

Parliamentary Joint Committee on Corporations and Financial Services

Australian Securities and Investments Commission

Answers to Questions on Notice

Public hearing: 15 July 2020

QoN No 016
Topic Sterling
Committee member Senator Pratt
Reference Hansard page 24

Question:

Senator PRATT: Are you expecting there to be further findings in this matter? Will it impact on outcomes for consumers, or do you not know yet because you don't know what that team will turn up?

CHAIR: Senator Pratt, a time warning, for your benefit.

Mr Day: The answer is that's what we're hoping for and that's what we're aiming for but, again, it might be premature to say.

Ms Armour: We do have a separate page on our public webpage for Sterling where we report publicly on the status of investigations to the extent that we're able to and try to provide information.

Senator PRATT: Have there been any payments to KPMG from ASIC with respect to Sterling investigations or any other matter?

Mr Day: Any matter related to Sterling, we can take that on notice and come back to you. I don't have anything to hand about that.

Senator PRATT: I'm told there's been a payment of some \$400,000 to KPMG from ASIC. I wasn't sure if it related to the Sterling Group, what it was for or if it related to other matters. What were the outcomes or findings of what that money was for and what was the result of that consultancy? I might try and get further advice. Can you let me know if that is not enough information for you to answer my question and take it on notice?

Mr Day: We will come back to you.

Senator PRATT: Thank you. Thank you, Chair.

Answer:

The Assetless Administration Fund (AA Fund) was established by the Australian Government and is administered by ASIC. It funds preliminary investigations and reports by liquidators into the failure of companies with few or no assets, where it appears to us that enforcement action may result from the investigation and report.

The AA Fund enables a liquidator to carry out a proper investigation and report, which then helps us decide whether to commence enforcement action. It also funds a liquidator to take action to recover assets when fraudulent or illegal activity is suspected.

In accordance with the Commonwealth Grants Rules & Guidelines 2017, allocated grants from the AA Fund are published on the Australian Government website [GrantConnect](#) from 31 December 2017.

The fact of the grant and to whom it is granted are all that is disclosed. No information is published to identify the company in liquidation or the specific terms of the funding.

If a liquidator wants to disclose details to the media it is a matter for them and ASIC notes that in a Channel 7 News Report on 21 January 2020 it was in part reported that;

"ASIC has given corporate investigator KPMG \$440,000 to fund an inquiry into the role of directors of the failed Sterling First Property Group including Ray Jones, his son Ryan Jones and Simon Bell."

ASIC has recently been provided with an AA Fund report from the liquidators of the Sterling Group for the purpose of assisting with the ongoing investigation and will continue liaising with the liquidators of the Sterling Group.