



## National coordination and support services

### Who and where we are

- 285 full time equivalent staff
- National Offices in Melbourne (our headquarters) and in Sydney
- Costs: about \$31 million

### What we do

- Develop guidelines and policies to help business comply with the law
- Coordinate and provide legal, accounting and policy support for enforcement and compliance activities
- Provide information technology systems and support
- Provide human resources, training and payroll services
- Provide finance, budgeting and audit systems and advice
- Provide administrative support to operations
- Provide and advise on communication and publishing
- Operate Infoline call centre

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### What we achieved

- 20 new policies issued to guide industry, up from 14 last year
- IT system availability and service maintained without Y2K problems
- 23,500 IT help desk calls, up 5%; 77% resolved within 15 minutes, up 4%
- Provided human resources advice and payroll services for 1,234 full time equivalent staff
- Managed \$135 million in costs and collected \$361 million in revenue
- Answered 91% of Infoline calls on the spot (steady, but surging call volumes left many callers unable to get through)
- Survey respondents praised communication activities

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### What we plan

- Issue new policies to help companies adjust to financial services reform legislation if approved
- Manage increased workloads, new responsibilities and law reform and improve staff performance, without increasing staff numbers
- Increase spending on learning and development and relate it closely to regulatory and enforcement activities
- More flexible recruitment and employment options for managers
- New IT applications that link all our regulatory and enforcement processes

# Enforcement and regulation



Vic Grainger, investor

*Mr Vic Grainger is one of the investors that Anastasis Papas defrauded. Following ASIC's investigation, Papas was sentenced to 10 years gaol on 66 charges of stealing and fraud involving a total of \$703,000.*

## Our strategies and impact

We aimed to protect investors and consumers and to maintain the overall integrity of Australia's financial markets by:

- delivering faster and consistently high quality briefs for administrative, civil and criminal action against misconduct and those who conceal it; and
- sharpening the focus and impact of regulation to uncover and resolve problems earlier.

In the past two years, we have increased our impact and influence on the market and on individual firms that we regulate, according to independent market research. Overall, between 35% to 75% of respondents said ASIC's impact on the market overall had been "quite large" or "very large", compared with 33% to 71% in 1998. Between 30% to 50% said ASIC's impact on their firm had been "quite large" or "very large", compared with 22% to 44% in 1998.

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### In this section we cover:

- Our strategies
  - What we did
  - Investors and consumers
  - Markets
  - Small business
  - Reports of misconduct
  - DPP relationship
  - Outlook
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## What we did

Main activities	This year	Last year	% change
Investigations commenced	234	233	nil
Serious criminal litigation completed	101	88	15%
Summary prosecutions completed	336	410	-18%
Civil enforcement actions completed	80	64	25%
Complaints of misconduct finalised	8384	7904	6%
Managed investment entities licensed	274	102	169%
Managed investment schemes registered	1780	467	281%
Prospectuses registered/lodged	1033	707	46%
Consumer complaint resolution schemes approved	1	1	nil
New regulatory policies issued	20	14	43%
Fundraising relief applications received	1534	1598	-4%
Takeovers received	81	73	11%
Takeover relief applications received	356	506	-30%
Securities licence applications received	269	213	26%
Insurance broker registration applications received	249	159	57%
Company auditor applications received	82	78	5%
Company liquidator applications received	50	36	39%
Resources used	This year	Last year	% change
Staff employed (FTEs)	662	640	-3%
Estimated costs	\$73 million	\$73 million	nil

# Enforcement and regulation

## Protecting retail investors and consumers

### Cleaning up bad advice

Eight financial advisers and stockbrokers went to gaol on ASIC charges. We imposed 50 banning orders, nine of them against advisers who misled clients into the failed Wattle Group that promised 50% p.a. returns. (Fourteen people await trial on criminal charges for this \$165 million scheme.) The 16 life bannings alone (see pages 38-39) almost equal the total bans imposed last year. To support this industry clean up, we set new competency standards for employees and agents of licence holders.

Secretive, offshore, bogus "high yield trading programs" attracted unwise investors, especially in Queensland. Through Court action and publicity, we made these schemes harder to promote and operate, although we cannot eliminate them. Similarly, overseas fraudsters persisted in cold calling Australian investors, although our publicity may have somewhat reduced this problem.

### Educating investors and consumers

Some investors encouraged fraud by taking little interest in their affairs or by recklessly chasing high returns. We published warnings about offshore high yield investment schemes, margin lending, computer share trading software, and "spam" scams.

We joined other regulators worldwide in a special bulletin on investor protection in the new economy covering initial public offerings, valuation of hi-tech companies, short term trading strategies and preserving investor confidence.

ASIC's new investor and consumer website, [watchdog.asic.gov.au](http://watchdog.asic.gov.au), began in March 2000, with fresh information about investing, shares and managed investments. Visitor numbers have grown to about 7,500 in June. We posted advice about on-line share trading, flood insurance, insurance brokers and insurance telemarketing.

### Electronic enforcement increases

The internet has made it cheap and easy to circulate scams, and false and misleading information, but it also benefits legitimate investors, fundraising and financial services businesses.

Our staff charged two Melbourne men over allegedly sending more than 4 million spam e-mails to manipulate the price of US stock, Rentech. (One pleaded guilty in July 2000.) Stephen Matthews was gaoled for contempt of court for publishing alleged investment advice on "The Chimes" internet site without a licence. We took three enforceable undertakings to prevent unlawful internet investment offers, including an illegal share trading game; we stopped three unlawful investment advice sites; and stopped on-line promotion of an unlicensed share trading software program.

### Electronic regulation

To assist investors, we permitted fundraisers to use electronic application forms for investment offers and other financial products, and to distribute prospectuses through internet portals.

We issued proposed guidelines on the operation of internet discussion sites, commonly known as internet chat sites or bulletin boards, which contain information, advice or opinions about securities. The guidelines covered what warnings must be given to members of the public viewing the postings, warnings to people making the postings, and the obligations that site operators must meet.

### On-line broking websites

We analysed internet stockbroking, now used by many thousands of investors to buy and sell shares. We focused on whether order taking and processing was clearly explained, whether the identity of the broker was clear and what was said about service and complaint handling arrangements. (The study was released in August 2000.)

### Financial disclosure in concise reports

Some entities made only minimal effort in the concise reports they sent to shareholders for 1999. They did not comply with the spirit of the concise reporting requirements, which is to include information relevant to evaluating the business but without all the detailed accounting disclosures included in a full financial report. Companies needed to make a greater effort to include meaningful information in concise reports, because that is the only financial report many shareholders receive.

### Superannuation compliance

In our first compliance review of superannuation member statements, we found substantial compliance in the industry, despite some problems. We also conducted a small survey of fund members, and found that most did read their member statements and looked at annual reports. Additional qualitative research suggested changes members wanted to their annual reports.

We began civil action to recover more than \$10 million for 26,000 members of the EPAS fund. Former adviser Christopher Matson was gaoled in July 2000 for obtaining clients' money for himself by falsely telling a superannuation fund manager that his client wanted to redeem money.

# Enforcement and regulation

## General insurance broking and sales practices

Last year 300 people advertised as insurance brokers who were not registered. While many listings proved inadvertent, 70 brokers unlawfully used unregistered business names. One firm was unlawfully franchising brokers in WA, NSW, ACT and Queensland, and has undertaken to stop this practice. We cancelled two brokers' registration, see page 39. East Coast Insurance Broker (NSW) Pty Ltd came to our notice as an insolvent insurance intermediary, see also page 39.

Inspection of company practices in flood insurance identified areas for improvement, and we alerted consumers on how to purchase flood insurance. Two new compliance reviews began this year. Staff are inspecting audit practices of insurance brokers because some unlawfully hold on to consumers' premiums without forwarding them to the insurance companies. We also began reviewing sales practices in disability insurance.

We issued insurance telemarketing guidelines to protect consumers. We took enforceable undertakings from Suncorp-Metway to correct misleading insurance advertising, and from insurance company Connelly Temple for not defining "hazardous occupation" in consumer brochures.

## Prospectuses and investment offer documents

We received 1033 prospectuses, the highest number since 1993/94. In the coming year we will target financial statements of internet company start-ups to ensure that they disclose information to the market.

Under new laws, we no longer examine prospectuses before they are issued. Instead all investment offers are exposed to 7-14 days of public comment before securities may be allotted. Our website service, OfferList, displays all legal offers and since 13 March, people browsed this database 35,000 times.

We inspected 109 prospectuses where our staff or the public thought disclosure looked weak. These inspections resulted in corrections, supplementary prospectuses and occasionally, orders that stopped fundraising altogether.

## Managed investments in transition

The managed investments industry covers major funds with tens of thousands of unit holders to small agricultural schemes with a few hundred investors. On 30 June 2000, the industry completed a two year transition from the old law to the new. During this period we licensed 376 responsible entities and registered 2247 schemes. This year alone, staff licensed 274 new responsible entities (about 73% of total), registered 1780 schemes, and followed up laggards so that only eight schemes missed the two year deadline.

### Protecting investors in managed funds

We strengthened compliance and investor protection by inspecting 44 responsible entities, and revoking two licences. We found that many entities still faced problems bedding down effective compliance systems. To help them, we published commentary and summaries of the better compliance plans for financial assets, property and agricultural schemes, and issued proposed guidelines for auditing compliance plans. For the first time, we built a database of the industry and identified areas of risk.

Under the managed investment laws, ASIC took a more direct role in regulating solicitors mortgage and finance brokers schemes following numerous failures under State regulation. We also regulated more closely other real estate investments, such as serviced strata schemes.

### Consumer complaint resolution

We published guidelines about what consumer complaint resolution schemes must do to receive our approval, and approved the Financial Industry Complaints Service, covering advisers, managed investments and life insurance.

### Electronic funds transfer code to expand

We chaired a working group to expand the Electronic Funds Transfer Code of Conduct from just ATM and EFTPOS transactions to all forms of electronic banking, including telephone and internet banking and stored value products such as smart cards. The working group released two discussion papers and plans to have the new code completed during 2000-01.

### Industry codes of practice monitored and reviewed

Staff monitored the voluntary industry codes of practice for the Banking, Credit Union, Building Society and EFT Codes, covering April 1998 to March 1999. Compliance remained high. Complaints had increased but at a far slower rate than the increase in transactions.

ASIC also contributed to the Taskforce on Self-Regulation and to the Advisory Group developing the Best Practice Model for e-Business.

### Improving bank transaction fee disclosure

Independent research found low consumer understanding of the fees they pay. We formed a working group of industry, consumer and government representatives to look at how to improve bank transaction fee disclosure. This group met for the first time in April 2000. We also wrote a submission for the Parliamentary Joint Committee on Corporations and Securities inquiry into electronic and telephone banking fees.

# Enforcement and regulation

## General insurance and banking codes

General insurers selling specific types of insurance must be members of a code we approve. The industry submitted amendments to the General Insurance Code for approval. We supported most of the changes and negotiated some additional amendments. Before we could approve the amendments, however, we also had to be satisfied that the general insurance external complaints scheme, the IEC, met legislative requirements. (We approved the General Insurance Code in July 2000).

In the first half of 2000, banks and credit unions began reviews of their codes, to which we are contributing. Issues we have raised include consistency with the new Financial Services Reform Bill, fee disclosure and electronic commerce.

## Protecting the integrity of Australia's markets

### Insider trading

Simon Hannes was gaoled for insider trading in TNT Ltd options, in the first defended insider trading case. He has appealed. In other cases, one defendant was acquitted and one convicted and gaoled for trading in Carpenter Pacific Resources NL, based on their knowledge of a favourable Court judgment in Papua New Guinea that had not been announced to the market. All three defendants were acquitted in the Mt Kersey Mines NL matter. The ASX and SFE alerted us to a number of other matters during the year which we are investigating.

### Continuous disclosure

To reduce opportunities for insider trading, we conducted a joint campaign with ASX to follow up companies whose share prices rose ahead of price sensitive announcements. Especially in Perth and Brisbane, where we ran this pilot campaign, we saw a marked rise in trading halts ahead of such announcements. The media also started publishing more news about ASX share price queries and company replies. (We are extending this disclosure campaign in 2000-01 to cover newly listed companies or those which raised funds in back door listings.)

### Analyst briefings

We issued a discussion paper on what listed companies might do to share information with all their shareholders when they brief analysts. The paper prompted lively debate, and seems to have encouraged many companies to announce details of analyst briefings to the market and to post presentations on their websites.

### Financial disclosure to shareholders

To make sure shareholders received fair and accurate information about their companies, we reviewed 310 full financial reports of listed entities.

In that sample, many companies kept shareholders in the dark about the true cost of directors' and executives' remuneration by not disclosing the value and terms of options, or by leaving out details of all or some of the five most highly paid executive officers. Others glossed over how they decided on emoluments, or said nothing about the relationship between emoluments and the company's performance.

Some companies overstated profits by refusing to amortise intangible assets, as though these assets had an infinite life, although other companies agreed to amortise them. Some companies recorded revenue even before they rendered any services, while others kept silent about how they recognised their revenue. We will focus on revenue and asset recognition policies in future reviews.

#### \$2.4 billion changes flowed from accounting surveillance

The table below details public results of significant issues that we addressed with individual companies.

Company	Issue	Result
Insurance company	Intangible assets	Wrote off \$2.2 billion of intangible assets and increased prior years' amortisation expenses by \$30 million p.a.
Airport operator	Licence amortisation	Increased amortisation expense by \$4 million
Airport operator	Licence amortisation	Increased amortisation expense by \$7 million
Unlisted industrial company	Lodging accounts	Court required lodgment of accounts
Resources company	Reserve accounting	Reversed \$112 million from reserve as abnormal revenue
Telecommunications company	Deferred expenses	\$100 million of assets restated as expenses

#### Competitive markets

Australia's share and futures markets are becoming competitive international businesses.

We are involved to make sure markets remain well supervised. We are working with the Monetary Authority of Singapore on cross border regulatory issues raised by proposed links between ASX Ltd and Singapore Stock Exchange Ltd. We advised the

# Enforcement and regulation

Minister about re-authorising Newcastle Stock Exchange Ltd as a stock exchange, and guided the Stock Exchange of Bendigo Ltd on its proposal to re-open. We have worked with Australian Derivatives Exchange Ltd on its proposal for approval as a futures exchange and with Options Clearing House Pty Ltd on its application for approval as a futures clearing house.

Sydney Futures Exchange Ltd (SFE) closed its trading floor and began 24 hour screen trading in November 1999. SFE is planning to convert to a “for profit” company, limited by shares through a Court approved scheme of arrangement. We made submissions to the Court about the proposed arrangement and draft explanatory statement to SFE members. We also reviewed changes proposed to SFE’s constitution and by-laws.

We monitored daily trading in ASX Ltd shares and compliance by ASX Ltd with its listing rules in much the same way as ASX Ltd oversees listed entities. At the request of ASX Ltd we granted a trading halt, but made no formal price queries.

## Managing conflicts of interest

ASX Ltd and Computershare Ltd both unsuccessfully bid for control of SFE. To minimise possible conflicts of interest, we acted as consultant to ASX Ltd in regulating Computershare Ltd while the bids were in the market.

ASX Perpetual Registrars Ltd, the 50:50 joint venture between ASX Ltd and Perpetual Trustees Australia Ltd, may create further possible conflicts of interest between ASX as a regulator and as a profit making company. Similar issues arose from SFE’s proposed commercialisation, and from applications by “for-profit” companies for approval as exchanges. We worked on these issues with the parties and government.

## Takeovers

We received notice of 81 takeovers. We referred CP Ventures Ltd’s conduct to the Corporations and Securities Panel. The company, which had common directors with Bristile Ltd, bought Wesfi Ltd shares for cash and then accepted those shares into Bristile’s scrip offer. We argued that this tactic helped Bristile avoid making a cash bid for all shares it acquired. While the Panel ruled against us, it did find that in general, this type of conduct would usually be unacceptable.

The Panel’s role in takeovers expanded on 13 March to become the sole umpire of all takeover disputes, and any affected company or person can refer a matter to it for adjudication. We retained our role in granting relief from takeover laws, and we can still take our own enforcement action in takeovers.

### Legal issues affected takeovers

The High Court restored a wide interpretation of our power to modify the takeover law. It decided that we had acted within our power when we allowed a successful bidder to acquire shares issued after a takeover had concluded when they were not originally subject to the bid.

Legal confusion continued over the extra \$28.5 million ASIC won for shareholders of Great Central Mines Ltd in an action against an unlawful takeover scheme. The High Court ruled that the Federal Court had no power to hear Corporations Law matters, and the status of the Great Central Mines ruling remains unclear. An appeal to the full Federal Court is continuing on this matter.

### Small business

Eight company directors gaoled this year had cheated investors or creditors of small to medium sized companies or were managing companies while disqualified. In 336 matters, we summarily prosecuted directors or company officers for offences such as failing to give external administrators, statements about the company's affairs or books and records.

To protect the public, we prohibited 42 people from acting as a director where they had failed to meet minimum legal standards. Our website lists people disqualified from company management. All new company directors received a letter explaining their obligations. The small business section of our website attracted 7,000 visitors in June 2000, up 20% on June 1999. Infoline calls from directors and company secretaries rose 29%, from 4716 to 6120.

In future, we will reduce some small business activities to focus on consumer protection, but we will investigate misconduct in small companies where it poses a significant threat to the community.

### Complaints and reports of misconduct

Staff analysed and assessed 5534 complaints from the public, alleging breaches of the law, up 5%. This information helped identify patterns as well as individual cases of misconduct. We referred 46% complaints for follow-up inspection.

We analysed and assessed 2850 reports from company liquidators, receivers, administrators and auditors, up 26%. In 94% of cases, we took no further action because of the age of the matter, lack of sufficient evidence or scarce resources.

# Enforcement and regulation

Complaints about misconduct made to ASIC through the public and through statutory reports	1999/2000	1998/1999
<b>Public complaints</b>	5534	5269
Public complaints not within ASIC's jurisdiction	574	470
Net public complaints	4960	4799
<b>Action taken on public complaints</b>		
• Investigation	1.5%	2.4%
• Surveillance	19.4%	28.5%
• Resolved by information provided/negotiation	17.6%	13.0%
• Analysed, assessed and recorded only	53.9%	50.2%
<b>Statutory reports from external administrators and auditors</b>	2850	2207
No offences identified	4.5%	5.3%
<b>Action taken on statutory reports</b>		
• Investigation	0.6%	0.5%
• Surveillance	2.4%	5.9%
• Resolved by information provided/negotiation	1.6%	2.2%
• Analysed, assessed and recorded only	93.7%	88.1%

## Relationship with DPP, witness expenses

Criminal prosecutions in all indictable matters are decided and prosecuted by the Commonwealth DPP. We involve DPP officers in considering evidence on potentially serious criminal investigations at an early stage.

When we conclude a criminal investigation the matter is referred to the DPP. We reduced the time we took between starting an investigation and sending a brief to the DPP.

	Months					Total
	0-3	3-6	6-9	9-12	12 +	
1999-2000	26	33	21	14	6	100
1998-1999	20	36	15	17	11	99

The DPP accepts handover of a matter for prosecution once it has decided that the evidence is sufficient and the matter otherwise warrants prosecution. In most cases charges are laid within three months of handover being accepted by the DPP. Generally, it is a matter for the DPP when handover is to be accepted. In at least 25% of cases, handover is accepted at the same time as charges are laid.

There were 19 claims for allowances and expenses under section 89 of the ASIC Law by people required to attend our hearings and inquiries. 16 were paid in full, three were rejected. The total amount paid was \$5,103. The highest claim paid was \$984 and the lowest claim paid was \$12.

## Outlook

The Government's Financial Services Reform Bill, previously known as CLERP 6, will create extra pressures on us to issue new policies, revise old ones and build new systems to register and license thousands of companies and people under the proposed new provisions.

The recent correction in "new economy" stocks may expose weaknesses in financial reporting and corporate governance. With co-operation from the ASX, we will extend our continuous disclosure campaign to cover newly listed companies or those which raised funds in back door listings.

We will increase our pro-active campaigns, and sustain our work on electronic commerce, electronic enforcement and market regulation.

Our key objectives are to:

- complete all our investigations within 12 months, compared with 85% previously
- upgrade our ability to enforce the law over the internet and in e-commerce
- raise the business community's rating (in our benchmarking studies) of our enforcement performance from moderate to good
- maintain our target for successful criminal and civil litigation at 70%.

We also plan to:

- boost surveillance, compliance reviews and campaigns, if necessary up to about a quarter of the work of regulatory and enforcement staff, by reducing reactive activities and upgrading research and analysis
- publish more material for market participants about good practice and how to comply with the law, up from about 10% to 25% of our regulatory publishing
- increase activity and information that helps consumers make better informed decisions to invest, save and insure themselves, so that our investor and consumer protection messages in mainstream media increase by 50%, and
- reduce our small business activities to focus on consumer protection.

## 25 criminals gaoled

What they did	Names and details of crime	Sentence
Unlicensed people who cheated investors	Robert James McLeod for fraud of \$1.3 million in an illegal fundraising scheme	7 years
	Paul Wilhelm for fraudulently obtaining \$432,000 from investors	5 years
	Micheal Childs for stealing \$125,000 from a church group he advised	3 years and 5 months
	Donald Richard Maxwell for deceptively obtaining financial advantage and offering securities without a prospectus	12 months periodic detention
Investment advisers who cheated their clients	Anastasis Papas for stealing and fraud of \$703,000 from clients, friends, pensioners and disabled people	10 years
	Colin Quarrell for dishonestly obtaining and using about \$4 million from clients through the Sentinel group	5 years, with a minimum of 3
	Anthony Fitzwater for misappropriating \$180,000 from a client's insurance bond	4 years
	Bruce Vague for stealing more than \$240,000 from a client's trust account	3 years and 6 months
	Michael Camillieri for stealing \$346,000 from clients and from personal super-annuation funds	2 years and 6 months (18 months suspended)
	Larry Westwood for misappropriating \$114,000 from four investors	2 years, plus 12 months parole
	Phillip Stephen O'Leary for stealing \$130,000 from clients	1 year and 6 months, to serve 8 months
	Maxwell Vardanega for obtaining financial advantage by deception involving \$1.4 million	5 years gaol, suspended upon a \$5000 self recognisance and 52 weekend custodial detentions

What they did	Names and details of crime	Sentence
Insider trading	Simon Hannes for trading in TNT options knowing that TNT was about to be taken over	2 years and 2 months
	Kenneth Firms for trading in Carpenter Pacific Resources NL	1 year and 2 months
Dishonest company directors and officers	Company secretary Andrew Szumylo for 58 criminal charges	7 years
	David John Pratt for stealing \$1.06 million from his company	4 years
	Andrew John Smith for misappropriating more than \$156,000 from his company	4 years
	Company secretary David Bennell for stealing more than \$180,000	2 years and 3 months
	Milan Tusek, bankrupt and former property developer for fraud	2 years and 6 months, minimum 12 months.
	Leon Kaine for obtaining goods by false pretences and being knowingly concerned with a company acting for a fraudulent purpose	8 months
People who defrauded companies	William Tooth for gaining financial advantage by deception from a bank	5 years and 3 months
Managing companies while disqualified	Frederick Hallaghan	3 months
	Ashur and Hammurabi Barhy	5 months periodic detention
Contempt of court	Stephen Lewis Mathews for publishing material on an internet site contrary to orders of the Court	3 months

# 16 investment advisers banned for life

What they did	Name
Adelaide stockbroker involved in unauthorised transactions. The principal firm paid \$17 million in compensation to 250 clients.	Hamish Boyd McLachlan
Perth finance broker misled clients, misused his trust account, failed to disclose an interest in securities, and did not have a reasonable basis for making recommendations. Losses estimated at least \$11 million from around 200 investors.	Graeme Clifford Grubb
Perth mortgage broker misled clients and failed to look after their money. Potential losses of millions of dollars for about 500 people.	Kenneth Francis O'Brien
Burnie adviser allegedly misapplied funds from 16 clients to the value of \$1.5 million.	Joachim Prehn
Perth stockbroker used client's scrip worth \$762,000 without authority to meet margin calls, and lost about \$800,000. He agreed to repay approximately \$500,000.	Richard Morris Dawson
Melbourne stockbroker conducted unauthorised trades worth \$350,000, falsified statements and made unauthorised withdrawals from clients' accounts.	Richard Long Chin Joon
Sydney adviser defrauded a former client of more than \$349,000. Convicted on fraud charges.	Ian William Pavletich
NSW financial adviser put clients into a mortgage scheme not approved by his firm. Four investors lost over \$300,000.	Laurence Tobin
Perth stockbroker traded warrants without accreditation, falsely completed orders, gave clients false and misleading information and made inappropriate recommendations. Clients lost over \$200,000, but his firm made good the losses.	Paul John Peos
Perth stockbroker traded on fictitious accounts, and without authority on clients' accounts, causing losses of \$106,000. His firm referred his conduct to ASIC for investigation.	Paul Franklin Morgan

What they did	Name
Perth stockbroker conducted personal trades, using the account of third party, without her employer's knowledge.	Lynette Hartley
Sydney adviser placed elderly investors seeking low-risk ventures into high-risk speculative investments, causing substantial losses.	Hans Robert John Felden
Launceston adviser obtained about \$40,000 of clients' money for himself by falsely telling a fund manager that clients wanted to redeem money. (Also convicted and gaoled in July 2000).	Christopher Martyn Matson
Victorian employee falsified 150 clients' signatures to receive fees from their superannuation investments, totalling \$26,337. The employer compensated affected clients.	Trevor John Knight
Queensland adviser fraudulently withdrew \$16,000 of clients' funds, misappropriated tax refunds and used a forged ATO assessment form.	Wayne McIver
Toukley adviser failed to look after the affairs of approximately 60 clients, resulting in unauthorised dealings.	Steven Michael Cochrane

Anyone banned from advising investors is listed on our register of banned representatives at [www.asic.gov.au](http://www.asic.gov.au).

## Insurance brokers prosecuted and deregistered

Four brokers prosecuted for offences against the Insurance Agents and Brokers Act:

- Ronald Stanley
- Trojan Insurance Brokers
- Royce Charlett and
- Victor James Isbester (Oxford Insurance Brokers Pty Ltd, formerly Budget Insurance Brokers Pty Ltd).

Two insurance brokers had their registration cancelled:

- Elvis Korcari, trading as VIP Insurance Brokers, and
- Nemur Varity Pty Ltd resulting from insolvency (the broker failed to provide satisfactory audited accounts and ASIC determined that the broker was unable to pay his debts as and when they fell due, therefore insolvent).

## Public information

*Nearly half of the new companies we registered used our award winning electronic registration service.*

Our Electronic Company Registration service won the Australian Information Industry Association National Award for Excellence

### Our strategies

The number of companies registered in Australia increased by 4% to 1,195,851 which is 46,554 more than last year and the highest number ever recorded. People use our national company database, now ten years old, to make sure they know who they are dealing with. Our staff collect and process company information and collect fees on behalf of the Commonwealth.

Our main strategies were:

- to offer fast access to our database to people lodging information or searching for it, through new electronic services, and to make sure our services fitted in with other government reforms such as ABN, Business Entry Point and on-line strategy
- to reduce the time and cost of our ongoing service and processing work, implement changes to the law and begin integrating Business Centres and Regional Offices, and
- to plan the future design and operation of our public information activities, including law reform and compliance strategies.

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In this section we cover:

- Our strategies
  - What we did
  - Electronic registration
  - Electronic searching
  - Law reform
  - Outlook
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National Awards  
for  
Excellence  
through Information Technology

## What we did

Main activities	This year	Last year	% change
New companies incorporated	105,472	98,038	8%
Company fees collected for the Commonwealth	\$361 million	\$332 million	9%
On-line searches	2,667,835	2,141,783	25%
Over the counter searches	161,609	191,831	-27%
Changes to company data processed on-line	45%	37%	29%
Company data lodged on time	94%	93%	1%
Companies deregistered by ASIC	38,036	21,339	78%
Companies deregistered on request	24,937	14,366	74%

Resources used	This year	Last year	% change
FTE Staff employed	287	314	-9%
Estimated costs	\$31 million	\$36 million	-14%

## Electronic registration and data lodgment

### Electronic company registration

Nearly half of the 105,472 company registrations were received through our Electronic Company Registration service, first launched as a pilot project in October 1998. We also provided a company registration service through the Commonwealth Government Business Entry Point website.

This service won the Australian Information Industry Association National Award for Excellence through information technology.

# Public information

## Data lodgment

This year, 683,136 or 63% of all annual returns were lodged electronically, up from 59% and slightly exceeding our target for the year. Companies can also update their details electronically. Last year 45% of changes occurred electronically, amounting to the equivalent of 355,025 documents, up 29% on last year although 14% less than our target.

Our *eRegisters* service, designed for small companies that prefer to deal with ASIC directly over the internet, became fully operational this year, and allows company directors or their agents to change their company data and to lodge and pay for their annual return. With only minimal promotion, we have 3,603 subscribers.

## Company information on time

94% of companies lodged their information with us on time. There has been a continuing trend towards generally higher levels of compliance in lodging company information. However, this year we issued about 35,000 penalty notices to companies for non-lodgment, a 52% increase on 1998-99.

## Electronic searching

### Full company searches

Today 94% of all company searches occur on-line, the highest number ever. The total number of paid searches has also increased, up 25% on last year. Searches occur through our approved

commercial information brokers, a number of whom can be reached through the internet.

Only 6% of searches were conducted over the counter in our Business Centres. Not only does this percentage continue to fall, but it also fell in absolute terms from 221,163 to 161,609. This means that we will go on relocating and, over time, integrating Business Centres within our Regional Offices.

## Free internet information

The Netsearch facility on our website, first launched in March 1997, provides basic details of a company's name, its unique Australian Company Number and a list of documents lodged with us. It also offers searches of licensed financial advisers, their representatives, insurance brokers, company auditors and liquidators. Netsearch also provides access to the business names index.

This free service was redesigned this year to make the choice of services more obvious to users and to provide search hints to people who used them less often.

Netsearch browses doubled from 1,694,047 in 1998-9 to 3,214,852 in 1999-2000. The vast majority of these were Netsearch browses of company names. The remainder were free searches of securities dealers, futures brokers, their representatives, auditors, liquidators, and of registers of people banned from directing companies or from giving investment advice.

We also launched Company Alert, an overnight e-mail service that lets users know of changes to company details lodged on our database. About 2,000 people have set up profiles of 11,500 companies they are interested in.

## Law reform

### Australian Business Number

We worked with the Australian Taxation Office to ensure that existing arrangements for Australian Company Numbers were compatible with the new ABNs. All company ABNs include the nine digit ACN, and in June 2000 our company names index changed so that people could search our company database, using either number. We also assisted companies with their inquiries during the changeover period.

### CLERP 7

The Government has released for public comment its latest proposals for changing the requirements faced by Australian companies. These will change the obligations, processes and fees payable for every company in Australia, and if implemented, will mean companies may no longer have to lodge an annual return with us although they will still pay an annual fee.

## Outlook

We will need to rely more heavily on risk-based compliance procedures. Service and processing will remain a large part of the workload, but will be substantially reduced and increasingly electronic and telephone based. We expect these reforms to ultimately result in workload savings of around 70 FTEs over the next three to four years, by far the largest program of change attempted by our public information staff.

All back office processing work will, over time, move from the Business Centres to our Information Processing Centre in Traralgon, Victoria. Business Centres will progressively be physically integrated into ASIC Regional Offices, maintaining our public enquiries and public assistance capability over the next five years. Potentially this could serve as the public interface, not only for public information, but also for taking complaints, assisting the public and consumer protection.

High volume electronic lodgment and service delivery is well advanced. We are moving increasingly into smaller volume electronic interfaces. ASIC's regulatory and enforcement operations are also moving into electronic service delivery with demands from clients to communicate by e-mail, lodge applications and documents electronically and obtain information electronically. Increasingly, we need to share information electronically with other law enforcement and regulatory agencies.

# National and support services



*To help investors, ASIC staff built a new on-line system that lists investment offers.*

OFFERlist displays fundraising offer documents

## What we did

Our support services include information technology, human resources, learning and development, finance and management services and our national telephone inquiry services. Much of our work this year went into specific projects described below or into responding to specific inquiries and problems.

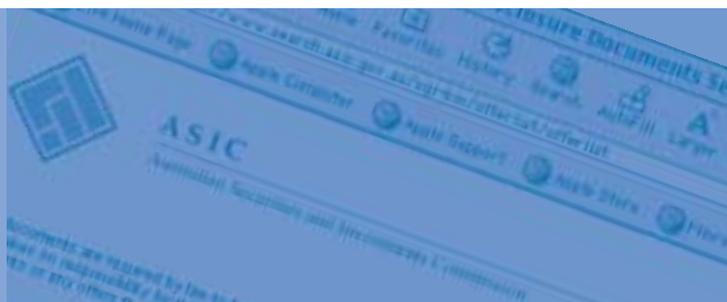
In this section we cover:

- What we did
- Our strategies
- IT services
- Corporate services
- Call centres
- Outlook

Resources used	This year	Last year	% change
FTE staff employed*	285	252	12%
Estimated costs	\$31 million	\$29 million	7%

\* This includes 32 staff of the Superannuation Complaints Tribunal (SCT), up from 27 staff last year. The SCT is funded through ASIC but is an independent statutory tribunal.

Below we describe the work of about 150 staff in information technology, corporate services and telephone call centres. Other national office staff in legal, accounting, compliance and policy worked in direct support of our enforcement and regulatory operations.



## Our strategies

The success of our regulatory and enforcement activities depends on the ability of our support services to deliver the right systems and services. Our strategy has been to:

- deliver systems and services that demonstrate a clear benefit to regulatory and enforcement operations, and
- provide support efficiently and with a minimum of “noise” that would distract operational staff from their work.

## Information technology

### A leading role in delivering electronic government services

A small group of IT staff has been dedicated to developing electronic commerce services such as electronic company registration and electronic data lodgment. The impact of these services is now considerable. We conducted approximately 13 million electronic commerce transactions with our customers through our company information activities, see pages 41-43.

### New systems introduced

Lotus Notes was rolled out to all staff by September 1999. This was the first step in our plan to integrate the information systems and give staff systems that help them manage the entire chain of regulatory and enforcement transactions.

The most important new application along these lines was for managed investments. The system includes a database of responsible entities, assisting surveillance targeting, licensing and scheme registration. It will be a model for developing future applications.

Our new complaints management system went into production.

We also built a new desktop system for generating, approving and processing staff travel requests.

# National and support services

A new human resources payroll system was launched in May 2000. Because the system is integrated with network security, staff can enter and view payroll information, leave, transfers and overtime without additional passwords. New financial management information systems went into production on 1 July 1999.

## IT infrastructure outsourcing

Substantial resources were taken up in preparing a request for tender for outsourcing our IT and telecommunications infrastructure. This project will have a significant impact on the organisation, staff and those who deal with us. The request for tender is expected to be released to the market early in the new financial year.

## Internet and intranet

ASIC's website ranks among the most visited Commonwealth government sites, with about 200,000 visits each month by June 2000. Our home pages and data management systems were re-designed and replaced, offering much greater flexibility in managing and updating information. Coinciding with this change, all our internet data searching and lodging transactions were upgraded and redesigned, including the new OfferList database of investment offer documents lodged with ASIC.

## Year 2000 compliance

By 2.15pm on New Year's Day we were able to sign off on all our systems and applications operating normally without any Y2K faults, thanks to the many staff who played a part in preparing for the changeover.

## Intranet

Our intranet portal now includes our financial and human resources systems, as well as daily national and local news summaries on login. It also includes links to other ASIC intranet sites and a site index.

## Corporate and management services

### Communication

To ensure that the people we regulate and investors keep up to date, we issued 558 media releases, of which more than 90% were published. We published 11 issues of *ASIC News* to more than 6,000 readers and upgraded the design of our website. Our investor April Fool's Day 1999 campaign *Millennium Bug Insurance: an offer too good to be true?* won the International Public Relations Association Golden World Award and the Public Relations Institute's Gold Target Award for investor communication.

### Business continuity and security

As part of our Y2K business continuity arrangements, a Year 2000 transition plan was successfully implemented. Using a similar process, we have been planning for future significant events such as the Olympics. Security arrangements in our offices were strengthened with the installation of additional security systems and other preventative measures. New security systems were installed in our premises at 1 Martin Place.

### Rationalisation of accommodation

National Office Sydney and the NSW Regional Office were relocated to 1 Martin Place. The staged move, completed by December, minimised disruption and service delivery and provided ongoing opportunities for cost savings and efficiency gains. We continued to rationalise our leasing arrangements by co-locating Business Centres with Regional Offices, reducing the number of leases from 34 to 31.

### Environment

As a responsible public service organisation, we continually seek to minimise our impact on the environment and reduce associated costs. These are largely confined to our use of energy for heat, light and power in our offices, and the disposal of paper waste. We have benchmarked our usage, implemented internal measures and established an alliance with an external service provider who will provide best practice energy efficiency solutions.

### Travel/contracts

Our national service arrangements provided direct and indirect cost savings and efficiency gains. By changing our travel management processes we have reduced our travel expenditure by 16%. We implemented a new contract for office supplies and will continue to establish other strategic alliances that benefit ASIC nationally.

# National and support services

## Learning and development

To make our training effort more effective, learning and development staff prepared six curricula for enforcement, regulatory policy, DISC (deposit taking, insurance, superannuation and consumer protection), markets, managed investments, and accounting. These will be reviewed each year.

More than 100 core technical learning programs were offered over the past year in areas such as enforcement, markets, accounting, insurance, superannuation, consumer protection and law (see also pages 51-52).

## Human resources

A new Public Service Act came into operation on 5 December 1999. The short time available precluded our preparing in advance new policies and instruments to support its implementation within ASIC. However, within three months, 50% of the key policies and instruments were prepared and executed by the Commissioners. We are working on the remaining 50%, including the elements of the new APS Values.

ASIC business units were also provided with ongoing advice on particular issues as they arose.

## Call centres

### Calls about lodging and obtaining company information

About 22 staff in our Information Processing Centre and Business Centres handled more than 728,000 telephone calls this year about routine company housekeeping matters and company searches. Following a review, we propose to centralise handling all these calls through a new 1300 telephone number.

### Infoline

Infoline is our principal call centre for regulatory and enforcement activities. It received 107,000 calls this year, a 3% increase on the 104,000 received last year, with the major proportion of this increase due to managed investments and superannuation and insurance matters. 92%, or 7% above our target, were dealt with on the spot, slightly down on last year. This freed our enforcement and regulatory staff to deal with more complex matters. Infoline employs 13 staff.

In the remaining 8% of calls we had another staff member ring the caller back, and we now average 73% of callbacks within 24 hours, much improved from 24% last year. Many Infoline callers did not get through at their first attempt. To offer a faster channel to information, we upgraded our website and added new web services.

### Financial complaints referral centre

In cooperation with the complaints resolution schemes for banking, life and general insurance, superannuation and investment advice, we operated the financial complaints referral centre on a trial basis until February 2000. At that point, we integrated it into our Infoline service, because call volumes were insufficient to justify a stand alone operation.

## Outlook

Law reform proposals to harmonise regulation across the entire financial services industry will present us with the opportunity to build new computer systems to handle all aspects of regulatory and enforcement activity, starting with applications from business, data analysis, complaints management, and (where necessary) enforcement.

In staffing, we look forward to negotiating more up to date and less restrictive working arrangements that will benefit staff as well as the organisation. Our current Certified Agreement negotiations will present an opportunity to carry this forward.

We will bring our support services generally closer to our regulatory and enforcement operations, and will encourage them to offer practical leadership and guidance to the organisation in managing people and money issues.

# Our staff



ASIC staff at training workshop

*ASIC staff now handle wider consumer protection responsibilities across investments, superannuation, insurance and deposit taking.*

---

In this section we cover:

- Who works for us
  - Major issues
  - Senior management and organisation
  - Outlook
- 

## Who works for us

### Staff numbers and basis of employment

At 30 June 2000, we employed 1,219 full time equivalent staff (1,274 headcount), most under the Public Service Act, of whom 38 were Senior Executive Service officers (including eight Regional Commissioners).

On a headcount basis, staff employed under the Public Service Act comprised 954 permanent staff and 253 temporary staff, compared with 961 and 207 temporary staff last year. Staff employed under the ASIC Act comprised 52 contractors (mainly in information technology) and 15 consultants (when adequate expertise was not available to provide essential specialist services including investigatory, legal, corporate regulatory and accounting functions).

In regulatory and enforcement activities we employ professionals with legal, accounting, commercial, analytical or investigative skills or with financial sector experience. In our company information work, we employ administrative staff with information processing and customer service skills. For our support services we employ people with general management, project management, information and technology as well as administrative skills.

## Location and profile of staff

We had 468 staff in Victoria, including our National Office, Regional Office, the Information Processing Centre at Traralgon and the Superannuation Complaints Tribunal; 428 in New South Wales, including National Office and Regional Office; 121 in Queensland; 93 in Western Australia; 59 in South Australia; 25 in the Australian Capital Territory; 15 in Tasmania and 10 in the Northern Territory.

Our full time equivalent staff profile at 30 June is illustrated below.

Type of staff	Number	%
Operational and support (ASIC 1-4)	801	66
Senior operational staff (EL1 and EL2)	368	30
Senior Executive Service Officers	38	3
Others (contract staff under the ASIC Act)	12	1
	<b>1,219</b>	<b>100</b>

## Major issues

### Learning and development

To deliver training activities in a more flexible manner, a national learning and development website provides staff with tools for development planning, an induction program, several banking industry modules, and enforcement case studies. More on-line learning initiatives are planned for the next 12 months.

We adopted a new plan for developing leadership and management capabilities. The plan identified the critical knowledge, skills and personal qualities expected of our current and emerging leaders. Over 120 senior executive and executive level staff contributed and ten external organisations were consulted to validate its relevance to financial services. We have integrated these leadership capabilities into a guide for executive staff to use in managing performance of staff, and into training and workshops.

# Our staff

ASIC and the Federal Reserve Bank of San Francisco facilitated two APEC workshops in Malaysia for securities and banking regulators in Asia and the Pacific. About 100 senior managers attended from approximately 18 countries. The first workshop featured a case study of ASIC's training strategies in deposit taking, insurance, superannuation and consumer protection; and the second workshop featured an e-commerce case study.

## Workforce planning

To develop a detailed workforce model for the organisation, this year we compiled a comprehensive employee database of our middle and senior level staff and unit organisation. For the first time it pulled together data from various systems that had previously become either out of date or somewhat disorganised. We also tested demand and supply forecasting techniques in areas of the organisation.

## Staff recruitment

The engagement of staff working a set term (now called non-ongoing staff) and contract staff continued to increase and now make up 24% of our full time equivalent staff compared with 16% last year.

## Industrial environment

During the year we completed a round of Australian Workplace Agreement (AWA) offers to our executive level staff. The acceptance rate for these offers was high. Our current Certified Agreement nominally expires on 30 June 2000 and we have commenced negotiations with the Community and Public Sector Union for a new agreement. There have been no significant national industrial issues or disputes.

## Performance management

We have successfully implemented the first year of our performance management system. All staff are now eligible for performance based pay. We assessed the success rate by conducting a review of the mid-year assessment process and found that our extensive training effort (over 100 training courses) and a new range of tools and guides was instrumental in receiving very positive feedback from both managers and staff.

## Complaints about our staff

Our staff exercise important legal powers and we have procedures to investigate properly any complaints about how they behaved. 12 complaints were received, two less than last year. The majority of the complaints alleged professional misconduct.

As a result of inquiries into these complaints, six complaints were found to be unsubstantiated, one complaint was found to be partially substantiated, one

complaint was found to be substantiated, and three complaints are still being investigated. One complaint was withdrawn. The substantiated complaint concerned the need for a more professional approach by counter staff at a Business Centre. The staff concerned have been counselled and provided with appropriate training. In all cases the complainant was advised of the outcome of the inquiry.

In our last annual report five matters were still under investigation. In three instances the complaint was unsubstantiated and in one instance the complaint was partially substantiated. In each case the complainant was advised of the result. In one instance, the complaint was still under investigation at 30 June 2000.

### Workplace diversity

During the year we continued our analysis and research across ASIC to identify the current practices and understanding of workplace diversity from a practical perspective, including the components of the new APS Values. We conducted a workplace diversity survey for employees resulting in approximately 650 responses, leading to an improved harassment policy and complaints procedure.

### Equal opportunity

We are an equal opportunity employer, with women making up 54.5% of our workforce. At 30 June 2000, one Commissioner and three Regional Commissioners are women and women made up 31% of our executives and senior executives. Women hold 63% of all ASO positions.

### Occupational health and safety

ASIC staff had no major health and safety incidences during the year. OHS Committees have been effectively monitoring the workplace and reducing risks. Rehabilitation case managers have helped ensure injured workers return to work early. We have an occupational health and safety policy and an occupational health and safety agreement signed with the union.

### Superannuation

The majority of our staff are members of the Commonwealth and public sector superannuation schemes, which are defined benefit funds. A small number of staff are covered under State government and private sector schemes. The majority of these staff were employed by State governments and transferred to ASIC at its inception in 1991. ASIC contributions to various superannuation schemes appear on page 83.

# Our staff

## Senior management and organisation

### Commissioners

Our Commissioners are full-time executives, appointed by the Governor-General under the ASIC Act, and sections 108-111 set out the terms and conditions of their appointments. Section 111 sets out grounds for termination. The Commissioners' qualifications and roles are on pages 16 and 17.

The Commissioners were Chairman Alan Cameron AM, re-appointed for a three-year term ending on 31 December 2000, Deputy Chairman David Knott, appointed for a 3 year term ending on 4 July 2002, and Commissioner Jillian Segal, appointed for a three year term ending on 12 October 2000.

### National Directors, General Counsel and Chief Accountant

At 30 June 1999, there were three full time National Directors who assisted in coordinating our activities. Joseph P Longo is National Director Enforcement. He is a lawyer, and was previously ASC litigation consultant in Perth and formerly a commercial litigation partner at Parker and Parker, solicitors. Shane Tregillis is National Director Regulation. He is a lawyer and was previously ASC Director of Regulatory Policy and worked in market regulation with the National Companies and Securities Commission (NCSC). Ian Johnston is National Director Infrastructure. He is a lawyer, an experienced general manager in financial services and was previously Regional Commissioner Tasmania.

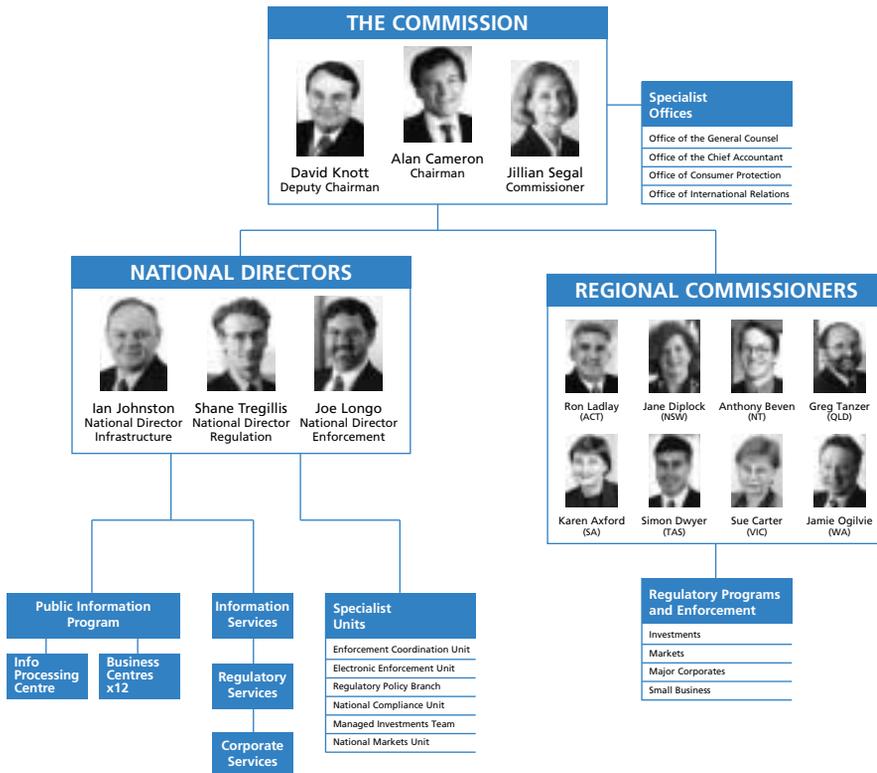
General Counsel is Brendan Byrne, previously counsel for our Regulatory Policy Branch. Jan McCahey is Chief Accountant, and was appointed in 1998. She was formerly Director of Accounting Standards at the Australian Accounting Research Foundation.

### Regional Commissioners

Our Regional Commissioners, appointed by Commissioners in consultation with State Ministers, run our enforcement and regulatory operations in each State and Territory. Employed on fixed term contracts, they are qualified in law or accounting or have extensive regulatory experience.

At 30 June 2000 they were: Karen Axford, South Australia, until 26 April 2001; Anthony Beven, Northern Territory, until 20 September 2002; Sue Carter, Victoria, until 16 February 2002; Jane Diplock, New South Wales, until 17 January 2002; Simon Dwyer, Tasmania, until a new appointment is made; Ron Ladlay, ACT, until 20 March 2003; Jamie Ogilvie, Western Australia, until 12 January 2001; and Greg Tanzer, Queensland, until 20 March 2005.

## How we are organised



## Outlook

Our second Certified Agreement is under negotiation, and we are seeking to build on efficiencies and savings so that, as far as possible, the new Agreement can be self-funding or cost neutral, and not require staff reductions to meet salary increases.

We are embarking on major change over the next three years to align our people management policies and practices with our business needs and preferred ways of operating. Some of the expected outcomes of this reform program are:

- cost savings
- better internal services for operational staff
- a more capable and productive workforce, and
- improved morale and job satisfaction.

# Consumer Advisory Panel



The Consumer Advisory Panel (CAP), established in November 1998, met four times. It advised ASIC on consumer issues and commented on ASIC consumer protection activities. The Office of Consumer Protection acted as our secretariat.

CAP supported research on areas of risk to consumers in financial services (the Consumer Issues Survey). This research was used in ASIC's consumer education discussion paper, along with our earlier Consumer Education Stocktake. CAP supported research on consumer understanding of the disclosure of bank fees that was discussed at ASIC's 'Bank Fees Forum' in April with industry, consumer and government representatives. This has led to a project on how to improve fee disclosure. We also contributed to research assisting consumer input into the reviews of the payments systems codes.

CAP again discussed and commented on policy and campaign matters. For example, CAP members were briefed about the proposed Financial Services Reform Bill and we provided comment on ASIC's solicitors' mortgages policy.

Members	Meetings attended
Barbara Cail AM (Chairman)	4
Ray Bricknell, Australian Investors Association	3
Chris Connolly, Financial Services Consumer Policy Centre	3
Dan Coyne/Kate Beddoe, Australian Consumers' Association	4
Jenni Mack, Consumers Federation of Australia	3
Gordon Renouf, Northern Territory Legal Aid Service	3
Ted Rofe/David Jackson, Australian Shareholders' Association	4
Gerard Thomas, Australian Pensioners and Superannuants' Federation	4
Ray Trestrail, Independent Retirees	3
Cassandra Williams, CANNEX	4

I thank all members for contributing. ASIC always intended to vary CAP's membership over time to ensure that a range of consumer organisations participate, so I particularly acknowledge the efforts of members who will not be rejoining CAP next year. I look forward to welcoming new members onto the panel.

Barbara Cail AM  
Chairman, Consumer Advisory Panel

# ASIC Audit Committee and audit services



The ASIC Audit Committee helped Commissioners discharge their responsibilities for financial reporting and for overseeing the effectiveness and integrity of internal controls and audit processes. The Committee examined internal and external audit matters, risk assessment, business continuity planning, GST preparedness, and Year 2000 compliance program.

The Audit Committee has between five and six members, at least two of whom (including the Chairman and Deputy Chairman) are suitably qualified persons appointed from outside ASIC.

Chairman Merran Kelsall, BCom (Hons), FCA, is a chartered accountant, consultant and company director. Deputy Chairman Robert Savage, BCom, FCA, is a chartered accountant and company director.

The internal appointments include at least one Commissioner and at least one Regional Commissioner.

The Committee met five times: twice in August 1999; and once in December 1999, April 2000 and June 2000. Details of membership and attendance were:

Members	Meetings attended
Merran Kelsall (Chairman - appointed 29 January 1998)	5
Robert Savage (Deputy Chairman - appointed 1 March 2000)	2
Roy Boyce (Deputy Chairman - retired 4 April 2000)	3
Karen Axford (appointed 13 May 1998)	5
Sue Carter (appointed 20 April 1999)	5
Jillian Segal (appointed 6 November 1997)	4

Ms Axford is South Australian Regional Commissioner, Ms Carter is Victorian Regional Commissioner, and Ms Segal is a Commissioner. Mr Boyce, who retired from the Committee after five and a half years as Deputy Chairman, is an FCA, chartered accountant and company director.

The Australian National Audit Office provided external audit services, chartered accountants Ernst & Young provided internal audit services, and Simon Farrer held the position of National Manager Audit. Both external and internal audit representatives attended Audit Committee meetings.

Internal audits included reviews of Year 2000 readiness; GST preparedness; defunct companies administration; business continuity planning; charge card compliance; Corporations Law revenue collection and debt management; *eRegisters*; accounts payable; payroll processing; and pre and post implementation reviews of ASIC financial and human resource management systems.

Merran Kelsall  
Chairman, ASIC Audit Committee

# Appendixes

## Publications

We publish the following free publications:

- External newsletters: *ASIC News* (regulation and enforcement), *InFocus* (company information); internal staff newsletters: *Shortcuts* (regulation and enforcement), *Inside Info* (company information).
- Brochures: *Don't kiss your money goodbye*, *Super decisions*.
- Annual report, occasional reports, papers and information sheets on a wide range of topics accessible through our website or Infoline.

We publish for sale: *ASIC Digest*, *ASIC Working Guide for Accountants*, *ASIC Working Guide for Company Secretaries*, *ASIC Good Advice Handbook: investment advisory services*, *ASIC Forms on CD-ROM*.

## Certain powers exercised under the ASIC Act 1989

Under section 138 of the ASIC Act, we set out here information about how we exercised our powers under Part 15 of the *Retirement Savings Accounts Act 1997* and under Part 29 of the *Superannuation Industry (Supervision) Act 1993*.

These powers permit us to vary or set aside certain provisions of these Acts. In using these powers, we broadly followed the policy of the former Insurance and Superannuation Commission. We published the instruments we issued in the *Gazette* and reported them in the *ASIC Digest*.

During the year, we did not exercise our powers under Part 15 of the *Retirement*

*Savings Accounts Act 1997*. We issued six instruments under Part 29 of the *Superannuation Industry (Supervision) Act 1993*. Five instruments varied or set aside legal provisions concerning a particular person or organization, and related to disclosure requirements under the *Superannuation Industry (Supervision) Act 1993*. One instrument was made for trustees of regulated superannuation funds, covering unclaimed superannuation moneys and the lost member register, following the removal of unclaimed money provisions from the Act in October 1999.

## Freedom of Information Act 1982

Members of the public may obtain copies of documents in ASIC's possession under the *Commonwealth Freedom of Information Act 1982* ("FOI Act") by making an application addressed to the Administrative Law Coordinator in the Regional Office in the State or Territory in which the applicant resides or to the Manager, Administrative Law, National Office Sydney.

ASIC maintains the following categories of documents which are in its possession as required by section 8 of the FOI Act:

- documents relating to meetings of ASIC, meetings between ASIC and government and non-government bodies, business communities and committees
- documents relating to parliamentary committees and parliamentary questions
- papers relating to new and amending legislation

- general correspondence with members of the public
- documents relating to applications from businesses, including:
  - (a) correspondence, statistics, policy documents and registration materials relating to licensees, receivers, auditors, liquidators and official liquidators
  - (b) internal working papers and statistics relating to examination and assessment of financial and accounting information, securities and futures and other matters
  - (c) applications and submissions made to ASIC
- documents, books and records of companies and individuals obtained pursuant to ASIC's information gathering powers; investigation reports and prosecution briefs
- documents relating to administrative law matters
- registers of instruments of delegation, direction and authorisation
- documents relating to accommodation, estimates, accounts, expenditure, banking arrangements and internal audit; computer systems and purchases, human resources, recruitment and staff management
- handbooks, guidelines, manuals, policy statements, practice notes, media releases, information releases, pamphlets and annual reports and other documents held as public database information (ASCOT) (see note below).

As required by section 9 of the FOI Act, ASIC makes available to the public the following documents for inspection and purchase by subscription from the Centre for Professional Development, telephone 03 9205 0600:

*ASIC Digest* - which contains policy statements, practice notes, information brochures, media releases, information releases, summaries of most ASIC instruments, class orders, ministerial orders and pro formas for applications.

Note: Documents that are made available to the public on ASCOT, in the *ASIC Digest* and by the Centre for Professional Development are not available directly from ASIC under the FOI Act.

## Commonwealth Electoral Act 1918

Section 311(A) of the *Commonwealth Electoral Act 1918* requires us to report for the financial year ended 30 June 2000, payments made by us or on our behalf to:

- advertising agencies: AORTA \$114,992 for advertising, creative, production and account service
- market research organisations: Chant Link & Associates \$137,193 and Eureka Strategic Research \$2,450
- polling organisations: nil
- direct mail organisations: City Mail Room \$44,521 and Security Mailing Services \$51,716
- media advertising organisations: Advertising Investment Services \$202,472.

# Six year summary

# 10

	1999/2000	1998/99	1997/98	1996/97	1995/96	1994/95
<b>Business information</b>						
Number of registered companies	1,195,851	1,149,297	1,088,192	1,026,206	965,461	933,652
New companies incorporated	105,472	98,038	97,031	92,680	79,259	82,278
Company searches through on-line brokers	2,666,835	2,141,783	1,922,408	1,990,041	1,704,433	1,347,155
Over the counter searches at ASIC offices	161,069	191,831	284,150	382,252	472,502	625,526
ASIC website browses	3,214,852	1,694,047	-	-	-	-
Securities dealers	2,081	1,833	1,547	1,608	1,508	1,408
Authorised representatives	36,068	31,392	28,968	25,971	26,763	41,571
Investment advisers	224	231	130	227	241	232
Futures brokers	120	108	99	97	87	83
Futures representatives	65	64	40	51	35	30
Foreign insurance agents	12	-	-	-	-	-
General insurance brokers	1043	-	-	-	-	-
Life insurance brokers	225	-	-	-	-	-
Managed investment schemes registered (previously principal trust deeds approved)	1,780	502	313	144	109	89
Prospectuses registered	1,033	707	683	602	466	503
Takeovers (Parts A & C) registered	81	73	76	75	96	64
<b>ASIC funding and revenue</b>						
Parliamentary appropriation (\$m)	132	137	123	126	129	138
Loan outstanding (\$m)	2.8	4.8	6.5	4.0	-	-
Fees transferred to Commonwealth Consolidated Revenue Fund (\$m)	361	331	335	298	275	258
<b>ASIC performance data</b>						
Investigations commenced	234	233	215	186	155	256
Litigation concluded	461	564	199	178	* 41	74
% successful litigation	84	89	90	84	* 78	81
% company annual returns lodged on time	94	91	94	90	78	84
<b>Financial summary (\$m)</b>						
<b>Operations</b>						
Total operating expenses before abnormals	138.7	145.5	127.1	127.8	140.4	151.7
Total operating revenue	7.6	9.2	7.5	7.0	8.2	6.4
Net cost to government	131.1	136.6	127.1	124.6	136.5	147.7
Revenue from government	132.4	137.5	123.2	126.2	128.7	138.2
<b>Financial position</b>						
Current assets	12.2	12.1	10.3	13.4	9.7	11.2
Non-current assets	24.9	25.6	25.6	25.8	27.9	31.4
Current liabilities	21.7	17.1	15.6	21.2	18.3	13.6
Non-current liabilities	16.6	18.9	19.5	13.7	17.4	19.2
Total liabilities	38.3	36.0	35.1	34.9	35.7	32.9
Total equity	(1.1)	1.6	0.8	4.2	1.9	9.7

\* These figures and those for preceding years included only major criminal matters.