

10 March 2017

Manager
Corporations and Schemes Unit
Financial System Division
The Treasury
Langton Crescent
PARKES ACT 2600

By electronic lodgement

Dear Sirs

ASIC Supervisory Cost Recovery Levy Bill 2017 and Related Bills

Cor Cordis Chartered Accountants are grateful for the opportunity to provide feedback on the proposed cost-recovery and related bills.

Our comments are below and are directed toward the inclusion of registered liquidators as a regulated entity.

1. The bills are obviously just the mechanics for the collection and recovery of ASIC's costs under the funding model being implemented.
2. Our concern is that, absent the regulations, it is not possible to properly consider and comment on the bills. No one can realistically make an informed view overall when a critical component of how they will ultimately operate and impact the regulated population is missing.
3. The regulations need to be made available for review at the same time. We cannot properly consider the reasonableness, fairness or appropriateness of the bills without knowing how, or at what amount, the proposed levies will be determined. The bills should remain in abeyance until the regulations are available and have been through a similar public consultation/submission process.
4. We are still generally against the inclusion of registered liquidators. However, accepting there is a belief that they ought to be included, we reiterate comments in previous submissions that companies should fund the vast majority of costs associated with insolvency as it is companies that make use of the insolvency provisions of the Corporations Act 2001. Registered liquidators do not cause insolvencies. They should not have to personally fund the large amounts that have been mentioned in earlier consultation and proposal papers about industry funding for ASIC.
5. Generally, the levy process, as summarised at 1.16 to 1.24 of the explanatory materials, appears relatively simple. Simplicity as a core principle is supported. However, clarity and certainty of levies cannot be assessed for the reasons already mentioned.

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6. It is noted that the levy will be payable in the following financial year once ASIC has issued a notice setting out the liability to levy. Again, we cannot say if this is appropriate as a mechanism, as it is inextricably linked to the levy amount.
7. To the extent that there will be material amounts levied on registered liquidators, then the annual levy approach may be unfair. Having to fund a (potentially) large and/or unknown cost well after the event, especially for firms with multiple liquidators, is akin to receiving a large and unexpected tax bill that you suddenly must find cash to pay. This does nothing to help firms manage their funding and cash flow needs. An option for levies to be spread out should be considered for those who prefer this approach and where the proposed levy may be anything other than nominal in amount.

Should you wish to discuss any aspect of our submission please contact me.

Yours faithfully

Mark Gibson
National Technical Director

For and on behalf of
Cor Cordis Chartered Accountants