MEDIA QUESTIONS AND ANSWERS

Q | Is the Government abandoning the objective of modernising Australia's business registers?

A | No; the Government is committed to stabilising the existing registers and developing options to uplift existing registry systems.

It would be premature to commit to any uplifts without understanding all the financial implications and benefits.

The review taught us that any changes should be in smaller steps which independently add value.

The review also found we could deliver most of the key business data integrity benefits of the MBR program more cheaply and simply. The Government will consider this as part of further design and analysis of options.

Q | Why did the Government decide to stop the Modernising Business Registers (MBR) program without first consulting publicly?

A | The review recommended stopping the MBR program as quickly as possible to limit further expenditure on significant program overheads and expenses. It concluded that stopping now is the responsible and best available option for Government.

The review's findings were informed by extensive consultation with a broad range of stakeholders. This included over 50 interviews with more than 100 participants across the public and private sectors.

Q | What went wrong with the program? How did we get here?

A | The MBR program is now expected to cost more than 5 times as much as originally estimated (from $480.5 million to up to $2.8 billion now).

That's because:

- it's very complex to modernise so many registers all at once
- of the challenges of the chosen technology and integrating it with the Australian Taxation Office
- there were organisation and culture issues relating to transferring responsibility for corporate and professional registers from ASIC to the ATO
- actual costs for external labour exceeded original estimates by approximately 75%
- there was greater reliance on contractors than originally expected (including due to the impact of the COVID-19 pandemic).

Q | The decision to stop the MBR program is the latest in a series of decisions by Government stop large ICT programs (e.g. the Centrelink Entitlement Calculation Engine). In that context, what confidence does the Government have that any future stabilisation and uplift of the business registers will be successful?

A | The Government will consider how the broader lessons from the review could be applied to future IT projects, including future investment in the existing registry systems.

The lessons from the review include:

- the importance of ongoing investment in digital and ICT assets and capabilities
- that bigger is not better: the temptation to load single programs up with greater scope than necessary generates complexity that reduces the likelihood of success.
- that complex operating models add to risk
- that digital and ICT transformations are inherently uncertain
- the need to optimally align incentives within government.

Q | Why did it take over a year for the Government to stop the program after first announcing that it was over time and over budget in July 2022?

A| This is core national economic infrastructure that needs to be modernised and the Government was determined to ensure that every avenue to support this program to deliver under the existing design was considered before any decision to stop.

In July 2022 the Government was advised that the MBR program was significantly over budget and significantly delayed. Estimates at the time suggested that delivering the program in full would cost a further $1 billion, and the program would not be able to be delivered until 2026 at the earliest.

Following this advice, there was considerable work to better understand of the risks that had eventuated and implications.

The Government subsequently announced an independent review of the program to ensure investment in this core national economic infrastructure is delivered within a reasonable timeframe and budget.

The review found that the program would cost up to $2.8 billion to deliver. The review's conclusion was that stopping the program is the responsible and best available option for the Government.

Q | Why did the Government spend an additional $80 million on the program in the October 2022-23 Budget?

A | The Government allocated $80.0 million for the ATO and ASIC to continue design and delivery of the modernised registry platform.

This is core national economic infrastructure that needs to be modernised and the Government was determined to ensure that every avenue to support this program to deliver under the existing design was explored.

Q | The independent review recommended carrying out a targeted transformation of the existing business registers. Why has the Government committed only to stopping the program and stabilising legacy systems?

A | Stopping and stabilising now is the best option to save time and money.

It would be premature to any major changes before we consider the review's broader lessons as we develop options for the future of the registers.

The Government has committed to a significant work program of stabilising existing registry systems.

Q | Over 2.3 million Director IDs have been issued to date. What does the Government's decision to stop the MBR program mean for Director ID?

A | The ATO will continue to administer the Australian Business Register and the Director ID regime.

As part of exploring options to uplift existing registry systems, the Government will consider ways of delivering the regime's benefits identified by the review, ensuring improved data integrity and mitigating system risks for ASIC.

Q | What implications will stopping the program have for the previous Government's commitment to remove retail search and other fees?

Background: in the March 2022-23 Budget the Government announced as part of the 'Commonwealth's Deregulation measure' that it would forgo receipts of $64.9 million over 3 years from 2023-24 to streamline fees associated with Australia's Business Registers as company registration and lifecycle management moves to the modernised platform (at the time, scheduled for September 2023). These reforms would:

- *remove the companies annual late review fee*
- *reduce the number of fees paid for ad hoc lodgements under current requirements*
- *remove fees for searches conducted on the new registry website*

- *provide $0.3 million to the Department of Treasury to redesign wholesale business register search services (facilitated by third-party services).*

A | The future of retail search and other fees will be considered as part of the Government's development of options for targeted uplift of existing registers.