

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2017 - 2018

Division/Agency: Productivity Commission

Question No: 157

Topic: Phoenix Activity

Reference: Written

Senator: Ketter, Chris

Question:

1. Why did the Productivity Commission recommend a Director Identification Number?
2. What are the benefits of a DIN for enforcement agencies and the public?
3. How will the DIN assist small business?
4. Has the Government or Treasury sought additional information on this recommendation from the PC?
5. If so, when was that?
6. Which stakeholders did the PC consult about this measure? What were their views?

Answer:

1. In the Commission's *Business Set-up, Transfer and Closure* inquiry report ('the report'), the Commission identified difficulties in enforcement as a key issue in combating phoenix activity. The introduction of director identity numbers (DINs), could assist external administrators and investigations of unlawful phoenix activity. The reasons are discussed in detail on pages 423-429 of the report.
2. As above, a DIN could assist in tracking and recovering funds from directors of companies that enter external administration, and provide a potential disincentive for further phoenix activity. The costs of phoenix activity are discussed on pages 423-425 of the report.
3. To the extent that small businesses are creditors in instances of phoenix activity and other external administrations, they would share in the benefits identified above.
4. No.
5. Not applicable.
6. The inquiry issues paper and draft report were publicly available for consultation. Submitters, hearing and roundtable participants and parties consulted with are listed in appendix A of the report. The views of relevant stakeholders were summarised within the discussion of DINs, on pages 426-429 of the report.