

3 October 2016

Ministry of Business, Innovation & Employment
PO Box 1473
Wellington

By email: corporate.law@mbie.govt.nz

Submission on the review of corporate insolvency law in respect of the New Zealand Companies Register

Thank you for the opportunity to provide comment on the review of corporate insolvency law (Report No. 1 of the Insolvency Working Group).

The review addresses the regulation of insolvency practitioners and voluntary liquidations. Our submission focuses on the New Zealand Companies Register and the proposal to introduce director identification numbers (under the voluntary liquidations part of the review). We also discuss contact addresses for directors.

About the Institute of Directors

The IoD is a non-partisan voluntary membership organisation committed to raising governance standards in all areas of business and society in New Zealand. We represent a diverse membership of around 8,000 members drawn from NZX-listed corporations, private companies, small to medium enterprises, public sector organisations, not-for-profits and charities.

Our chartered membership pathway aims to raise the bar for director professionalism in New Zealand, including through continuing professional development to support good corporate governance.

Director identification numbers

The review recommends introducing a unique identification number for existing and future directors. We support this and agree with the benefits listed in the review document.

We also note that there are a number of other issues with the current process including:

- there can be confusion between directors with the same or similar name
- there can be problems where names are not recorded in the same format across different entities
- there are inefficiencies when director details change and need to be altered separately across a range of different entities.

The New Zealand Companies Register is the central record about companies and directors and has a key role in supporting commerce and our economy. The Register must be fit for purpose, and directors, shareholders, and the public must have confidence in its information.

Introducing director identification numbers would help improve the Register. When people access the Register, they will be able to get an accurate picture of a person's directorships and the process will be more user friendly. At the same time, when directors update their details on the Register, this should be simple and straightforward.

Residential addresses

Directors must disclose their residential address to the Companies Office. The Register makes this address available to the public. We are aware this disclosure causes problems including:

- directors and their families can be put at risk from customers, staff, and other stakeholders going to their residential addresses
- directors and their board communications can be targets for industrial espionage and cybercrime in their homes, which are usually less secure than a company's offices
- directors may be involved in sensitive work or projects and their residential details should be kept confidential
- inconsistency with other legislation which explicitly allows privacy of residential addresses in certain circumstances - for example, s 115 of the Electoral Act permits individuals who feel threatened to register on the unpublished electoral roll
- some directors do not provide their residential addresses for various reasons - possibly because they fear the consequences of public disclosure - undermining the integrity of the system.

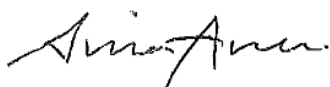
We note that other countries publish non-residential address for directors. In the United Kingdom, Canada, Hong Kong and Singapore, directors can list a service address instead of their home address. In Australia, directors can list an alternative address where there is a risk to personal safety.

Although directors are required to register a residential address with the Companies Office, the IoD considers that directors should be able to publish on the Register a service address that is not their residential address. This would allow directors to protect their privacy while ensuring they can still be contacted.

We believe it is a good opportunity to make this change at the same time as introducing director identification numbers. We have raised this matter with the Minister of Commerce and Consumer Affairs and understand from our correspondence with him that MBIE is looking into this and at possible options. We welcome the opportunity to engage with you on this matter further.

The IoD appreciates the opportunity to make a submission on behalf of its members and would be happy to discuss this submission.

Yours sincerely



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Institute of Directors