

Economics Legislation Committee – Corporations Amendment (Crowd-sourced Funding) Bill 2015

Responses to Questions on Notice

Question

Senator KETTER: Have any outside consultants been used to assist Treasury and ASIC as part of this exercise? If so, who were they and what was the cost of retaining these consultants?

Mr Power: I cannot speak for ASIC. I am not aware, to my knowledge, of consultancies being let by the department in relation to the development of this legislation.

Senator KETTER: Could you take that on notice?

Mr Power: I can confirm that on notice.

Answer

The Treasury has not engaged any outside consultants in relation to the development of the Corporations Amendment (Crowd-sourced Funding) Bill 2015.

Question

Senator KETTER: My final question is: did ASIC call for an amount of money for regulatory oversight that is different to the amount detailed in the budget papers?

Mr Power: I think that goes to the government's budget process and its cabinet considerations. I am happy to take advice from the chair, but I think that is a matter for government.

Senator KETTER: I am not sure. Are you seeking the public interest immunity? Is that what you are asking for?

Mr Power: I am happy to take that question on notice. But what I am raising is that that question goes to the budget process, which is a cabinet process. I would like to seek advice before answering that question.

Senator KETTER: I would be happy for you to take that on notice.

Answer

In the 2015-16 Budget, the Australian Securities and Investments Commission (ASIC) was provided with \$7.8 million over four years to implement and monitor the crowd-sourced funding framework.

Any request for funds goes through the ordinary Budget process.

Question

Senator McALLISTER: I suppose, particularly, the public company element.

Mr Power: As I said, the two independent reports that have come to that conclusion were the CAMAC and Productivity Commission reports that weighed up all of those things. A number of other stakeholders in the process—and I think I just heard the representatives from the CPA coming to that view—did so to. Certainly I think, on balance, many in the start-up community and intermediary community had different views and—

Senator McALLISTER: Did any of them support the public company model?

Mr Power: Off the top of my head I could not tell you; I would have to take that on notice.

Senator McALLISTER: It would be good to know if any of them did. We have heard a selection of views today.

Mr Power: We can take that on notice and have a look back to see if there are any particular names that we could bring to you.

Answer

Stakeholders held diverse views on whether proprietary companies should be eligible for crowd-sourced funding. While a number of intermediaries support proprietary companies being eligible, Fat Hen Ventures' submission to the Committee's inquiry stated that:

“We strongly agree that ONLY public companies should have the ability to make CSF offers, not private companies - of the 2.2m Pty Ltd companies in Australia only 1% MAY be interested in CSF and they can convert to public where there would be clarity around the company, constitution, offer etc - Pty Ltd should NOT be part of this framework.”

Question

CHAIR: Was there consultation on the draft legislation, including those people who were here in the room today and additionally OzCrowd—there is a fellow, Nick Karolidis, not present—who were generally supportive of the approach?

Mr Power: There was consultation on the draft legislation with a targeted group of stakeholders who provided submissions. I do not have the list of who was involved in that in front of me, but we can provide that.

CHAIR: That would be great if you could do that. Thanks very much. We can skip out a little bit early. So, thank you very much, Ms Hogan and Mr Power, for your attendance today.

Answer

The Treasury conducted targeted consultation on the draft Corporations Amendment (Crowd-sourced Funding) Bill 2015. 16 organisations were contacted as part of the consultation, with submissions provided by 12 organisations.

The organisations that provided submissions were:

- CrowdfundUP
- Equitise
- Fat Hen Ventures
- TMeffect
- Addisons Lawyers
- Australian Shareholders Association
- Clearpoint Counsel
- CrowdReady
- Institute of Public Accountants
- Law Council of Australia
- Pitcher Partners
- PwC