

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES 2015-16

Finance Portfolio
27-28 May 2015

Department/Agency: Department of Finance

Outcome/Program: 2/2.2

Topic: Scoping Studies – ASIC

Senator: Ludwig

Question reference number: F89

Type of question: Written

Date set by the committee for the return of answer: Friday, 10 July 2015

Number of pages: 3

Question:

The Government has flagged a number of government owned asset sales with scoping studies announced as part of the 2015-2016 budget – www.finance.gov.au/procurement/scoping-studies

These assets included:

- Defence Housing Australia (DHA)
- Australian Hearing Services (AHS)
- The registry services of the Australian Securities and Investments Commission (ASIC)
- The Royal Australian Mint

With regard to the ASIC scoping study:

www.finance.gov.au/procurement/scoping-studies/scoping-study-terms-of-reference-australian-securities-and-investments-commission-asic-registry-business

1. Would you be able to lay out a time frame for the scoping study?
2. Why was it identified as an asset that may be able to be sold?
3. How much revenue is raised by the agency annually?
4. How much do you anticipate the agency would generate at sale?
5. Who has been appointed to provide commercial consultation for the project?
 - a) How were they selected?
6. Who has been appointed to provide legal advice on the scoping studies?
 - a) How were they selected?

As part of the terms of reference several areas are identified for examination, I'd like to ask a few questions with regard to the following areas:

- ensure any recommended outcome/s treats any affected ASIC employees in a fair manner, including through the preservation of accrued entitlements
- minimise any residual risks and liabilities to the Commonwealth;
- consideration of how separating the registry function from ASIC would affect other parts of ASIC;

- potential investors, outsource providers or other parties relevant to a new commercial arrangement ; and
 - identification of any national security issues and mitigation strategies.
7. What does the minister believe is a fair way for ASIC employees to be treated throughout the sale, should it occur?
- a) Would staff reductions be considered to be treating employees in a fair manner?
 - b) Would wage reductions be considered to be treating employees in a fair manner?
 - c) What does the minister consider to be an acceptable level of residual risk or liability to the commonwealth during the sale?
 - d) What does the minister consider to be an acceptable impact on the function of ASIC from the sale of the registry function?
 - e) Have any potential investors been identified?
 - i. Does the minister believe it would be appropriate for foreign investment to be included in the ASIC registry?
 - f) Does the minister believe any damage to our national security is an acceptable cost for the sale of the ASIC registry? If yes, please detail.

Answer:

1. The Government announced the scoping study into the future ownership options of the registry function of the Australian Securities and Investments Commission (ASIC Registry) as part of the 2014-15 Budget, to report back to the Government as part of the 2015-16 Budget. On 11 May 2015, the Minister for Finance announced that the Government would undertake a competitive tender process to test the market on the capacity of a private operator to upgrade and operate the ASIC Registry.
2. As part of the Smaller Government Reform agenda, scoping studies were commissioned into the future operations of a number of government businesses, including the ASIC Registry. Scoping studies provide key information and recommendations to assist the Government's decision-making on how key services are best delivered in the future.
3. ASIC raises approximately \$720 million annually in revenue for the Commonwealth, which covers revenue collected in relation to both ASIC's registry and regulatory functions.
4. The Government has decided to test private sector interest in operating the registry through a competitive tender process. While scoping studies may undertake valuations of the entities subject to the studies, such valuations are not made public to protect the commercial interests of the Commonwealth.
5. As announced by the Minister for Finance on 21 August 2014, Greenhill & Co were appointed as the Business Adviser to the scoping study, following a competitive procurement process. Greenhill & Co have been reappointed to provide commercial advisory services for the competitive tender process. This information is available on AusTender.
 - a) The Business Adviser was selected following an open approach to market for business advisory services.

6. As announced by the Minister for Finance on the 21 August 2014, Ashurst Australia were appointed as the Legal Adviser to the scoping study, following a competitive procurement process. Ashurst Australia have been reappointed to provide legal advisory services for the competitive tender process. This information is available on AusTender.
 - a) In accordance with the Legal Services Directions 2005, the Legal Adviser was selected following a pre-qualified approach to the market using the Attorney-General's Legal Services Multi-Use List for legal advisory services.
7.
 - a) & b). The Government is committed to ensuring that ASIC employees are treated in a fair manner. The Government has made it clear that the choice of a private sector operator for the ASIC Registry will take into account the Government's strong preference for the ASIC Registry to maintain its existing operations in Traralgon, Victoria.
 - c) The competitive tender process will seek to minimise the level of residual risk and liability to the Commonwealth.
 - d) If this were to proceed, any future separation of the ASIC Registry from the rest of ASIC would be undertaken in an informed and coherent manner, while ensuring that ASIC can continue to meet its business needs.
 - e) The Government has recently commenced a Registration of Interest Phase asking parties with an interest in participating in the competitive tender process to formally register their interest. This process will identify possible operators for the ASIC Registry.
 - i) As above.
 - f) No.