

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio
Budget Estimates 2014
3 June to 5 June 2014

Department/ Agency: ASIC

Question: BET 15

Topic: ASIC Regulatory Investigation

Reference: Hansard p30, 4 June 2014

Senator: Ruston OBO Eggleston

Question:

15. Senator RUSTON: You have just said there was insufficient basis to warrant an ASIC regulatory investigation. In reaching that conclusion did you seek any evidence or request anything from BankWest or the Commonwealth Bank?

Mr Day: I would have to take that on notice.

Senator RUSTON: Did ASIC seek evidence relating to the relevant basal ratios and provisions for the Commonwealth Bank and BankWest during the takeover?

Mr Day: My understanding is no; we did not see that as necessary.

Senator RUSTON: I will put the rest of Senator Eggleston's questions on notice.

Answer:

15. ASIC assesses all reports of misconduct that we receive to determine whether we have sufficient grounds to suspect a breach of a law we administer, and whether any alleged breach warrants further action by ASIC in the public interest.

Were the information provided to ASIC in support of a report of misconduct to raise the necessary suspicion of a breach, ASIC may then seek information or evidence from a subject of a report of misconduct, either voluntarily or through use of our statutory information gathering powers. ASIC acknowledges that information gathering either voluntarily or through use of our statutory powers can impose a regulatory compliance burden on business, and it is only when the necessary suspicion of a breach arises should ASIC seek to impose that regulatory burden on the subject of a report of misconduct.

In our assessment of the reports of misconduct about the Commonwealth Bank of Australia's takeover of BankWest that we referred to in our response to AET 29, the information before ASIC did not raise the necessary suspicion of a breach, for ASIC to then consider seeking information from the subjects, either voluntarily or through our statutory powers. Therefore, ASIC did not seek specific information from the Commonwealth Bank or BankWest about the concerns raised in those reports of misconduct at the time.

ASIC did not seek evidence on Basel ratios and provisions for the Commonwealth Bank and BankWest during the takeover while assessing the reports of misconduct referred to in our response to question AET 29. ASIC did not consider that further information from the Commonwealth Bank of Australia or BankWest at the time was necessary to complete our assessment or make recommendations in relation to the relevant allegations that had been made.