

GOVERNMENT RESPONSE TO ASIC CAPABILITY REVIEW REPORT RECOMMENDATIONS

Panel's recommendation	Government's response
<p>Recommendation 1: The Minister and ASIC to implement a more effective strategic long term oversight function, underpinned by a mutual commitment to a more proactive regulator ongoing dialogue. As steps to achieving this:</p> <p>The Minister to provide an Annual Ministerial Statement in Parliament, in conjunction with tabling of ASIC's Annual Report on the degree to which ASIC meets the expectations of the Statement of Expectation (SoE) and is performing in the achievement of its mandate.</p> <p>The Government and ASIC to enhance the SoE and Statement of Intent to clearly and regularly communicate expectations (to be reviewed annually) and to ensure mutual understanding and support ASIC in managing stakeholder expectations.</p>	<p>The Government agrees with finding ways to improve the understanding of ASIC's role and the strategic oversight of ASIC to better manage stakeholder expectations.</p> <p>For that reason, as part of the response to the Murray Inquiry, the Government has already committed to updating and enhancing the SoE for ASIC in the first half of 2016. In so doing the Government will have regard to the suggestions that the Panel made.</p> <p>The Government will also consider providing an annual ministerial statement as suggested by the Panel or doing that as part of the regular reviews of SoE.</p>
<p>Recommendation 6: Government to revisit internal governance arrangements as proposed in Recommendation 3 in three years, to review the size of the Commission and whether the roles of the Commissioners need to continue to be full-time.</p>	<p>The Government agrees to consider the number of Commissioners needed as part of the appointment process each time a Commissioner's term ends. However, the Government does not agree to review the roles of Commissioners, noting that under the <i>Australian Securities and Investments Commission Act 2001</i> ASIC can have between three and eight Commissioners, of which three must be full-time.</p> <p>Regarding recommendations 3 to 5, the Government agrees with ASIC's plan to enhance the ability of Commissioners to have a strategic focus and engage with external stakeholders, while still retaining responsibility for key regulatory and other matters.</p>

<p>Recommendation 7: The Government to apply a contemporary best practice merit based recruitment process to ensure fully transparent and robust appointments of the Chairperson, Deputy Chairperson and other Commissioners.</p>	<p>The Government agrees with this recommendation and will always seek to appoint the best available person to the position and follow the Government Merit and Transparency Guidelines.</p>
<p>Recommendation 11: The Minister to assess the effectiveness and performance of the Commission, to be discussed with the Chairperson on an annual basis.</p>	<p>The Government agrees with this recommendation and the Minister will meet at least annually with the Chairperson to discuss the performance of the Commission.</p> <p>The Government considers this will be an important opportunity to assess ASIC's performance and how effective Commissioners have been in engaging with stakeholders and acting strategically to meet ASIC's objectives. The Government will also seek feedback on ASIC's performance from the Financial Sector Advisory Council that is being reconstituted as part of the Government's response to the Murray Inquiry.</p>
<p>Recommendation 24: Government to remove ASIC from the <i>Public Service Act 1999</i> (PSA) as a matter of priority, to support more effective recruitment and retention strategies.</p>	<p>The Government agrees with this recommendation and will remove ASIC from the PSA to support ASIC to more effectively recruit and retain staff in positions requiring specialist skills.</p> <p>Consistent with the findings in the Murray inquiry, the Government acknowledges the Panel's findings that PSA requirements may limit ASIC's ability to flexibly respond to identified gaps in its workforce profile and that those restraints may impact ASIC's ability to attract and retain suitably qualified employees.</p>