

Kate O'Rourke
Principal Adviser
Corporations Policy Unit
Consumer and Corporations Division
The Treasury
Level 5, 100 Market Street
SYDNEY NSW 2000

11th December 2018

Dear Ms O'Rourke

Re: Exposure Draft *Corporations Amendment (Proprietary Company Thresholds) Regulations 2018*

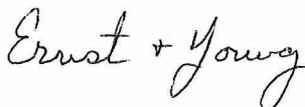
Ernst & Young is pleased to comment on the proposed revision of proprietary company thresholds in the *Corporations Act 2001* ("Corporations Act"), as specified in the above-mentioned Exposure Draft. We welcome the opportunity to contribute to the continued improvement of the Corporations Act and we would like to take this opportunity to confirm our overall support for the proposed changes.

We agree that only those proprietary companies that are economically significant should be required to prepare and lodge audited financial reports, thereby reducing compliance cost burden for smaller sized companies. Given that the current thresholds have not been revised since they were last amended by the Corporations Legislation Amendment Bill 2007, these proposals are needed.

Whilst we support reducing the reporting burden for companies not economically significant, we note the arbitrary nature of the thresholds for assessing the existence of a large proprietary company. In this regard, we consider that a description of the process used to determine the proposed thresholds would be helpful, because this might enable a more frequent consideration of the thresholds in the future as the economy grows.

Should you wish to discuss this letter with us, please contact Frank Palmer on (02) 9248 5555 or Tony Hanrahan on (03) 9635 4036.

Yours faithfully,



Ernst & Young

