



SYNERGY EQUITIES GROUP

THE NEW FORCE IN INTERNET SECURITY, SYSTEMS & SERVICES

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## SMX UPDATE – PRIVACY ACT REVIEW

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Further to Synergy Equities Group Limited's ("the Company", ASX : SYG) ASX announcement of 19 August 2008 regarding the proposed reforms to Australia privacy laws and their potential positive impact of the on sales / revenues of SMX secure registered email ("SMX"), the Company is pleased to provide this update on the implementation of these reforms for Shareholders and the market.

### background

On 31 January 2006, the Australian Law Reform Commission ("ALRC") received Terms of Reference (scope) from the Australian Attorney-General for an inquiry into the extent to which the Privacy Act 1988 (Cth) and related laws ("the Act") continue to provide an effective framework for the protection of privacy in Australia. The current Act is the product of a previous inquiry started by the ALRC in 1976 and culminating in the 1983 Privacy report. Although it is only 20 years old, the current Act was introduced before the advent of supercomputers, the Internet, mobile phones, digital cameras, e-commerce, sophisticated surveillance devices and social networking websites.

The ALRC's final report, "For Your Information: Australian Privacy Law and Practice" (ALRC 108) was delivered to the Australian Attorney-General on 30 May 2008. The three volume, 2700 page report recommends 295 changes to Australian privacy laws and practices.

### update

The Federal Government's response to the ALRC's report will be presented in two stages:

- first stage:* will focus on the recommendations relating to the unified privacy principles (i.e. a set of general principles to cover the Government and Private sectors), health information and credit reporting regulations and the impact on privacy law by new technologies; and
- second stage:* will consider recommendations relating to the removal of exemptions and data breach notices.

In late 2008 the Department of Prime Minister & Cabinet met with a broad range of targeted stakeholders (including consumer groups, privacy advocates, organisations and industry groups) and as a result it is expected that the Federal Government's *first stage* response will be tabled later this calendar year.

The need for the Government to carefully consider new technologies during the review of the Privacy Act was clearly articulated by Senator John Faulkner, the Federal Minister responsible for Privacy (also Cabinet Secretary and Special Minister of State) during his address to the Cyberspace Law and Policy Centre Symposium on "Meeting Privacy Challenges – the ALRC and NSWLRC Reviews" in October 2008, an extract from which follows:

*"Government must engage with issues of privacy and technology. Otherwise, privacy will be a low priority for organisations and agencies developing technology for commercial, law-enforcement and other reasons. And once technology is rolled out, efforts to impose privacy protection can too often only take the form of attempting to control or prohibit certain uses of technology – uses that through their ease and effectiveness provide tempting incentives to ignore laws that may themselves be difficult to enforce."*

Interested Shareholders are invited to read Senator Faulkner's entire speech, which covers many issues surrounding privacy and technology, at [http://www.smos.gov.au/speeches/2008/sp\\_20081002.html](http://www.smos.gov.au/speeches/2008/sp_20081002.html).

### **what's in it for the Company?**

The forthcoming overhaul of the Privacy Act will impact into all Australian organisations, be they small or large, private or Government. Whilst the Company's primary and secondary SMX target markets already have an undeniable need for SMX (the primary target market being Government and Corporate organisations with similarly high security requirements and the secondary target market being those organisations the Company is already dealing with, i.e. leading private and top 100 listed companies), the changes to the Privacy Act will have the greatest impact on the Company's tertiary SMX target market, being SME's (small-to-medium enterprises) and the lower-end of the Corporate market, where technology-related privacy issues (and ultimately SMX) will come to the fore.

Further information can be obtained from the websites of the Australian Law Reform Commission ([www.alrc.gov.au](http://www.alrc.gov.au)), the Office of the Privacy Commissioner ([www.privacy.gov.au](http://www.privacy.gov.au)) and the Department of the Prime Minister & Cabinet ([www.pmc.gov.au](http://www.pmc.gov.au)).

Yours faithfully

Ronald Moir  
**Managing Director**  
**SYNERGY EQUITIES GROUP LIMITED**

