

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2014 - 2015

Department/Agency: Australian Securities and Investment Commission

Question: BET 81

Topic: NAB Financial Planning debacle

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Senator: Williams, John

Question:

Senator WILLIAMS: Where is ASIC up to with the investigation of the NAB financial planning debacle?

Mr Kell: We have a very significant piece of work underway there, a very significant investigation underway there. We have served quite a lot of significant information requests under our compulsory information gathering powers to NAB in relation to advisers and their systems. We are looking, broadly speaking, at three types of issues—their actual systems, including their breach reporting standards, the behaviour of individual advisers and whether that needs to be reviewed, and also the remediation that they are offering. So NAB systems as a whole, the conduct of advisers and what are they doing to compensate consumers, and is that compensation adequate? So it is a big piece of work.

Senator WILLIAMS: On that issue, how much compensation has been paid and to how many clients?

Mr Kell: For NAB it is still very early days. I cannot give you an answer right now on that, but it is still very early days on compensation with NAB.

Ms Bird: NAB itself, as we know, have paid out compensation in the past other than an ASIC remediation program, totalling about \$6 million over a six-year period.

Mr Kell: But there is more, obviously, to be looked at in the context of this review.

Senator WILLIAMS: Will you be giving the NAB scheme greater diligence, bearing in mind the KordaMentha report described CBA's compensation scheme as flawed, high questionable and massively unfair?

Mr Kell: Their past compensation efforts? Yes, and in fact you may be aware that we have recently announced that we will be issuing guidelines for the entire financial planning industry about how to properly structure and run remediation and compensation processes, because we have seen too many inconsistencies and too many areas in the past where those schemes have fallen down. So we are going to be issuing guidelines and consulting on them—you may even want to put in your views when we do that—so that there is a more robust set of standards right across the sector if remediation is in question and we can have stronger systems in place.

Senator WILLIAMS: How many people have lost their jobs over this at NAB?

Mr Kell: I could not give you an exact figure on that at the moment. I am happy to take that on notice. Again that is all part of the current investigation.

Answer:

ASIC does not have a figure over how many people have lost their jobs at NAB; this question would be most appropriately answered by NAB.