



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.	015
Date	27 August 2021
Topic	Industry funding model
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Committee member	Mr Georganas

Question

...Going very quickly back to the levies, I didn't get an opportunity to ask this question earlier. One of the issues is that organisations or firms are operating as financial [inaudible], for example as an accounting firm that may have one or two financial planners within its organisation. I've been getting reports that the annual fees are approximately \$3,800 for each person giving financial planning advice. When people discovered that it was basically unviable for them because of the massive regulations taking place in that area, they thought they would concentrate their business back on accounting. When they wanted to relinquish that licence, they had to pay \$1,200 for each and every person. Why would that be, when they've already paid a \$3,800 per person annual fee? You'd think that would cover all of the expenses required, or the money that's required by ASIC to monitor et cetera. Why would the extra \$1,200 be required to relinquish that licence?

Mr Day: There is an \$899 cancellation fee for cancelling an Australian financial services licence. There are a number of steps that need to be taken in relation to such a cancellation, which I can run you through. In the interests of time, unless you are interested, I won't. In relation to the numbers you're mentioning in relation to cancelling against each person, that's not something that I'm aware of, and I don't believe it's the case. Maybe the best way forward is for us to take that on notice. We will happily answer you, and give you a detailed answer about that.

Mr GEORGANAS: Thank you.

Answer

The fee to cancel an Australian Financial Services Licence is \$899. The cancellation fee applies to the licensee only, not to each adviser authorised to provide advice under the licence. ASIC does not charge a \$1,200 fee per adviser to relinquish a licence.

To achieve our vision for a fair, strong and efficient financial system for all Australians, we undertake a range of activities for specific entities at their request. The costs for these activities are recovered through fees for service. Our budget data for 2020–21 estimates that fee-related activities will account for approximately 3% of ASIC's total regulatory costs.

The regulatory activities for which we charge fees for service are licensing and registration, compliance reviews of documents, requests for changes to market operating rules, and assessing applications for relief. The costs ASIC incurs for these fees for service activities are recovered directly from the entity requesting the service and are not recovered from industry participants through levies.

Part 2 of the [Cost Recovery Implementation Statement: ASIC industry funding model \(2020–21\)](#) provides information on how ASIC will recover user initiated and transaction-based regulatory costs via fees for service in 2020–21.

In order to request a cancellation of an AFS licence the licensee must complete a form and covering letter which advises ASIC of the reasons for cancellation and additional information required to be assessed before ASIC can cancel the licence.

ASIC undertakes a number of steps before cancelling a licence which can include consultation with APRA (if APRA-regulated), a review of open disputes with AFCA, confirming there are no outstanding financial statements or auditor's reports and conducting intelligence searches to identify if there are any reasons not to cancel the license.

The Australian Government has undertaken extensive consultation to develop and refine the fees for service model. Treasury consulted on the model in August 2015 and again in November 2017.