



Abacus
Australian Mutuals

Association of Building Societies and Credit Unions

27 July 2006

Prof. Allan Fels
Chair
Access Card Consumer & Privacy Taskforce
Consumer and Business Affairs – Consumer Affairs
GPO Box 1722
DARWIN NT 0801

Per email: a.fels@humanservices.gov.au

Dear Prof. Fels,

The Australian Government Health and Social Services Access Card

Abacus – Australian Mutuals welcomes the opportunity to provide these early comments on the proposed *Australian Government Health and Social Services Access Card* (Access Card) as outlined in *Discussion Paper Number 1* (15 June 2006).

Abacus is the peak association for building societies and credit unions and was formed in July 2006 in a merger between the *Credit Union Industry Association* and the *Australian Association of Permanent Building Societies* (AAPBS). *Abacus* brings together 136 building societies and credit unions with over \$50 billion in combined assets and over 4 million members from across Australia. *Abacus* is part of Cuscal Ltd, an aggregated services provider to the credit union sector and owner and operator of the *RediPos* and *RediTeller* ATM and EFTPOS networks.

Combining as many as 17 existing identification cards, *Abacus* understands the proposed Access card is intended to improve the administration and payment of a number of health and social security benefits. However, the proposition that the card facilitate disaster relief payments and the capability for individuals to place additional information on and customise the Access card certainly broadens its implications.

Additionally, these proposals are being made at a time when Government is also taking steps to address regulatory red tape, applying pressure on industry to reform and invest in the payments system, reviewing the private sector provisions of the *Privacy Act* and developing wider identity verification requirements under sweeping anti-money laundering and counter-terrorism financing (AML/CTF) reforms. Each of these disparate reform areas will effect the successful development, implementation and acceptance of the Access card.

Instead of addressing each of the matters raised in the *Access Card Consumer and Privacy Taskforce's* discussion paper, many of which are the domain of others, *Abacus* highlights the following issues:

- The proposed phased introduction of the Access card from 2008 and then the compulsory use of the card from 2010 overlaps considerably with the likely commencement and transitional arrangements for the AML/CTF regime. This is

relevant in terms of the AML/CTF regime's reliance on the collection of *reliable and independent* documentation or electronic data to identify and verify a customer. Currently, 100 Point Checks and similar processes for identification rely heavily on Birth Certificates, international travel documents, driving and other licenses and an array of other Government-issued documents and data. The new AML/CTF regime will expand this dependency and the Access card represents a potential significant, if not paramount, source of reliable and independent information about a customer. The overlap between these initiatives should be considered not just in terms of function creep (see below) but also in terms of industry preparedness and customer acceptance of greater identity requirements on the one hand and a consolidated identification card on the other. There may also be parallels in terms of possible public awareness campaigns for either the AML/CTF regime or the Access card.

- The strength of the Access card for Medicare and social security administration will be in terms of delivering trustworthy identification of consumers. It will therefore be critical that a strong, credible and reliable registration and identification process is established and applied. *Abacus* welcomes the observation in the discussion paper that there must be *"very clear rules established to minimise any potential reduction in personal privacy arising from this decision and there must be the highest levels of security in place to guard against its misuse, either in the present or in relation to possible future technological developments."* Every effort should be made to thwart the risks of identity fraud or theft when consumers register for the Access card.
- Apart from keeping information secure, the use of data may also cause some concerns, particularly if the proposed SCRS does place greater emphasis on data-matching by Government agencies. Clear rules as to which agencies have access rights and in what context those rights operate will be an important consideration. For example, given the new AML/CTF law will involve sensitive personal and financial information being recorded in threshold and suspicious matter reports, access to AUSTRAC data by law enforcement and other agencies, including those associated with the Access card, must be properly considered and addressed.
- Given the enormous increase in information to be collected, stored and reported by *reporting entities* under proposed new AML/CTF laws, extending the use of the Access card to permit reporting entities (as regulated by AUSTRAC) to consider it a reliable and independent document for identifying customers would be a natural application. This could occur in terms of the information contained on the face and reverse of the card, without accessing any data stored on the card's chip. The chip information would of course be essential to establishing the veracity and credibility of the card in respect of verifying the identity of the person presenting the card for identification purposes. Although access to that information need not be made available, instead it could be part of a secure validation process.
- Another proposed feature of the card is the potential for holders to be able to access Government relief funds during an emergency. If this involved direct payments onto designated Access cards that could be retrieved via an ATM then *Abacus* believes consumers will want and need broader access than only via ATMs. If this functionality is incorporated into the Access card then greater operability is required to include at least ATM and EFTPOS access.

- *Abacus* welcomes the consideration of the existing payments system – to undertake the substantial payments and transaction processing operations associated with use of the Access card – in preference to a *de novo* approach involving Government spending significantly on its own smartcard network. *Abacus* agrees a fee-per-transaction model provides an incentive for the private sector – including Cuscal Ltd's *RediTeller* and *RediPos* networks – to look to invest in systems development to provide core infrastructure support to the Access card. Whatever approach is adopted, an open and transparent tender process should apply to any party seeking to provide such infrastructure support. Although, for industry to invest in such improvements to the current payments systems corresponding regulatory reforms may also be necessary in addition to Government support – perhaps in terms of concessions – for development costs and capital outlays.

Conclusion

A community-supported Access card that streamlines consumer interactions with Medicare, social security and potentially other Government agencies and, if permitted, for other purposes, has the potential to offer greater efficiency, simplicity and convenience. For government and other users the Access card offers confidence, trust and reliability in terms of consumer identification. However, these benefits must be balanced against the significant intrusion into a person's privacy and the risks associated with collecting information and locating it at a single source, in part reduced to a mathematical algorithm. The Access card also represents an opportunity for payments recipients and providers in terms of the additional security and functionality of chip technology in addition to direct commercial participation in the scheme. However, these benefits must be balanced against the significant infrastructure and systems costs associated with such activities as well as corollary payments reforms.

Thank you again for the opportunity to comment on *Discussion Paper Number 1* (15 June 2006) on the proposed *Australian Government Health and Social Services Access Card*. For more information on *Abacus* or any issues raised in this submission please contact Josh Moyes, Policy & Public Affairs. on (02) 8299 9033 or at jmoyes@abacus.org.au.

Yours sincerely



LOUISE PETSCHLER
Head of Public Affairs