

5

Appendices

The role of Commissioners	132
Audit Committee and audit, assurance and compliance services	133
External committees and panels	134
Portfolio Budget Statements	137
Six-year summary of key stakeholder data	144
Reports required under statute and other requirements	145
Consultancies and expenditure on advertising	148
Significant compulsory information-gathering powers	150
Major enforcement outcomes	151

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

Commission member	Eligible to attend	Attended
Greg Medcraft	15	14
Belinda Gibson	15	14
Peter Boxall ¹	7	6
Michael Dwyer ²	8	8
Shane Tregillis ³	3	2
Peter Kell	8	8
Greg Tanzer	5	5
John Price	4	4

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

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

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

- ♦ Jenny Seabrook
- ♦ Ian Silk
- ♦ John Stuckey
- ♦ Les Taylor AM
- ♦ John Trowbridge
- ♦ Garry Weaven.

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.

Program 1.1 deliverables	Key performance indicators	2011–12 achievements
Improving industry behaviour		
<p>Financial economy programs, for each major grouping of market participants designed to:</p> <ul style="list-style-type: none"> • 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 • devise and implement information, guidance, and regulatory initiatives most likely to reduce the threat of misconduct or mistreatment of consumers and retail investors • target misconduct or mistreatment through tailored deterrence activity. 	<p>Improved confidence in market integrity</p> <p>Improvements in quality and availability of financial advice</p> <p>Improvements in conduct of market participants and corporates</p>	<p>Compliance</p> <p>ASIC worked to improve behaviour across the whole financial industry through a range of compliance activities illustrated by the following:</p> <ul style="list-style-type: none"> • shadow shopping on retirement advice • releasing the findings, and our suggestions for improved practices, from our review of 450 financial reports of listed entities and some larger unlisted entities • targeted surveillance of the superannuation industry that led to remedial action • surveillance on investment products such as exchange traded funds and investor-directed portfolio services that have informed our approach to these products • 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 • 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 • Operation Ark helped inexperienced investors avoid online scams • reviewed practices of mortgage brokers providing credit assistance for home loans and small-amount lenders • reviewed the sales practices of 15 authorised deposit-taking institutions that sold consumer credit insurance for home loans, personal loans and credit cards.

Portfolio Budget Statements continued

Program 1.1 deliverables	Key performance indicators	2011–12 achievements
Improving industry behaviour (continued)		
		<p>Policy</p> <p>Our written guidance includes:</p> <ul style="list-style-type: none"> ♦ 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		
<p>Retail investor and consumer programs designed to:</p> <ul style="list-style-type: none"> ♦ 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. 	<p>Improvements in retail investor and consumer perception of information received about products and services</p> <p>Improvements in overall financial literacy levels</p>	<p>ASIC has worked to promote confident and informed participation by consumers in the financial system.</p> <p>Policy and education</p> <ul style="list-style-type: none"> ♦ 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 Governments's Stronger Super reforms, focussing on building the SMSF auditor register, improving disclosure and strengthening superannuation governance. <p>Our written guidance includes:</p> <ul style="list-style-type: none"> ♦ 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.

Program 1.2 deliverables	Key performance indicators	2011–12 achievements
<p>Deterrence programs designed to:</p> <ul style="list-style-type: none"> 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 create community confidence that the law is being effectively enforced communicate clearly about ASIC's enforcement approach and outcomes to improve industry understanding and drive behavioural change in key risk areas encourage industry participation in enhanced standards of behaviour (alleviating the need for additional regulation). 	<p>Clear alignment between ASIC enforcement actions and key risk areas</p> <p>Improved stakeholder perceptions of how ASIC deals with people who don't comply with the law</p>	<p>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.</p> <ul style="list-style-type: none"> Total of 179 litigation actions completed Success in 92% of criminal and civil matters 183 investigations completed 28 criminal proceedings completed 20 people jailed 24 civil proceedings completed 27 convictions 84 directors were disqualified or removed from managing companies 7 actions against auditors 8 non-custodial sentences/fines 22 enforceable undertakings 17 negotiated outcomes 134 new litigation actions commenced. <p>We worked on a number of major cases resulting in major findings such as:</p> <ul style="list-style-type: none"> 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. <p>ASIC successfully prosecuted individuals for offences including:</p> <ul style="list-style-type: none"> market manipulation and trading false or misleading statements by directors insider trading offences.

Portfolio Budget Statements continued

Program 1.2 deliverables	Key performance indicators	2011–12 achievements
		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.

Program 2.1 deliverables	Key performance indicators	2011–12 achievements
Modernising registry services		
<p>Programs designed to:</p> <ul style="list-style-type: none"> ♦ provide stakeholders with modern, efficient, accurate and cost-effective corporate register and licensing systems ♦ improve public access to information about registered and licensed entities. 	Improved effectiveness and efficiency of registry and licensing services	<p>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.</p> <p>The national Business Names Register was introduced, replacing eight state and territory services.</p> <p>The number of listings on ASIC's companies register increased to 1.9 million.</p> <p>185,559 new companies were registered, of which 98% were completed within one business day.</p> <p>An increase of 46% in visits to the ASIC website.</p>

Program 2.1 deliverables	Key performance indicators	2011–12 achievements
Improving stakeholder services		
<p>Programs designed to:</p> <ul style="list-style-type: none"> ♦ improve service delivery to better meet stakeholder needs ♦ take prompt and appropriate regulatory action on reports of misconduct ♦ provide accurate information and assistance to the public ♦ provide accurate and useful information to industry stakeholders about the regulatory system and ASIC's administration of it. 	<p>Improved stakeholder satisfaction with ASIC's corporate register and other stakeholder services</p>	<p>Achievements related to stakeholder services programs include:</p> <ul style="list-style-type: none"> ♦ 98% of company incorporations completed within one business day ♦ 98% of critical changes to company information registered within two business days ♦ 87% of calls answered on the spot with 13% referred to specialist staff ♦ 73% of emails responded to within two business days ♦ 12,516 misconduct reports were finalised, with 78% done within 28 days.
Facilitating business		
<p>Initiatives designed to:</p> <ul style="list-style-type: none"> ♦ 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. 	<p>ASIC's regulatory system not seen as a major barrier to inward and outward capital flows</p>	<p>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.</p> <p>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.</p> <p>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.</p>

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.

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

Portfolio Budget Statements continued

Agency resource statement 2011–12

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

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

	Budget ¹ 2011–12 (1) (\$'000s)	Actual expenses 2011–12 (2) (\$'000s)	Variance column (1) minus column (2) (\$'000s)
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			
A Administered expenses funded by administered appropriations	3,471	1,823	1,648
B Departmental expenses funded by departmental appropriations and own-source revenue	254,120	249,534	4,586
Total for Outcome 1 (A + B)	257,591	251,357	6,234
Average FTE²	1,152	1,128	24
Outcome 2: Streamlined and cost-effective interaction and access to information for business and the public, through registry, licensing and business facilitation services			
A Administered expenses funded by administered appropriations or expenses not requiring appropriation	72,951	80,411	(7,460)
B Departmental expenses funded by departmental appropriations and own-source revenue	137,434	134,954	2,480
Total for Outcome 2 (A + B)	210,385	215,365	(4,980)
Average FTE²	623	610	13

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

Business data	2011–12	2010–11	2009–10	2008–09	2007–08	2006–07
Companies (total)	1,921,545	1,839,772	1,768,526	1,700,891	1,645,805	1,572,954
New companies registered	176,062 ¹	163,276 ¹	157,667	137,410	149,403	156,424
Australian financial services (AFS) licensees	4,955	4,883	4,874	4,803	4,768	4,625
Authorised financial markets	18	17	16	16	17	17
Licensed clearing and settlement facilities	5	5	5	5	5	5
Registered company auditors	4,985	5,114	5,207	5,345	5,495	5,658
Registered liquidators	680	669	664	660	674	689
Registered managed investment schemes	4,289	4,270	4,339	4,651	5,108	4,680
Credit licences	6,004	6,081	n/a	n/a	n/a	n/a
Fundraising documents lodged	799	957	880	776	1,011	960
Product disclosure 'in use' notices	4,758	4,593	4,698	6,390	9,708	10,066
Takeovers	55	72	73	47	113	65
Criminals jailed	20	16	12	19	23	21
Fundraising where ASIC required additional disclosure	\$7bn	\$3.4bn	\$6bn	\$4bn	\$3bn	\$17bn
Recoveries, costs, compensation, fines or assets frozen	\$19.8m	\$113m	\$302m	\$28m	\$146m	\$140m
% successful litigation	92%	90%	91%	90%	94%	97%
Litigation concluded	179	202	156	186	280	430
Reports of crime or misconduct	12,516	15,634	13,372	13,633	11,436	10,682
Total searches of ASIC databases	71.2m	68.5m	61m	60m	51m	55m
% company data lodged on time	95%	95%	95%	95%	95%	95%
Fees and charges collected for the Commonwealth	\$664m	\$622m	\$582m	\$552m	\$545m	\$519m
Staff (average FTEs)	1,738	1,893	1,932	1,698	1,669	1,610

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

Australian Securities and Investments Commission v Hellicar (2012) 286 ALR 501; [2012] HCA 17

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:

- ♦ Corporations Amendment (Future of Financial Advice) Bill 2011 and the Corporations Amendment (Further Future of Financial Advice Measures) Bill 2011
- ♦ 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.

Reports required under statute and other requirements continued

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.

During 2011–12, ASIC conducted the advertising campaigns listed below. Further information on those advertising campaigns is available at www.moneysmart.gov.au and in the reports on Australian Government advertising prepared by the Department of Finance and Deregulation. Those reports are available at www.finance.gov.au/advertising/index.html.

Expenditure on advertising agency services, 2011–12

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

Expenditure on market and professional research and media advice

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

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

ASIC advertises all open tender opportunities through the AusTender website: www.tenders.gov.au.

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.

Consultancy trend data

	2011–12	2010–11	2009–10
Number of new consultancies	27	51	55
Expenditure on new consultancies (millions)	\$2.828	\$1.976	\$3.59
Number of ongoing consultancies	6	56	27
Expenditure on ongoing consultancies (millions)	\$1.704	\$2.282	\$5.60

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.

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		No. of notices 2011–12	No. of notices 2010–11
Appear for examination			
s19 ASIC Act	Requirement to appear for examination	433	616
s58 ASIC Act	Power to summons a witness and take evidence	1	0
Give reasonable assistance			
s1317R Corporations Act	Power to require assistance in prosecutions	67	37
s253 NCCP Act ²	Requirement to provide reasonable assistance	98	11
s49(3) ASIC Act	Power to require reasonable assistance in a prosecution	31	42
s51 NCCP Act	Requirement to provide reasonable assistance	0	1
s601FF Corporations Act	Power to conduct surveillance/monitor managed investment scheme	28	33
s912E Corporations Act	Power to require assistance and disclosure of books and information from an AFS licensee	653	608
Produce documents			
s266 NCCP Act	Requirement to produce books (credit activities)	167	145
s267 NCCP Act	Requirement to produce books	274	80
s30 ASIC Act	Notice to produce books about affairs of body corporate or registered scheme	1,074	1,216
s31 ASIC Act	Notice to produce books about financial products	212	366
s32A ASIC Act	Notice to produce books about financial services	3	4
s33 ASIC Act	Notice to produce books in person's possession	863	2,044
Provide information			
s12GY(2) ASIC Act	ASIC to require claims to be substantiated	4	3
s601HD Corporations Act	Power to request information about compliance plan of a registered scheme	1	0
s49(1) NCCP Act	Requirement to provide information (statement)	30	69
s912C Corporations Act	Power to require information from an AFS licensee	276	305
Item 17 Schedule 2 NCCP Act	Power to require information (obtain statement or audit report)	0	57
s672A Corporations Act	Power to require disclosure of relevant interests	68	21
s672B Corporations Act	Power to require disclosure of relevant interests	1	21
s37(4) NCCP Act	Power to request information or audit report from licence applicant	0	2
s792D Corporations Act	Power to require reasonable assistance from a market licensee	11	4
Provide information and books			
s30A ASIC Act	Notice to auditors requiring information or books	43	29
Search warrants			
sS3E Crimes Act (Cth)	Warrants to search premises/conveyance or person	38 ³	6

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.

² *National Consumer Credit Protection Act 2009*.

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

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

Glossary

AFS licence	Australian financial services licence
ASIC Act	<i>Australian Securities and Investments Commission Act 2001</i>
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	<i>Corporations Act 2001</i>
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

MoneySmart	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
National Credit Act	<i>National Consumer Credit Protection Act 2009</i>
OTC	Over the counter
PDS	Product Disclosure Statement
Phoenix activity	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
PPS Register	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
Shorter PDS regime	The shorter Product Disclosure Statement regime, which came into force on 22 June 2012 and aims to make PDSs simpler
SMSF	Self-managed superannuation fund
Stronger Super reforms	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

Compliance index

Part of Report	Description	Requirement	Location (page/s)
	Letter of transmittal	Mandatory	1
	Table of contents	Mandatory	inside cover
	Index	Mandatory	157
	Glossary	Mandatory	152–3
	Contact officer(s)	Mandatory	160
	Internet home page address and Internet address for report	Mandatory	160
	Review by departmental secretary	Mandatory	2–6
	Summary of significant issues and developments	Suggested	2–6
	Overview of department's performance and financial results	Suggested	2–6, 16–17
	Outlook for following year	Suggested	6
Review by Secretary	Significant issues and developments – portfolio	Portfolio departments – suggested	NA
	Role and functions	Mandatory	10
	Organisational structure	Mandatory	11–12
	Outcome and program structure	Mandatory	2, 17–19
	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	Mandatory	137
Departmental overview	Portfolio structure	Portfolio departments – mandatory	NA
Report on performance	Review of performance during the year in relation to programs and contribution to outcomes	Mandatory	22–54
	Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	137–141
	Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change	Mandatory	137
	Narrative discussion and analysis of performance	Mandatory	22–54
	Trend information	Mandatory	144
	Significant changes in nature of principal functions/services	Suggested	NA
	Performance of purchaser/provider arrangements	If applicable, suggested	NA
	Factors, events or trends influencing departmental performance	Suggested	6
	Contribution of risk management in achieving objectives	Suggested	3–4, 18–19, 23–24, 33–35, 56
	Social inclusion outcomes	If applicable, mandatory	NA
	Performance against service charter customer service standards, complaints data, and the department's response to complaints	If applicable, mandatory	50–52

Part of Report	Description	Requirement	Location (page/s)
Report on performance (continued)	Discussion and analysis of the department's financial performance	Mandatory	16–17
	Discussion of any significant changes from the prior year, from budget or anticipated to have a significant impact on future operations	Mandatory	2–6
	Agency resource statement and summary resource tables by outcomes	Mandatory	142
Corporate governance	Agency heads are required to certify that their agency comply with the Commonwealth Fraud Control Guidelines.	Mandatory	145
	Statement of the main corporate governance practices in place	Mandatory	132–133
	Names of the senior executive and their responsibilities	Suggested	7–8, 11–12
	Senior management committees and their roles	Suggested	11–12, 132–133
	Corporate and operational planning and associated performance reporting and review	Suggested	
	Approach adopted to identifying areas of significant financial or operational risk	Suggested	
	Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	2, 56
	How nature and amount of remuneration for SES officers is determined	Suggested	
External scrutiny	Significant developments in external scrutiny	Mandatory	145–147
	Judicial decisions and decisions of administrative tribunals	Mandatory	145
	Reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman	Mandatory	145–146
Management of human resources	Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	56
	Workforce planning, staff turnover and retention	Suggested	
	Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and AWAs	Suggested	
	Training and development undertaken and its impact	Suggested	56
	Work health and safety performance	Suggested	56
	Productivity gains	Suggested	
	Statistics on staffing	Mandatory	57–61
	Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	57
	Performance pay	Mandatory	57
Assets management	Assessment of effectiveness of assets management	If applicable, mandatory	NA
Purchasing	Assessment of purchasing against core policies and principles	Mandatory	148–149

Compliance index continued

Part of Report	Description	Requirement	Location (page/s)
Consultants	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.	Mandatory	148–149
Australian National Audit Office access clauses	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	149
Exempt contracts	Contracts exempt from the AusTender	Mandatory	149
Financial statements	Financial Statements	Mandatory	67–130
Other mandatory information	Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)	Mandatory	56
	Advertising and Market Research (s311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory	148
	Ecologically sustainable development and environmental performance (s516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	65–66
	Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	NA
	Grant programs	Mandatory	147
	Disability reporting – explicit and transparent reference to agency-level information available through other reporting mechanisms	Mandatory	56
	Information Publication Scheme statement	Mandatory	147
	Correction of material errors in previous annual report	If applicable, mandatory	NA
	List of requirements	Mandatory	154–156

General index

A

Aboriginal people *see* Indigenous Australians
accounting policies (ASIC), 82–89
administered items, 78–81, 109–116
 accounting policies, 88–89
administrators, 49
advertising expenditure (ASIC), 148–149
advertising financial products, 24
appropriations (ASIC), 16, 115–121
 administered, 115–116
 net cash arrangements, 130
Ark, Operation, 29
ASIC Connect, 41
Assetless Administration Fund (AAF), 147
assets (ASIC)
 acquisition, 86
 administered, 79
ASX *see* markets
Audit Committee and services (ASIC), 11, 133
Auditor-General reports, 146
auditors (ASIC), 133
 remuneration, 107
 report, 70
 statistics, 144
auditors
 inspections, 34
 monitoring, 13, 18
AusTender, 149
Australian Financial Markets Association Ltd, 33
Australian Government Financial Literacy Board, 134

B

balance sheet, 73
 events after date, 89
bank account switching rules, 25–26
boards and tribunal, 89
 expenditure, 121
breach reports, 49
business names, 41–42
business plans, 2

C

carbon pricing, 35, 46
cash (ASIC), 85
cash flows (ASIC), 75
 administered, 80, 112
 reconciliation, 99
Centro Properties Group, 37
CFDs (contracts for difference), 24
Chairman
 biographical details, 7
 corporate structure, 11
 financial statement, 71
 letter of transmittal, 1
 report, 2–6
Chartered Secretaries Australia, 35

Chi-X Australia Pty Ltd, 33
Client Contact Centre, 15, 43
Commissioners
 biographical details, 6, 7–8
 changes, 2
 corporate structure, 11–12
 gender, 58–59
 role of, 132
 remuneration, 101–102
commitments, 76
 administered, 81
committees *see* external committee and panels
Commonwealth Financial Planning, 29–30
community investment program, 62–63
companies register, 40
company registration *see* registration and licensing
compensation
 detriment caused by defective administration, 126, 145
 for investors, 31
 statistics, 144
competence
 licensees, 30
 markets, 38
 registration and licensing, 46
compulsory information-gathering powers, 2, 130
Connaught Investment Group, 29
Consolidated Revenue Fund, 130
consultancies, 148–149
consultation papers, 22
Consumer Advisory Panel, 134
consumer credit 14–15
 insurance, 25
 see also credit products and services
consumers *see* investors and financial consumers
contingent liabilities and assets, 77, 99–100
 accounting policies, 86
 administered, 81, 113
contracts for difference (CFDs), 24
corporate governance, monitoring, 13–14
corporate structure, 2, 11–12
corporations, 13
 surveillance, 18
cost recovery, 129
Council of Financial Regulators, 10
credit licensing, 46
 statistics, 144
 unsuccessful applications, 46
credit products and services, 14, 24
 advertising financial products, 24
 ASIC outreach campaigns, 27
 responsible lending, 24
 surveillance, 19
 see also consumer credit
credit rating agencies, 24
criminal litigation statistics, 144

General index continued

D

database searches, 144
Dellingworth Pty Ltd, 29
deposit-takers, 14, 19
diligence
 financial products and services, 29–30
 markets, 37–38
disclosure obligations, guidance on, 26
Dwyer, Michael, 6

E

education
 investors and financial consumers, 4, 27–28
 see also financial literacy
emissions units, 35, 46
employees see staff
employer value proposition, 56
energy efficiency, 65–66
enforcement
 action, 28
 investors and financial consumers, 4, 28–32
 major outcomes, 151
 markets, 5, 13, 36–38
 registration and licensing, 5, 46
 transparency and accountability, 2, 28
engagement with industry and stakeholders
 investors and financial consumers, 3, 22
 markets, 4, 33
 registration and licensing, 5, 40
 see also external committees and panels
environmental performance (ASIC), 65–66
ePayments Code, 25
Equititrust Ltd, 30
equity, changes in (ASIC), 74
exchange traded funds (ETFs), 23
expectations see guidance
expenditure (ASIC), 16–17, 89–91
 administered, 109
 outcomes and, 17, 143
External Advisory Panel, 3, 11, 134–135
external committees and panels, 3, 134–136
 see also engagement
external dispute resolution, 26
external scrutiny, 145–146

F

fees and charges collected, 144
finance costs (ASIC), 85
financial advice
 improving, 22
 industry issues, 25
 reforms, 32
financial advisers
 surveillance, 14, 19, 23
 training and assessment, 22

financial assets (ASIC), 85, 92–93, 109
 administered, 111, 114
financial consumers see investors and financial consumers
financial instruments (ASIC), 107–108
 administered, 114
financial liabilities (ASIC), 86
 administered, 79
financial literacy
 ASIC programs, 14
 Australian Government Financial Literacy Board, 134
 international cooperation, 28
 schools, 4, 27
 see also MoneySmart
financial markets see markets
financial products and services, 14–15
 Indigenous communities, 25
 surveillance, 15, 19, 23–24
financial reporting
 markets, 34, 35
 monitoring, 13, 18
financial services see financial products and services
financial statements (ASIC), 67–130
 basis of preparation, 82–83
 notes to, 81–130
financial summary (ASIC), 16–17
foreign entities, 46
foreign exchange (FX) contracts, 24
FP Investment Partners Pty Ltd, 31
fraud control (ASIC), 145
freedom of information, 146–147
fundraising documents, 144
Future of Financial Advice (FoFA) reforms, 32

G

glossary, 152–154
Golden Sparrow Pty Ltd, 29
Goldsmith & Associates Pty Ltd, 29
grants programs, 147
Group of Twenty (G20), 5
guidance
 investors and financial consumers, 3, 25–26
 markets, 5, 35
 registration and licensing, 5, 46

H

hedge funds, 23
highlights, 3–5
honesty, 28–29, 35–36

I

income (ASIC), 72, 91–92
 administered, 78, 110
independence
 licensees, 31
 markets, 38
Indigenous Australians
 ASIC awareness and action, 64
 financial services, 25
 outreach program, 4, 27
information-gathering powers, compulsory, 130
information technology, 66
infringement notices, 38
inquiries *see* services
insider trading, 36
insolvency
 law reform, 39
 markets, 34–35
 practitioners, 13, 18
 see also liquidators
insurance (ASIC), 89
insurance industry
 consumer credit, 25
 review of general insurance, 26
 surveillance, 14, 19
intangibles, 87
international cooperation
 financial literacy, 28
 investigations,
 markets, 39
 regulation, 32
International Organization of Securities Organizations (IOSCO), 10, 32
internet *see* online services
investigations *see* enforcement
investment banks, 14, 19, 24
investment products *see* financial products and services
investor-directed portfolio services, 23
investors and financial consumers
 ASIC corporate structure, 12
 confidence and information, 22–32
 highlights, 3–4
 key responsibilities, 14–15
 misconduct and breach reporting, 14
 surveillance, 19
IOSCO (International Organization of Securities Organizations), 10, 32

J

James Hardie Industries, 37
judicial decisions, 145

L

law enforcement *see* enforcement
leases, 85, 87
liabilities *see* financial liabilities
licensing *see* registry and licensing services
liquidators
 statistics, 144
 statutory reports, 49
litigation statistics, 144

M

management discretionary account services, 23
managed investment schemes
 responsible entities financial resource requirements, 26
 statistics, 144
market integrity rules, 5, 35
Market Supervision Advisory Panel, 4, 135–136
markets
 ASIC corporate structure, 11
 ASIC guidance, 5, 35
 assessment reports, 33
 ASX Group, 5, 33, 34
 audit firm inspections, 34
 carbon pricing, 35
 Chi-X Australia Pty Ltd, 33
 competition, 33
 disclosure, 34
 enforcement, 5, 13, 36–38
 fairness and efficiency, 4–5, 33–39
 false or misleading statements, 36
 financial reporting, 34, 35
 highlights, 4–5
 infrastructure, 13, 18
 integrity, 13–14
 key responsibilities, 13
 manipulation, 36
 statistics, 144
 supervision, 13, 18, 33
 surveillance, 4, 18, 33–35
 trading issues, 33
Markets Disciplinary Panel, 135
Ministers responsible, 10
misconduct
 assessments, 47–49
 reports of, 47
MoneySmart (consumer website), 4, 27

N

National Business Names Register, 41–42
National Financial Literacy Strategy, 134
non-financial assets (ASIC), 93–96

General index continued

O

- objectives (ASIC), 82
- occupational health and safety, 56
- online services
 - ASIC Connect, 41
 - business conducted, 40
 - National Business Names Register, 41–42
- Operation Ark, 29
- Opes Prime, 28–29
- organisational structure, 2, 11–12
- outcomes
 - enforcement, 151
 - expenditure and, 17, 143
 - financial reporting, 127–129
 - priorities, 21
- outlook, 6
- overseas regulation see international cooperation

P

- panels see external committee and panels
- Parliamentary oversight, 10, 145–146
- payables (ASIC), 97
 - administered, 112
- people see Commissioners; staff
- performance against Service Charter, 50–52
- Personal Property Securities Register, 43
- phoenix companies, 37
- policy advice and implementation
 - investors and financial consumers, 4, 32
 - markets, 5, 39
 - registration and licensing, 5
- Portfolio Budget Statements, 17, 137–143
- priorities, 2, 21
- procurement, 148–149
- product disclosure
 - shorter statements, 26
 - statistics, 144
- property (ASIC), 66
 - vested in ASIC see vested property
- prospectuses, guidance on, 5, 26
- provisions (ASIC), 98
- public warning notices, 29

R

- receivers, reports from, 49
- regional activities (ASIC), 53–54
- Registry and Licensing Business Advisory Committee, 136
- registry and licensing services
 - ASIC corporate structure, 12
 - efficiency, 5, 40–46
 - highlights, 5
 - key responsibilities, 15
 - statistics, 144
- regulated populations, 13
 - surveillance, 18–19

- regulator cooperation, 10
- related party disclosures (ASIC), 101
- remuneration
 - auditors, 107
 - Commissioners, 101–102
 - reporting by companies, 5, 35
 - senior executives, 103–106
 - voting on, 5, 35
- reports required under statute, 145–147
- resources (ASIC), 3, 84
 - agency resource statement, 142
- responsibilities (ASIC), 13
- responsible entities see managed investment schemes
- responsible lending, 24
- retail investors see investors and financial consumers
- revenue (ASIC), 16
 - accounting policies, 84
- role of ASIC, 10
- role of ASIC Commissioners, 132
- rules see guidance

S

- Saxo Bank A/S, 30
- searches of databases, 144
- security deposits, 122
- senior executives
 - leadership programs, 56
 - remuneration, 103–106
- services
 - performance against Service Charter, 50–52
- small business compliance and deterrence, 15
- Sonray Capital Markets, 29, 30
- special accounts (ASIC), 123–125
- staff, 56–61
 - Chairman's report, 6
 - community outreach, 62–63
 - diversity, 56
 - employee benefits, 84–85, 89
 - fundraising, 62
 - gender, 60–61
 - health and safety, 56
 - industrial arrangements, 57
 - leadership development, 56
 - location, 58–59
 - organisational structure, 2, 11–12
 - performance payments, 57
 - pro bono legal work, 63
 - salary ranges, 57
 - statistics, 57–61, 144
 - travel, 66
 - values, 2, 56
 - volunteering, 63
 - workplace giving, 62
 - workplace safety, 56
- stakeholder data, 144

standards *see* guidance
states and territories
 ASIC regional involvement, 53–54
 ASIC regulatory relationships, 10
statistics
 business names, 42
 energy consumption, 65
 misconduct reports, 47–48
 Service Charter, 50–52
 six-year summary, 144
 staff, 57–61, 144
 statutory reports, 49
 unclaimed money, 44
 vested property, 45
statutory reports required, 49, 145–147
Storm Financial Ltd, 31
strategic priorities, 2, 21
superannuation, 15
 Stronger Super, 32
 surveillance, 19, 23
surveillance
 investors and financial consumers, 3, 23–25
 markets, 4, 18, 33–35
 registration and licensing, 5, 46
 regulated populations, 18–19
 see also enforcement

T

takeovers, six-year statistical summary, 144
Takeovers Panel, 4
taxation, 87
tenders, 149
transactions with Government, 84
Trio Capital Ltd, 30, 38

U

unclaimed money, 15, 44

V

Vafiadis, John, 30
values and behaviour, 2, 56
vested property, 45, 122
volunteering program, 63

W

waste, 66
water, 66
wealth management, 22
websites *see* online services
Westpoint, 31
workplace giving, 62

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