

Chapter 1

Background to the bill

1.1 On 22 June 2017, the Senate referred the Corporations Amendment (Modernisation of Members Registration) Bill 2017 (the bill) to the Senate Economics Legislation Committee for inquiry and report by 11 September 2017.

1.2 This private senator's bill seeks to amend the *Corporations Act 2001* (Corporations Act) to require an email address to be included on a register of members of a company or registered scheme.

Conduct of the inquiry

1.3 The committee advertised the inquiry on its website and wrote to relevant stakeholders and other interested parties inviting submissions. The committee received 13 submissions which are listed at Appendix 1.

1.4 The committee held two public hearings in Sydney on 2 August 2017 and in Canberra on 5 September 2017. The witnesses who appeared at the hearings are listed at Appendix 2.

1.5 The committee appreciates the efforts of all stakeholders who contributed to the inquiry.

Background

1.6 Section 168 of the Corporations Act requires a company or registered scheme to set up and maintain a register of members. The register is a relevant record of members which details when they have joined, where they live and how to contact them.¹

1.7 Subsection 169(1) of the Corporations Act sets out the general requirements of the register. Currently, the register must contain:

- a member's name and address; and
- the date on which the entry of the member's name in the register was made.²

1.8 Section 173 of the Corporations Act allows anyone to inspect the register. However, section 177 of the Corporations Act contains protections and safeguards to deter the improper use and disclosure of the information contained on the register.³

1.9 The legislation allows interested parties to pay a fee and access the register in order to obtain the names and addresses of members. But with only the addresses of members included in the register, sending communications to members by post is inefficient and expensive, particularly to large numbers of members. By contrast,

1 Senator Nick Xenophon, Second Reading Speech, *Senate Hansard*, 15 June 2017, p. 3998.

2 Senator Nick Xenophon, Second Reading Speech, *Senate Hansard*, 15 June 2017, p. 3998.

3 Senator Nick Xenophon, Second Reading Speech, *Senate Hansard*, 15 June 2017, p. 3998.

sending communications by email could be much easier and cheaper if email addresses were included in the register.

1.10 In his Second Reading Speech, Senator Nick Xenophon used the experience of CPA Australian member, Mr Brett Stevenson, to argue the public policy rationale and imperative of the bill:

Mr Stevenson is a NSW [New South Wales] CPA accountant based in Armidale. As a member of CPA Australia, one of the two peak accounting bodies in this nation with 155,000 members, Mr Stevenson has for months been agitating for greater transparency and openness in the way CPA Australia is run.

...

CPA Australia has a convoluted board appointment process whereby member's don't directly vote for the directors, their recent AGM was in Singapore and members have been forced to rely on powers under the *Corporations Act 2001* in order to get access to the members register in order to communicate with CPA Australia's 155,000 members.⁴

1.11 The addition of an email address to information required to be kept on the members register would enable cost effective communication with members. The proposed amendment would bring this particular provision into line with modern communication methods, and enhance basic democratic principles which can empower members.⁵

1.12 The proposed amendment would not affect the operation of the existing protections that apply to the inspection and use of information on registers. Existing protections to prevent any vexatious and improper uses of the members register would continue to apply, including criminal offences for the misuse of information contained on the register.⁶

4 Senator Nick Xenophon, Second Reading Speech, *Senate Hansard*, 15 June 2017, pp. 3998–3999.

5 Senator Nick Xenophon, Second Reading Speech, *Senate Hansard*, 15 June 2017, p. 3999.

6 Senator Nick Xenophon, Second Reading Speech, *Senate Hansard*, 15 June 2017, p. 3999.