
— Exclusive

Inefficiency and 'gotcha' questions are wasting ASIC's time

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Oversight of the corporate watchdog is inefficient

[<https://www.afr.com/politics/federal/new-senate-probe-into-asic-moral-hazard-20221027-p5bthe>], resource intensive and expensive, and “gotcha” questions from senators about niche matters are a time waste, outgoing ASIC commissioner Sean Hughes says.

The regulator's top dog, Joe Longo, agrees.

“I think there's a legitimate question about how much oversight is really necessary and productive,” said Mr Longo, who was appointed as chairman of the Australian Securities and Investments Commission in June 2021.



ASIC chairman Joe Longo's has questioned the effectiveness of having so many oversight bodies. **Yianni Aspridakis**

"I want to make it absolutely clear, I don't resent the level of accountability. Where I think there is a question, is to ensure that accountability and oversight is efficient, and it actually serves the purpose that it's there for.

"I think there is a public interest in making sure the oversight is efficient because the resources are limited."

Mr Longo's comments to *The Australian Financial Review* came after a candid interview with Mr Hughes ahead of his departure

[<https://www.afr.com/politics/federal/asic-let-wagyu-and-shiraz-narrative-get-twisted-says-watchdog-20230121-p5cefg>] next month to head the Australian legal team for \$10.5 trillion investment giant Vanguard.

Mr Hughes' exit comes 11 months before his five-year term was due to expire on December 1. [<https://www.afr.com/policy/economy/vanguard-lures-asic-commissioner-as-top-lawyer-20230117-p5cdlz>] He would have liked a second-term on the ASIC leadership team, but was told that option was not available to him.

In his exit interview, the long-time regulatory lawyer who was also group general counsel for Tabcorp, chief risk and legal officer at UniSuper, and chief executive of the Financial Markets Authority in New Zealand, said while it was important politicians had oversight, it could be done better.

"It's appropriate we're held accountable for everything that we do and that there is an opportunity for elected representatives to test and challenge us on what we do," he said.

Significant impost

"But it is, and I have to say this, a significant impost on resource and time among the commission and also among our executive staff."

In one recent incident, Mr Hughes recalled the whole ASIC commission, the board of the prudential regulator, senior executives from both agencies and senior executives from Treasury were kept loitering in a Senate ante-room for four hours as a committee hearing dragged over time.

"Now, most of us in that ante-room were not based in Canberra. The vast majority of us were not based [there]. So, we travelled to Canberra, it was running four hours late, we get that, that happens.

"Just, if you think about the quantification of the time of those individuals spent preparing for those hearings, and then the delay factor and the cost.

"There does need to be some sort of reconciliation at the end of the day, to stand back and say what makes the most sense? What is the best use of parliamentarians' time as well as the regulator's or the public agency's time in terms of responding to legitimate and appropriate lines of questioning?"

While most polities were constructive, and often provided an overview of issues to allow ASIC to show up thoroughly prepared, Mr Hughes indicated others were just wasting time.

"We don't want a script. We don't want a farcical thing where we get a bunch of Dorothy Dixers, but it's useful, given the breadth of ASIC's portfolio to know what lines of inquiry or areas they want us to focus on," he said.

"I think for those members who come along with the 'gotcha' type question and ask us about a particular constituent's complaint involving a proprietary limited company in remote or regional Australia, I mean, the prospects of anybody sitting at our table knowing that answer is practically nil.

"I'm not sure that is a great use of anybody's time, and I'm not sure it serves the constituents' purpose either."



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