

Australia and New Zealand Banking Group Limited

Response to Questions in Writing following 5 October 2016 House of Representatives Economics Committee Hearing

Question asked by

Mr Thistlethwaite

Question

The final paragraph of the terms of reference for this inquiry refers to the 'Australian Bankers' Association's April 2016 six point plan to enhance consumer protections and in response to Government reforms and actions by regulators'. Point 6 of that plan states that the Banks support an industry funding model for ASIC. A 'user pays' model or industry funding was floated back in early 2014.

Was your bank always in support of such an approach?

If not, why is it now?

In what way would this funding be of assistance to ASIC and how would it, in your view, improve ASIC?

Answer

Our August 2014 Response to the Interim Report of the Financial System Inquiry stated:

"ANZ agrees with the interim report that independent, accountable and appropriately resourced financial regulators are important for the efficient and fair operation of the financial system. ...

Agencies exist to achieve the objectives of the legislature. It is appropriate for government through the budget process to determine the level of resources and year to year variation. ANZ agrees that appropriate level of resourcing to maintain the capability of regulatory staff is important, particularly given market competition for expert banking and financial skills. Consultation on the appropriate level of resourcing and an independent process to provide advice to government on resourcing may be valuable. ...

ANZ believes that the funding goal should be, as far as possible, to raise revenue efficiently and user-based charges may be efficient. A specific funding proposal should be assessed to identify whether this is as efficient as current budget funding. ANZ notes that 'user-pays' based charging will require specific processes to be developed by the regulator and industry, and, in effect, move from a general tax base to business specific charges. ...

ANZ's overall view is that the costs of a 'user-pays' model for financial regulation (including operating and compliance costs as well as wide economic costs) should be assessed against the costs of the existing funding model. Payments made under enforceable undertakings could be directed to activities to bolster consumer protection, including through financial literacy programs."

We stated in our March 31 2015 response to the Final Report of the Financial System Inquiry:

"ANZ suggests a specific proposal for a new funding model for ASIC should be developed and implemented. There is considerable benefit in having the

Government set the budget guidelines for regulators to ensure that regulation of the financial sector is not overly burdensome.”