

ASIC asked: Why do you spend most on regulating advice?

Financial Newswire (financialnewswire.com.au)

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The Australian Securities and Investments Commission (ASIC) has been asked why it spends more money on the financial advice sector than any other sector, including those which are much larger.

The question has been posed out of Senate Estimates hearings by West Australian Liberal Senator, Slade Brockman and has yet to be answered by the regulator.

Brockman, who was once an adviser to former Coalition Finance Minister, Mathis Cormann, also asked for an explanation of how so much money could be expended by ASIC in regulating the financial advice when the number of advisers had halved.

“Why does ASIC spend more money on the financial advice sector than any other sector including ones that are much larger, particularly when this sector has been subject to a process of professionalisation over a number of years and is now barely more than half the size it was four years ago?” the Senator asked.

Brockman also sought an explanation from ASIC on why its original estimate of the ASIC levy for 2022/23 had overshoot the reality.

“In late June last year, ASIC released the Cost Recovery Implementation Statement for the 2022/23 year, which suggested that the cost of the ASIC Funding Levy for the financial advice sector that provides personal advice to retail clients on relevant products would be \$55.5 million,” his question stated. “The final number that was issued in November last year for the 2022/23 year was \$47.6m.

Can you please explain what caused this nearly \$8m reduction from the number released in late June to the final number released in November?”

Brockman also asked ASIC whether it could confirm what it expected the total cost for the financial advice sector would be for the current financial year.

4 April 2024