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17 August 2018  
Mr Matthew Sedgwick  
Consumer and Corporations Policy Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Via email: [regmod@treasury.gov.au](mailto:regmod@treasury.gov.au)

This submission is provided as a public submission.

**Submission by the Motor Trades Association of Australia Limited (MTAA) into  
Modernising Business Registry Services**

Dear Mr Sedgwick,

MTAA appreciates the efforts by the Treasury to consider options to streamline key business registry functions and upgrade IT infrastructure to provide more user friendly, modern registry services. MTAA also appreciates the opportunity to present an automotive industry endorsed policy position on opportunities to deliver more for registry users, including around increasing the openness of register data.

MTAA is the peak Australian automotive association and represents the interests of its state and territory member associations. MTAA is the national voice of the 69,365 retail motor trades businesses which employ over 379,365 Australians and contributed \$37.1 billion to the Australian economy in 2015/16; which equates to 2.2% of Australia's GDP. MTAA also represents businesses in 95% of the Australian automotive supply chain of which all are required by Australian Law to use Australian Government registries. MTAA provides this submission as Australian automotive businesses are impacted by the efficiency of registry systems and processes.

On behalf of its State and Territory Association Members, MTAA is available to assist the Treasury with any additional line of inquiry related to Australian Government Registries or the automotive industry registry and business requirements generally.

Please do not hesitate to contact MTAA should you require any additional clarity or further information regarding this submission.

Yours Sincerely,

A handwritten signature in black ink, appearing to read "Richard Dudley".

Richard Dudley  
Chief Executive Officer  
Motor Trades Association of Australia Limited



## Submission by the Motor Trades Association of Australia (MTAA) into Modernising Business Registry Services

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## Executive summary of recommendations

MTAA recommends:

- A significant structural change to existing business registry systems, rather than merely a 'process' of modernisation, amalgamation or improving coordination. Such a single business register service must identify, capture and present:
  - the type of legal organisation;
  - the enterprise groups and separate legal entities, but not based upon the ABN;
  - the specific industry and sector down to the four digit ANZIC level;
  - the size of the business (by employment and turnover);
  - businesses at the individual workplace level based on location/ street address – through a set of geospatial coordinates/address information
- Consideration is given to the harmonisation and reduction of small business definitions as an enabler to improved modernised business registries.
- Reduced Government red tape if not required to protect the business interests of legitimate market participants and consumers.
- The introduction of a single point in Government to act as a single registrar for the proposed modernised and combined business registry.
- Increased user centered approach to business registry services.
- Transparency and security of Government's use of information provided by Australian businesses on Australian Government's business registries.
- The introduction of an independent mechanism, process, entity that addresses information requirements in situations where information has been unlawfully manipulated, used, stolen, lost, etc.
- Any costs imposed on business users of business registry services are borne by Government and not the user given the user is required to use the registry to comply with existing and future regulatory requirements. Removing or alternatively simplifying and reducing existing costs imposed on businesses using Government's business registry services should also be investigated.
- Improved security for accessing and using Government's business registry services.
- The introduction of Director Identification Numbers (DIN) that can be registered by third parties but with additional information security requirements.

## The Motor Trades Association of Australia

- The Motor Trades Association of Australia (MTAA) is the peak Australian automotive trades Federation representing the interests of its State and Territory Motor Trades Associations and Automobile Chambers of Commerce and their thousands of automotive business constituents.
- MTAA is the voice of 69,365 retail motor trades businesses which employ over 379,365 Australians and contributed \$37.1 billion to the Australian economy in 2015/16; which equate to 2.2% of Australia's GDP.
- MTAA represents businesses in 95% of the Australian automotive supply chain. This allows MTAA Limited Members the unparalleled ability to understand the operations, issues, concerns and risks of participating automotive industries which include but are not limited to:
  - *New car retailing (including service)*
  - *Used car retailing (including some who service)*
  - *New and used motorcycle retailing (including service and recycling / dismantling)*
  - *Vehicle body repair (smash repair)*
  - *Independent automotive servicing*
  - *Service station and convenience stores (franchise and independent)*
  - *Auto recyclers, dismantlers and part suppliers*
  - *Farm and industrial machinery retailing (including service and in some cases dismantling and recycling)*
  - *Tyre retailing, retreading and recycling*
  - *Towing*
  - *Bus and coach*
  - *Heavy vehicle*
  - *Specific service professions including glass, transmission, engine replacement and reconditioning, brakes, steering, automotive electrical and air- conditioning.*
  - *Vehicle Rental*
- One of the priorities of MTAA includes assisting, advocating and representing the interests' automotive sector, discrete industries and businesses with the Commonwealth Government, its departments, agencies and representatives, including interactions with Australian Government's business registry services.
- MTAA provides this submission taking into account feedback from its member associations and their automotive business constituents.

## Motor Trades Association of Australia's policy position

- MTAA supports Governments efforts to modernise the Australian Business Register (ABR) and the Australian Securities and Investment Commission (ASIC) business registers on a platform that will be administered by the Australian Business Registrar within the Australian Taxation Office (ATO).
- MTAA understands the difficulty, and perhaps the seemingly impossible task, of integrating IT technology and synchronizing information requirements and databases across Government departments. However, there are clear efficiencies, not the least of which is reduced costs and complexity and potential benefit of increased clarity and reliability. MTAA supports a whole of Government information system that manages information across *all* Government departments including Treasury, the Australian Tax Office, the Department of Industry, Innovation and Science, ASIC and other relevant portfolios.
- MTAA respectfully suggests while not part of the remit of this inquiry, there remains an opportunity for Government to undertake in partnership with industry a companion piece of work that will assist the reform of information requirements / databases. That piece of work is a review of definitions surrounding small business contained in Commonwealth legislation and regulations. A desired outcome would be for a harmonisation and reduction of the number of definitions that ultimately would be incorporated into the requirements of information databases and management systems.
- In addition MTAA recommends a significant structural change to existing business registry systems, rather than merely amalgamation or improving coordination.
- There is a strong whole of economy imperative – not just for the automotive sector, but for all sectors and industries - for a single business register service that identifies, captures and registers:
  - the type of legal organisation;
  - the enterprise groups and separate legal entities, but not based upon the ABN;
  - the specific industry and sector down to the four digit ANZIC level;
  - the size of the business (by employment and turnover);
  - businesses at the individual workplace level based on location/ street address – through a set of geospatial coordinates/address information.



- A single business register that incorporates all the above attributes would be of better quality and provide more useful information to government and industry because:
  - By using workplace location rather than the ABN as the delineating factor, allows for a more accurate enumeration of all businesses across the economy.
  - By classifying businesses down to a four digit ANZIC level allows for the more accurate representation of businesses within specific sectors of the economy.
  - Shores up gaps in currently available knowledge and statistics which can potentially paint a false or misleading picture of active, trade and commerce engaged enterprises.
  
- These measures will allow the compilation of better quality statistics across businesses, industries and sectors. Increase the robustness and reliability of information and improve clarity on critical structural adjustment and change that is occurring across the economy in a timelier manner.
  
- Unfortunately the maintenance of Australian Business Register by the ATO does not allow for this level of information, as it is based on BAS statements, which are in turn based on actively trading businesses that have an ABN. This is not a criticism of the ATO who are recognised for the significant work they have undertaken to reform and improve systems, rather an observation that the ATO can only work within designated accountabilities.
  
- MTAA recognises that moving towards a single workplace-based model business register will require significant structural change and investment on the part of Government including the ATO. However, cost and resourcing of such a project should not be a reason to ignore such suggested change. MTAA respectfully suggests there will be very little in the way of tangible industry and whole of economy benefits from rationalising the number of business registers that are in existence at the moment, even though these may generate cost savings. MTAA suggests the productivity and cost reduction outcomes from its suggested approach may be significantly greater.
  
- Also, with the predominance of the sole proprietors and small businesses with up to 19 employees, which make up over 90% of the Australian business population, careful consideration needs to be made towards how these businesses are to be profiled as part of a single business register that is not ABN based, and this is a key part of structural change that is required.



- MTAA supports the reduction of 'red tape' for Australian Businesses when interacting with Government. MTAA advocates for Government to streamline business requirements when interacting with Government so that business resources can be better allocated to increasing productivity rather than complying with regulatory requirements.

## Legislation

- The MTAA does not oppose the identification of an appropriate Commonwealth entity to perform the function of a single registrar for one, more, or all of the registrar / y functions. However, MTAA calls for effective collaboration between Commonwealth Departments so that registry functions, requirements and processes are optimally integrated for users as well as for Government requirements.
- MTAA advocates that legislation allowing the management of information on new IT infrastructure be transparent. Information collected and recorded by the Registrar should be not used for purposes that are not clearly outlined in Government legislation and transparent to all. For example, MTAA opposes the use or sale of information for commercial purposes such as marketing and research purposes, if not approved of by the business who provided that information to Government.
- Users should be clear on information requirements and how their information is being collected, used and transferred. For example, if businesses are renewing their ABN, they should be aware if the information provided is being forwarded to the ATO or other Government Departments. MTAA seeks clarity on how the data may be mined; including the use of artificial intelligence.
- Although MTAA does not oppose the introduction of a single registrar, MTAA respectfully suggests there will be a need for an independent and effective oversight mechanism that monitors registrar activities and ensures that the needs of businesses are considered when setting information requirements and when collecting and using information. For example, MTAA seeks a mechanism, process, where businesses can engage with Government over issues with their information; including if their information has been misused, stolen etc.

## Registry Service Enhancements

- MTAA appreciates efforts to enhance the services provided by Government registries to improve user experience including synchronizing registry information with the business management systems of users. However, MTAA seeks surety on security protections that prevent the unauthorized access to commercially sensitive business information. MTAA also seeks surety on the protections for businesses, who may be impacted by the unauthorized access of their information.
- MTAA approves the introduction of a notification or reporting mechanism that allows users to identify how their information is being managed on Government registries. MTAA advocates that users should not have to pay for this service and that this services is a Government obligation to taxable businesses.

## Funding Registry Infrastructure

- MTAA respectfully suggests that as part of any modernisation project, increased clarity and information needs to be gathered on the impact of current information gathering requirements on business and in particular small business; and what any modernisation outcome might mean.
- MTAA, its members, and many other associations and organisations receive concerns and complaints almost weekly, but in every survey and call for input regarding the overall impact of reporting and information provision requirements of not only the Commonwealth but also State and Territory and local government jurisdictions. Of central issue are the increasing and significant costs in terms of time, resources and financial impact in meeting requirements.
- MTAA has not been able to properly quantify / qualify the requirements impost given the diversity of the businesses and industries and the vast variety of systems, processes and mechanisms business owners deploy to meet requirements. However, it is clear from the increasing representations received that they are impacting on business and ability to increase efficiency and productivity.
- MTAA recognises the apparent contradiction of calling for substantial structural change in the modernisation of registries, while also raising concerns of the impost of meeting information requirements. However, MTAA suggests its proposals will streamline requirements and increase efficiency while reducing workload particularly on small business owners.

- MTAA considers that the ongoing costs of providing information to Government for registration requirements negatively impacts many Australian automotive businesses that are already experiencing generational structural adjustment, reduced profit margins, increasing capital and investment costs, costs associated with the introduction of new and emerging technology, to name just some. In fact, MTAA considers that businesses should not be financially disadvantaged when registering and / or updating their details on Government registries as it assists Government.
- MTAA advocates that Government business registries should be funded by Government through consolidated tax revenue and not be funded by a user pays system. MTAA opposes any costs being imposed on users (i.e. businesses) of Government business registries as businesses are already required to pay multiple taxes and in some instances pay for software and other elements in order to meet existing information requirements.
- MTAA considers that it is unfair that business should be required to pay for registry services imposed on them by Government, particularly as they already pay tax for core government services. MTAA considers that Government should not be looking at cost neutrality or revenue strategies from any modernisation project.
- MTAA seeks Government clarity on integration *and* divisions of user business systems and government services if they are to be integrated under the proposed service improvements. MTAA seeks clarity on Government's role as regulator and information manager (registrar) so that it is not compromised by commercial considerations.
- If Government is required under the *Corporations Act 2011* to charge fees for some products, MTAA considers that business registry requirements should be exempt. However, if they are not MTAA advocates for minimal charges regardless of whether they cover administration costs or not. MTAA considers that small business already pays a substantial contribution to consolidated tax revenue and that this contribution pays for the administration costs of managing Government business registries. Consequently, MTAA opposes both a 'per transaction fee' and an 'annual subscription fee' for businesses using Government registries unless the services go beyond that required to adhere to Government regulatory requirements.

## Director Identification Numbers (DIN)

- MTAA does not oppose the introduction of Director Identification Numbers (DIN). However, MTAA does oppose increased business costs as a result of providing director information or acquiring a DIN.
- MTAA considers it unfair that small businesses have to pay for providing director information or obtaining a DIN as the majority of businesses are, in the opinion of MTAA, not engaging in illegal phoenix activity and should not be disadvantaged by those who do.
- MTAA accepts that a DIN may assist Government to undertake investigations into companies acting fraudulently. However, MTAA is concerned that Government efforts to modernize business registry services are not addressing the illegal operation of businesses that are not registered. For example, MTAA is aware that many unregistered businesses operate illegally in the automotive dismantling industry, despite current regulatory and business compliance requirements. Such cases were highlighted in the recent Black Economy Task Force final report and recommendations.
- MTAA urges Government to investigate best practice identification verification systems when introducing a DIN scheme or providing access to Government registries. MTAA also urges Government to update security systems as they become available.
- MTAA requests Government to further engage with industry when considering introducing new security and access measures so that an effective balance of obtaining the necessary information, but not be intrusive or impose additional costs for small businesses. For example, requiring small businesses to invest in new technology, systems and costed pathways to access the registry.
- MTAA agrees that third parties should be able to apply for a DIN on behalf of their client, for example a firm's accountant or book keeper. MTAA asks that Government require protocols that ensure security of information.

## Conclusion

- MTAA advocates for reduced requirements for businesses to interact with these systems allowing them to apply their resources to business growth by improving productivity and innovation. MTAA also supports increased security and the introduction of DINs.
- However, MTAA does not support increasing costs for businesses in order to use these systems. MTAA advocates that Government and not industry should bear the costs of managing and administering Government business registries particularly when businesses use these systems to comply with Government regulatory information and registration and information provision requirements.

END OF SUBMISSION