



<b>Committee</b>	Parliamentary Joint Committee on Corporations and Financial Services
<b>Inquiry</b>	Oversight of ASIC, the Takeovers Panel and the Corporations Legislation
<b>Question No.</b>	080
<b>Topic</b>	Additional funding
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<b>Committee member</b>	Senator O'NEILL

## Question

Senator SCARR: ... I appreciate that, for every additional dollar that's put in the enforcement space, over time there's going to be a diminishing return or less of a marginal benefit. But my main concern at the moment is whether adding an additional, say, \$50 million or \$75 million would make a material difference in terms of the number of cases where ASIC would perhaps like to take enforcement action, thinks it should take enforcement action but, simply because of the resources available, is unable to take enforcement action. In this regard I want to refer to paragraph 4 of the submission, where you say: This means we must make strategic and often difficult choices, informed by the evidence in each matter and our strategic priorities. I want to explore that realm of 'difficult choices' and the extent to which an additional amount of resources, falling on the side of enforcement, would assist in terms of those difficult choices. I'm interested in your comments in that regard.

Mr Longo: ...In terms of getting extra funding, I don't think it would be very helpful of me to say, 'If we get \$50 million there'll be so many more investigations or so many more court cases.' In the end, a successful law enforcement agency has got to have a real commitment to the training and support of its staff. We don't talk about that a lot. If we want to have cutting-edge enforcement, we've got to have great lawyers, economists, data analysts and investigators. Those people have to be properly paid, properly trained and properly encouraged, and that takes up resources, because the work we're talking about isn't nine to five; it requires huge commitment. ...

So, in terms of the money, in the end it's very nuanced, and of course ASIC would benefit from additional funding, and I would be quite happy to work with this committee to think—I was about to say 'in a more sophisticated way'—in a more prepared manner, if I could put it that way. I'd be prepared to put some work into a paper that says, 'Well, what would we do with another \$50 million?' It's a good question. I'd like to think about that and give the committee some reassurance about what we would do with extra funding. That could be something that would be useful for everyone.

...

Senator SCARR: Chair Longo, I think you undertook to consider preparing a note to the committee in terms of how you would apply additional funding if additional funding were available, and I think you've made a strong case there in terms of technology and training, but of course we're also keen to understand how that might dovetail with additional enforcement action.

## Answer

As noted by the ASIC Chair, it is difficult to quantify the increase in enforcement activity that would result from additional funding. To ensure that ASIC has cutting edge enforcement capability, further investment is required in the training of our staff and in an uplift in our technology capabilities, and some part of any additional funding received would be applied in these areas. Such investment would enable ASIC to further develop capabilities leading to improvements in both surveillance and enforcement outcomes.

The volume of information ASIC collects is increasing. Additional funding would support the technologies and workforce capabilities needed to generate intelligence closer to real time offences or potential offences, identify harms and enforce the law. For example, consolidation and integration of ASIC data and intelligence insights will allow case officers to conduct searches for relevant information, reducing the time it takes to collect necessary evidence.

Additional funding would also enable ASIC to leverage digital capabilities by piloting new technologies, and establishing foundational capabilities in areas such as advanced artificial intelligence, machine learning and predictive analytics. Such tools may then be carefully implemented in line with Government policies to support the collection and analysis of evidence, leading to more timely and targeted enforcement decisions and actions.

The corresponding gains in time and efficiency have the potential to enable ASIC staff to handle a wider caseload and engage in more enforcement work.