation	33,425	27,084
Other long-term benefits:		
Long service leave accrued	7,685	6,463
<i>Total remuneration expense for senior executives</i>	267,969	261,895

13b Average annual reportable remuneration paid to substantive¹ senior executives during the reporting period

As at 30 June 2013

Average annual reportable remuneration	Senior Executives No.	Reportable salary ² \$	Contributed superannuation ³ \$	Bonus paid ⁴ \$	Total \$
Total remuneration: \$240,000 to \$269,999	1	218,411	33,425	–	251,836

As at 30 June 2012

Average annual reportable remuneration	Senior Executives No.	Reportable salary ² \$	Contributed superannuation ³ \$	Bonus paid ⁴ \$	Total \$
Total remuneration: \$210,000 to \$239,999	1	212,679	27,084	–	239,763

1 This table reports on substantive senior executives who were employed by CAMAC during the reporting period.

2 'Reportable salary' includes the following:

- a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'Bonus paid' column);
- b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
- c) exempt foreign employment income.

3 The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period.

4 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving CAMAC during the financial year.

There were no allowances paid to the senior executive during the year.

13c Other highly paid staff

There were no other highly paid staff who were employed by CAMAC during the reporting period.

13d Sitting members

The number of Advisory Committee and Legal Committee members paid sitting fees is shown below in the relevant remuneration bands. Some members waived sitting fees. Section 152 of the *Australian Securities and Investments Commission Act 2001* provides for the remuneration payable to CAMAC members to be determined by the Remuneration Tribunal. The daily rate at which sitting fees were paid during the 2012–13 financial year, as determined by the Tribunal, were \$828 for the Convenor and \$753 for other members.

	2013	2012
Bands of remuneration	Members	Members
\$0–\$14,999	17	17

	2013	2012
	\$	\$
Aggregate amount of superannuation payments in connection with the future retirements of Committee members, including Legal Committee members	1,694	2,434
Other remuneration received or due and receivable by Committee members, including Legal Committee members	43,143	63,645
<i>Total remuneration received or due and receivable by Committee members, including Legal Committee members</i>	44,837	66,079

14 Remuneration of auditor

	2013	2012
	\$	\$
Financial statements audit services by the Auditor-General are provided free of charge to CAMAC. No other services were provided by the Auditor-General. For further explanation of this item, see the Statement of Comprehensive Income under the heading Gains, note 1.4 under the heading <i>Resources received free of charge</i> and Note 6a.	15,500	15,000

15 Average staffing levels

	2013	2012
The average staffing levels for CAMAC during the year were	3	3

16 Financial instruments

16a Market risk exposures

Currency risk

CAMAC's exposure to 'Currency risk' is minimal, as only a small number of contracts are in currencies other than Australian dollars.

Interest rate risk

CAMAC financial instruments are not exposed to interest rate risk.

16b Net fair values of financial instruments

	2013		2012	
	Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
Financial assets				
Cash	69,387	69,387	65,708	65,708
Other receivable	859	859	–	–
Total financial assets	70,246	70,246	65,708	65,708
Financial liabilities				
Trade creditors	1,483	1,483	14,379	14,379
Total financial liabilities	1,483	1,483	14,379	14,379

The fair values of financial liabilities at amortised cost approximate their fair value. The market values of the financial instruments are all derived from inputs that are not based on observable market data.

16c Credit risk exposures

CAMAC has no exposure to credit risk.

16d Liquidity risk exposures

CAMAC's financial liabilities are payables.

CAMAC receives appropriations from the Federal Government to deliver the outcomes defined in Note 1.1. CAMAC is an FMA agency and is therefore required to comply with government policies, including the prompt payment of suppliers.

CAMAC does not expect to have difficulty meeting its financial liability obligations as and when they become payable.

Financial instruments reconciliation

	2013	2012
	\$	\$
Total financial assets as per balance sheet	935,618	827,113
Less: non-financial instrument components:		
Appropriations receivable	856,461	752,718
GST receivable included in financial assets	8,911	8,687
Total non-financial instrument components	865,372	761,405
Total financial assets as per financial instruments note	70,246	65,708

17 Appropriations

Table A1: Annual appropriations ('recoverable GST exclusive')

	2013 appropriations				Appropriations applied in 2013 (current and prior years)	Variance ²
	Appropriation Act		FMA Act			
	Annual appropriation	Appropriations reduced ¹	Section 31	Total appropriation		
Departmental						
Ordinary annual services	1,006,000		–	1,006,000	893,355	112,645
Other services						
Equity	–	–		–	–	–
Total departmental	1,006,000	–	–	1,006,000	893,355	112,645

¹Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. No reduction has been made by the Finance Minister in respect of CAMAC's Appropriation Act (No. 1) 2012-13. On 5th August 2013, the Finance Minister issued 'Instrument to Reduce Appropriations (No.1 of 2013–2014)'. This instrument reduced CAMAC's departmental Appropriation Act (No. 1) 2012–2013 by \$5,000 under section 12 of Appropriation Act (No. 1) 2012–2013. This reduction has not been reflected in the table above.

²The underspend in departmental ordinary annual service 2012–13 primarily relates to members attending meetings by phone. There were also no Legal Committee meetings, which reduced expenditure on sitting fees and travel. In addition, CAMAC did not print copies of its publications, other than its Annual Report.

Table A2: Annual appropriations ('recoverable GST exclusive')

	2012 appropriations			Total appropriation	Appropriations applied in 2012 (current and prior years)	Variance ²
	Appropriation Act		FMA Act			
	Annual appropriation	Appropriations reduced ¹	Section 31			
Departmental						
Ordinary annual services	1,050,000	-	-	1,050,000	917,745	132,255
Other services						
Equity	-	-		-	-	-
Total departmental	1,050,000	-	-	1,050,000	917,745	132,255

¹Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. No reduction has been made by the Finance Minister in respect of CAMAC's Appropriation Act (No. 1) 2011-12.

²The underspend in departmental ordinary annual service 2011-12 primarily relates to members attending meetings by phone. There were also fewer Legal Committee meetings, which resulted in lower expenditure for sitting fees and travel.

Table B1: Departmental capital budget ('recoverable GST exclusive')

	2013 capital budget appropriation			Capital budget appropriations applied in 2013 (current and prior years)				Variance ⁴
	Appropriation Act		FMA Act	Total capital budget appropriation	Payment for non-financial assets ³	Payment for other purposes	Total payments	
	Annual capital appropriation	Appropriations reduced ²	Section 32					
Departmental								
Ordinary annual services— Departmental Capital Budget ¹	16,000	–	–	16,000	–	–	–	16,000

¹Departmental Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations please see Table A: Annual appropriations.

²Appropriations reduced under Appropriation Acts (No.1,3,5) 2012–13 sections 10, 11, 12 and 15 or via a determination by the Finance Minister.

³Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

⁴The primary reason for the underspend in the departmental capital budget for 2012–13 was that CAMAC was able to use printing services provided by ASIC and therefore did not need to purchase a printer/photocopier.

Table B2: Departmental capital budget ('recoverable GST exclusive')

	2012 capital budget appropriation			Capital budget appropriations applied in 2012 (current and prior years)				
	Appropriation Act		FMA Act	Total capital budget appropriation	Payment for non-financial assets ³	Payment for other purposes	Total payments	Variance ⁴
	Annual capital appropriation	Appropriations reduced ²	Section 32					
Departmental								
Ordinary annual services— Departmental Capital Budget ¹	20,000	–	–	20,000	7,584	–	7,584	12,416

¹Departmental Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.

²Appropriations reduced under Appropriation Acts (No.1,3,5) 2011–12 sections 10, 11, 12 and 15 or via a determination by the Finance Minister.

³Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

⁴The primary reasons for the underspend in the departmental capital budget for 2011–12 were, first, that CAMAC was able to use printing services provided by ASIC and therefore did not need to purchase a printer/photocopier and, secondly, that CAMAC's increasing use of on-line services reduces the need to purchase printed library services and other publications.

Table C: Unspent departmental appropriations ('recoverable GST exclusive')

Authority	2013	2012
	\$	\$
Appropriation Act (No.1) 2008–2009	–	74,969
Appropriation Act (No.1) 2009–2010	–	169,759
Appropriation Act (No.1) 2010–2011	–	380,551
Appropriation Act (No.1) 2011–2012	752,718	127,439
Appropriation Act (No.1) 2012–2013	103,743	–
Total	856,461	752,718

Budget Paper No. 4 2013–14 noted that the Stocktake Bill 2013 proposes the repeal of old annual Appropriation Acts from 1 July 1999 through to 30 June 2010. The Bill, which was passed by the Senate on 20 June 2013, is expected to commence as an Act in the 2013–14 financial year. CAMAC has taken measures to meet this requirement.

18 Reporting of outcomes

CAMAC seeks to stimulate and lead the debate on the enhancement of standards for corporations and participants in financial markets and propose suitable regulatory reform where necessary. CAMAC operates solely from Sydney, Australia.

CAMAC's operations and activities that give effect to its role as a corporations and financial markets adviser are summarised in CAMAC's Outcome as follows:

Outcome 1: Informed decisions by Government on issues relating to corporations regulation and financial products, services and markets through independent and expert advice.

Table A Net cost of outcome delivery

	Outcome 1	
	2013	2012
	\$	\$
Expenses		
Departmental	927,136	1,002,506
Total expenses	927,136	1,002,506
Total net cost of outcome delivery (a)	927,136	1,002,506

(a) The net cost of outcome delivery represents the expenses incurred by CAMAC less the revenue earned by CAMAC from other sources—each of these amounts is detailed in the Statement of Comprehensive Income.

Table B Major classes of departmental expense, income, assets and liabilities by outcomes

All CAMAC's major classes of departmental expenses, income, assets and liabilities can be attributed to Outcome 1.

19 Net cash appropriation arrangements

From 2010–11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required. The ‘Departmental Capital Budget’ is used to fund the replacement of CAMAC’s business as usual assets (ie individual assets with a value of less than \$10m).

	2013 \$	2012 \$
Total comprehensive income excluding depreciation/ amortisation expenses previously funded through revenue appropriations attributable to CAMAC	83,676	48,875
Less: non-appropriated expenses		
Depreciation and amortisation expense	(10,312)	(6,381)
<i>Total comprehensive income/(loss) as per the Statement of Comprehensive Income</i>	73,364	42,494

20 Compliance with statutory conditions for payments from Consolidated Revenue Fund

Section 83 of the Constitution provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation made by law. The Department of Finance and Deregulation provided information to all agencies in 2011 regarding the need for risk assessments in relation to compliance with statutory conditions on payments from special appropriations, including special accounts.

During 2012–13, the Department of Finance and Deregulation advised agencies that there could be breaches of Section 83 under certain circumstances in relation to payments for long service leave, goods and services tax and payments under determinations of the Remuneration Tribunal. CAMAC has reviewed its processes and controls over payments for these items to minimise the possibility for future breaches as a result of these payments. CAMAC has determined that there is a low risk of the circumstances mentioned in the legal advice applying to it. CAMAC has not identified any such breaches in 2012–13.

CAMAC does not have any special accounts or special appropriation as at 30 June 2013.

Appendix 1 Agency resource statement

	Actual available appropriation for 2012–13 \$'000	Payments made 2012–13 \$'000	Balance remaining 2012–13 \$'000
Ordinary annual services Departmental appropriation ¹	1,006	893	113
Total	1,006	893	113

¹Includes \$0.02 million in 2012–13 for the Departmental Capital Budget.

Appendix 2 Expenses for outcome 1

Expenses for Outcome 1

Outcome 1: informed decisions by Government on issues relating to corporations regulation and financial products, services and markets through independent and expert advice.	Budget ¹ 2012–13 \$'000	Actual expenses 2012–13 \$'000	Variation 2012–13 \$'000
Program 1.1: Corporations and Markets Advisory Committee			
Departmental expenses			
Departmental appropriation ²	1,006	927	79
Special appropriations	0	0	0
Special accounts	0	0	0
Expenses not requiring appropriation in the Budget year	0	0	0
Total for Program 1.1	1,006	927	79
Total expenses for Outcome 1	1,006	927	79
Average staffing level (number)	3	3	3

¹Full year budget, including any subsequent adjustment made to the 2012–13 Budget.

²Includes \$0.02 million in 2012–13 for the Departmental Capital Budget.

Appendix 3 List of requirements

This appendix contains the list of requirements set out in Attachment F of *Requirements for Annual Reports for departments, executive agencies and FMA Act bodies*, approved by the Joint Committee of Public Accounts and Audit under ss 63(2) and 70(2) of the *Public Service Act 1999*, and issued by the Department of the Prime Minister and Cabinet on 24 June 2013.

The column headed ‘Location of item in the PM&C guidelines’ identifies the relevant part of those guidelines (for instance, ‘A.4’ refers to the fourth item in Attachment A).

Location of item in the PM&C guidelines	Part of report	Description	Requirement	Page(s) of this report
8(3) & A.4		Letter of transmittal	Mandatory	iii
A.5		Table of contents	Mandatory	v–vi
A.5		Index	Mandatory	76
A.5		Glossary	Mandatory	32
A.5		Contact officer(s)	Mandatory	ii
A.5		Internet home page address and Internet address for report	Mandatory	li
9	Review by Secretary (Convenor)		Mandatory	1–3
9(1)		Review by departmental secretary (Convenor)	Mandatory	1–3
9(2)		Summary of significant issues and developments	Suggested	4–9
9(2)		Overview of department’s performance and financial results	Suggested	28
9(2)		Outlook for following year	Suggested	2, 10
9(3)		Significant issues and developments – portfolio	Portfolio departments – suggested	N/A
10	Departmental Overview		Mandatory	16
10(1)		Role and functions	Mandatory	16–17
10(1)		Organizational structure	Mandatory	16
10(1)		Outcome and program structure	Mandatory	16, 71
10(2)		Where outcome and program structures differ from PB Statements/PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	N/A
10(3)		Portfolio structure	Mandatory for portfolio departments	N/A

Location of item in the PM&C guidelines	Part of report	Description	Requirement	Page(s) of this report
11	Report on Performance		Mandatory	4–9
11(1)		Review of performance during the year in relation to programs and contribution to outcomes	Mandatory	4–9
11(2)		Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	4–9
11(2)		Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change	Mandatory	N/A
11(2)		Narrative discussion and analysis of performance	Mandatory	4–9
11(2)		Trend information	Mandatory	N/A
11(3)		Significant changes in nature of principal functions/services	Suggested	N/A
11(3)		Performance of purchaser/provider arrangements	If applicable, suggested	N/A
11(3)		Factors, events or trends influencing departmental performance	Suggested	N/A
11(3)		Contribution of risk management in achieving objectives	Suggested	N/A
11(4)		Social inclusion outcomes	If applicable, mandatory	N/A
11(5)		Performance against service charter customer service standards, complaints data, and the department's response to complaints	If applicable, mandatory	N/A
11(6)		Discussion and analysis of the department's financial performance	Mandatory	28
11(7)		Discussion of any significant changes from the prior year, from budget or anticipated to have a significant impact on future operations.	Suggested	N/A
11(8)		Agency resource statement and summary resource tables by outcomes	Mandatory	70, 71
12	Management Accountability Corporate Governance			
12(1)		Agency head is required to certify that her agency complies with the Commonwealth Fraud Control Guidelines	Mandatory	28
12(2)		Statement of the main corporate governance practices	Mandatory	22–23, 28–30
12(3)		Name of the senior executive and his responsibilities	Suggested	26

Location of item in the PM&C guidelines	Part of report	Description	Requirement	Page(s) of this report
12(3)		Senior management committees and their roles	Suggested	22–23
12(3)		Corporate and operational planning and associated performance reporting and review	Suggested	N/A
12(3)		Approach adopted to identifying areas of significant financial or operational risk	Suggested	28
12(3)		Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	28
12(3)		How nature and amount of remuneration for SES officers are determined	Suggested	29
	External Scrutiny			
12(4)		Significant developments in external scrutiny	Mandatory	28–29
12(4)		Judicial decisions and decisions of administrative tribunals	Mandatory	28
12(4)		Reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman	Mandatory	28–29
	Management of Human Resources			
12(5)		Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	29
12(6)		Workforce planning, staff turnover and retention	Suggested	29
12(6)		Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and AWAs	Suggested	N/A
12(6)		Training and development undertaken and its impact	Suggested	29
12(6)		Work health and safety performance	Suggested	30
12(6)		Productivity gains	Suggested	N/A
12(7)		Statistics on staffing	Mandatory	29
12(8)		Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	29
12(9) & B		Performance pay	Mandatory	29
12(10)-(11)	Assets management	Assessment of effectiveness of assets management	If applicable, mandatory	N/A
12(12)	Purchasing	Assessment of purchasing against core policies and principles	Mandatory	29–30

Location of item in the PM&C guidelines	Part of report	Description	Requirement	Page(s) of this report
12(13)-(24)	Consultants	The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website.	Mandatory	30
12(25)	Australian National Audit Office Access Clauses	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	30
12(26)	Exempt contracts	Contracts exempt from the AusTender	Mandatory	30
13	Financial Statements	Financial Statements	Mandatory	36–69
Other Mandatory Information				
14(1) & C.1		Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)	Mandatory	30
14(1) & C.2		Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory	31
14(1) & C.3		Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	31
14(1)		Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	N/A
14(2) & D.1		Grant programs	Mandatory	31
14(3) & D.2		Disability reporting – explicit and transparent reference to agency-level information available through other reporting mechanisms	Mandatory	30
14(4) & D.3		Correction of material errors in previous annual report	If applicable, mandatory	N/A
F		List of Requirements	Mandatory	72–75

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