



Committee	Parliamentary Joint Committee on Corporations and Financial Services
Inquiry	Oversight of the ASIC, the Takeovers Panel and the Corporations Legislation No. 1 of the 46th Parliament
Question No.	002
Date	27 August 2021
Topic	Industry funding model
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Committee member	Mr Van Manen

Question

Mr VAN MANEN: Yes, thank you, Chair. I'm happy for you to take that on notice. Maybe I'll qualify it a little bit more and you can take both of these final ones on notice for the sake of time. Mr Day, in your original comments, you referred to, as part of the overall cost, the cost of enforcement and investigation of advisers in the ordinary course of business. I accept that, but I'd be interested to know—and I don't have a copy of your CRIS document here in front of me—whether, in there, you break down the actual costs of those enforcement activities, separate from the stuff you are doing with the royal commission recommendations et cetera. I'd be interested to know what the costs are of that actual day-to-day enforcement activity and I'd also be interested to know why there are not penalties or other fees attached to that that go towards cost recovery.

Answer

ASIC's Cost Recovery Implementation Statement for 2020-21 shows the resources directly involved in enforcement activities is estimated to be \$123.7m, compared with \$67.6m in 2017-18. The increase in enforcement activity is largely due to the increased investment in enforcement following the Financial Services Royal Commission (FSRC) which includes an ongoing uplift in ASIC's enforcement capacity. The additional funding was provided to ASIC to meet the level of regulatory activity expected by the community and Government in response to conduct within the financial services industry.

Where ASIC is successful in court action, any costs awarded and paid to ASIC will be credited to the relevant subsector(s) and the associated levies are reduced accordingly. There is likely to be a delay between when costs are incurred and when costs are recovered, which means levies for one financial year will include ASIC's enforcement costs, but with any crediting of costs likely to occur in another financial year.

Penalties go directly to the Commonwealth consolidated revenue fund. Penalties are not linked to ASIC's costs and, as they are not retained by ASIC, they have no impact on the amount ASIC recovers from industry through the ASIC Industry Funding Model.