



General Manager
Criminal Justice and Security

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Ms Gillian Gould
Committee Secretary
House of Representatives Standing Committee on
Legal and Constitutional Affairs
Parliament House
CANBERRA ACT 2600

Dear Ms Gould

INQUIRY INTO CRIME IN THE COMMUNITY

On 26 September 2002, along with other representatives from the Attorney-General's Department, I attended a private briefing on identity fraud for the House of Representatives Standing Committee on Legal and Constitutional Affairs. A publication prepared by the Department, "Scoping Identity Fraud", which included background information on the issue was distributed to the Committee Members. The paper contained a number of recommendations for addressing identity fraud and the Committee asked if there had been any progress with their implementation.

The recommendations, along with further developments in advancing them, are outlined below.

Recommendation 1:

Undertake a random sample survey to conclusively check the identities of persons registered with key Commonwealth agencies. This will provide an improved understanding of the nature of identity fraud, the extent it impacts the Commonwealth, the effectiveness of existing controls and how it can be eliminated.

The random sample was not undertaken because some agencies had concerns regarding potential privacy difficulties and resource impediments associated with providing the customer identity details and conducting the cross-agency database checks that were required.

However, an unrelated cost of identity fraud study is presently being conducted by the Securities Industry Research Centre of Asia-Pacific (SIRCA), an organisation contracted by the AUSTRAC Proof of Identity Steering Committee. SIRCA aims to interview a range of public and private organisations, seeking to quantify their experiences with identity fraud in order to provide an overall aggregate measure of the direct and indirect costs to the community.

Recommendations 2, 3, 4 and 5 follow. Since all relate to improvements in “front-door” personal identification checks that agencies could take undertake they will be considered together.

Recommendation 2:

Commonwealth agencies agree on a set of identifying documents of higher integrity, issued by a limited number of reputable institutions, which are the only documents acceptable for personal identification.

Recommendation 3:

Standard and more rigorous procedures be developed by Commonwealth agencies for dealing with applicants who supply no, or unacceptable, identity documents.

Recommendation 4:

The identifying data items on documents provided as proof of identity (POI) should be regarded as key personal identifying data and be retained and stored on agency databases for subsequent checking.

Recommendation 5:

Agencies make available powerful online computerised searching facilities to allow staff registering new applications to ensure no previous records exist for that customer.

Whilst a small number of agencies have made some advances in recording POI details and doing more to eliminate false and multiple customer enrolments, there has been minimal progress in developing standard, and more rigorous, approaches to personal identification across agencies.

It is unlikely that significant reductions in identity fraud can occur without substantial improvements in personal identification practices being embraced by all agencies. This is because criminals register false identities by identifying organisations with deficient practices and targeting the weaknesses existing in those agencies. As a result the false identities created then attain enhanced legitimacy which in turn allows other organisations to be more readily defrauded.

Recommendation 6:

Development of a common database containing the details of lost or stolen document and false identities be considered. The database would allow agencies to ensure new customers are not presenting documents known to be stolen or attempting to register a false name that has been previously detected.

The Australian Bureau of Criminal Intelligence (ABCI) is developing an Identity Fraud Register which contains details of lost and stolen documents and false identities reported by various law enforcement, Commonwealth, State and private sector agencies. The register allows participating agencies to access a common database to both record document and false identity details they detect and to conduct checks to ensure they are not victims of fraud reported by others. To date this has been a pilot project but indications are it has been successful and the ABCI will recommend it continue.

Recommendations 7, 8 and 9 relate to possible initiatives to cleanse agency identity registers of redundant and fraudulent identity records. Although there has been no progress on a concerted and simultaneous approach to cleansing agency databases, a number of individual organisations are involved in cross-agency data matching for the purposes of fraud detection and improving their registers.

Recommendation 7:

Commonwealth agencies that retain a register of personal identity details ensure the integrity of their customer data is improved by eliminating multiple registrations for the same customer.

Recommendation 8:

Commonwealth agencies make greater and more coordinated use of the Registry of Births, Deaths and Marriages National Fact of Death data to improve the quality of their registers and assist in the prevention of identity theft.

Recommendation 9:

Commonwealth agencies undertake greater cross-agency data matching to cleanse their databases and detect fictitious identity fraud.

In addition to the many bilateral data matching arrangements which exist between particular agencies, the Australian Taxation Office is involved in discussions with some Commonwealth and State agencies about further data matching exercises. This work follows the recommendations by The House of Representatives Standing Committee on Economics, Finance and Public Administration in their report "*Numbers on the Run*" which are aimed at improving ATO data quality and reducing fraud by implementing data matching strategies.

Initiating more thorough and well-defined data matching processes across those key agencies who have the responsibility for maintaining extensive identity registers will be required if major inroads are to be made in addressing identity fraud and improving the quality of existing identity registrations.

Recommendations 10 and 11 deal with the potential for electronic verification processes to assist organisations to better confirm individuals' identities prior to enrolment.

Recommendation 10:

Commonwealth agencies consider the development of an electronic gateway to each other's identity records to allow the real-time verification of document and identity particulars.

Recommendation 11:

Consideration be given by Commonwealth agencies to the development of an online gateway for mutual use in confirming particular State Government documents such as birth certificates (including documented change of name) and drivers licences.

No progress has been made with implementing either of the above recommendations in a holistic manner.

However, some organisations are using the Certificate Validation Service provided by the NSW Registry of Births, Deaths and Marriages. The service allows participating agencies to check the

validity of NSW birth certificates presented as POI.

Recommendations 10 and 11 would provide a possible framework for the development of a document verification service. Such a process would provide a powerful mechanism for preventing identity fraud by allowing authorised organisations to check the veracity of particular documents presented as proof of identity. This service would ideally be based on the birth, marriage and change of name information held by the State Registry's of Birth, Death and Marriage, as well as movement data, which details arrival and departure information, held by the Department of Immigration, Multicultural and Indigenous Affairs. These records provide the key source information which specifies how each individual came to be in Australia – either by birth, or arriving from overseas. Such information is therefore critical in determining identity. Departures, death and change of name could also be checked.

Recommendation 12:

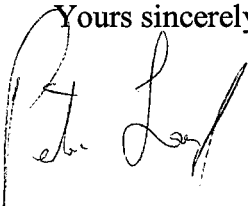
Consideration be given to the formation of a Commonwealth Identity Data Agency. Its responsibilities could include:

- **undertaking defined data-matching initiatives to prevent more complex identity fraud and**
- **the administration, or development, of identity validation mechanisms for use by Agencies.**

The recommendations have privacy implications, which have been brought to the attention of the Federal Privacy Commissioner.

If you require any further details please contact Mr Geoff Main (6250-5522).

Yours sincerely



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