FCS OnLine

SUBMISSION 83

15 May 2008

Mr Daryl Melham, MP
Chairman – Joint Standing Committee on Electoral Matters
Department of House of Representatives
PO Box 6021
Parliament House
CANBERRA   ACT   2600

Dear Mr Melham,

Your Inquiry into the Federal Election, 2007: Use of Electoral Roll Information for Anti-Money Laundering / Counter-Terrorism Financing Purposes

Our business, FCS OnLine, made submissions to your Committee in 2005 following the 2004 Federal Election in relation to the use of the electoral roll for identity verification, and our representatives including myself appeared before the Committee to support those submissions, in 2006. We thank the Committee for its action, in part as the result of our submissions, which in 2007 resulted in amendments to legislation to permit the use of the Federal electoral roll for AML/CTF and financial transaction reporting purposes.

AML/CTF matters are of course a high priority for our nation and the changes as a result of the Committee's work have substantially enhanced the availability of independent verifiable information being available for the electronic identity verification which can satisfy the requirements of the relevant legislation.

Date of Birth Information
We believe that an important enhancement to AML/CTF and FTRA identity verification would now be to add date of birth information to the form of the electoral rolls now made available for those purposes.

The AML-CTF Rules (para 4.2.13) state that a reporting entity can meet its obligations if it verifies electronically "the customer's date of birth using reliable and independent electronic data from at least one data source".

This poses rather a problem for reporting entities, in that at the present time there is no generally available electronic source of DOB information.

They therefore have to try to satisfy an alternative and rather more cumbersome requirement, i.e. to verify a 3 year transaction history. Sometimes DOB information is held in sources such as credit files, but that information cannot be guaranteed to be "reliable" and may or may not be "independent". These sources are at best secondary in nature, compiled from indeterminate sources, and would never have been verified against an authoritative government sponsored database (as there has never been any available).

We therefore respectfully suggest that the Committee should sponsor a change to legislation that would make DOB information available for AML/CTF purposes.

The present permission for use of the roll is incorporated in a table attached to section 90B(4) of the Commonwealth Electoral Act, 1918 (see items, 5, 6 and 7 of the table). Section 90B(7) prohibits disclosure of DOB unless otherwise authorised in the Act, so it would be necessary to make a change to the Act to authorise the provision of that additional information (see also section 90B(10)).

Wider Use of Electoral Roll for Identity Verification

As the basis of a more general submission on the use of the electoral roll, we offer the following examples:

1. Verification by telecommunication companies of the identities of prospective new customers is not permitted to be carried out against the electoral roll, as these companies are not reporting entities designated under the AML/CTF act.

2. Credit recovery agencies are permitted to visit an electoral office and search the electoral roll microfiche for the name and address of a missing customer or debtor, but may not do so electronically.

It seems to us that these examples show up anomalies in terms of the use of the roll, and we would suggest that where a person consents to identity verification, businesses should be able to use the electoral roll for such verification. We would therefore suggest that a regulation might be made along the following lines:

"Pursuant to s91(A)(2a)(c) the following is prescribed to be included in "permitted purposes" for the purposes of s91(A)(2A).
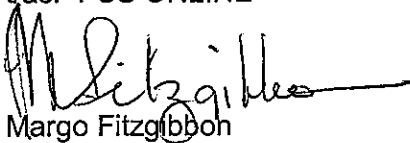
The purpose of verification of a person's particulars or identity when the person concerned has consented to verification from time to time of personal particulars or identity, and it is hereby further prescribed for the purpose of s91B(3) that no such purpose is a commercial purpose.

The Act provides that electoral roll information shall not be used "for a commercial purpose". In case there should be any doubt about whether the above permitted purpose may be considered a "commercial purpose", the Act should be amended to except the above purpose. This could be done by adding words along the following lines to s91B(3):

"A commercial purpose shall not include any purpose that is prescribed not to be a commercial purpose, for the purpose of this section"

We appreciate the opportunity to raise these issues for consideration by the Committee and would be happy to provide additional information if required.

Yours faithfully
For and on behalf of
Perceptive Communication Pty Ltd
t/as: FCS ONLINE

Margo Fitzgibbon
Director

About FCS OnLine

FCS OnLine is a wholly owned Australian company specialising in providing consumer and business information services to the private and government sectors.

Since 2002, we have partnered with organisations including financial service providers, telcos, collections agencies, global corporates, small businesses, government departments and more.

From the latest in electronic verification (EV) techniques for anti money laundering (AML) to Customer Contact solutions, FCS OnLine assists with regulations, such as the Financial Transaction Reporting Act (FTRA) and the Counter Terrorism Financing Bill 2006 (CTF), and in maximising the value of customer databases.

We aggregate a wide range of accurate, up-to-date and cross-referenced consumer and business data and transform this data into *intelligent information solutions*.

FCS OnLine services in excess of 1,000 clients and conducts over 25 million searches per annum