



Committee	Parliamentary Joint Committee on Corporations and Financial Services
Inquiry	Oversight of ASIC, the Takeovers Panel and the Corporations Legislation
Question No.	077
Topic	Enforcement funding
Reference	Spoken, 30 April 2024, Hansard page 12
Committee member	Senator O'NEILL

Question

CHAIR: I understand that you're going to make that argument, but you just talked about the complexity of peeling it out. This figure of \$74.7 million, plus \$18 million for legal services, at least gives me a base point for this year. On notice would you go back 10 years and give me a percentage of the budget allocation for enforcement—

Mr Day: We'll take that on notice.

Answer

The table presented below offers a comparative analysis of the Enforcement budget's distribution against the ASIC operating expense budget over the past 10 financial years.

Operating Expense										
Budget	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Enforcement* (\$m)	40.9	40.5	44.5	44.9	45.5	54.5	76.6	75.5	69.6	74.7
Enforcement Special Account (ESA) (\$m)	27.0	28.2	41.6	26.3	36.2	51.2	59.2	64.8	55.2	56.5
Enforcement plus ESA (\$m)	67.9	68.8	86.1	71.1	81.6	105.6	135.8	140.4	124.8	131.2
ASIC Consolidated Budget (\$m)	325.6	316.4	345.5	350.2	378.1	410.2	426.1	421.8	409.4	476.4
Enforcement plus ESA % of ASIC Consolidated Budget	21%	22%	25%	20%	22%	26%	32%	33%	30%	28%

* Enforcement includes both the Enforcement and Compliance Group and the Market Enforcement Team. The budget figures for Enforcement do not incorporate support costs from Legal Services as the Legal Services Group provides broader services which extend beyond just enforcement activities and encompasses areas such as property law and Registry Interaction & Services. The FY15 to FY23 data includes the total costs for the 'Registered Liquidators' and 'Financial Reporting and Audit' programs which sat outside the Enforcement and Compliance group prior to the ASIC organisational redesign.

As noted in our submission to this Committee in April 2024, the ESA can be used to fund enforcement actions which meet particular criteria regarding the likely overall cost of the matter. The purpose of this account is to fund investigations and subsequent proceedings for matters for which ASIC is unable to absorb the costs without significantly prejudicing its existing, ongoing enforcement activities, and/or those matters which are critical to continued community confidence in the financial system. A matter can only be funded from the ESA if the costs exceed, or are reasonably expected to exceed, \$750,000. Further, the ESA is also necessary to fund any adverse costs orders made against ASIC as a result of unsuccessful litigation. Such contingency funding allows ASIC to commence proceedings without the potential for adverse costs orders having a limiting effect on overall funding. To this end, the total ESA budget is not used to fund investigations and litigation only.