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Via online submission: <https://consult.treasury.gov.au/market-and-competition-policy-division/modernising-business-registers/consultation/intro/>

Dear Tom

Discussion Paper: Modernising Business Registry Services

On behalf of our members and in the broader public interest, CPA Australia welcomes the opportunity to provide this submission in response to Treasury's discussion paper on modernising business registers.

CPA Australia supports the Government's timely consultation on options to streamline key business registry functions and upgrade IT infrastructure that supports these functions. We are also pleased to note that the Government is no longer considering the privatisation of ASIC registry services.

In order for businesses and the wider economy to receive tangible benefits from this initiative, we recommend that the Government should address two critical matters as a priority:

Align incongruent Government policies on data

The Public Data Policy Statement released by the Australia Government commits Commonwealth Government entities to make non-sensitive data open by default. There is a further commitment within the Policy Statement to only charge for specialised data services.

The reality however remains somewhat different to the commitments expressed by Government in its Public Data Policy Statement. For example, much of the data held within the ASIC company register resides behind a legislated paywall. The charges levied for access to this data is prohibitive when compared to jurisdictions such as the United Kingdom, USA and New Zealand, who all allow free public access to similar information. Unless actions are taken to address issues such as the legislated paywall to access information held on the company register, we do not believe the Government can fulfil its commitments under its open data policy.

We appreciate that the Government generates significant income from the charges levied for providing data through the ASIC company register. We believe that the benefits to the Australian economy in the long run will far outweigh the loss of income currently being generated.

CPA Australia believes the benefits of free access to the ASIC company registry include:

- Improving the probability of business success as ready and free access to financial and other information about suppliers, customers and other entities should assist businesses make more informed decisions on who they should interact with.
- Reducing the risk of phoenix and other similar activity.
- Assisting business meet certain regulatory obligations - for example, undertaking customer due diligence under Anti Money Laundering legislation
- Allowing for a deeper understanding of Australian businesses and the economy through macro-level research and analysis of such data.

We suggest Government undertake a cost/benefit analysis to assess the economic impact of removing charges currently being levied to access company data through ASIC.

Upgrade IT infrastructure

We agree with the views expressed in the Discussion Paper that upgrades are required to the IT infrastructure behind the data registries managed by the Australian Securities and Investments Commission (ASIC) and the Australian Business Register (ABR).

Other issues

It is somewhat unclear to CPA Australia as to why the charities register that is the responsibility of the Australian Charities and Not-for-profits Commission (ACNC) is omitted from the Discussion Paper. Whilst we appreciate charities are not in a strict sense businesses, the ACNC register shares many of the data attributes of the business registers included in the Discussion Paper.

We consider the ACNC register as a good example of a Commonwealth data register with many desirable features that align with the Government's Open Data Policy that can inform this consultation. These features include:

- Free and unfettered access to all data, both for individual charities and as datasets provided through the data.gov.au portal
- A 'report once use often' approach through the ACNC Charity Passport that allows other Commonwealth and State/Territory regulators access to the ACNC register for their own regulatory purposes
- Electronic lodgement of an Annual Information Statement (AIS) by charities, including financial information

Our responses to the specific questions in the discussion paper are provided in the attached appendix. If you require further information on our views expressed in this submission, please contact Ram Subramanian, Policy Adviser – Reporting on (03) 9606 9755 or at ram.subramanian@cpaaustralia.com.au.

Yours sincerely



Stuart Dignam
General Manager, Policy & Corporate Affairs

APPENDIX

CPA Australia's responses to questions raised in the discussion paper

What do you see as the main strengths with existing business registry services? How does this support your business?

The main strength of the business registry services is the data held within it. We concur with the observations in Appendix D of the Discussion Paper about the importance of data as an element of core national infrastructure. We are of the view that Australian businesses and the wider economy can benefit immensely if the Government can unlock the potential within this data by enabling access to it as set out in our cover letter.

What do you see as the main weaknesses with existing business registry services? Does this significantly impact on your business (e.g. time or costs)?

As highlighted in our cover letter, the prohibitive costs associated with accessing data held within the ASIC Company Register is a major weakness.

There is currently very limited data sharing abilities between business registers. As a result, both businesses and users of data have to engage with multiple contact points with different registers for essentially the same dataset. For example, a charity that wishes to register with the ACNC must apply for an Australian Business Number (ABN) through the ABR. There is currently no 'one stop shop' that allows a charity to complete this exercise through a single point of contact. We also understand that operational delays that can arise during this registration process can prove challenging for charities waiting to commence activities.

What would you like modernised business registry services to deliver for you in the future? How would you prioritise these?

We provide below our suggestions in order of priority.

As highlighted above and in our cover letter, modernised business registry services should provide free and unfettered public access to data. In addition to providing free access to individual instances of data through the data registers, we also recommend complete datasets are made available through data.gov.au to enable macro-level analysis and research. The ACNC currently provides datasets of the charities register through data.gov.au and we understand that this data is one of the most searched and downloaded datasets from that website.

Providers and users of data should only need to engage with a single point of contact or a single agency, at least for the key registers; the ABR, the Company Register and the Business Names Register. We also consider the charities register a key register that should be included within the list of registers that are incorporated into a 'one stop shop' model. We appreciate that there are differences in the data held within the key registers due to their nature and laws governing them. Capturing the relevant data through a single point of contact or a common portal that then shares the data as required with the relevant data registers may address the different data requirements of different registers. This approach can also be used to provide information to other agencies that require data, such as the Australian Bureau of Statistics.

The Discussion Paper does not consider lodgment of financial information using SBR or XBRL (the designated SBR standard for financial transactions). The use of digital technologies to lodge financial statements and other financial information on data registers can significantly improve the interactivity with the financial data and research and analysis capabilities. Although

ASIC has the ability to receive XBRL enabled financial statements there appears to have been no uptake of this facility to date. Other jurisdictions have mandated lodgment of XBRL enabled financial statements with success, and the Government may wish to consider taking this approach in Australia as well. We have previously expressed our support to mandate lodgment of XBRL enabled financial statements for listed companies at the very least, and we continue to maintain this view.

We note that ASIC supports the lodgment of certain financial product and financial services disclosures using digital technology including multimedia (RG 221 Facilitating digital financial services disclosures). We suggest the Government takes this facility into consideration and ensure the IT infrastructure has the capacity to accept and host data based on multimedia and similar technologies.

What would be the advantages of bringing together the ASIC registers and the ABR within a single agency? How might this impact businesses, intermediaries or other users? Do you have concerns about a single agency being responsible for consolidated registry services?

See our response to the above question. We support a consolidated registry service and if that requires a single agency to achieve such an objective, then we support a single agency being responsible for such a service.

Do you see other opportunities to reduce duplication of business registers and associated services across government?

As highlighted above, we suggest the ACNC charities register is also considered one of the key registers included in the modernisation initiative.

What advantages or disadvantages would there be in a consolidated set of business data, for example in accessing data, updating business information, data confidentiality?

We have set out some of the advantages of a consolidated set of business data in our cover letter and in our responses to the above questions. We also note that a consolidated set of business data may reduce the need for the ABS to survey business, which members have raised with us as being a compliance irritant.

There are some risks associated with the provision of a consolidated set of business data that need to be taken into account:

- An IT systems failure can have more severe consequences with consolidated data compared to data held in a distributed fashion, as was demonstrated in the ATO outages in December and February. We suggest a more robust system with suitable backup functions and disaster recovery strategies to address this risk.
- Private information about individuals (e.g. date of birth, residential address) should be withheld from public access to avoid risks such as identity theft.
- A centralised database or data store can be more susceptible to cybercrime including data theft and 'denial of service' attacks.
- Free public access to data can allow inappropriate or illegal uses of the data, for example by cold callers or even those involved in scamming activities. Financial literacy initiatives about the risks associated with free access to data will assist in educating users and providers of data to the registry services.

Would more open and accessible registry data benefit business and/or the wider economy? How/why?

See our comments in the cover letter

Do you have a view on the steps the Government could take to make registry data more open and accessible? For example, do you have a view on the format of data, frequency of data released, platforms for release, or pricing?

We encourage the Government to improve public access to much of the data it holds through its open data web site www.data.gov.au, and where it is not already the case, that data be made available in formats that enable simple analysis to be undertaken.

We do not support putting a price on access to this data.

Is there business data that would be useful to collect in a modernised registry service, but currently is not being collected or published? Do you have concerns about the publication of certain data?

See our comment on the ACNC charities register.

Is there any information currently collected by the Commonwealth that is, in your view, redundant?

No comment on this question at this time.

Information confidentiality and security is paramount. Do you have a view on how security should be maintained, and/or how users can be empowered to manage permissions relating to their data held in registers?

No comment on this question at this time.

What are the implications for business of changes to the way registers are currently delivered? For example, the cost of updating systems, products, or changes to any customer services?

See our comments in the cover letter on the benefits of free access to the ASIC company registry.

We suggest that if the government decides to introduce a single, central business registry that it work with digital service providers, intermediaries, such as accountants and lawyers, and business to co-design the registers and its underlying systems to ensure that it delivers what business generally need at the least possible cost and inconvenience to business.

We suggest that it would be appropriate and prudent for the Government to allocate contingent funding to recognise the potential for business interruption and related economic loss arising from the introduction of a centralised business registry.

As was demonstrated by recent ATO systems outages in December 2016 and February 2017, the increasing reliance of intermediaries and businesses more generally have on the systems of Government agencies means that issues with such systems can have significant impacts on business – potentially leading to economic loss and distress.

While the government agencies have an agreed compensation mechanism and the Department of Finance administers the act of grace payment system, members of the profession have found

these to be inadequate, with few businesses ever qualifying for compensation in circumstances such as Government agency IT failure.

A different approach that provides greater support is required. Such an approach may also meet the Government's objectives of a speedier uptake of new technology such as SBR and Single Touch Payroll by businesses as they would have greater certainty that, in the event problems arise which impact their business, their economic losses will at least in part be covered.

We understand any changes may impact your business and sufficient lead time will be required. How would you like to be involved in any future changes?

See our comments on co-design above.

How long would parallel services (new and old) be required for you to transition your software and customers?

This question is best considered once we have a government policy decision on this and in the co-design process.