

Parliamentary Joint Committee on Corporations and Financial Services

Australian Securities and Investments Commission

Answers to Questions on Notice

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Question:

Senator WHISH-WILSON: So if we get the director identification notice, how long's that been—and I know it's government policy and once again you're required to provide advice and implement it—under consideration?

Answer:

In September 2017, the Government announced a package of reforms to both deter and penalise illegal phoenix activity, which included the introduction of a Director Identification Number.

In December 2019 the Government announced the Modernisation of Business Registers (MBR) Program to unify the Australian Business Register and 31 ASIC business registers, including the register of companies. The unified Commonwealth business registers will be hosted on a contemporary digital registry system administered by the ATO.

The MBR program will include the implementation of a Director Identification Number. This will establish confidence in knowing that the identify of company directors has been verified. Additionally, it will assist ASIC and other regulators in the vital work of detecting, deterring and disrupting phoenix activity.

Today our legislation and technology do not cater for director identification. As a result, currently:

- ASIC does not verify the identity of directors, we generally take information given to us at face value.
- Directors may have multiple records within ASIC systems, for instance a person could have multiple unlinked records with slight variations of name, address and personal details.
- There is limited transparency of relationships between directors and multiple companies.
- There is little interaction between ASIC and individual directors. Rather, our key relationship is with the company, and
- Our Companies Register is hosted on ageing legacy technology some of which is approaching 30 years of age. This limits our ability to implement reforms and new services that are increasingly expected.