

MEDIA RELEASE

ARCA releases new Credit Reporting Code of Conduct for public consultation

Melbourne, Friday 5 April, 2013. The Australasian Retail Credit Association (ARCA) has today released the new Credit Reporting Code of Conduct (CR Code) for public consultation. This new CR Code will complete the privacy protection regime set out in Part IIIA of the Privacy Act as amended in December 2012, and will ultimately replace the existing Credit Reporting Code of Conduct, which has operated since 1996.

"The new CR Code is a binding and mandatory code of conduct that will govern Australia's credit reporting system from March 2014," said Damian Paull, CEO of ARCA.

Background to the new CR Code

After an extensive Australian Law Reform Commission inquiry, the Australian Government determined to make significant reforms to credit reporting to enable more extensive collection and sharing of credit reporting information within the credit industry, on condition that strict privacy controls were adhered to. This reform agenda led to the passage of the *Privacy Amendment (Enhancing Privacy Protection) Act 2012* (the Amending Act). The Amending Act sets out a regime of privacy protections to protect individuals who are the subject of credit reporting. It envisaged that further operational detail would be encompassed in the CR Code, registered as a legal instrument in the credit reporting system.

ARCA was appointed to draft the new CR Code by the Australian Privacy Commissioner Timothy Pilgrim in December 2012. ARCA engaged Cameronralph Navigator to assist in both the drafting and consultation process.

"Cameronralph Navigator working with ARCA Members have focused on providing the Office of the Australian Information Commissioner (OAIC) with a

Code that represents a 'balanced' approach – meeting the reasonable expectations of industry, of consumers and of the regulator," Mr Paull said.

Impact of the new CR Code on consumers

"Consumers can look forward to a CR Code that balances their interests with the supply of additional personal information to credit providers. This balance includes a new complaints and corrections process and tighter controls on the use of credit reporting information for direct marketing.

"With the significant increase in data in the new credit reporting system, consumers will gain more control over their credit history. That is, consumers who pay their bills on time will generate a positive credit report that will support their access to future credit," said Mr Paull.

Impact of the new CR Code on business

"Australia's consumer credit reporting framework underpins trillions of dollars of credit in the Australian economy, and thousands of businesses both large and small will be directly impacted by the introduction of this new CR Code.

"A breach of the new CR Code will be a breach of the Privacy Act and potential penalties associated with non-compliance with the Privacy Act are significant and can range from between \$170,000 and \$1.7 million per breach," said Mr Paull.

Because so many businesses are impacted, ARCA has collaborated with the Australian Institute of Credit Management (AICM) to develop a range of new training programs for industry on the privacy reforms – including the credit reporting reforms.

CR Code consultation process

The CR Code is being released publicly so that submissions can be received from the public and stakeholder views taken into account as required by Section 26Q of the amended Privacy Act. Copies of the draft CR Code can be obtained from the ARCA website (www.arca.asn.au) after completion of a simple registration process. The public consultation process closes at 5.00pm on 5 May 2013.

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ARCA is the industry association for retail Credit Providers and Credit Reporting Bodies as defined in the Privacy Act. ARCA exists to promote best practice in credit risk assessment and responsible credit, as well as to promote better standards in consumer credit reporting. ARCA takes a leadership role in promoting the sharing of information to enable Credit Providers to better serve their customers. Visit www.arca.asn.au for further information.