

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

17 October – 18 October 2012

Question: SBT 50-52

Topic: Audited Accounts

Written: Received from Committee – 23 October 2012

Senator WILLIAMS asked:

50. Your Info Sheet 163 from September talks about the 14 firms where registered liquidators had failed to lodge audited reports. Why did it take until 2012 for you to discover this?
51. The matter of these missing financial reports was raised in submission 86 to the Senate inquiry into liquidators and administrators around February 2010. Why did it take ASIC 2 years to act on the evidence in that submission?
52. How many complaints had ASIC received from stakeholders of public companies in administration regarding missing financial reports in the five years before 2012?

Answer:

50. ASIC is aware of the competing priorities that registered liquidators must consider in externally administering a company including, in certain instances, providing audited financial accounts. ASIC is mindful that the secured and unsecured creditors ultimately bear the cost of providing such audited financial accounts.

Law reform which came into effect on 31 December 2007 ensures that all external administrators account for all monies they receive and pay in an external administration and that they report publicly on that accounting every six months.

ASIC now monitors the compliance of registered liquidators with Part 2M.3 of the Corporations Act and the requirement to lodge financial accounts in certain instances. ASIC did not allocate scarce resources to conduct surveillance of compliance with this Part before 2012.
51. The Senate Inquiry into the conduct of insolvency practitioners and ASIC's Involvement, received two separate submissions from ASIC in March 2010 and June 2010 and was one of 95 detailed submissions the committee received.

ASIC did not allocate scarce resources to the surveillance of compliance with Part 2M.3 of the Corporations Act before 2012. ASIC Information Sheet 163 broadly outlines ASIC's view of the relative importance of the provisions.
52. ASIC records indicate that there were 21 discrete matters pertaining to 15 separate entities.