



Australian Government

Australian Government response to the
Senate Economics Committee report:

Sterling Income Trust

May 2024



Response to the recommendations

Recommendation 1

The Committee recommends that the committee recommends that the Australian Government take all necessary action to support investors in the Sterling Group of companies, including those who invested in the Sterling Income Trust and Silverlink Preference Shares, being able to access the Compensation Scheme of Last Resort.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 2

The committee recommends that tenant-investors should be supported to access appropriate and affordable housing given that they lost this security with the failure of the 'rent-for-life' scheme.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 3

The committee recommends that the Australian Securities and Investments Commission investigate and, if appropriate, commence legal proceedings against Australian Financial Services licence holders (current and former) that are alleged to have breached section 917B of the Corporations Act 2001 but have not consented to participate in relevant Australian Financial Complaints Authority processes.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 4

The committee recommends that the Australian Government expand the scope of the Compensation Scheme of Last Resort to include managed investment schemes.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 5

The committee recommends that the Australian Parliament undertake a review of the implementation of recommendations from all relevant parliamentary and government inquiries in relation to financial service regulation since the global financial crisis and an evaluation of the government responses, including the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

The committee asks the Minister to table, in their response to this report, all recommendations from all relevant parliamentary and government inquiries since the global financial crisis and the government responses.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 6

The committee recommends that the Australian Government review the penalty regime associated with contraventions of the Corporations Act 2001 to deter the creation of high-risk financial products that have a significant risk of failure.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 7

The committee recommends that the Australian Government expedite the development of legislation to grant the Australian Securities and Investments Commission a directions power in relation to financial services and credit licensees as recommended by the Australian Securities and Investments Commission Enforcement Review Taskforce, noting that an exposure draft was already issued in 2020.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 8

The committee recommends that the Australian Government consider extending the Australian Securities and Investments Commission's public warning power to include situations where the Australian Securities and Investments Commission has reasonable grounds to suspect a financial product or credit product (or a class of such products) has resulted, will result or is likely to result in 'significant consumer detriment'.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 9

The committee recommends that the Australian Government work with state and territory governments to clarify the jurisdictional overlap between Commonwealth and state regulation of financial products. In particular, the Australian Government should review investment schemes that include real property rights, including accommodation, leases and tenancy rights under state and territory laws.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 10

The committee recommends that the Australian Government review the marketing of, and financial advice for, investment products which deal in real property interests and whether or not sufficient protections are available for investors in these products.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 11

The committee recommends that the Australian Securities and Investments Commission develop a framework to promote greater awareness and understanding among retail investors and financial consumers in relation to buying financial products and services.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Additional comments from Senator Malcolm Roberts - Recommendation 1

All factors considered, including ASIC's regulatory negligence, and the advanced age and vulnerability of the Sterling and Silverlink tenant victims who are being evicted, the Commonwealth Government, which is responsible for ASIC and its regulatory philosophy, should immediately compensate the 130 victims for the full \$18.554 million they lost, plus interest and expenses.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.
