



ASIC
Australian Securities &
Investments Commission

Committee	Parliamentary Joint Committee on Corporations and Financial Services
Inquiry	Oversight of the ASIC, the Takeovers Panel and the Corporations Legislation No. 1 of the 46th Parliament
Question No.	QoN 011
Date	27 August 2021
Topic	CDDA Scheme
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Committee member	Mr Julian Hill

Mr HILL: In handing over to Chris, can I just seek clarification on the term that you used? The media article in the digging that I've done suggests that Treasury or others are trying to steer people towards the so-called act-of-grace payments, which are the ones that, ultimately, are at the discretion of the government. Usually the finance minister has to sign them off. The investors don't want an act-of-grace payment. They want a determination under this specific scheme. I was under the understanding that this scheme still exists. So I just pulled that up because you've used the words 'act of grace', but that's not what they're pursuing. The media reports were that, for whatever reason, at some point in 2015 ASIC lost the delegation, which they had from the then Assistant Treasurer Josh Frydenberg when he was in his previous role. They had a delegation to make a determination under the CDDA Scheme and for some reason that delegation was lost. Why was the delegation lost? I understood that delegations from ministers to agencies were standing delegations. They can be refreshed or revoked when there's a change of minister but they don't lapse. Why was the delegation lost? Does the scheme still exist? Who can determine things under that scheme? I'd like to understand that before we talk about act of grace payments, if that's okay, Chair.

CHAIR: Of course.

Mr Savundra: You're correct in that the defective administration, or the CDDA, scheme, remains in place. As I understand, in September 2015 the authorisation for the minister lapsed. I'd like to take on notice just to double check what I'm about to tell you is correct, but as I understood it, it was a personal authorisation. It was when the then acting minister ceased to be the acting minister that the authorisation lapsed. In terms of the chronology of events, if it might assist you, it lapsed in 2015. In February 2019 ASIC received a CDDA application on behalf of 40 investors relating to the client trust. In March 2019 we advised those applicants that we no longer had an authorisation and, therefore, we were unable to consider the application under the CDDA Scheme. I think, as Mr Longo has said, the authorisation was a matter for the minister. So really that's as far as ASIC can take it.

Answer

We refer to the evidence provided by Mr Savundra and confirm that:

- Up until September 2015, ASIC officials were authorised by the then Assistant Treasurer to make decisions and approve payments under the CDDA Scheme. ASIC officials were provided a personal authorisation by the Assistant Treasurer;
- This personal authorisation lapsed when there was a change in the holder of the office of the Assistant Treasurer. ASIC is, therefore, unable to consider applications made to it under the CDDA Scheme; and
- The decision to grant ASIC officials authorisations is a matter for the Minister.