28 January 2022

Data Economy Unit
Consumer Data Right Division
The Treasury
Via email: regmod@treasury.gov.au

Dear Sir or Madam,

Modernising Registry Fees

Chartered Accountants Australia and New Zealand (CA ANZ) welcomes the opportunity to provide feedback to Treasury on modernising registry fees (discussion paper).

General Comments

We are a strong supporter of the modernising business registers program (MBR) and believe it is an integral piece of economic infrastructure that can reduce compliance costs for both business and governments whilst simultaneously improving the transparency of information. Modernising registry fees represents an opportunity to reduce compliance costs to support business as well as simplify and streamline interaction with Government.

As noted in our 2018 submission '*Modernising Business Registers Program Review of Registry Fees*', we support the simplification of late fees and the removal of fees for digital interaction.

Key Points

- We support the removal of search fees for retail and wholesale users to assist in greater data transparency. Any fees charged should be minimal and for non-automated services.
- We do not support the proposed infrastructure fee. If imposed, we consider any infrastructure fee should be modelled on historical user search data to identify trends.
- We strongly support the simplification of late fees.

The majority of search legacy fees for users of ASIC registers should, in essence, no longer apply under the new Australian Business Registry Services (ABRS) as the access of data will generally be self-service. Any fees that do apply should be minimal for non-automated services.

The future funding structure of the ABRS will be an opportunity for Government to 'reset' fees which are charged to users. Any funding structure should strike a balance between changing behaviours of users in order to proactively keep business information up to date as well as to cover any appropriate costs required to maintain non-automated services.

Issues outside of this consultation

Although ‘other Australian Securities and Investments Commission (ASIC) regulatory fees and charging, including those under Industry Funding Model’ have not been considered in this consultation, it will be important for Government to collectively consider the affects that will result from the consolidation of ASIC registers within the ABRS. For example, we note from ASIC’s 2020-21 Annual report that revenue from ‘searches and information broker fees’ was approx. $64.9m, which will be a sizeable reduction in ASICs revenue during the transition to the ABRS through to 2024. In our opinion, the expected reduction in registry revenue should have no effect on the charges to regulated entities under the ASIC industry funding model and cost recovery implementation statement.

In appendix A we have focused our feedback on those areas where we consider we can add the most value. Appendix B provides more information about CA ANZ.

Should you have any questions about the matters discussed above or wish to discuss them further, please contact Karen McWilliams via email at karen.mcwilliams@charteredaccountantsanz.com or phone (612) 8078 5451.

Yours sincerely

Simon Grant FCA
Group Executive
Advocacy & Professional Standing

Karen McWilliams FCA
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Appendix A

Search fees

1. *Are you supportive of a further reduction to or removal of digital retail search fees?*

We support the removal of digital search fees for retail and wholesale users to assist in greater data transparency.

1.1 *Do you have any concerns about retaining fees on a limited range of searches?*

Any fees charged through the register should be minimal and transparent. For example, a printed search request that needs to be posted should attract a small fee to cover postage and handling costs only.

Infrastructure fee users and use-cases

2. *Which types of users (or use-cases) should be charged an infrastructure fee? Are there any users (or use-cases) that should be exempt?*

Infrastructure fee
We do not support an infrastructure fee. An infrastructure fee could have unintended consequences by discouraging innovation of publicly available data to facilitate business transactions and reduce business compliance costs in complying with government requirements.

Exemptions
ASIC relies on registered liquidators (RLs) and the Australian Financial Security Authority (AFSA) on trustees in bankruptcy, to detect illegal phoenix activity through the various mandatory reports that they must lodge. RLs and trustees must perform detailed searches for any related business or directors to complete these mandatory reports, even if there are no funds in the business or estate to recoup these expenses. Currently, RLs and trustees incur significant search fees in undertaking their duties, which reduces the amount available to distribute to creditors or their work remains unfunded.

Assurance services are carried out in the public interest to maintain the integrity of the financial system. As a part of the assurance process, detailed searches of databases such as business and professional registers are needed to satisfy mandatory procedures.

We believe that RLs, trustees and auditors should be classed as wholesale users and exempt from any infrastructure fees because the searches they undertake= are required by legislation or regulations for Government regulators and contribute to the Government's economic goals.

In Australia's Artificial Intelligence Action Plan, we note focus 4 is *making Australia a global leader in responsible and inclusive AI*. In order for this to occur, and in any other areas, appropriate academic and economic research based on government data will be key. We note that academic research may be prohibitively expensive when large volumes of data and reports are required from regulators' databases (i.e., via the registry). As such, we suggest consideration is given to the purpose of the data required by users (in this case academics for research and becoming leaders in a chosen field) and the cost, if any, required to access data.

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Infrastructure fee components

If an infrastructure fee is considered to be appropriate, i.e., subscription or usage charge, further analysis should be undertaken of historical data to identify trends across searches to understand the most appropriate fee structure for users.

***3.** If a connection fee is introduced, which is preferable: a larger one-off onboarding fee, or a smaller ongoing subscription fee?*

If a connection fee is in fact introduced, the aim should be to minimise cost of providing useful data. Applying a larger one-off onboarding fee may inadvertently restrict some businesses from engaging with the registry. A smaller ongoing subscription fee, tiered to reflect common usage by industry sector, may be preferable.

***4.** If a usage charge is introduced how should it be set? For example, per company, attribute, unit of measurement (e.g. by API call)?*

As noted above, a review of historical data maybe useful to understand trends of use and provide guidance as to the most appropriate component for setting a usage charge.

Late fees

***5.** Would you support a late fee regime with a single fee for late provision of information and a single fee for late payment?*

We strongly support the simplification of the late fee structure with a single fee for late provision of information and a single fee for late payment.

This simplification should be accompanied with by an awareness raising campaign of the importance of timely information as well as encouraging users to 'lodge on time' to avoid unnecessary late fees.

The Registrar should actively strengthen direct communication channels by sending reminders (through MyGov inbox, SMS) to users who are approaching their information submission deadline (so-called 'nudge techniques')

***6.** If so, how should these fees be designed to ensure the information held on the registers is current and accurate?*

Late fees should act as a deterrent and increase as the delay lengthens. Consideration could also be given to the initial fee notice providing the amount due if paid on time and the higher amount that would be due if it is paid late. This would remind businesses of the importance of acting on time and increase their awareness of the financial consequences late lodgement.

In addition to designing fees to encourage compliance, we encourage more focus on the benefits for business and the community of keeping their information current and accurate on the register. The registrar should aim to change behaviours of those interacting with the registry through transparency and education rather than simply relying on fees to 'punish' those who do not comply.

Inefficient or counterproductive lifecycle fees

7. *Are there any lifecycle fees that you believe are inefficient or counterproductive and should be specifically removed? Are there any that should be retained?*

The Discussion paper suggests fees being payable to update or change information within the register. This would be counter to encouraging companies to keep the registry information is as current as possible. Likewise, with a modern digital registry, we consider it unlikely that the ABRS would incur costs on an individual transaction basis.

As noted in the discussion paper, in 2020-21, lifecycle fees generated just 1.1% of the $1.08 billion in total value of registry fees. The removal of lifecycle fees would have minimal impact while reducing administrative cost burden on business.

Fees associated with reregistration, external administration or wind-ups should be removed to encourage proper deregistration and to keep registry information current.

8. *Are you supportive of a rationalisation of lifecycle fees into tiered cost levels? If this change were adopted how many tiers should there be?*

We support the simplification of fees, which includes reducing the distinct lifecycle fees into a smaller number of tiers. As the MBR moves towards streamlining information, the registrar should consider if smaller lifecycle fees (such as those proposed to be at a $50 cost) can be covered through other business levies or whether the service can be undertaken electronically through the registry at no additional cost.

Appendix B

About Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand (CA ANZ) represents 131,673 financial professionals, supporting them to make a difference to the businesses, organisations and communities in which they work and live. Chartered Accountants are known as Difference Makers. The depth and breadth of their expertise helps them to see the big picture and chart the best course of action

CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.

Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with mentored practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.

We actively engage with governments, regulators and standard-setters on behalf of members and the profession to advocate boldly in the public good. Our thought leadership promotes prosperity in Australia and New Zealand.

Our support of the profession extends to affiliations with international accounting organisations.

We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 15 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.

We have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.

We employ more than 500 talented people across Australia, New Zealand, Singapore, Malaysia, Hong Kong and the United Kingdom.