



24 May 2018

Natalie Dürr
Senior Executive Leader
Criminal Intelligence Unit
Australian Securities and Investments Commission
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C/O policy.submissions@asic.gov.au.

Dear Ms Dürr

ASIC Fees-for-Service

Thank you for the opportunity to provide comment on the *Cost Recovery Implementation Statement: Fees for service under the ASIC industry funding model (2018-19)* (the Statement).

The Association of Mining and Exploration Companies (AMEC) is the peak national body representing mining and mineral exploration companies around Australia, many of which are regulated by the Australian Securities and Investment Commission (ASIC).

The sizeable increase in ASIC proposed fees in addition to the levy system introduced in July 2017, will significantly increase the cost of doing business in Australia. AMEC has previously indicated that it does not support any form of cost recovery to fund 'core' Government statutory based activities. Cost recovery from industry should be done as a last resort.

Please note, that the following comments made on behalf of industry, are similar to comments in previous AMEC submissions to the Commonwealth Treasury. Comments that appear to have been ignored.

Substantial, unjustified increase in fees

The Statement includes increases to ASIC's fees and charges that are substantial and does not offer an explanation or any supporting information. For example, prospectus lodgement fees (Fee 764B) will rise 33%, and an Offer Information Statement (Fee 764E) by 24%.

It is unclear why these fees are rising, as the Statement lacks detail supporting the rationale of how the fees are calculated. While the equation applied is outlined, the numbers used in each fee's calculation are not provided. Merely outlining the equation does not increase transparency.

Association of Mining and Exploration Companies

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The Statement, in Section D, acknowledges that a lack of information about the size of fees is a risk. Beyond this cursory acknowledgement the Statement does not provide sufficient information to allay this justified concern.

AMEC requests that the figures used to calculate *each* fee are released. There is no reason why ASIC would not be able to do so, given it has calculated the new fees listed. To do so would increase transparency and accountability.

Accountability

The centrepiece of the Government accountability for the fee schedules, are a three-yearly review of the fee schedules, and the information already provided through performance reports and the Annual reports.

The three-yearly review of the fee schedules is a necessary minimum. However, it is unclear how the Government can be held to account if, as discussed in paragraph 101, a “review needs to occur earlier”, and nor is it clear how this ongoing assessment will provide an incentive as suggested?

This lack of clarity is created in part, because the accountability measures outlined in the Statement are insufficient. The accountability process should include the release of performance data that itemises the regulatory effort of ASIC, the hours to assess and process, and the weighted average hourly staff rate that underpin each of these fees and charges. This data should be released annually, so that fee payers have line of sight of the Government’s performance, in addition to what is already provided through the Annual Report.

The release of these figures will support the achievement of the three principles outlined on page 10 of the *Australian Cost Recovery Guidelines* namely: efficiency and effectiveness; transparency and accountability; and stakeholder engagement.

Cumulative cost of doing business

It is disappointing that the Statement does not include the established levy arrangements, rather it discusses the fees in isolation.

This omission removes consideration of the cumulative economic impact of ASIC fees and levy from the consultation process. The cost of paying the extra fees and levy to ASIC will be reduced expenditure on local business, jobs and growth.

If you would like to discuss this submission please contact me directly.

Yours sincerely



Warren Pearce

Chief Executive Officer