

15 December 2017

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

Email: [asicfunding@treasury.gov.au](mailto:asicfunding@treasury.gov.au)

Dear Mr Powell

## **Introduction of ASIC's Fees-for-service under the industry funding model Consultation paper**

Governance Institute of Australia (Governance Institute) is the only independent professional association with a sole focus on whole-of-organisation governance. Our education, support and networking opportunities for directors, company secretaries, governance professionals and risk managers are unrivalled.

Our members have a primary responsibility to develop and implement governance frameworks in public listed, unlisted and private companies. Our members, due to their involvement in governance and corporate administration, have a thorough working knowledge of the Corporations Act, and liaise with the Australian Securities and Investments Commission (ASIC) regularly in the course of their work. In listed companies, they have a primary responsibility to deal with the Australian Securities Exchange (ASX) and interpret and implement the Listing Rules. Our members have a thorough working knowledge of the operations of the markets and the needs of investors.

Governance Institute welcomes the opportunity to comment on the *Consultation Paper: Introduction of ASIC's Fees-for-Service under the Industry Funding Model* (the paper) and draws upon the experience of our members in providing our response.

### **The Australian Government Charging Framework**

We note the stakeholder feedback which the Government received in 2015 that it was important that fees for ASIC's demand-driven services directly represent the efficient costs of providing the regulatory activity or service. We commend the Government for delaying the implementation of the fees-for-service proposal in order to gather further data to support the fee structure, in particular through time recording. It will be important that stakeholders have faith and confidence in the method of calculating the fees and that the methodology will be robust and transparent. We note the principles underpinning the Government's cost recovery guidelines and recommend that they also include a commitment to reducing red tape and encouraging innovation.

We also support the proposal that ASIC's regulatory fees be reviewed every three years.

### **Licensing application fees**

We note that the Government proposes to charge fees such as AFSL application fees on a tiered basis which will range from \$3,349 for an AFSL application fee in paper format classified as retail/individual/low/complexity to a fee of \$11,305 for an application classified as retail/other/body/corporate/high/complexity. While we support the tiered fee approach, we

recommend that ASIC provide guidance to industry on its approach to categorising licence applications so as to allow applicants to understand the fees which will be applied.

### **Relief applications**

In our letter to Minister O'Dwyer dated 9 October 2015, Governance Institute highlighted that based on the previous model proposed by Treasury, there would be a dramatic increase in the cost for novel applications for relief. Our concern at that time was that smaller companies were likely to be priced out of applying for relief on that basis. We note from the paper that other stakeholders expressed concern during the previous consultation period that such a dramatic increase in fees for novel applications for relief could raise potential barriers to innovation.

Governance Institute is pleased that the Government has taken these stakeholder concerns into account in the paper and now proposes to charge a single fee for relief (\$3,487), rather than distinguishing between standard (\$2,600), minor and technical (\$6,500), and novel relief applications (\$21,000).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Burrell', with a horizontal line extending to the right.

Steven Burrell  
Chief Executive