



Small
Business
Commissioner

Our reference: BN-06514-2023

Mr John Shepherd PSM
First Assistant Secretary
Digital ID Division
Department of Finance

Via electronic submission

Dear Mr Shepherd

Thank you for the opportunity to provide feedback on the proposed Digital ID legislation.

The NSW Small Business Commission (the Commission) is an independent statutory office of the NSW Government. It provides strategic advice, advocacy and affordable dispute resolution services across NSW. The Commission's role includes:

- encouraging productive working relationships with small businesses,
- facilitating and encouraging the fair treatment of small businesses,
- promoting a fair operating environment in which small businesses can flourish.

The Commission welcomes the proposed Digital ID legislation and supports the Australian Government's approach to simplifying the way businesses can verify their customers' ID, or their own identity when engaging services. The Commission understands the system will be implemented through a phased approach and will provide access to a market of accredited Digital ID providers, while mitigating cybersecurity risks associated with shared and stored ID documents.

Many small businesses often have limited resources and cashflow to invest in robust security solutions and in some cases rely on less secure systems to retain personal information. For small businesses, even a minor cybersecurity incident can have devastating consequences, impacting both their operational integrity, reputation and revenue. The Commission supports the Digital ID framework as a way of reducing small businesses' exposure to these risks and may also mitigate impacts if the small business exemption to the *Privacy Act 1988* is removed.

The Commission also welcomes the national Digital ID system given its potential to reduce administrative burden and compliance costs often reported by small businesses. Integration of the Digital ID system has the potential to drive a new ecosystem of RegTech solutions to improve experiences.

Thank you for the opportunity to provide feedback. If you require further information, please contact my Executive Officer, Megan Bennett at megan.bennett@smallbusiness.nsw.gov.au or (02) 9372 8767.

Yours sincerely

Chris Lamont
Commissioner
NSW Small Business Commission
Date: 11/10/23