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Matthew Sedgwick
Consumer and Corporations Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

Online submission: regmod@treasury.gov.au

Dear Mr Sedgwick

Modernising Business Registers Program - Review of Registry Fees (November 2018)

I am pleased to make this submission on selected questions on Treasury's proposals for the Review of Registry Fees under the Modernising Business Registers Program.

I have over 30 years of experience in accounting technical support functions in the public sector (Queensland Audit Office) and large accounting and auditing firms (Ernst & Young and others) where I have provided accounting and financial reporting advice to staff and clients.

Simplifying or removing search fees for digital interactions

7. How could search fees be reformed to make data more accessible, the system simpler and more equitable?

I fully support the removal of registry search fees. Such a change would enable the Program to comply with the Government's Open Data policy¹, which is to "make non-sensitive data open by default" and "where possible, make data available for free".

In 2014, Malcolm Turnbull (the then Communications Minister) stated² that he thought it was "really regrettable that ASIC's data is behind a paywall".

The Discussion Paper, in a number of instances, refers to the legislative requirement for ASIC to charge search fees. There is no inherent requirement for this legislative impost. The Program should involve legislative change to comply with the Open Data policy and to remove all access fees.

The Australian Charities and Not-for-profits Commission (ACNC)³ already provides free access to financial information lodged with it. Even for companies that until a few years ago were lodging the same information with ASIC where fees were charged!

The current approach of charging fees results in an unnecessary cost impost, and effectively a hidden tax, on businesses using publicly lodged financial information. This approach contradicts the Coalition's proposals to reduce taxes on business.

¹ <https://www.pmc.gov.au/resource-centre/public-data/australian-government-public-data-policy-statement>

² <https://www.governmentnews.com.au/turnbull-blasts-asic-putting-public-data-behind-paywalls/>

³ <http://www.acnc.gov.au/findacharity>

I support Mr. Turnbull's statement in 2014⁴ "Obviously these are tough and troubled times from a budgetary point of view – and there will be all sorts of contractual issues – but really, the productivity benefits from making data freely available are so much greater than whatever revenues you can generate from them." The Program should implement these views.

An infrastructure fee for users of the modernised register services

8. Should an infrastructure fee be introduced if it is payable by users of an API or comparable technology?

I do not support a fee based on the above premise, i.e. on an API, as it may lead to unintended consequences. My concerns relate to low volume use by members of the public, and allowing for future developments such as interactive data.

Low volume use by members of the public.

The Discussion Paper defines API as "a software-to-software interface; it is not a user interface" (page 13, footnote 6). In Attachment A, there is a reference to the need for access to higher quality (and consolidated) data on Australian businesses.

An API may be required to access data from more than one business at a time. Therefore, applying a fee to when an API is used may inadvertently have the unintended consequences of charging for industry or economy wide searches.

For example, I have recently been researching the impact of the new accounting standards of AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases* on companies. I do not think that I would meet the definition for any academic or journalism exclusion, even though my research has been made public by being included in presentations to CPA Australia and Chartered Accountants ANZ members.

Interactive Data

The Program should involve Australia joining many other countries around the world in assisting in the automation of the use of the end product of financial reporting. This involves providing electronically tagged financial statements for listed entities, referred to overseas as Interactive Data, or by its technical name XBRL.

XBRL (eXtensible Business Reporting Language,) allows a 'deep dive' into individual data elements in a set of financial information.

While XBRL and the related iXBRL are already available for use by companies in Australia⁵, the voluntary application has seen little, if any, adoption. More than 2/3 of the world's capital markets are using XBRL⁶. Successful application overseas has involved mandatory application, and with current software, involves little cost to

⁴ <https://www.governmentnews.com.au/turnbull-blasts-asic-putting-public-data-behind-paywalls/>

⁵ <http://asic.gov.au/regulatory-resources/financial-reporting-and-audit/preparers-of-financial-reports/standard-business-reporting/>

⁶ <https://linkup.imanet.org/blogs/david-colgren/2018/06/27/techtalk-blog-need-for-digital-assurance-services>

preparers. Countries overseas that mandate Interactive Data / XBRL, for example the USA⁷, make the data freely available.

I have participated in Australian and international XBRL activities. My involvement included leadership roles with XBRL Australia Ltd and membership of the XBRL International Inc steering committee.

Australia is currently not taking the full advantage of the adoption of IFRS (International Financial Reporting Standards). In 1996, the Australian Accounting Standards Board commenced an International Accounting Standards (IAS) harmonisation program, including funding from the Australian Stock Exchange. The aim of the program was for international investors to be able to understand Australian listed company financial reports easily, as those reports would be able to state compliance with IAS.

With overseas capital markets using electronic reporting with XBRL, international investors will find analysing Australian companies requires greater effort as Australian financial reporting is still predominately PDF. For greatest benefit, listed company financial reports should not only comply with IFRS, but also be available in XBRL format.

Accessing data for more than company at a time, may involve the use of an API, even if a user interface is used. For example, the USA has made available a search facility, as well as a viewer. Cross-industry, or even searches over the whole reporting population by individuals should be free.

Simplifying late fees

5. Do you support the introduction of interest on late payments rather than the late payment fee?

I do not support interest being charged on late payments. The analogy of interest charged on amounts due to the ATO is not appropriate. Amounts owing to the ATO can be in the millions of dollars. The late fee is currently \$119. It would take many years, not just days or months, to get from \$119 to the equivalent of the late late fee of \$329.

Charging interest is going to create all sorts of problems if calculated on a daily basis. Firstly someone is going to have work out how much it is going to be (say 5th December). Then by the time approval is received to make a payment, likely to be some days later, the amount owing will have changed.

The current late late penalty (more than one month late) of \$329 includes an interest component, and a penalty.

Yours faithfully,

David Hardidge

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⁷ <https://www.sec.gov/edgar/searchedgar/webusers.htm>