

ASIC sends mixed signals on industry funding

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May 5, 2021

ASIC has conceded that it has discretion on the ballooning adviser levy, not long after outgoing chair James Shipton implied that the corporate regulator's hands were tied due to the "mechanical" industry funding model.

In a recent response to a question from Liberal MP Andrew Wallace, which was taken on notice at the PJC enquiry in late March, ASIC explained how it consulted on industry funding arrangements through its Cost Recovery Implementation Statement (CRIS) with Treasury and the Finance Minister, but took control thereafter.

"ASIC, as an independent regulator, has discretion over the allocation of resources," the regulator stated. "ASIC has the discretion to waive levies in exceptional circumstances. ASIC also considers applications to pay levies via a payment plan in cases of financial hardship."

The statement runs contrary to Shipton's narrative at a recent Senate Economics Legislation Committee hearing, [where he blamed the "mechanical" industry funding model](#), combined with the fallout of the Hayne Royal Commission and a declining adviser base, for the stark increase in the adviser annual levy this year. The latest adviser levy for FY19/20 came in at \$1500 per licensee plus \$2,426 per adviser – an increase of 160 per cent in two years.

"The way the industry funding works is [that] it's very mechanical. If our costs increase then it has to be allocated across the various different subsectors and populations," Shipton said. "It's just a mechanical response."

"Unfortunately the way the model works is that it's very difficult to carve one piece out to another," added Commissioner Danielle Press. "We are very cognisant of the issue but the industry funding model is mechanical and there's very little flexibility in what we can do."

In February the Financial Planning Association [called for a review of the industry funding model](#) and the adviser levy in particular, which chief executive said was "too unpredictable".

"As a first step in addressing these twin challenges of predictability and dramatic levy increases the government should undertake to review the ASIC industry levy," De Gori said. "As it has been three years since the levy was first introduced, it would be

an appropriate time to review its implementation and impact on the financial services sector.”

The increased adviser levy has been [roundly criticized in the industry](#), with The Fold Legal solicitor Simon Carrodus saying it was a “kick in the guts” for advisers and Fortnum Financial chief executive Neil Younger calling the fee “prohibitively high”.