

14 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 or Madam

Options Paper: Use of Standard Business Reporting (SBR) for Financial Reports

Thank you for the opportunity to comment on the above. CPA Australia and the Institute of Chartered Accountants in Australia (the Institute) have considered the options paper and our comments follow.

CPA Australia and the Institute represent over 200,000 professional accountants in Australia. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

CPA Australia and the Institute are strong supporters of government programs that improve the efficiency and productivity of the Australian economy. We believe that the option of the inline eXtensible Business Reporting Language (iXBRL) for the lodgement of financial reports via Standard Business Reporting (SBR) has the capacity to make a positive difference to the Australian economy. And with more than 40 countries with projects underway relevant to the implementation of XBRL in business and in government/regulator reporting and Australia's SBR project, aspirations to have a standard for the preparation and exchange of business reports and data are closer to reality.

We support the decision to release the options paper that examines the use of SBR for the lodgement of financial reports, including whether the use of SBR should be mandatory. The options paper notes despite companies being able to voluntarily lodge their financial reports with the Australian Securities and Investment Commission (ASIC) since 1 January using SBR-enabled software, they have not been moving their reporting to this channel. We understand that the Australian experience of low take up of SBR is no different from the experience of other countries operating a voluntary lodgement program that is based on XBRL.

Representatives of the Australian Accounting Profession



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The SBR website notes that some countries have used a staged approach to implement their policy of mandating the requirement to lodge financial reports using XBRL or iXBRL. In some instances these requirements have applied to a subset of all lodgers. We believe these approaches are suitable for Australia. It is our view that any mandatory requirement to lodge financial reports in iXBRL format using SBR should be limited to listed public companies and listed registered schemes. We believe that this requirement should be phased in on a staged basis so that the 'top 100' listed public companies would lodge first, with the remaining entities being required to lodge using iXBRL progressively over the next 5 years. Further, the mandatory requirement for the top 100 companies should commence no earlier than 5 years after the lodgement requirements are amended. The timeline that we have suggested is dependent on there being agreement that the taxonomy is an accurate representation of the reporting requirements and that there are no gaps.

We note that the lodging of iXBRL would replace any pdf or paper versions of the financial reports. Therefore, consideration will need to be given to the audit implications of the shift to electronic filings in an iXBRL format.

The discussion points posed in the early sections of the options paper are aimed at obtaining responses from software developers and those who prepare and use financial statements about their views on SBR. We have encouraged our memberships from these groups to make their own responses on the proposals. Accordingly, we have limited our response to the discussion points for all stakeholders posed in sections 4 and 5 of the Options Paper and include these in the attached Appendix.

If you have any questions regarding this submission, please do not hesitate to contact either Mark Shying (CPA Australia) at mark.shying@cpaaustralia.com.au or Kerry Hicks (the Institute) at kerry.hicks@charteredaccountants.com.au.

Yours sincerely



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Section 4

1. Please state your preferred option and/or provide any alternative options for the lodgement of financial reports via SBR.

Our preferred option is to limit the scope of the mandate to listed public companies and listed registered schemes.

We believe the effectiveness and efficiency of the capital market will be enhanced if the inputs to the decision making of analysts and investors included having access to the SBR lodged financial reports of listed public companies and listed registered schemes. Accordingly, it is our view that any mandatory requirement to lodge financial reports in iXBRL format using SBR should be limited to listed public companies and listed registered schemes. We believe that this requirement should be phased in on a staged basis so that the 'top 100' listed public companies would lodge first, with the remaining entities being required to lodge using iXBRL progressively over the next 5 years. Further, the mandatory requirement for the top 100 companies should commence no earlier than 5 years after the lodgement requirements are amended. The timeline that we have suggested is dependent on there being agreement that the taxonomy is an accurate representation of the reporting requirements and that there are no gaps.

The options paper notes an important benefit of financial reports lodged using iXBRL are their design for use by both machines and humans. We are of the same view. Importantly, as the iXBRL financial report is the 'official' and only report under the Corporations Act, the need for paper or PDF versions is dispensed with. Consequently, debates about which is the 'true' version of the financial report and the cost of producing multiple versions of the financial report are addressed. Therefore, consideration will need to be given to the audit implications of the shift to electronic filings in an iXBRL format.

Section 5

1. Is there any justification for excluding certain entities from the mandatory requirement to lodge financial reports via SBR (option 1). Which entities should be excluded and why? Should this exclusion be temporary or permanent?

Yes, as it is our view that the capital markets will be the major beneficiary of SBR, we believe that any mandatory requirement to lodge financial reports using SBR should be limited to listed public companies and listed registered schemes.

While some overseas jurisdictions have adopted XBRL across all lodging entities (such as Singapore and the United Kingdom), we do not consider this is appropriate for Australia. We consider that this would pose an unreasonable burden on non-listed entities as we consider that costs could outweigh the benefits in these circumstances.

Our position is to favour a permanent exclusion of all entities other than listed public companies and listed registered schemes. However, we see no reason that these excluded entities cannot adopt voluntarily if desired.

2. Please list the entities (see table 1) whose financial reports are most useful for investment analysis? Why?

As we are of the view that the capital markets will be the major beneficiary of SBR, we believe that the financial reports of listed public companies and listed registered schemes will be the most useful for investment analysis.

3. If SBR were mandated, what transitional period would be needed to ensure your business was ready to lodge financial reports. Why?

We would like any mandatory requirement to apply to listed public companies and listed registered schemes not earlier than 5 years after the lodgement requirements are amended, with a staged approach thereafter as described in our response to Section 4 Question 1 above. Allowing five years will enable listed entities to include SBR in any planned software upgrades that currently exist, rather than it having to be done as a completely separate compliance exercise.

4. If SBR were mandated for financial report lodgement, would a staged approach be a better option? For example, applying the mandate initially to the top 300 listed entities first, with other entities covered by the mandate being phased in at a later date. Alternatively, is it preferable to a single date from which all reports (for entities covered by the mandate) must be lodged using SBR. Why?

Yes, we support a staged approach to implementation and not a single date from which all reports for entities covered by the mandate must be lodged using SBR. As stated in our response to Section 4 Question 1 above, it is our view that any mandatory requirement to lodge financial reports using SBR should be:

- limited to listed public companies and listed registered schemes; and
- phased in on a staged basis so that the 'top 100' listed public companies would lodge first, no earlier than 5 years after the lodgement requirements are amended.

We believe a staged approach to implementation will meet the needs of the capital markets and provide smaller listed entities an appropriate amount of time to implement SBR.

Other comments

We note that in some countries, the government or the regulator has developed a free online XBRL financial report writer filing tool. We encourage the Australian Government to consider replicating this approach, as it would save some costs of adoption of SBR.