



1 October 2024

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Official Information Request
Our Ref: OIA 2024-0247

I refer to your official information request received on 6 September 2024 where you have asked:

“This Cabinet paper on modernising the Companies Act said (para 56)

*Whilst agencies are generally supportive of the introduction of a unique identifier, Ministry of Justice, New Zealand Police, Serious Fraud Office, New Zealand Customs Service, Ministry for Primary Industries, and the **Public Service Commission** expressed concerns about not including proposals for a beneficial ownership register as part of this package of reforms. They consider a delay in implementation has implications for law enforcement in combatting corruption, money laundering, terrorist financing, fisheries and trade-related crimes, and tax evasion and for better tracking beneficiaries of the proceeds of crime. They also highlighted the risk it creates in respect of the upcoming Financial Action Task Force Mutual Evaluation in 2029 as the lack of a beneficial ownership register was identified as an area of deficiency for New Zealand.*

<https://www.mbie.govt.nz/dmsdocument/28988-modernising-the-companies-act-1993-and-making-other-improvements-for-business-proactiverelase-pdf>

Please provide the advice/feedback that you gave regarding a beneficial ownership register.”

Information being released

Please find enclosed and outlined in the below table, the feedback provided by Te Kawa Mataaho Public Service Commission to the Ministry of Business Innovation and Employment in relation to the cabinet paper titled ‘Modernising the Companies Act 1993 and Making Other Improvements for Business - Cabinet paper’.

Item	Date	Document Description	Decision
1	12 June 2024	Email titled - PSC Feedback on Draft cabinet paper for your feedback: Modernising the Companies Act, introducing unique identifiers for directors and improving our insolvency laws	Released in part

I have decided to release the document listed above, subject to information being withheld under section 9(2)(a) of the Official Information Act to protect the privacy of natural persons

If you wish to discuss this decision with us, please feel free to contact Enquiries@publicservice.govt.nz.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Please note that we intend to publish this letter (with your personal details removed) and enclosed documents on the Te Kawa Mataaho Public Service Commission's website.

Yours sincerely



Nicky Dirks

Manager – Ministerial and Executive Services
Te Kawa Mataaho Public Se

From: [Christine Lloyd](#)
To: [Thomas Abernethy](#); [Dean Rosson](#)
Cc: [Kirsten Todd](#); [Aidan Burch](#); [Julie Rushton](#)
Subject: PSC Feedback on Draft cabinet paper for your feedback: Modernising the Companies Act, introducing unique identifiers for directors and improving our insolvency laws [IN-CONFIDENCE: RELEASE-EXTERNAL]
Date: Wednesday, 12 June 2024 10:33:00 am
Attachments: [image002.png](#)

Kia ora Thomas

Thanks for the opportunity to comment on this Cabinet Paper. We understand that the work to modernise, digitise, and simplify the Companies Act is one of the key Ministerial priorities for the Consumer Affairs portfolio – and it is good therefore to see this work progressing. However we do have some concerns with regarding to transparency, which are set out as key points below.

Key Points:

1. Requiring information about the identity of the legal persons and entities who exercise control over companies and limited partnerships, is critically important to the integrity of the financial sector and to law enforcement efforts in combatting corruption, money laundering, terrorist financing and tax evasion, both domestically and internationally.

2. A decision, in 2024, to de-couple and not progress beneficial ownership transparency is likely to be perceived in a negative light. New Zealand has long suffered perceptions of being complacent about corruption risks. Tax evasion, corruption and money-laundering are facilitated through the misuse of legal entities. The deferral of beneficial ownership legislation will result in the continuing opacity of beneficial ownership of legal entities. It may also create uncertainty about implementation, although beneficial ownership transparency, while more recently agreed to, has been publicly called for, for some time:
 - i. In 2013, Transparency International recommended introducing a public register of trusts and of the beneficial owners of companies (Recommendation 1, Transparency International's 2013 National Integrity System Report);
 - ii. the government's 2021 decision, to implement a beneficial ownership register, followed a lengthy public consultation process that closed in 2018; and
 - iii. in November 2022, the government also agreed to increase beneficial ownership transparency as a commitment under the Fourth National Action Plan of the Open Government Partnership;

3. Not progressing transparency measures for beneficial ownership does not meet international minimum requirements for transparency of the beneficial owners for tax and

anti-money laundering purposes. Knowing the identity of the natural persons behind entities enables both New Zealand and our trading partners to preserve the integrity of national tax and financial systems. Hiding criminal activities and the proceeds of crime in jurisdictions where transparency standards are fully implemented is much more difficult. With international corruption risks being greater than ever, all jurisdictions need to have effective beneficial ownership rules in place.

4. Further, not proceeding with the important goal of creating beneficial ownership transparency but progressing the introduction of a unique identifier for directors and limited partners and removing their names may give rise to even less beneficial ownership transparency than there is at present.

Many thanks, and we are happy to discuss the feedback further if that is useful.

Nga mihi

Christine

Christine Lloyd

National Action Plan Lead
Open Government Partnership Team
Integrity Ethics and Standards Group

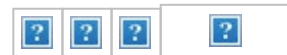
waea pūkoro: 9(2)(a) privacy | **īmēra:** 9(2)(a) privacy

My usual hours of work are from 7.40 am to 3.40 pm, Monday to Thursday



Te Kawa Mataaho Public Service Commission

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From: Thomas Abernethy 9(2)(a) privacy

Sent: Friday, May 31, 2024 12:58 PM

To: Christine Lloyd 9(2)(a) privacy Dean Rosson
9(2)(a) privacy

Cc: Kirsten Todd 9(2)(a) privacy Aidan Burch 9(2)(a) privacy

Subject: Draft cabinet paper for your feedback: Modernising the Companies Act, introducing unique identifiers for directors and improving our insolvency laws [IN-CONFIDENCE: RELEASE-EXTERNAL]

This email was sent from someone outside of Te Kawa Mataaho. Please take extra care.

Hi Christine and Dean

Please find attached a draft cabinet paper for consultation: Please could you provide any feedback **by 5:00PM, Wednesday 12 June 2024.**

The paper seeks to progress a Corporate Governance Amendment Bill to modernise, simplify and digitise the Companies Act 1993 (the Companies Act), introduce unique identifiers for directors, remove the requirement for directors' and shareholders' residential addresses to be on the Companies Register, improve aspects of our insolvency law, and make related improvements for business.

We are sending this to you as this paper intends to decouple the previous Cabinet decisions to introduce a unique identifier for directors and limited partners from decisions to implement a beneficial ownership register, with beneficial ownership to be considered at a later date. Given that these reforms were originally considered in tandem there will likely need to be some further policy decisions in order for unique identifiers to be implemented separately.

This will impact on the OGP commitment as beneficial ownership reforms won't be progressed in 2024.

Please note Appendix 1 and 2 will follow in a later email.

Timeline:

Date	Step
31 May – 12 June	Agency consultation
5-19 June	Ministerial consultation
20 June	Lodge Cabinet paper
26 June	Cabinet ECO Committee

Further dates post-Cabinet decisions will be provided in due course.

Kind regards,

Tom

Thomas Abernethy ([he/him](#))

SENIOR POLICY ADVISOR

Corporate Governance and Intellectual Property Policy Team

Buildings, Resources and Markets

Ministry of Business, Innovation & Employment

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