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The most potent adversaries of the federal government's \$1.1 billion smartcard project have not come from among the usual suspects, **Julian Bajkowski** writes.

WHEN MARIE Johnson sits down at a table inside the Centre for Independent Studies, a right-wing think tank, it is clear she means business.

Composed, articulate, affable and dressed in her trademark black, Johnson is charged with overseeing the technology architecture behind the federal government's welfare smartcard.

But on a muggy Sydney autumn afternoon, the woman who returned from Microsoft to take on one of the most contentious positions in the public service seems slightly uneasy with her surroundings.

She casts a quizzical glance over the vintage black and white portraits of leading defenders of free market economics that stare down from the wall of the 1970s vintage CIS library which is named after P.P. McGuiness.

Rupert Murdoch. Anne Krueger. Robert Kagan. Lauchlan Chipman. Francis Fukuyama. All sit as if in judgement.

Ostensibly, Johnson is at CIS to argue the merits of one of the Howard government's

most troubled technology projects and to face down some of its most trenchant critics. In reality she is here to face the equivalent of a star chamber, where she will be asked a series of hostile questions that she has no authority to answer.

What trade-offs is the government prepared to make for laws governing the smartcard to clear the Senate? Will the card be delayed until after the election? Why was legislation submitted to the Senate so poorly drafted?

All are let through to the keeper.

Like many of the public servants given the unenviable job of pulling off one of Australia's largest and most controversial technology projects, Johnson is well versed at catching the political bullets aimed at whichever minister she is serving.

At the Office of the Access Card - the official term for the organisation guiding the health welfare smartcard - the minister's door has been spinning at the rate of three different incumbents in as many months.

What makes life tougher for Johnson is

that the most powerful voices of opposition to the smartcard have come from the inside. One factor few people anticipated was that the hard right of politics within the federal coalition, and especially Queensland, would prove more recalcitrant than Labor.

Barnaby Joyce, Ron Boswell, Steve Ciobo and Brett Mason are just a few of a growing faction of coalition parliamentarians who have openly shared their doubts about whether the federal smartcard project is a good idea.

Their doubts alone are sufficient to have forced the government to withdraw proposed legislation to prevent the messy situation of the ruling party's members crossing the floor to defeat the bill.

Outside parliament others, including Australian Chamber of Commerce and Industry chief executive Peter Henty, a one-time political adviser to former workplace relations minister Peter Reith, are ardent opponents.

As the panel discussion at the preferred think tank of the right begins, CIS social



policy analyst Arti Sharma gives a potted history of how the centre ultimately helped to defeat the Hawke government's proposed Australia Card in 1984. It's a cold welcome.

Johnson begins her presentation with a PowerPoint slide dedicated to breaking down the "myths" that the smartcard is some sort of Orwellian national ID card by stealth.

The smartcard is a very long way from where many people anticipated the \$1.1 billion project to be when MIS interviewed Joe Hockey in May 2006.

KEEP YOUR FRIENDS CLOSE

Ask senior public servants around Canberra what the state of the federal smartcard project is and the consensus is somewhere between limbo and suspended animation. It's a bizarre situation considering the government has managed to push through far more contentious legislation, including workplace relations and media reforms, thanks to its Senate majority.

On the surface, the card was meant to create a common point to access more than \$100 billion in social services expenditure delivered by several disparate agencies.

At the time of writing, new Human Services Minister Senator Chris Ellison had nominated August 2007 as the official date for when the government will re-present an amended version of the smartcard laws. Problems that Ellison is trying to iron out include conflicts between the smartcard bill and pre-existing laws.

One key problem is that anti-money laundering and counter-terrorism funding laws demand banks obtain proof of identity from their customers. At the same time, new smartcard laws make it an offence for banks to demand a card that will replace 17 existing forms of identity issued by the government.

Ellison knows the AML-CTF laws well, not least because he thrust them onto banks in his former portfolio as minister for customs and justice.

Hockey's response to banks wanting to use the welfare card for identity purposes was unambiguous: it could be offered by the cardholder, but it could not be demanded. If security agencies and police wanted a national identity document, then they could go and create their own.

Interlopers, both public and private, were

given short shrift by Hockey's senior staff, who made a point of seeing off opponents and shutting down negative issues.

However, in the power vacuum that followed Hockey's promotion to Minister for Employment, the crucial issue of which organisations would have legal powers to access the smartcard's huge central registry of biometric photographs came before a distrustful Senate committee without a ministerial defender.

Then came a damaging public spat over warrant powers with the powerful spy agency, the Australian Security Intelligence Organisation.

While the head of the Department of Human Services, Patricia Scott, has persistently argued that police and intelligence agencies would be strictly limited and would need warrants to access the biometric photo registry, her claims were directly contradicted by evidence given by the director general of ASIO, Paul O'Sullivan, to the Senate's inquiry into the card.

"The head of ASIO doesn't just pop up and say things like that at public inquiries by accident," one senior bureaucrat told MIS. "He was there because he wanted to be there."

"It says that something is seriously not right."

Other senior public servants claim the public dispute between O'Sullivan and Scott was a key test that was bungled by DHS and could prove a catalyst for the smartcard project to be significantly scaled back – a very real prospect if the government chooses to hold legislation until after the election.

The scenario is eerily similar to the one warned of by the smartcard project's previous head, James Kellaher.

Kellaher quit the public service over concerns that the smartcard scheme put too much arbitrary power in the hands of both the minister and the head of the department.

One of Kellaher's key warnings was that the project risked losing public support if the government rammed it through too hastily.

Notably, one of the first things Ellison did when he arrived from Customs and Justice was to reach out to key stakeholders. He was trying to rebuild support and momentum lost through a rapid succession of ministers and the resulting Senate blow-out.

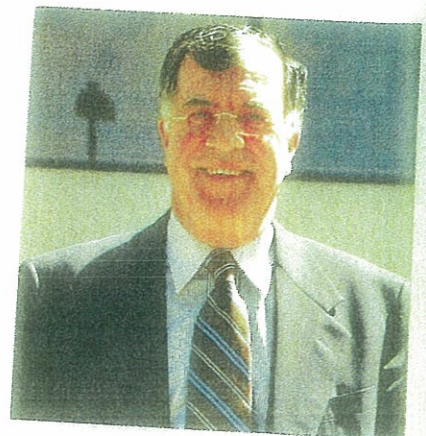
"He knows he needs his opponents inside the tent," one lobbyist says. "But if it starts



Marie Johnson



Joe Hockey



Paul O'Sullivan

to play badly with the electorate, Howard will pull the plug."

FACING UP TO REALITY

Of all of the unanticipated obstacles the smartcard project has faced to date, by far the largest is the controversial use of facial-matching technology within the system's proposed biometric photographic registry.

When the registry system was initially conceived, the use of facial matching technology was intended to eliminate the possibility of fraudulent duplicates being created by people desiring more than one identity. However the idea also created by default the largest single centralised photographic registry that may ever be seen in Australia.

About 16 million people – three quarters of the population – are expected to apply for the smartcard. Although few doubt the matching system proposed by DHS will easily identify duplicate photos of card holders, it has also opened the door to a wide range of ancillary uses by external agencies and law enforcement.

These include the potential for police and other investigators to supply a second photograph for matching by DHS to help identify persons of interest when authorities do not have a name to put to a face.

One hypothetical example volunteered by Scott is the case of Cornelia Rau, a mentally ill Australian woman who was wrongfully locked up for several months by immigration authorities who said they were unable to prove her status as a resident. Scott said that if Rau had possessed a welfare smartcard, she could have been identified by the authorities.

The example caused immediate indigestion within both political and bureaucratic circles, not least because it flies against a public mea culpa made by public service chief Peter Shergold that laid the blame for the incident squarely with people and not processes. It also linked the idea of a new welfare device to what is possibly one of the biggest failures of the Howard government.

Other key questions that remain unanswered are the circumstances under which police and other authorities will be able to cross-match their own photographs with those held by the DHS registry. One example known to have been cited privately by police relates to identifying suspects from either surveillance or media footage.

While ASIO does not disclose its techni-

cal surveillance capabilities, the Australian Federal Police and a number of state police forces have keenly pursued facial recognition technologies as a means of identifying persons of interest from surveillance cameras in public places and transport.

Less clear is how police might use such a system to identify participants at protests, pickets, public meetings and other activities. There are also questions about whether such a photographic recognition system is accurate enough.

One sceptic is Roger Clarke, a Canberra-based academic who has provided extensive advice to government and corporations on technology. He argues that although many people worry about the encroachment of big-brother style government technology systems, one-to-many facial recognition systems remain a pipe dream.

"It plucks out bits and pieces [of a photo] and applies a sophisticated statistical algorithm," Clarke says. "But they're totally impracticable to put into real world situations with high volumes going through them."

Among the major failings, Clarke says, are error rates for false negatives – where a system is unable to provide a positive match between photos of the same people. "Most of the faith in this technology for the smartcard is based on anecdotes, not test data," he says.

He points to results from the facial recognition vendor tests from 2006 that were sponsored by United States government agencies including the FBI and conducted by the US National Institute of Standards and Technology.

These, Clarke says, show empirically that when one of a number of tightly controlled photographic parameters (such as lighting) is relaxed, resulting false rejection rates are as high as 12 per cent on a one-to-one recognition test.

Applied to the context of police looking for a positive match from a single photo taken in different circumstances to many others, Clarke claims the results would be largely useless.

"The number of false matches would be unmanageable," he says. "That's not how you'd want to run security."

Johnson, however, maintains that matching biometric photos taken under strictly controlled circumstances is a practical way to combat fraud. Even so, she will not disclose the technical advice the government

has on error rates. "It's not useful to talk about those numbers," she says. "You have to look at the environment in which the photo was taken."

THE ROAD FORWARD

Given the real possibility that the smartcard legislation may not make it past the Senate before the election, alternative options are being examined.

One possibility is that DHS could use its existing powers under the Health Insurance Act to add a photograph to the present Medicare card. Government sources say this remains a real option, given the age of the magnetic strip technology the Medicare card runs on.

One of the major problems driving the welfare smartcard has been the dramatic increase in forged documents to perpetrate identity fraud. The AFP estimates the present Medicare card is used as a so-called "breeder document" in about 70 per cent of these cases.

Use of existing powers would also alleviate the necessity for new legislation and spare much of the political heartache that creating new laws has produced.

However, the withdrawal of new legislation in preference to existing departmental powers would also remove many of the protections aimed at ensuring the welfare smartcard did not become a national identity document. These include criminal sanctions of up to five years' jail for individuals and company directors who attempt to compel individuals to produce the smartcard as a form of identity.

A further consequence will be the impact on how government services are delivered online. Many agencies, including Centrelink, have been looking at how they can incorporate digital certificates, which are to be embedded on the proposed welfare smartcard, to authenticate citizens online so that they can lodge forms such as for the family tax benefit.

Such structural reforms are at the heart of the government's efforts to reform its bureaucracy so that it delivers services to citizens with a minimum of inconvenience and red tape.

But they are also reforms that look increasingly destined to become temporary road kill as John Howard's well-oiled political machine shifts into overdrive for another election year. ♦