



**ASIC**

Australian Securities & Investments Commission

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## Senate Economics Committee - Chairman Opening Statement

*A statement by Greg Medcraft, Chairman,  
Australian Securities and Investments Commission*

*Senate Economics Committee  
2 March 2017*

### Introduction

Good morning chairman.

I am pleased to appear before the committee today.

With me are deputy chairman Peter Kell and Commissioners:

- Cathie Armour, and
- John Price.

Also appearing today are Senior Executive Leaders:

- Warren Day
- Greg Kirk
- Joanna Bird, and
- Michael Saadat.

I have an opening statement that touches on:

1. Financial literacy;
2. Small business; and
3. Whistleblower reform.

## 1. Financial Literacy

Two week ago, ASIC, along with the Minister for Revenue & Financial Services, the Hon. Kelly O'Dwyer launched the **National Financial Literacy Strategy Annual Highlights Report 2015-16**.

This is a significant document – essentially a report card – which I am happy to say shows ASIC's work in financial literacy is having effect.

Some key takeouts from the 12 months to June 2016:

- **Over 50%** of Australia's 10,000 schools have engaged with ASIC's MoneySmart Teaching program;
- **6 million people** have visited ASIC's MoneySmart website (and 90% reported taking action after the visit); and
- **260,000 people** have been assisted through financial education programs.

These statistics and those in the report – which I recommend to the committee – underscore that the bipartisan policy of financial literacy is getting results.

Growing the financial capabilities of all Australians requires a long-term commitment – we are laying the foundations for behavioural change over time.

With financial capability, it is important we focus on cognitive ability, knowledge, attitudes and behavioural biases

Overall there is more work to do, but we are heading in the right direction.

I have distributed the Highlights reports to members.

## 2. Office of Small Business

Chair, as members of this committee know well, there are **2.4 million** Australian companies and **2 million business names** registered with ASIC.

- The vast majority of these are **small businesses**.
- That makes small business ASIC's largest stakeholder.

Currently, ASIC has dedicated programs aimed at helping these businesses which are carried out across our Registry, our Small Business Compliance & Deterrence and our Financial Capability teams.

But we recognise ASIC can improve its engagement with the sector and, as such, we have established an **Office of Small Business**, which will drive our work in this area.

This office is being led by Senior Executive Leader **Warren Day** and reports directly to ASIC Commissioner, **John Price**.

The Office of Small Business is developing an **ASIC Small Business Strategy**.

The strategy will build on the proposition that while ASIC may police the overall corporate sector, it must also - within the finite resources we have - **promote and act in the interests of these smaller firms**. Small businesses are the drivers of the Australian economy.

Specifically, our Small Business Strategy will require all ASIC teams to **assess how their work might impact small business**.

We will also seek to identify **possible test cases** where misconduct may be harming the interests of small business, to gain greater clarity around existing legal obligations, and where it will provide certainty and fairness to all small business.

The strategy will also propose **greater engagement** with small business groups, as well as **better communications** with external stakeholders on our small business work.

On communications, we launched this month a mobile app for small businesses.

It includes information to help someone decide if they are ready to launch a business; a check list to help with obligations, including registrations, tax and super; case studies on what can go wrong, plus tips on developing a network.

### 3. Whistleblower reform

Finally Chairman, ASIC recognises the **courage** of whistleblowers and the important role they play in calling out poor conduct, and assisting ASIC to do its job.

Right now, there are processes under way to reform the law around whistleblowers and ASIC is taking part in these processes.

We have made submissions to both the Treasury and the Parliamentary Joint Committee.

In summary Chairman, ASIC has recommended:

1. **broadening the definition** of whistleblowers to include a company's former employees, officers, contractors and others;
2. extending whistleblower protections to **anonymous disclosures** and ensuring whistleblower identity should be subject to absolute confidentiality;
3. replacing the 'good faith' requirement with an '**objective test**', that is, it should be sufficient for the information disclosed to simply show that wrongdoing has occurred;
4. a **rewards system be deferred** until higher monetary penalties have been introduced, possibly following the Government's review of ASIC's enforcement regime;

5. an overhaul of **whistleblower compensation** to ensure better access and to better define the nature of the damages – including loss of lifetime earnings - on which a whistleblower may claim compensation.
6. We also recommended the set-up of a **whistleblower tribunal** to hear compensation claims.
7. Lastly, we think any new whistleblowing regime should be supported by an **independent oversight** agency, such as the Commonwealth Ombudsman.

Chairman we are now happy to take questions.