

10 October 2023

Mr John Shepherd PSM  
First Assistant Secretary, Digital Identity Taskforce  
Department of Finance

By email: [DigitalIDLegislationEngagement@finance.gov.au](mailto:DigitalIDLegislationEngagement@finance.gov.au)

## SUBMISSION: DIGITAL ID BILL AND RULES SUBMISSIONS

Dear Mr Shepherd

On behalf of Retail Drinks Australia (**Retail Drinks**), we appreciate the opportunity to provide a submission in response to the Commonwealth Government's draft Digital ID Bill and Rules (**draft legislation**). We welcome the work undertaken to date on the development of the draft legislation and formalising the legislative structures governing the Trusted Digital Identity Framework (**TDIF**).

By way of background, Retail Drinks is the national industry body that represents Australia's \$16+ billion retail liquor sector, including bricks-and-mortar stores, online liquor retailers, and delivery providers. More information about our organisation is available via [www.retaildrinks.org.au](http://www.retaildrinks.org.au)

We have played an active leadership role in the online alcohol sale and delivery space, particularly with the development and implementation of our [Online Alcohol Sale and Delivery Code of Conduct \(Online Code\)](#) launched in July 2019. Today, Online Code Signatories represent well over 80 per cent of all online alcohol sales and deliveries in Australia, who have been subject to more than 20,000 audits by Retail Drinks' independent mystery shop auditor.

We have also been extensively involved with governments across the country on the development of digital forms of identity, including the New South Wales (**NSW**) Government's previous development of the Digital Drivers Licence (**DDL**). It is with this in mind that we have provided a submission to this consultation, given the relevance of verifying age and identity as part of the online alcohol sale and delivery ecosystem.

### Response to draft legislation:

In responding to the Commonwealth's draft legislation, we would highlight the current legislative provisions in NSW within the *Liquor Act 2007* which require online liquor retailers to verify the age of customers at the point of sale for same day alcohol deliveries.<sup>1</sup> Further to this, same day delivery providers are required to use a TDIF-accredited provider for the purposes of verifying the age of a customer.

This requirement, originally passed in the NSW Parliament in November 2020, is yet to formally come into effect having been delayed in implementation until 31 May 2024.<sup>2</sup> Whilst this requirement is currently only legislated in NSW, we are of the understanding that other Australian jurisdictions are currently considering similar proposals as part of their legislative frameworks concerning the online alcohol sale and delivery sector.

---

<sup>1</sup> See Section 114HA of *Liquor Act 2007* (Age to be verified when agreement made for same day delivery)

<sup>2</sup> Liquor & Gaming NSW (2023) *Same day alcohol delivery - Update on alternative online age verification options*, 18 May,

<https://www.liquorandgaming.nsw.gov.au/news-and-media/same-day-alcohol-delivery-update-on-alternative-online-age-verification-options>

Given the legal requirement for online liquor retailers to use a TDIF-accredited provider in NSW, we believe there is a strong imperative to ensure that the Digital ID system is safe, secure, and accessible for customers needing to verify their age and/or identity for the purposes of purchasing alcohol online.

We are therefore supportive of the Objects of the Act as they have been articulated in the draft legislation seeking to *"provide individuals with a simple, inclusive and convenient method for verifying their identity in online transactions with government and businesses, while protecting their privacy and the security of their personal information"*.

To date, Retail Drinks members, including online liquor retailers operating in the same day alcohol delivery space, have experienced considerable difficulty in navigating the digital identity landscape. The complexities have been particularly pronounced for smaller, independently owned and operated online retail liquor businesses, which comprise a small proportion of market share, but a significant proportion of the licence numbers.

Retail Drinks recently published a comprehensive and groundbreaking research report titled [Online Alcohol Sales & Delivery in Australia](#), developed in partnership with Frontier Economics. The research was based on nearly 10 million actual sales transactions from the FY22 period from retailers, marketplaces, and delivery partners nationwide, and provides new insights into how consumers utilise online platforms to purchase liquor.

Anecdotal feedback provided by members has identified cost as a critical issue, indicating that age verification services amongst currently accredited TDIF-accredited providers range from \$0.50 to more than \$2.00 per transaction. When multiplied by millions of online alcohol transactions each year, the costs absorbed by an individual online liquor retail business are significant. Such costs may prohibit smaller operators from participating in the same day online alcohol market, which would be an adverse outcome for both consumers and industry.

The costs associated with verifying customers' age at the point of sale also does not include the operational costs involved in integrating a provider's age verification technology with a retailer's online ordering system. Anecdotal feedback has also suggested that the set-up costs involved are significant and will act as an additional barrier to entry for new providers wishing to be involved in same day alcohol deliveries.

Finally, it is critical to ensure that the ultimate system of age and identity verification is simplistic for individuals to navigate when attempting to access services such as online alcohol deliveries. Members have reported cart abandonment as a potential issue based on other significant technology changes. There are also direct reports of customers abandoning online orders due to the process associated with verifying their identity at the point of sale being overly difficult or time-consuming.

### **Response to proposed regulatory oversight of ACCC:**

We welcome the draft legislation empowering the Australian Competition and Consumer Commission (**ACCC**) with regulatory oversight of the Digital ID sector, including the TDIF accreditation process.

The very small number of currently accredited TDIF providers and significant delays in accrediting additional providers through the Digital Transformation Agency (**DTA**) have meant that online liquor retailers have, to date, had a very limited choice of accredited identity providers as part of meeting their obligations under NSW law. As a result, this has been a source of frustration and confusion for industry.

We believe that having a range of additional providers accredited under TDIF would place downward pressure on the costs associated with adopting identity verification services. Once the draft legislation has been passed, we would urge that the ACCC prioritise the processing of applications by providers who have already sought to become TDIF-accredited. Whilst we are supportive of a robust application process, we would seek to ensure that providers are not discouraged from becoming TDIF-accredited due to the level of difficulty involved.

Finally, we would emphasise the need to ensure that sensitive information regarding customer's interactions with online alcohol delivery services, including their purchasing history, are not used by accredited entities in an unauthorised manner. This would appear to be addressed under Section 50 of the draft legislation regarding data profiling which prevents accredited entities from using or disclosing: "*information about the services provided by the entity that the individual has accessed or attempted to access.*" Retail Drinks shared similar feedback regarding this issue as part of our response to the Commonwealth Government's Review of the Privacy Act.

Once again, we appreciate the opportunity to provide a submission to the Commonwealth Government's consultation process regarding the Digital ID Bill and Rules. If there are any matters raised in this submission which you wish to discuss directly, please do not hesitate to contact me via (02) 8335 3200 or at [info@retaildrinks.org.au](mailto:info@retaildrinks.org.au).

Sincerely,

**Michael Waters**  
**Chief Executive Officer**