

19 December 2025

The Treasury
Langton Crescent
PARKES ACT 2600

By email: coerceddirectorships@treasury.gov.au

RE: Combatting financial abuse perpetrated through coerced directorships Consultation Paper (Consultation Paper)

Who we are

Governance Institute of Australia is the only fully independent professional association dedicated to the advancement of governance and risk practice in Australia. Our internationally recognised qualifications equip a diverse professional network of business leaders to make good decisions for the benefit of Australia's economy and society. With a history dating over 100 years, Governance Institute is Australia's leading and trusted voice of governance. Our fully accredited education and training is tailored to meet the needs of governance professionals across public listed, unlisted, and private companies, as well as the public sector and not-for-profit organisations.

Governance Institute is committed to independent, evidence-based advocacy that is focused on strengthening the governance capability of Australian organisations. We believe that good governance is the foundation of organisational resilience, productivity, and public trust.

Preliminary comments

The Consultation Paper highlights an important issue. Any reforms will need to be carefully considered to ensure their implementation does not lead to unintended consequences for the large number of companies and their directors acting properly or where directors are not acting properly and it is not related to coercion, for example, there is insolvent trading or illegal behaviour.

We agree with the Consultation Paper that coerced directorships are generally observed in small to medium sized businesses and in the context of intimate partner relationships. Our members working in large companies report they seldom encounter this issue. We also note that while most victim-survivors of this type of financial abuse are women, financial abuse is also common with older people and those from culturally and linguistically diverse backgrounds. It is also likely to be an issue in same sex relationships. Our members also report that they have encountered similar issues in relation to trusts, which often feature in the context of families' financial affairs. As the Consultation Paper notes this type of abuse occurs in relationships where there is a power imbalance.

We also consider that there is scope to make considerable progress on this issue prior to any legislative change by increased education efforts. These efforts could be directed at government agencies, industry and professional groups, such as law societies and financial advisers, and other stakeholders. The banking industry for example has been involved in a major initiative relating to elder abuse which has both raised awareness of the issue and also led to the development of tools and guidance to assist

banks' customers.¹ It would be useful to provide those supporting and advising victim-survivors of family violence and/or financial abuse with appropriate materials to educate them about the various courses of action available to enable them to better assist their clients.

Another suggestion for assisting victim-survivors is a dedicated whistleblower hot line which they could access both to report financial abuse involving coercive control and/or to obtain information about the options open to them. These hot lines could be staffed from existing ASIC and ATO contact centre staff with appropriate training.

The Consultation Paper proposes some changes to the liability regime including defences. Of necessity the burden of proof will need to be on the victim-survivor which in many circumstances may be problematic. For example, a victim-survivor may no longer have access to passwords to obtain information needed to establish a defence or the level of coercion may be so significant that they are unable to obtain the information they need. It will be important to ensure that any of these changes are workable in practice.

The Consultation Paper refers to the role of intermediaries. We would point out that there will be circumstances where an intermediary themselves is not aware that coercive control exists. There need to be appropriate safeguards for intermediaries who play an important role in the administration of the Corporations Act and the TAA.

It will be critical for ASIC and the ATO to work collaboratively on the final reforms to ensure that victim-survivors do not fall between any regulatory gaps, or that the unintended consequences do not enable inappropriate outcomes.

The Consultation Paper indicates that some of the policy options under consideration to address the issue of coerced directorships are still in development. We would be pleased to participate in further consultation as these proposals become more concrete.

This Submission does not address all questions in the Consultation Paper but focuses on issues of interest and concern to our members.

Financial abuse through company directorships

The weaponisation of company directorships in intimate partner relationships is not new. Legal practitioners specialising in family law and the breakdown of family relationships are very familiar with this scenario. However, the almost universal use of technology by financial services providers, online access to various registers and to credit ratings all mean that the consequences for victim-survivors of this type of financial abuse are more immediate and far reaching.

A further complication in relation to director appointments is the increasingly widespread use of electronic signatures. Electronic signatures have created significant efficiencies but also open up the possibility of fraud and cyber crime.

We consider the Consultation Paper contains a good summary of the ways in which companies are misused to perpetuate financial abuse and coercive control and the types of debts, liabilities and harms created through coerced directorships.

Objectives and key principles

We consider that three principles outlined in the Consultation Paper are an appropriate basis for the development of reform options.

¹ See Financial Advice Hub, Australian Banking Association, [Steps to stop elder financial abuse](#).

While the registers maintained by the Officer of the Registrar of Indigenous Corporations and the Australian Charities and Not-for-profits Commission are out of scope for this consultation we nonetheless recommend consulting with these agencies who may have useful insights.

Director IDs

Government introduced director IDs in 2021 as a means of preventing the use of fraudulent director identities particularly 'phoenixing'. Government and industry have been involved in significant efforts to educate directors about their obligations, and the compliance level has increased steadily. While the introduction of director IDs has increased the rigour around director appointments through the requirement to produce a range of identity documents, given the ever-increasing sophistication of fraudsters no system is tamper proof. While the director ID process may assist in the context of coerced directorships, it will depend on the level of access to a victim-survivor's personal information used to verify their identity and the level of coercion. We are unsure how 'informed consent' would work in practice because this can also be subject to coercion. Given many applications for director IDs are now made online should 'Health Warnings' be incorporated into the process?

The Government has provided funding to link director IDs to the Companies Register. We have consistently advocated that any linking should take place in such a way that directors, and victim survivors appointed as directors do not have their sensitive personal information such as residential addresses and dates of birth publicly linked to their full director IDs. This opens them up to the potential for identity fraud and other harms at the hands of cyber criminals and others. Linking these key pieces of information and making freely available publicly potentially exacerbates rather than improves the plight of victim-survivors. It is extremely important for regulators and other trusted stakeholders to have access to this information but there need to be appropriate safeguards. We would be happy to consult further with Treasury on this issue.

Improving the pathways for director removal and resignation

We are supportive of making it easier for directors appointed because of coercive control to be removed from the Companies Register, noting the importance of developing appropriate standards for the evidence necessary to prove the appointment was obtained through coercion. An application to ASIC to resign would be an avenue to explore. As the Consultation Paper notes there are important considerations in relation to third parties dealing with a company, particularly in relation to the assumptions they can make and which are currently legislated in the Corporations Act which will need to be considered carefully. We would also caution against enabling deregistration or winding up of sole director companies without proper consideration of the potential impact on third parties.

There would also need to be appropriate penalties for misuse of any additional pathways for director removal and resignation.

Strengthening defences for insolvency related directors' duties

In principle we support strengthening the defences for insolvency related directors' duties however, there will need to be thorough consultation with insolvency and corporate law specialists to avoid any unintended consequences, particularly adverse consequences for third party creditors, especially given the current level of difficulty in mounting insolvency claims against directors or claims based on improper actions by directors. It will also be important to ensure that innocent third parties such as employees owed superannuation are not disadvantaged.

We also recommend any reforms to the defences under the Corporations Act and the TAA be consulted on and progressed in parallel.

One issue to highlight is that it will be important to consciously deal with situations which may involve fraudulent claims where for example, a 'perpetrator' and a like-minded partner fraudulently claim the existence of coercive control to avoid a company's liabilities.

We also note that the evidence required to make out these defences may be difficult to collect.

Other comments

One matter not addressed by the Consultation Paper is whether a coerced appointment of a 'public officer' for the purposes of the TAA should be in scope for these reforms.

Having reviewed the proposed definition of 'coercive control' one situation that is not covered is that of a one-off incident for example, signing a consent to act as a director which then enables a perpetrator to proceed to manage the affairs of a company without further reference to the victim-survivor. We suspect this is a commonly occurring situation.

If you have any questions, please contact me or Catherine Maxwell, GM, Policy and Advocacy.

Yours faithfully,

{Sgd} Katrina Horrobin

CEO