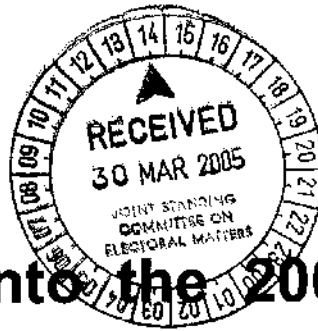


SUBMISSION NO. 70



Joint Standing Committee on Electoral Matters	
Submission No.	70
Date Received	30-3-05
Secretary	<i>[Signature]</i>

Inquiry into the 2004 election and other related matters.

Joint Standing Committee on Electoral Matters

IDENTITY FRAUD AND THE IMPACT OF RELEVANT ACT CHANGES.

This submission is a response by the credit industry and made jointly on behalf of:

- **Institute of Mercantile Agents;**
- **Australian Collectors Association; and**
- **Australian Institute of Credit Management**



THE AUSTRALIAN COLLECTORS
ASSOCIATION PTY LTD

30th March 2005

Dear Senators,

RE : ELECTORAL ROLL ACCESS – CREDIT APPLICATIONS – IDENTITY FRAUD

I had been waiting for the completion of the 2004 Federal Election to express our concerns to politicians of the impact upon **FRAUD** and **CREDIT GRANTING** arising from changes to Acts or else from reviews of current Acts. The Electoral Roll Access changes were of great concern as it has been a standard practice in usage when opening and assessing a credit account for over 30 years.

Since the introduction of the Privacy Act in 1988 approval and a privacy authority has been obtained from consumers to access the roll to prove identity.

All Australian Businesses (especially those 600,000 small to medium businesses) without adequate access to credit bureaux are deeply concerned this issue has not been resolved to date.

Identity fraud and credit granting are daily issues on which businesses must make evaluated decision and which in many cases have the potential to bankrupt a family company if an incorrect decision is made.

This is especially so in the present economy, with the pending increase in interest rates after 5 years of booming growth. Governments must listen to the concerns of those who do fund the majority of Australian taxes whether directly, indirectly or through employing Australian workers.

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To illustrate the huge potential of bad credit and how it can affect a business consider that just a \$10,000 account loss opened on the basis of defective credit information will cause a business with a 10% mark-up a need to find and achieve an additional \$100,000 in sales to recover from this loss amount without any additional profit involved!

The Senate has the ability to continue to allow business to receive Electoral Roll information through a third party provider in a regulated and audited manner without causing any additional Privacy concerns.

I am sure the current Privacy Commissioner, Ms Karen Curtis would, if given the mandate, be able to resolve this issue allowing business the opportunity to sensibly and responsibly review credit applications and stop identity theft and other frauds.

No doubt you're aware, the issue of credit granting in Australia and the identity of credit related fraud is an issue currently and appropriately gaining much media attention.

Whilst Electoral Roll access is only one of many complex issues, It is the one that is currently on the immediate agenda and it appears that the Federal Labor Party under Senator Faulkner, together with Senator Meg Lees and many members of the current government are rightly concerned at the negative effect that a denial of access will have.

Interest rate rises will be the catalyst of many concerns businesses which have had a considerable easy road over the past 5 years will suddenly see in front of their day to day accounts. Credit defaults directly increase with interest rate rises – regrettably history shows job losses are one of the first results of a business facing a credit squeeze.

We are currently awaiting the results of the Australian Communication Authority's position on telephone data access under " Who's Got Your Number " together with the current Federal Privacy Act Review by the Privacy Commissioners Office.

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CONCLUDING COMMENTARY:

The concerns to our industry have escalated because we actually have permission under many privacy authorities from all our credit applicants to use the data above.

Such authorities though have been ignored as law writers have left unnecessary restrictions directly creating problems for business that in the end the good paying consumer will pay for as costs are passed on.

Fraud is now a major government initiative, however government departments, customs, police etc can only look at the edges. Private industry has the only available resources and manpower to combat fraud, but is increasingly constrained from access to the relevant locator and credit history information required.

Consumers generally and the aging population in particular will not be able to continue to pay the burden of lost billions to business due to the unintended consequences of legislation. With fraud already estimated at over \$4 billion annually in Australia and my members unable to locate over 750,000 credit account holders at any time, we request that the government have a full meaningful review of submissions and the requested changes.

Daily my members encounter situations of mistaken identity of a consumer regarding fraud, identity fraud and account ownership as we and the wider business sector cannot prove through any means that we are talking to the correct individual.

The current surge in the issuing of credit cards and limit increases is fuelled by credit card issuers being unable to access cross checking, inadequate access to credit limits and spending history. To ensure they remain service competitive, and not overtaken by another financier they issue new cards or increase limits without prudent credit appraisal.

The full credit history could be made available at the stroke of a pen, thus saving many households from unintended credit exposure and make credit card issuers more accountable.

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Credit exposure may not be a large issue under current economic circumstances, however, you can be assured in two to three years' time increases in household debt, small business failure, personal bankruptcies and identity fraud will be directly linked to the inability to grant responsible credit in 2004/5.

I look forward to your comments on this matter and make a genuine offer that I am available to offer any further information you require.

I currently sit on the Attorney-General's Privacy Act Consultative Group as an Industry representative.

Yours faithfully

David Cains
National President Institute of Mercantile Agents
Past National President Australian Collectors Association
Spokesperson of Legislative matters Australian Institute of Credit Management

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- **Institute of Mercantile Agents;**
- **Australian Collectors Association; and**
- **Australian Institute of Credit Management**

An overview on each association appears in the pages following.

INSTITUTE OF MERCANTILE AGENTS

The IMA established in 1961 represents the professional interests of collectors, investigators, process servers and repossession agents throughout Australia.

A team of elected volunteer executives, networked throughout all Australian States and Territories work on matters of licensing, privacy, training and ethics affecting members. The IMA has a National Office based at Newcastle where its Executive Director and support staff attend to administrative and planning tasks.

Members, in the main, perform their tasks as agents for principals such as banks, financiers, lawyers, insurers and the business community in general. Almost all members hold both a commercial agent licence* and a private inquiry agent licence*.

As collectors, IMA members are called upon to make demands for payment of overdue debts (often pursuant to a formal contract) and to enter into dialogue with individual and corporate debtors in order to achieve resolution on the delinquent account whether by full or part recovery or by establishing that the debtor does not have the means to pay the account.

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As investigators, IMA members are called upon to inquire into, and obtain information about, the personal character or actions of persons, together with the character or nature of the business or occupation of any person.

As process servers, IMA members are required to deliver court issued process for a variety of reasons including debt recovery, family law proceedings, civil and criminal litigation. Such process must be served in strict accordance with the rules of the issuing court jurisdiction.

As repossession agents, IMA members act for principals to formal contracts (leases, bills of sale, hire purchase agreements, etc.) to either seek payment of arrears or the balance of a loan facility or else to recover the security for the facility (cars, motor cycles, etc.).

The IMA demands high standards from its members. An important factor of membership entitlement is an applicant's willingness to abide by the Institute's Code of Ethics and Code of Conduct both of which encourage recognised professional and ethical standards.

AUSTRALIAN COLLECTORS ASSOCIATION

The Australian Collectors Association commenced in 1984 to represent the growing needs of collectors to meet new licensing and regulatory needs by an organised national structure.

The Association grew from the commitment of its members to the establishment and maintenance of the highest standards of ethics, professional conduct, and responsible trading, for businesses operating in the receivables management industry. In the past this group has been described as Mercantile or Collection Agents.

The evolution of the services provided, and the rapid deployment of Internet and related technology, has meant that this sector of the market has grown in size and range of services. This Receivables Management Service sector now handles a much greater depth of services than any of our "Mercantile Agent" ancestors could have envisaged.

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A commitment to the Code of Ethics has helped to build the Australian Collectors Association to be the primary and only specialist voice for the collections and receivables management industry in Australia. That voice is important to the credit profession. We provide a resource focused on ensuring fairness, equity and professionalism in the

conduct of our members. The ACA provides a point of contact for legislators, community and consumer interest groups and industry.

The Australian Collectors Association is currently active in lobbying on licensing and legislative matters across Australia.

As members of our Association can claim to represent the majority of the debt recovery industry, as well as a substantial component of the receivables management industry, we are well placed to lobby on behalf of the Credit Management Industry.

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AUSTRALIAN INSTITUTE OF CREDIT MANAGEMENT

The Australian Institute of Credit Management (AICM) was founded in 1937, incorporated in 1967, and is recognised as the authority and the professional body providing for the career needs and interests of all who work in the credit industry.

AICM members hold positions in all sectors of the finance industry including credit control and policy, business information, reports and research, mercantile services, insurance and risk management, recruitment and human resources, business technology, insolvency and turn-around management.

Credit management has always been a critical aspect of expanding business opportunities and profit, and its contribution to the economic well being of the country is unquestioned.

The vital role of credit management is also highlighted at times of corporate insolvencies and bankruptcy, emphasising the importance of effective risk assessment and the timely monitoring and collection of receivables. The AICM sets standards of professional competence in these activities and provides education and training support for members and non-members throughout Australia and overseas.

Governed by a board of directors elected by the representative councils from around Australia, AICM is managed by a CEO and professional administration staff at the National Office in St Leonards, NSW, and by an Executive service in each state Division.

AICM is committed to 'Setting the Standard' in professional training and practice. AICM provides a range of programs, which address the needs of new credit staff, current staff who are seeking to enhance and extend their skill, abilities and career prospects, and for staff who are seeking to move into managerial and supervisory roles. AICM also lays down a strict ethical code to which all members must adhere.

As a Registered Training Organisation, AICM delivers Qualification Based Training at all of our formal training sessions. This means that all AICM training results with a Statement of Attainment for the particular component and will be a building block to formal qualifications at Certificate and Diploma Levels. These qualifications are recognised by all tertiary institutions across Australia and are a valuable asset for a career in credit specifically - and in finance generally.

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