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Appendices

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8.1 Appendices relating to how our people achieve our vision

The role of the Commission

The Commission is responsible for ASIC's strategic direction and priorities. The Commission meets twice each month (except January and December) to:

- › decide on matters within ASIC's regulatory functions and powers that have strategic significance
- › oversee management and operations of ASIC as an Australian Government agency.

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

For more information on ASIC's corporate structure, see Section 1.2

Commissioners are appointed by the Governor-General, on the nomination of the Treasurer.

The Treasurer may nominate only those people who are qualified by knowledge of, or experience in, business, the 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 the reasons set out in section 111 of the ASIC Act. The Remuneration Tribunal sets Commissioners' remuneration, which is not linked to their performance.

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

Chris Savundra, General Counsel, is the primary source of legal advice to the Commission, providing legal counsel to the Commission on major regulatory and enforcement matters. Kathleen Cuneo was Acting Chief Legal Officer from January 2018 to January 2019, while Chris Savundra had oversight of ASIC's work in assisting the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

Other independent legal and accounting experts also advise on specific matters.

The Commission delegates various powers and functions to executive directors, senior executive leaders, Regional Commissioners, and employees 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. The Commission held 36 meetings in 2018–19.

Table 8.1.1 Commission meetings, 2018–19

Commissioner	Eligible to attend	Attended
James Shipton	20 scheduled meetings 16 unscheduled meetings	19 16
Peter Kell	9 scheduled meetings 9 unscheduled meetings	8 7
Daniel Crennan	19 scheduled meetings 15 unscheduled meetings	18 15
Karen Chester	10 scheduled meetings 6 unscheduled meetings	10 6
Cathie Armour	20 scheduled meetings 16 unscheduled meetings	17 13
John Price	20 scheduled meetings 16 unscheduled meetings	19 14
Danielle Press	16 scheduled meetings 13 unscheduled meetings	15 12
Sean Hughes	11 scheduled meetings 8 unscheduled meetings	10 8

Note: Commission members are unable to formally form part of a Commission meeting when they are overseas, even where they join the discussion by telephone.

Unscheduled Commission meetings are called to obtain the Commission’s decision on specific issues where required outside of the meeting timetable.

The Commission also meets on a weekly basis to:

- › discuss rapidly evolving matters or those that require early input or an update on approach or strategy
- › coordinate Commissioners’ activities.

In 2018–19, ASIC began a program to reform our governance, structure and decision-making processes in light of recommendations from the Royal Commission and the application of the executive accountability regime. Phase 1 of this program is scheduled to be completed in late 2019.

Additional information on ASIC’s internal governance is published on our website.

Audit Committee and audit services

The Audit Committee operates independently of management and plays a key role in assisting the Chair to discharge his responsibilities for the efficient, effective, economical and ethical use of Commonwealth resources. The Committee does this by providing independent assurance to the Chair on ASIC's financial and performance reporting, risk oversight and management,

and system of internal control. ASIC's Audit Committee Terms of Reference are available on our website.

The Committee reviewed ASIC's 2018–19 financial statements and provided advice to the Chair and Commissioners on the preparation and review of financial statements before the Chair signed them. The Committee met four times during the year, supplemented by two special meetings.

Table 8.1.2 Audit Committee meetings, 2018–19

Member	Eligible to attend	Attended
Geoffrey Applebee		
First appointed as an independent member on 1 February 2010	4 main meetings	4
Reappointed as independent member and Chairman on 1 September 2015	2 special meetings	2
David Prothero		
First appointed as an independent member on 1 March 2011	4 main meetings	4
Reappointed as independent member and Deputy Chairman on 1 July 2016	2 special meetings	2
Retired from the Committee on 30 June 2019		
Adrian Walkden		
First appointed as an independent member on 9 November 2017	2 main meetings	2
Retired from the Committee on 31 December 2018	2 special meetings	2

Member	Eligible to attend	Attended
Cathie Armour		
ASIC Commissioner	4 main meetings	4
First appointed as a committee member on 13 June 2018	2 special meetings	2
Peter Achterstraat AM		
First appointed as a committee member on 22 February 2019	2 main meetings	2

Independent members Geoffrey Applebee and David Prothero are chartered accountants and company directors with significant financial, business and community experience. Adrian Walkden was Chief Information Officer for a separate Commonwealth entity and has significant information technology experience within an Australian Government setting. Peter Achterstraat is the NSW Productivity Commissioner and has held a number of senior NSW State Government appointments, as well as being a former Deputy Commissioner of Taxation with the ATO. The internal appointee, Cathie Armour, is a Commissioner of ASIC.

Internal audit services are provided by internal audit employees from ASIC's Internal Audit and Operational Risk team, supported by specialist private sector internal audit providers as needed. The Australian National Audit Office provides external audit services. Senior external and internal audit representatives attend Audit Committee meetings.

Geoffrey Applebee
Chairman
 Audit Committee
 July 2019

Boards, committees and panels

We actively engage with our stakeholders, including through the advisory panels listed below, to gain a deeper understanding of industry and consumer developments, consult on policy matters, and identify threats and harms in the sectors we regulate.

Australian Government Financial Literacy Board

The Australian Government Financial Literacy Board was established in 2005. It is a non-statutory body that provides independent and strategic guidance to the Government and ASIC on financial literacy and capability issues.

The Board met twice during 2018–19. It supported the launch of the 2018 National Financial Capability Strategy at Parliament House in Canberra. The Board also provided feedback on ASIC's financial capability priorities, including the design of the next generation MoneySmart website, an enhanced stakeholder engagement strategy, and improvements to the MoneySmart Teaching program.

ASIC Business Advisory Panel

The Business Advisory Panel (formerly the Business Advisory Committee) enables direct consultation with the business community about our registry and licensing services, with an emphasis on small business.

It advises on strategic direction, including proposed legislative and policy changes, as well as operations and improvement initiatives, with a focus on registry and assessing the impacts to business. Panel members are drawn from a wide range of business, industry and professional organisations.

The Panel met twice in 2018–19. Significant themes of engagement across the year were the Government proposals to modernise ASIC's business registers and introduce a Director Identification Number. The Panel's feedback on the experiences of businesses and agents in using our registry services was useful in informing the development of proposals and our improvement priorities.

Consumer Advisory Panel

The Consumer Advisory Panel (CAP) was established in 1999 and advises ASIC on current issues affecting consumers and retail investors in the financial services and wealth management industries. The CAP also informs ASIC's surveillance, enforcement, policy and financial education initiatives.

The CAP meets three times a year and a joint meeting is held annually with the Consumer Consultative Committee of the Australian Competition and Consumer Commission (ACCC).

This year, the CAP focused on the challenges faced by vulnerable consumers and specific financial issues faced by older people nearing retirement, including responsible lending for car loans and small amount loans, credit cards, buy now pay later products, reverse mortgages, debt collection and debt management practices, insurance claims handling, superannuation advice, and conflicted remuneration. The CAP also considered the effectiveness of enforceable undertakings, remediation, industry codes, and competition from a consumer perspective. It engaged with various areas of current law reform, including:

- › implementation of product intervention powers and issuer and distributor obligations
- › reform to the dispute resolution framework
- › professional standards reforms for financial advisers
- › the findings and recommendations of the Royal Commission.

Digital Finance Advisory Panel

The Digital Finance Advisory Panel (formerly the Digital Finance Advisory Committee) was established in 2015. It helps ASIC support innovation in financial services and markets. The Panel provides advice and feedback on opportunities, developments and emerging risks for start-up fintech and regtech businesses. ASIC's engagement with those businesses is channelled through its Innovation Hub.

Members are drawn from the fintech, regtech, venture capital, consumer and academic sectors, and serve in their personal capacity. Representatives of Treasury, APRA, the RBA, the Office of

the Information Commissioner, the ACCC, the Australian Transaction Reports and Analysis Centre (AUSTRAC) and Austrade attend as observers. Other agencies also attend as observers when relevant issues are being discussed.

In 2018–19, the Panel met four times and advised on topics including:

- › the impact of the Consumer Data Right, the New Payments Platform, and Open Banking on the financial technologies sector
- › the state of crypto-assets and initial coin offerings in Australia
- › ongoing reviews of the development of regulatory technologies in the region.

Director Advisory Panel

The Director Advisory Panel was established in 2013 to enable ASIC to gain a deeper understanding of developments and systemic risks in the corporate sector. Members are directors drawn from entities of various sizes, representing different sectors and locations.

In 2018–19, the Panel met twice and discussed a range of matters, including ASIC’s Corporate Governance Taskforce, the effectiveness of disclosure for consumers from a behavioural economics perspective, and the Royal Commission’s interim and final reports.

External Advisory Panel

The External Advisory Panel was established in 2009 to help ASIC gain a deeper understanding of developments and issues in the financial services industry and the markets we regulate, enabling us to be more forward-looking in examining

issues and assessing systemic risks. Members are drawn from various sectors and sit in a personal capacity.

During 2018–19, the Panel met four times and provided advice and feedback on, among other things, credit card lending, financial capability and the 2018 National Financial Capability Strategy, direct life insurance, whistleblowing reforms, and ASIC’s new supervisory approaches, including Close and Continuous Monitoring.

Financial Advisers Consultative Committee

The Financial Advisers Consultative Committee was established in 2017. It supplements ASIC’s engagement with the financial advice industry by improving our capacity to identify, assess and respond to emerging trends, and by enhancing our relationships with key stakeholders. Members are practising financial advisers with a range of skills in insurance, superannuation, self-managed superannuation funds and digital financial advice. They sit in a personal capacity.

During 2018–19, the Committee met three times and provided feedback on a range of topics, including the Royal Commission, conflicts of interest in the financial advice industry, digital advice, managed discretionary accounts, timeshare and life insurance reforms.

Markets Advisory Panel

The Markets Advisory Panel was established in 2010. It advises on ASIC’s approach to its responsibilities for day-to-day supervision of the Australian market and on broader market developments. Members are drawn

from the financial services industry, with experience in retail markets, institutional banking and asset management.

During 2018–19, the Panel met five times and provided advice on a wide range of topics, including:

- › our CCM program and onsite model for the supervision of large financial institutions
- › our reviews of exchange-traded products and high-frequency trading in the equities and foreign exchange markets
- › equity raising allocations
- › ASX CHESS replacement
- › market data costs
- › implications of the Royal Commission
- › applications and risks of artificial intelligence and machine learning in financial markets.

Disciplinary or peer review panels

The panels listed below have disciplinary or peer review functions and assist in our regulatory decision making.

Financial Services and Credit Panel

The Financial Services and Credit Panel (FSCP) comprises a pool of industry participants from which sitting panels are drawn. These panels add an element of peer review to the administrative decision-making process and make decisions about whether to ban individuals from providing financial services or engaging in credit activities. A matter may be referred to the FSCP where we

consider it appropriate for peer review because of its significance, complexity or novelty.

The FSCP consists of part-time members who are leaders in the financial services and consumer credit industry. Each sitting panel consists of two members from the FSCP and an ASIC employee member.

During 2018–19, the FSCP made banning orders against four individuals, including Jeffrey Worboys and Matthew Barnett. Mr Worboys and Mr Barnett were banned from providing financial services for six years due to their failure to exercise the required degree of care and diligence and to act in the best interests of the members of a managed investment scheme they operated.

Liquidator Registration and Disciplinary Committees

Applications for registration as a liquidator, and potential disciplinary action against registered liquidators, are referred to specially convened committees.

Each committee consists of an ASIC Chair, a registered liquidator chosen by the Australian Restructuring, Insolvency and Turnaround Association, and a person appointed by the Minister.

During 2018–19, ASIC registered a total of 12 liquidators, including five who had applied for registration in the prior year. ASIC received and referred 11 new applications for registration as a liquidator to the committees. Seven of these new applicants were registered, two were registered with conditions, two were not registered, and the outcome of the remaining two applications is yet to be determined.

The disciplinary committee heard one disciplinary matter and determined to cancel the registration of a Brisbane-based registered liquidator. A further three registered liquidators were referred to the committee and the referrals had not been heard by 30 June 2019.

The register of liquidators and a summary of disciplinary actions taken can be found on the ASIC website.

Markets Disciplinary Panel

The Markets Disciplinary Panel (MDP) is a peer review panel engaged by ASIC to make decisions about whether infringement notices should be given to market participants for alleged contraventions of the market integrity rules. It consists of part-time members with extensive market or professional experience. Matters are referred to the MDP by ASIC as an alternative to bringing civil proceedings.

During 2018–19, the MDP issued infringement notices in respect of two matters:

- › UBS Securities Australia Ltd paid a \$120,000 infringement notice in connection with transactions that the MDP considered were not made in the ordinary course of trading and were not in accordance with instructions of UBS's clients
- › Macquarie Securities (Australia) Limited paid a \$300,000 infringement notice in connection with orders and trade reports that the MDP considered did not comply with the rules about regulatory data.

The MDP has had one instance of non-compliance with an infringement notice. In that matter, ASIC commenced civil penalty proceedings in the Federal Court in relation to alleged breaches of the market integrity rules by State One Stockbroking Limited (State One). On 20 November 2018, the court found that State One had failed to maintain the necessary organisational and technical resources for post-trade alerts and it placed bids on behalf of a client that it ought reasonably have suspected had the intention of creating a false or misleading appearance in the market for, or price of, those securities. The court directed State One to pay penalties totalling \$350,000. State One also agreed to pay \$150,000 to ASIC for its legal and investigative costs for the matter.

The infringement notices issued by the MDP are published on the MDP Outcomes Register on the ASIC website. Compliance with an infringement notice is not an admission of guilt or liability, and the market intermediary is not taken to have contravened subsection 798H(1) of the Corporations Act.

ASIC's people

ASIC continues to attract and retain highly skilled employees who are instrumental in ensuring that we carry out our regulatory functions and achieve our regulatory goals.

As at 30 June 2019, ASIC had a total of 1,701 employees. Table 8.1.3 shows a breakdown by location for each classification and Table 8.1.4 provides a detailed picture of the gender breakdown of our people.

Table 8.1.3 ASIC employees (FTE), by location, 2018–19

Roles	Vic.	NSW	Qld	WA	SA	Tas	ACT	NT	Total
Chair	1	–	–	–	–	–	–	–	1
Deputy Chair	1	1	–	–	–	–	–	–	2
Member	3	1	–	–	–	–	–	–	4
SES	13	26	–	1	1	–	1	–	42
Exec 2	169	249	35	25	8	7	6	–	499
Exec 1	118	202	41	32	11	4	4	1	413
ASIC 4	130	115	42	23	11	3	1	–	325
ASIC 3	102	68	24	14	6	1	2	–	217
ASIC 2	143	13	12	1	2	1	–	–	172
ASIC 1	22	–	–	–	–	–	–	–	22
ASIC Act	–	4	–	–	–	–	–	–	4
Total	702	679	154	96	39	16	14	1	1,701

Notes:

1 Net average number over 12 months on net FTE basis (i.e. excluding FTEs working on capital projects).

2 Includes staff at the Superannuation Complaints Tribunal and the CADB.

3 Excludes contractors and secondments from other agencies.

Note: Data rounded – some totals and subtotals may vary.

Table 8.1.4 Combined totals for Commissioners and for employees under the ASIC Act and under the Public Service Act 1999, by gender, 2018–19

Roles	Ongoing				Non-ongoing				Total
	Full-time		Part-time		Full-time		Part-time		
	Female	Male	Female	Male	Female	Male	Female	Male	
Appointee	–	–	–	–	3	4	–	–	7
Chair	–	–	–	–	–	1	–	–	1
Deputy Chair	–	–	–	–	1	1	–	–	2
Member	–	–	–	–	2	2	–	–	4
ASIC Act employees	1	1	–	–	9	11	1	–	23
SES	–	1	–	–	7	10	1	–	19
Other ASIC Act employees	1	–	–	–	2	1	–	–	4
Public Service Act employees	611	629	197	34	101	74	19	6	1,671
SES	10	9	3	1	–	–	–	–	23
Exec 2	162	225	69	15	11	16	1	–	499
Exec 1	120	192	49	8	21	19	4	–	413
ASIC 4	156	98	24	–	26	16	3	1	324
ASIC 3	81	75	16	2	24	15	1	3	217
ASIC 2	76	29	33	7	15	5	6	2	173
ASIC 1	6	1	3	1	4	3	4	–	22
Total	612	630	197	34	113	89	20	6	1,701

Table 8.1.5 shows how our regulatory resources are deployed, breaking down employee numbers according to the number of full-time equivalent (FTE) employees per regulatory team.

Table 8.1.5 FTE employees for each ASIC regulatory team, 2018–19

Team	Total net FTE
Markets	
Corporations	38
Financial Reporting and Audit	28
Insolvency Practitioners	24
Market Infrastructure	30
Market Supervision	86
Wealth Management	
Financial Advisers	43
Investment Managers	34
Superannuation	22
Financial Services	
Credit, Retail Banking and Payments	53
Insurers	22
Financial Capability	43
Close and Continuous Monitoring	9
Office of Enforcement	
Financial Services Enforcement	
Financial Services Enforcement	36
Wealth Management Enforcement – Major Financial Institutions	60
Wealth Management Enforcement	31
Markets Enforcement	
Corporations and Corporate Governance	36
Enforcement WA and Criminal Intelligence Unit	34
Markets Enforcement	42

Team	Total net FTE
Other	
Assessment and Intelligence	146
Registry	194

Note: the figures in the above table are indicative only and do not reflect the following additional employees:

- › an additional 54 FTE staff are employed to work on ESA matters
- › an additional 78 FTE staff provide enforcement support services and legal counsel.

Most of our staff are employed under the ASIC Enterprise Agreement 2019–22, which is ongoing. Table 8.1.6 shows the industrial arrangements for all ASIC employees. Table 8.1.7 shows the salary ranges per annum for ASIC employees.

We continue to provide our people with the opportunity to receive an annual performance bonus. Table 8.1.8 shows the performance payments we made in 2018–19.

Table 8.1.6 Industrial arrangements for ASIC employees as at 30 June 2019¹

Classification	ASIC Act s120(3)	AWA ²	EA ³	Total
ASIC 1	–	–	23	23
ASIC 2	–	–	198	198
ASIC 3	–	–	270	270
ASIC 4	–	–	373	373
Exec 1	–	–	482	482
Exec 2	–	–	605	605
SES	19	11	18	48
ASIC Act	5	–	–	5
Total	24	11	1,969	2,004

1 The number of industrial arrangements for ASIC employees is calculated based on total headcount as at 30 June 2019, rather than FTE. This is because each industrial instrument belongs to an individual, regardless of their work pattern, and our obligations against those instruments relate to a number of people, not FTE.

2 Australian workplace agreement.

3 Enterprise agreement.

Table 8.1.7 Salary ranges per annum

Classification	Minimum per annum	Maximum per annum
ASIC 1	\$45,004	\$50,735
ASIC 2	\$52,339	\$63,871
ASIC 3	\$66,714	\$78,002
ASIC 4	\$79,830	\$92,179
Exec 1	\$104,617	\$123,432
Exec 2	\$118,513	\$169,387
SES	\$180,000	\$319,884

Table 8.1.8 Performance payments, 2018–19, by classification

Classification	No. of recipients	Aggregate	Minimum	Maximum	Average
ASIC 4	263	\$950,285	\$557	\$13,361	\$3,613
Exec 1	438	\$2,423,155	\$609	\$18,917	\$5,532
Exec 2	605	\$5,397,077	\$1,403	\$28,477	\$8,921
SES	46	\$839,007	\$6,983	\$36,305	\$18,239

Note: This table includes payments for the 2017–18 performance year that were paid in 2018–19, plus any pro-rata payments for the 2018–19 performance year for employees who left ASIC in 2018–19.

Table 8.1.9 Information about remuneration for key management personnel (KMP)¹

Name	Position title	Short-term benefits			Other benefits and allowances (\$)	Post-employment benefits		Other long-term benefits	Termination benefits (\$)	Total remuneration
		Base salary (\$)	Bonuses ⁶ (\$)	Other benefits		Superannuation contributions (\$)	Long service leave			
James Shipton	Chair ²	758,535	–	–	–	25,000	18,331	–	–	801,866
Daniel Grennan	Deputy Chair ²	588,433	–	58,213 ⁷	–	23,846	13,871	–	–	684,363
Karen Chester	Deputy Chair ²	244,131	–	–	–	23,430	5,620	–	–	273,181
John Price	Commissioner ²	465,606	–	–	–	70,265	37,047	–	–	572,918
Peter Kell	Deputy Chair ²	214,178	–	–	–	33,399	6,035	–	–	253,612
Catherine Armour	Commissioner ²	533,693	–	–	–	25,000	12,915	–	–	571,608
Danielle Press	Commissioner ²	438,327	–	–	–	19,519	10,085	–	–	467,931
Sean Hughes	Commissioner ²	332,749	–	–	–	49,504	7,899	–	–	390,152
Christopher Savundra	General Counsel	320,423	23,511	29,738	–	25,000	8,365	–	–	407,037
Carlos Iglesias	Executive Director	314,423	12,768	32,362	–	54,662	7,953	–	–	422,168
Greg Kirk	Executive Director	303,285	30,215	29,738	–	53,523	7,604	–	–	424,365

		Short-term benefits			Post-employment benefits	Other long-term benefits	Termination benefits	Total remuneration
Rosanne Bell	Executive Director Registry ³	146,123	10,265	11,904	23,309	3,647	–	195,248
Timothy Mullaly	Executive Director Financial Services Enforcement ³	140,164	2,933	11,904	23,846	3,645	–	182,492
Warren Day	Executive Director Assessment and Intelligence ³	146,915	7,332	11,904	25,667	3,581	–	195,399
Joanna Bird	Executive Director Wealth Management ³	154,083	10,137	13,643	15,540	3,564	–	196,967
Michael Saadat	Executive Director Financial Services ³	152,560	7,241	13,725	23,951	3,598	–	201,075
Sharon Concisom	Executive Director Markets Enforcement ³	152,075	4,399	11,904	23,434	3,644	–	195,456

		Short-term benefits			Post-employment benefits	Other long-term benefits	Termination benefits	Total remuneration
Greg Yanco	Executive Director Markets ³	140,193	7,476	13,725	21,182	3,717	–	186,293
Kathleen Cuneo	Acting Chief Legal Officer ⁴	135,870	20,820	17,156	24,869	3,406	–	202,121
Matthew Abbott	Senior Executive Leader Corporate Affairs ⁵	147,738	4,326	16,013	12,125	3,596	–	183,798
Clare Lewis	Senior Executive Leader Internal Audit and Operational Risk ⁵	140,517	6,865	16,013	11,766	3,421	–	178,582
Helen O'Loughlin	Chief of Staff ⁵	142,859	16,071	16,013	13,462	3,640	–	192,045

1 This table is prepared on an accrual basis.

2 The remuneration for these positions is set by the Remuneration Tribunal. This is outlined in the Remuneration Tribunal (Remuneration and Allowances for Holders of Full-time Public Office) Determination 2018.

3 Part year remuneration disclosure – commenced as a KMP on 14 January 2019.

4 Part year remuneration disclosure – ceased as a KMP on 30 January 2019.

5 Part year disclosure – ceased as a KMP on 13 January 2019.

6 Bonus expenses reported in the financial statements relating to 2018–19 service were based on the best estimate available when approved. The bonus amounts reported above have incorporated subsequent information.

7 This disclosure includes relocation and housing expenses paid in accordance with ASIC's relocation policy.

Table 8.1.10 Information about remuneration for senior executives¹

Total remuneration bands (\$)	Number of senior executives	Short-term benefits			Post-employment benefits		Other long-term benefits		Termination benefits		Total remuneration
		Average base salary (\$)	Average bonuses (\$)	Average other benefits and allowances (\$)	Average superannuation contributions (\$)	Average long service leave	Average other long-term benefits	Average termination benefits (\$)	Average total remuneration (\$)		
0–220,000	24	100,466	5,915	10,094	15,254	2,494	–	1,917	136,140		
220,001–245,000	3	171,744	9,429	12,423	31,085	4,277	–	–	228,958		
245,001–270,000	1	180,039	21,251	23,790	32,693	4,410	–	–	262,183		
270,001–295,000	2	207,073	10,424	27,765	33,536	5,247	–	–	284,045		
295,001–320,000	4	237,665	10,347	28,506	24,073	5,732	–	–	306,323		
320,001–345,000	5	237,590	19,310	27,510	43,219	5,888	–	–	333,517		
345,001–370,000	3	266,853	22,318	27,180	38,873	6,595	–	–	361,819		
370,001–395,000	2	292,974	22,223	27,765	34,528	7,324	–	–	384,814		

¹ This table is prepared on an accrual basis.

Table 8.1.11 Information about remuneration for other highly paid staff¹

Total remuneration bands (\$)	Number of senior executives	Short-term benefits		Average other benefits and allowances (\$)	Post-employment benefits	Other long-term benefits	Termination benefits	Total remuneration
		Average base salary (\$)	Average bonuses (\$)					
220,001–245,000	16	187,439	11,972	–	30,293	4,342	–	234,046
245,001–270,000	13	201,412	14,385	4,168	31,442	5,043	–	256,450
270,001–295,000	1	201,839	14,114	29,738	37,794	5,024	–	288,509
295,001–320,000	2	251,827	9,156	12,896	33,097	6,263	–	313,239

¹ This table is prepared on an accrual basis.

8.2 Appendices relating to assessments

Assessing misconduct and other reports

Misconduct reports from the public

We record and assess every report of alleged misconduct that we receive and we use this information to identify and respond to misconduct.

In 2018–19, we dealt with 10,249 reports of alleged misconduct. Table 8.2.1 below shows the outcome of the misconduct reports received by ASIC during the financial year.

Table 8.2.1 Misconduct issues, by category, 2018–19

Category	2018–19
Corporations and corporate governance	
Governance issues	13%
Failure to provide books and records or a report as to affairs to an insolvency practitioner	8%
Fraud allegations	3%
Insolvency practitioner misconduct	3%
Insolvency matters	3%
Other (e.g. shareholder issues, reporting issues)	15%
Subtotal	45%
Financial services and retail investors	
Credit issues	13%
Operating an unregistered managed investment scheme or providing financial services without an AFS licence	6%
General licence obligations	6%
Other (e.g. insurance, advice, misleading or deceptive conduct, unconscionable conduct)	11%
Subtotal	36%

Category	2018–19
Market integrity – including insider trading, continuous disclosure, misleading statements, and market manipulation	9%
Registry integrity – including incorrect address recorded on ASIC’s register, lodging false documents with ASIC, and issues with business names	4%
Subtotal	13%
Issues out of ASIC’s jurisdiction	6%
Total	100%

Table 8.2.2 Misconduct issues, by outcome, 2018–19

Misconduct reports	Number
Total misconduct reports finalised¹	10,249
Outcome	Percentage
Referred for action by ASIC²	21%
Resolved³	12%
Compliance achieved	2%
Warning letter issued	4%
Referred for internal or external dispute resolution	6%
Assistance provided	<0.5%
More appropriate agency	<0.5%
Analysed and assessed for no further action⁴	54%
Insufficient evidence	41%
No action	13%
No jurisdiction⁵	9%
No breach or offences	4%
Total	100%

- 1 Where ASIC receives reports about the same entity and issue, we merge these matters.
- 2 The matters ASIC takes into account when deciding whether or not to commence a formal investigation are set out in more detail in Information Sheet 151 *ASIC's approach to enforcement*.
- 3 This can involve referral to an EDR scheme, ASIC issuing a warning letter to the party that may be in breach of the Corporations Act, ASIC providing assistance to the reporter in the form of guidance and information about how best to resolve the matter themselves, or ASIC taking action to achieve compliance.
- 4 Preliminary inquiries made and information provided analysed and assessed for no further action by ASIC, due to insufficient evidence or other reason, such as where another agency or law enforcement body or third party (e.g. a liquidator) is better placed to appropriately deal with the underlying issues or is already taking action.
- 5 Where relevant, ASIC directs reporters to the appropriate agency or solution.

Breach reports from licensees and auditors

The Corporations Act requires AFS licensees to tell us in writing within 10 business days about any significant breach (or likely breach) of their obligations. We also receive breach reports from auditors

who have reasonable grounds to suspect a breach of the Corporations Act by the company, managed investment scheme or AFS licensee that they are appointed to audit.

Table 8.2.3 provides a breakdown of the breach reports we assessed in 2018–19 by type and outcome.

Table 8.2.3 Breach reports by type and outcome, 2018–19

Breach	
Type	Number
Auditor breach reports	705
Breach reports about AFS licensees and managed investment schemes	2,173
Total breach reports finalised	2,878
Outcome	
Referred for action by ASIC	
Referred for compliance, investigation or surveillance	19%
Assist existing investigation or surveillance	3%
Analysed and assessed for no further action	
No further action	78%
No offence identified	<0.5%
Total	100%

For more information about the matters that require an auditor to report a breach of the law to ASIC, see sections 311, 601HG and 990K of the Corporations Act.

Statutory reports from liquidators, administrators and receivers

The Corporations Act requires liquidators, administrators and receivers (i.e. external administrators) to report to ASIC if they suspect that company officers are guilty of an offence. Liquidators must also report if the return to unsecured creditors may be less than 50 cents in the dollar.

Table 8.2.4 provides details of the statutory reports that we assessed in 2018–19 by type and outcome.

Table 8.2.4 Statutory reports from liquidators, administrators and receivers, 2018–19

Type	Number
Initial reports from liquidators, administrators and receivers¹	8,106
Reports alleging misconduct	7,227
Reports not alleging misconduct	879
Supplementary reports alleging misconduct	515
Total statutory reports finalised (initial + supplementary)	8,621
Outcome	Percentage
Supplementary report analysed and assessed, no further information required²	76%
Supplementary reports referred	24%
Referred for compliance, investigation or surveillance	22%
Assisted existing investigation or surveillance	2%
Total	100%

1 We requested a further report (supplementary report) from the external administrator in 14% of cases.

2 There was insufficient evidence to warrant commencing a formal investigation in 87% of the cases where a supplementary report was requested and subsequently it was determined that no further information was required. We retain these reports for intelligence purposes for possible future use.

ASIC's use of compulsory information-gathering powers

Since 2010–11, ASIC has reported the use of significant compulsory information-gathering powers under statute. This appendix discloses data by number of instances in 2018–19, with comparative data for 2017–18.

Table 8.2.5 Use of significant compulsory information-gathering powers

Use of significant compulsory information-gathering powers		Number of notices 2018–19	Number of notices 2017–18
Appear for examination			
ASIC Act, s19 ¹	Requirement to appear for examination	589	650
ASIC Act, s58	Power to summons a witness and take evidence	0	0
National Credit Act, s253 ¹	Requirement to provide reasonable assistance	22	50
Give reasonable assistance			
Corporations Act, s1317R	Power to require assistance in prosecutions	13	25
ASIC Act, s49(3)	Power to require reasonable assistance in prosecutions	14	24
National Credit Act, s51	Requirement to provide reasonable assistance	1	0
Corporations Act, s601FF	Power to conduct surveillance/monitor managed investment scheme	0	0
National Credit Act, s274(4)	Requirement to provide reasonable assistance	0	0
Corporations Act, s912E	Power to require assistance and disclosure of books and information from an AFS licensee	148	412

Use of significant compulsory information-gathering powers		Number of notices 2018–19	Number of notices 2017–18
Produce documents			
National Credit Act, s266	Requirement to produce books (credit activities)	91	123
National Credit Act, s267	Requirement to produce books	128	114
ASIC Act, s30	Notice to produce books about affairs of body corporate or registered scheme	899	1,014
ASIC Act, s31	Notice to produce books about financial products	27	74
ASIC Act, s32A	Notice to produce books about financial services	4	7
ASIC Act, s33	Notice to produce books in person's possession	1,433	1,470
Provide access			
ASIC Act, s29	Power to inspect books	0	0
Corporations Act, s821D	Power to require access to a CS facility	0	0
Provide information			
ASIC Act, s12GY(2)	ASIC to require claims to be substantiated	0	0
ASIC Act, s37(9)(a)	Power requiring explanation of books	2	0
Corporations Act, s601HD	Power to request information about compliance plan of a registered scheme	0	0
National Credit Act, s49(1)	Requirement to provide information (statement)	126	138

Use of significant compulsory information-gathering powers		Number of notices 2018–19	Number of notices 2017–18
Corporations Act, s912C	Power to require information from an AFS licensee	735	640
National Credit Act, Sch 2 item 17	Power to require information (obtain statement or audit report)	0	0
Corporations Act, s672A	Power to require disclosure of relevant interests	8	45
Corporations Act, s672B	Power to require disclosure of relevant interests	0	0
National Credit Act, s37(4)	Power to request information or audit report from licence applicant	0	0
Corporations Act, s792D	Power to require reasonable assistance from a market licensee	3	13
Provide information and produce books			
ASIC Act, s30A	Notice to auditors requiring information or books	35	43
ASIC Act, s30B	Notice to registered liquidators requiring information or books	6	3
Search warrants			
<i>Crimes Act 1914</i> , s3E	Warrants to search premises/conveyance or person	66 ²	55
ASIC Act, s36	Warrant to search premises	0	0

1 These notices may include directions to provide reasonable assistance or produce documents.

2 Of the 66 warrants issued (for 13 individual investigations) in 2018–19, 57 were executed.

Table 8.2.6 Use of other powers

Use of other powers		Number of notices 2018–19	Number of notices 2017–18
Obligations of carriers and carriage service providers			
<i>Telecommunications Act 1997, s313</i>	Request for help as is reasonably necessary for enforcing the criminal law and laws imposing pecuniary penalties	0	0
Provide documents, information or evidence			
<i>Mutual Assistance in Business Regulation Act 1992, s10(2)</i>	Requirement to produce documents, to give information or to appear to give evidence and produce documents	30	31

Licensing and professional registration activities

ASIC assesses applications for AFS licences and credit licences. We also maintain a number of professional registers for registered companies, SMSFs, auditors and liquidators.

Our licensing and registration function is an important element of our regulatory framework as it governs entry into the financial system. We use a risk-based approach to assessment, with the aim of devoting the most resources to assessing the most complex and high-risk applications. This is to ensure that only suitable persons and organisations are licensed or registered.

Examples include four instances where applicants challenged ASIC’s decision to refuse to grant them a financial services licence because we were not satisfied that they were suitable, by appealing our refusal to the Administrative Appeals Tribunal (AAT). The AAT upheld ASIC’s decision to refuse to grant an AFS licence

in all four instances. In a fifth case, the applicant agreed to tailored licence conditions to appropriately address ASIC’s concerns. This was then confirmed by the AAT.

In 2018–19, we assessed over 2,080 applications for AFS licences and credit licences. We approved over 800 AFS licences, 4 limited AFS licences and 356 credit licences.

Of the 1,178 AFS licence and credit licence applications that were approved (including both new licences and licence variations), 711 (60%) were approved in a form different in scope from the licence authorisations sought by the applicant or the standard conditions. For AFS licence applications, approximately 57% were approved with changes to the form of the licence, while for credit licence applications this proportion was approximately 68%.

There were 1,592 financial services licence applications under consideration during the relevant period. Of these, 822

were approved, 134 were rejected for lodgement due to material deficiencies, 172 were withdrawn, 9 were refused and the remaining 455 were still under assessment. Of the 822 approved applications, 467 (57%) were approved with alterations to the original application.

There were 682 credit licence applications under consideration during the relevant period. Of these, 356 were approved, 67 were rejected for lodgement due to material deficiencies, 154 were withdrawn and the remaining 104 were

under assessment. Of the 356 approved applications, 244 (68%) were approved with alterations to the original application.

We assessed over 218 applications for registration as auditors (including company auditors and SMSF auditors). Of these applications, we approved 148, 1 was rejected due to material deficiencies and 58 were withdrawn. We also cancelled or suspended 568 registrations.

Table 8.2.7 provides a breakdown of the type and number of applications we assessed in 2018–19 compared to 2017–18.

Table 8.2.7 ASIC's licensing and professional registration activities

	2018–19	2017–18
AFS licences, including limited AFS licences (new and variations)		
Approved	822	758
Refused/Withdrawn	315	410
Cancelled/Suspended	358	204
In progress	455	561
Australian credit licences (new and variations)		
Approved	356	430
Refused/Withdrawn	221	188
Cancelled/Suspended	552	331
In progress	104	204
Registered auditors – registered company auditors, authorised audit company and SMSF auditors		
Approved	148	195
Refused/Withdrawn	59	95
Cancelled/Suspended	568	632
In progress	11	39

Registered liquidators

Approved	12	–
Refused/Withdrawn	2	–
In progress	9	–

Reports required under statute and other reporting requirements

ASIC Act

As required by section 136(1)(a), ASIC reports that in 2018–19 we issued one legislative instrument under the SIS Act, namely ASIC legislative instrument 2018/1080 made on 14 December 2018 under section 335 in Part 29 of the SIS Act.

We did not exercise our powers under Part 15 of the *Retirement Savings Account Act 1997*.

As required under section 136(1)(c), ASIC reports that during 2018–19 we conducted one joint inspection with the US Public Company Accounting Oversight Board under the terms of an agreement between the two organisations. We did not conduct any joint inspections with the Canadian Public Accountability Board or the Luxembourg Commission de Surveillance du Secteur Financier or share any information with them under the relevant provisions of the ASIC Act during 2018–19.

Commonwealth fraud control guidelines

ASIC has a fraud control policy and plan in place, which is reviewed every two years and approved by the Operational Risk Committee. We have appropriate fraud prevention, detection, investigation and reporting mechanisms in place, considering the nature of ASIC's activities. We have taken all reasonable measures to deal appropriately with fraud.

External scrutiny of our agency

Financial Services Royal Commission

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry was announced on 30 November 2017 and the Hon. Kenneth Hayne AC QC was appointed as Commissioner on 14 December 2017. The Commissioner provided the final report of the Royal Commission to Government on 1 February 2019.

On 4 February 2019, the Treasurer released the Government's response to the Royal Commission. ASIC published an update in February 2019 on our planned actions

to implement the Royal Commission recommendations. The Royal Commission reinforced and informed the program of change that ASIC began in 2018 and is continuing to implement.

For more information on the Royal Commission, see Section 1.8

Judicial decisions and decisions of administrative tribunals

There were no judicial decisions, administrative tribunal decisions, or decisions by the Australian Information Commissioner in 2018–19 that have had, or may have, a significant impact on ASIC's operations.

Australia's Financial Reporting Council Auditor Disciplinary Processes

In April 2019, the Financial Reporting Council (FRC) released its report, which made a number of recommendations for improvement in the processes of ASIC, the CADB, Chartered Accountants ANZ, CPA Australia, and the IPA. The report focused on matters related to taking enforcement actions against or disciplining registered company auditors (RCAs) who do not meet the standards expected of them.

The FRC report was partly a response to a recommendation by the PJC for a review of ASIC's enforcement powers in relation to auditors.

The report recommended that ASIC:

- › have better integrated systems to track enforcement matters across ASIC and a more structured approach to auditor surveillance matters:

- On 1 June 2018, we introduced a new workflow system for ASIC regulatory and enforcement activities, common across all ASIC teams, including our surveillance of potential RCA misconduct matters. This system will capture processes, documents and decision points in a common structured way using consistent terminology across ASIC.

- › should evaluate its criteria for audit enforcement actions and explain how the 'Why not litigate?' operational self-discipline would apply to RCA misconduct matters:
 - ASIC will re-evaluate its criteria for taking auditor enforcement actions, and the types of outcomes that it may seek, including the use of enforceable undertakings and referrals of matters to the CADB as part of our implementation of the new Office of Enforcement.
- › should consider the division of resources between audit inspection and financial reporting surveillance work:
 - Audit firm inspections, surveillances on audits of concern, and financial reporting surveillances are all conducted within ASIC's Financial Reporting and Audit team.
 - Resources will continue to be dynamically allocated within the team to achieve the best outcomes for quality financial reporting supported by quality audits.
- › should publish the results of audit inspections in greater detail, including naming firms:

- ASIC has decided to publish the percentage of findings for named audit firms in its next audit firm inspection report.

Reports by Parliamentary Joint Committees

In 2018–19, ASIC contributed to the following responses and reports produced by the Parliamentary Joint Committee on Corporations and Financial Services:

- › *Oversight of ASIC, the Takeover Panel and the Corporations Legislation No. 1 of the 45th Parliament*, 1 May 2019
- › *The operation and effectiveness of the Franchising Code of Conduct*, 14 March 2019
- › *Options for greater involvement by private sector life insurers in work rehabilitation*, 24 October 2018.

Senate Standing Committees

During 2018–19, ASIC testified before the Senate Economics Committees numerous times and provided answers to Questions on Notice.

ASIC was involved in the following reports finalised by the Senate Economics Committees:

- › Standing Committee on Economics, *Review of the Australian Securities and Investments Commission Annual Report 2017*, tabled 10 September 2018
- › Senate Economics Legislation Committee, *Banking System Reform (Separation of Banks) Bill 2019*, 8 May 2019

- › Senate Economics Legislation Committee, *Parliamentary Joint Committee on the Australia Fund Bill 2018*, 3 April 2019
- › Senate Economics Legislation Committee, *Lower Tax Bill 2018*, 2 April 2019
- › Senate Economics Legislation Committee, *Australian Business Securitisation Fund Bill 2019 [Provisions]*, 26 March 2019
- › ASIC also contributed to the following reports:
 - *Banking System Reform (Separation of Banks) Bill 2019*, 8 May 2019
 - *Parliamentary Joint Committee on the Australia Fund Bill 2018*, 3 April 2019
 - *Lower Tax Bill 2018*, 2 April 2019
 - *Australian Business Securitisation Fund Bill 2019 [Provisions]*, 26 March 2019
 - *Parliamentary Joint Committee on Corporations and Financial Services, Oversight of ASIC, the Takeover Panel and the Corporations Legislation No. 1 of the 45th Parliament*, 1 May 2019
 - *Parliamentary Joint Committee on Corporations and Financial Services, The operation and effectiveness of the Franchising Code of Conduct*, 14 March 2019
 - *Parliamentary Joint Committee on Corporations and Financial Services, Options for greater involvement by private sector life insurers in work rehabilitation*, 24 October 2018.

Other reports

This financial year, there were no:

- › statements of significant issues reported to the Minister relating to ASIC's non-compliance with finance law

- › reports issued by the Auditor-General relating to the financial statements of Australian Government entities
- › capability reviews of ASIC.

ASIC was examined in the report on the Commonwealth Ombudsman's monitoring of agency access to stored communications and telecommunications data under Chapters 3 and 4 of the *Telecommunications (Interception and Access) Act 1979*, issued in November 2018.

Freedom of Information Act 1982

Members of the public have the 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, state that they are made under the FOI Act, provide information to identify the documents requested, and provide details of where notices under the FOI Act can be sent to the applicant.

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

or you may lodge a mail request to:

Senior Manager
Administrative Law Team
GPO Box 9827
Melbourne VIC 3001

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

Categories of documents in ASIC's possession include, for 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.

And, for other matters, categories of documents include:

- › 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 employee 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 information (in the ASCOT database).

Members of the public can inspect ASIC regulatory documents, information brochures, media releases, reports, legislative instruments and other regulatory publications on our website.

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, telephone 1300 304 197.

Information from ASIC's registers and databases that is available to the public for the payment of a fee cannot be obtained under the FOI Act.

Agencies subject to the FOI Act must publish information for the public as part of the Information Publication Scheme. This requirement is in Part 2 of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report.

ASIC's Information Publication Scheme Plan, showing what information is published in accordance with the scheme requirements, can be found at <https://asic.gov.au/about-asic/freedom-of-information-foi/information-publication-scheme/>.

Grants programs

The Assetless Administration Fund (AA Fund) is a grant scheme established by the Government and administered by ASIC. The scheme may fund liquidators for:

- › preliminary investigations and reports into the failure of companies with few or no assets, where it appears that enforcement action may result from the investigations and reports
- › the winding up of companies under Part 5.4C of the Corporations Act
- › actions to recover assets where fraudulent or unlawful phoenix activity is suspected
- › review and reporting by a reviewing liquidator of companies in external administration involving suspected illegal phoenix activity.

On 1 July 2018, ASIC was allocated \$4.610 million. On 1 January 2019, an increase in funding of \$1.238 million was allocated to help fund liquidators taking asset recovery action, in particular relating to illegal phoenix activity. The total funding allocation for 2018–19 was \$5.848 million. ASIC paid and committed the amount of \$3.651 million to liquidators in 2018–19.

In 2018–19, under the grant scheme, ASIC received 724 applications for funding comprising:

- › 582 banning (EX02) applications
- › 141 'Matters other than s206F – Director banning' (EX03) applications
- › 1 application for a liquidator to recover assets.

ASIC granted funding for:

- › 226 banning (EX02) applications
- › 69 'Matters other than s206F – Director banning' (EX03) applications
- › 1 application for a liquidator to recover assets.

ASIC appointed liquidators and funded:

- › 15 windings up of abandoned companies
- › 2 reviewing liquidators to report on eight matters.

Reports funded by the AA Fund assisted in approximately 88% of director bannings (44 out of 50).

Information on grants by ASIC under the AA Fund can be found at www.asic.gov.au/for-finance-professionals/registered-liquidators/your-ongoing-obligations-as-a-registered-liquidator/assetless-administration-fund/.

8.3 Appendices relating to statements required by law

Portfolio budget statement outcomes

Table 8.3.1 Agency resource statement, 2018–19

		Actual available appropriation for 2018–19 \$'000	Cash payments made ¹ 2018–19 \$'000	Balance remaining 2018–19 \$'000
Ordinary annual services²				
Departmental				
Departmental appropriation ³		579,221	393,672	185,549
Administered expenses				
Outcome 1 – Bill 1				
Administration fund		19,683	14,905	N/A
Total ordinary annual services	A	598,904	408,577	N/A
Other services				
Departmental non-operating				
Equity injections ⁴		15,304	13,069	2,235
Total other services	B	15,304	13,069	2,235
Total available appropriations (A+B)		614,208	421,646	N/A
Special appropriations limited by criteria/amount				
Banking Act 1959		N/A	16,535	N/A
Life Insurance Act 1995		N/A	4,081	N/A
Total special appropriations	C	N/A	20,616	N/A
Total appropriations excluding special accounts (A+B+C)		614,208	442,261	N/A

		Actual available appropriation for 2018–19 \$'000	Cash payments made ¹ 2018–19 \$'000	Balance remaining 2018–19 \$'000
Special Account⁵				
Opening balance		59,135	N/A	N/A
Appropriation receipts		36,217	N/A	N/A
Costs recovered		2,213	N/A	N/A
Payments made		N/A	34,611	N/A
Total special account	D	97,565	34,611	N/A
Total resourcing (A+B+C+D)		711,773	476,872	N/A
Less appropriations drawn from annual appropriations above and credited to special accounts		(36,217)	N/A	N/A
Total net resourcing for ASIC		675,556	476,872	N/A

1 Does not include GST.

2 Appropriation Bill (No. 1) 2018–19, Appropriation Bill (No. 3) 2018–19, prior year departmental appropriation and section 74 relevant agency receipts.

3 Includes \$24.345 million for the Departmental Capital Budget. For accounting purposes, this amount has been designated as 'contributions by owners'.

4 Appropriation Bill (No. 2) 2018–19.

5 Does not include Special Public Money.

Table 8.3.2 Expenses by outcome

	Budget ¹ 2018–19 (1) \$'000	Actual expenses 2018–19 (2) \$'000	Variance column (1) minus column (2) \$'000	
Outcome 1: Improved confidence in Australia’s financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets, and delivering efficient registry systems.				
A	Administered expenses funded by administered appropriations	19,683	13,523	6,160
B	Departmental expenses funded by departmental appropriations and own-source revenue	384,843	431,643	(46,800)
Total for Outcome 1 (A+B)		404,526	445,166	(40,640)
Average FTE ²		1,719	1,700	19

1 Based on the 2018–19 forecast as set out in ASIC’s 2018–19 Portfolio Budget Statements.

2 2018–19 Portfolio Budget Statements quoted the average staffing level, which is different from FTE. The average staffing level includes employees working on capital projects, while the FTE excludes employees working on capital projects.

Managing property vested in ASIC or the Commonwealth

ASIC administers the property of deregistered companies. This property remains vested in ASIC or, in the case of trust property, the Commonwealth until it is lawfully dealt with or evidence is provided that the property no longer vests in ASIC or the Commonwealth for some other reason.

ASIC accounts for any proceeds on realisation of property vested in it by transferring such proceeds, less the expenses incurred in dealing with the property, into the Official Public Account in accordance with our statutory duties.

The proceeds are treated like any other unclaimed money for which ASIC is responsible.

In 2018–19, the number of new cases received increased to 1,497 and the number of cases finalised increased to 1,488.

Table 8.3.3 below shows vested properties of deregistered companies by number of cases.

Assets of deregistered companies vesting in ASIC or the Commonwealth

Section 601AD of the Corporations Act provides that when a company is deregistered, all of its property vests in ASIC or, in the case of trust property, the Commonwealth. We account for any proceeds on realisation of those assets in accordance with our statutory duties.

We generally only deal with vested property once an application is made by a third party for us to exercise powers under section 601AE or section 601AF of the Corporations Act. We do not consider it practical to value any identified vested property and, consequently, such property is not recorded or disclosed in these financial statements.

Table 8.3.3 Vested properties of deregistered companies (by number of cases)

Claims by type	2018–19	2017–18
Total new cases	1,497	1,417
Total finalised cases	1,488	1,425
Property disposals		
Transferred	92	82
Sold	9	6
No longer vested ¹	723	693
Other ²	51	47
Total property disposals	875	828

1 Property is removed from ASIC’s records when the company is reinstated, a third party lawfully deals with the asset, or evidence is provided that the property no longer vests in ASIC.

2 Includes where the vested property interest has been discharged, released, surrendered or withdrawn.

Environmental performance

This section describes ASIC's environmental performance in accordance with government policy. In 2018–19, we continued to mitigate our impact on the environment through the initiatives discussed below.

Energy efficiency



Our total electricity consumption has reduced by 39% since 2010–11.

We minimise our consumption of office energy with initiatives including LED lighting, motion sensor-controlled lighting, and the use of power-saving mode for ICT equipment.

Table 8.3.4 Consumption of office energy

Indicator	2018–19	2017–18
Light and power – ASIC tenancies (kWh)	2,810,828	2,895,023
MJ per person	4,337	5,347
Light and power – ASIC computer centres (kWh)	764,292	852,217
MJ per m ²	5,823	6,586
Greenhouse gas emissions (tonnes CO ₂ -e) – attributed to all light and power	3,420	3,731

Note: Energy consumption includes sub-tenanted areas that are not separately metered. Contains extrapolated data for 0.23% of total consumption.

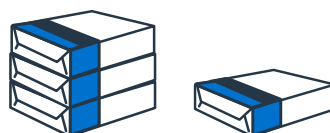
Waste reduction

Our digitisation strategies include using online legislation and electronic working methods to review lengthy reports and papers online rather than in printed form. Default duplex settings on printers and automatic overnight job purging further reduce our use of copy paper.

Table 8.3.5 Waste reduction

Indicator	2018–19	2017–18
Office paper purchased by FTE (A4 reams/FTE)	4	7
Percentage of office paper purchased with recycled content	100%	98%
Toner cartridges recycled (kgs)	571	452
IT equipment recycled or re-used (tonnes)	5.5	6.8

Since 2014–15, we have reduced our consumption of office paper purchased by FTE by 67%.



Travel

ASIC employees are authorised to travel only when there is a demonstrated business need and when alternative communication tools, such as telephone and video conferencing, are not appropriate. This year, there were more than 32,000 video connections, both intra-office and office to external locations, a 24% increase on last year as an alternative to air travel.

Table 8.3.6 Type and amount of travel undertaken by ASIC employees

Indicator	2018–19	2017–18
Ground travel¹		
Total number of fleet vehicles	3	5
Total distance travelled by fleet vehicles (kms)	43,041	62,351
Average fuel consumption of fleet vehicles (litres/100 kms)	7.11	8.23
Total direct greenhouse emissions of fleet (tonnes CO ₂ -e)	8.09	12.10
Total distance travelled using GoGet carshare (kms)	3,483	4,644
Air travel		
Total distance of air flights (kms)	10,849,207	11,278,871
Total greenhouse emissions of flights (tonnes CO ₂ -e)	1.036	not available
Alternative meeting communications		
Total number of video conferencing calls	9,113	7,741

¹ The fleet data is for the period 1 April to 31 March each year.

Property

ASIC continues to reduce its environmental footprint, including by the expansion of activity-based working in our offices nationally, which has enabled us to increase the number of people located in our Sydney and Melbourne offices without increasing the space footprint. In 2018–19 we also reduced the space footprint in our Adelaide office.

Information and engagement

We continued to provide information to employees on our intranet and at induction on sustainable initiatives. Our employees are also provided with our twice-annual performance reporting and participate in environmental activities such as Earth Hour.

Consultancies and expenditure on advertising

Commonwealth Electoral Act 1918

Section 311A of the *Commonwealth Electoral Act 1918* requires agencies to report expenditure on services provided by advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

Sums less than \$13,200 are not required to be reported. All sums are GST inclusive and are actual expenditures for

2018–19. During 2018–19, ASIC conducted the advertising campaigns set out in Table 8.3.7 below.

Further information on ASIC's advertising campaigns is available on our website. Information on advertising campaign expenditure greater than \$250,000 is available in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available at www.finance.gov.au.

Table 8.3.7 Expenditure on advertising agency services, 2018–19

Agency	Expenditure (\$)	Purpose
Mediabrand Australia Pty Ltd	13,235	GradAustralia advertising – online profile and GenerationOne Indigenous Careers Guide 2019
Mediabrand Australia Pty Ltd	14,680	2020 GradConnection yearly subscription
Mediabrand Australia Pty Ltd	32,065	e-financial careers advertising
The Nielsen Company (Australia) Pty Ltd	74,453	Advertising Monitoring Services

Agency	Expenditure (\$)	Purpose
Mediabrand Australia Pty Ltd	13,986	2019 Graduate advertising – GradConnection gold package and diversity bundle
Australian Public Service Commission	25,545	2018–19 Public Service Gazette (APS Jobs Advertising)
Mediabrand Australia Pty Ltd	23,766	Universal McCann – Seek stand out 150 ad pack
Mediabrand Australia Pty Ltd	38,523	Seek job ads 3 × 50
Mediabrand Australia Pty Ltd	57,041	LinkedIn package 2019
Total	293,294	

Table 8.3.8 Expenditure on services by market research, polling, direct mail and media advertising organisations, 2018–19¹

Agency	Expenditure (\$)	Purpose
Mobius Marketing	19,360	Mobius web design
Fuji Xerox Business Force Pty Ltd	52,970	On boarding letter mailout
A.C.N. 613 066 541 Pty Ltd	76,120	Reverse mortgage questionnaire
Bastion Insights Pty Ltd	87,890	Market and social research with consumers to explore their practices, attitudes and understanding relevant to the ePayments Code
Bastion Insights Pty Ltd	168,135	Consumer research school banking project
Cultural Perspectives Pty Ltd	17,424	Research project, small business strategy for culturally and linguistically diverse communities
Cutthru Pty Ltd	79,750	Life insurance claims data CR

Agency	Expenditure (\$)	Purpose
Deloitte Touche Tohmatsu	50,000	Development of a report on the mortgage broker industry addressing trends in the market, such as volume of lending and commission arrangements
Heartward Pty Ltd	71,850	Timeshare consumer research
Heartward Pty Ltd	79,976	Consumer experience of comprehensive motor vehicle claims investigations
Kiel Advisory Group Pty Ltd	140,525	Provision of qualitative research services
Les Bell and Associates Pty Ltd	53,575	Consumer research and report on impacts of proposed changes to fees and cost disclosure in PDSs and periodic statements for superannuation and managed investments
Newgate Communications Pty Ltd	96,569	Market and social research – credit card repayments consumer research
String Research Insights Consulting Pty Ltd	71,370	Development of monitor/questionnaire
The Lab Insight and Strategy Sydney Pty Ltd	98,340	Research to explore consumers' attitudes, behaviour and experience in relation to switching motor and home building/contents insurance
The Seedling Group Pty Ltd	141,099	Exploring how Aboriginal and Torres Strait Islander peoples have become high-level users of high-cost credit products, such as payday loans, consumer leases, and funeral and life insurance, in order to understand the consumer patterns in the use of these products
Sensis Pty Ltd	34,387	White Pages directory listings
Total	1,339,340	

1 We have listed market research organisations that are recognised by the Australian Market & Social Research Society (AMSRS) and the Association of Market and Social Research Organisations (AMSRO).

Procurement

Managing procurement

ASIC's use of Commonwealth resources and expenditure of public money is primarily governed by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule). Responsibility for compliance with the Commonwealth Procurement Rules (CPRs) lies with the appropriate financial delegates.

The delegates are supported by a central procurement team of qualified procurement officers who:

- › develop and maintain our procurement processes and systems to promote compliance with the PGPA Act, the PGPA Rule and the CPRs for all levels of procurement
- › manage complex and high-risk procurement activities, including procurements that are subject to the mandatory procurement procedures of the CPRs.

Our procurement framework aims to facilitate compliance with the core principles and policies of the CPRs, including 'value for money', 'encouraging competition', 'efficient, effective, ethical and economical use of resources' and 'accountability and transparency'.

We undertake regular audits of procurement and any instances of non-compliance are reported through the compliance report and addressed as required through process improvement initiatives.

All major contracts entered into in 2018–19 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 2018–19, ASIC did not implement any standing offer arrangements (procurement panels) and awarded 856 procurement activities (each valued at \$10,000 or more reported on AusTender) for a total value of \$152.117 million. Of these procurements, 287 were valued in excess of \$80,000 for a total value of \$132.311 million.

Contracts of \$100,000 or more were reported on AusTender, 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. Our annual procurement plan was published on AusTender by 1 July 2018 and was updated as required during the year.

No contracts were exempt from the contract reporting requirements.

Consultancy contracts

During 2018–19, ASIC entered into 49 new consultancy contracts, involving total expenditure of around \$6.625 million. In addition, 32 ongoing consultancy contracts were active during the year, involving total expenditure of \$7.460 million.

Table 8.3.9 Consultancy trend data

Business data	2018–19	2017–18
Number of new consultancies	49	43
Expenditure on new consultancies (\$ millions)	6.625	4.697
Number of ongoing consultancies	32	22
Expenditure on ongoing consultancies (\$ millions)	7.460	3.200

Note: The above figures are GST inclusive and include all consultancies valued over \$10,000, as indicated on AusTender. The figures differ from the consultancy expenditures shown in the financial statements, which are the value of all consulting costs exclusive of GST. 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 must prepare a business case seeking funding. Requests to engage consultants must be linked to outcomes in business plans and must contribute to ASIC's objectives. Once the engagement of a consultant is approved, the procurement method used will be in accordance with the CPRs and ASIC's procurement policies.

Of the 49 consultants that ASIC engaged during 2018–19:

- › 24 were for specialised or professional skills
- › 1 was for skills not currently available within ASIC
- › 24 were for independent research or assessment.

The method of procurement used was open tender for 27 engagements (including engagements from panels), limited tender for 22 engagements and 0 pre-qualified tender engagements.

The consultants were engaged for the following main service categories:

- › accounting services
- › audit services
- › business intelligence consulting services
- › education and training services
- › information technology consulting services
- › internal audits
- › management advisory services
- › market research
- › research programs
- › risk management consultation services
- › strategic planning consultation services.

Procurement initiatives to support small business

ASIC supports small business participation in the Australian Government procurement market. Small and medium enterprises and small enterprise participation statistics are available on the Department of Finance website, www.finance.gov.au.

ASIC recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury website, www.treasury.gov.au.

ASIC's procurement practices support small businesses by:

- › encouraging the use of the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000, where applicable
- › presenting information in an accessible format.

8.4 Five-year summary of key stakeholder data

Business data	2018–19	2017–18	2016–17	2015–16	2014–15
Companies (total)	2.7m	2.6m	2.5m	2.4m	2.2m
New companies registered	223,661	244,510	249,394	246,051	235,182
AFS licensees	6,159	6,170	6,058	5,511	5,198
Authorised market infrastructure providers ¹	64	65	67	52	50
Registered company auditors	3,962	4,226	4,365	4,483	4,596
Registered liquidators	651	663	711	707	711
Registered managed investment schemes	3,712	3,726	3,632	3,619	3,642
Credit licensees	5,188	5,503	5,576	5,726	5,779
Fundraising documents lodged	794	898	1,017	891	1,078
Control transactions – schemes and bids	73	60	72	64	78
Control transactions – schemes and bids implied target size	\$34.3bn	\$32bn	\$18bn	\$34.8bn	\$27.4bn
Fundraising where ASIC required additional disclosure	\$3.2bn	\$3.5bn	\$7.2bn	\$6.4bn	\$9.4bn
Recoveries, costs, compensation, fines or assets frozen	\$77.7m	\$437.8m	\$849.7m	\$217.4m	\$61.1m
% successful criminal and civil litigations	94%	99%	90%	96%	85%
Criminal and civil litigation and administrative actions concluded ²	192	138	220	181	167

Business data	2018–19	2017–18	2016–17	2015–16	2014–15
Criminals imprisoned	10	6	13	13	12
Reports of crime or misconduct finalised	10,249	9,567	9,011	9,751	9,669
Total searches of ASIC databases	142.6m	122.5m	90.6m	90.7m	86.2m
Business names (total)	2.3m	2.2m	2.2m	2.1m	2.2m
New business names registered	375,052	366,181	348,266	337,413	327,687
Registered SMSF auditors	5,919	6,039	6,339	6,671	6,669
% company data lodged on time	94.6%	94.6%	94.6%	95%	96%
Fees and charges collected for the Commonwealth	\$1,273m	\$1,227m	\$920m	\$876m	\$824m
Employees (average FTEs) ³	1,701	1,656	1,640	1,627	1,609

1 We changed the methodology for reporting the number of authorised market infrastructure providers in 2016–17. This figure now includes exempt financial markets, licensed clearing and settlement (CS) facilities, exempt CS facilities, licensed trade repositories and credit rating agencies in addition to domestic and overseas financial markets.

2 Excludes summary prosecutions for strict liability offences.

3 Net average number over 12 months on net FTE basis (i.e. excluding FTEs working on capital projects).