

Senate Economics Committee
Australian Securities & Investments Commission
Friday 6 May 2016

Opening Statement

** check against delivery **

Words: 681, 7 minutes

- Good day/evening chairman.
- We are pleased to appear before the Committee.
- With me are all my Commission colleagues:
 - Deputy Chairman Peter Kell;
 - Commissioner Cathie Armour;
 - Commissioner John Price; and
 - Commissioner Greg Tanzer.
- Also testifying tonight are Senior Executive Leaders:
 - Warren Day;
 - Greg Kirk;
 - Louise Macaulay;
 - David McGuinness

- Michael Saadat; and
- Chris Savundra.
- Chair, I wanted to recognise some recent significant changes for ASIC that the Government announced last month.
- We welcome these changes, which have several significant components.
- **First**, the additional funding for the regulator will enable further surveillance and enforcement in areas such as financial planning, responsible lending, life insurance, and misconduct and breach reporting.
 - It will also allow us to build on our capacity to better identify and assess risks and misconduct through data analytics.
 - When I talk about data analytics, I really mean assessing large quantities of data and information effectively, to spot trends and patterns and use this to focus our surveillance and enforcement resources in the areas that pose the biggest risks.
 - Going forward, through technology upgrades and process improvements we will be in a better position to analyse our internal data. In addition, through collaboration with industry and other regulators, we will enhance the utility of the information we receive

about industry and consumer behaviours.

- For instance, we might use data analytics to show trends around claim rates on a particular insurance product or retail investor interest in more risky financial products – which in either case might point to wider industry problems.
- This means that ASIC can identify wrongdoing earlier, and respond more quickly – meaning less investors and consumers being affected.
- **Second**, there is the Government's support for the introduction of an Industry Funding Model.
 - ASIC has long believed that those who generate the need for regulation should pay for it.
 - We have worked with Treasury to consult with industry and we look forward to continued engagement with those we regulate to see Industry Funding work well.
- **Third**, is the Government's response to the Capability Review.
 - ASIC has provided an official [response to the Capability Review](#) which sets out the positive actions ASIC is already taking or will take to develop its

capabilities in areas such as governance, culture and communication.

- The Capability Review provided us with the chance to consider the capabilities we need for the future to ensure trust and confidence in the markets we regulate, and to deliver improved market outcomes for the Australian community.
- We thank the Panel for its findings, observations and recommendations.
- **Fourth**, we welcome the Government's commitment to ensuring the key recommendations from the Financial System Inquiry are implemented as a matter of priority.
 - We will work with the Government and Treasury to make sure the regulatory framework allows ASIC to most effectively address market misconduct and contains the appropriate incentives for firms to put their customers first.
- **Fifth**, we are pleased the Government has decided to appoint an additional Commissioner for ASIC and look forward to that person joining us.
- **And lastly**, I am delighted to have my term as Chairman extended by 18 months.
 - It is a great honour to be ASIC Chairman and to work alongside the outstanding men and women employed here.

- We have a lot of important work to continue and I am keen to get on with the job.
- One last point Chair, I have recently discussed with media and stakeholders ASIC's enforcement statistics over the past five years.
- They are strong numbers that show we are the tough cop on the beat – and they are statistics worth repeating.
- In the last five years to March 2016, ASIC has undertaken:
 - More than 6000 high-intensity surveillances, which has led to;
 - Over 900 investigations. This has resulted in:
 - 100+ criminal convictions including 65 people jailed;
 - \$25m+ in civil penalties;
 - 650+ people disqualified or banned
 - 70+ enforceable undertakings;
 - 50+ industry reports; and
 - Over \$550m in compensation for investors.
- Mr Chairman, we are now happy to take your questions.

ENDS