

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

REPORT OF THE JOINT SELECT COMMITTEE ON AN AUSTRALIA CARD

MAY 1986

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TERMS OF REFERENCE

On 13 November 1985, the House of Representatives resolved to appoint a Joint Select Committee on an Australia Card. The Senate concurred on 29 November 1985. The terms of the Resolution were as follows:

- (1) That a joint select committee be appointed to inquire into and report on all aspects of the government's proposals for an Australia Card, including -
 - (a) the costs of introducing and operating the system;
 - (b) the likely effectiveness of the proposed system in combating evasion of, and fraud against, the taxation and welfare systems, and in fulfilling the other purposes for which the system has been proposed;
 - (c) the most appropriate means of identification which should appear on Australia Cards to ensure the effectiveness of the system;
 - (d) the most appropriate method of establishing positive identification of individuals for the purpose of issuing Australia Cards;
 - (e) the experience of other countries in utilising identification systems;
 - (f) the inclusion of adequate protection against abuses of civil liberties and invasion of privacy;

- (g) the comparable cost-effectiveness of alternative proposals to combat evasion of, and fraud against, the taxation and welfare systems and the other purposes for which the system has been proposed;
- (h) whether use of the Australia Card should be universal and/or compulsory and, if so, for what purposes and by whom;
- (i) limits which should be placed on the requirement for individuals to produce an Australia Card;
- (j) the extent to which the Australia Card may facilitate data linkage by Commonwealth departments and authorities, and the most appropriate means whereby such data linkage should be subjected to adequate supervision and safeguards; and
- (k) other related matters which the committee may deem appropriate.

- (2) That the committee consist of 8 members, 3 Members of the House of Representatives to be nominated by either the Prime Minister, the Leader of the House or the Government Whip, 1 Member of the House of Representatives to be nominated by either the Leader of the Opposition, the Deputy Leader of the Opposition or the Opposition Whip, 1 Member of the House of Representatives to be nominated by either the Leader of the National Party or the National Party Whip, 1 Senator to be nominated by the Leader of the Government in the Senate, 1 Senator to be nominated by the Leader of the Opposition in the Senate and 1 Senator to be nominated by the Leader of the Australian Democrats.

- (3) That every nomination of a member of the committee be forthwith notified in writing to the President of the Senate and the Speaker of the House of Representatives.
- (4) That the members of the committee hold office as a joint committee until the House of Representatives is dissolved or expires by effluxion of time.
- (5) That the committee elect a Government member as its chairman.
- (6) That the committee elect a deputy chairman who shall perform the duties of the chairman of the committee at any time when the chairman is not present at a meeting of the committee and at any time when the chairman and the deputy chairman are not present at a meeting of the committee the members present shall elect another member to perform the duties of the chairman at that meeting.
- (7) That 4 members of the committee constitute a quorum of the committee.
- (8) That the committee have power to send for persons, papers and records.
- (9) That the committee have power to move from place to place.
- (10) That the committee have power to adjourn from time to time.
- (11) That the committee have power to authorise publication of any evidence given before it and any document presented to it.

- (12) That the committee report by 31 March 1986.
- (13) That the committee have leave to report from time to time.
- (14) That the foregoing provisions of this resolution, so far as they are inconsistent with the standing orders, have effect notwithstanding anything contained in the standing orders.

INTRODUCTION

Conduct of Inquiry

1. The inaugural meeting of the Committee was held on 4 December 1985. Because of its short reporting deadline, the Committee resolved to commence public hearings as soon as possible. Advertisements were placed in the national press in December seeking submissions from the public on the terms of reference. In addition, the Committee wrote to State Premiers, relevant Federal Ministers, Bar Associations, all State Councils for Civil Liberties, all Law Societies and other organisations and individuals known to have an interest in the Government proposal for an Australia Card. On 13 November 1985 the Government forwarded to the Committee for release two planning reports in relation to the Australia Card program; they were the 'Report of the Interdepartmental Committee Established to Develop Legislative Requirements and Other Aspects Necessary to Complete the Detailed Implementation of the National Identity System' dated 29 August 1985 and the Interim Planning Report prepared by the Health Insurance Commission entitled 'Establishment and Administration of a National Identification System - the Australia Card Program' dated August 1985. Both these documents were circulated widely by the Committee to interested organisations and individuals including all witnesses who appeared before the Committee in the December hearings.

2. During the period of the inquiry the Committee received 129 submissions (listed in Appendix 1) and numerous letters indicating either support or opposition to the proposal. Because of the nature of the inquiry and the intention of this Committee to provide a thorough and open public debate on the proposal, the Committee has incorporated all submissions as part of the evidence.

3. Between 17 December 1985 and 1 April 1986 the Committee held 17 days of public hearings in all capital cities except Darwin. The Committee also heard evidence from Mr Lars Tegnhed, the Director of the National Swedish Tax Board. Overall, the Committee heard evidence from 168 witnesses representing 83 organisations and 18 individuals appearing on their own behalf. A list of the organisations and individuals who appeared before the Committee at public hearings is set out in Appendix 2.

4. On 10 February 1986 the Government forwarded its 300 page submission entitled 'Towards Fairness and Equity' to the Committee. On 24 February 1986 the Health Insurance Commission forwarded its own submission entitled 'Australia Card - Planning Report on the Establishment of Administration of a National Identification System' to the Committee. To ensure that all interested organisations and individuals had an opportunity to respond to both these reports the Committee extended its deadline for submissions on a number of occasions and eventually received submissions up to 1 April 1986. The Committee also forwarded copies of both documents to all prospective witnesses and to any other organisations and individuals upon request. By the end of the inquiry, the Committee had forwarded over 300 copies of the second IDC Report and the interim HIC Report, 500 copies of the Government submission and 400 copies of the Health Insurance Commission Report to interested parties. Substantial numbers of the Government submission and the HIC final report were also forwarded by the Department of Health and the HIC to Commonwealth and State Government Departments and libraries throughout Australia. The Committee also received numerous requests for some or all of the transcripts of evidence which by 1 April 1986 extended to more than 5000 pages. Overall the Committee posted more than two tonnes of material to a large number of interested organisations and individuals as part of its commitment to provide full and open debate on this issue.

5. In addition to the direct evidence received by the Committee it also had access to overseas documents on implementation of ID schemes and considered reports from other Parliamentary committee inquiries and Government inquiries on issues directly related to this proposal. Over a very short period of time this Committee has received and sifted through a substantial amount of material in an effort to cover all aspects of this inquiry as thoroughly as possible. During the course of the inquiry the Committee held 18 public hearings, one in-camera hearing, two briefings with commercial organisations on technical developments covering security cards and met privately on 12 occasions.

6. By the middle of March 1986 it became evident that the Committee would have to extend its reporting date to enable it to hear the balance of the evidence and to report. Before the end of March a Resolution was passed by both Houses of Parliament to extend the reporting date to 30 April 1986. A further extension until 8 May 1986 was sought and granted before the end of April.

Explanatory Notes

7. While the many substantial reforms recommended in Chapter 2 of this Report have the unanimous support of all members of the Committee, recommendation 12 made in Chapter 4 at paragraph 56 is supported only by a majority of the Committee. Where the term 'majority of the Committee' is used, it refers to the following members:

Mr James Porter, MP (Deputy Chairman) (Liberal Party)
Senator Janine Haines (Australian Democrats)
Senator Christopher Puplick (Liberal Party)
Mr Charles Blunt, MP (National Party)
Mr John Saunderson, MP (Australian Labor Party)

8. The remaining members of the Committee dissented from the conclusions and recommendations given in Chapter 4 and instead submitted a dissenting Report. They are:

Senator Terry Aulich (Chairman)

(Australian Labor Party)

Mr Bob Brown, MP (Australian Labor Party)

Mr John Brumby, MP (Australian Labor Party)

9. References to procedures relating to the payment of benefits by the Department of Social Security refer also to provisions covering the payment of pensions by the Department of Veterans' Affairs. Further, recommendations made by the majority of the Committee pertaining to use of the tax file number by the Department of Social Security should also be considered to apply to the Department of Veterans' Affairs. However, the recommendations relating to proof of identity procedures are not considered relevant to the Department of Veterans' Affairs.

Acknowledgements

10. The Committee would like to express its appreciation to those who contributed to the inquiry through written submissions or who appeared personally before the Committee to give public evidence. Those who forwarded submissions or letters but did not appear before the Committee may be assured that their contributions were taken into account during the Committee's deliberations.

11. The Committee would like to acknowledge the assistance it has received from the Secretary to the Committee, Tim Dodson, research officers, Judy Ryan and later Brett Levy, steno-secretaries, Rachel Colombo and later Janice Paull and the many other officers of the Senate Committee Office who assisted the Committee during the period of its inquiry. The Committee

also wishes to acknowledge the work of the House of Representatives Standing Committee on Expenditure Subcommittee, presently reviewing efficiency audits of the Australian Taxation Office, and the advice of its staff. Finally, the Committee would like to thank officers of the Australia Card Secretariat of the Department of Health and officers of the Australian Taxation Office for their ready assistance at various stages of the inquiry.

RECOMMENDATIONS

CHAPTER 1: THE AUSTRALIA CARD PROPOSAL

1. That the Department of Immigration and Ethnic Affairs upgrade the quality of its records including its movements database, citizenship index and overstayers file and transfer all records from the manual system to the computer database as a matter of urgency (paragraph 1.62).

CHAPTER 2: ESSENTIAL REFORMS

2. (a) That the computerisation of all State and Territory Registries of Births, Deaths and Marriages proceed. To this end, the Committee supports the continuation of the current negotiations between the Commonwealth and the States.
- (b) That the Commonwealth provide appropriate assistance and advice to the States to ensure that the computerisation of births, deaths and marriages registers can proceed within the earliest possible timeframe.
- (c) That the only Commonwealth Departments permitted to have access to the computerised registry of births, deaths and marriages be the Australian Taxation Office, the Department of Social Security, the Passport Office of the Department of Foreign Affairs and the Health Insurance Commission. That access to computerised births, deaths and marriages data be restricted to verifying documentation submitted for the purposes of obtaining nominated services from the Commonwealth.

- (d) That extension of access occur only after the widest possible public discussion after the system has been in operation for some minimum period (paragraph 2.14).
3. (a) That the Commonwealth establish an independent statutory body, known as the Data Protection Agency, to control the collection and use of personal data.
- (b) That this body have powers, functions and objectives similar to those outlined in paragraphs 14.6.4 - 14.6.6 of the Government's submission and as further outlined in paragraphs 2.23-24 of this Report.
- (c) That the jurisdiction of the proposed Data Protection Agency cover from the outset all Commonwealth computerised data banks.
- (d) That a Parliamentary Committee be established to investigate and monitor the following:
- (i) the implementation and operation of the proposed Data Protection Agency.
 - (ii) the extension of the Data Protection Agency's jurisdiction to cover all private sector data bases falling within the Commonwealth jurisdiction three years after the establishment of the Agency; and
 - (iii) the extension of the Data Protection Agency's functions to cover all written personal data banks three years after the establishment of the Agency.

- (e) That the right of an individual to have access to and correct personal data on a database be on the same basis as that provided under the provisions of the Freedom of Information Act and that it be extended contemporaneously with any extension of the access provisions of that legislation (paragraph 2.35).
4. That the Commonwealth introduce privacy legislation based on the recommendations of the Australian Law Reform Commission Report on Privacy as soon as possible (paragraph 2.42).
5. (a) That the Government adopt without further delay the banking control regulations contained in the Costigan Royal Commission Report where they are not already subsumed within the Committee's own recommendations.
- (b) That the Federal Government consult with the State and Territory Governments on controls on banks and other financial institutions under State jurisdiction with a view to the early introduction of uniform controls as recommended.
- (c) That legislation be introduced to require banks to notify the relevant Commonwealth and/or State law enforcement agencies about any fraudulent or suspected fraudulent activity within the banking system (paragraph 2.49).
6. That the outstanding recommendations of the Report of the House of Representatives Standing Committee on Expenditure on control of prohibited immigration be implemented as soon as possible (paragraph 2.57).

7. That legislation be passed allowing Commonwealth departments and authorities to inform the appropriate department or authority about suspected cases of fraud. The question of whether departments should be required to report such cases should be considered by the Government (paragraph 2.65).
8. (a) That the responsibility of processing applications and payments under education assistance schemes be transferred from the Department of Education to the Department of Social Security along with all staff involved in administering the schemes.
- (b) That the Department of Education retain policy control over the schemes and budget allocations for education assistance continue to be held against the Education vote (paragraph 2.68).
9. (a) That the Department of Social Security conduct a progressive review of proof of identity for all existing pension recipients and all current unemployment beneficiaries whose claims were determined before the introduction of the new procedures.
- (b) That the Department of Social Security match all recipients of social security benefits with the proposed computerised register of births, deaths and marriages as soon as that reform is implemented.
- (c) That the Department of Social Security immediately begin verifying birth and marriage certificates offered as proof of identity with the relevant State or Territory Register.

- (d) That the Department of Social Security not accept birth and marriage certificates as 'sound' documents for proof of identity purposes until registers of births, deaths and marriages are computerised and linked (paragraph 2.95).

CHAPTER 4: ALTERNATIVES

10. That legislation be enacted to require financial institutions to provide information reported to the Australian Taxation Office in an acceptable format (paragraph 4.20).

11. That, irrespective of whether a tax file number or an Australia Card number is introduced, a withholding tax on interest payments be imposed on interest-bearing accounts which are not associated with a number (paragraph 4.26).

12.(a) That the use of the tax file number be extended to cover all the financial transactions proposed in the Government submission for use of the Australia Card number by the Australian Taxation Office, as well as for social security purposes.

(b) That all other Departments (ie. other than the Australian Taxation Office and Department of Social Security) be barred from access to and use of the tax file number.

(c) That the Medicare system continue to operate as a separate entity, but that the method of issuing new Medicare numbers and cards, be they new or replacement, be altered in order to improve the integrity of the system and reduce the issuing of multiple cards.

- (d) That the integrity of the tax file number be upgraded to that of the proposed Australia Card number based on the following premises:
- (i) that taxpayers with a continuous tax record exceeding five years not be required to make an application;
 - (ii) that the file numbers of these taxpayers be verified by normal audit processes over a period of time;
 - (iii) that all other taxpayers and persons who do not currently possess a tax file number verify their identity to the same level of integrity as proposed under the Australia Card program;
 - (iv) that the interview process for verifying identity be conducted by the Department of Social Security or nominated agents; and
 - (v) that temporary arrangements be made where necessary to facilitate payment of tax before verification of identity.
- (e) That a Parliamentary Committee be established within three years of the introduction of the upgraded tax file number system with the express task of reviewing the implementation of these recommendations. The Committee to report to Parliament on these matters and to recommend further action where necessary (paragraph 4.58).