

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

2014 - 2015

Department/Agency: ASIC

Question: AET 176-178

Topic: Resourcing

Reference: Written - 6 March 2015

Senator: Dastyari, Sam

Question:

Background

Choice Media Release, 20 Feb 2015:

In a pre-budget submission the consumer advocacy group CHOICE has called for financial regulator, ASIC, to be given more resources to monitor industries that have proven dangerous to consumers, like the financial planning industry.

“Australia’s financial planning industry reads like a scandal rap sheet – CBA, Storm Financial, Great Southern, Westpoint, Fincorp, Trio, TimberCorp - which makes it even more alarming that less than 2% of financial advice licensees will be subject to proactive surveillance by ASIC,” says CHOICE Chief Executive Alan Kirkland. “ASIC has made it clear that investigating financial advisers remains a top priority but limited resources only stretch so far. ASIC has lost a number of experienced staff already and with further planned government funding reductions the financial regulator expects to lose another 209 staff in 2014-15.”

Questions

176. ASIC has an important role in protecting consumers in relation to industries such as financial planning. There have recently been reports that ASIC has lost a number of experienced staff over the past year, could you please confirm these reports and discuss the nature of the staff lost, why they were lost and how the agency is continuing to function following the departure of these experienced staff?
177. I understand that ASIC expects to lose another 209 staff in 2014-15, could you please detail the impact that this is likely to have on ASIC’s operations?
178. Are reports accurate that ASIC has only 35 staff allocated to oversee deposit-takers, credit and insurers?

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Answers:

- 176. ASIC has an important role in protecting consumers in relation to industries such as financial planning. There have recently been reports that ASIC has lost a number of experienced staff over the past year, could you please confirm these reports and discuss the nature of the staff lost, why they were lost and how the agency is continuing to function following the departure of these experienced staff?**

A total of 318 staff have left ASIC for the period 7 March 2014-6 March 2015. The reasons for exit are shown in the table below.

Reason	Non Ongoing	Ongoing	Grand Total
Age Retirement		7	7
Involuntary Redundancy		29	29
Resignation	36	68	104
Voluntary Redundancy		178	178
Grand Total	36	282	318

The classification level of staff exits is as follows:-

Classification	Number
ASIC1	3
ASIC2	54
ASIC3	42
ASIC4	58
EXEC 1	73
EXEC 2	86
SES	2
Grand Total	318

The average length of service of the above exits was 9.2 years.

Not all exiting employees are engaged in regulatory activity. Many came from back office roles where technology and process improvements mitigate some of the impact of reduced headcount.

ASIC has knowledge management practices and systems in place to retain corporate knowledge. A review of controls in certain businesses was also undertaken after the round of involuntary redundancies. While there continues to be capacity constraints our focus is also on building the capability of remaining employees.

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- 177. I understand that ASIC expects to lose another 209 staff in 2014-15, could you please detail the impact that this is likely to have on ASIC's operations?**

In the 2014-15 financial year, \$44 million was cut from the operating budget of ASIC. As noted in the Portfolio Budget Statements in May 2013, this represented a reduction in our average staffing levels at that time of 209. The ASIC Annual Report 2013-14 and ASIC's Strategic Outlook provide information on the impact this was likely to have on ASIC's operations.

Both documents are available on ASIC's website.

- 178. Are reports accurate that ASIC has only 35 staff allocated to oversee deposit-takers, credit and insurers?**

The Deposit Takers, Credit and Insurers team currently has approximately 62 full-time equivalent employees, which includes ongoing and non-ongoing staff.