

2QW: From Mr Trevor Evans MP

Topic: Industry consultation of ASIC's cost recovery framework

Question:

Further to my question in the hearing on ASIC's cost recovery framework, can you please advise of the industry consultation conducted to date, the future plans for industry consultation and the timelines for that industry consultation?

Answer:

The Government's ASIC industry funding arrangements were subject to extensive stakeholder consultation.

August 2015

The first consultation paper, proposing a new industry funding model for ASIC, following the recommendation in the Financial System Inquiry, was released in December 2014. This consultation paper received 77 submissions.

November 2016

A Proposals Paper *Proposed industry funding model for ASIC* provided an overview of how the industry funding framework could be applied. It outlined the proposed implementation and legislative framework for industry funding, and detailed the engagement, transparency and accountability measures built into the model.

An attached paper provided details of ASIC's costs of regulating each industry sector and the proposed metrics for how levies could be calculated for each sector.

The proposals paper received 231 submissions.

Roundtables were also held with stakeholders during this consultation period.

February - March 2017

Changes to the model following the consultation were communicated to peak industry bodies.

Government consulted on the legislation to introduce the ASIC industry funding model.

May 2017

Government consulted on draft regulations on the operation of the industry funding model.

July 2017

ASIC released Report 535 *ASIC Cost recovery arrangements: 2017-18*, which updated industry on the changes to ASIC's industry funding model that arose since

the November 2016 Proposals Paper. This report outlined the changes following consultation around the model, the legislation and the regulations.

October to December 2017

ASIC intends to publish our draft Cost Recovery Implementation Statement (CRIS) for consultation in October. The CRIS which provides details about ASIC's expected regulatory costs by sector and sub sector for the 2017/18 financial year, as well as information about how ASIC will recover its costs under industry funding. A final version of the CRIS will be published in January 2018, pending Ministerial approval.

An industry consultation paper is being developed by Treasury for release towards the end of 2017 to consult on changes to the fee-for-service regime. The Government previously consulted on fees-for-service in 2015.

Fees-for-service will likely take effect from 1 July 2018, subject to legislation.

Ongoing

ASIC will consult annually on the strategic risks for sectors and sub-sectors for the coming financial year. This information will be used in allocating ASIC's resources across sectors and sub-sectors.

We will consult in October each year on how we implement the industry funding model in the Cost Recovery Implementation Statement (CRIS).

The ongoing annual consultation cycle is outlined in the November 2016 Proposals Paper.

Detailed communications are planned to ensure affected stakeholders understand and comply with their obligations.