



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

COMMITTEES

Corporations and Financial Services Committee

Report

SPEECH

Monday, 22 February 2010

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Robert, Stuart, MP

Source House
Proof No
Responder
Question No.

Mr ROBERT (Fadden) (8.42 pm)—I rise to join the member for Oxley in thanking the Parliamentary Joint Committee on Corporations and Financial Services and, indeed, ASIC for their support in the inquiry into the statutory oversight of the Australian Securities and Investments Commission. Seven specific issues were raised with ASIC, including complaints handling, credit regulation, professional indemnity insurance, frozen mortgage funds, professional standards boards, ASIC-initiated court actions and, of course, insolvency matters. ASIC continues to perform its statutory oversight function well. ASIC is, of course, one of the great pillars of our financial services regime. Others are APRA, the independence of the Reserve Bank board and the ACCC. Any commentator can see that the nation withstood the global financial crisis particularly well, and it was due in part to the guidance of the four pillars—one of them being ASIC.

I wish to comment on four specific issues, starting with the frozen mortgage funds and cash management funds. In response to the unlimited bank guarantee, funds were being drained from mortgage funds and cash management funds into the perceived security of major banks, to the point where the majority of mortgage funds were frozen. In fact, funds worth \$17.268 billion were frozen and continue to be frozen. ASIC has received 3,385 hardship applications, of which 81 per cent have been successful. About \$67 million has been laid out. The committee will continue to receive updates on the frozen mortgage funds and the issue of hardship cases and the percentages of them being paid out.

As the chair of the committee, the member for Oxley, pointed out, one of the key recommendations of the committee is the establishment of a professional standards board. The committee was concerned about the collapse of Storm Financial, Opes Prime and others and that there was no overarching standards body that would decide the standards of financial planners and financial advisers. ASIC has agreed to the recommendation in principle, yet to date little action has occurred. The committee will look forward with interest in the coming months to ASIC scoping out exactly how a standards board would look and briefing the committee on their proposal and recommendations for such a board. We believe this recommendation to be of such importance that this issue needs to be raised to a high priority.

The media has shown some criticism of ASIC through a range of court initiated actions, including some failures of court initiated actions. The committee remains concerned about those, and of course there is always room for improvement. We note that ASIC will be coming back again to discuss further a range of these issues, their approach and where they are going.

With respect to insolvency in the 2008-09 financial year, 45 directors were banned. ASIC's role, though, continues to be seen in a reactive form rather than a proactive form. The committee is looking forward to ASIC stepping up the proactive stance in looking at a range of directors who have been involved in multiple failures of corporations, working with them and, if need be, banning them from their functions.

The committee has done, I think, a very good job in providing oversight to ASIC for the 2009 financial year and in looking forward to the 2010 financial year. Again, let me join the member for Oxley in thanking the committee, the secretariat and ASIC for their hard work, diligence, cooperation and interest.

The DEPUTY SPEAKER (Ms JA Saffin)—The time allotted for statements on this report has expired. Does the member for Oxley wish to move a motion in connection with the report to enable it to be debated on a later occasion?