

policy.submissions@asic.gov.au

23 May 2018

Re:

The Cost Recovery Implementation Statement

Fees for service under the ASIC industry funding model (2018 – 2019)

PRINCIPAL MEMBERS



Thank you for the opportunity to provide a submission to ASIC in regard to the proposed CRIS Fees for service consultation.

The GRC Institute Inc. (GRCI) understand that the directive for ASIC to recover one hundred percent of the costs for regulation from those it regulates is driven by parties outside its control.

Furthermore, GRCI does not dispute the proposed calculation of fees model, which seems reasonable in general, with some comments about giving consideration to the size and complexity of the organisations and how that might be better reflected in the fees applied.

We would suggest that in general terms the fee schedule and other CRIS charges, might reflect ASIC's costs to administer its responsibilities, but we are not certain that it has taken into account the negative effects that these changes could have on the regulated population. Some of the 'flat fee' charges suggested appear very high and on face value, look similar to those that might be charged by a law firm and these may impede smaller entrants or members in the market.

In particular we are concerned that the increasing complexity and cost of being regulated by ASIC may have anti-competitive effects of concentrating the industry into a small number of larger (well-financed) firms and driving out smaller firms (and individuals) which do not have the resources to pay these increased fees and charges and still make a reasonable profit. They could also provide an increased incentive for smaller operations to provide their services outside the regulatory framework. ASIC may want to consider whether some of these higher fees and charges could be tiered to take into account smaller firms' reduced capacity to pay. If the costs can't be adjusted as a principle or be scaled, depending on the size or complexity of an organisation, ASIC may wish to give consideration to some kind of exemption or partial exemption or subsidy scheme for these particular participants.

Australia +61 2 9290 1788

Level 1, 50 Clarence Street

Sydney, NSW, Australia 2000

ABN 42 862 119 377

www.thegrcinstitute.org

Alternately we suggest that there could be a satisfactory model where:

1. A client could receive the costs for a compliance review prior to lodgement and that should be fixed.
2. Similarly licence changes could have fixed estimates prior to lodgement.


This would enable proper assessment of the costs by ASIC and for budget planning by the organisation.

Alternatively, industry bodies should negotiate with ASIC the fixed fees to be applicable for the first year of operation with a review at the end of that period to determine fairness. For organisations at this stage in their development this would be more appropriate than a three year period.

We also suggest that all fees must be applicable to fintech companies to ensure an even regulatory playing field.

We would love to discuss our submission further, should you have any questions I can be contacted directly with these questions.

Kind Regards,



Naomi Burley
Managing Director
GRCI