



Privacy Commissioner
Te Mana Matapono Matatapu

MSD, MoE and ACC

matches : review of statutory
authorities for information matching

Report by the Privacy Commissioner to
the Minister of Justice pursuant to section
106 of the Privacy Act 1993 in relation to a
review of the operation of the:

- IR/MSD Community Services Card
- Employers/MSD s11A Social Security Act
- BDM Births/MoE Student Birth Confirmation
- Corrections/ACC Prisoners
- IR/ACC Levies and Compensation

July 2014

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Abbreviations and acronyms

The main abbreviations and acronyms used in this report are:

Community Services Card (CSC)

Working for Families Tax Credits (WfFTC)

1. Executive Summary

Section 106 of the Privacy Act 1993 requires the Privacy Commissioner to carry out periodic reviews of the operation of each information matching provision and to consider whether:

- the authority conferred by each provision should be continued
- any amendments to the provision are necessary or desirable.

In this report I assess the ongoing value and suitability of five matches which are run by the Ministry of Social Development (MSD), the Ministry of Education (MoE) and the Accident Compensation Corporation (ACC).

1.2 IR/MSD Community Services Card

This programme is used to identify people who qualify for a Community Services Card (CSC) based on their level of income and number of children.

The match has been operated in a manner consistent with the information matching controls in the Privacy Act.

I recommend that the match should continue and have no suggestions for amending it. However, I suggest MSD review the range of other existing entitlement cards to check if there might be options to reduce costs by combining some of those into the Community Services Card.

1.3 Employers/MSD section 11A Social Security Act

This programme was used to identify people who are receiving benefits from MSD while in paid employment. The match programme was suspended by MSD in 2008/09 when MSD changed its approach to detecting fraud. MSD are not yet certain whether this provision is still required.

The match has been operated in a manner consistent with the information matching controls in the Privacy Act.

I recommend that this match provision should remain available, but that within two years MSD should report on the need for this match to be retained.

1.4 BDM Births/MoE Student Birth Confirmation

This programme is used to improve the quality and integrity of data held on the National Student Index (NSI).

This match is a cost-effective method of data validation. The match has been operated in a manner consistent with the information matching controls in the Privacy Act. However MoE has recently obtained data extracts which it was not been able to process for at least six months. As a matter of good practice, MoE should only request data when it has the capacity to process it, because otherwise it retains data for longer than necessary.

I recommend that this match continue.

1.5 Corrections/ACC Prisoners

This programme is used to ensure that prisoners do not continue to receive earnings-related accident compensation payments.

This match is a cost-effective method of identifying new prisoners who are in receipt of ACC payments. The match has generally been operated in a manner consistent with the information matching controls in the Privacy Act.

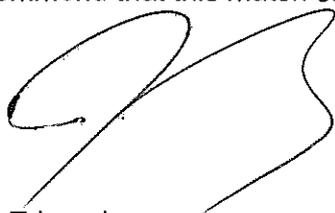
I recommend that this match continue and have no suggested amendments to its operation.

1.6 IR/ACC Levies and Compensation

This programme is used to identify ACC levy payers and to calculate and collect premiums and residual claims levies.

The match has been operated in a manner consistent with the information matching controls in the Privacy Act.

I recommend that this match continue and have no suggested amendments to its operation.



John Edwards
Privacy Commissioner
July 2014

2. IR/MSD Community Services Card Programme

2.1 Match objective

To identify people who qualify for a Community Services Card (CSC) based on their level of income and number of children.

2.2 Recommendation

I recommend that this match continue and have no suggested amendments to its operation.

However, I suggest MSD review the range of other existing entitlement cards to check if there might be options to reduce costs by combining some of those into the Community Services Card.

2.3 Match assessment

The match is assessed against the criteria in section 98 of the Privacy Act 1993. In particular, I consider that:

Assessment summary

The match has generally been operated in a manner consistent with the information matching controls in the Privacy Act.

Financial cost/benefit and other outcomes

The costs of the match are not known, and the primary purpose of the match has been reduced. The remaining uses of the programme justify the programme in some form.

MSD does not record the costs of the information match, but the entire administration budget for Community Services Card administration is \$1.662 million for 2013/14. IR is not able to advise its costs in providing the data, but the costs should be similar to the \$13,000 per annum estimated by IR for another match.

The CSC was introduced to facilitate access to subsidised health care for people with low incomes. From 2002 this subsidy was largely replaced by subsidies to primary health care organisations. However the CSC still plays a major role in providing health subsidies and is also relied upon by unrelated sectors as evidence of low income and is therefore of substantial benefit to people on low incomes.

Compliance/operational difficulties

Operational difficulties have occurred, primarily arising from changes to the definition of income. In 2009/10 IR identified that it was under-reporting income to MSD resulting in up to 6,300 cards being issued to people who were not entitled to them. IR rectified this in 2010. In 2010/11 IR identified a further error that may have resulted in income being understated for an estimated 1,100 card holders. This was resolved by updating the Ministry of Health regulations which define entitlement.

Scale of matching process

The scale of the match is not excessive. The match involves two agencies and only information necessary to establishing entitlement is transferred.

Alternative methods to achieve results

Alternative approaches to assist people with low incomes are unlikely to be as cost effective as the match. But there are also other systems with a similar role in operation. It would be worth MSD reviewing the various existing systems, to eliminate any unnecessary duplication and ensure people are receiving appropriate entitlements. This would help to ensure the match remains appropriate and necessary.

This match was previously reported on in the Commissioner's second section 106 report of April 2002, with the conclusion that the match should continue while the Community Services Card remains. Subsequently the approach to paying health subsidies was changed, but the card is still used to target health subsidies to low income people.

The match was also reviewed in the MSD report 'Primary Health Care and the Community Services Card' 2002. And in 2007/08 MSD again, less formally, reviewed the on-going need for the Community Services Card and concluded that it was required by the Ministry of Health to facilitate targeted assistance. MSD also advised that the card is accepted by various other agencies as proxy evidence of income levels for eligibility.

Other cards are also issued to target subsidies to health users. I recommend MSD reviews the range of existing provisions to check whether there might be options to reduce administrative overheads by combining some of those other cards with the CSC.

2.4 Match results

	2002 /03	2003 /04	2004 /05	2005 /06	2006 /07
Match runs	52	52	50	50	52
Records received for matching	927,713	893,097	904,430	1,279,851	1,488,641
CSCs automatically renewed	184,046	165,640	160,111	216,900	229,660
'Invitation to Apply' forms sent out	52,501	46,681	57,159	77,694	82,681
Notices of adverse action	10,516	9,208	8,167	10,218	17,176
Challenges	57	37	159	135	281
Successful challenges	31	0	113	22	18

	2007 /08	2008 /09	2009 /10	2010 /11	2011/12
Match runs	50	52	50	50	50
Records received for matching	2,140,739	2,639,393	1,548,824	2,188,194	1,741,502
CSCs automatically renewed	311,536	422,379	226,741	298,672	205,451
'Invitation to Apply' forms sent out	92,523	110,855	90,482	88,743	91,696
Notices of adverse action	31,330	37,751	22,126	30,758	24,152
Challenges	498	240	80	67	136
Successful challenges	0	0	65	63	96

“Successful challenges” only counts those completed by 30 June of the reporting year.

Statistical reports were not required prior to 1 July 2002 as the Commissioner understood that no adverse action was taken as a result of matching. In 2002 the Commissioner identified that withdrawal of the card because the person’s income now exceeded the threshold constituted an adverse action.

2.5 Match operation

This programme was authorised and commenced operation, in 1992.

IR provides a fortnightly extract of individual taxpayers who have received Working for Families Tax Credits (WfFTC). The data is transferred on an encrypted USB “Ironkey” which is hand delivered or sent by registered courier.

IR provides MSD with the full name, address, annual income and IRD number of the primary carer (and partner, if any), the number of children in their care and dates of birth, and the annual amount of WfFTC.

The IR file is matched against the MSD system SWIFTT and, for valid matches, the total income information provided by IR to MSD is checked against the income entitlement limits for the CSC. The income thresholds vary depending upon the number of dependent children. IR records that do not match SWIFTT records are ignored.

Existing holders of a CSC whose continuing eligibility is confirmed in this match, receive a renewal flag on their SWIFTT file, so that a new card is automatically generated when the existing card expires.

Existing holders of a CSC whose eligibility is not confirmed by this match are sent a letter, as required under the Privacy Act section 103, advising that the holder appears now to be over the income limit and so their current card will not be renewed automatically.

People who are identified in this match as being potentially eligible and who are not currently holding a CSC are sent a letter advising that they appear to be eligible and enclosing an application form in case they wish to apply.

2.6 Match authorisation

Tax Administration Act 1994, section 83

3. Employers/MSD section 11A Social Security Act Programme

3.1 Match objective

To identify people who are receiving benefits from MSD while in paid employment.

3.2 Recommendation

I recommend that this match provision should remain available, but that within two years MSD should report on the need for this match to be retained.

3.3 Match assessment

The match is assessed against the criteria in section 98 of the Privacy Act 1993. In particular, I consider that:

Assessment summary

The match was operated in a manner consistent with the information matching controls in the Privacy Act until the programme was suspended by MSD in 2008/09 when MSD changed its approach to detecting fraud by focusing on prevention and early detection.

The provision should remain available for MSD to use, as circumstances require.

Financial cost/benefit and other outcomes

Costs are only occurred when MSD chooses to operate this programme. MSD advise running a programme under section 11A is resource intensive. In the last year the programme was run it cost \$227,347 and identified \$1,583,695 in savings.

Compliance/operational difficulties

None reported by MSD.

Scale of matching process

The scale of the match is not excessive. The matching, when used, is targeted at particular employers or sectors of employment where MSD is concerned there may be significant non-compliance.

Alternative methods to achieve results

Better use of other information matches operated by MSD with Inland Revenue, which identify beneficiaries when they begin to receive earnings, has reduced the need to operate this programme. But MSD needs time to formally evaluate the effectiveness of these other approaches before assessing if the match provided for by section 11A is still required.

3.4 Match results

The match was suspended by MSD in 2008/09 as MSD shifted from reactive identification of fraud to a more preventative approach. This change was partly in response to the Controller and Auditor-General's June 2008 performance audit report 'Ministry of Social Development: preventing, detecting, and investigating benefit fraud', which recommended that MSD "regularly and formally evaluate the effectiveness of its data-matching activities for detecting fraud".

	1993/94	1994/95	1995/96	1996/97*	1997/98	1998/99	1999/00
Matches approved	10	78	28	23	109	74	86
Records received for matching	3,435	6,965	10,184	6,896	29,373	18,278	24,070
Cases investigated	243	1,060	823	840	3,810	2,716	1,694
Benefits cancelled or adjusted	90	550	712	576	2,165	1,519	1,194
Notices of adverse action sent	204	706	1,345	439	2,868	2,594	1,376
Challenges declined	8	21	133	47	60	94	49
Challenges upheld	2	9	105	9	43	1	12
Total cost \$	37,600	71,422	40,294	30,121	235,291	121,977	44,562
Total savings \$	178,555	817,887	1,586,693	1,286,447	3,282,604	1,853,846	2,249,657
Net savings \$	140,955	703,596	1,546,399	1,256,326	3,047,313	1,731,868	2,205,094
Estimated rate of return	3.75	9.85	38.38	41.71	12.95	14.20	49.48

*1996/97 figures are as at 30 June 1997. Figures for other years have been updated when all the reviews initiated in a year have been completed. Updated figures are not available for 1996/97.

Estimate Rate of Return = Net Savings / Total Cost

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Matches approved	51	33	24	41	36	43	34	1
Records received for matching	12,724	9,751	19,724	18,986	21,053	31,037	20,772	23
Cases investigated	1,674	1,469	1,594	3,174	2,884	2,921	1,556	0
Benefits cancelled or adjusted	924	655	963	1,698	1,266	1,339	648	0
Notices of adverse action sent	1,448	1,264	1,493	3,063	2,766	2,959	1,324	0
Challenges declined	185	181	58	14	121	217	204	0
Challenges upheld	30	57	14	3	6	119	27	
Total cost \$	64,067	42,554	106,595	112,090	107,657	101,629	227,347	175
Total savings \$	1,798,858	1,467,116	1,895,229	2,853,442	2,464,220	2,980,330	1,583,695	
Net savings \$	1,734,791	1,424,562	1,788,633	2,741,351	2,356,563	2,878,700	1,356,348	
Estimated rate of return	27.08	33.48	16.78	24.46	21.89	28.33	5.97	

3.5 Match operation

MSD used this match to focus on particular industries or organisations, often those employing large numbers of casual staff. Employers were selected for review by MSD regional offices. A National Office register is checked to ensure that the employer has not

been subject to a notice within the last 12 months. The selected employers are required to provide the full names, addresses and IRD numbers of their employees to the regional office which matched the data with the MSD SWIFTT database to identify discrepancies.

Individuals are sent a notice of adverse action (section 103 notice) with details of any discrepancy and advising that their employer will be contacted for clarification of the details of their employment or, alternatively, that they may supply this information themselves.

3.6 Match authorisation

Social Security Act 1964, section 11A.

4. BDM Births/MoE Student Birth Confirmation

4.1 Match objective

To improve the quality and integrity of data held on the National Student Index (NSI).

4.2 Recommendation

I recommend that this match should continue. However MoE should only request data when it has the capacity to process it.

4.3 Match assessment

The match is assessed against the criteria in section 98 of the Privacy Act 1993. In particular, I consider that:

Assessment summary

This match is a cost-effective method of data validation. The match has been generally operated in a manner consistent with the information matching controls in the Privacy Act. The recent instance where data was received but then not promptly processed was undesirable, but relatively low risk.

Financial cost/benefit and other outcomes

The identifiable costs of this match are similar to other matches, and ensuring the NSI is as clean as practicable will avoid considerable costs by reducing administrative confusion. MoE pays a fixed fee for the production of a file, plus a small charge per record. An average sized file for one year of 50,000 records costs \$4,155. MoE is unable to provide an estimate of the cost of processing the file. This match is necessary to assist in correcting errors in the National Student Index.

Compliance/operational difficulties

MoE has had difficulty allocating appropriate staff resources to run this programme efficiently. Batches of records have been processed when staff have been available. No batches were processed in 2007/08 or 2008/09. This resulted in the clean-up of the NSI being delayed with consequent inefficiencies in the use of the NSI.

MoE's difficulty recently resulted in batches of data being received from DIA in May 2012 and in March 2013, and not being processed when received. This means the data was retained on MoE systems for longer than necessary. Also using 'old' data rather than a current extract is bad practice as some source records may be updated in the interim.

Scale of matching process

The scale of the match is not excessive. MoE receives Births information from DIA. No other agencies are involved. The data transferred is appropriate for the purpose.

Alternative methods to achieve results

Alternative methods are unlikely to be as effective in improving data quality.

4.4 Match results

Year match operated	2004 /05	2006 /07	2009 /10
Birth records from the period	01/01/1970 - 31/12/1986	01/01/1987 - 31/12/1991	01/01/1992 - 31/12/2004
Number received for matching	947,221	292,360	754,480
Matched exactly with NSI record (automatically)	478,625	187,932	411,923
Matched after manual intervention	5,430	2,145	11,325
Total birth records matched	486,231	190,077	423,248
Total birth records not matched	435,076	102,283	331,232
Percentage matched	51%	65%	56%

MoE has processed batches of data as resources (financial and staff) have permitted. A batch of data covering the period 01 Jan 2005 - 30 Jun 2007 file was supplied in May 2012 and another batch covering the period 01 Jul 07 to 31 Jan 13 comprising 353,439 records was supplied in March 2013.

4.5 Match operation

This system was authorised and set up in 2004. MoE is working through historical data as resources permit. MoE limits its request for data by specifying a date range. Births, Deaths and Marriages (BDM) copies the data from the Births Register of New Zealand births. The records include full name, date of birth, and gender. The file is provided to MoE on an encrypted compact disc.

Matching of the data is performed using the NSI system. A matching run passes BDM data through a series of four progressively looser matching algorithms. For each BDM record received, the matching process can have one of the following four possible outcomes:

1. no match – no NSI records match with the BDM record;
2. unique and exact match – one NSI record exactly matches with the BDM record;
3. unique and non-exact match – one NSI record matches with almost all components of the BDM record (e.g. name and gender exactly match but date of birth is different); or
4. multiple results returned – more than one NSI record matches exactly, or almost exactly, with the BDM record.

Where a match is exact and unique, these records are automatically updated in the NSI database. Where a match is not exact, or more than one match has been found for a particular record, manual verification processes are used to determine whether a partial match can be accepted and updated into the NSI database. Any birth records that remain unmatched at the completion of this process are deleted.

The match does not result in any adverse action against individuals. Records that are verified by this process are flagged as 'verified' in the NSI and no further action is taken. Records that are not verified by this process are flagged as 'partial' in the NSI and MoE requires educational institutions to complete the verification if claiming full domestic funding for that student.

MoE has provided forms online for individuals to request their NSI details and to request correction of any errors.

To ensure continued integrity of the NSI, no name held on the NSI and verified by matching with a BDM file entry may be changed unless a formal challenge is submitted to MoE for validation. An audit trail is maintained within the NSI system that shows all changes to records, including the change to the verification status, the source of the verification, the date the match took place and the level of match the algorithm achieved.

MoE's website and student publications notify students that they may check their details held on the NSI and whether the information has been verified by matching with a BDM file entry. This is done either by accessing the NSI via the MoE website or through their Tertiary Education Provider.

Any challenges to NSI records that have been matched with BDM Births information are forwarded by MoE to BDM for checking before any changes are made to the NSI.

4.6 Match authorisation

Births, Deaths, and Marriages Registration Act 1995, section 78A.

5. Corrections/ACC Prisoners Programme

5.1 Match objective

To ensure that prisoners do not continue to receive earnings-related accident compensation payments.

5.2 Recommendation

I recommend that this match should continue and have no suggested amendments to its operation.

5.3 Match assessment

The match is assessed against the criteria in section 98 of the Privacy Act 1993. In particular, I consider that:

Assessment summary

This match is a cost-effective method of identifying new prisoners who are in receipt of ACC payments. The match has been operated in a manner consistent with the information matching controls in the Privacy Act.

Financial cost/benefit and other outcomes

The programme enables ACC to identify new inmates and cease payments in a timely manner. In doing so, MSD limits the amount of any overpayments made and the associated administrative costs.

ACC estimates the annual operating cost at \$2,900. In addition there are costs involved in transferring the data. In 2005/06 transfer costs were reduced from \$1600 per month to \$250 per month by changing to an online transfer using a commercial 'drop-box' service. The overpayments identified in 2011/12 amounted to \$26,323.

Compliance/operational difficulties

ACC has experienced difficulties in operating this match.

- From February 2003 to May 2004 technical problems with the matching process meant that records of imprisoned claimants were missed instead of being identified as positive matches. The software was put back into operation in July 2004 after testing. Consequently, there were no successful matches for 2003/04.
- In 2007/08 and again in 2008/09 technical issues delayed some weekly matches. In 2009/10 some weekly runs were not processed until OPC drew ACC's attention to the low number of reported runs.
- In 2009/10 ACC centralised the recovery of overpayments because it was concerned about delays in the processing of debts. It advised that this centralisation resulted in more efficient processing.

These difficulties mean the match has been less effective than it should be, but do not reduce the case for the match.

Scale of matching process

The scale of the match is not excessive. The match involves only two agencies and only information necessary to establishing entitlement is transferred.

Alternative methods to achieve results

Alternative methods are unlikely to be as timely or reliable in notifying all prison arrivals to ACC.

5.4 Match results

	2000/01	2001/02	2002/03	2003/04*	2004/05	2005/06
Match runs	42	50	51	Not run	49	49
Records received for matching	27,425	82,444	91,219		92,396	99,481
Possible matches identified**	8,756	11,339	12,770		108	211
Overpayments established (number)	121	45	27		56	71
Overpayments established	\$39,851	\$20,403	\$13,095		\$37,420	\$38,952
Average overpayment		\$453.40	\$485		\$668	\$548
Challenges	3	4	0		0	0
Challenges successful	0	1	0		0	0

* Not run in 2003/04 because of technical problems associated with the matching process.

** 'Possible matches' figures up to 2002/03 are high because it is a first-pass match figure, before filtering by ACC. Technical changes to the match improved the accuracy of the initial matching.

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Match runs	48	42	40	44	52	50
Records received for matching	92,264	87,712	77,255	83,281	109,734	87,423
Possible matches identified	842	1,018	668	1,837	4,572	3,304
Overpayments established (number)	94	74	49	37	29	44
Overpayments established	\$69,302	\$37,967	\$37,272	\$33,028	\$21,209	\$26,323
Average overpayment	\$737	\$513	\$760	\$893	\$731	\$598
Challenges	1	0	0	0	0	0
Challenges successful	0	0	0	0	0	0

5.5 Match operation

This programme was authorised and setup in 2000 and started in September 2000.

Each week, Corrections extracts from its Integrated Offender Management System (IOMS) a file of all new prison admissions. Corrections ensure the fields contain valid data before electronically transferring it to ACC using a third-party electronic mailbox service. The file includes surname and given names, date of birth, gender, date received in prison and any aliases.

ACC compares the file with ACC records of people receiving earnings-related accident compensation and dependent allowances. This identifies a sub-set of cases that are then manually checked before issuing a notice of adverse action (s.103 notice) copies of which are sent both to the last address on ACC's file, and to the prison.

ACC produces flyers which are sent to prisons for issue to every inmate at the time of their admission. The flyers describe the matching process and state which ACC payments are not receivable while in prison. ACC also advise inmates that they may be eligible for re-instatement of their benefits upon release and that they should keep their medical certificates and other documentation current for that eventuality.

5.6 Match authorisation

Accident Compensation Act 2001, section 280(2).

6. IR/ACC Levies and Compensation Programme

6.1 Match objective

To identify ACC levy payers (all employers, including "close" companies with less than 25 shareholder employees, self employed persons and private domestic workers), and to calculate and collect premiums and residual claims levies.

6.2 Recommendation

I recommend that this match should continue and have no suggested amendments to its operation.

6.3 Match assessment

The match is assessed against the criteria in section 98 of the Privacy Act 1993. In particular, I consider that:

Assessment summary

The match has been operated in a manner consistent with the information matching controls in the Privacy Act.

Financial cost/benefit and other outcomes

The costs for this match are much higher than for other matches for which costs are known. The costs paid include a share of the costs of collection, rather than just the cost of supplying a copy of existing data.

IR collect, process and then transfer of this information to ACC. For these services IR charged ACC \$20,500,000 in the year ending 30 June 2013. It will be the same amount again for 2014. This amount was reviewed and agreed in March 2007 as a contribution to administering the wider Employer Monthly Schedule process (both paper based and electronic).

IR estimates the annual cost of its portion of the actual match (extraction of data and transfer) to be \$13,000.

Compliance/operational difficulties

No issues have been reported for this programme.

Scale of matching process

The scale of the match is not excessive. The match involves only two agencies and only information necessary to establishing entitlement is transferred.

Alternative methods to achieve results

Self-employed people and employers could provide copies of this information directly to ACC. This would be less convenient for individuals.

6.4 Match results

	2002/03	2003/04	2004/05	2006/07	2007/08
Self-employed people's records received for matching	445,000	428,451	892,000	738,747	767,265
Employers' records received for matching	248,000	459,623	967,000	658,238	708,577
Invoices issued to self-employed people	319,000	268,000	268,929	279,000	301,729
Invoices (individual employee) issued to employers	234,000	241,700	248,054	237,315	276,258
Challenges by individuals	60	Not available	30	21	31
Challenges by employers	22	Not available	27	30	20
Total challenges	82	58	57	51	51
Unsuccessful challenges	81	40	63	49	49
Successful challenges	1	2	1	1	0

	2008/09	2009/10	2010/11	2011/12
Self-employed people's records received for matching	493,563	774,488	545,695	530,665
Employers' records received for matching	470,368	706,961	532,286	573,778
Invoices issued to self-employed people	227,379	315,112	442,986	348,349
Invoices (individual employee) issued to employers	265,951	584,092	583,489	448,764
Challenges by individuals	28	31	30	48
Challenges by employers	28	56	65	49
Total challenges	56	87	95	97
Unsuccessful challenges	46	83	87	87
Successful challenges	7	4	8	3

Annual information received about employers and self employed can include multiple updates for a single employer.

Challenges may still be under review at the end of June and carried over into the next reporting period.

Changes at ACC in 2003/04 made it impossible for it to provide a breakdown between individuals and companies of the number of reviews requested that year.

6.5 Match operation

IR provides ACC with a weekly extract of new or updated records containing the following information for all employers, self employed persons, and private domestic workers:

- name and contact information
- date of birth for self-employed people
- start and cease dates for employers
- IR number of employer or self-employed person
- annual aggregate employer payroll data consisting of liable employee earnings up to the ACC maximum, totalled per employer and
- earnings data for self-employed people, domestic workers, and closely-held companies (companies with less than 25 shareholder employees).

In 2002/03 IR sent an extract of all employers to ACC to establish the initial connections. Subsequent files update that existing information for changes of address and reported earnings, and add complete information on new employers who have registered with IR since the last extract was made. Where a record does not exist within the ACC database one will be created. Where a record already exists it will be updated with the changed or new data.

Levies are based on an actuarial assessment of the injury profile of the business undertaken by the employer and the total payroll figures. Each year, every employer receives an invoice from ACC for the provisional levy and which includes the information on which the levy has been calculated. There is an appeal process open to all employers who dispute the information on which their assessment has been based. The Accident Compensation Act 2001 stipulates a 3 month period in which an employer or self-employed person may request a review of their assessment. No separate adverse action notices are sent. At the end of the year, after final figures are received from IR, there is a special process to review provisional levies and payments against actual earnings and make whatever adjustments are necessary (either a rebate or extra payment).

Benefits in 2002/03 were stated to be that self-employed persons now have a simplified IR3 tax return to complete as they no longer have to complete a separate ACC report section within the IR3 return. Similarly, employers no longer need to submit a separate ACC declaration to IR (the IR68A return).

6.6 Match authorisation

Accident Compensation Act 2001, section 246
Tax Administration Act 1994, section 85E.

7. Background:

7.1 Information matching

Information matching involves the comparison of one set of records with another, usually to find records in both sets that belong to the same person. Matching is commonly used to detect fraud in social assistance programmes, or to trace people who owe debts to the Crown, but can also be used ensure people get entitlements as in the case of the Community Services Card match.

Oversight of this growing area of activity is important to safeguard individuals and maintain transparency and trust in government. The Privacy Act regulates information matching through controls directed at:

- authorisation – ensuring that only programmes clearly justified in the public interest are approved
- operation – ensuring that programmes operate within the information matching framework
- evaluation – subjecting programmes to periodic review.

7.2 Section 106

Section 106 of the Privacy Act requires the Privacy Commissioner to undertake periodic reviews of the operation of each information matching provision and to consider whether:

- the authority conferred by each provision should be continued
- any amendments to the provision are necessary or desirable.

A periodic review is necessary to assess the ongoing value and suitability of a programme in light of experience operating the programme. A programme may lose effectiveness over time if hit rates have peaked or the wider context has changed.

To conduct these reviews I consider mainly the information matching guidelines set out in section 98 of the Privacy Act. In particular I focus on whether each provision:

- continues to achieve its objective by providing significant monetary benefits or other comparable benefits to society
- raises concern because of the scale of matching (because of the number of agencies involved, the frequency of matching, or the amount of personal information being disclosed)
- is operating within the information matching controls in the Privacy Act.