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The role of Commissioners

The Commission is responsible for ASIC’s strategic direction and its priorities. The Commission meets regularly, usually monthly, to:

- make decisions on matters, within ASIC’s regulatory functions and powers, that have strategic significance
- oversee the management and operations of ASIC as an Australian Government agency.

The Commission appoints and evaluates the performance of senior executive leaders, and approves budgets and business plans for each team.

Individual Commissioners also have executive responsibility for particular stakeholder and enforcement teams. See pages 11–12 for ASIC’s corporate structure.

The Commission held 15 meetings in 2011–12.

Commission meetings

<table>
<thead>
<tr>
<th>Commission member</th>
<th>Eligible to attend</th>
<th>Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greg Medcraft</td>
<td>15</td>
<td>14</td>
</tr>
<tr>
<td>Belinda Gibson</td>
<td>15</td>
<td>14</td>
</tr>
<tr>
<td>Peter Boxall¹</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Michael Dwyer²</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Shane Tregillis³</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Peter Kell</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Greg Tanzer</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>John Price</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

¹ Resigned 22 November 2011.
² Term complete 11 December 2011.
³ Resigned 26 August 2011.

The Governor-General, on the nomination of the Treasurer, appoints Commissioners. The Treasurer may nominate as Commissioners only people who are qualified by knowledge of, or experience in, business administration of companies, financial markets, financial products and financial services, law, economics or accounting.

Commissioners are appointed on fixed terms that may be terminated only for reasons set out in s111 of the Australian Securities and Investments Commission Act 2001 (ASIC Act). The Remuneration Tribunal sets Commissioners’ remuneration, which is not linked to their performance.

The ASIC Act requires Commission members to disclose to the Minister direct or indirect pecuniary interests in corporations carrying on business in Australia, businesses in Australia, or interests regulated by ASIC, or arrangements or agreements for future business relationships.

Michael Kingston, the Chief Legal Officer, is the primary source of legal advice to the Commission, providing legal counsel to the Chairman on major regulatory and enforcement matters. Other independent legal and accounting experts also advise on specific matters.

The Commission delegates various powers and functions to senior executive leaders, regional commissioners, and staff reporting to them, to ensure that ASIC’s business is carried out efficiently and effectively. Delegations are reviewed regularly and the Commission requires its delegates to act in accordance with policies and procedures approved by the Commission.

Additional information on ASIC’s internal governance is published on our website at www.asic.gov.au/internal-governance.

ASIC operates under the Financial Management and Accountability Act 1997, which governs, primarily, its use of Australian Government resources and expenditure of public money.
Audit Committee and audit, assurance and compliance services

The Audit Committee operates independently of management and plays a key role in assisting the Chairman to discharge his responsibilities relating to the efficient, effective, economical and ethical use of Australian Government resources. The Committee does this by providing independent oversight and reporting to the Chairman regarding ASIC’s governance and internal control frameworks, financial reporting and compliance with relevant legislation.

The Committee reviewed ASIC’s 2011–12 Financial Statements and provided advice to the Chairman and Commissioners on the preparation and review of financial statements before the Chairman signed the statements. The Committee met four times during the year supplemented by two special meetings to review ASIC’s draft financial statements and the annual Financial Management and Accountability Act 1997 compliance certificate.

Number of meetings

<table>
<thead>
<tr>
<th>Members</th>
<th>Eligible to attend</th>
<th>Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Byram Johnston OAM</td>
<td>4 main meetings</td>
<td>4</td>
</tr>
<tr>
<td>Appointed as an independent member in January 2005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reappointed as an independent member commencing 19 January 2010</td>
<td>2 special meetings</td>
<td>2</td>
</tr>
<tr>
<td>Appointed as Chairman commencing 30 January 2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Geoffrey Applebee</td>
<td>4 main meetings</td>
<td>4</td>
</tr>
<tr>
<td>Appointed as an independent member on 1 February 2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appointed as Deputy Chairman commencing 15 December 2010</td>
<td>2 special meetings</td>
<td>2</td>
</tr>
<tr>
<td>David Prothero</td>
<td>4 main meetings</td>
<td>4</td>
</tr>
<tr>
<td>Appointed as an independent member on 1 March 2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chris Van Homrigh</td>
<td>3 main meetings</td>
<td>3</td>
</tr>
<tr>
<td>Senior Executive Leader, Investment Banks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appointed as a committee member in November 2011</td>
<td>0 special meetings</td>
<td>0</td>
</tr>
<tr>
<td>Belinda Gibson</td>
<td>2 main meetings</td>
<td>2</td>
</tr>
<tr>
<td>ASIC Deputy Chairman</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appointed as a committee member in January 2012</td>
<td>0 special meetings</td>
<td>0</td>
</tr>
<tr>
<td>Michael Dwyer</td>
<td>2 main meetings</td>
<td>2</td>
</tr>
<tr>
<td>ASIC Commissioner</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appointed as a committee member in December 2009</td>
<td>2 special meetings</td>
<td>2</td>
</tr>
<tr>
<td>Resigned from committee in December 2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr Pamela Hanrahan</td>
<td>1 main meeting</td>
<td>1</td>
</tr>
<tr>
<td>ASIC Queensland regional commissioner</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appointed as a committee member in November 2010</td>
<td>2 special meetings</td>
<td>2</td>
</tr>
<tr>
<td>Resigned from committee in October 2011</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

All three independent members are chartered accountants and company directors with significant financial, business and community experience. The internal appointees are Belinda Gibson, representing the Commission and replacing Michael Dwyer, and Chris Van Homrigh (replacing Dr Pamela Hanrahan).

The internal audit function is provided by ASIC’s Audit, Assurance and Compliance business unit supported by Deloitte Touche Tohmatsu in a co-sourced arrangement. The Australian National Audit Office provides external audit services. Senior external and internal audit representatives attend audit committee meetings.

Byram Johnston OAM
Chairman
Audit Committee
July 2012
External committees and panels

Australian Government Financial Literacy Board

The Australian Government Financial Literacy Board works to improve financial literacy in Australia. Members are:
- Paul Clitheroe AM, ipac securities (Board Chairman)
- Group Captain Robert Brown, Australian Defence Force Financial Services Consumer Council
- Hamish Douglass, Magellan Financial Group Australia
- Craig Dunn, AMP
- Linda Elkins, Colonial First State
- Fiona Guthrie, Financial Counselling Australia
- Elaine Henry OAM, company director
- Peter Kell, Commissioner, Australian Securities and Investments Commission
- Anthony Mackay, Centre for Strategic Education
- Greg Medcraft, Chairman, Australian Securities and Investments Commission
- Ian Silk, AustralianSuper
- Michael Smith OBE, ANZ Banking Group
- Robert Thomas, Gardner Smith (Holdings) Pty Limited.

Consumer Advisory Panel

The Consumer Advisory Panel (CAP) advises ASIC on current consumer and retail investor protection issues in the financial services and credit industries. CAP also gives feedback on ASIC policies and activities.

As part of CAP’s regular processes, membership was refreshed at the end of March 2012.
- Jenni Mack (Panel Chairman)
- Gerard Brody, Consumer Action Law Centre (Vic.) (new member)
- Karen Cox, Consumer Credit Legal Centre NSW Inc.
- Carmel Franklin (new representative), Financial Counselling Australia (FCA)
- Ray Kent (new representative), Indigenous Consumer Assistance Network (ICAN)
- Vas Kolesnikoff, Australian Shareholders’ Association
- David McMillan, Legal Aid NSW
- Elizabeth McNess, CHOICE
- Gordon Renouf, Consumers Federation Australia (new member)
- Wendy Schilg, National Information Centre on Retirement Investments
- Ian Yates, COTA Australia.

We thank the outgoing members and individual representatives for their valuable contribution to CAP:
- Jenni Eason, Australian Investors’ Association
- Michael O’Neill, National Seniors Australia
- Pam Mutton (representing FCA)
- Jon O’Mally (representing ICAN).

During 2011–12, CAP commissioned the following research and submissions:
- Susan Bell Research to undertake research on funeral funds and funeral insurance. This research was published by ASIC in Report 292 Paying for funerals: How consumers decide to meet the costs.
- Jo Bird to help coordinate and prepare joint consumer submissions to the consultations on the FOFA Bills (tranches 1 and 2) (including the PJC inquiry and Senate Economics Committee inquiries).

External Advisory Panel

The External Advisory Panel assists ASIC in gaining a better understanding of developments and systemic risks within industry. The panel provides advice to ASIC on a range of matters and also provides feedback on current issues of concern. Members are from a range of sectors and hold or have held senior-level positions. Members sit in a personal capacity; they do not represent individual organisations. This ensures ASIC receives a broad range of views, free from vested interests.

Members are:
- Mark Johnson AO (Panel Chairman)
- Peter Hemming
- Belinda Hutchinson AM
- Nick Leeder
- Catriona Lowe
- Jenni Mack
- James Millar AM
- Allan Moss AO
- Bill Moss AM
- Professor Ian Ramsay
As part of the panel’s processes, five panel members retired at the end of 2011. We thank the outgoing members for their contribution:

- Alec Brennan
- Peter Hunt AM
- Charles Macek
- Merv Peacock
- John Thorn.

During 2011–12, the panel provided feedback on a number of matters including ASIC’s approach to consumer education, disclosure and transparency in superannuation and ASIC’s regulatory involvement in carbon reforms.

Markets Disciplinary Panel

The Markets Disciplinary Panel is the main forum for disciplinary action when market integrity rules are breached. The panel is a peer review body, largely comprising members who currently hold senior roles in the markets.

ASIC established the panel to make decisions about whether to issue infringement notices or accept enforceable undertakings for alleged breaches of market integrity rules. ASIC decides which matters are referred to the panel.

Members are:

- Lisa Gay (Panel Chairman)
- Richard Brasher, RBS Equities
- Ian Chambers, Morgan Stanley Australia
- Leigh Conder, Commonwealth Bank
- Geoffrey Louw, Bell Potter Securities (Bell Financial Group)
- Simon Gray, Shaw Stockbroking
- Michael Manford, Patersons Securities
- Russell McKimm, Patersons Securities
- Peter Curry, MAP Capital Advisors (new member)
- Peter Robson, ITG Australia (new member)
- Sadie Powers, Patersons Securities (new member)
- Cilla Boreham, JBWere (new member)
- Victoria Weekes, Risk Compliance Solutions Pty Ltd (new member)
- John Steinthal, Moelis & Company (new member)
- Adrian Holst, F W Holst & Co. Pty Ltd (new member).

Members of the Markets Disciplinary Panel made determinations on alleged breaches of the market integrity rules during 2011–12.

The infringement notices for finalised matters have been published in the Markets Disciplinary Panel Infringement Notices Register on the ASIC website. Three matters concerned an alleged breach of Rule 5.9.1 of the ASIC Market Integrity Rules (ASX Market) 2010 and the other matter concerned an alleged breach of Rule 6.6.1 of the ASIC Market Integrity Rules (ASX Market) 2010. The Markets Disciplinary Panel imposed a total of $120,000 in penalties in these matters.

Market Supervision Advisory Panel

The Market Supervision Advisory Panel advises ASIC on its approach to its responsibilities in day-to-day supervision of the Australian Securities Exchange (ASX). The panel also advises ASIC on broader market developments. Members are from the financial services industry, with experience in the legal, compliance, retail and institutional aspects of broking.

Members are:

- Belinda Gibson, Deputy Chairman, ASIC (Panel Chairman)
- Stewart Adams, Morgan Stanley Smith Barney Australia
- David Dixon, Colonial First State Global Asset Management
- April Mountfort, Macquarie Securities
- Scott Webster, UBS AG Australia
External committees and panels continued

- Brad Usasz, Wilson HTM Investment Group
- Dean Surkitt, Bell Financial Group (new member)
- Will Psomadelis, Schroders Investment Management Australia Limited (new member)
- Stephen Karpin, CommSec (new member)
- Daniel McAuliffe, Treasury (new member).

ASIC representatives include Greg Yanco, Senior Executive Leader; Oliver Harvey, Senior Executive Leader and Calissa Aldridge, Senior Specialist.

We would like to thank the outgoing members for their valuable contribution:
- Ross Freeman
- Grahame Pratt
- Lisa Gay
- Luke Randell
- Alix Gallo
- Tim Beale.

During 2011–12 the panel provided advice on:
- the introduction of competition in market services, including the timetable for Chi-X to enter the market, industry readiness and market integrity rules for competition;
- market structure initiatives including ASIC’s proposals on automated trading, extreme price movements and dark liquidity;
- enhanced market supervision;
- cost recovery for market supervision.

Registry and Licensing
Business Advisory Committee

The Business Advisory Committee is the key stakeholder consultation forum for ASIC’s Registry and Licensing. It provides an ongoing means of direct consultation with the business community providing input and opinion on the impact of current and proposed services, with particular emphasis on small business and registry services.

The committee’s scope includes advice on strategic directions, performance feedback, and reporting on trends and needs of business. In doing so, the committee advises on the appropriateness and impact on ASIC and business of proposed changes to relevant legislation and corporate registry objectives, operations and initiatives.

The committee members are drawn from a wide range of business community, industry and professional organisations. The committee members in 2011–12 were:
- Greg Tanzer, Commissioner, ASIC (Committee Chairman)
- Andrew Madry, Chief Operating Officer, Australian Institute of Company Directors
- Tom Ravlic, Head of Research, National Institute of Accountants
- Paula Allen, Member, Institute of Chartered Accountants Australia
- Simon Flowers, Member, CPA Australia
- Judith Fox, Director Policy, Chartered Secretaries Australia
- Geoff Nicoll, Member – Business Law, Senior Executive, Law Council of Australia
- Peter Strong, Executive Director, Council of Small Business Organisations of Australia
- Philippa Taylor, Chief Executive Officer, Family Business Australia (new member)
- Guy Surkyn, Director – Customer Support and Operations, Dun & Bradstreet
- Claire Wivell Plater, Director, Gold Seal Risk Management Services Pty Ltd
- Colin Porter, Managing Director, CreditorWatch (new member)
- Steve Karro, CAS Product Manager, BGL Corporate Solutions
- Myron Zlotnick, General Counsel and Company Secretary, Reckon Group.

Christine Christian stood down during the year and was replaced by Guy Surkyn.

During 2011–12, the committee participated in activities and events supporting ASIC’s Registry Transformation program, contributing to focus groups which were convened to assist in the design and usability of new services such as ASIC Connect (search) and the online business names registration service. The committee also supported and promoted the National Business Names roadshows staged by ASIC in early 2012.
Portfolio Budget Statements

ASIC’s outcomes for 2011–12 are reported below against the Government’s Portfolio Budget Statements (PBS) where applicable to ASIC. The PBS will change for 2012–13 to better reflect ASIC’s role and priorities and to make our reporting more consistent with other Treasury portfolio agencies.

**Outcome 1: Improved confidence in financial market integrity and protection of investors and consumers through research, policy, education, compliance and deterrence that mitigates emerging risks.**

**Program 1.1: Research, policy, compliance, education and information initiatives**

**Program 1.1 objective:** Program 1.1 contributes to Outcome 1 by improving industry behaviour where market integrity and consumer confidence are most at risk, and by helping consumers and retail investors make well-informed decisions in the financial economy.

<table>
<thead>
<tr>
<th>Program 1.1 deliverables</th>
<th>Key performance indicators</th>
<th>2011–12 achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving industry behaviour</td>
<td>Improved confidence in market integrity</td>
<td>ASIC worked to improve behaviour across the whole financial industry through a range of compliance activities illustrated by the following:</td>
</tr>
<tr>
<td></td>
<td>Improvements in quality and availability of financial advice</td>
<td>• shadow shopping on retirement advice</td>
</tr>
<tr>
<td></td>
<td>Improvements in conduct of market participants and corporates</td>
<td>• releasing the findings, and our suggestions for improved practices, from our review of 450 financial reports of listed entities and some larger unlisted entities</td>
</tr>
<tr>
<td>Financial economy programs, for each major grouping of market participants designed to:</td>
<td>Compliance</td>
<td>• targeted surveillance of the superannuation industry that led to remedial action</td>
</tr>
<tr>
<td>• monitor market developments and identify and prioritise factors and behaviours most likely to result in threats to market integrity and the fair treatment of consumers</td>
<td></td>
<td>• surveillance on investment products such as exchange traded funds and investor-directed portfolio services that have informed our approach to these products</td>
</tr>
<tr>
<td>• devise and implement information, guidance, and regulatory initiatives most likely to reduce the threat of misconduct or mistreatment of consumers and retail investors</td>
<td></td>
<td>• ASIC worked to increase competition in our markets by monitoring the launch of Chi-X and publishing new competition market integrity rules to establish common standards for market operators</td>
</tr>
<tr>
<td>• target misconduct or mistreatment through tailored deterrence activity.</td>
<td></td>
<td>• ASIC has halved the average number of days taken from identifying market misconduct to starting investigations through improved processes. As indicated in our publicly available market and participants supervision report (REP 243), in the first six months of 2011 ASIC identified 23,494 trading alerts with 121 matters requiring further consideration</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Operation Ark helped inexperienced investors avoid online scams</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• reviewed practices of mortgage brokers providing credit assistance for home loans and small-amount lenders</td>
</tr>
</tbody>
</table>
| | | • reviewed the sales practices of 15 authorised deposit-taking institutions that sold consumer credit insurance for home loans, personal loans and credit cards.
**Program 1.1 deliverables** | **Key performance indicators** | **2011–12 achievements**
---|---|---

**Improving industry behaviour** (continued)

**Policy**
Our written guidance includes:
- ePayments Code to provide best practice consumer protection
- bank account switching reforms
- shorter product disclosure regime
- obligations when advertising financial products and services
- a biannual enforcement outcome report to give more transparency and increase public understanding about how and why ASIC will take enforcement action
- new market integrity rules
- insolvency law reform
- regulation of emissions units.

**Helping retail investors and consumers**

Retail investor and consumer programs designed to:
- give consumers and retail investors access to clear, useful information about financial economy products and services
- make financial advice more accessible and more reliable
- enhance community-wide financial literacy
- enable consumers and retail investors to better assess the benefits and risks of decisions about financial products and services.

**Improvements**
- in retail investor and consumer perception of information received about products and services
- in overall financial literacy levels

ASIC has worked to promote confident and informed participation by consumers in the financial system.

**Policy and education**
- Expansion of the MoneySmart website, which has received more than 1.9 million visits and underpins financial literacy activities including school and Indigenous programs
- Development of teaching resources as part of the ‘Helping Our Kids Understand Finance’ initiative
- ASIC has contributed to the Government’s Future of Financial Advice reforms through guidance on the duty to act in the best interests of investors, conflicted remuneration, scaled advice, and by amending licensing and banning powers
- ASIC has contributed to the Government’s Stronger Super reforms, focusing on building the SMSF auditor register, improving disclosure and strengthening superannuation governance.

Our written guidance includes:
- the risks of investing in hybrid securities
- making prospectuses more useful for investors
- disclosure standards for unlisted property schemes
- risks of agribusiness schemes.
Program 1.2: Enforcement/deterrence

**Program 1.2 objective:** Program 1.2 contributes to Outcome 1 by enforcing the law to maximise deterrent effect and improve behaviour by entities subject to the laws that ASIC administers.

<table>
<thead>
<tr>
<th>Program 1.2 deliverables</th>
<th>Key performance indicators</th>
<th>2011–12 achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deterrence programs designed to:</td>
<td>Clear alignment between ASIC enforcement actions and key risk areas</td>
<td>One of ASIC’s key functions is to take action against entities that might have breached the law or regulatory conditions in ways that affect our objectives.</td>
</tr>
<tr>
<td>• investigate suspicious conduct and take appropriate and timely criminal, civil or administrative action, especially where market integrity and consumers and retail investors are most at risk</td>
<td>Improved stakeholder perceptions of how ASIC deals with people who don’t comply with the law</td>
<td>• Total of 179 litigation actions completed</td>
</tr>
<tr>
<td>• create community confidence that the law is being effectively enforced</td>
<td></td>
<td>• Success in 92% of criminal and civil matters</td>
</tr>
<tr>
<td>• communicate clearly about ASIC’s enforcement approach and outcomes to improve industry understanding and drive behavioural change in key risk areas</td>
<td></td>
<td>• 183 investigations completed</td>
</tr>
<tr>
<td>• encourage industry participation in enhanced standards of behaviour (alleviating the need for additional regulation)</td>
<td></td>
<td>• 28 criminal proceedings completed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 20 people jailed</td>
</tr>
</tbody>
</table>

We worked on a number of major cases resulting in major findings such as:

- ASIC’s successful High Court appeal in the James Hardie case establishing breaches of duty by non-executive directors and company officers
- in Centro the Federal Court handed down its penalty decision against eight directors and former executives who were found to have contravened the law
- jail terms being imposed in Opes Prime and Sonray
- stepping in following concerns that Equititrust was not acting in the best interests of its members, resulting in the appointment of a receiver to the schemes after they were wound up, and obtaining injunctions to prevent practices that would be harmful to investors.

ASIC successfully prosecuted individuals for offences including:

- market manipulation and trading
- false or misleading statements by directors
- insider trading offences.
ASIC continued to focus on insolvency issues. ASIC has been given power to wind up companies and we have developed a website on which we publish insolvency notices. Phoenix companies remain a focus with ASIC prosecuting 402 directors for 817 offences, resulting in fines and costs of $1.05 million.

Outcome 2: Streamlined and cost-effective interaction and access to information for business and the public, through registry, licensing and business facilitation services

Program 2.1: Legal infrastructure for companies and financial service providers

**Program 2.1 objective:** Program 2.1 contributes to Outcome 2 by improving ASIC’s registry and stakeholder services by developing initiatives for business and consumer stakeholders to:

- simplify their interactions with ASIC; and
- reduce the cost of those interactions.

<table>
<thead>
<tr>
<th>Program 2.1 deliverables</th>
<th>Key performance indicators</th>
<th>2011–12 achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modernising registry services</td>
<td>Improved effectiveness and efficiency of registry and licensing services</td>
<td>ASIC Connect was launched to allow customers to conduct registry searches online more easily and cheaply. Over 5 million free searches and 46,000 paid searches were conducted. The national Business Names Register was introduced, replacing eight state and territory services. The number of listings on ASIC’s companies register increased to 1.9 million. 185,559 new companies were registered, of which 98% were completed within one business day. An increase of 46% in visits to the ASIC website.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Program 2.1 deliverables

<table>
<thead>
<tr>
<th>Key performance indicators</th>
<th>2011–12 achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Improving stakeholder services</strong></td>
<td>Achievements related to stakeholder services programs include:</td>
</tr>
<tr>
<td>Programs designed to:</td>
<td>• 98% of company incorporations completed within one business day</td>
</tr>
<tr>
<td>• improve service delivery to better meet stakeholder needs</td>
<td>• 98% of critical changes to company information registered within two business days</td>
</tr>
<tr>
<td>• take prompt and appropriate regulatory action on reports of misconduct</td>
<td>• 87% of calls answered on the spot with 13% referred to specialist staff</td>
</tr>
<tr>
<td>• provide accurate information and assistance to the public</td>
<td>• 73% of emails responded to within two business days</td>
</tr>
<tr>
<td>• provide accurate and useful information to industry stakeholders about the regulatory system and ASIC’s administration of it.</td>
<td>• 12,516 misconduct reports were finalised, with 78% done within 28 days.</td>
</tr>
</tbody>
</table>

### Facilitating business

Initiatives designed to:

- reduce costs and red tape for business by making it easier to transact with ASIC
- improve consultation with regulated entities and other stakeholders
- administer the law to enhance commercial certainty and reduce business costs
- facilitate inward and outward investment in Australian capital markets.

ASIC’s regulatory system not seen as a major barrier to inward and outward capital flows

More than 1.5 million company charges were transferred from ASIC’s Charges Register to the new Personal Property Securities Register administered by the Insolvency and Trustee Service Australia.

We adopted social media channels to promote and explain ASIC services and regulatory requirements through creation of YouTube videos, an ASIC Facebook page and a Twitter account.

ASIC held its annual conference the ASIC Summer School, with the theme ‘Building resilience in turbulent times’. The conference brings people together from across industries to exchange ideas about improvements for the financial sector.

## Program 2.2: Banking Act 1959 and Life Insurance Act 1995 unclaimed money and special accounts

**Program 2.2:** ASIC is responsible for the administration of unclaimed money from banking and deposit-taking institutions, and life insurance institutions.

<table>
<thead>
<tr>
<th>Program 2.2 deliverables</th>
<th>Key performance indicators</th>
<th>2011–12 achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Provide an accurate register of unclaimed money and special accounts administered by ASIC.</strong></td>
<td>Ensure that refunds of unclaimed money are paid to successful claimants promptly</td>
<td></td>
</tr>
<tr>
<td>Ensure that payments of money from special accounts are paid out promptly in accordance with the specified purposes or appropriate legislation</td>
<td>ASIC received $108 million in unclaimed money. Nearly $57 million was paid out in claims.</td>
<td></td>
</tr>
<tr>
<td>ASIC contacted 28,468 potential owners of unclaimed money, resulting in $3.8 million being returned to 1,102 claimants.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Agency resource statement 2011–12

<table>
<thead>
<tr>
<th></th>
<th>Actual available appropriation for 2011–12 ($’000s)</th>
<th>Cash payments made 2011–12 ($’000s)</th>
<th>Balance remaining 2011–12 ($’000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ordinary annual services²</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental appropriation³</td>
<td>426,838</td>
<td>373,439</td>
<td>53,399</td>
</tr>
<tr>
<td><strong>Administered expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcome 1 – Assetless Administration Fund</td>
<td>3,471</td>
<td>1,952</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Total ordinary annual services</strong></td>
<td>A</td>
<td>430,309</td>
<td>375,391</td>
</tr>
<tr>
<td><strong>Other services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental non-operating</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity injections⁴</td>
<td>6,462</td>
<td>3,908</td>
<td>2,554</td>
</tr>
<tr>
<td><strong>Total other services</strong></td>
<td>B</td>
<td>6,462</td>
<td>3,908</td>
</tr>
<tr>
<td><strong>Total available annual appropriations (A+B)</strong></td>
<td>436,771</td>
<td>379,299</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Special appropriations limited by criteria/amount</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banking Act 1959</td>
<td>NA</td>
<td>32,769</td>
<td>NA</td>
</tr>
<tr>
<td>Life Insurance Act 1995</td>
<td>NA</td>
<td>4,602</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Total special appropriations</strong></td>
<td>C</td>
<td>NA</td>
<td>37,371</td>
</tr>
<tr>
<td><strong>Total appropriations excluding Special Accounts (A+B+C)</strong></td>
<td>436,771</td>
<td>416,670</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Special Account⁵</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>4,494</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Appropriation receipts</td>
<td>30,000</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Payments made</td>
<td>NA</td>
<td>14,408</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Total Special Account</strong></td>
<td>D</td>
<td>34,494</td>
<td>14,408</td>
</tr>
<tr>
<td><strong>Total resourcing (A+B+C+D)</strong></td>
<td></td>
<td>471,265</td>
<td>431,078</td>
</tr>
<tr>
<td><strong>Less appropriations drawn from annual appropriations above and credited to Special Accounts</strong></td>
<td>(30,000)</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Total net resourcing for ASIC</strong></td>
<td></td>
<td>441,265</td>
<td>431,078</td>
</tr>
</tbody>
</table>

Note: NA means not applicable.
1. Does not include GST.
2. Appropriation Bill (No. 1) 2011–12, prior year departmental appropriation and s31 relevant agency receipts.
3. Includes $58.6m for the Departmental Capital Budget. For accounting purposes this amount has been designated as ‘contributions by owners’.
4. Appropriation Bill (No. 2) 2011–12.
5. Does not include Special Public Money.
## Expenses by outcome

<table>
<thead>
<tr>
<th>Outcome 1: Improved confidence in financial market integrity and protection of investors and consumers through research, policy, education, compliance and deterrence that mitigates emerging risks</th>
<th>Budget&lt;sup&gt;1&lt;/sup&gt; 2011–12 (1) ($’000s)</th>
<th>Actual expenses 2011–12 (2) ($’000s)</th>
<th>Variance column (1) minus column (2) ($’000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Administered expenses funded by administered appropriations</td>
<td>3,471</td>
<td>1,823</td>
<td>1,648</td>
</tr>
<tr>
<td>B Departmental expenses funded by departmental appropriations and own-source revenue</td>
<td>254,120</td>
<td>249,534</td>
<td>4,586</td>
</tr>
<tr>
<td>Total for Outcome 1 (A + B)</td>
<td>257,591</td>
<td>251,357</td>
<td>6,234</td>
</tr>
<tr>
<td>Average FTE&lt;sup&gt;2&lt;/sup&gt;</td>
<td>1,152</td>
<td>1,128</td>
<td>24</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outcome 2: Streamlined and cost-effective interaction and access to information for business and the public, through registry, licensing and business facilitation services</th>
<th>Budget&lt;sup&gt;1&lt;/sup&gt; 2011–12 (1) ($’000s)</th>
<th>Actual expenses 2011–12 (2) ($’000s)</th>
<th>Variance column (1) minus column (2) ($’000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Administered expenses funded by administered appropriations or expenses not requiring appropriation</td>
<td>72,951</td>
<td>80,411</td>
<td>(7,460)</td>
</tr>
<tr>
<td>B Departmental expenses funded by departmental appropriations and own-source revenue</td>
<td>137,434</td>
<td>134,954</td>
<td>2,480</td>
</tr>
<tr>
<td>Total for Outcome 2 (A + B)</td>
<td>210,385</td>
<td>215,365</td>
<td>(4,980)</td>
</tr>
<tr>
<td>Average FTE&lt;sup&gt;2&lt;/sup&gt;</td>
<td>623</td>
<td>610</td>
<td>13</td>
</tr>
</tbody>
</table>

---

1 Based on the 2011–12 forecast as set out in ASIC’s 2012–13 Portfolio Budget Statements.
2 2012–13 Portfolio Budget Statements quoted the average staffing level which is different to FTE. The average staffing level includes employees working on capital projects while the FTE excludes employees working on capital projects.
## Six-year summary of key stakeholder data

### Summary of key stakeholder data, 2006–12

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies (total)</td>
<td>1,921,545</td>
<td>1,839,772</td>
<td>1,768,526</td>
<td>1,700,891</td>
<td>1,645,805</td>
<td>1,572,954</td>
</tr>
<tr>
<td>New companies registered</td>
<td>176,062¹</td>
<td>163,276¹</td>
<td>157,667</td>
<td>137,410</td>
<td>149,403</td>
<td>156,424</td>
</tr>
<tr>
<td>Australian financial services (AFS) licensees</td>
<td>4,955</td>
<td>4,883</td>
<td>4,874</td>
<td>4,803</td>
<td>4,768</td>
<td>4,625</td>
</tr>
<tr>
<td>Authorised financial markets</td>
<td>18</td>
<td>17</td>
<td>16</td>
<td>16</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Licensed clearing and settlement facilities</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Registered company auditors</td>
<td>4,985</td>
<td>5,114</td>
<td>5,207</td>
<td>5,345</td>
<td>5,495</td>
<td>5,658</td>
</tr>
<tr>
<td>Registered liquidators</td>
<td>680</td>
<td>669</td>
<td>664</td>
<td>660</td>
<td>674</td>
<td>689</td>
</tr>
<tr>
<td>Registered managed investment schemes</td>
<td>4,289</td>
<td>4,270</td>
<td>4,339</td>
<td>4,651</td>
<td>5,108</td>
<td>4,680</td>
</tr>
<tr>
<td>Credit licences</td>
<td>6,004</td>
<td>6,081</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Fundraising documents lodged</td>
<td>799</td>
<td>957</td>
<td>880</td>
<td>776</td>
<td>1,011</td>
<td>960</td>
</tr>
<tr>
<td>Product disclosure ‘in use’ notices</td>
<td>4,758</td>
<td>4,593</td>
<td>4,698</td>
<td>6,390</td>
<td>9,708</td>
<td>10,066</td>
</tr>
<tr>
<td>Takeovers</td>
<td>55</td>
<td>72</td>
<td>73</td>
<td>47</td>
<td>113</td>
<td>65</td>
</tr>
<tr>
<td>Criminals jailed</td>
<td>20</td>
<td>16</td>
<td>12</td>
<td>19</td>
<td>23</td>
<td>21</td>
</tr>
<tr>
<td>Fundraising where ASIC required additional disclosure</td>
<td>$7bn</td>
<td>$3.4bn</td>
<td>$6bn</td>
<td>$4bn</td>
<td>$3bn</td>
<td>$17bn</td>
</tr>
<tr>
<td>Recoveries, costs, compensation, fines or assets frozen</td>
<td>$19.8m</td>
<td>$113m</td>
<td>$302m</td>
<td>$28m</td>
<td>$146m</td>
<td>$140m</td>
</tr>
<tr>
<td>% successful litigation</td>
<td>92%</td>
<td>90%</td>
<td>91%</td>
<td>90%</td>
<td>94%</td>
<td>97%</td>
</tr>
<tr>
<td>Litigation concluded</td>
<td>179</td>
<td>202</td>
<td>156</td>
<td>186</td>
<td>280</td>
<td>430</td>
</tr>
<tr>
<td>Reports of crime or misconduct</td>
<td>12,516</td>
<td>15,634</td>
<td>13,372</td>
<td>13,633</td>
<td>11,436</td>
<td>10,682</td>
</tr>
<tr>
<td>Total searches of ASIC databases</td>
<td>71.2m</td>
<td>68.5m</td>
<td>61m</td>
<td>60m</td>
<td>51m</td>
<td>55m</td>
</tr>
<tr>
<td>% company data lodged on time</td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
</tr>
<tr>
<td>Fees and charges collected for the Commonwealth</td>
<td>$664m</td>
<td>$622m</td>
<td>$582m</td>
<td>$552m</td>
<td>$545m</td>
<td>$519m</td>
</tr>
<tr>
<td>Staff (average FTEs)</td>
<td>1,738</td>
<td>1,893</td>
<td>1,932</td>
<td>1,698</td>
<td>1,669</td>
<td>1,610</td>
</tr>
</tbody>
</table>

¹ Successful and completed applications.
Reports required under statute and other requirements

Australian Securities and Investments Commission Act 2001

As required by s136(2)(e), ASIC reports that in 2011–12 it did not exercise its powers under Part 15 of the Retirement Savings Account Act 1997 or under Part 29 of the Superannuation Industry (Supervision) Act 1993. No relevant applications were received.

As required under s136(2)(g), ASIC reports that during the year it conducted inspections of two Australian audit firms jointly with the United States Public Company Accounting Oversight Board (PCAOB) under the terms of an agreement between the two organisations. ASIC also conducted inspections of two Australian audit firms jointly with the Canadian Public Accountability Board (CPAB) under an agreement with that organisation.

In connection with these joint inspections, ASIC shares certain information with the PCAOB and CPAB under s11(14) of the ASIC Act. The inspections focus on audit quality and include reviews of firms’ quality control systems relating to audit, auditor independence systems, and working papers for selected audit engagements. ASIC also shared information with CPAB under s11(14) of the ASIC Act for the purposes of an inspection of an Australian audit firm conducted separately by CPAB.

Commonwealth fraud control guidelines

In 2010–11, ASIC prepared a fraud risk assessment and updated its fraud control policy and plan for 2010–12. ASIC has appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes in place to minimise the effects of fraud and to comply with the Commonwealth fraud control guidelines.

Compensation for detriment caused by defective administration

Payments made in 2011–12 under the Compensation for Detriment caused by Defective Administration (CDA) scheme totalled $2,590.

External scrutiny of agency

Judicial decisions and decisions of administrative tribunals


ASIC was granted special leave by the High Court to appeal the NSW Court of Appeal’s decision in the James Hardie matter. The High Court overturned the Court of Appeal’s decision, finding that while ASIC had an obligation to act as a model litigant, that obligation did not encompass a duty to call all material witnesses. The High Court also upheld the finding of the trial judge that the directors of James Hardie did approve the draft ASX announcement made by the company and, in doing so, breached their duty to the company.

Parliamentary Joint Committee reports

There were four ASIC oversight reports between 1 July 2011 and 30 June 2012.

Additionally, the Parliamentary Joint Committee on Corporations and Financial Services tabled reports on:

- Inquiry into the collapse of Trio Capital
- Superannuation Legislation Amendment (Stronger Super) Bill 2012; and Superannuation Supervisory Levy Imposition Amendment Bill 2012
- Superannuation Legislation Amendment (MySuper Core Provisions) Bill 2011
- Superannuation Legislation Amendment (Trustee Obligations and Prudential Standards) Bill 2012
- Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011.
Senate Economics Committee

The Senate Economics Committee noted ASIC’s annual report and noted ASIC’s provision of answers to Questions on Notice.

Reports by Auditor-General

Establishment and use of procurement panels (Audit Report No. 31 2011–12)

ASIC was one of three Financial Management and Accountability Act 1997 (FMA Act) agencies subject to performance audit No.31 2011–12, ‘Establishment and Use of Procurement Panels’.

The objective of the audit was to assess the extent to which FMA Act agencies’ establishment and use of procurement panels supported value for money, efficiency and effectiveness in procurement.

The Australian National Audit Office (ANAO) made three key recommendations.

ASIC accepted ANAO’s findings and agreed with the key recommendations contained in the report, noting that ASIC’s recent procurement reforms have addressed many of the issues identified by ANAO.

Development and approval of grant program guidelines (Audit Report No. 36 2011–12)

The Development and Approval of Grant Program Guidelines audit assessed the implementation and effectiveness of the enhanced grants administration requirements relating to the development and approval of new grant guidelines and revision of existing grant guidelines.

As one of the agencies subject to the cross-agency audit, ASIC accepted ANAO’s findings, and agreed with the key recommendations contained in the report.

These reports can be accessed online at www.anao.gov.au.

Freedom of Information Act

Members of the public have a right to apply to ASIC for access to documents in ASIC’s possession under the Freedom of Information Act 1982 (FOI Act).

Applications must be in writing, stating the documents requested.

Requests by email should be sent to: foirequest@asic.gov.au

or you may lodge a mail request to:

The Senior Manager
Administrative Law Team
GPO Box 9827
Sydney NSW 2001

For further information on how to apply, visit www.asic.gov.au.

Categories of documents in ASIC’s possession include:

- in relation to operational matters:
  - licence and professional registration applications
  - applications from businesses, correspondence, internal working papers, policy proposals and submissions
  - administrative, civil and criminal enforcement matters, including documents obtained under ASIC’s compulsory powers;

- in relation to other matters:
  - law reform, including submissions and proposal papers
  - correspondence with members of the public, government entities, parliamentary committees, business entities and other bodies
  - administration, including accommodation, accounts, expenditure, invoices, audit, human resources, recruitment and staff management, delegation and authorisation
  - reference materials, including those contained in the library, handbooks, guidelines, manuals, regulatory documents, media releases, information releases, pamphlets and annual reports
  - other documents held as public database information (ASCOT).
Members of the public can inspect ASIC regulatory documents, information brochures, media releases, reports, class orders and other regulatory publications on the ASIC website, www.asic.gov.au. ASIC Digest, which includes ASIC regulatory documents and additional information, is published by Thomson Reuters under the terms of an agreement with ASIC. ASIC Digest is available by subscription from Thomson Reuters, phone 1300 304 197.

Documents available to the public through ASIC’s website, ASCOT or ASIC Digest and library material maintained for reference purposes are not available under the FOI Act.

Agencies subject to the FOI Act are required to publish information for the public as part of the Information Publication Scheme (IPS). This requirement is in Part 2 of the FOI Act and has replaced the former requirement to publish a s8 statement in an annual report. ASIC’s Information Publication Plan, showing what information is published in accordance with the IPS requirements is accessible at www.asic.gov.au/IPS.

Grants programs

The Assetless Administration Fund (AA Fund) is a grant scheme established by the Australian Government and administered by ASIC. It funds preliminary investigations and reports by liquidators into the failure of companies that have few or no assets, where it appears that enforcement action may result from the investigation and report.

Liquidators can seek funding from the AA Fund to carry out an investigation and to report in circumstances where they believe director bannings may be appropriate or in other circumstances, such as where they believe there is or may be evidence of possible offences or other misconduct in relation to the Corporations Act.

The funding allocation for 2011–12 was $3.5 million. This year the grant scheme received 466 banning (EX02) applications, a record number. Funded reports assisted in approximately 54% of director bannings in 2011–12.
Consultancies and expenditure on advertising

Commonwealth Electoral Act 1918

Section 311A of the Commonwealth Electoral Act 1918 requires agencies to report on expenditure to advertising agencies, market research organisations, polling organisations and direct mail organisations. Sums less than $11,900 are not required to be reported. All sums are GST inclusive, and are actual expenditure, for 2011–12.


Expenditure on advertising agency services, 2011–12

<table>
<thead>
<tr>
<th>Advertising agency</th>
<th>Expenditure</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adcorp</td>
<td>$135,000</td>
<td>Google Adwords – Promote MoneySmart website</td>
</tr>
<tr>
<td>Universal McCann</td>
<td>$15,531</td>
<td>Google Adwords – Mortgage health</td>
</tr>
<tr>
<td>Universal McCann</td>
<td>$70,000</td>
<td>Radio advertising – Culturally and linguistically diverse campaign – Credit outreach</td>
</tr>
<tr>
<td>Universal McCann</td>
<td>$1,397,000</td>
<td>MoneySmart campaign</td>
</tr>
<tr>
<td>Universal McCann</td>
<td>$41,000</td>
<td>Reprise media – Search engine marketing</td>
</tr>
<tr>
<td>Spinach Advertising</td>
<td>$148,479</td>
<td>MoneySmart campaign</td>
</tr>
</tbody>
</table>

Expenditure on market and professional research and media advice

<table>
<thead>
<tr>
<th>Agency</th>
<th>Expenditure</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Susan Bell Research</td>
<td>$29,896</td>
<td>Research services for advisory panel</td>
</tr>
<tr>
<td>Roy Morgan Research Ltd</td>
<td>$400,000</td>
<td>Demand-side market research database</td>
</tr>
<tr>
<td>ORIMA Research Pty Ltd</td>
<td>$42,300</td>
<td>Research and surveys</td>
</tr>
<tr>
<td>GFK Blue Moon Research &amp; Planning P/L</td>
<td>$29,975</td>
<td>Procurement for provision of research services for consumer testing of the <em>Financial decisions at retirement</em> guide</td>
</tr>
<tr>
<td>TimeBase Pty Ltd</td>
<td>$52,900</td>
<td>Electronic research services</td>
</tr>
</tbody>
</table>

Managing procurement

The *Financial Management and Accountability Act 1997* (FMA Act) and Financial Management and Accountability Regulations 2010 (FMA Regulations) primarily govern ASIC’s use of Commonwealth resources and expenditure of public money. Responsibility for compliance with the Commonwealth Procurement Guidelines (CPG) lies with the appropriate financial delegates. The delegates are supported by a central procurement team of qualified procurement officers who:

- develop and maintain ASIC’s procurement processes and systems, which are designed to promote compliance with the FMA Act, FMA Regulations and the CPG for all levels of procurement, and
- manage complex and high-risk procurement activities, including procurements that are subject to the Mandatory Procurement Procedures of the CPG.
ASIC’s procurement framework aims to facilitate compliance with the core principles and policies of the CPG, including ‘Value for Money’, ‘Encouraging Competition’, ‘Efficient, Effective and Ethical Use of Resources’ and ‘Accountability and Transparency’. ASIC undertakes regular audits of procurement and any instances of non-compliance reported through the CEO certification process are addressed as required through process improvement initiatives.

All major contracts entered into in 2011–12 contained provisions, as required, allowing the Auditor-General access to information held by contractors relating to contract performance.

Using AusTender


During 2011–12, ASIC implemented eight standing offer arrangements and awarded 394 procurement activities (each valued $10,000 or more reported on AusTender), for a total value of $70,191,633. Of these procurements, 152 were valued in excess of $80,000, for a total value of $61,969,000.

Contracts of $100,000 or more were reported on ASIC’s website, in accordance with the Senate order on departmental and agency contracts. Information on contracts and consultancies awarded by ASIC is also available on the AusTender website. ASIC’s annual procurement plan was published on AusTender by 1 July 2011 and updated in January 2012.

There were no contracts which were exempted from the contract reporting requirements.

Consultancy contracts

During 2011–12, 27 new consultancy contracts were entered into, involving total actual expenditure of $2.828 million. In addition, six ongoing consultancy contracts were active during the year, involving total actual expenditure of $1.704 million.

<table>
<thead>
<tr>
<th>Consultancy trend data</th>
<th>2011–12</th>
<th>2010–11</th>
<th>2009–10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of new consultancies</td>
<td>27</td>
<td>51</td>
<td>55</td>
</tr>
<tr>
<td>Expenditure on new consultancies (millions)</td>
<td>$2.828</td>
<td>$1.976</td>
<td>$3.59</td>
</tr>
<tr>
<td>Number of ongoing consultancies</td>
<td>6</td>
<td>56</td>
<td>27</td>
</tr>
<tr>
<td>Expenditure on ongoing consultancies (millions)</td>
<td>$1.704</td>
<td>$2.282</td>
<td>$5.60</td>
</tr>
</tbody>
</table>

Note: The above figures are GST inclusive and include all consultancies valued over $10,000 as indicated on AusTender. Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website: [www.tenders.gov.au](http://www.tenders.gov.au).

Policy on selection and engagement of consultants

ASIC’s consultancy budget is managed centrally and business units seeking to engage consultants are required to prepare a business case seeking funding. Requests to engage consultancies must show the link to outcomes (set out in the business unit’s business plan) and how the engagement will contribute to ASIC’s strategic priorities. Once the engagement of a consultant is approved, the procurement method used will be in accordance with the CPG and ASIC’s procurement policies.

All of the 28 consultancies engaged by ASIC during 2011–12 were for specialised or professional skills not available within the business unit. The method of procurement used was open tender for 13 engagements (including engagements from panels), select tender for nine engagements and direct source for six engagements.

The main categories for which the consultants were engaged were:
- information technology
- market research
- business intelligence
- legal services.
## Significant compulsory information-gathering powers

From 2010–11, ASIC has reported the use of our compulsory information-gathering powers under statute. This appendix discloses data by number of instances in 2011–12, with comparative data for the previous year.\(^1\)

### Significant compulsory information-gathering powers by number of instances

<table>
<thead>
<tr>
<th>Powers Description</th>
<th>No. of notices 2011–12</th>
<th>No. of notices 2010–11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Appear for examination</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>s19 ASIC Act</td>
<td>Requirement to appear for examination</td>
<td>433</td>
</tr>
<tr>
<td>s58 ASIC Act</td>
<td>Power to summon a witness and take evidence</td>
<td>1</td>
</tr>
<tr>
<td><strong>Give reasonable assistance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>s1317R Corporations Act</td>
<td>Power to require assistance in prosecutions</td>
<td>67</td>
</tr>
<tr>
<td>s253 NCCP Act(^2)</td>
<td>Requirement to provide reasonable assistance</td>
<td>98</td>
</tr>
<tr>
<td>s49(3) ASIC Act</td>
<td>Power to require reasonable assistance in a prosecution</td>
<td>31</td>
</tr>
<tr>
<td>s51 NCCP Act</td>
<td>Requirement to provide reasonable assistance</td>
<td>0</td>
</tr>
<tr>
<td>s601FF Corporations Act</td>
<td>Power to conduct surveillance/monitor managed investment scheme</td>
<td>28</td>
</tr>
<tr>
<td>s912E Corporations Act</td>
<td>Power to require assistance and disclosure of books and information from an AFS licensee</td>
<td>653</td>
</tr>
<tr>
<td><strong>Produce documents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>s266 NCCP Act</td>
<td>Requirement to produce books (credit activities)</td>
<td>167</td>
</tr>
<tr>
<td>s267 NCCP Act</td>
<td>Requirement to produce books</td>
<td>274</td>
</tr>
<tr>
<td>s30 ASIC Act</td>
<td>Notice to produce books about affairs of body corporate or registered scheme</td>
<td>1,074</td>
</tr>
<tr>
<td>s31 ASIC Act</td>
<td>Notice to produce books about financial products</td>
<td>212</td>
</tr>
<tr>
<td>s32A ASIC Act</td>
<td>Notice to produce books about financial services</td>
<td>3</td>
</tr>
<tr>
<td>s33 ASIC Act</td>
<td>Notice to produce books in person’s possession</td>
<td>863</td>
</tr>
<tr>
<td><strong>Provide information</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>s12GY(2) ASIC Act</td>
<td>ASIC to require claims to be substantiated</td>
<td>4</td>
</tr>
<tr>
<td>s601HD Corporations Act</td>
<td>Power to request information about compliance plan of a registered scheme</td>
<td>1</td>
</tr>
<tr>
<td>s49(1) NCCP Act</td>
<td>Requirement to provide information (statement)</td>
<td>30</td>
</tr>
<tr>
<td>s912C Corporations Act</td>
<td>Power to require information from an AFS licensee</td>
<td>276</td>
</tr>
<tr>
<td>Item 17 Schedule 2 NCCP Act</td>
<td>Power to require information (obtain statement or audit report)</td>
<td>0</td>
</tr>
<tr>
<td>s672A Corporations Act</td>
<td>Power to require disclosure of relevant interests</td>
<td>68</td>
</tr>
<tr>
<td>s672B Corporations Act</td>
<td>Power to require disclosure of relevant interests</td>
<td>1</td>
</tr>
<tr>
<td>s37(4) NCCP Act</td>
<td>Power to request information or audit report from licence applicant</td>
<td>0</td>
</tr>
<tr>
<td>s792D Corporations Act</td>
<td>Power to require reasonable assistance from a market licensee</td>
<td>11</td>
</tr>
<tr>
<td><strong>Provide information and books</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>s30A ASIC Act</td>
<td>Notice to auditors requiring information or books</td>
<td>43</td>
</tr>
<tr>
<td><strong>Search warrants</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>s33E Crimes Act (Cth)</td>
<td>Warrants to search premises/conveyance or person</td>
<td>38(^3)</td>
</tr>
</tbody>
</table>

---

1. In this financial year, there have been two challenges to the use of our compulsory information-gathering powers, both through the court system. The first challenge involved a defendant in criminal proceedings wanting to inspect documents in possession of a third party. ASIC served a notice on the third party under s49(3) of the ASIC Act, requiring them to give reasonable assistance to ASIC. The application was withdrawn by the applicant prior to the hearing and the applicant agreed to pay ASIC’s costs.

   In the other matter, an application was made to have a s19 ASIC Act notice set aside. The application was dropped by the applicant prior to a hearing and they agreed to pay costs.

   There were no other challenges via the Ombudsman or through the Professional Standards Unit.


3. Of the 38 warrants issued (in relation to individual investigations), 35 were exercised.
Major enforcement outcomes

Major enforcement outcomes by type of action are summarised in the following table.

### Major enforcement outcomes

<table>
<thead>
<tr>
<th>Type of action</th>
<th>2011–12</th>
<th>2010–11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Litigation completed (total)</td>
<td>179</td>
<td>202</td>
</tr>
<tr>
<td>Litigation completed successfully</td>
<td>92%</td>
<td>90%</td>
</tr>
<tr>
<td>New litigation commenced</td>
<td>134</td>
<td>130</td>
</tr>
<tr>
<td>Investigations commenced</td>
<td>173</td>
<td>175</td>
</tr>
<tr>
<td>Investigations completed</td>
<td>183</td>
<td>184</td>
</tr>
<tr>
<td>Criminal proceedings completed</td>
<td>28</td>
<td>26</td>
</tr>
<tr>
<td>No. of people convicted</td>
<td>27</td>
<td>25</td>
</tr>
<tr>
<td>No. of people jailed</td>
<td>20</td>
<td>16</td>
</tr>
<tr>
<td>Non-custodial sentences/fines</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Civil proceedings completed</td>
<td>24</td>
<td>34</td>
</tr>
<tr>
<td>Illegal schemes shut down or other action taken</td>
<td>1</td>
<td>30</td>
</tr>
<tr>
<td>People disqualified or removed from directing companies</td>
<td>84</td>
<td>72</td>
</tr>
<tr>
<td>People/companies banned from financial services or consumer credit</td>
<td>54</td>
<td>64</td>
</tr>
<tr>
<td>Action against auditors/liquidators</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>No. of enforceable undertakings</td>
<td>22</td>
<td>14</td>
</tr>
<tr>
<td>Negotiated outcomes</td>
<td>17</td>
<td>24</td>
</tr>
</tbody>
</table>
### Glossary

**AFS licence**
Australian financial services licence

**ASIC Act**
*Australian Securities and Investments Commission Act 2001*

**ASIC Connect**
ASIC’s online portal for business name registration and searching companies, business names and other registers

**Assetless Administration Fund**
A grant scheme established by the Australian Government and administered by ASIC. It funds preliminary investigations and reports by liquidators into the failure of companies that have few or no assets

**ASX**
ASX Limited

**Business Names Register**
ASIC’s new national business names registration service, which replaces the previous state and territory services so that businesses only need to register their name once to be registered throughout Australia. The Business Names Register was launched on 28 May 2012

**CFD**
Contract for difference

**Chi-X**
Chi-X Australia Pty Limited

**Clean Energy Legislative Package**
This legislation is intended to create incentives to reduce pollution and encourage companies to invest in clean energy by putting a price on carbon. The system introduces a fixed price per tonne of carbon in 2012, before moving to a full emissions trading scheme by 2015

**Corporations Act**
*Corporations Act 2001*

**Dark pools or dark liquidity**
A type of matching system characterised by the absence of pre-trade transparency, meaning that bids and offers are not made publicly available as is the case with, for example, the ASX’s central order limit book

**Derivative**
A financial instrument where the value is derived from an underlying asset, such as a share, commodity or index. Common derivatives include options and futures contracts

**ePayments Code**
A best practice consumer protection regime for electronic payment facilities, which commenced on 20 September 2011 and replaces the Electronic Funds Transfer Code of Conduct

**FOFA reforms**
The Government’s Future of Financial Advice reforms, which aim to improve the conduct of financial advisers and the way that retail clients engage with advisers and advice. Some elements of the reforms came into force on 1 July 2012, with compliance mandatory from July 2013

**FX contract**
Foreign exchange contract

**High-frequency trading**
The use of high-speed computer programs to generate, route and execute orders on markets

**IOSCO**
International Organization of Securities Commissions
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>MoneySmart</td>
<td>MoneySmart is ASIC’s consumer website. It provides money tips and tools and aims to help consumers and investors make financial decisions that improve their lives.</td>
</tr>
<tr>
<td>National Credit Act</td>
<td><em>National Consumer Credit Protection Act 2009</em></td>
</tr>
<tr>
<td>OTC</td>
<td>Over the counter</td>
</tr>
<tr>
<td>PDS</td>
<td>Product Disclosure Statement</td>
</tr>
<tr>
<td>Phoenix activity</td>
<td>Typically, phoenix activity involves transferring the assets of a company (the previous company) to a subsequent company in circumstances where the previous company was unable to pay its debts, and the transfer may have been conducted in a manner so as to deprive unsecured creditors equal access to its assets, and there is a connection between the management or shareholding of the previous company and the subsequent company.</td>
</tr>
<tr>
<td>PPS Register</td>
<td>The Personal Property Securities Register, which commenced on 30 January 2012 and is maintained by the Insolvency and Trustee Service Australia (ITSA). The PPS Register replaced ASIC’s register of company charges as well as various other state and territory registers of personal property.</td>
</tr>
<tr>
<td>Shorter PDS regime</td>
<td>The shorter Product Disclosure Statement regime, which came into force on 22 June 2012 and aims to make PDSs simpler.</td>
</tr>
<tr>
<td>SMSF</td>
<td>Self-managed superannuation fund</td>
</tr>
<tr>
<td>Stronger Super reforms</td>
<td>The Stronger Super reforms are the Government’s response to the review of Australia’s superannuation system (Super System Review). The Stronger Super reforms were announced by the Minister for Financial Services and Superannuation and the then Assistant Treasurer, the Hon Bill Shorten MP, on 16 December 2010.</td>
</tr>
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<th>Requirement</th>
<th>Location (page/s)</th>
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<td>Mandatory</td>
<td>1</td>
</tr>
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<td></td>
<td><strong>Table of contents</strong></td>
<td>Mandatory</td>
<td>inside cover</td>
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<td>Mandatory</td>
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<td></td>
<td><strong>Contact officer(s)</strong></td>
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<td>160</td>
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<tr>
<td></td>
<td><strong>Internet home page address and Internet address for report</strong></td>
<td>Mandatory</td>
<td>160</td>
</tr>
<tr>
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<td><strong>Review by departmental secretary</strong></td>
<td>Mandatory</td>
<td>2–6</td>
</tr>
<tr>
<td></td>
<td><strong>Summary of significant issues and developments</strong></td>
<td>Suggested</td>
<td>2–6</td>
</tr>
<tr>
<td></td>
<td><strong>Overview of department’s performance and financial results</strong></td>
<td>Suggested</td>
<td>2–6, 16–17</td>
</tr>
<tr>
<td></td>
<td><strong>Outlook for following year</strong></td>
<td>Suggested</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td><strong>Significant issues and developments – portfolio</strong></td>
<td>Portfolio departments – suggested</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Departmental overview</strong></td>
<td><strong>Role and functions</strong></td>
<td>Mandatory</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td><strong>Organisational structure</strong></td>
<td>Mandatory</td>
<td>11–12</td>
</tr>
<tr>
<td></td>
<td><strong>Outcome and program structure</strong></td>
<td>Mandatory</td>
<td>2, 17–19</td>
</tr>
<tr>
<td></td>
<td><strong>Where outcome and program structures differ from PB Statements/PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change</strong></td>
<td>Mandatory</td>
<td>137</td>
</tr>
<tr>
<td></td>
<td><strong>Portfolio structure</strong></td>
<td>Portfolio departments – mandatory</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Report on performance</strong></td>
<td><strong>Review of performance during the year in relation to programs and contribution to outcomes</strong></td>
<td>Mandatory</td>
<td>22–54</td>
</tr>
<tr>
<td></td>
<td><strong>Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements</strong></td>
<td>Mandatory</td>
<td>137–141</td>
</tr>
<tr>
<td></td>
<td><strong>Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change</strong></td>
<td>Mandatory</td>
<td>137</td>
</tr>
<tr>
<td></td>
<td><strong>Narrative discussion and analysis of performance</strong></td>
<td>Mandatory</td>
<td>22–54</td>
</tr>
<tr>
<td></td>
<td><strong>Trend information</strong></td>
<td>Mandatory</td>
<td>144</td>
</tr>
<tr>
<td></td>
<td><strong>Significant changes in nature of principal functions/services</strong></td>
<td>Suggested</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td><strong>Performance of purchaser/provider arrangements</strong></td>
<td>If applicable, suggested</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td><strong>Factors, events or trends influencing departmental performance</strong></td>
<td>Suggested</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td><strong>Contribution of risk management in achieving objectives</strong></td>
<td>Suggested</td>
<td>3–4, 18–19, 23–24, 33–35, 56</td>
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<tr>
<td></td>
<td><strong>Social inclusion outcomes</strong></td>
<td>If applicable, mandatory</td>
<td>NA</td>
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<tr>
<td></td>
<td><strong>Performance against service charter customer service standards, complaints data, and the department’s response to complaints</strong></td>
<td>If applicable, mandatory</td>
<td>50–52</td>
</tr>
<tr>
<td>Part of Report</td>
<td>Description</td>
<td>Requirement</td>
<td>Location (page/s)</td>
</tr>
<tr>
<td>---------------</td>
<td>-------------</td>
<td>-------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Report on performance (continued)</td>
<td>Discussion and analysis of the department’s financial performance</td>
<td>Mandatory</td>
<td>16–17</td>
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<tr>
<td></td>
<td>Discussion of any significant changes from the prior year, from budget or anticipated to have a significant impact on future operations</td>
<td>Mandatory</td>
<td>2–6</td>
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<tr>
<td></td>
<td>Agency resource statement and summary resource tables by outcomes</td>
<td>Mandatory</td>
<td>142</td>
</tr>
<tr>
<td>Corporate governance</td>
<td>Agency heads are required to certify that their agency comply with the Commonwealth Fraud Control Guidelines.</td>
<td>Mandatory</td>
<td>145</td>
</tr>
<tr>
<td></td>
<td>Statement of the main corporate governance practices in place</td>
<td>Mandatory</td>
<td>132–133</td>
</tr>
<tr>
<td></td>
<td>Names of the senior executive and their responsibilities</td>
<td>Suggested</td>
<td>7–8, 11–12</td>
</tr>
<tr>
<td></td>
<td>Senior management committees and their roles</td>
<td>Suggested</td>
<td>11–12, 132–133</td>
</tr>
<tr>
<td></td>
<td>Corporate and operational planning and associated performance reporting and review</td>
<td>Suggested</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Approach adopted to identifying areas of significant financial or operational risk</td>
<td>Suggested</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Policy and practices on the establishment and maintenance of appropriate ethical standards</td>
<td>Suggested</td>
<td>2, 56</td>
</tr>
<tr>
<td></td>
<td>How nature and amount of remuneration for SES officers is determined</td>
<td>Suggested</td>
<td></td>
</tr>
<tr>
<td>External scrutiny</td>
<td>Significant developments in external scrutiny</td>
<td>Mandatory</td>
<td>145–147</td>
</tr>
<tr>
<td></td>
<td>Judicial decisions and decisions of administrative tribunals</td>
<td>Mandatory</td>
<td>145</td>
</tr>
<tr>
<td></td>
<td>Reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman</td>
<td>Mandatory</td>
<td>145–146</td>
</tr>
<tr>
<td>Management of human resources</td>
<td>Assessment of effectiveness in managing and developing human resources to achieve departmental objectives</td>
<td>Mandatory</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td>Workforce planning, staff turnover and retention</td>
<td>Suggested</td>
<td></td>
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<tr>
<td></td>
<td>Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and AWAs</td>
<td>Suggested</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training and development undertaken and its impact</td>
<td>Suggested</td>
<td>56</td>
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<tr>
<td></td>
<td>Work health and safety performance</td>
<td>Suggested</td>
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</tr>
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<td></td>
<td>Productivity gains</td>
<td>Suggested</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Statistics on staffing</td>
<td>Mandatory</td>
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<td>Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs</td>
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<td>57</td>
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<td>Performance pay</td>
<td>Mandatory</td>
<td>57</td>
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<tr>
<td>Assets management</td>
<td>Assessment of effectiveness of assets management</td>
<td>If applicable, mandatory</td>
<td>NA</td>
</tr>
<tr>
<td>Purchasing</td>
<td>Assessment of purchasing against core policies and principles</td>
<td>Mandatory</td>
<td>148–149</td>
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<th>Part of Report</th>
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<th>Location (page/s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultants</td>
<td>The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website.</td>
<td>Mandatory</td>
<td>148–149</td>
</tr>
<tr>
<td>Australian National Audit Office access clauses</td>
<td>Absence of provisions in contracts allowing access by the Auditor-General</td>
<td>Mandatory</td>
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</tr>
<tr>
<td>Exempt contracts</td>
<td>Contracts exempt from the AusTender</td>
<td>Mandatory</td>
<td>149</td>
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<tr>
<td>Financial statements</td>
<td>Financial Statements</td>
<td>Mandatory</td>
<td>67–130</td>
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<td>Other mandatory information</td>
<td>Work health and safety (Schedule 2, Part 4 of the Work Health and Safety Act 2011)</td>
<td>Mandatory</td>
<td>56</td>
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<tr>
<td></td>
<td>Advertising and Market Research (s311A of the Commonwealth Electoral Act 1918) and statement on advertising campaigns</td>
<td>Mandatory</td>
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<tr>
<td></td>
<td>Compliance with the agency’s obligations under the Carer Recognition Act 2010</td>
<td>If applicable, mandatory</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>Grant programs</td>
<td>Mandatory</td>
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<td></td>
<td>Disability reporting – explicit and transparent reference to agency-level information available through other reporting mechanisms</td>
<td>Mandatory</td>
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</tr>
<tr>
<td></td>
<td>Information Publication Scheme statement</td>
<td>Mandatory</td>
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</tr>
<tr>
<td></td>
<td>Correction of material errors in previous annual report</td>
<td>If applicable, mandatory</td>
<td>NA</td>
</tr>
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<td></td>
<td>List of requirements</td>
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