

Parliamentary Joint Committee on Corporations and Financial Services

ANSWERS TO QUESTIONS ON NOTICE

7 February 2020

Question No: 02
Topic: Conflict of interest in ASIC – pension payments
Reference: Hansard page 72

Question:

Senator O'NEILL: Let me go to ASIC. If an ASIC investigator was looking into the audit reports of PwC and they were a member of the PwC retirement plan, would they need to declare that? Do you have anybody in that position in your employ?

Mr Price: I will let Mr Niven speak to that.

Mr Niven: We would expect them to declare that conflict. Apart from the contractors I mentioned before, we don't have any ex-partners as employees from the big four who are conducting the inspections, so it doesn't arise in relation to those file reviews. The two ex-auditors we're using under contract, who do review files, are from a firm that has not given them pensions. But they don't review files at the firm that they came from in any event.

Senator O'NEILL: So there is no-one on a pension payment from Deloitte or PwC in your contract pool?

Mr Yanco: I think we should take part of that on notice, because Mr Niven's team is not the enforcement team.

Senator O'NEILL: Out of an abundance of caution. Thank you very much; I appreciate that.

Mr Niven: I am aware of one person. One of the three members of the panel that Mr Price mentioned, that advises us in terms of inspection methodology—they only advise us; we make decisions—does receive a pension from one of the firms.

Senator O'NEILL: Could you take on notice when that was declared to ASIC?

Mr Niven: Yes. I don't know the exact date.

Senator O'NEILL: I'm interested in if it was before this matter became public, as part of your processes, or following the public—

Mr Price: I see. We're happy to take that on notice.

Senator O'NEILL: Could you also take on notice what steps ASIC would undertake to remedy the conflict of interest of a staff member in such a situation as we've described with PwC?

Mr Price: Yes, happy to.

Answer:

After making all reasonable inquiries and reviewing all relevant records, we have identified no cases where individuals under current employment or contract with ASIC receive pensions from Deloitte Touche Tohmatsu Australia, Ernst & Young Australia, KPMG Australia or PricewaterhouseCoopers Australia. We have identified three cases where individuals under contract during 2018 and/or 2019 received such pensions.

[REDACTED]



The action that ASIC would undertake to remedy a conflict of interest situation involving a staff member would depend upon the circumstances. The duties of the individual may be changed to duties where there is no conflict. The staff member may also be precluded from any involvement in matters or cases where there is an actual or perceived conflict. Alternatively, the staff member may choose to terminate an arrangement that gives rise to the conflict of interest or otherwise resolve the conflict.