

Where ASIC fits in the regulatory picture

Enforcing and regulating broad and complex laws affecting corporations and financial markets, products and services

Who does ASIC's work cover?

Consumers, investors and creditors of corporations and other businesses, including an estimated*:

- 16.2 million people with a deposit account
- 10.9 million investing through superannuation or annuities
- 9.9 million with a major card (credit, debit or charge)
- 6.6 million with a home, personal or investment loan
- 5.1 million directly owning shares
- 1.9 million having invested through a financial adviser
- 1.1 million investing in managed funds.

* Roy Morgan Research, 12 months to March 2007, people aged 14+. A change in methodology, affecting mainly cards and shares, mean that card ownership rose from a new base of 9.8 million in 2005–06, and shares fell from 5.4 million in 2005–06.

ASIC's statutory aims

In brief, section 1(2) of the ASIC Act requires us to:

- uphold the law uniformly, effectively, and quickly
- promote confident and informed participation by investors and consumers in the financial system
- make information about companies and other bodies available to the public
- improve the performance of the financial system and entities within it.

ASIC's legislation

ASIC regulates companies and financial services, and promotes investor, creditor and consumer protection under the *Australian Securities and Investments Commission Act 2001*; *Corporations Act 2001*; *Insurance Contracts Act 1984*; *Superannuation (Resolution of Complaints) Act 1993*; *Life Insurance Act 1995*; *Retirement Savings Accounts Act 1997*; *Superannuation Industry (Supervision) Act 1993* and the *Medical Indemnity (Prudential Supervision and Product Standards) Act 2003*.

Other financial regulators

The Australian Prudential Regulation Authority (APRA) establishes and enforces prudential standards and practices for deposit-taking institutions, insurance companies and larger superannuation funds to ensure, under all reasonable circumstances, that they meet their financial promises.

State and territory fair trading or consumer affairs agencies regulate consumer credit under the Uniform Consumer Credit Code.

The Reserve Bank of Australia regulates monetary policy and the stability of the financial system.

ASIC cooperated with these bodies through consultation at senior level and regular contact by operational and policy staff.

Who we regulate	How we regulate them
1.57 million companies	<ul style="list-style-type: none"> • Register each company with a unique number, and record the number, name, directors and other information on a public register • Investigate and act against misconduct by company directors and officers • Grant or refuse requests for relief from the law • Receive prospectuses before money is raised • Uphold the law on financial reporting and company mergers and acquisitions
5,731 company auditors, 689 registered liquidators	<ul style="list-style-type: none"> • Register them before they start operating • Investigate and act against misconduct
17 financial markets and 5 clearing and settlement facilities licensed by the Minister, including the Australian Securities Exchange (ASX)	<ul style="list-style-type: none"> • Investigate and act against misconduct by listed companies, brokers and traders • Assess and report to the Minister on market supervisory arrangements • Advise the Minister about rule changes and whether to approve new markets • Monitor what ASX Ltd does as a listed company, and trading in its shares
4,625 financial services businesses, regulated by ASIC including: <ul style="list-style-type: none"> • fund managers • stockbrokers • financial advisers • insurance brokers 	<ul style="list-style-type: none"> • License them before they start operating • Set standards for education, training and operations • Investigate and act against misconduct • Record their details and their authorised representatives on a public register
4,680 managed investment schemes, registered by ASIC	<ul style="list-style-type: none"> • Register them before they start operating • Investigate and act against misconduct • Record their details on a public register
APRA-regulated financial services businesses including: <ul style="list-style-type: none"> • banks and deposit-taking institutions • superannuation funds • life and general insurance companies 	<ul style="list-style-type: none"> • Investigate and act against misconduct affecting consumers or misconduct as corporations • Approve consumer complaints resolution schemes • Report on how they comply with codes of practice • Cooperate with APRA
Credit providers operating under state and territory laws	<ul style="list-style-type: none"> • Investigate and act against misleading and deceptive conduct affecting consumers • Cooperate with state and territory regulators

Commissioners and senior management

Members of the Commission directed ASIC's business



Tony D'Aloisio

BA, LLB (Hons)

Chairman from 13 May 2007 for a four-year term ending on 12 May 2011, previously Commissioner from 22 November 2006.

Tony D'Aloisio has extensive commercial and legal experience and has been involved in business policy and regulation, having held a number of company directorships and public positions.

Before joining ASIC, he was Managing Director and Chief Executive Officer at the Australian Stock Exchange from 2004 to 2006.

Previously, he was Chief Executive Partner at Mallesons Stephen Jaques between 1992 and 2004. Mr D'Aloisio joined Mallesons in 1977 as a commercial lawyer, with principal areas of practice in mergers and acquisitions, taxation and restrictive trade practices and international trade and investment. In addition to practising law, he was also involved in extensive assessment of overseas markets in Asia, USA and the UK.



Jeremy Cooper

LLB (Hons) (Melb), SF Fin, FAICD

Deputy Chairman from 12 July 2004 for a five-year term ending on 11 July 2009.

Jeremy Cooper is a lawyer and former partner of Blake Dawson Waldron where he was involved in many major corporate transactions, including takeovers, reconstructions, ASX listings and capital raisings. He has been a member of the Law Council's Corporations Committee since 1995 and is a regular speaker and press commentator on corporate law and financial services market issues.



Jeffrey Lucy, AM

FCA, FAICD

Commissioner from 13 May 2007, for a two-year term ending on 12 May 2009. Previously, ASIC Chairman from May 2004 for a three-year term and Deputy Chair from February 2003.

He is also currently Chairman of the International Forum of Independent Audit Regulators.

Jeffrey Lucy is a Fellow of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors. He was made a Member of the Order of Australia for his contribution to the accounting profession and to the business sector as an adviser on corporate and taxation reform.



Malcolm Rodgers

BA (Hons), LLB

Acting Commissioner from 6 February 2006 until 22 November 2006.

Malcolm Rodgers is ASIC Executive Director, Regulation, appointed in 2005. See pages 24–26 for the scope and activities of his directorate. He previously served as an acting Commissioner in 2004. He has extensive experience in regulation.



ASIC Executive Directors (from left): Jan Redfern, Greg Tanzer, Jennifer O'Donnell, Malcolm Rodgers, Carlos Iglesias

Senior management team

ASIC's Executive Directors led directorates that carried out our operational work and contributed to meeting our overall objectives and priorities.

Executive Director	Directorate
Jan Redfern, a lawyer with extensive public and private sector experience, appointed 2003.	Enforcement
Malcolm Rodgers, see under Commissioners.	Regulation
Jennifer O'Donnell, extensive experience in compliance and regulation, appointed 2005. She is also NSW Regional Commissioner.	Compliance
Greg Tanzer, a lawyer with extensive regulatory experience, appointed in 2004. He is also Queensland Regional Commissioner.	Consumer Protection
Carlos Iglesias, an accountant with extensive experience in corporate management and information technology, appointed 2005.	Finance
Mark Drysdale (until 30 March 2007)	Chief Operating Officer

ASIC governance

A robust and effective system of accountability and control

ASIC governance has proved thorough, robust and effective. Internally, 3 full-time Commissioners directed ASIC's complex and wide-ranging activities. Externally, ASIC is accountable to Parliament and the responsible Minister, to judicial and administrative review, and to the public through the media and consumer and business associations.

To supervise ASIC's operations, the Commission has adopted governance practices that meet high standards. The Commission's leadership structures, consultative arrangements and disclosure practices ensure that its powers are exercised subject to its priorities and policies, for the benefit of the community and with as much transparency as the law allows.

Role of Commissioners

Commissioners set priorities, appointed and evaluated the performance of Executive Directors, and approved delegations, budgets and business plans for each directorate.

Through day-to-day contact with executives and staff, and through written reports, Commissioners stayed informed about operational performance, finance, human resources and information technology. A Commissioner also participated in the Audit Committee, see page 46.

ASIC's Office of General Counsel reported directly to the Commission, giving legal counsel to Commissioners on ASIC operations and administration. Other independent legal and accounting experts also advised on specific matters. When necessary, an individual Commissioner may obtain independent legal advice at ASIC expense.

The Commission held 16 formal meetings.

Commissioner	Eligible to attend	Attended
Tony D'Aloisio	7	7
Jeremy Cooper	16	16
Jeffrey Lucy, AM	16	14
Malcolm Rodgers (acting)	8	8

Executive Directors and General Counsel also attended Commission meetings.

ASIC management

Commissioners and relevant senior executives made decisions and set priorities in major enforcement and regulatory matters through our Regulatory Policy Group.

The Commission has also delegated various powers and functions to Executive Directors and staff reporting to them, to ensure that ASIC's business is carried out efficiently and effectively. Delegations were reviewed regularly and the Commission required its delegates to act in accordance with policies and procedures approved by the Commission.

Commissioners' appointment and remuneration

The Governor-General, on the nomination of the Treasurer, appointed ASIC Commissioners. Commissioners are appointed on fixed terms that may be terminated earlier only for reasons set out in section 111 of the ASIC Act.

The Treasurer may nominate as Commissioners only people who are qualified by knowledge or experience in business, administration of companies, financial markets, financial products and financial services, law, economics or accounting. The Remuneration Tribunal set Commissioners' remuneration, which is not linked to their performance, see also page 85.

Reporting to Parliament

ASIC appeared before Committees of the Parliament of Australia on 9 occasions: Parliamentary Joint Committee on Corporations and Financial Services (6) and the Senate Economics Committee (3).

ASIC also submitted its annual report, and replied to Parliamentary questions and inquiries on behalf of constituents.

The Joint Committee on Corporations and Financial Services tabled statutory oversight reports on ASIC in August 2006 and March 2007. This important process enabled Parliamentarians to examine us about controversial issues and make recommendations. In addition, the Committee reported that it remained 'satisfied that ASIC continues to carry out its functions in accordance with the provisions of the corporations legislation'.

Relationship with the responsible Minister

The Ministers responsible for ASIC are the Treasurer, the Hon Peter Costello, MP and, in matters determined by him, the Parliamentary Secretary to the Treasurer, the Hon Chris Pearce, MP.

Commissioners reported to the Minister through their annual report, and through briefings, submissions and meetings with the Treasurer or Parliamentary Secretary. ASIC also briefed the Treasury about current issues and proposed changes to the law.

ASIC's legislation permits the Minister to direct ASIC in certain circumstances. Consistent with ministerial practice across most statutory authorities, such powers have been rarely exercised.

Under section 12 of the ASIC Act, the Minister may direct ASIC about policies and priorities in using our powers or performing our functions, but may not direct us about a particular case. Only one such general direction has been given, in September 1992, about collaboration and consultation between ASIC and the Director of Public Prosecutions in the investigation and prosecution of serious corporate wrongdoing.

Until 30 June 2007, under section 137, the Minister approved contracts exceeding \$1 million and leases of land exceeding 10 years. Under section 28 of the *Commonwealth Authorities and Companies Act 1997*, the Minister may also notify Commissioners in writing of general policies of the government that will apply to ASIC. No such notifications were received this year.

In addition, Commonwealth Ministers and departmental Secretaries from time to time asked ASIC, along with other agencies, to conform to government policies affecting our general administration, for example, referring to particular sources of government information when publishing ASIC information for small businesses.

Change to financial governance

From 1 July 2007, ASIC came under a new financial governance arrangement, the *Financial Management and Accountability Act 1997*, which primarily governs our use of Commonwealth resources and our expenditure of public money.

Relationship with states and territories

The Commonwealth assumed responsibility for corporate regulation from the states and the Northern Territory in 1991, under arrangements agreed (and subsequently revised) as set out in the *Corporations Agreement 2002*.

This Agreement requires the Commonwealth to consult the Ministerial Council for Corporations (MINCO), comprising Commonwealth, state and territory ministers, in appointing ASIC Commissioners, and requires ASIC to:

- consult the relevant state or territory minister in appointing Regional Commissioners
- maintain offices in each state capital and Darwin, and maintain certain minimum service levels in each state and the Northern Territory
- maintain regional liaison committees in each state and the Northern Territory to consult the local business community, and use our best endeavours to have a Commission member present at those meetings, see page 40.

ASIC attended MINCO to observe and answer questions about the administration of the corporations legislation. We also attended the Ministerial Council on Consumer Affairs as part of our role in protecting consumers in credit, a jurisdiction shared with the states and territories.

Managing risk

High standards of risk management

ASIC received the highest rating of 8 out of 10 for its risk management practices following our insurer Comcover's risk management benchmarking in 2006. The Commission and Executive Directors regularly reviewed key risks and how we manage them.

Staff ethics

All ASIC staff must adhere to the Australian Public Service values and code of conduct under the *Public Service Act 1999*. The values and code require impartiality, honesty, diligence and service, and all staff are required to attend training to learn about and apply the values and code.

Formal procedures required disclosure of any real or apparent conflict of interest. Commissioners and staff are required to take no part in decisions where real or apparent conflicts of interest may arise. We set up special reporting and decision-making procedures to maintain the integrity of our decisions.

Members of the Commission disclosed to the Minister all direct or indirect pecuniary interests in businesses, companies, or financial products regulated by ASIC.

Staff were required to keep registers of interests that supervisors may inspect at any time, and senior executives were required to submit statements of interests to the Chairman. Biannual disclosures are made by staff in February and July. Commissioners appointed senior disclosure officers to advise managers and staff on how to handle possible conflicts.

Complaints about staff

We maintained internal procedures for investigating complaints about how our staff carry out their significant public responsibilities, which include formal inquiry and disciplinary procedures under the Public Service Act.

Complaints about the way in which ASIC administers its powers may also be made to, and may be investigated by, the Commonwealth Ombudsman.

Confidentiality, privacy and security

ASIC receives extensive information that it must protect from unauthorised disclosure. All staff, immediately on joining, must sign an acknowledgement of various laws relating to the use and disclosure of information, confidentiality and official secrets. If they occupy positions of trust, they must undergo a security assessment. Our policies and procedures also respected the privacy of personal information we received.

ASIC maintained various other security systems and procedures designed to safeguard confidential information. External government experts and external and internal auditors reviewed our general and IT security arrangements, business continuity systems and procedures.

Fraud control

In 2006 ASIC continued to implement the strategies outlined in the 2004–06 fraud control plan. In 2007 ASIC reassessed its fraud risks, and is finalising the 2007–09 fraud control plan. The plan outlines strategies and processes to avoid, detect, investigate and minimise the effects of fraud. We maintained reporting and data collection mechanisms that met our needs and complied with Commonwealth fraud control guidelines.

Audit

The Commission's National Manager, Audit Assurance and Compliance, reported to the Commission's Audit Committee. The Audit Committee examined internal and external audit matters and risk assessment, see page 46.

The majority of Audit Committee members (including the Chair) are independent of ASIC. The Committee's charter conforms with Australian National Audit Office guidelines. The Commonwealth Auditor-General audited ASIC's financial statements, see page 50.

Disclosure

To operate transparently, while protecting confidential information, ASIC:

- complied with the *Freedom of Information Act 1982*, see page 47
- met high standards of disclosure through its annual report, see inside front cover
- issued media releases, subject to written guidelines, about enforcement and regulatory issues, respecting the rights of people subject to investigation or administrative action
- updated information in publications and daily on our websites, see page inside back cover for web addresses.

Insurance and indemnities

Consistently with the Commonwealth Authorities and Companies Act, ASIC:

- paid a premium of \$77,828.17 (excl. GST) for directors and officers' insurance which covered all current and former Commissioners and ASIC staff members for liabilities, including legal costs, incurred by them in the performance of their duties, and
- provided indemnities to Commissioners for liabilities, including legal costs, incurred by them in the course of their duties. (No claims for payments or payments were made under those indemnities.)

Stakeholder consultation and regional involvement

Involving our stakeholders in our work

Consultation with business

Our Business Consultative Panel, comprising senior business representatives, met Commissioners in Sydney and Melbourne to help us identify emerging risks and trends in the market. The Panel's two Chapters, based in Sydney and Melbourne, were chaired by ASIC's Chairman and Deputy Chairman respectively.

Location	Panel members
Sydney	David Gonski, Chairman, Investec Diane Grady, Non-Executive Director, Woolworths David Morgan, CEO, Westpac Robert Savage, Chairman, Perpetual Trustees Australia Les Taylor, Chairman, Freshtel Holdings
Melbourne	Kevin Bailey, Founder, The Money Managers Jeremy Duffield, Managing Director, Vanguard Investments Australia Paula Dwyer, Non-Executive Director Lee laFrate, Executive Chairman, Armytage Private Geof Stapledon, Managing Director, ISS Australia Karen Wood, Group Executive and Chief People Officer, BHP Billiton

To build support for compliance and good practice, we met regularly with about 20 peak industry and professional associations, and consulted other organisations, companies and professionals on proposed policies. We also maintained a Business Advisory Committee that gave us direct input and opinion on current and proposed activities affecting our public information database and company registry activities.

Listening to consumers

We funded a 10 member Consumer Advisory Panel including consumer and investor advocates experienced in financial services and an independent chair. The Panel recommended research, alerted us to issues and commented on policy affecting investors and consumers.

Consumer Advisory Panel members
Jenni Mack (Chair) Carolyn Bond, Consumer Action Law Centre (Vic) Nick Coates, Choice David Coorey, Legal Aid NSW Elena Marchetti & Nicola Howell, Centre for Credit and Consumer Law Wendy Schilg, National Information Centre on Retirement Investments Leigh Shacklady, Tangentyere Council, Alice Springs David Tennant, CARE Financial Counselling Service (ACT) Stuart Wilson, Australian Shareholders' Association Ian Yates, Australian Council on the Ageing

We also consulted other investor and consumer organisations.



ASIC Regional Commissioners (from left): Delia Rickard, Anthony Beven, Duncan Poulson, Jennifer O'Donnell, Julie Read, Greg Tanzer.
absent: Angus Dale-Jones

Serving Australia's regions

ASIC's Regional Commissioners ensured that we understood specific needs and maintained service levels in all the states and territories. They represented ASIC and reported on our activities and performance to state and territory ministers. They bring a range of qualifications including law and accounting and experience in regulation, government and consumer affairs.

Regional Liaison Committees representing the business community met about 4 times each year, received information on our performance and service, and offered ideas. A Commission member usually attended these meetings.

Regional Commissioner	State or Territory	National role
Anthony Beven	South Australia	Adviser, Consumer Protection
Angus Dale-Jones	Western Australia	Director, Compliance
Mark Drysdale (until 30 March 2007)	Victoria	Chief Operating Officer
Jennifer O'Donnell	New South Wales	Executive Director, Compliance
Duncan Poulson	Northern Territory	Adviser, Consumer Protection
Julie Read	Tasmania	Director, Enforcement
Delia Rickard	Australian Capital Territory	Deputy Executive Director, Consumer Protection
Greg Tanzer	Queensland	Executive Director, Consumer Protection

Keeping stakeholders informed

Senior ASIC staff gave numerous presentations to people from the financial services industry, markets, companies, government agencies and consumer groups about how to comply with the law and how the law protects users of financial markets, products and advice. We also issued regular e-newsletters for business and consumers, and published articles in professional magazines.

ASIC's people

Equal opportunity and merit

ASIC is an equal opportunity employer. Excluding contractors, consultants and agency temporary employees, women made up 47% of our senior executives, up from 44%, and comprised 56% of our employees.

Classification		This year	Last year
Commissioners	Female	0	1
	Male	3	2
Senior Executive Service and equivalents*	Female	24	21
	Male	27	27
Senior operational staff (EL1 and EL2)	Female	274	243
	Male	373	327
Operational and support (ASIC 1-4)	Female	573	532
	Male	277	255
Contractors, consultants and agency temporary employees		59	63
Total (average FTE over the year)		1,610	1,471

* Numbers restated to include both Senior Executive Service staff under the Public Service Act and equivalents engaged under the ASIC Act.



Under a joint Women in Law Enforcement Strategy, 4 female ASIC staff joined a one-year mentoring program with mentors from other agencies, and 4 ASIC senior managers acted as mentors to women from other agencies.

ASIC required that all staff engagements and promotions be conducted in accordance with the merit principle and the APS values.

We participated in the Commonwealth strategy to ensure access to recruitment, training and grievance procedures for people with disabilities, see page 48.



Employee profile

Our employee profile reflected our need for skilled, professional people, typically investigators, lawyers, accountants, and analysts; information processing and customer service staff; information technology, human resources, financial, business management and communication specialists.

Staff (average full-time equivalents)	This year	Last year
Operational and support (ASIC 1–4)	850	787
Senior operational staff (EL1 and EL2)	647	570
Senior Executive Service and equivalents*	51	48
Others (contractors, agency staff, consultants)	59	63
Commissioners	3	3
Total (average FTE over the year)	1,610	1,471

* See previous note.

Ongoing staff, consultants and contractors

Most staff are ongoing under the Public Service Act. We employed fewer non-ongoing staff (either as contractors or consultants), especially in IT. Non-ongoing staff, contractors and consultants worked on special projects, in specialised areas including law, accounting, and information technology, and for peak workloads in document processing.

Basis of employment	This year	Last year
Public Service Act, ongoing	1,311	1,171
Public Service Act, temporary, most often for peak company data processing	197	198
ASIC Act consultants, for essential specialist services including investigatory, legal, corporate regulatory and accounting functions	44	39
Contractors, mainly in information technology	55	60
Commissioners	3	3
Total (average FTE over the year)	1,610	1,471

ASIC contributed to superannuation through Australian Government and private sector schemes, and to State government schemes for those staff who transferred to ASIC in 1991. See also the financial statements on page 75.

Location of staff

Most staff worked in our Sydney and Melbourne offices, reflecting market and corporate activity. The Information Processing Centre in Traralgon, Victoria is our third largest office.

State or Territory	This year	Last year
Victoria	659	629
New South Wales	600	539
Queensland	139	130
Western Australia	115	87
South Australia	60	51
Australian Capital Territory	17	15
Tasmania	15	14
Northern Territory	5	6
Total	1,610	1,471

ASIC Service Charter: how we performed

On 30 June 2006, as part of our commitment to better and more transparent regulation, we published the *ASIC Service Charter*, which explained what Australian companies, financial services business and professional service providers could expect in their dealings with us.

In the charter, we set out our goals for processing the most common applications and requests we receive, and committed to reporting on performance against those goals. Below are the results of our performance from 1 July 2006 to 30 June 2007.

The processes we use to measure these results have been independently verified. The verification process uncovered some issues with the way we count some of our results. We are working to improve those aspects of our systems for reporting performance against the charter. We are also working to improve the areas where we are not meeting our service targets.

We will continue to report against the service charter indicators each year.

Service	Service charter target	2006–07 performance
General phone queries	We aim to answer your telephone queries on the spot.	94% of calls answered on the spot (630,856 of 670,755) 6% (39,899 calls) referred to specialist staff
General email queries	We aim to reply within 2 business days to email queries sent to: - info.enquiries@asic.gov.au - infoline@asic.gov.au - onlineaccess@asic.gov.au	80% replied to in 2 business days (23,091 of 29,057)
General correspondence	We aim to acknowledge receipt of general correspondence within 14 days of receiving it, and give a full response within 28 days:	
	General correspondence to Public Information Program about our public database and registers, including fee waivers.	95% fully responded to within 28 days (52,796 of 55,734)
	Correspondence received by our Correspondence Control Unit.	100% acknowledged within 14 days (656 letters) 71% responded to within 28 days (470 of 661 letters)
Registering a company	We aim to complete company incorporations within 1 business day of receiving a complete application.	97% (156,522 of 161,673) 87% of paper forms completed in 1 day (21,959 of 25,320) 99% of electronic forms completed in 1 day (134,563 of 136,353)
Updating company information and status	We aim to enter critical changes to company information in the corporate register within 2 business days.	92% (960,636 of 1,050,260) 72% of paper forms (214,296 of 299,908) entered in 2 business days 99.5% of electronic forms entered in 2 business days (746,340 of 750,352)

Service	Service charter target	2006–07 performance
Registering as an auditor	We aim to decide whether to register a person as an auditor within 28 days of receiving a complete application.	100% registered within 28 days (112 individual applications and 18 authorised audit companies)
Registering as a liquidator	We aim to decide whether to register a person as a liquidator or official liquidator within 28 days of receiving a complete application.	Liquidators: 83% decided within 28 days (15 of 18 applications) Official liquidators: 83% decided within 28 days (24 of 29 applications)
Registering a managed investment scheme	By law, we must register a managed investment scheme within 14 days of receiving an application (unless incomplete in various ways).	95% registered in 14 days (583 of 616)
Applying for or varying an AFS licence	We aim to decide whether to grant or vary an Australian financial services licence within 28 days of receiving a complete application.	Granting a licence: 65% decided in 28 days (310 of 474 applications) Varying a licence: 71% decided in 28 days (503 of 709 applications) This result is for all applications, including those where we did not initially receive all the information we needed to make a decision.
Applying for an Australian market licence	We aim to give the Minister our recommendation about simple applications to operate financial markets within 12 weeks of receiving an application.	100% to Minister within 12 weeks (3 applications)
Applying for relief	If you lodge an application for relief from the Corporations Act that does not raise new policy issues, we aim to give you an in principle decision within 21 days of receiving all necessary information and fees.	74% of in principle decisions made within 21 days (2278 of 3062 applications) This result is for all applications, including those where we did not initially receive all the information we needed to make a decision.
Complaints about misconduct by a company or an individual	If you make a complaint about the activities of a company or individual, we aim to respond to you within 28 days of receiving all relevant information.	81% finalised within 28 days (8,620 of 10,681)

Audit Committee and audit, assurance and compliance services

Involving our stakeholders in our work

The Audit Committee, under a charter agreed between the Committee and the Commission, assisted Commissioners to maintain and improve:

- the effectiveness and integrity of ASIC's risk management and internal control frameworks
- the credibility, objectivity and quality of ASIC's financial reporting processes and financial statements
- ASIC's compliance with relevant legislation.

The Committee reviewed ASIC's 2006–07 financial statements and provided a degree of assurance to the Commissioners before they signed those statements. The Committee contributed to developing ASIC's risk management framework.

The Committee met four times during the year:

Members	Eligible to attend	Meetings attended
Robert Savage, appointed March 2000, Chairman since January 2005	4	4
Robert Lynn, appointed March 2002, Deputy Chairman since January 2005	4	4
Byram Johnston, appointed January 2005	4	4
Jeffrey Lucy, AM, appointed February 2006, previously ASIC Chairman and now ASIC Commissioner	4	2*
Angus Dale-Jones, appointed May 2005, ASIC WA Regional Commissioner	4	4

* Mr Lucy was represented by (then) Commissioner Tony D'Aloisio for one of the meetings he could not attend.

The Audit Committee Chairman and Deputy Chairman and one other member are independent, appointed from outside ASIC. All three independent members are Chartered Accountants and company directors who have significant financial and business experience. The third independent member, Mr Johnston, is also an independent member of ASIC's newly-constituted IT Board.

The internal appointees comprise Jeffrey Lucy, AM representing the Commission and Regional Commissioner Angus Dale-Jones.

The National Manager Audit, Assurance and Compliance reports to the Audit Committee. In 2006–07, the Audit Committee arranged an independent review of the methodology and processes used by ASIC's internal audit.

The Committee sent a report to the Commission after each meeting. The Chairman of the Committee met separately with the ASIC Chairman on several occasions, and also with Executive Directors and other senior managers in charge of ASIC's business units.

The Australian National Audit Office provided external audit services. Both external and internal audit representatives attended Audit Committee meetings.

Robert R Savage
Chairman, ASIC Audit Committee, July 2007

Appendices

In this section

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- disability strategy report
- finance sector levy
- environmental sustainability
- Electoral Act disclosure
- ASIC Act disclosure

Publications

We published the following free publications:

- electronic newsletters: *ASIC News* (regulation and enforcement), *FIDO News* (financial tips and safety checks), *Financial Services Update*; printed newsletters: *InFocus* (company information)
- booklets: *Getting advice, Your Money, Super Choices, Book up, You can complain* (last 4 also in languages other than English)
- comics: *Moola Talk, To the Max!*
- annual report, occasional reports, papers and information sheets accessible through our website or Infoline.

We published for sale *ASIC Digest, ASIC Working Guide for Accountants, ASIC Working Guide for Company Secretaries, ASIC Working Guide for Company Directors, ASIC Financial Services Policy Handbook, ASIC Forms on CD-ROM, ASIC Managed Investments Handbook* and *ASIC Policy Alert*.

Freedom of Information Act 1982

You have a right to apply to ASIC for access to documents in ASIC's possession under the *Freedom of Information Act 1982* (FOI Act). You must apply in writing, stating which documents you want to obtain. Requests should be directed to the Administrative Law Coordinator in your State or Territory or to the Manager, Administrative Law, in Sydney. For further information on how to apply, visit www.asic.gov.au.

Categories of documents in ASIC's possession relate to matters including:

- operational matters such as:
 - 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
- 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, policy statements, practice notes, media releases, information releases, booklets and annual reports
- other documents held as public database information (ASCOT).

As required by section 9 of the FOI Act, we note that you may inspect and purchase by subscription the following documents from Thomson-CPD, phone 1800 036 186:

- *ASIC Digest*—which contains, among other things, policy statements, practice notes, information brochures, media releases, information releases, summaries of most ASIC instruments, class orders, and pro-formas for various types of standard relief.

Note: Documents available to the public through ASIC's website (www.asic.gov.au), ASCOT or the *ASIC Digest* and library material maintained for reference purposes are not available under the FOI Act.

Commonwealth Disability Strategy Report

As a regulator, ASIC published (in formats accessible for people with disabilities) all its publicly available information on regulations, quasi-regulations and compliance reporting. This occurred through our website on the day materials were released, and in hard copy through our commercial publisher and on request through ASIC's Infoline. Our website substantially complied with accessibility guidelines, within the limits of the technology at our disposal.

As an employer, ASIC incorporated the requirements of the *Disability Discrimination Act 1992* when developing and reviewing employment policies, procedures and guidelines:

- recruitment information was released in accessible electronic format, within 24 hours, or posted out in hard copy on request within 24 hours. No requests were received for other formats
- Human Resources staff advised managers and recruiters on reasonable adjustments required for job applicants and staff with disabilities (including staff access to training)
- information on disability issues was included in training programs as appropriate
- ASIC also has internal and external grievance procedures, including review of actions under the Public Service Act and appeals to the Australian Public Service Commission. Dispute avoidance and settlement provisions have been included in the ASIC certified agreement. Staff also had access to an Employee Assistance Program.

Finance sector levy

Some \$15.3 million of our appropriation was levied by the government on deposit-taking, superannuation, retirement savings and insurance organisations. This table shows how that levy was used for consumer protection, regulatory and enforcement activities relating to the products and services these organisations offer, and for the Superannuation Complaints Tribunal.

Activity	This year \$m	Last year \$m
Consumer protection and policy formulation	6.7	6.0
Investigation and enforcement	16.5	9.4
ASIC sub-total	23.2	15.4
Superannuation Complaints Tribunal	3.7	3.4
Total	26.9	18.8

Disclosure under the Environment Protection and Biodiversity Conservation Act

Section 516A of this Act requires us to report matters relevant to environmentally sustainable development (ESD):

- the only activities of the organisation relevant to ESD principles concern procurement of goods and services
- ASIC's administration of legislation is not related to ESD principles
- none of the outcomes specified for ASIC in an Appropriation Act have ESD implications
- the effect of our activities on the environment are set out on page 31
- the measures we have taken to minimise our environmental impact are also set out on page 31
- we review and increase the effectiveness of those measures through internal evaluation regimes, environmental auditing, benchmarks or targets, see page 31.

Disclosure under Commonwealth Electoral Act

Section 311A of this Act requires us to report for the financial year payments (exclusive of GST) made by us or on our behalf to:

- polling organisations, advertising agencies and media advertising organisations: nil (excludes recruitment advertising)
- market research organisations: Roy Morgan \$90,722
- direct mail organisations: BluePrint Instant Printing Pty Ltd \$31,157 for *InFocus*, commemorative record certificates, brochures and guides; Chandler \$21,456 for printing and mailing *InFocus*; and Recall Information Management \$107,961 for the *Business Gazette*, Hermes Precisa Pty Ltd \$252,186 for printing and mailing company annual review statement packs and invoices.

Disclosure under ASIC Act

As required by section 138, we report that ASIC did not exercise its powers under Part 15 of the Retirement Savings Account Act or under Part 29 of the Superannuation Industry Supervision Act. No relevant applications were received.

Six year summary

Business data	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Companies (total)	1,572,054	1,480,684	1,427,573	1,359,305	1,299,985	1,251,237
New companies registered	156,424	121,298	121,463	122,441	107,917	90,175
Authorised financial markets	17	15	13	8	4	4
Licensed clearing and settlement facilities	5	5	5	4	3	3
Australian financial services licensees	4,625	4,415	4,135	3,853	626	35
Registered company auditors	5,731	5,890	6,173	6,503	7,017	7,113
Registered liquidators	689	747	762	758	835	830
Registered managed investment schemes	4,680	4,310	4,093	3,765	3,487	3,265
Prospectuses lodged*	960	808	1,064	1,148	1,658	2,089
Product disclosure 'in use' notices†	10,066	12,480	12,708	7,563	579	n/a
Takeovers	65	60	68	67	55	67

ASIC performance data

Criminals jailed	21	17	27	28	29	19
Fundraising where ASIC required additional disclosure (billion)	\$17bn	\$9.5bn	\$6bn	\$4bn	\$0.4bn	\$0.3bn
Recoveries, costs, compensation, fines or assets frozen (million)	\$140m	\$215m	\$123m	\$121m	\$123m	\$110m
% successful litigation	97%	94%	94%	93%	94%	92%
Litigation concluded	430	386	193	220	222	205
Reports of crime and misconduct	10,682	12,075	10,752	9,970	9,292	7,827
Total searches of ASIC databases (million)	55m	45m	36m	36m	27m	21m
% company data lodged on time	95%	94%	94%	92%	93%	93%
Fees and charges raised for the Commonwealth (million)	\$519m	\$543m	\$531m	\$457m	\$405m	\$379m
Staff (FTEs)	1,581	1,471	1,570	1,531	1,396	1,284

Financial summary (\$m)

<i>Operations</i>						
Total operating expenses	255.7	217.5	208.0	196.2	172.6	159.9
Total operating revenue	257.8	224.7	208.0	191.3	172.5	154.3
<i>Financial position</i>						
Current assets	59.4	40.8	23.4	23.0	15.6	20.5
Non-current assets	49.8	37.4	34.8	35.2	33.3	27.7
Current liabilities	67.0	58.4	45.9	42.9	29.0	27.5
Non-current liabilities	20.8	13.2	11.2	20.2	20.9	21.6
Total equity	21.3	6.7	1.1	(4.9)	(1.0)	(0.9)

* From 11 March 2002, 'product disclosure statements' replaced 'prospectuses' for managed funds. After 11 March 2004, prospectuses were used only for company securities.

† Financial product issuers notify ASIC about the 'product disclosure statement' issued for each financial product.