

PROGRAM

Financial Regulation: Costs, Benefits and the Process of Regulatory Change

**A conference sponsored by ASIC, APRA and FICA and organized in association
with the Melbourne Centre for Financial Studies**

Date: 8.30 am – 5.30 pm Wednesday, 19 September 2007

Venue: Vanguard Investments Ltd,
Level 34,
Freshwater Place,
2 Southbank Boulevard,
Melbourne

Conference Objective:

Stimulate dialogue among key stakeholders on potential improvements to the design of financial regulation in Australia, and identification of general principles for the process of regulatory change.

Conference structure:

- (a) Six sessions of 45 minutes each will involve: authors of commissioned papers (to be distributed to participants prior to the conference) providing a 15-20 minute overview of their key arguments; a 5 minute commentary from an assigned discussant; 20-25 minutes of open discussion.
- (b) A panel discussion involving representatives of the conference sponsors and other participants will address a number of key questions.
- (c) An open forum and summary sessions will provide the opportunity for participants to raise further important issues and suggest future work needed.

The Conference will be conducted under Chatham House rules. A summary of the discussions will be produced, and cleared with participants, before being made public. It is intended to publish the conference proceedings after the conference.

Conference participants:

Approximately 50 invited attendees from the finance sector, industry associations, regulatory agencies and academia, some of whom will be invited to act as discussants of specific papers. It is anticipated that all attendees will be keen to contribute to the discussion.

Program

- 8.30 – 9.00 *Conference overview*
Kevin Davis – Director, Melbourne Centre for Financial Studies
Introductory address
Mr Gary Banks, Chairman, Productivity Commission
- 9.00 – 9.45 am Commissioned Paper: *Australian Financial Sector Regulation: Improving the Process of Regulatory Change*
Pamela Hanrahan (Law School, University of Melbourne)
Discussant: David Krasnostein (NAB)
- 9.45 – 10.30 am Commissioned Paper: *Regulation Impact Assessment*
Andrew Serpell (Department of Business Law and Taxation, Monash University)
Discussant: Lisa Gay (JSGBW)
- 10.30 – 11.00 am *MORNING TEA*
- 11.00 – 11.45 am Commissioned Paper: *Developing a Globally-Competitive Financial Services Sector: Managing the Tension between Innovation and Regulation through Self Regulation*
Gail Pearson/ Steve Elliot (The University of Sydney)
Discussant: Deen Sanders (FPA)
- 11.45 – 12.30 pm Commissioned Paper: *Implementing Best Practice Regulation in a Dynamic Marketplace: Consultation and Accountability*, Ric Simes (Access Economics)/
Hugh Green (Access Economics) Ian Harper (MBS)
Discussant: Ian Ramsay (University of Melbourne)
- 12.30 – 1.30 pm *LUNCH*
- 1.30 – 2.15 pm Panel discussion
Representatives of ASIC/APRA and FICA: Malcolm Rodgers, Charles Littrell, Richard Gilbert,
- 2.15 – 3.00 pm Commissioned Paper: *Measuring Regulation and Regulatory Performance*
Justin O'Brien (Centre for Applied Philosophy and Public Ethics - An ARC funded Special Research Centre - and Faculty of Business, Charles Sturt University)
Discussant: Steven Bardy (Westpac)
- 3.00 – 3.30 pm *AFTERNOON TEA*
- 3.30 – 4.15 pm Commissioned Paper: *Quantifying benefit estimates for prudential rule making*
Charles Littrell, Executive General Manager,
Policy, Research and Statistics, APRA
Discussant: Christine Harman (ANZ)
- 4.15 – 4.45 pm Open Forum / Facilitated Discussion
- 4.45 – 5.00 pm Overview /Summary of Dialogue
- 5.00 – 5.30 pm Closing Address and Identification of Future Work Plan

The organizers are grateful to Vanguard Investments for hosting this conference

Authors of Commissioned Papers

Australian Financial Sector Regulation: Improving the Process of Regulatory Change

Pamela Hanrahan (Associate Professor, Law School, The University of Melbourne)

Pamela Hanrahan is an Associate Professor of Law at The University of Melbourne and is Deputy Director of the University's Centre for Corporate Law and Securities Regulation. Prior to joining the University she practised law with Allens Arthur Robinson for many years, specialising in the regulation and governance of financial institutions. She has written extensively in the areas of corporate law and financial services law; her books include *Managed Investments Law & Practice* and *Securities and Financial Services Law* (co-authored with Bob Baxt and Ashley Black). Her new book *Funds Management in Australia: Officers' Duties and Liabilities* will be published by LexisNexis Butterworths later this year. Dr Hanrahan spent much of 2006 as a Visiting Scholar at the Centre for Corporate and Commercial Law at The University of Cambridge.

Regulation Impact Assessment

Andrew Serpell (Department of Business Law and Taxation, Monash University)

Andrew Serpell, BSc (Monash 1982), LLB (Hons) (Monash 1984), SJD (Melbourne 2001)

Assistant Lecturer, Department of Business Law and Taxation, Monash University

Involved in teaching and research in the areas of Corporations law, corporate crime and financial services law.

Before joining Monash University in 2006, Andrew had over 20 years experience with ASIC (and its predecessors) mainly working in the areas of corporations and financial services law and policy development.

Developing a Globally-Competitive Financial Services Sector: Managing the Tension between Innovation and Regulation through Self Regulation

Gail Pearson/ Steve Elliot (The University of Sydney)

Professor Gail Pearson (BA (Hons), PHD, LLB) is Chair of the Discipline of Business Law at the University of Sydney. She is a leading academic in the fields of commercial and consumer laws. She is the author of *Pearson, Fisher and Ali Commercial Law: Commentary and Materials* (ed2) Lawbook 2004, the major Australian text in this area and also of *Consumer Protection Law*, ed 5 Federation 1998 (with Goldring, Maher and McKeough). She has published numerous articles in Australian and international journals including chapters in *Halsburys Laws of Australia* and also contributed to law reform through submissions to enquiries. She is currently working on Australian financial services laws and regulation. Her research is concerned with technical legal questions and with the location of rules in a particular historical or social and economic setting. In addition she has an interest in South Asia and wrote the India chapter for *Women's Suffrage in Asia* Routledge 2004. Other current research includes work on Sir Mackenzie Chalmers who was responsible for codification of sale of goods law. Gail Pearson is a former Member of the Fair Trading Tribunal of New South Wales (now Consumer Trader and Tenancy Tribunal), the chief venue for resolving consumer disputes. She is currently a member of the Fair Trading Advisory Council (a statutory advisory committee to the Minister for Fair Trading) and a member of the consultative committee to the Consumer Trader and Tenancy Tribunal. She is also a member of the Business Law Specialist Accreditation Committee of the Law Society of New South Wales and of the Course Advisory Committee for the Financial Services Institute of Australasia. With

Nicola Howell of Griffith University, she recently organised a national Consumer Law Roundtable held at the University of Sydney.

Steve Elliot (BA, M.App.Sc, PhD) is Professor and Head of Business Information Systems at the University of Sydney. Previously he has been Head of the School of Business at the University of Newcastle and Director of the IT Research Centre at the University of New South Wales. Steve's research and consultancy focuses on strategic management of technology-enabled business innovation, particularly technology-enabled transformation of the financial services sector. His research is published in international journals and conferences and an internationally acclaimed book examining successful e-Commerce innovation in six countries. Steve was foundation chair of the UN-sponsored International Federation of Information Processing Working Group 8.4: *E-Business Information Systems*; co-chair of the World IT Forum's Economic Opportunities Commission; is Director of the Australian Computer Society's Information Systems Board; and is a judge of the AIIA / CSIRO national iAwards for technology innovation.

"Implementing Best Practice Regulation in a Dynamic Marketplace: Consultation and Accountability"

Ian Harper (MBS), Ric Simes (Access Economics), Hugh Green (Access Economics)

Professor Ian Ross Harper (B.Econ. (Hons) (Qld) M.Ec. Ph.D. (ANU) FASSA MAICD) is one of Australia's best known academic economists. He has worked closely with governments, banks, corporates and leading professional services firms at the highest level. As a member of the celebrated Wallis Inquiry, he was at the forefront of financial market reform in Australia.

Ian is currently Executive Director, Centre for Business and Public Policy at the Melbourne Business School, where he holds the Sidney Myer Chair of Commerce & Business Administration. From March to November 2004, Ian served as Acting Dean and Director of the School. In October 2005 Prime Minister John Howard announced Ian's appointment as inaugural Chair of the Australian Fair Pay Commission. The Commission is an independent statutory body whose role is to set and adjust minimum wages in Australia.

Ian is Principal of his own consulting company, Harper Associates Australia; a Senior Consultant with Access Economics and a Senior Adviser to Aon Australia.

In 2000 Ian was elected to a Fellowship of the Academy of Social Sciences in Australia in recognition of his standing as an academic economist. More recently, he was elected to the ANU Faculty of Economics and Commerce Alumni Hall of Fame.

Dr Ric Simes (Access Economics, PhD UPenn, MEc ANU, BComm (Hons) UNSW, FAICD) has extensive knowledge in public policy, governance, finance, economic analysis and strategy. He has held senior positions in the Commonwealth Treasury, academia and the private sector before joining Access Economics late in 2005. As Senior Economics Advisor to Prime Minister Keating, Dr Simes was heavily involved in the Expenditure Review Committee of Cabinet and the all aspects of Commonwealth-State financial relations and the development of national competition policy.

Hugh Green (Access Economics, BEc (Hons)/BComm ANU) joined Access Economics in February from the School of Economics at the ANU where he was an Associate Lecturer.

Measuring Regulation and Regulatory Performance

Justin O'Brien (Centre for Applied Philosophy and Public Ethics - An ARC funded Special Research Centre - and Faculty of Business, Charles Sturt University)

Justin O'Brien is Professor of Corporate Governance at the Centre for Applied Philosophy and Public Ethics (an Australian Research Council Special Research Centre). He holds a teaching position in the Faculty of Business at Charles Sturt University. A specialist in the regulation of capital markets, he is the author of *Wall Street on Trial* (Chichester, Wiley, 2003) and *Redesigning Financial Regulation, The Politics of Enforcement* (Chichester, Wiley, 2007). He has edited two volumes on regulatory reform in the aftermath of financial reporting and market failure, *Governing the Corporation* (Chichester: Wiley, 2005) and *Private Equity, Corporate Governance and the Dynamics of Capital Market Regulation* (London: Imperial College Press, 2007). Professor O'Brien is Convenor of the Corporate Governance and Regulation stream of GOVNET, an ARC funded research network. In addition he holds two grants from the Economic and Social Research Council, the premier academic funding organisation in the United Kingdom. The first focuses on the international implications of Sarbanes-Oxley. The second centres on the governance and accountability implications of enforceable undertakings in the United States. Professor O'Brien's current research centres on mapping the global private equity boom.

Quantifying benefit estimates for prudential rule making

Charles Littrell, Executive General Manager, Policy, Research and Statistics, APRA

Charles Littrell Executive General Manager, Policy, Research and Statistics Division

Mr. Littrell joined APRA in March 2002. Prior to joining APRA, Mr. Littrell had 20 years' experience in banking and finance, primarily at Westpac Banking Corporation. While at Westpac, Mr. Littrell's executive roles included Head of Group Strategy, Head of Australian Deposits and Investments, and Director, Corporate Finance. He is also a board member of SIRCA, the Securities Industry Research Centre of Asia-Pacific Ltd., and a member of the advisory board for the Faculty of Economics and Business at the University of Sydney. Mr. Littrell holds a BA (Economics) from Yale University, and an MEd (First Class Honours) from the University of Sydney