

MEDIA COLUMN

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Revolutionary business reporting language poised to take off

By Graham Terry

XBRL (eXtensible Business Reporting Language), painfully slow to be embraced in South Africa, has been making significant international strides.

XBRL is a revolutionary standard business reporting software language, which is being adopted by leading companies worldwide and which is bound to be a feature of South African company reports in the years ahead.

Probably the most important global advance has been the move by the Securities Exchange Commission (SEC) in the United States to make the use of XBRL mandatory for SEC filings. This is being phased-in over a period of three years.

In Australia, the government has set aside Au\$100 million for an XBRL-based project to standard business reporting in the country. The government estimates that Australia will save over Au\$800 million annually when the project is operational.

The government in New Zealand recently announced a similar project.

XBRL has taken off globally and is being used effectively in many countries around the world.

Yet XBRL has been slow to take off in South Africa, with business having been adopting a wait-and-see attitude. In addition, there have been so many waves of regulation and

standards hitting businesses that they have deferred development of other costly projects.

Also delaying the rollout is a realisation that the real benefits only arise when XBRL is in general use and companies can make filings to regulators in an XBRL format.

Thankfully, however, since the SEC announcement, interest in South Africa has escalated on the basis that listing regulators in other countries will follow the SEC.

XBRL South Africa has been working on a five-pronged strategy:

- Promoting the use of XBRL amongst corporations;
- Promoting XBRL with regulators and suggesting that they make XBRL mandatory on a phased basis similar to that of the US;
- Developing the South African taxonomies, or tags, and encouraging industries to collaborate to develop their own extensions;
- Encouraging software houses to begin marketing and developing XBRL compliant software; and
- Developing XBRL skills.

XBRL South Africa now has 24 members, including the Big 4 accounting firms, the large banks, several mining companies and some of the US-listed companies. The major regulators and some technology companies have also joined. Up until recently, the only companies actively using XBRL have been the JSE Limited and Alexander Forbes.

Currently SARS, the FSB and the SA Reserve Bank are looking into using XBRL but we do not know what their plans are.

XBRL South Africa has developed taxonomies, exposed for public comment, for South African-specific information. The International Accounting Standards Board (IASB) develops the main taxonomy for International Financial Reporting Standards (IFRS), a taxonomy that was recently revised. South African taxonomies are currently being revised for the new format.

South African software vendors have been reluctant to take an interest in XBRL, even in instances where their software has XBRL capabilities. That's because, generally, international software houses do not have a heavy technical presence in the country. Indeed, some do not even know they have the capability.

Even so, we have made headway in the past year, thanks to our having approached foreign software vendors to describe the domestic XBRL environment. As a result, international software house has appointed a local resource. And seldom does a day pass without XBRL inquiries from software houses. Some local vendors are also working at making their software compliant.

There is very little consulting expertise in the country at present, but when the rush begins, companies are probably going to have to import skills, though we are talking to a university to consider developing a course to train people.

.Significantly, XBRL will save South Africa millions of rands in improved efficiencies and is a good example of a thought leadership project which brings value to the accountancy profession and the country.

Graham Terry is chairman of XBRL South Africa and Head: Office of the Executive President at the South African Institute of Chartered Accountants (SAICA).

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