



7 March 2019

Committee Secretary
Senate Standing Committee on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600

By email: economics.sen@aph.gov.au

Dear Sir/Madam

COMMONWEALTH REGISTERS BILL 2019 AND 4 RELATED BILLS [PROVISIONS]

We support the modernisation of business registers through the use of a single portal for business owners to provide and maintain all information relevant to the underlying registers.

Moving to a single portal will require a review of the fee structure to reflect the true cost of maintaining a simplified, digital database. Fees must be appropriated to the size of the business and scaled to reflect the complexity of a specific activity.

We attach our earlier submissions for your reference:

- 2018, 17 August Modernising Business Registers
- 2018, 26 October Modernising Business Registers and Director Identification Number
- 2018, 21 December Registry Fees
- 2018, 8 February ASIC Industry Funding Model and Registry Search Fees

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact [REDACTED]

Yours sincerely

[REDACTED]

Kate Carnell AO
Australian Small Business and Family Enterprise Ombudsman



16 August 2018

Mr Matthew Sedgwick
Consumer and Corporations Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

By email: [REDACTED]

Dear Mr Sedgwick

MODERNISING BUSINESS REGISTERS

We support the modernisation of business registers to provide a single portal for business owners to meet regulatory requirements for registering and updating information on their business structure, and governance. This is a key step to address the complexity of regulatory requirements and enabling small businesses to be compliant. The proposed principles for simplification are the following:

Single Portal

A single portal will combine 32 registers into one, encouraging small business owners to update their details as their business matures, resulting in structural changes.

For an integrated system to succeed, state-of-the-art technology is required. Not only to establish the portal and single register, but to maintain functionality and remain accessible by applications of the day used by small businesses.

Enter information once only

To be effective, the portal should require business owners to enter their information once and for items of information to be accessible by relevant agencies.

The establishment of a single portal for business will also enable additional regulations, such as the proposed Director Identification Number (DIN), to be seamlessly included by government and managed by small business owners.

Cost Recovery

Cost recovery through charges to register need to be appropriated in accordance with the size of the business. This would remain applicable when accessing and making changes to the data, with costs reflecting the complexity of the specific activity. These costs should be scalable and echo the effort required by the owner of the register to affect the change. This will enable verification across data, provide a data bank to aid public policy and deliver accurate and reliable data on the health of our economic engine, small businesses.

Capture additional data

The design phase of the register should consider the inclusion of other data to enable analysis of the business landscape. For example, revenue (>\$2 million, \$5-\$10 million, >\$10 million), number of employees (>20/>100/>200), is your business an enterprise and/or a family enterprise. We note that general definitions for an enterprise and/or family enterprise would require regulator and industry association's agreement. Flexibility would need to be built into the system, allowing for opportunities to update definitions, as the business environment evolves and changes.

We note there are some successful business registers around the world. In particular, New Zealand (NZ) has run a successful fully electronic companies register since 2004. Key features of the NZ register include company incorporation and maintenance (including document upload and generation), company and director searching and management and operational reporting.¹

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact [REDACTED]

Yours sincerely

[REDACTED]

Kate Carnell AO
Australian Small Business and Family Enterprise Ombudsman

¹ <https://www.fostermooore.com/new-zealand-companies-register/>



Australian Government



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26 October 2018

Matthew Sedgwick
Consumer and Corporations Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

By email: [REDACTED]

Matthew
Dear Mr Sedgwick

Modernising Business Registers and Director Identification Numbers legislation

We support the modernisation of business registers on the understanding that a single portal will be developed for business owners to provide and maintain all information relevant to the underlying registers. We strongly support the introduction of Director Identification Number (DIN) and recommend this is the existing tax file number of the individual rather than a new number being created.

Single Portal

For an integrated system to succeed, state-of-the-art technology is required. This is to establish a single portal for provision of data, offer the functionality and flexibility to utilise applications of the day and be able to integrate with new technologies.

We recommend using this opportunity to capture key identifiers of a business. At initial registration then updated as various registrations are renewed. This would address the confusion created by the multiple definitions of what constitutes a small business. Rather than define a small business, have businesses select a bracket against a set of commonly used parameters that indicate their size and maturity.

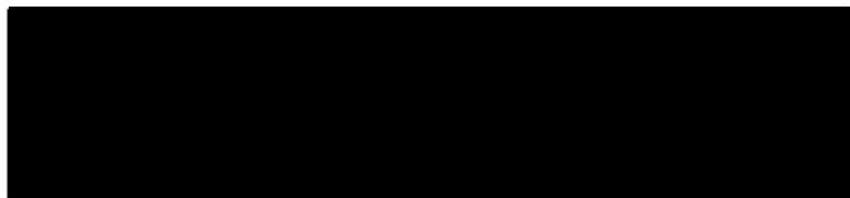
For example, capturing the current number of employees. A large corporation could check the register to confirm if a supplier is a 'small supplier' and entitled to payment terms of less than 30 days where its definition of 'small' is less than 20 employees. In the banking sector, it would aid banks to identify small businesses entitled to the protection of the Banking Code of Practice.

Some parameters that could be considered include:

- Number of employees (<4, 4-20, 20-100, >200)
- Turnover (<\$2m, \$2-\$5m, \$5-\$10m, >\$10m etc)
- Date established (to gauge maturity of business)

Fees

The proposed new register regime does not change the fees to register, amend or search each database, only who collects them. This will result in the accumulation of fees to a value that does not reflect the true cost of maintaining a simplified data base under a single Registrar.



A review of how a graduated fee can be applied in the new regime must be undertaken hand-in-hand with development of the data standard. The new fee structure should be appropriated to the size of business and scaled to reflect the complexity of a specific activity. The fees should reflect both the capacity to pay and the cost of running the register.

Sharing data

We will monitor with interest the components of the data standard and what information will be available publically. While it is acceptable that personal data, such as your home address, should not be shared, in the spirit of open data, key identifiers of businesses should be searchable for a minimum fee or no free when a search is in the public interest.

As different registers are brought into the new regime, fee for searching should not be duplicated. A single registry search fee should be applied even when seeking multiple pieces of information.

Director Identification Number

While the data standard and method of verification for the DIN is yet to be designed, we would propose using the individual's Tax File Number (TFN). The current *Review of national arrangements for the protection and management of identity information* is focussed on data and privacy protection of individual identity and can serve as a guide in strengthening verification. If followed, reviewing the collection and sharing of information, and better coordination and targeted government services, will enhance the integrity of DIN information and verification.

Penalties

We support the proportional approach to enforcement through the adoption of civil penalties and offences that are broadly consistent with current penalties applicable to comparable provisions in Corps Act and CATSI Act.

Of concern is ensuring that the party liable for an offence is provided notices of a breach prior to penalties applying. For example, failure to renew a company registration should be sent to both the nominated representative of a company, which may be the accountant, and the directors of the company. This will ensure the party that will be penalised, the directors, will have reasonable notice of, and adequate time to rectify, a breach.

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact [REDACTED]

Yours sincerely

[REDACTED]

Kate Carnell AO

Australian Small Business and Family Enterprise Ombudsman



Australian Government



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21 December 2018

Matthew Sedgwick
Consumer and Corporations Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

By email: [REDACTED]

Dear Mr Sedgwick

Modernising Business Registers Program and Review of Registry Fees

We support the modernisation of business registers with access through a single portal for business owners to provide and maintain all information relevant to the underlying registers. A single fee should replace the current myriad of fees for each aspect of identification of a business; business name, Australian Business Number, Australian Company Name etc. The fee at any interaction with the register should not be an accumulation of existing fees but simply reflect the true cost of maintaining a simplified, digital, data base under a single Registrar.

Registration and annual review fees

We recommend a tiered system that reflects the complexity of a registration. It is reasonable to charge a large business with a complex corporate structure containing multiple business names more than a sole trader with one business name.

We reiterate the need to identify the size of the business with the registration of that business. Moving to a single portal, a single point of all information about a business, provides the opportunity to enrich this data to meet the needs of the business community and government. By simply recording these identifiers business and government can verify if a business is a small businesses irrespective of that organisations particular definition.

We recommend on registration or, for those already registered, the next annual review, businesses identify their 'size' within brackets set against commonly used parameters.

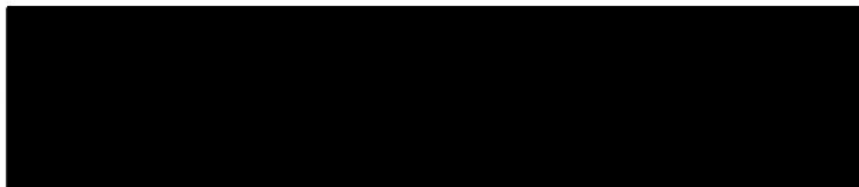
Some parameters that could be considered include:

- Number of employees (<4, 4-20, 20-100, 100-199, >200)
- Turnover (<\$2m, \$2-\$5m, \$5-\$10m, >\$10m etc)
- Date established (to gauge maturity of business)

An example of an immediate benefit would be the ability of business and government to verify small businesses for prompt payment of invoices.

Late fees

While late fees are aimed at ensuring compliance, as with all other fees, the quantum of late fees should be tiered to reflect the complexity of the information.



We do not support replacing a late fee with the cumulating general interest charge. Cumulating interest is opaque to a business and can provide a financial shock when they eventually pay fees due.

As noted, modernisation will enable enhanced notifications and consideration should be given to sending notification to both a representative for the business, such as an accountant, and the business itself.

Search fees

We recommend abolishing search fees on the basis of importance of the information to mitigate the many issues identified by the black economy taskforce, such as phoenix activity. We consider the loss of revenue from search fees, approximately 7% of all fees, will be offset by the modernisation onto the new digital platform.

The information behind the registration of a company is critical knowledge for small businesses to consider prior to commencing a relationship with another business. Small businesses do not have the time and resources to do multiple searches and pay for information from credit reporting agencies just to assess the risks of a new business relationship.

The modernisation of business register provides the opportunity to open data to the business community and provide a tool that will help to mitigate the black economy. Thank you for the

[REDACTED]

Yours sincerely

[REDACTED]

Kate Carnell AO
Australian Small Business and Family Enterprise Ombudsman



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8 February 2019

Mr Adam Bogiatzis
Consumer and Corporations Policy Division
The Treasury
Langton Crescent
Parkes ACT 2600

By email: [REDACTED]

Dear Mr Bogiatzis

ASIC INDUSTRY FUNDING MODEL AND REGISTRY SEARCH FEES

Thank you for the opportunity to comment on the proposed *Treasury Laws Amendment (ASIC Cost Recovery and Fees) Regulations 2019* that is intended to more closely align ASIC fees with costs incurred.

We believe that the setting of fees should recognise the correlation between complexity of service (which is used in the proposed Regulations) and the size of the business interacting with ASIC. Therefore, to improve accuracy in the alignment of fees and costs, the Regulations should take into account size of business as a key indicator of complexity (ie. specify reduced fees for small business).

We strongly support the journalist exemption from paying search fees. However, we believe that there is a very good policy rationale to extend this and abolish search fees altogether on the basis of their importance to the good-functioning of the market (eg. for small businesses to identify potential phoenix activity etc.). We understand that the small loss of revenue from search fees (approximately 7% of all fees) would in any case be offset through the modernisation of business registers on the new digital platform. A move like this would provide a real boost to small business through a better understanding of the parties with whom they are dealing.

We are also aware that ASIC believes that there is currently limited flexibility around the imposition of fees, particularly late fees and penalties. The Regulations should make it clear that ASIC has the flexibility to take into account special circumstances.

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact [REDACTED]

Yours sincerely

[REDACTED]

Kate Carnell AO

Australian Small Business and Family Enterprise Ombudsman

[REDACTED]