PRIVATE SECTOR CONSULTATION
ON A MARKET FOR
A NATIONAL TRUSTED IDENTITIES SYSTEM

For: Department of Prime Minister and Cabinet

9 DECEMBER 2011

1 NEED TO IMPROVE CONFIDENCE IN THE DIGITAL ECONOMY

The need to create trust and security in the digital world is currently a preoccupation of governments and private sector organisations globally.

The digital world and the internet in particular were built on the assumption that using the internet was almost risk free. It was originally developed to be a closed environment and the information exchanged did not need protection or sharing restricted. As a consequence, mechanisms to manage risks, such as a trust framework were not built. A key element missing was any means of identifying who was connecting with whom.

In the absence of mechanisms to establish trust in the digital world and in the face of rapid expansion and the increasing value and availability of information about people, the criminal element has moved in. There has been increasing concern that there could be a major trust crisis that might threaten the vibrant digital economy.

Organisations in both the private sector and the public sector seeking to manage risk in the digital world have usually tried to solve the problem on an individual basis, usually by focussing heavily on authenticating identity, even where this may not have been necessary.

As the solutions to the problem of digital identity management began to emerge in the 2000s, the flaws in the approaches also began to emerge. These include that they have created a whole range of privacy and security risks while also becoming increasingly unmanageable and inconvenient for consumer. A discussion of these solutions and the problems they raised is to be found in a paper prepared by Information Integrity Solutions in October 2010.[1]

While some governments have sought to solve the problem entirely themselves there is increasing recognition that 'one size won't fix all'. Solutions must be able to respond to a range of needs and to a rapidly evolving environment. While market forces have often been seen as the best means to efficiently achieve the necessary innovation and responsiveness, so far, market forces have not been sufficient to solve the problem.

Globally, many initiatives are being developed on the assumption that both government and private sector involvement in nurturing market forces is going to be the best way to achieve an efficient and privacy effective means of achieving trust in the cyber world.

The most developed thinking on this approach is to be found in the National Strategy for Trusted Identities in Cyberspace prepared by the Whitehouse in the United State of America in April 2011.[2] The UK government is also developing a solution which takes this approach.[3]

2 AUSTRALIAN CYBERSPACE INITIATIVE

In line with global trends, the Department of Prime Minister and Cabinet (PM & C) has been exploring the public policy issues arising from increasing dependence on Cyberspace and the need to maintain confidence in the digital economy. Arising from government and private sector

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[1] Current issues and solutions in identity management, by Malcolm Crompton and Robin McKenzie, with support from National ICT Australia, October 2010 http://www.iispartners.com/downloads/2010-10%20Current%20Issues%20in%20Identity%20Management%20NICTA%20Jerusalem%2014%20Oct.pdf

[2] See National Strategy for Trusted Identities in Cyberspace: Enhancing Online Choice, Efficiency, Security and Privacy, The White House, Washington, April 2011.
http://www.whitehouse.gov/sites/default/files/rss_viewer/NSTICstrategy_041511.pdf

[3] See http://m.zdnet.co.uk/;s=pDAE2QmVhkjNkhDEyaVq024/news/security-management/2011/06/15/government-plans-for-privatised-id-scheme-emerge-40093114/

consultations on its Cyber White Paper Public Discussion Paper[4] PM & C has identified a key need for strengthening identity management in the digital economy and a voluntary 'trusted identities' model as a possible way of achieving this.

This model involves the development of a market in identity authentication products.

To further the discussion PM & C has prepared a **draft Policy Proposal for this National Trusted identity Framework**. A copy of this paper is attached to the email that accompanied this paper.

The paper proposes principles that could guide the development of a national trusted identities framework or market. These are that it should be:

- voluntary, user-controlled and federated

- strengthen participants' privacy

- fit for purpose and easy to use

- accessible and equitable

- have national reach and support interoperability across industry, states and territories, the Commonwealth and internationally

- support the development of a market driven by individuals and industry

- balance risk appropriately across participants and

- support innovation and competition, while remaining technologically neutral.

3 PRIVATE SECTOR CONSULTATION ON MARKET FOR DEVELOPMENT OF TRUSTED IDENTITIES SYSTEM

3.1 RATIONALE FOR PRIVATE SECTOR CONSULTATION

PM & C has asked IIS to conduct a consultation with the private sector on the development of a market for a national trusted identities system. PM & C is seeking to advance the work on developing a market through a trusted identities framework. As the framework is intended to be industry and market based it is seeking to gain further information about the attitudes of the private sector, consumer and community group representatives and non-government service providers to taking a trusted identities market approach and to identify what stakeholders consider are the fundamental elements that must be in place to establish a viable trusted identity market.

PM & C is separately conducting consultations with government on these matters.

3.2 CONSULTATION FORUM 20 DECEMBER IN SYDNEY

To gain views on the development of a market in trusted identity services, IIS is holding a consultation in Sydney on 20 December 2011. Details are:

Date: 20 December 2011

Time: 9.00am – 1.00pm

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[4] http://cyberwhitepaper.dpmc.gov.au/white-paper

Venue: NICTA (National ICT Australia)
ATP Research Laboratory & Corporate Head Office
Australian Technology Park
Level 5, 13 Garden Street
Eveleigh NSW 2015
Google maps link: http://g.co/maps/yvbxf
Go to level 5 and you will be guided to the seminar room.
It is a shortish walk from Redfern Station.

3.3 ISSUES FOR CONSULTATION

At the consultation, IIS proposes to discuss the following questions:

- Do you agree that there is a critical need to improve the security and convenience of identity management in the cyber environment – why or why not?

- Do you agree that a market based/framework approach as outlined in PM & C's Cyber White Paper Policy Proposal is the best approach? (attached to this email). What would be your key areas of concern about the approach?

- What do you think of the guiding principles for the market/framework that PM & C have outlined in their White paper policy proposal (as reproduced in Section 2 above of this paper? What others do you think there should be?

- Do you think there are commercial opportunities in the area of trusted identity credentials that are not currently being taken up? If so, what are they and why are they not being pursued?

- What would be the risks for business in pursuing commercial opportunities providing trusted identity credential services

- What risks or benefits could there be for consumers in taking a market based approach to developing a trusted identity system

- What factors, actions or activities might help to create a secure, privacy enhancing, efficient, and viable market in trusted identity credential services? For example:

    o are standards needed in certain areas? If so, what would they be?

    o what legal issues that might need to be resolved or laws would need to be made?

    o what policy matters may need to be addressed?

    o how could demand for trusted identity credential services be increased?

- To what extent or in what areas should government be involved in establishing a framework or market for a trusted identity system?

- What mechanisms should be in place to enable government and the private sector and consumer interests to work together in developing a market for trusted identity services?

- How important is the global environment in driving a market for a trusted identity system?

3.4 PREPARATION

In order to provide the most productive input it would be best if stakeholders have read the following papers:

Private sector consultation on market for development of trusted identities system

- *Current issues and solutions in identity management*, by Malcolm Crompton and Robin McKenzie, with support from National ICT Australia, October 2010 (attached to this email)

- draft *Policy Proposal for this National Trusted identity Framework* (attached to this email)

For further information on the global context see:

- National Strategy for Trusted Identities in Cyberspace: Enhancing Online Choice, Efficiency, Security and Privacy, The White House, Washington, April 2011.
  http://www.whitehouse.gov/sites/default/files/rss_viewer/NSTICstrategy_041511.pdf

- UK government initiative
  http://m.zdnet.co.uk/;s=pDAE2QmVhkjNkhDEyaVq024/news/security-management/2011/06/15/government-plans-for-privatised-id-scheme-emerge-40093114/

- OECD (2011), "Digital Identity Management for Natural Persons: Enabling Innovation and Trust in the Internet Economy - Guidance for Government Policy Makers", OECD Digital Economy Papers, No. 186, OECD Publishing http://dx.doi.org/10.1787/5kg1zqsm3pns-en.