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31 January, 2006

Mr Gary Banks
Chairman
Taskforce on Reducing the Regulatory Burden on Business
P O Box 282
Belconnen ACT 2616

Dear Mr Banks

Reducing the Regulatory Burden on Business

We realise that the closing date for submissions has passed and that you are soon to report, so we understand that our comments here will not be included in your report to Government. We have only recently been made aware of your Taskforce and hope that our input here may be of help in the next steps (if any) to implement some of the suggestions made in the submissions you have received and in any recommendations you may make to Government on this issue.

XBRL Australia Limited is a not-for-profit venture between The Institute of Chartered Accountants in Australia and CPA Australia, which has brought together some major participants in the business reporting supply chain, including :

- Australian Taxation Office (ATO)
- Australian Stock Exchange (ASX)
- Westpac
- MYOB
- PricewaterhouseCoopers
- Australian Accounting Standards Board (AASB)
- Australian Prudential Regulation Authority (APRA)
- ANZ Bank
- Quicken Australia
- Ernst & Young

Our aim is to promote efficiency in business and government reporting via interoperability standards – particularly the eXtensible Business Reporting Language (XBRL). XBRL Australia is the Australian jurisdiction for XBRL International, a consortium of over 300 private and public sector organisations including many household names – Microsoft, Oracle, SAP, Hitachi, Fujitsu, IBM, Reuters, Standard+Poor's, the "Big 4" accounting firms, the accountancy professional bodies, stock exchanges and government regulators in the major industrialised nations, and more.

As noted by **Standards Australia** in their submission (at page 11) "...an industry-developed standard, with input from all interested parties, is likely to receive greater support than a government authority dictating requirements."

We have reviewed several submissions made to you and have identified some areas where a royalty free, open, global, widely accepted, interoperable data standard like XBRL can help. You should note that XBRL is a recommendation of the Australian Government Technical Interoperability Framework (AGTIF) released by the Australian Government Information Management Office (AGIMO) late last

year, and has been implemented by APRA in its "Direct to APRA" (D2A) system and adopted by the ATO as its preferred data interoperability standard within its "Change Program".

The Australian Securities and Investments Commission (ASIC) has also joined with several organisations, including ASX, AASB, AGIMO and the professional associations representing the accountant and analyst communities, to develop an XBRL based reporting framework. This project follows "The Netherlands Approach" referred to in the submission by the Finance Industry Council of Australia Limited (at Appendix C.1). Using XBRL, the Dutch Government has reduced the number of data items requested from Dutch businesses by all its agencies from 180,000 to 4,500 with an estimated annual saving across The Netherlands economy of €750million. The leader of that project recently presented at a workshop in Canberra hosted by the ATO and attended by representatives of the New Zealand government with a view to leveraging the Dutch successes in Australia and New Zealand.

XBRL will not help where there is duplicate regulatory oversight or rules, but will assist where there is duplicate reporting requirements by enabling the automation of reporting electronically so that the burden on the preparer is reduced, either by eliminating the duplication for business if the data can be received by one agency and shared with others via a common data format; or by making the duplicate reporting a trivial exercise.

Comments noted in submissions by others that seem to indicate a potential area for reduction in regulatory burden through the use of standards are:

<p><u>Independent Schools</u></p> <ul style="list-style-type: none"> • in some states and territories independent schools must comply with two sets of new reporting requirements which, while similar, are sufficiently different in form and detail to constitute a double reporting burden; • The Financial Questionnaire is not required to prove a school's financial standing as this requirement is met through both school registration by state/territory governments and the provision of annual audited financial statements. Nor is it required to account for the spending of government funds on the contracted purpose, as this requirement is satisfied by a variety of certified statements from accountants, auditors, architects and other suppliers. 	<p>XBRL formatted reports would allow schools to report to one authority and have that authority share it with others who have a right to receive it, or they could securely publish the information on their website and allow authorised agencies to access it. Adoption by agencies of a single, open, royalty free standard would encourage schools' system providers to implement that standard so the reports could automatically be generated from their internal systems to meet the needs of all agencies.</p> <p>XBRL is being developed by accountants and auditors, so it is hoped that within the near future audited financial statements will be published in XBRL format, allowing any agency to access and automatically use that information, or required subsets of it.</p>
<p><u>Australian Bureau of Statistics</u></p> <ul style="list-style-type: none"> • the avoidance of duplication in the collection by official bodies of information for statistical purposes; • the attainment of compatibility between, and the integration of, statistics compiled by official bodies; and • the maximum possible utilisation, for statistical purposes, of information, and means of collection of information, available to official bodies 	<p>Much of the elimination of duplicate reporting achieved by The Netherlands resulted from reuse of XBRL formatted data by the Statistics agency of data collected elsewhere. A single, open standard like XBRL promotes the free flow of information between business and government, and then within the disparate systems operated by government. XBRL is a key, proven enabler for what ABS want to achieve here. ABS have commenced with a case by case collection of data from other agencies – XBRL would allow a holistic approach to all agencies as recommended by the Council of Small Business Organisations in their submission (at page 4).</p>
<p><u>The Association of Superannuation Funds of Australia Limited</u></p> <p>Funds are required to report an immense amount of information using convoluted and poorly explained reporting forms</p>	<p>XBRL enables the collection of data to be explicit and handled directly between computers. One of the advantages of XBRL formatted data over other proprietary standards is that it allows the structure of the</p>

	<p>information required to be explicit and understandable by the computers at all points in the reporting chain. It also allows for authoritative references to be included that explain what the data is, why it is required and by what authority it is being requested – at no overhead cost to the business preparer.</p>
<p>Investment & Financial Services Assoc'n</p> <ul style="list-style-type: none"> • All legislation should be technology friendly and encourage the development and adoption of technology solutions. Technology solutions particularly in relation to the distribution of mandatory reports and communications to customers will result in substantial cost savings to industry. <i><Note: this point was also raised by International Banks and Securities Association, at page 4></i> • Government should continue to work with industry to refine IFSA electronic identification systems proposal based on current technology and processes around the current use of TFNs where the ATO cross matches against its data and sends the institution a “red flag” if there is an anomaly. • The industry is seeking a ruling that documents that have been stored electronically should be granted the same legal weight as if they were the original physical document itself. A class order from ASIC to this effect could solve the challenge. • Proposed Anti Money Laundering (AML) legislation – Such legislation must be technology friendly if cost efficiencies are to be maintained. • the ROCS register (currently operated by the Australia Taxation Office) is not machine readable and an organisation cannot download the register to ascertain that a fund is complying. Ideally the industry would like ROCS to be downloadable, so that the validation process can be automated. • the automation of manual processes will lead to a more secure and efficient superannuation industry 	<p>Providing reports electronically only creates real efficiencies where the electronic format provides greater efficiency than simply saving postage. The data must be useful to a computer application and avoid the need to have it printed out and rekeyed into another computer application. Common current electronic versions of reports such as HTML and PDF cannot be understood by computer applications so the efficiency gains are marginal. Structured data standards (like XBRL) allow a computer to read and understand what the data means, not just how to display it on a screen or paper report. Something like the ROCS Register, if available in XBRL format, could be read by anyone with any XBRL aware tool (such as Microsoft Office). There would be no need for special interfaces or special software to not only read the information, but apply it directly within the business that wanted it for whatever purpose they needed it for. If government agencies adopt a single common data standard that eliminates the need for human intervention, then the risk of human error is reduced and the reliability of the data increased. This makes “cross matching” proposals like the one here more effective but more affordable as well. The OECD Taxpayers Services Group has recommended XBRL for all its 29 member country tax administrations to help in compliance work at a transactional level. This work could easily be leveraged to accommodate AML requirements. The use of a common, open, community standard like XBRL will make many of the AML proposals less burdensome on business.</p>
<p>Standards Australia Small business has two, apparently contradictory, responses to regulation. First, they want flexibility, and second they want to know exactly what they have to do to comply</p>	<p>XBRL can address this paradox and has been used to great effect for just this in other countries. By having the authority make it very clear and explicit to the business's computers what it is they need (and why) the doubt and uncertainty disappear. The reason they want flexibility is that they want to report directly from their systems, not have to conform to a rigid specification by a govt agency (or worse, differing rigid specifications by several agencies). The more agencies that adopt a single standard, the more likely it is that the business's system will work with that standard, and consequently the reporting is immediate and automatic – providing benefits on both sides.</p>

We have not reviewed all submissions as time did not allow this, but we hope that this limited assessment shows one alternative to achieving your aims. If you would like to know more about what we are doing then please call me on 0403 767 376 at any time and I will provide whatever

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further detail or assistance I can. You could also look at our websites at www.xbrl.org and www.xbrl.org.au for more information on the consortium and its activities.

Sincerely,



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