

To The Manager
Governance and Insolvency Unit
Corporations and Capital Markets Division
The Treasury
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31 January 2012

Dear Mssrs Hon McClelland and Bradbury

RE: Proposals Paper – Insolvency Reform 2011-12

Whilst many of the proposed reforms are in the right direction, it did little or no justice to the key findings made by the Senate Enquiry. The little steps in the right direction were overshadowed by the omission of any reform at ASIC. The regulator was not doing its job according to the Senate Inquiry. Reforms are required at ASIC for any legislation to be effective. The new reform legislation will be consigned to the same fate as previous legislation unless changes are made to the regulatory areas of ASIC. After all this revelation, they do not appear to be held accountable for the fiasco their neglect has created for corporations and other stakeholders. There is no mention of reform within the Commonwealth Legislation for the Public Service to hold government authorities accountable for their set-up, structure, policies and procedures. How could ASIC have been allowed to set a policy whereby complaints of \$10m or less will not trigger a "call to action" to investigate a complaint seriously? This policy places most problems associated with small and medium sized enterprises (SMEs) into the insignificant category. Because SMEs constitute the bulk of registered companies, this policy meant that ASIC turned their backs on the duties and responsibilities expected by the public to regulate over ALL companies. There was no excuse for this neglect. It was not caused by budgetary constraints because there was plenty in surplus. It was about neglect, not by any ASIC staff other than the CEO and his masters. Reform is necessary in this area.

The next most important issue is about fixing the professional indemnity and fidelity insurance requirements so that Run-off Cover is included, infidelity by principal is included and periodic payment covers are EXCLUDED. The burden of white collar crime must be carried by the industry as a whole. A general association cover would be worth exploring so that association members AND NON-MEMBERS alike contribute to this cover.

With regards to the registration and disciplining of practitioners, the Committee should be expanded to 4 votes with the ASIC holding 2 votes to make the balance right.

Thank you for this opportunity.

Yours sincerely

A handwritten signature in black ink, appearing to read "Robbie W Fong", written over a light blue circular stamp.

Robbie W Fong
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