



# Australian Citizens Party

Craig Isherwood, National Secretary

PO Box 376, COBURG, VIC 3058

**Phone:** 1800 636 432 **Email:** [info@citizensparty.org.au](mailto:info@citizensparty.org.au) **Web:** [citizensparty.org.au](http://citizensparty.org.au)

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## MEDIA RELEASE

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### **Captured regulator ASIC decries democratic accountability—time for a clean-out!**

*The deadline for submissions to the Senate's ASIC inquiry has been extended to 28 February—submit your experience of ASIC failing to police financial predators.*

The chairman of the Australian Securities and Investments Commission (ASIC) has fired a shot across the bow of the Senate Economics Committee ahead of its inquiry to ASIC's investigation and enforcement.

Joe Longo complained about Senate oversight of ASIC's operations: "I think there's a legitimate question about how much oversight is really necessary and productive", he said to the *Australian Financial Review* (23 January).

He added: "I want to make it absolutely clear, I don't resent the level of accountability." Except he clearly does. Longo's arrogance is on display in every appearance he makes before the Senate Economics Committee, impatient at being questioned by mere Senators about the effectiveness of ASIC's regulatory regime. He claimed: "Where I think there is a question, is to ensure that accountability and oversight is efficient, and it actually serves the purpose that it's there for. I think there is a public interest in making sure the oversight is efficient because the resources are limited."

Among other interactions, Longo would have been referring to [the questions he was asked on 9 November by Queensland LNP Senator Gerard Rennick](#), the only major-party politician who doesn't tiptoe "softly softly" around the powerful decision makers, but openly challenges them. Rennick asked about the Annual Forum ASIC hosted in early November to inform attendees of its "regulatory and enforcement priorities", and demanded to know why ASIC charged more than \$2,000 per head to attend, thus pricing the forum out of reach of the ordinary mums and dads who are usually the biggest victims of financial disasters caused by ASIC's regulatory failures. Longo snickered at the question, so Rennick informed him it wasn't a laughing matter. "I didn't expect to be questioned about this actually", Longo said, unable to disguise his distaste, and he tried to handball the question to an underling, at which point Senator Rennick asked whether the forum showed ASIC was "captured by the big end of town?"

Longo's arrogance is in defence of ASIC as a captured regulator which financial predators in the banks and other firms do not fear. The banks consider themselves to be above Parliament and democratic accountability, and their captured regulators behave in the same way. They oversee a "Wild West" financial system that preys on consumers, which over the last two decades has resulted in hundreds of thousands of financial victims.

The 2018 banking royal commission belatedly acknowledged this crisis, after which ASIC, under new management, seemed to try to beef up its law enforcement, taking to heart Commissioner Hayne's admonition, "Why not litigate?", i.e. instead of soft fines, take the banks to court. Then new head of enforcement Daniel Crennan in 2019 declared, "The banks should fear us." But the next year Crennan and the new ASIC Chair James Shipton were forced out, and then-Treasurer Josh Frydenberg replaced Shipton with Longo, whom the *Australian Financial Review* described as "the business-friendly regulator Frydenberg craves". Frydenberg gave Longo a "statement of expectations" that said ASIC should regulate in a way that is consistent with the government's aims for economic recovery, meaning *don't get in the way of business*. This effectively killed off any real intention to clean up the financial system post-royal commission. In case that wasn't clear, one of Longo's first acts was to drop the mantra "why not litigate?" from official ASIC documents.

[According to the Adams Report](#) into ASIC's investigations and enforcement, released by independent economist John Adams in 2022, ASIC investigates fewer than 1 per cent of complaints it receives. In other words, it's a financial cop that has no interest in policing crime. The Adams Report echoed similar criticisms levelled at ASIC by consumer advocate Denise Brailey back in 2007, which ultimately led to a 2014 inquiry and the 2018 banking royal commission. Fifteen years after Denise Brailey, the 2022 Adams Report proved that nothing has changed.

#### **Senate inquiry**

As things today stand with ASIC and the banks, the 2018 banking royal commission may as well not

have happened. The good news, however, is that the Adams Report ensured that ASIC's ongoing failings couldn't be swept under the carpet, and led to Parliament establishing not one, but two major inquiries into ASIC's investigation and enforcement regime.

The first of those inquiries to call submissions is being conducted by the Senate Economics References Committee chaired by Liberal Senator Andrew Bragg. The deadline for submissions to Senator Bragg's inquiry was initially 3 February, this Friday, but that has now been extended to 28 February, to maximise the opportunity for the thousands of Australians who've suffered as a result of ASIC's failed policing to share their experience with the committee.

In breaking news, however, ASIC Chairman Joe Longo this week attempted to pre-empt the inquiry by announcing, in the 30 January *Australian Financial Review*, "the largest shake-up of ASIC in 15 years", to ostensibly "streamline enforcement, cut bureaucracy and deliver faster decision-making". In announcing Longo's planned overhaul, it is telling that the *AFR* made no mention of the Adams Report or the two major Parliamentary inquiries into ASIC's failings currently underway. Once again, Longo is showing contempt for Parliament and accountability, hoping that his window-dressing changes may fool the Senators into thinking ASIC has already changed.

It's up to the public through Parliament, not ASIC officials, to define what effective enforcement looks like, which by any definition must involve a major clean-out of ASIC. Hence the need for hard hitting submissions to the Bragg inquiry by 28 February.

**Stop Press:** This week [outback Queensland grazier Charlie Philott passed away](#), aged 88. Charlie lost his family property in 2014 when ANZ devalued it during a drought, and foreclosed on his loan, deeming him an "unviable risk", despite never having missed a payment. Charlie had signed a non-disclosure agreement with ANZ, but broke it to go public with his treatment, which became an important example of banking misconduct that forced the royal commission. Charlie's passing is a reminder of the need to ensure that the royal commission leads to far-reaching reform of the banks and regulators.

[Click here](#) for the Inquiry website with the Terms of Reference and information for making submissions.