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| 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. | 004 |
| Date | 27 August 2021 |
| Topic | Industry funding model (IFM) |
| Reference | Spoken, 27 August 2021, Hansard page 8 |
| Committee member | Senator O'Neill |

Question

CHAIR: Alright. Thank you. I believe Senator O'Neill, in the interests of time, would like to put a question on notice on this topic as well. Senator O'Neill.

Senator O'NEILL: Thank you, Chair. I'm trying to summarise this so I'm clear and my question will come at the end. We've been discussing this for three years. My question goes to the statement of intent that's been advanced today. There's an articulated [inaudible] that's been coordinated with Mr Frydenberg and that you will seek to minimise the cost of regulatory interactions with ASIC, as well as exercise ASIC's regulatory relief powers where responsible. I want to know why the remedy for this problem, for so many small businesses that are right across the country, has not been embedded as an action for now and is waiting for review later on? I'd also like to understand, if possible—perhaps someone could give me a quick answer straightaway—when was the legislation that you're referring to, and the regulation that is causing this problem, implemented? What year?

Mr Longo: Three years ago.

Senator O'NEILL: In 2018?

Mr Longo: I stand to be corrected, but I think it was three years ago.

Senator O'NEILL: Okay. So in 2018, the current government—and I think Mr Frydenberg was the Treasurer at that time—implemented the scheme that you are administering. Mr Day, you've made it clear in your evidence this morning that you are administering it within the guidelines as they are established by the government. You've also made it clear that you've made multiple submissions to Treasury and to the government directly to make changes. The question I have—

CHAIR: To be fair, Senator O'Neill, I'm not sure that was the evidence that they gave. I'm happy to stand corrected on that, but I'm not sure that that was their evidence, that they've made multiple submissions to government to make changes.

Senator O'NEILL: I believe Mr Day said exactly that, that there have been ongoing conversations with Treasury. Mr Day, I don't want to verbal you so please correct me, did you say you've had multiple conversations with Treasury and government about this matter?

Mr Day: I say we have constant and ongoing discussions about the model and the feedback we get. My recollection is I didn't put it any higher than that.

Senator O'NEILL: Thank you. Nonetheless, that's very good. You are articulating—

CHAIR: They're two different things, Senator O'Neill, to be fair. How you've just characterised the response from Mr Day was not what Mr Day said. I just want that to be on the record.

Senator O'NEILL: Given that ongoing conversation of the kind that Mr Day has expressed, which happens very regularly, you have to assume that the government knows this is a problem. It has known it has been for three years—since it implemented the legislation. My question is: could the ASIC provide to this committee any of the ongoing work of modelling of alternatives to the current structure that they have undertaken so far and advanced in any way with Treasury or the Treasurer?

Answer

ASIC engages in ongoing discussions with Treasury about the IFM, including about feedback we receive from industry about the IFM through stakeholder engagement. Most recently, ASIC worked

with Treasury to model possible targeted relief measures for financial advisers announced in a joint statement by the Treasurer and the Minister for Superannuation, Financial Services and the Digital Economy on 30 August 2021. ASIC will continue to work with Government leading up to and during Treasury's review of the IFM in 2022 which was also announced on 30 August 2021. We will continue to assess the feedback received in the Cost Recovery Implementation Statement (CRIS) submissions and communicate them to Government to help inform this process. A summary of the key issues and our responses are published annually in the CRIS.