



# Big business supports privacy laws

*70% of Australia's top 400 companies support the introduction of privacy legislation*

A survey on corporate attitudes to privacy protection conducted by accounting firm Price Waterhouse reveals attitudes at odds with the views attributed to them by the federal government. In March this year, the government abandoned plans announced in September 1996 to extend the application of the *Privacy Act 1998* to the private sector. Presently, that act covers only the activities of Commonwealth government agencies and private sector credit reporting agencies. The government stated that its major reason for abandoning the proposed reforms was business' concerns about the cost of complying with any legislative obligations.

However, the results of Price Waterhouse's *Privacy Survey 1997* question the validity of the government's assumptions. Analysing the responses of 130 of Australia's top 400 listed companies, the Survey found that 70% supported the introduction of privacy legislation and 79% believed that legislation would require only minor changes to their existing business practices. The respondents were drawn from the manufacturing, banking and finance, retail, utilities, natural resources, insurance, government and telecommunications industries. The Survey presents the high end corporate sector as generally recognising the growing importance of privacy issues and the need to develop appropriate policies, but being somewhat uncertain in its response to this need.

## Key issues

Survey respondents regarded the key privacy issues as:

- the need to comply with international privacy standards;

- the move to legislate privacy in the private sector;
- a potential privacy breach affecting the company's public profile and market share; and
- developments in telecommunications technology.

The first concern mentioned above refers primarily to the 1995 European Union Directive on the Protection of Personal Data, under which European Union companies will be prohibited from engaging in trade involving the transfer of personal information with companies from countries having an inadequate level of privacy protection. Where a non-EU country's level of privacy protection is inadequate - as Australia's is - a company from that country will generally need to prove that it complies with relevant EU standards before it will be allowed to trade with an EU company.

Commenting on its finding that 70% of respondents support privacy legislation (with 20% opposed and 10% neutral), the Survey stated:

This illustrates that Australian business has identified privacy as a major business risk and they are looking to the Australian Government for guidance on how to manage it (p 8).

Instead, the government has encouraged industry to develop self-regulatory codes of practice with the assistance of the Privacy Commissioner, Moira Scollay. 25% of respondents indicated a willingness to participate in the development of industry-wide codes, 37% preferred to develop company specific codes, while 36% preferred to adopt uniform federal legislation.

## Self-regulation

At present, 38% of respondents have formally documented policies, while a further 45% follow general guidelines only. Despite this apparently impressive total of 83% having some form of privacy policies in place, only 50% have actually implemented organisational procedures to address privacy issues, although a further 11% are in the process of developing them. Responsibility for monitoring compliance with organisational procedures tends to be divided between line managers (23%), human resources (21%), internal auditors (18%) and external auditors (9%). However, respondents believed that additional measures need to be taken if any privacy legislation was introduced. The most significant measures included staff training (39%), compliance checklists (27%), internal audits (29%) and external audits (5%). Despite the primacy given to staff training, only 20% of companies surveyed had implemented such training.

The Survey's results constitute a timely contribution to the debate about the need for national privacy legislation. While the Survey cannot claim to represent the views of small and medium sized businesses, it is arguably the larger businesses who would likely to be more affected by the introduction of privacy legislation. However, not only did 70% of these businesses support the introduction of privacy legislation, 62% of respondents (all of whom are top 400 companies) believed that compliance costs would not exceed \$100,000. □

**Further information about the Survey can be obtained from Stephen Woolley, Partner, Information Systems Risk Management, Price Waterhouse, tel (03) 9666 6307.**