



Australian Citizens Party

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MEDIA RELEASE

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Are elderly Sterling First victims less deserving of compensation than a Liberal Minister's mistress?

More than half a million dollars' compensation for a Liberal Minister's mistress, but nothing to save elderly victims of ASIC from eviction?

To make a political problem go away, the Morrison government has expedited the payment of more than \$500,000 to compensate a former Liberal Party staffer who had an affair with a senior government Minister.

The payment has been negotiated in secret with the Department of Finance as a worker's compensation payout for alleged abuse she received from the Minister, who was also her boss.

It's amazing how quickly and expeditiously this government can shell out the big bucks to bury a political scandal, isn't it?

Meanwhile, both the major parties have a reflexive objection to compensating everyday Australians who are victims of government agencies, as if somehow it would set a bad precedent.

This is especially true for victims of the Australian Securities and Investments Commission (ASIC), the corporate regulator which has overseen a regime of deliberately weak and ineffective regulation.

ASIC's philosophy is *caveat emptor*—let the buyer beware, i.e. if you get ripped off it's your own fault.

While *caveat emptor* may be good advice for individuals, it is a terrible philosophy to regulate a financial system by, as it gives crooks carte blanche to prey on the vulnerable.

Within two years of the 1998 Wallis Financial System Inquiry which established ASIC under its buyer beware philosophy, Adele Ferguson in a year 2000 *Australian Financial Review* article called ASIC "the watchdog no one fears".

By 2014, one ASIC chairman, Greg Medcraft, admitted that Australia had become a "paradise ... for white collar [criminals]".

The post-1998 ASIC era witnessed an unprecedented epidemic of financial scandals, resulting in many hundreds of thousands of financial victims.

This led to the 2018 Royal Commission into Financial System Misconduct, which recommended compensation for victims.

Much of the compensation should come from the financial institutions that perpetrated the abuses, which the government could coordinate through something like a levy scheme.

Some of the compensation must come from the government, in acknowledgement of, and taking responsibility for, ASIC's regulatory failures.

This the government does not want to do, however—not because they care about taxpayers' money, but because they would be forced to overhaul ASIC into an effective regulator, which they absolutely do not want to do.

ASIC is like it is because that is what the banks want—a regulator which does not regulate.

For decades the banks have made out like bandits running a scam called self-regulation, under which they pledge to abide by a voluntary code of conduct which sounds good, except for this fact: it is unenforceable, and the banks have blocked every effort to make it enforceable.

The ASIC chairman appointed days before the royal commission was called in 2017, James Shipton, and his deputy Daniel Crennan, took the royal commission seriously and tried to step up law enforcement against the banks; in 2019 Crennan said, "The banks should fear us."

PM Scott Morrison, Treasurer Josh Frydenberg, and the banks had other ideas, however, and Shipton and Crennan were soon forced out, replaced in 2021 with current chairman Joe Longo, whom the *AFR* described as the "business-friendly regulator Frydenberg craves" (Longo had previously been head of

enforcement at ASIC in 2000 when Adele Ferguson called it “the watchdog no one fears”).

With Longo’s appointment, Morrison and Frydenberg succeeded in killing off any impulse for financial regulation reform following the royal commission; Frydenberg gave the incoming chairman a directive that ASIC should assist the government’s financial recovery agenda, meaning, in practice, it shouldn’t police the financial system too closely.

And this means, as far as the government is concerned, that the hundreds of thousands of financial victims can go jump—the government will not compensate them, because it will not acknowledge that the system of regulation it put in place is at fault and must be overhauled.

What about Labor?

The question for this election is will the Labor Party commit to overhauling ASIC and compensating its victims, or will they be too scared to oppose the government and take on the banks?

When Labor’s Shadow Financial Services Minister Stephen Jones was asked on 4 April if he’d commit to compensating [the elderly Sterling First victims](#) for ASIC’s failings, Jones snapped “No”, and claimed that no government could make a compensation payment like that.

Jones is very wrong. The compensation paid to the Liberal Party staffer shows that governments can expedite any compensation scheme if it suits them.

If they can do it to make a political problem go away, why can’t they do it because it is the right thing to do, in this case to stop more than 100 innocent elderly victims from being evicted and made homeless due to ASIC’s negligence?

For Sterling victims, there are two possible compensation schemes available to be used: the Compensation for Detriment from Defective Administration (CDDA) scheme; and the Act of Grace payment scheme.

In March, Treasury confirmed: “The act of grace scheme is similar to the CDDA scheme, *and is capable of considering ASIC-related claims, including those relative to defective administration by ASIC.*” (Emphasis added.)

It’s time to demand the Labor Party commit to reforming financial regulation, starting with setting the right precedent by compensating the victims of Sterling First.

This must become an election issue! Are the elderly victims of Sterling First less deserving of compensation than a Liberal Party staffer?

Call and email the following ALP politicians and demand they commit to compensating the Sterling First victims and overhauling ASIC:

Shadow Financial Services Minister Stephen Jones:	(02) 4297 2285 Stephen.Jones.MP@aph.gov.au
Opposition Leader Anthony Albanese:	(02) 9564 3588 A.Albanese.MP@aph.gov.au
Shadow Finance Minister Senator Katy Gallagher:	(02) 6230 0411 senator.katy.gallagher@aph.gov.au
Shadow Treasurer Jim Chalmers:	(07) 3299 5910 Jim.Chalmers.MP@aph.gov.au
Senator Deb O'Neill:	(02) 4367 4565 senator.oneill@aph.gov.au

[Click here to learn about the Sterling First victims who are being abandoned by the major parties.](#)

[Click here to sign the Citizens Party’s petition for a post office people’s bank, to break the monopoly of the Big Four banks, which use their power over politics to deliberately keep the regulator ASIC weak and ineffective.](#)