

Prohibitive ASIC fees the enemy of corporate transparency

By Jeffrey Knapp, for Crikey.com.au, 10 July 2014,

In an open and transparent democracy such as ours, anyone can access information about public companies through the ASIC register. Anyone, that is, with deep pockets - and the fees have just gone up again.

I am an accounting lecturer at the Australian School of Business at the University of New South Wales. My research interests are in corporate regulation and disclosure, and I regularly buy company financial reports and other public information about companies from the database maintained by the Australian Securities and Investments Commission (ASIC). But there is something fishy about the so called "search fees" I have to pay ASIC in order to get this information. Something is not quite right every time I pay the equivalent of nearly \$2 per page to get a PDF document delivered by email. The marginal cost of ASIC sending this information to me cannot be more than a few cents. Why am I being price gauged to access public information about companies?

The search fees bolstered the government bottom line for the year to June 30 this year by tens of millions of dollars, and on July 1 they increased again, supposedly in line with the annual CPI. A document that cost me \$18 to buy on June 30 now costs \$19 from July 1, or 5.5% more.

Malcolm Turnbull in a recent interview said: "To be frank with you, I think it is really regrettable that ASIC's data is behind a paywall." Here is a politician who has his head screwed on straight.

Staying informed about a company is going to cost you big time. Say, for example, you are a creditor or employee of Greyhound Australia Pty Ltd, a near-monopoly provider of interstate bus services that has received state government assistance for running some bus routes. The company's most recent financial report available from ASIC for the year to June 30, 2012, disclosed revenues of \$99 million, assets of \$61 million and 550 employees.

Want to know who the directors of Greyhound Australia Pty Ltd are? Pay ASIC \$9 please. Want to know who the past directors or past shareholders were? Another \$19. Want to trace the persons who have an interest in the shares of Greyhound Australia Pty Ltd through a web of other companies? That's another \$76 at least. Want to be confident and informed about Greyhound Australia Pty Ltd by viewing its last financial report for 2012? That's another \$38, and an additional \$38 if you want to view the financial report for 2011 as well.

What have you learnt from the \$180 you've given ASIC? Firstly, ANZ bank was a shareholder of Greyhound Australia Pty Ltd but appears to have sold its shares to a company associated with Mark Korda and Mark Mentha of Korda Mentha fame. Mark Mentha is a current director of Greyhound Australia Pty Ltd. In December 2007, at a time the bank was being investigated by ASIC, through its appointed receivers McGrath Nicol ANZ appears to have sold a winery business to a private company associated with the then-chairman of ASIC.

You'll also learn the directors' report of Greyhound Australia Pty Ltd for 2012 indicates that the company's auditor is indemnified by the company against any liability in the performance of their duties.

In the case of a public company listed on the Australian Securities Exchange (ASX), stakeholders do relatively better on the information front because financial reports and other company announcements can be accessed from the ASX website free of charge. Nonetheless you may still have to pay your way for certain other relevant information.

Now consider my personal example. I wish to conduct a research project using the financial reports of 1500 Australian private companies over three years. In order to do the research, I would have to pay a bill of \$171,000 to ASIC. I want to do research that helps inform public policy debate about accounting by private companies in Australia, but I am required to take a second mortgage on my home to do it.

On any objective basis, the prices charged for information on ASIC's public register are excessive and unreasonable. Why should any member of the public have to pay through the nose for public information about a company in which they have an interest? In contrast, the Companies House in the United Kingdom and the Companies Office in New Zealand make the annual accounts of companies available for a notional charge of one pound or one New Zealand dollar respectively. The Companies House website notes that the agency has recently moved to make financial data on companies available free of charge, thereby "increasing transparency and making data analysis more efficient".

Meanwhile in Australia, our federal government seems to be hooked on the cash flow it gets from charging prices for public information that are stratospherically beyond the cost of providing the service.