



Australian Government
The Treasury

TREASURY
PORTFOLIO MINISTERS

The Hon Josh Frydenberg MP

Assistant Treasurer

23 December 2014 - 21 September 2015

24 July 2015

[Media Release](#)

Capability review of the Australian Securities and Investments Commission

The Government is commissioning a review to consider the capabilities of the Australian Securities and Investments Commission (ASIC).

ASIC plays an important role in ensuring that investors and consumers can have confidence in Australia's financial system. The capability review will ensure that ASIC has the appropriate governance, capabilities and systems to meet these objectives and future regulatory challenges.

I am pleased to announce that the capability review will be led by an expert panel, chaired by Ms Karen Chester with Mr Mark Gray and Mr David Galbally AM QC as members.

The expert panel brings senior leadership experience from public and private sector roles, as well as an understanding and experience in industries regulated by ASIC. The expert panel will be supported by a team of public and private sector personnel, and will provide a final report to Government by the end of 2015.

In undertaking the review, the expert panel will consult extensively with private sector businesses regulated by ASIC, peak bodies, regional and consumer representatives and other stakeholders.

This announcement forms part of the Government's response to the Financial System Inquiry (Murray Inquiry) which recommended periodic reviews of the capabilities of financial regulators, commencing with a review of ASIC in 2015 to ensure it has the skills and culture to carry out its role effectively.

Findings of the capability review will also provide information to assist the Government's consideration of the Murray Inquiry recommendation for ASIC's regulatory activities to be funded by industry.

Biographies of expert panel members

Ms Karen Chester is a full-time Commissioner at the Productivity Commission. Ms Chester was previously a partner in Mercer's global investment business and has held senior roles in the public service.

Mr Mark Gray has held Chief Executive positions with the Queensland Treasury, the Queensland Competition Authority and the Queensland Commission of Audit. Mr Gray has also held senior executive positions with the Macquarie Group and BDO and is an Adjunct Professor of Economics at the University of Queensland.

Mr David Galbally AM QC is a partner at Madgwicks Lawyers. Mr Galbally has extensive experience in commercial litigation and dispute resolution, including matters relating to corporate governance, human rights, privacy and superannuation regulation. He was appointed as Queen's Counsel in 1996. In 2013, he was appointed to the Order of Australia in the General Division for significant service to the community, particularly through leadership in health organisations and the provision of pro bono legal services.

Terms of Reference

Capability Review of the Australian Securities and Investments Commission (ASIC)

The Government is considering the recommendation of the Financial System Inquiry (Murray Inquiry) for ASIC's regulatory activities to be funded by industry. To support these considerations, the Government is commissioning a review of ASIC's capabilities. The review will consider how ASIC uses its current resources and powers to deliver its statutory objectives and assess ASIC's ability to perform as a capable and transparent regulator.

ASIC is a statutory Commonwealth agency, established by the *Australian Securities and Investments Commission Act 2001*. ASIC's responsibilities have increased over

time to now include regulatory supervision and enforcement of company and financial services laws to protect Australian consumers, investors and creditors. ASIC also has responsibility for the operation of related public information registers.

The Murray Inquiry recommended that regulators undertake periodic capability reviews. Capability reviews provide the opportunity to assess a body's ability to meet future objectives and challenges and support efficient and effective policy development and service delivery through more productive use of resources.

The capability review will be led by three experts with extensive public and private sector experience, and supported by a secretariat.

The capability review may examine, and make recommendations on how efficiently and effectively ASIC operates to achieve its strategic objectives, including:

- identification and analysis of immediate and forward-looking priorities or risks;
- resource prioritisation and responsiveness to emerging issues, including:
 - how ASIC allocates its current resources among its regulatory tools, such as supervision, surveillance, education, policy, enforcement and litigation; and
 - how ASIC allocates its current resources across its regulated population;
- the skills, capabilities and culture of the Commission and its staff, including in respect of internal review and improvement mechanisms; and
- organisational governance and accountability arrangements.

The capability review should have regard to how comparable international regulators operate and relevant legislation, including the *Public Governance, Performance and Accountability Act 2013*.

In assessing ASIC's approach to its statutory objectives, the review may provide observations, but not make recommendations on ASIC's regulatory framework or powers.

The review is to be completed by the end of 2015.

Consultation

The capability review should be informed by a review of ASIC's current processes, consultation with the senior leadership of ASIC and the views of its staff and other public sector agencies who interact with ASIC. The review is also expected to consult extensively with private sector businesses regulated by ASIC and peak bodies, as well as regional and consumer representatives.