

# Senate Economics Committee

## Chairman Opening Statement

2 March 2017

8 minutes (800 words)

### Introduction

- Good morning chairman.
- I am pleased to appear before the committee today.
- With me are deputy chairman Peter Kell and Commissioners:
  - Cathie Armour, and
  - John Price.
- Also appearing today are Senior Executive Leaders:
  - Warren Day
  - Greg Kirk
  - Tim Mulally
  - Joanna Bird, and
  - Michael Saadat.

PAUSE

- I have an opening statement that touches on:
  1. Financial literacy;
  2. Small business; and
  3. Whistleblower reform.

## 1. Financial literacy

- Two week ago, ASIC, along with the Minister for Revenue & Financial Services, the Hon. Kelly O'Dwyer launched the **National Financial Literacy Strategy Annual Highlights Report 2015-16**.
- This is a significant document – essentially a report card – which I am happy to say shows ASIC's work in financial literacy is having effect.
- Some key takeouts from the 12 months to June 2016:
  - **Over 50%** of Australia's 10,000 schools have engaged with ASIC's MoneySmart Teaching program;
  - **6 million people** have visited ASIC's MoneySmart website (and 90% reported taking action after the visit); and
  - **260,000 people** have been assisted through financial education programs.
- These statistics and those in the report – which I recommend to the committee – underscore that the bipartisan policy of financial literacy is getting results.

- Growing the financial capabilities of all Australians requires a long-term commitment – we are laying the foundations for behavioural change over time.
- With financial capability, it is important we focus on cognitive ability, knowledge, attitudes and behavioural biases
- Overall there is more work to do, but we are heading in the right direction.
- I have distributed the Highlights reports to members.

## 2. Office of Small Business

- Chair, as members of this committee know well, there are **2.4 million** Australian companies and **2 million business names** registered with ASIC.
  - The vast majority of these are **small businesses**.
  - That makes small business ASIC's largest stakeholder.
- Currently, ASIC has dedicated programs aimed at helping these businesses which are carried out across our Registry, our Small Business Compliance & Deterrence and our Financial Capability teams.
- But we recognise ASIC can improve its engagement with the sector and, as such, we have established an **Office of Small Business**, which will drive our work in this area.

- This office is being led by Senior Executive Leader **Warren Day** and reports directly to ASIC Commissioner, **John Price**.
- The Office of Small Business is developing an **ASIC Small Business Strategy**.
  - The strategy will build on the proposition that while ASIC may police the overall corporate sector, it must also - within the finite resources we have - **promote and act in the interests of these smaller firms**. Small businesses are the drivers of the Australian economy.
- Specifically, our Small Business Strategy will require all ASIC teams to **assess how their work might impact small business**.
- We will also seek to identify **possible test cases** where misconduct may be harming the interests of small business, to gain greater clarity around existing legal obligations, and where it will provide certainty and fairness to all small business.
- The strategy will also propose **greater engagement** with small business groups, as well as **better communications** with external stakeholders on our small business work.
- On communications, we launched this month a mobile app for small businesses.

- It includes information to help someone decide if they are ready to launch a business; a check list to help with obligations, including registrations, tax and super; case studies on what can go wrong, plus tips on developing a network.

### 3. Whistleblower reform

- Finally Chairman, ASIC recognises the **courage** of whistleblowers and the important role they play in calling out poor conduct, and assisting ASIC to do its job.
- Right now, there are processes under way to reform the law around whistleblowers and ASIC is taking part in these processes.
- We have made submissions to both the Treasury and the Parliamentary Joint Committee.
- In summary Chairman, ASIC has recommended:
  1. **broadening the definition** of whistleblowers to include a company's former employees, officers, contractors and others;
  2. extending whistleblower protections to **anonymous disclosures** and ensuring whistleblower identity should be subject to absolute confidentiality;
  3. replacing the 'good faith' requirement with an '**objective test**', that is, it should be sufficient for the information disclosed to simply show that wrongdoing has occurred;

4. a **rewards system be deferred** until higher monetary penalties have been introduced, possibly following the Government's review of ASIC's enforcement regime;
5. an overhaul of **whistleblower compensation** to ensure better access and to better define the nature of the damages – including loss of lifetime earnings - on which a whistleblower may claim compensation.

We also recommended the set-up of a **whistleblower tribunal** to hear compensation claims.

6. Lastly, we think any new whistleblowing regime should be supported by an **independent oversight** agency, such as the Commonwealth Ombudsman.
- Chairman we are now happy to take questions.

ENDS