

COMMITTEES

Corporations and Financial Services Committee Report

[Mr ROBERT](#) (Fadden) (9.15 p.m.)—ASIC is Australia's corporate, markets and financial services regulator, and I rise to speak to the recent ASIC report. ASIC, of course, is an independent Commonwealth government body set up to administer the Australian Securities and Investments Commission Act, which requires them to improve the performance of the financial system and the entities within it.

The Parliamentary Joint Committee on Corporations and Financial Services held a public inquiry on 18 June, which included a range of discussions with respect to ASIC's regulatory responsibilities. Five key areas were covered. The first was the regulation of financial markets, and particularly of issues relating to short selling and margin loans. ASIC informed the committee that it was working with the ASX to hasten action regarding alleged misconduct within and by the ASX. Questions still surround the effectiveness of ASIC, especially regarding margin lending, directors' compliance in letting the market know about their margin lends, short selling, share loaning, disclosure and, of course, targeted short selling to cover margin calls and the manipulation of the market to cover such calls.

Secondly, ASIC shared its strategic review, including the next three to five years. It will focus on better understanding the stock market, looking further ahead to assess risk, better explaining its actions, getting clearer priorities and making a range of changes to ensure this occurs—all of which the committee supports.

Thirdly, ASIC explained its response to a recent property investment scheme collapse. It responded by implementing more stringent measures to protect consumers, focusing on better disclosure and improved advertising standards for issuers of unlisted and underrated debentures. Whilst this is applauded, it is important that parliament understands that ASIC has been slow to act. The committee is looking forward to ASIC taking a more strategic role in protecting investors in the future.

The fourth area that was covered related to the regulation of financial planners and the introduction of professional indemnity insurance for negligent advice. Compulsory PI insurance for financial planners has been introduced, although concerns remain over the adequacy of cover that will be available in the insurance market. From 1 July this year until 1 July 2010, licensees must hold a minimum standard of cover. This is pleasing, and the committee looks forward to continued ASIC oversight in this area.

Lastly, the fifth issue raised by ASIC concerned banking and credit regulation and the implementation of the government's green paper proposals. The government's green paper on financial services and credit regulation has outlined options for a federal takeover of consumer credit regulations. The options include a federal takeover of the regulation of all credit products; regulating mortgages and leaving consumer credit to the states; or maintaining the status quo. The transfer of regulatory control will require the states' agreement. But the fact that this discussion is being had is an indictment of the Labor states; they have failed spectacularly in their oversight task in this area. If this is indicative of what wall-to-wall Labor can produce, I cringe for the future of regulatory and financial oversight in the country.

I look forward to the committee's further oversight of ASIC and especially to ASIC's oversight to deal with the issues of short selling and margin loans. The committee will continue to provide oversight of ASIC.

