

Appendix Two – addresses retained on credit file



5 March 2012

Mr Richard Glenn
Assistant Secretary
Information Law and Policy Branch
Attorney-General's Department
[REDACTED]

Dear Richard,

I refer to our discussion of Thursday 1 March 2012 regarding Credit Reporting Exposure Draft Bill (the Bill) and the proposal to restrict addresses held on a credit report to current plus two previous addresses.

This restriction, in conjunction with the new prohibition on internal use, will have a serious impact on data-matching, **potentially impacting 2.4 million files** and frustrating the intent of Section 116 (quality of credit reporting information).

Veda understand the rationale rests with the Credit Reporting Determination 1991 No 2, concerning identifying particulars permitted to be included in a credit information file under the current Act. This 21-year-old determination was made in the context of the current Act and does not purport to govern how credit reporting agencies (CRA), as that term is defined, use the information particularly where that use is internal to CRA.

Since the time of the determination, credit reporting agencies have not only had access to the identifying information, but have used that information (internally) for a variety of data management and security related purposes. It can also be critical to the ability to investigate and, if necessary, address particular complaints. This is because there is, typically, a gap between when particular information is added to a file and when the individual makes their complaint.

It is the current capacity for internal use that has enabled Veda to use address information from a range of sources to ensure correct matching, whilst only retaining current plus two addresses on the actual credit reporting information held by Veda.

The newly proposed regulatory regime will make substantial changes in use and collection provisions, specifically in Section 108 which prohibits the use of credit reporting information (including identification information) except in the course of carrying out the agency's credit reporting business. There is no expressly permitted data management and related uses of the kind currently enjoyed by credit reporting agencies.

The percentage of people and the addresses available for matching purposes is:

- a) One address – 45.5 per cent
- b) Two addresses – 18.2 per cent
- c) Three addresses – 19.2 per cent
- d) More than three addresses – 17.1 per cent

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Essentially, the impact will be on a subset of (d), where the input address received by Veda is not one of the most recent three, but a previous historic address - approximately 2.4 million files.

The potential problem is further compounded by the fact that credit reporting agencies ability to de-identify information will be severely restricted if not entirely removed by the provisions of S115 which expressly prohibits credit reporting agencies from using or disclosing de-identified information other than for very specific purposes identified in S115(2) or as permitted by a legislative instrument made by the Information Commissioner pursuant S115(3).

Options for remedy

1. **A specific provision** allowing credit reports to include, for the purpose of record management, the greater of:
 - (i) All addresses over the previous five years; or
 - (ii) The current plus last two addresses.

2. **Include a provision under S108**, allowing CRA's to use historic addresses, for the purpose of matching accuracy ("record keeping").

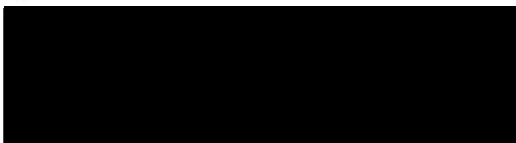
We note a further determination could be sought from the OAIC, but that such a determination would have to comply with the Act itself, which explicitly states the number of addresses to be collected and retained.

Accordingly, the prescriptive use provisions without an express acknowledge as to internal credit reporting agency uses remains a problem that needs to be addressed. The two issues need to be addressed concurrently so that they complement each other.

Richard, of the five issues raised by Veda this one has a very real capacity to undermine the integrity of Australia's credit reporting system.

We would welcome further opportunity to refine any suggested remedies.

Regards



Matthew Strassberg
External Relations