

15 March 2013

The Manager
Policy Development Unit
Standard Business Reporting
Infrastructure Division
The Treasury
Langton Crescent
PARKES ACT 2600

Email: SBRpolicy@treasury.gov.au

Dear Sir/Madam,

Re: Options paper: Use of standard business reporting (SBR) for financial reports

The Australian Institute of Superannuation Trustees (AIST) is an independent, not-for-profit professional body whose mission is to protect the interests of Australia's \$500 billion not-for-profit superannuation sector. AIST's members are the trustee directors and staff of industry, corporate and public-sector superannuation funds, who manage the superannuation accounts of two-thirds of the Australian workforce.

Comments

AIST supports the intention of this options paper whereby standard business reporting (SBR) becomes mandatory, or enabled by way of soft compulsion. Already, AIST is aware of the work being done to support the SuperStream measures, both at the end of superannuation funds, as well as at the ATO. We believe that there is scope for greater productivity enhancements throughout the economy generally in having one language for business to talk to regulators financially, and welcome this dialogue as well as the reduction in channels by which this dialogue takes place.

We will not directly respond to all the discussion points contained in the paper in this submission, however, we support Option 1, with our preference being for reports to be submitted in the iXBRL format, with no separate requirement to lodge PDF or paper versions of the same information.

We note that with any new mandated format, there are normally costs incurred in changing over. These costs are going to be proportionately larger for small businesses as opposed to larger businesses, and we propose that there be a sufficiently large transition period, in order to allow for small business to spread the costs of implementation over, where necessary.

Furthermore, we point to the advantages to be gained through extensive trialling with a focus on small business enterprises. Trialling in a group such as this will enable notes to be exchanged, bugs to be ironed out and, eventually, a group of dedicated product evangelists who will be able to vouch for the new format to businesses that are yet to embrace the technology. We support this kind of focused trialling in conjunction with a transitional period, where businesses would have the option to opt-in prior to the system 'going live' mandatorily.

At the same time, however, newer technologies often have a critical mass, where productivity gains are unable to be appropriately measured on a small implementation group. We maintain that for best results, and to ensure that the benefits of newer technologies are able to achieve greater traction, that SBR be eventually made mandatory for all participants. This, in turn, will create downstream efficiencies.

We note that paragraphs 23 and 26 indicate that a large number of countries are moving towards the mandatory lodgement of financial reports in either XBRL or iXBRL formats. As this shift gathers momentum, it is reasonable to expect that Australia may be left out if it were to disregard what is becoming standard practice, internationally. The downside of failing to ensure that business is able to conduct reporting using this technology is that Australian businesses are unable to compete globally, or to conduct business in countries where this technology is required. In other words, mastering this technology within Australia will mean one less skill to master when an Australian business sets up shop in another jurisdiction.

Section 4: Analysis of options

As previously mentioned, AIST supports Option1 – the mandatory lodgement of financial reports using SBR.

AIST supports the use of the iXBRL format for the reasons that are best explained in paragraph 21 of the options paper. We understand that iXBRL provides advantages over standard XBRL in that there is an additional user-friendly interface between the data and the users. This would benefit businesses whose primary focus on their business may be distracted by the use of unfamiliar and user-unfriendly formats.

We also support this measure being made mandatory. In the superannuation industry, we are presently witnessing the implementation of technology that will revolutionise the way that superannuation funds process payments between each other, as well as payments received from employers. It is arguable that this technology is being made mandatory to correct an instance of market failure, where the adoption of more efficient payment processing technology was simply not being adopted.

Although it is early days in this proposal, AIST urges the Government to consider ensuring that the correct emphasis is given to the need to communicate this information to relevant stakeholders. AIST draws your attention to the *Superannuation Reforms Research* of 2012, commissioned by the Australian Taxation Office and undertaken by Colmar Brunton Social Research¹ that looked into the views and understanding of the reforms to the superannuation system that is presently being undertaken.

The study found that overall, the majority of employers (60%) had not seen or heard anything relating to the proposed superannuation reforms, with the bulk of these responses coming from small to medium size businesses². In addition, all employers surveyed indicated interest in receiving information regarding superannuation reforms from the ATO³, and in a majority of instances, via email and direct mail (60% and 40%, respectively)⁴.

Section 5 – Application and implementation

AIST believes that a staggered implementation is optimal to the success of this initiative. It is our understanding that adoption of this measure will be more easily embraced by larger and medium-sized businesses who may already conduct some business reporting using the new technology to other stakeholders already.

We understand that small business will be presented with more of a burden, both financially and non-financially, than larger businesses and thus should be given more time to transition across to the new format. However, in all instances, we believe that providing businesses with the option to opt-in ahead of the proposed deadlines may provide early adopters with the ability to gain a competitive advantage.

We believe that a difference of 12 months is sufficient difference in mandatory adoption dates between larger and smaller businesses will be appropriate, based on the dates that will be used to implement the SuperStream reforms.

¹ Available from [Ato.gov.au](http://ato.gov.au) (2012) *Superannuation reforms research*. [online] Available at: <http://is.gd/RJ0Qwh> [Accessed: 14 Mar 2013].

² Colmar Brunton (2012) *Super reforms research: Employers quantitative findings*. [pdf] Canberra: Australian Taxation Office. p.9. Available through: ato.gov.au <http://is.gd/1yJVLw> [Accessed: 15 Mar 2013].

³ Colmar Brunton (2012) p.11.

⁴ Colmar Brunton (2012), *ibid*.

If you have any further questions regarding this submission, please contact Richard Webb, Policy & Regulatory Analyst on 03 8677 3835 or at rwebb@aist.asn.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tom Garcia', is written over a light blue horizontal line.

Tom Garcia
Chief Executive Officer