

19 June 2014



**Institute of  
Chartered Accountants  
Australia**

Ashly Hope  
Strategic Policy Advisor  
Australian Securities and Investments Commission  
GPO Box 9827  
MELBOURNE VIC 3001

**By email: [deregulation@asic.gov.au](mailto:deregulation@asic.gov.au)**

Dear Ms Hope,

### **ASIC's deregulatory initiatives**

The Institute of Chartered Accountants Australia (Institute) welcomes the opportunity to provide a submission on the Australian Securities and Investments Commission's (ASIC) report on deregulatory initiatives (the Report). Appendix B includes more information about the Institute.

### **Key points**

- While the Institute welcomes ASIC's stated objective to reduce business costs and reduce the burden of red tape, there is no reference to any review of ASIC's programs or processes which, in some instances, place a very high compliance cost on the regulated community. Although most of these programs serve a regulatory purpose, there is scope to review some of the process involved and some of the information requested. We recommend ASIC undertakes a review of its longstanding regulatory programs to determine whether compliance costs could be reduced.
- The Report identifies a number of forms to be streamlined. Changing forms alone, although welcome, is a minor issue. It is important that ASIC considers what is being asked for in the first instance. A huge amount of data is requested annually. The data is not always publically available and ASIC does not have the resources to analyse it. A review of whether this data is necessary at all would reduce the compliance burden.
- We are concerned the registration of registered company auditors (RCAs) is not included in the proposed changes to auditor requirements. RCAs have identified significant difficulties with the registration process. This feedback along with suggestions for improvement has been provided to ASIC.

**Customer Service Centre**  
1300 137 322

**NSW**  
33 Erskine Street  
Sydney NSW 2000

GPO Box 9985  
Sydney NSW 2001  
Phone 61 2 9290 1344  
Fax 61 2 9262 1512

**ACT**  
L10, 60 Marcus Clarke Street  
Canberra ACT 2601

GPO Box 9985  
Canberra ACT 2601  
Phone 61 2 6122 6100  
Fax 61 2 6122 6122

**Qld**  
L32, Central Plaza One,  
345 Queen Street,  
Brisbane Qld 4000

GPO Box 9985  
Brisbane Qld 4001  
Phone 61 7 3233 6500  
Fax 61 7 3233 6555

**SA / NT**  
L29, 91 King William Street  
Adelaide SA 5000

GPO Box 9985  
Adelaide SA 5001  
Phone 61 8 8113 5500  
Fax 61 8 8231 1982

**Vic / Tas**  
L3, 600 Bourke Street  
Melbourne Vic 3000

GPO Box 9985  
Melbourne Vic 3001  
Phone 61 3 9641 7400  
Fax 61 3 9670 3143

**WA**  
L11, 2 Mill Street  
Perth WA 6000

GPO Box 9985  
Perth WA 6848  
Phone 61 8 9420 0400  
Fax 61 8 9321 5141

Should you have any queries concerning the matters discussed above or wish to discuss them in further detail, please contact me via email at: [rob.ward@charteredaccountants.com.au](mailto:rob.ward@charteredaccountants.com.au); or telephone (02) 9290 5623 or Geraldine Magarey at [Geraldine.magarey@charteredaccountants.com.au](mailto:Geraldine.magarey@charteredaccountants.com.au) or (02) 9290 5597.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Rob Ward', written in a cursive style.

**Rob Ward**  
**Head of Leadership and Advocacy**

## **Appendix A**

### **B Ongoing work and recent progress**

The Institute is supportive of ASIC's work to reduce business costs and the burden of red tape. Compliance costs are a significant cost to business especially small and medium enterprises. A small accounting practice may require several registrations with ASIC for example, to be a RCA, Self Managed Super Fund (SMSF) auditor and hold an Australian Financial Services Licence (AFSL). This can result in significant compliance obligations.

Although the Report does provide details of initiatives ASIC has undertaken for improving compliance costs, we are concerned the Report does not provide much guidance on ASIC's plans for improving its processes. The majority of actions outlined in the Report have already commenced and some have been in progress for a number of years. There is no reference to any review of ASIC's program or processes which, in some instances, place a very high compliance cost on the regulated community. Although most of these programs serve a regulatory purpose, there is scope to review some of the processes involved and some of the information requested. In our submission to the Senate Inquiry into the performance of ASIC, we noted there were many examples where ASIC initiates a specific regulatory program that targets particular areas of focus in the marketplace, but then continues to run the program at the same level of resourcing when it could be questioned whether the impact of the work is still relevant to the marketplace. We recommend ASIC undertakes a review of its longstanding regulatory programs to determine whether compliance costs could be reduced. This review should include the information requested by ASIC to perform its activities which can run into hundreds, sometimes thousands, of documents. Some of this information is not analysed due to a lack of resources.

There is no update on ASIC's work on mutual recognition with overseas regulators. This is an important area of focus and will result in the reduction of business costs. The Institute recommends ASIC continues to focus on establishing mutual recognition where current efforts have stalled.

The Report refers to the Business Names Register launched in May 2012. Feedback from our members suggests the process is cumbersome and lacks intuitiveness. There is no ability for business names to be attached to an ASIC registered agent number and dealt with in the same way that agents are able to deal with company forms.

### **C New Initiatives**

#### **Streamlining ASIC forms**

The Institute supports the streamlining of forms identified in the Report. The Institute suggests ASIC goes further and reviews what is being asked for in the first instance. A huge amount of data is requested annually. The data is not always publically available and ASIC does not always have the resources to analyse it. A review of whether this data is necessary at all would reduce the compliance burden.

We believe more work to could be done to allow current ASIC forms to serve a number of purposes. For example,

- There is some overlap in the information required to register as a RCA and a SMSF auditor, However, ASIC requires the information to be submitted twice. With the new SMSF auditor registration, ASIC did not utilise existing information it already held on some of the requirements.
- ASIC does not appear to have the capability to change multiple company information at the same time. Information on change of address for companies, directors or agents for foreign companies requires multiple forms. There is not one form for multiple changes as utilised in other agencies.

While we support the proposal to remove form numbers 907 and 314 for auditors, there does not appear to be any proposal to simplify any forms associated with the auditor registration process. The Institute believes this area provides opportunity for simplification.

**Simplifying wholly owned financial reporting relief**

The Institute supports the proposal to incorporate financial reporting relief provided by Class Order [CO 98/1418] *Wholly-owned entities* directly into the Corporations Act. However, we note there is no reference to any further proposals to review processes around financial reporting.

**Proposed minor or technical law reform**

The Institute supports the proposal to remove the requirement for a RCA to undertake a compliance plan audit. However, it is important that any alternative provisions ASIC proposes in place of the current law is not more complicated and is consistent with other existing regulation such as being a member of a professional body.

**Improvements to auditor resignation requirements**

The Institute supports the proposed changes to the auditor resignation process.

## **Appendix B**

### **About the Institute**

The Institute represents accounting and business professionals in Australia and around the globe. Members strive to uphold financial integrity through a commitment to ethics and acting in the public interest.

We focus on educating candidates through the Chartered Accountants Program and engage in advocacy and thought leadership underpinned by our members' knowledge and experience. We influence a range of policy areas impacting the Australian economy and domestic and international capital markets.

A watershed member vote in 2013 set the course for the Institute to amalgamate with the New Zealand Institute of Chartered Accountants (subject to obtaining formal government approvals and effecting amendments to constituent documents), with the vision of becoming the trusted leaders in business and finance.

The proposed new institute – Chartered Accountants Australia and New Zealand – is expected to have more than 90,000 members in total with 17,000-plus candidates, giving us greater scale and influence on the world stage.

We are on the Board of the International Federation of Accountants, and are connected globally through the 800,000-strong GAA and Chartered Accountants Worldwide which brings together leading Institutes in Australia, England and Wales, Ireland, New Zealand, Scotland and South Africa to support and promote over 320,000 Chartered Accountants in more than 180 countries.

[charteredaccountants.com.au](http://charteredaccountants.com.au)