



5 September 2023

The Hon Stephen Jones MP
Assistant Treasurer & Minister for Financial Services
Parliament House
Canberra ACT 2600

Via email: assistanttreasurer@treasury.gov.au

Dear Minister,

Review of the Modernising of Business Registers (MBR) Program Final Report | July 2023

As members of the Modernising Business Registers Business Advisory Group, we acknowledge the government's decision to halt the MBR program and consider the best way forward for this critical digital asset.

Our five organisations Chartered Accountants Australia and New Zealand (**CAANZ**), Governance Institute of Australia (**Governance Institute**) and CPA Australia (**CPA**), Australian Institute of Company Directors (**AICD**) and the Law Council of Australia look forward to continuing to work constructively with the Government to meet Australia's urgent need for a fit-for-purpose Companies Register.

Critical elements

We consider there are three critical elements when considering the best way forward for Australia's Companies Register to be fit-for-purpose today and sufficiently agile to harness emerging technology for further development:

1. De-identification of directors' and company officers' personal information. Firstly, to implement the law and policy changes that were part of the MBR program. As a priority, to allow for the de-identification of directors' and officers' personal information on the Companies Register. The disclosure of director and officer personal information (such as residential address and date of birth) under existing legislation exposes directors and officers to undue privacy, cyber security and personal safety risks.
2. Director ID linkage to Companies Register. Secondly, the director ID, as the key identifier of directors, is to be publicly available and linked to the relevant companies. This link, and public access, is a vital tool to identify and prosecute creditor-defeating phoenix activity.



3. Search fees abolished. Thirdly, search fees be abolished so all Australians can harness the information in the Companies Register to ensure they are dealing with a genuine Australian business. This will require the Companies Register to be held on a platform that can easily integrate with other existing and emerging technologies.

Accordingly, we express our support for Option 3 from the Final Report – that is, to proceed with the scope narrowed to companies only. We consider Option 3 the most likely to create a world-class data and digitally-capable Companies Register that meets the needs of users. It would also assist the Government in meeting its data and digital strategy and its vision 'to deliver outstanding outcomes for all people and business'¹.

Option 3 – Proceed – Narrow to companies only

As surmised in the Final Report, Option 3 would deliver many of the benefits and address the primary concern that it is 'necessary and urgent to invest in the existing technological ecosystem to safeguard Australia's registry services'². Option 3 is most likely to deliver the high-quality and high-availability business data spine the community needs.

Critically, Option 3 builds on the work completed to date with, as noted on page 15 of the Final Report, the build 'approximately 18% complete with 60% of core interfaces validated'. Drivers of cost increases have been identified and methods to address and minimise further unexpected increases proposed.

This is the only option that delivers against the majority of the 19 recommendations in the Final Report and can achieve, with reasonable certainty, a fit-for-purpose Companies Register by the end of 2026.

Benefits alignment

We do not agree with the conclusion that other digital improvements since the original business case, such as the director ID regime, mean the core objective of uplifting the integrity of the data held in core registers can be achieved using alternate approaches. These improvements are on stand-alone platforms that do not easily interact with other government platforms or current technologies. As recognised in the Report, ASIC legacy systems do not easily integrate with new technologies.

Relying on stand-alone platforms that do not easily interact with others, appears to disregard the key benefit of the director ID, for each director ID to be linked to associated companies in the Companies Register.

¹ Senator The Hon Katy Gallagher, Data and Digital Government Strategy, <https://www.dataanddigital.gov.au/data-and-digital-government-strategy>, accessed on 30 August 2023

² Review of the Modernising Business Registers Program Final Report, Australian Government, July 2023



Option 3 is the only option that would achieve this particular benefit by building the Companies Register on the same platform hosting the director ID enabling seamless linkage. Further, Option 3 would enable the Government to progress the final tranche of law and policy changes agreed by agencies as critical to support the delivery of a Companies Register and as referred to above, de-identify director and officer personal information that is currently publicly available.

Options 1,2,4 and 5

Option 1 - Stop the program altogether. To stop would leave this core national economic infrastructure vulnerable to misuse. To leave registers to be managed by multiple agencies hosted on legacy platforms will hinder efforts to identify and prosecute corporate misconduct and inhibit innovation with the latest technology unable to interact with these legacy systems.

Option 2 - Continue as planned. While we were supportive of the goal of having one central platform to host all registers, we recognise that the current approach does not deliver benefits that outweigh its cost. Equally, as time passes, platforms will need to be sufficiently agile to harness the benefits of emerging technologies. Hence our support of Option 3 as this means that a fit-for-purpose business data spine is established which can harness the best technology at a future point in time to bring over other registers.

Option 4 - Stop and revisit transformation options. As cost is a key driver of the future of modernising Australia's registry services, we consider there is little rationale for an alternative that is unable to be costed. Equally, as this option will 'inevitably result in a significant delay'³ and has 'the highest level of uncertainty around delivery'⁴ it does not address the necessary and urgent need to safeguard and improve Australia's registry services.

Option 5 - Stop, stabilise and targeted uplift. We are deeply concerned that this option seeks to incur costs and time to create another division in the Australian Securities and Investment Commission (ASIC) with the intent for it to be transitioned out in the future. Further, the considerations for this option recognise that ASIC legacy systems do not easily integrate with new technologies and there would be a minimal improvement in the experience of users.

Conclusion

We strongly support Option 3 to modernise Australia's Companies Register in a timely manner. This asset is critical to enabling individuals and businesses to better engage in the economy and for the effective operation of the legal system.

As key stakeholders, our five organisations reiterate our support for the Government to successfully implement a fit-for-purpose Companies Register.

³ Review of the Modernising Business Registers Program Final Report, Australian Government, July 2023

⁴ *ibid*



If you have any questions, we would be pleased to discuss the matter further and invite you to reach out to Jill Lawrence at Jill.Lawrence@charteredaccountantsanz.com in the first instance.

Yours sincerely,

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Cc: Sen The Hon Katy Gallagher Minister for Finance
The Hon Angus Taylor, Shadow Treasurer