



Grant Thornton

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10 March 2017

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Dear Sir/Madam

GRANT THORNTON AUSTRALIA RESPONSE TO ASIC SUPERVISORY COST RECOVERY LEVY BILL 2017 AND RELATED BILLS EXPOSURE DRAFT

We welcome this latest opportunity to submit to Treasury our views on the ASIC Supervisory Cost Recovery Bill 2017 and related Bills.

Grant Thornton's global network maintains an open and constructive relationship with national governments and regulators, consistent with our global policy of embracing external oversight.

Our standpoint on the proposed Industry Funding Model is unchanged from our submission during the last consultation round in late 2016.

Please see the attached Appendix for further commentary on the Exposure Drafts and the ASIC Industry Funding Model more generally. Should you have any queries related to our response to the Proposals Paper, please feel free to contact me.

Yours faithfully
GRANT THORNTON AUSTRALIA LIMITED

Andrew Archer
National Managing Partner - Risk & Quality

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Our Ref: ASIC IFM ED Submission Draft AJA Edit Ilbra Fix.Docx

ASIC Supervisory Levy Bills Exposure Draft – General Commentary

In this section, Grant Thornton Australia offers commentary on the content of the ASIC Supervisory Levy Bills Exposure Drafts, and the ASIC Industry Funding Model more generally. Our industry-specific views submitted to Treasury on 16 December 2016 during the previous consultation round for the proposed Funding model remain unchanged.

As the Exposure Drafts deal with the framework of the proposed Model, we can only refer to the materials issued by Treasury and ASIC during the consultation round held late 2016 for the proposed Model's finer details.

We will welcome the speedy release of draft regulations and ASIC's draft legislative instruments to gain a more detailed understanding of as yet unclear aspects of the proposed Model.

Implementation timeline remains inappropriate

With only a few months from the proposed commencement of the levy regime, we maintain that the proposed implementation date is inappropriate given the current lack of detail offered to stakeholders.

We again urge Treasury to consider delaying the introduction of the Industry Funding Model to 1 July 2018, to give affected industries an opportunity to adjust to this structural change in their business affairs.

More certainty needed given industry's additional cost burden

We reiterate that based on the Exposure Drafts and other publicly available information, the Model in its current form appears to lack commercial reality in mind; it provides no certainty over the quantum of levy due until well after the end of the prior financial year – ordinarily, businesses do not enter into contracts that are so uncertain.

As the Exposure Drafts deal with the framework for the proposed Model, we are left with no clearer idea of the mechanics of the revised Model apart from provisions in the exposure drafts that the publishers of related regulations (and ASIC, through legislative instruments) will have broad power to impose levies on industry in whichever way they deem fit, with no

legislated mandate to consult with stakeholders year-on-year on the appropriateness of the formulations applied.

Tax treatment of levy unclear – deductibility is the most appropriate way forward

Tax treatment of the proposed levy is still unclear – neither the Exposure Drafts nor the Bills’ explanatory memorandum mention this issue.

We maintain our view that allowing tax deductibility is the most appropriate course of action, since the proposed levy will be a cost of doing business.

Consultation timeline concerning

We note that at the time of writing, Treasury has yet to publish stakeholder submissions related to the last consultation round in late 2016, nor has it published responses to those submissions. As such, we are left unable to gauge the views of our counterparts across industries affected by the proposed Model; this is a regrettable development in the consultation process.

Transparency dashboard is welcome in principle

Grant Thornton welcomes the addition of the ASIC Dashboard to its reporting obligations. This collection of data will give stakeholders a better idea of the actual costs ASIC incurs for each regulatory sector and subsector.

We note, however, that there is no legislated mandate to curb ASIC’s costs now that the funding burden will be placed largely on affected industries. We would welcome a commitment from the Government that ASIC’s regulatory costs will only increase at the same rate as other parts of the public sector, irrespective of its private sector funding source under the proposed Model.

[END OF SUBMISSION]