

# Policy 2

## Reviewing Decisions

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## WHAT THIS POLICY IS ABOUT

2.1 This policy discusses the review of decisions by the Panel. In particular it provides guidance to market participants on:

**A** Review of decisions of the Australian Securities and Investments Commission (*ASIC*)

*see 2.2–2.15*

**B** Review of decisions of the Takeovers Panel (*Panel*)

*see 2.16–2.21*

**C** Fees

*see 2.22*

## REVIEW OF ASIC DECISIONS

### Our policy

2.2 Pursuant to s656A of the Law, the Panel can review decisions<sup>1</sup> of ASIC made at any time under s655A, and decisions made during a bid under s673. This function was previously performed by the Administrative Appeals Tribunal (*Tribunal*). The rules regarding the review of decisions are well established and are set out below.

<sup>1</sup> The word “decision” in this document has the same meaning as in the *Administrative Appeals Tribunal Act 1975*.

## Steps of Review

### *Powers of the Panel*

- 2.3 For the purpose of reviewing an ASIC decision, the Panel may exercise all the powers and discretions conferred on ASIC by Chapters 6 and 6C of the Law.
- 2.4 In accordance with s656A(3), the Panel may:
- (a) affirm the decision; or
  - (b) vary the decision; or
  - (c) set aside the decision and:
    - (i) make a decision in substitution for the decision under review; or
    - (ii) remit the matter for reconsideration by ASIC in accordance with any direction or recommendations of the Panel.

Under s656B, the Panel may stay an ASIC decision and may make ex parte orders in urgent cases.

### *Grounds for an application for review*

- 2.5 Any person whose interests are affected by a relevant decision may apply for review of the decision. The basis on which the Panel will review a decision is set out below, and the grounds for an application for review should address those matters. Of course, an applicant may also submit that ASIC's decision making process was flawed under administrative law, but that is not enough of itself for the Panel to vary an ASIC decision or make a decision in substitution. An applicant must make a case that the Panel should substitute a different decision, or give a direction which will lead to ASIC making a fresh decision in a different way.

### *Information which may be taken into account*

- 2.6 The documents which an applicant needs to lodge with the Panel when requesting a review of an ASIC decision are set out in Part 5 of the Corporations and Securities Panel Rules for Proceedings (the *Rules*).
- 2.7 Given that an ASIC decision may be stayed and the short turnaround time that the Panel is directed to achieve under the legislation, it is essential that all parties make available at short notice persons with the necessary decision-making powers.
- 2.8 In general, most of the material needed to review an ASIC decision should be contained in the application to ASIC, any other submissions received by ASIC and ASIC's conclusions on the application. Accordingly, the application for review need consist only of submissions as to the relative merits of positions that have already been well articulated in the accompanying original documents, particularly ASIC's reasons.
- 2.9 While an applicant may submit further material, particularly where relevant facts have changed or are in dispute, every effort should be made to keep submissions and supporting material focussed and to comply with any deadlines, to allow the Panel to achieve its objective of completing the review within two business days of receiving all the material it needs. If large or numerous documents must be

submitted, as background or to provide context, summaries or references to critical material should be provided with them.

*Policy which will be applied*

- 2.10 Once the relevant documents and submissions from the parties are received, the Panel will decide for itself what the relevant facts are. Those facts may differ from those found by ASIC, whether because new information is available, or because the Panel makes a different assessment of the information available to ASIC.
- 2.11 The Panel will then consider any ASIC policy which appears to be applicable to the facts, whether or not ASIC applied that policy in making its decision. It will first make its own assessment regarding whether the policy is valid, and whether there is any reason why it should not be applied in the present matter. There will need to be very persuasive reasons before the Panel will reject established ASIC policy as invalid, even if the policy does not reflect the preferred position of the Panel. This is particularly true where the policy has been arrived at and published after public consultation.
- 2.12 If the Panel affirms that the policy is valid then it must consider how to apply that policy in the case before it, on the facts as found by the Panel. If the Panel comes to the same conclusions as ASIC on what policy to apply and how to apply it, then the decision will stand. Otherwise, the Panel may vary the decision, set it aside and substitute its own decision, or remit the matter for reconsideration by ASIC, with directions as to the policy to be applied.
- 2.13 If the Panel decides to set aside or vary an ASIC decision, its first preference will be to decide the matter itself, applying relevant ASIC policy to the facts found by the Panel. If ASIC policy does not cover the matter, the Panel will decide the matter in accordance with the legislative policy of Chapter 6 and its own policies and rules. If, however, additional facts need to be found, the Panel may refer the matter back to ASIC, with a direction as to the policy to be applied.
- 2.14 If the matter shows up the need for policy development which may need research or public consultation, the Panel will resolve the matter in light of its particular facts, setting as narrow a precedent as possible, and invite ASIC to undertake the necessary policy development. In general, the Panel will take the course that causes least uncertainty in the market, with a preference for minor variations of ASIC decisions or remitting matters back to ASIC.

## **Underlying principles**

- 2.15 This approach to reviewing decisions follows the practice laid down by Brennan J in *Re Drake and Minister for Immigration and Ethnic Affairs* (1979) 24 ALR 577:

“When the Tribunal is reviewing the exercise of a discretionary power reposed in a Minister, and the Minister has adopted a general policy to guide him in the exercise of the power, the Tribunal will ordinarily apply that policy in reviewing the decision, unless the policy is unlawful or unless its application tends to produce an unjust decision in the circumstances of the particular case. When the policy would normally be

applied, an argument against the policy itself or against its application in the particular case will be considered, but cogent reasons will have to be shown against its application, especially if the policy is shown to have been exposed to Parliamentary scrutiny.”

With the exception of the last clause, that practice and the reasons for adopting it are fully applicable to ASIC decisions. It has been applied repeatedly, and affirmed by the Federal Court. It has been recently restated by B J McMahon DP in *Re Allstate Explorations NL* [1999] AATA 1019.<sup>2</sup> In that case, McMahon DP noted it was a well settled principle that in reviewing decisions of ASIC the AAT should “pay regard particularly to policy statements which are developed after substantial processes of examination and discussion”, but that the discretion of the AAT should not be “fettered by a slavish application of policy”, because the merits of every case must be considered.

- 2.16 The rationale behind this approach to the application of policy was stated by McMahon DP to be based on “overriding considerations of public policy which dictate that ... policy should be given considerable respect if for no other reason than to achieve a desirable consistency in decision making.”
- 2.17 However, the Panel, as a specialist review body, with policy and rule-making powers of its own in the takeover area may have somewhat greater scope than the AAT in reviewing the basis of the underlying policy relied upon by ASIC in individual cases, particularly if the policy is novel or untried.

## REVIEW OF PANEL DECISIONS

### Our policy

#### Steps of Review

##### *Powers of the Review Panel*

- 2.18 Under s657EA, the Panel can review a decision of the Panel on an application for a declaration under s657A, or for an order under s657D or 657E (though not a decision on the review of a decision by ASIC). An application for review may be made by any party to the proceedings at first instance, or by ASIC.
- 2.19 The Panel is constituted for the purposes of the review (a *review Panel*) by three members appointed by the President. A review Panel has the same powers to make a declaration or order as the Panel which considered the matter at first instance (the *sitting Panel*) had when considering an application under s657C. Under s657EA(4), the review Panel may:
- (a) vary the decision; or
  - (b) set aside the decision; or
  - (c) set aside the decision and substitute a new decision.

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<sup>2</sup> This case was upheld on appeal to the Federal Court on 11 February 2000, see *Sabatina Pty Ltd v Allstate Exploration NL* [2000] FCA 92.

Of course the review Panel may also affirm the decision under review. However, it may not remit the matter back to the original sitting Panel.

*Leave to apply for review*

- 2.20 A person does not need leave to apply for review of a decision whether to make a declaration of unacceptable circumstances under s657A, or a decision whether to make an order under s657D or s657E. In all other cases, s657EA(2) provides that a person may only apply for review with the consent of the President of the Panel.
- 2.21 The Panel's strong preference is for matters before a sitting Panel to be decided on their merits without unnecessary interruptions. Accordingly, an application for leave to apply for review of a decision in unfinished proceedings should be based on the likelihood of unacceptable circumstances occurring because the decision is allowed to stand while the proceedings are completed.

*Information which may be taken into account*

- 2.22 The documents which an applicant needs to lodge with the review Panel when applying for a review of a Panel decision are set out in Part 4 of the Rules, and include a written application specifying the decision, the grounds for review, and any supporting documentation such as evidence and submissions.
- 2.23 Where matters have already been set out in papers before the sitting Panel, it is sufficient to refer to those papers. Fresh information and submissions should be kept brief, and should be accompanied by a precis or index.
- 2.24 The process of internal review closely resembles the process of reviewing ASIC decisions, as set out above.

## **Underlying principles**

- 2.25 The underlying principle of review of Panel decisions is to ensure that parties to a matter will not be affected by a manifestly incorrect decision, and that sitting Panel members are aware that their decisions must be made according to proper procedures or risk being overturned.
- 2.26 The review Panel is the legislature's alternative to other forms of administrative review and is intended to operate in the same timely and informal manner as any sitting Panel. Specifically, the review Panel is intended to render judicial review unnecessary by providing a review of the decision on the merits.

## **FEES**

- 2.27 The fee for an application is set out in item 23(b) of the Corporations (Fees) Regulations. At March 2000, it was \$200. The Panel will not consider a matter until the fee has been paid, or until it has received an undertaking to pay it forthwith. Cheques should be made payable to the Commonwealth of Australia and given to the Panel executive.