

KELVIN THOMSON MP
SHADOW MINISTER FOR HUMAN SERVICES

ADDRESS TO FORUM BY THE PUBLIC INTEREST
ADVOCACY CENTRE: *THE PROPOSED SMARTCARD –
JUST HOW SMART IS IT?*

SYDNEY
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Today it's been reported that the card formerly known as Smartcard, now known as Access Card, might be in for a new name. Minister Hockey said he was taking advice on what people might like to call it, and suggested it could be called "The Peoples Card". Frankly this sounds altogether too Maoist for my liking. I might have to get Julie Bishop onto him.

It's well enough known in the world of politics that when the idea is no good you change the name. We've been expecting another name change for the party formerly known as the Country Party for some time now.

SO WHAT IS SMARTCARD?

- Health and Social Services Access Card is a Howard Government measure to change customer access to health and social services benefits
- Card will replace 17 health & social services cards eg. Medicare card, health care card, veterans' cards

Why do it?

Government says:-

- Current system is cumbersome, complex and often inconvenient for customers

- Present system is prone to fraud and to mistakes eg use of –out-of-date info
- Need a more user-friendly system to reduce time spent filling out forms and waiting in queues, and to provide greater options for customers to access benefits, & minimise opportunities for fraud

How will it work?

- Registration planned to start from early 2008. You will need the Smartcard when you apply for access to Government health and social services ie everyone who wants to access Commonwealth services will have to register and have a card
- Smartcard will have cardholder's name, photograph, signature and card number
- Address, date of birth, concession status, details of children or other dependants will be stored in the card's chip and in the Secure Customer Registration system – only accessible by cardholder & other authorised people
- If cardholder chooses, can use card to store health info – emergency contact details, allergies, health alerts, chronic illnesses, immunisation info or organ donor status

Notes:

1. This is what became of the Electronic Health Project
2. Trade off between accessibility and security. If accessible when patient unconscious, how secure is it?

When will SMARTCARD be implemented?

- The access card will be phased in over a 2 year period beginning early 2008
- Once registration period ends in 2010, you will need an access card to access health or social services benefits from that time on

- Details about how to register will be available closer to the registration period

Where can SMARTCARD be used?

- The access card can be used to access benefits at Medicare, Centrelink and the Department of Veterans' Affairs
- Cardholders can choose to use Smartcard as proof of identity document elsewhere if they wish

Note: Risk of function creep. Professor Fels has recommended legislation to outlaw unauthorised personnel (eg banks, nightclub bouncers, video store operators) from requiring production of it.

What if the card gets lost?

- Cardholders can ask for card to be re-issued over the phone, internet or counter. Government claims registration photograph will protect against fraudulent use of lost cards. Government expects cards will be replaced every 7 – 10 years

How secure and private will information on the card be?

- Government says information cannot be accessed by anyone other than cardholder or people authorised to access specific info on the card
- Agencies will not have access to other agencies' info as a result of the access card

Begs the question – what access do they have already? Registration system underpinning Smartcard will be established separately from Medicare Australia, Centrelink and Department of Veterans' Affairs information systems and will not hold any sensitive or agency specific information.

How will Government stop people using fraudulent identity documents to register for Smartcard?

- A new system will check the authenticity of a document online, eg system will be able to check birth certificates and passports and check that a person is who they say they are

What is Labor's position on Smartcard?

- We welcome efforts to cut down on Medicare, Centrelink and tax fraud
- Smartcard technology has the potential to streamline services and reduce costs

BUT

- To date the Government has done nowhere near enough to address the issues of security of data, privacy of data, and quality of data, or provide confidence that info stored will not be used across Government agencies and departments
- Australians are rightly concerned about privacy issues – the risks from public servants mishandling information, hackers and identity thieves are real. These concerns are not trivial and need to be properly considered before Smartcards become de facto compulsory
- Smartcard is also at risk of cost blowouts, becoming an expensive failure, being delivered late, and not providing promised benefits

Implementation Issues

1. Government ignored the advice of KPMG and Smartcard Taskforce for a Privacy and Security Advisory Board made up of external experts and stakeholders

2. Consequential resignations of Head of Smartcard Taskforce, James Kelaher and Suzanne Roche, former Smartcard Project Leader
3. Government released heavily censored version of KPMG Business Case Study on Smartcard. We're therefore left with 'trust us' re. the \$1.1 billion cost and \$3 billion return
4. Government will not release Smartcard Privacy Impact Assessment carried out by Clayton Utz
5. Government has poor track record of managing IT projects, has presided over Departmental IT budget blowouts of at least \$800 million
6. Auditor-General's Report into Internet Security (June 2006):-
None of the 6 Departments audited had even Government **minimum** standards for protecting information

Breaches included:-

- Inappropriate password management
- User account privileges inappropriately administered
- No documented procedures for incident detection and response
- Hardware not adequately secured

Serious Breaches in Government Agencies

- Centrelink – Almost 600 Centrelink staff involved in 790 instances of inappropriate access of records
- Child Support Agency – 405 privacy breaches by staff in 9 months
- Tax – Action against 27 staff for breaches of privacy

Joe Hockey's Response to Professor Fels' Report

Minister Hockey's announcement yesterday reveals a split between the Government and Professor Fels Taskforce on two crucial matters.

The Taskforce recommended against putting a digitised signature on the Smartcard, and also against displaying the cardholder's number on the card. But the Government is still hell-bent on displaying both signature and number on the card, and rejected the Taskforce's recommendations.

Minister Hockey's boast that the Government has accepted 22 of the Taskforce's 26 recommendations is an attempt to disguise the seriousness of this disagreement. The Government's plans for Smartcard involve five pieces of information to be displayed – your name and digital photo on the front, and your number, scanned signature, and card expiry date on the back.

Of these five bits of information, the Taskforce has recommended against two of them! Its Media Release yesterday says "The Taskforce is sceptical for the need for a digitised signature to appear on the card. The signature seems to be of limited use and it increases the dangers of identity theft and fraud".

Now this is a pretty fundamental matter. The risk of identity theft and fraud features prominently in the Minister's case **for** the Smartcard – yesterday he referred at length to the risk of identity theft and fraud in relation to the present Medicare Cards. Yet his Taskforce says putting a digitised signature on the card increases the risk of identity theft and fraud, and he ignores them.

Similarly the Taskforce said yesterday "The Taskforce considers that the number should not appear on the reverse

of the card”. “If the card number is not displayed it reduces the risks of the card slowly developing into a ‘unique personal identifier’ number for the Australian population...”. “Also if the card number is displayed it increases the risk of fraud. This risk outweighs some advantages for government administration and user convenience”.

Again this is a fundamental matter. On both the issues of privacy protection and fraud prevention, the Government intends to depart from the recommendations of its Taskforce.

Minister Hockey says a visible number “will make it quicker and easier for people to use the card for telephone and online services”. It may well do, but make no mistake, they’re turning you into a number. A unique identifier.

Allow me to also respond to some of Minister Hockey’s other statements yesterday. He said that legal ownership of the card would vest in the individual; that Access card would be your card, and that it would be like owning a car. Well, no, it wouldn’t. You can sell a car, you can paint your car a different colour, you can destroy your car. Try doing those things with a Smartcard and see how you go. The legislation will prescribe what is and isn’t on the card, and it will tell you and everyone else how it may or may not be used.

The only freedom or control you have is the freedom not to seek Commonwealth health, social security or veterans benefits. That is a freedom few Australians are wealthy enough to exercise.

Minister Hockey also said Australia had been a complacent comfort zone, in relation to existing technology, for too long. I’m happy to agree with him if we abbreviate the phrase a little and just say Australia has been a complacent comfort zone for too long. On national security – yes, we’ve just been doing what George W. Bush and Donald Rumsfeld tell us to do. On

global warming – yes, we’ve treated it as a problem for the grandchildren, not for us. On skills training – yes, that’s a key reason we got another interest rate rise yesterday and housing continues to be unaffordable for so many young Australians.

So by all means let us not be complacent. Let us get out of our comfort zone. But part of not being complacent is asking questions and demanding information, and with Smartcard there are still many answers missing and a lot of information being withheld.

And when the Minister extols the convenience benefits of the card – “You will not have to repeat the present cumbersome process each time you enter an office. You will simply present your card to access the service. You will be able to use the card as proof of entitlement with almost 50,000 doctors and pharmacists. This will immediately and reliably validate your Medicare or pharmaceutical rebate. It will make accessing the Medicare and PBS safety nets far easier and more efficient for individuals and families – when he says all those things you start wondering ‘whatever happened to fraud prevention?’.

There is no doubt there is a trade off between convenience and efficiency on the one hand, and fraud prevention on the other. But it is far from clear as to just what it really is that the Minister and the Government is seeking to achieve by introducing the Access Card. Smartcard seems like a solution in search of a problem, rather than normal public policy formulation, which identifies the problem first and the solution second.

Again, with Cyclone Larry Minister Hockey says it would have been preferable if we could have directly transferred cash to those affected.

I visited Innisfail myself after Cyclone Larry and spoke with General Peter Cosgrove about the relief effort, and he made the same point about the value of immediate cash payments. But it has to be accepted that cash payments when the power is out inevitably come at the expense of fraud controls.

Minister Hockey's speech yesterday noted that Smartcard is 'a set of keys that would open a number of doors to a range of government services and benefits'. He also noted that "some people will go to extraordinary lengths to create a false identity or to steal the legitimate identity of someone who already has an entitlement." I agree with both statements. Given these facts, however, the Government's claim that Smartcard will save us \$300 million a year in social security and Medicare fraud can't simply be accepted at face value. We need to see hard evidence of this. So far it has not been forthcoming. We're simply expected to trust the Government on this matter. 'Trust us' might have worked before the "weapons of mass destruction" debacle, but it doesn't work any more. We are not going to be complacent about these things.

It is the same with privacy protection. We need to see the detail. The government had the law firm Clayton Utz prepare a Privacy Impact Assessment, but it refuses to release it. It cannot expect us to trust it, when it refuses to trust us with this information in turn.

It is also the same with the privacy breaches by Centrelink and Child Support Agency staff.

Until these issues are resolved, and seen to be resolved, the Government cannot expect the Opposition and Australians to be other than suspicious and sceptical about how Smartcard is going to operate in practice.