

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

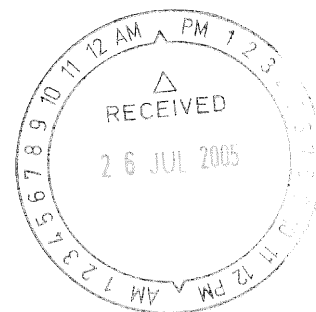
Treasury Portfolio

Budget Estimates, 31 May to 2 June 2005

Question: Bud 102

Topic: ASIC – IFS Technical Breach

Hansard Page: E94



Senator Fifield asked:

Senator **FIFIELD**—Mr Lucy, I draw your attention to an article in the *Financial Review* today, which I am sure you will have seen: 'Industry funds in new tangle with ASIC', which says:

Mr Weaven revealed that, in a separate exercise, ASIC had told IFS that its rollover service, which advises savers on switching out of commercial super funds, maybe in technical breach of ASIC's regulations ... ASIC was understood to be concerned that the IFS advisory service failed to analyse other aspects of commercial funds, or master trusts, such as insurance and the range of investment products.

I just want to check that that is correct, that ASIC is concerned that there is a technical breach and that the concerns as stated in the article are the concerns of ASIC.

Mr Cooper—In the last couple of days there has been a lot of comment on this subject, but that specific complaint does not ring a bell. That may reflect that somewhere within ASIC very recently this issue has been taken up, but I must admit that I am very close to the IFS issue and I am not aware that we have made those statements. A lot of people are attributing motivations and comments to ASIC and they have not spoken to us at all. There is a lot of information flowing around and I am just not aware of that specifically.

Senator **FIFIELD**—So you can take that on notice?

Answer:

ASIC raised concerns with IFS regarding its rollover service, in particular whether the service complied with the "reasonable basis for advice" rule. As a result of an investigation, ASIC determined that formal enforcement action was not warranted. However, ASIC is currently following up residual concerns directly with IFS.