Submission to the Treasury: Introduction of ASIC's fees-for-service under the industry funding model

December 2017

Introduction

The Institute of Public Accountants (IPA) welcomes the opportunity to present our submission on the *Introduction of ASIC's fees-for-service under the industry funding model.* We refer to the consultation paper issued in November 2017. Our submission is focused mostly on:

- Question 3 – Is the proposed methodology for calculating fees-for-service appropriate? If not, why not;
- Question 6 – Are the proposed accountability measures for ASIC appropriate? If not, please provide details.
- Question 7 – Will the proposed fees-for-service model have an effect on competition and innovation? If so, please provide details, including possible ways to mitigate the effect.

We have also included in our submission a description of the IPA's proposed co-regulatory model which we contend would be more efficient (especially cost effective), transparent and equitable than the existing framework. This has been developed in conjunction with the IPA Deakin University SME Research Centre.

The IPA contends there is no basis for some of the proposed significant fee increases; with our main focus being on the self-managed superannuation fund (SMSF) auditor registration fees (which would increase by over 3,000%) and some of the financial adviser fees. Further, the consultation paper and ASIC fee schedules are not clear as to the payment frequency of the registration fee for SMSF auditors. Treasury has since confirmed that the fee for registration for SMSF auditors is a one-off and applies only to new entrants (not existing auditors).

The IPA is one of the three professional accounting bodies in Australia, representing over 35,000 accountants, business advisers, academics and students throughout Australia and in over 80 countries worldwide. In 2015, the IPA merged with the Institute of Financial

Accountants of the UK to form the largest accounting body representing the small business/SME sectors in the world.

If you have any queries or wish to discuss our submission in more detail then please don't hesitate to contact either Vicki Stylianou (vicki.stylianou@publicaccountants.org.au or 0419 942 733) or Tony Greco (tony.greco@publicaccountants.org.au or (03) 8665 3134).

Yours faithfully

Vicki Stylianou
Executive General Manager, Advocacy & Technical
Institute of Public Accountants

Proposed methodology

The consultation paper does not appear to acknowledge the areas of regulatory overlap and the consequent impact on efficiency and over-charging of users. One such area relates to SMSF auditors, who are already subject to supervision/regulation by the Australian Taxation Office (ATO). Registration of SMSF auditors is included in the levy. Below are details of the fees which are paid to the ATO by SMSF auditors.

SMSF auditors and the ATO:

The proposed increase in registration fees for SMSF auditors under the proposed fees for service funding model appears excessive given the amount of money the SMSF sector pays the ATO via its supervisory levy.

Each year, the ATO collects $259 from each SMSF to finance the SMSF monitoring role the ATO performs on behalf of the government and ASIC. Based on roughly 550,000 SMSFs that amounts to $142.5 million each year being collected from SMSF trustees, to monitor SMSFs.

Over a period of 8 years to the 2013-2014 year, the SMSF ATO supervisory levy has increased from $45 to $259, a 575% increase in the annual cost of funding the compliance role of the ATO.

For the 2006-2007 year, the annual ATO SMSF levy was $45, but trebled to $150 from the 2007-2008 year, to finance improvements in SMSF regulation.

In the 2011 Federal Budget, the ALP Government announced that the ATO SMSF levy was increasing from $150 to $180, effective from the 2010-2011 year SMSF tax return, to help cover the costs of new measures. At the time, the Assistant Treasurer and Minister for Superannuation, Bill Shorten stated these measures included: “The introduction of a new administrative penalty framework, registration of fund auditors subject to competency and independence standards, improved data collection and improvements to the self-managed superannuation fund registration process" (Assistant Treasurer media release, 10 May 2011).

For the 2011-2012 year, the ATO supervisory levy for SMSF funds was then increased from $180 to $200.

So, the earlier increase in the ATO levy (from $150 to $180) was to help fund the SMSF auditor registration process, and now the 2011-2012 increase (from $180 to $200) was also supposed to fund the registration process. Later increases have now taken the ATO levy to $259 a year.

The timeline of increases is set out below:

- Until the 2007-2008 year, the ATO levy was $45
- From 2007-2008 year, the levy trebled to $150
- From 2010-2011 year, the levy jumped to $180
- For the 2011-2012 year, the levy increased to $200
- For the 2012-2013 year only, the levy drops to $191, but you must pre-pay 50% of the 2013-2014 levy ($130), taking the total to $321 for the year.
- From the 2013-2014 year, the ATO levy increases to $259, but you must pre-pay 100% of the 2014-2015 levy ($259), taking the total to $388 for the year.
- For the 2014-2015, 2015-2016 and 2016-2017 years, the ATO levy remains at $259 but must be paid a year in advance.

The ATO levy increase imposed during the 2011-2012 year (extra $20), was going to be divided between ASIC and the ATO. The Government provided ASIC with $10.7 million, over 5 years, to develop and maintain an online registration system for auditors of SMSFs. ASIC also developed a competency exam for SMSF auditors, and ASIC is able to deregister non-compliant auditors. The government gave the ATO $10.6 million, over 5 years, to police registered auditors, check their compliance with competency standards set by ASIC and, if necessary, refer non-compliant auditors to ASIC for punishment.

Some of the funding for the SMSF auditor registration process was also sourced by ASIC charging auditors to sit the SMSF auditor competency exam.

Given the history outlined above around the ATO supervision levy, it appears that the SMSF sector already contributes significantly to fund the monitoring of SMSFs and registration of SMSF auditors. The fee increase under the proposed fees-for-service funding model should take into account the money already being collected via the ATO supervisory fee.

Proposed accountability

The IPA strongly believes that consideration of a fees-for-service model cannot be viewed in isolation of the revenue generating role of ASIC (refer below). Whilst cost recovery and other such models may be justified in principle, we contend that it may be misleading to state that "the cost of these activities has been subsidized by taxpayers" (consultation paper, p3); and "will no longer be cross-subsidised by taxpayers" (consultation paper, p11).

We also note that the consultation paper (p6) with respect to the Charging Framework "requires that there is an alignment between the expenses of the regulatory activity (the costs involved in providing it) and the revenue (the revenue generated through the fees-for-services charged). It also refers to "Ideally, the expenses and revenue should be aligned on a yearly basis. However, where justified, they can be aligned over a longer period (for example, the business cycle of the activity). There must not be systematic over- or under- recovery of costs over time".

In 2016-17 ASIC raised $920.24 million for the Commonwealth in fees and charges, an increase of 5% from the previous year. This was driven by net company growth and fee indexation (Annual Report 2016-17, p26). The breakdown of ASIC's total revenue was

$801.72 million from fees; and $118.53 million from fines (ASIC Annual Report 2016-17, p139 table 2.2).

Also in 2016-17, ASIC received approximately $349 million in appropriation revenue ($342 million) and 'own source' revenue ($7 million). ASIC's expenses were $392.46 million, leaving a deficit of over $43.5 million (Annual Report 2016-17 p26). In other words, even though ASIC is making significant income for the Government, it is not even able to cover its own costs from the budget it receives from the Government. This also means that ASIC is raising substantially more revenue than its operational costs. In order to justify the huge increase in fees then the Government would need to make the case that the genuine operational costs (as indicated by a fees-for-service model) are much higher than the current stated operational costs. We contend that the case has not been made.

In fact, the Cost Recovery Implementation Statement (CRIS) forecasts that in 2017-18 ASIC regulatory costs will be $246.4 million, including operating expenditure (but excluding, inter alia, fees-for-service activities). The CRIS states that "the industry funding model will recover actual costs we expended during the financial year to undertake these regulatory activities" (CRIS, p21). The CRIS also states that "in future years our CRIS will provide information on actual expenses we incurred and explain any material variation between our estimates and actual expenses".

We note that the flat levy for Registered Company Auditors (RCAs) is $1.013 million with the total budgeted costs to be recovered by the levy. Given there are 4,364 RCAs, this would mean a levy of $232. For liquidators the total levy collected is $10.196 million, which may arguably mean that liquidators receive significantly more scrutiny and services from ASIC than RCAs.

We are unsure whether the forecast total revenue under the industry funding model (with the proposed fee changes) has been estimated and is more or less than the $920 million collected in the last financial year. We assume that under a fees-for-service model that ASIC may collect even more revenue. We are unsure as to how this reconciles with the objective of ensuring there is no over- or under- recovery of costs, as noted above.

An alternative option is that ASIC's fees should be significantly reduced and any argument for raising fees (especially by over 3,000%) is totally unwarranted. However, since it is highly unlikely that any government will accept lower revenue (especially of $528 million or $571 million based on ASIC's last budget), then it should at least be prepared to fully cover ASIC's operational costs. Otherwise, ASIC may need to improve its efficiency so that it can operate within its budget.

Whilst we appreciate that ASIC's revenue goes to consolidated revenue, it would be unfair and misleading to say that ASIC is subsidized by taxpayers, when it collects significantly more than its operating budget. An assessment of ASIC's activities to ensure it is operating efficiently is a different matter.

Given the substantial revenue generated by ASIC, we see no credible reason for any fee increases, whatever methodology is applied.

If the Government is intending to 'rebalance' the fees and charges paid by users, then it should state whether this will result in more or less revenue than is currently being collected. It would be difficult to imagine in the current economic climate that the Government would risk collecting less revenue and we contend that this would have been modelled and should be part of the consultation.

There has been ongoing concern that a lack of resources may impair ASIC's ability to effectively perform regulatory activities. We note that ASIC has been given more funding for specific activities, however, concern remains that not all supervised entities will receive attention. In the ASIC Annual Report 2014-15, in the financial reporting and audit sectors, it was reported that one ASIC staff member has to manage and oversee 144 RCAs on average. There were 4,596 RCAs and 6,669 SMSF auditors. Based on the number of surveillances that ASIC conducted in 2014-15, it is estimated that it would take ASIC approximately 17 years to conduct high-intensity surveillance of the biggest four audit firms, and 50 years for next biggest 20 audit firms (ASIC, 2014-15). We note that the reporting in the two subsequent annual reports (2016-17 and 2017-18) appears to have changed, with a greater emphasis on supervision of listed entities. We are unsure as to whether this means that surveillance of non-listed entities falls into the 'reactive' category; or, as noted above, ASIC relies on ATO to supervise entities.

On the basis that the above figures have not changed substantially over the last two years (4,364 RCAs and 6,341 SMSF auditors), we contend that the ability of ASIC to undertake effective surveillance of regulated entities is significantly constrained.

Impact on competition and innovation

The IPA has undertaken consultation with our members to gauge their reaction to the proposed fee increases, especially with respect to SMSF auditors. The proposal is for the fee to increase from $107 to $3,429 as a one-off for prospective SMSF auditors. Other fee increases are also proposed including applications to cancel (from $0 to $899); and applications to vary conditions (from $0 to $1,028).

The auditor registration fee would be an increase of over 3,000%. It would be an understatement to say that IPA members are bewildered and disappointed with this huge increase. Even though it won't impact existing auditors, it may impact those who had planned to become auditors, especially since many won't have an established client base. The proposed increase will add even more pressure to the SMSF auditor sector which has seen the number of auditors decrease to 6,341, after 487 have been removed (including 287 who failed to lodge annual statements).

For those who are specialized or highly specialized, including sole practitioners or small firms, it will mean absorbing the cost increase as some feel the cost cannot be passed on; while others expect to pass on the cost to clients. It remains to be seen if the additional cost can be passed on in an environment where many clients are seeking discounted prices and especially given the mounting costs on trustees.

The competition in this sector, partly driven by offshoring, has seen prices charged to clients greatly decrease to the point where auditors must rely on volume if they are to remain competitive. In some cases, an audit is charged at $295 – at this price point, it is likely that the audit work is either carried out offshore in large volumes and/or the audit is reasonably superficial. We note that the ATO 'Statistics and Research' report states that SMSF auditor fees in 2015 averaged $754 with the median being $550. The amount of fees appears to be 'flat lining' over the last few years, while costs are increasing.

The proposed fee increase from $107 to $3,429 will have a detrimental impact on the number of SMSF auditors providing this specialized service to the SMSF sector. Detailed below are the existing ongoing requirements imposed on SMSF auditors.

To conduct SMSF audits, you must:

- be registered with ASIC as an approved SMSF auditor;
- have a valid SMSF auditor number (SAN);
- meet ongoing obligations as prescribed by the *Supervision Industry (Supervision) Act 1993* (SISA) and the *Superannuation Industry (Supervision) Regulations 1994* (SISR); and
- conduct the following on an ongoing basis:
    - keep your auditor details up to date with ASIC;
    - complete and lodge your annual statement to ASIC; and
    - pay the annual statement fee to ASIC.

Under the SISA, you must comply with:

- the auditor independence requirements set out in Code of Ethics for Professional Accountants (APES 110) made by the Accounting Professional & Ethical Standards Board Limited (APESB);
- the applicable auditing standards issued by the Auditing and Assurance Standards Board (AUASB), which include the relevant Australian Auditing Standards (ASAs) and the Standards on Assurance Engagements (ASAEs), the SMSF auditor competency standards issued by ASIC in Class Order [CO 12/1687] Competency standards for approved SMSF auditors;
- the reporting requirements, including for auditor contravention reporting;
- the prescribed ongoing professional development requirements;
- the requirement to hold prescribed professional indemnity insurance; and
- any conditions imposed on your registration by ASIC.

There are many experienced accountants who currently provide these services on a part-time basis and we confirm there will be no impact for them as long as they continue to operate within their existing registration. However, for others, who may be thinking of entering the market, the increased fee may act as a disincentive, especially if they move into a part-time role. With over 550,000 SMSF funds in existence, this may cause some disruption in the market place for trustees seeking independent SMSF auditors.

As detailed above, there is already a significant impost on auditors to maintain their professional and ethical standards. In addition, SMSF auditors who are members of a professional accounting body are already subject to quality assurance and continuing professional development requirements as part of their ongoing membership obligations.

The IPA has sought member input to our submission and we include some of our member comments below:

- A number of the small firms have become authorised representatives. I have a limited licence which was costing $330 per month. It has now gone to $440 and I've not generated an invoice from this service. This audit fee increase will hit many of the same people.

- My largest supplier of audits has asked about what if I fall off my perch. I said that one of my staff intends to get his SMSF Audit ticket. So in the near future I'll be paying for 2 licences [one of which will be at the increased cost].

- This is not fair on the small practitioners.

- My suggestion will be to increase the SMSF levy by $100.00 for each superfund to be collected by ATO on behalf of ASIC. That will be more than enough to collect $3,250. On average each auditor will audit at least 40 audits to keep himself profitable. The trustee will be more than happy to pay the ATO than to us.

- I audit about 1,100 SMSFs so it may be to my advantage for there to be higher fees, but to increase the fees 3,000% appears to be revenue-raising. The current ASIC fee cannot be justified given the activity which is performed. They only act as a registry and only take action on advice from the ATO as a result of their compliance work.

- Based on the statistics it would make at least 67% of SMSF auditors (table 8 of ATO Research and Statistics report) unviable and more likely by 90%. These auditors of a small number of funds are most likely to be onshore. The audit work would then go to the very large auditors who have the work done offshore. It would also make the cost of training and education higher for those that are left. The value of their practice would decrease for those who decide not to continue.

The ATO's Research and Statistics report indicates that in 2015 the proportion of SMSF auditors and the number of funds they audited were:

- 14.1% audited less than 5 funds;
- 53% audited 5-50 funds;
- 27.9% audited 51-250 funds; and

- 4.9% audited more than 250 funds.

The ATO statistics indicate that the SMSF auditor sector is becoming more concentrated over time. Higher registration fees will only serve to increase the concentration.

The same may be said of financial services advisers. The proposed fee increases will only serve to remove advisers from the sector, increasing the concentration of larger players who can rely on volume and scale to remain profitable. This is against the original policy objective of the Future of Financial Advice reforms which was to provide consumers with accessible, affordable and competent financial advice. The cost pressures on financial advisers is constantly increasing and the IPA receives ongoing complaints from members about the cost of doing business in this highly regulated sector.

Co-regulation model

The IPA has previously provided to the Treasury a more detailed submission on a co-regulatory model as part of the consultation into the proposed industry funded model for ASIC. Essentially, if industry is to share the cost and burden of regulation in a co-regulatory framework then it must have sufficient legislative and legal support to make the model work as effectively and efficiently as possible.

The IPA proposes that the Government seriously consider the establishment of a formal co-regulatory environment in which some of the responsibilities of ASIC are shared with private actors. For example, one option is a horizontal co-regulatory framework for the regulation and monitoring of RCAs and SMSF auditors, along with associated enforcement activities, which can be equitably shared amongst key actors including; the state, the accounting/auditing professions and private industry.

A starting point for our proposed co-regulatory model is to present a horizontal co-regulatory framework for the regulation and monitoring of RCAs and SMSF auditors, along with associated enforcement activities. In simple terms, a horizontal framework implies a partnership between actors, whereby most, if not all, actors are on the same hierarchical level.

Based on the recommendations of the Australian Government's Financial Systems Inquiry (FSI) in 2013, funding is now based on an industry funded model to support the work of ASIC and increase its efficiency (Commonwealth Government, Treasury, 2016). The FSI was established to assess and set out a plan for Australia's financial system over the coming decade. Findings from the FSI suggest that both industry members and consumers have little understanding of the actual costs associated with ASIC supervision. Accordingly, the Inquiry found that ASIC holds little accountability for the activities it undertakes and the reasons for these activities. The Government proposed that an industry funded model for ASIC could enhance the transparency of costs and funding associated with ASIC and provide more funding certainty. The IPA supports this model in principle.

An industry funded model for ASIC would ensure that those companies creating the need for regulation will be responsible for the cost of regulation. This funding model proposal aims to improve the efficiency of regulation by establishing clear price signals that would influence the behaviour of regulated entities to only apply for the licenses that they will realistically need. This would ensure that oversight resources are targeted at those entities who are actually providing the services. Additionally, subjecting ASIC to more rigorous reporting of its regulatory costs would enable industry to more easily hold ASIC accountable for its efficiency when conducting regulatory activities. A full cost-recovery or fee-for-service model does not always mean increased efficiency.

What is co-regulation?

The term co-regulation is used in academic and policy literatures to describe a regulatory framework that involves participation from both the public and private sectors in the regulation of specific public policy interests or objectives (Martinez, 2013). A co-regulation strategy encourages the co-operative involvement of the private sector with a public authority, with the aim of becoming more flexible, adaptable and effective in the legislative process (Marsden, 2011).

According to Senden (2005), co-regulation is situated somewhere between legislation and pure self-regulation, while he describes co-regulation as a "conditioned self-regulation." In the EU, a legal framework for the use of co-regulation at the European level was created in the Interinstitutional Agreement on Better Law Making. This legal framework provides a number of rules and conditions that a co-regulatory scheme must comply with, namely, that any use of a co-regulatory scheme must be consistent with community law and meet the criteria of transparency and representativeness of the actors involved. It also states that the use of co-regulation must add value for the general interest (Interinstitutional Agreement on Better Law Making Act, 2003).

Martinez et al. (2013) proposes two models of co-regulation. The first is a top-down approach in which private sector actors enforce regulation or legislative mandates drawn up by the government. In this approach a public actor appoints a private entity to undertake a specific regulatory task or, through a legal decision, and empowers the entity to perform regulatory activity. In this framework, the private sector actors are still subject to oversight and control by the public sector. The public sector remains in charge of standard-setting, verifying and approving regulation or legislation, as well as monitoring compliance of the private sector. The second model Martinez describes is a bottom-up approach, which involves collaboration between the public and private sectors, in which the public sector acknowledges, facilitates or supports the regulatory activities of a private entity. In this model public actors no longer monopolize regulation, but allow the private sector to undertake regulatory activities as well as assist in implementing public regulation or legislation. In this approach, private sector actors play significant regulatory roles, beyond what the public sector plays.

More challenging perspectives on the meaning of 'co-regulation' are articulated by Stuerer (2013), who argues that the term 'governance' "became the catch-all concept for various forms of steering by state and non-state actors". It is the ways in which governing is carried out, without making any assumptions as to which institutions or agents do the steering (Stuerer, 2013). He further argues that co-regulation is an 'umbrella' for co-operative forms of steering in which actors from different societal domains aim to achieve common objectives or supply public services jointly. Van der Voort (2015) emphasises and supports the 'governance' perspective for co-regulation, and argues that there has been a shift in today's context from governing to governance. Notwithstanding, he explains that the co-regulation concept holds promise for public regulators wishing to target their scarce resources at non-compliant regulatees (van der Voort, 2015). Indeed, "self-regulating industries and firms may provide indicators with which public regulators can do this effectively. Co-regulation also provides a channel for self-regulating industries to apply their profound knowledge of the industry being regulated" (van der Voort, 2015).

Co-regulatory schemes can strengthen the level of monitoring and enforcement, and reduce the costs of burden for the government (OECD, 2002; Martinez, 2013). At the same time, co-regulatory schemes provide the private sector with the opportunity to apply their knowledge of the industry being regulated (Hood et al., 2001; Albareda, 2008; Hirsch, 2011; van der Voort, 2015).

There are numerous useful examples of regulatory models in other jurisdictions such as the USA, UK and Singapore, as well as other examples which can be drawn from various industry sectors. Further information and analysis is provided in our submission to Treasury as mentioned above.

A proposed model of co-regulation for auditors

The issue of financial and resource constraints facing regulatory regimes (fuelled by globalisation and growing information needs of rapidly changing local and international markets) is a main argument which highlights an urgent need for governments to recognise other forms of regulation. A formal co-regulatory model is a possible mechanism to more efficiently and effectively regulate and monitor key actors in the financial reporting arena, while at the same time reducing the financial and physical burdens on the corporate regulator. It also recognises the fact that the private sector (ie the three professional accounting bodies) are already regulating their members (though membership of a professional body is not compulsory). There are numerous successful examples of this in other countries.

Therefore, we ask, “Should Government consider re-instating the accounting profession in one form or another as key actors in the governance of auditors?”

It would be fair to say that the profession has recovered from the days of Enron, WorldCom and HIH (in the Australian context), to the point where it is in a better position to resume its co-regulatory role. In addition, we have gone through CLERPS and other significant reforms which have strengthened the regulatory environment.

Various commentators have observed, that for most countries, the issue is not whether government regulation is better than private sector regulation, but more a matter of whether the balance between the two is correct. This important point can perhaps be the starting objective for justifying a revisit of the co-regulation model.

With increasing demands being placed on the public purse to finance and resource legislative reforms, we propose that the time is perhaps opportune not only to consider ‘user-pay’ models which assist in funding seriously under resourced regulatory agencies via a levy system, but also to consider systems which share monitoring and enforcement obligations and thus ensure that responsible government agencies undertake their duties efficiently and diligently. At the very least, the accounting bodies could assist in supervising and monitoring the entities in which their respective members are involved; and the numerous entities which ASIC is simply unable to cover in its supervisory program, such as those which are in the 'reactive' category. The IPA and the other accounting bodies are already regulating their respective members (including many joint members) and this should be taken into consideration in terms of assessing regulatory overlap.

The wider issue now is whether there are sufficient checks and balances in place, which would bolster public confidence and trust in a co-regulatory environment. The fundamental basis of the successful operation of any co-regulatory system is the issue of trust, which is widely agreed to be a matter of significant relevance (van der Voort, 2015). Van der Voort (2015) explains that trust fuels the viability of interactions and that trust is an individual indicator that actors involved will feel that the interaction will be fruitful (p. 505).

So where to from here? Does the accounting profession and its three peak bodies have the confidence of Government sufficiently to gain a place on the co-regulatory table? We believe the answer is an overwhelming 'yes', and to understand this perspective, we need to return to the Ramsey Report (2002).

The Working Party's Report (Ramsey, 2002), recommended that the corporate regulator be given authority to delegate its powers for the registration and regulation of auditors to the professional bodies. However, it also recommended the following conditions before any functions could be delegated to an accounting body, among other things, each accounting body has and will continue to maintain:

- A comprehensive and mandatory code of ethics and other rules dealing with the conduct of members who provide auditing services;
- Mandatory requirements for the continuing professional education of its members and for professional indemnity insurance for those members in public practice;

- A comprehensive program for the periodic review of the work of members who provide auditing services; and
- Appropriate disciplinary action.

Without question, all of the above measures have been rigorously implemented and enforced by the professional bodies for many years and this continues to be the case. Indeed, coupled with strong regulatory measures via the application of the provisions within the *Corporations Act 2001* along with the by-laws of the various bodies within the accounting profession, we believe that the auditing profession is now well regulated.

It has been a long standing tradition of the professional accounting bodies to educate and discipline their own, if for no other reason than for reputational purposes, that is, to ensure and maintain the prestigious and privileged status afforded to members of their profession by the public; a profession of integrity and trust.

In addition to the above, the professional accounting bodies have been granted an authority by the Australian Government (Dept of Immigration and Border Protection), duly gazetted, making them responsible for the assessment, provision and approval of migration assessments for qualifications of accountants seeking to migrate to Australia to work and live as qualified accountants. In fact, the IPA has been described as a 'role model' by the Dept of Education in carrying out this work on behalf of the Government. In undertaking this work, the IPA applies the six principles (transparency, efficiency, performance, equity, simplicity, policy consistency) underpinning the Australian Government Charging Framework, especially efficiency (delivering activities at least cost). It may be fair to say that the commercial imperative is more keenly felt in a self-funded entity than in a government enterprise.

Therefore, the framework and precedent already exist for a revival of the co-regulatory model. We also refer to the consultation paper (p 9), and to the business processes involved in the permit application – receiving an application; checking the accuracy of information in the application; assessing the application; deciding on the application; or notifying the applicant of the decision. All of these processes are part of the process applied by the IPA in migration assessments. We refer further to the consultation paper (pp 10-11) and to the stages of the application for registration as a RCA. Again, these are all processes which the IPA applies in migration assessments relating to applicants who wish to become a RCA, SMSF auditor and so on. The IPA has regard to RG 243 and RG 180 relating to the registration of SMSF auditors and RCAs respectively.

That is, the IPA is already assessing applications for the same registrations as ASIC, except that it is doing so for migration related purposes.

We wish to be more involved as a credible body of professionals in the ever increasing burden of regulation and monitoring, fuelled by globalisation, complexities in constantly changing financial markets, increased scrutiny from the public and ongoing restraints on the public purse. The fact that the professional accounting bodies are already undertaking regulation of their members, for which the members pay a subscription fee, and with no government funding at all, means there is an existing regulatory overlap.