



Policy costing

Director Identification Number fees	
Party:	Australian Labor Party
Summary of proposal: The proposal has two components which would be undertaken by the Australian Securities and Investments Commission (ASIC) to target phoenix activity. <ul style="list-style-type: none">• Component 1: Directors would be charged a one-off fee of \$20 to obtain a Director Identification Number.• Component 2: Increase the level of detail to be provided by directors when registering a company with ASIC. The company registration process would be improved through an online application that pre-fills details about previous and current directorships and asks additional questions. The proposal would commence on 1 July 2019.	

Costing overview

The proposal would be expected to increase the fiscal and underlying cash balances by \$65 million over the 2019-20 Budget forward estimates. This impact reflects an increase in revenue of \$69 million and an increase in departmental expenses for ASIC of \$4 million.

A breakdown of the financial implications of this proposal over the 2019-20 Budget forward estimates period is included at [Attachment A](#). The proposal would be expected to have an ongoing impact beyond the 2019-20 Budget forward estimates period.

The costing is sensitive to the number of directors registered with ASIC and the likely growth in this number.

Table 1: Financial implications (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Fiscal balance	50	5	5	5	65
Underlying cash balance	50	5	5	5	65

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) Figures may not sum to totals due to rounding.

Key assumptions

The Parliamentary Budget Office has assumed that the number of new director registrations each year is equal to the number of new company registrations, in line with historical trends.

Methodology

For Component 1, revenue was calculated as the proposed fee multiplied by the current number of directors in Australia for the first year, and the proposed fee multiplied by the assumed number of new director registrations in subsequent years.

For Component 2, departmental expenses are based on previous budget measures with a similar level of complexity. As there is existing legislation in place to set up and maintain a Director Identification Number registry, departmental expenses have only been calculated for the cost to capture additional information in application forms.

Estimates have been rounded to the nearest \$1 million.

Data sources

ASIC provided information on the number of directors in Australia.

ASIC, *Company registration statistics* [Online]. Available at <https://asic.gov.au/regulatory-resources/find-a-document/statistics/company-registration-statistics/> [Accessed 29.04.2019].

Attachment A – Director Identification Number fees – financial implications

Table A1: Director Identification Number fees – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Revenue					
<i>Component 1 – \$20 charge to register for a unique Director Identification Number</i>	54	5	5	5	69
Total – revenue	54	5	5	5	69
Expenses					
<i>Departmental</i>					
<i>Component 2 – Creation of an online application that pre-fills details about previous and current directorships and asks additional questions</i>	-4	-	-	-	-4
Total – expenses	-4	-	-	-	-4
Total	50	5	5	5	65

- (a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- (b) Figures may not sum to totals due to rounding.
- Indicates nil.