

Senate Standing Committee on Economics  
ANSWERS TO QUESTIONS ON NOTICE  
**Treasury Portfolio**  
**Inquiry into the Sterling Income Trust**  
2021 - 2022

**Division:** Financial System Division  
**Topic:** Sterling Group failure - date of advice  
**Reference:** Spoken (15 December 2021)  
**Senator:** Louise Pratt

**Question:**

Senator PRATT: You've got nothing in terms of the Sterling new life leases specifically, or them noticing anything particularly novel about them that could've resulted in consumer harm, in a way that the existing law before 2020 was not adequate to resolve?

Mr Argent: We have engaged with ASIC about the Sterling Group failure. In terms of failures—

Senator PRATT: As of what date did those inquiries first come through? Was there any advice prior to the collapse?

Ms Zaheed: We'll need to take that one on notice. I know that in 2019, when the liquidation process commenced, there was engagement between us and ASIC at that point. Oftentimes, we become aware of an issue through ministerial correspondence, because someone has written to their local minister or one of the Treasury ministers, so there may have been engagement prior to that. Ordinarily, ASIC will not share individual investigations on matters in relation to individual investigations with Treasury. It depends on the scale and nature of the matter. If there is a particular novel experience, they may have shared that with Treasury, but as a general mode of operation, the temper between us and ASIC, we engage a lot on policy issues and on individual enforcement matters generally right at the end before something's been filed. ASIC is an independent regulator. We don't get involved in decisions around undertaking enforcement activity. I know there were lots of discussions in 2019. There may have been some prior to that, but that's the point that I'm aware of, but that also precedes my time in this space, so we may take that on notice and come back if there was much earlier communication.

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Senator PRATT: What do you make of ASIC'S powers before these particular reforms? How did government and Treasury deal with that issue—as it came up? Or has it simply just waited for future law reform? As I understand it, there's supposed to be a process where ASIC can, nevertheless, report something to government; hence my question about when this first came to Treasury's attention.

Ms Zaheed: I will have to take on notice when it first came to Treasury. There are lots of different avenues into Treasury and it's hard to always know where things have come in from.

**Answer:**

The matters in relation to Sterling Group came to Treasury's attention in 2019.