



Privacy Commissioner
Te Mana Matapono Matatapu

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:

- Educational Institutions/MSD
(StudyLink) Loans and Allowances
- MoE/MSD (StudyLink) Results of
Study

January 2014

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Abbreviations and acronyms

The main abbreviations and acronyms used in this report are:

MoE	Ministry of Education
MSD	Ministry of Social Development
EFTS	Equivalent full-time student
TEIs	tertiary education institutions

1. Executive Summary

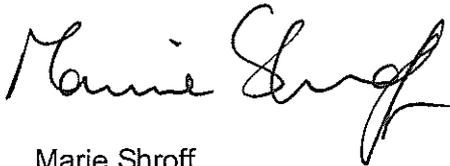
Section 106 of the Privacy Act 1993 requires the Privacy Commissioner to carry out periodic reviews of the operation of each information matching provision and to consider whether:

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

In this report we assess the ongoing value and suitability of the student loans and allowances matches that are run by the StudyLink section of the Ministry of Social Development.

We conclude that the matches are necessary and are generally operated in a manner consistent with the information matching controls in the Privacy Act. This is likely to continue, at least until the next review date. Planned changes to Ministry of Education data collection practices may lead to changes in the operation of the matches, potentially improving their administrative efficiency, but will not necessarily change their function or extent.

However, we have identified that the use of the IRD number as part of the matching between MSD and the Ministry of Education contravenes principle 12(2) of the Privacy Act 1993. We recommend that this compliance issue should be remedied as soon as practicable.



Marie Shroff
Privacy Commissioner
January 2014

2. Educational Institutions/MSD (StudyLink) Loans and Allowances Programme

2.1 Match objective

This match is used to confirm student enrolment information with the education providers when processing claims for student allowances and loans.

2.2 Recommendation

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

2.3 Match assessment

The match is assessed against the criteria in section 98 of the Privacy Act 1993. In particular, based upon the reports we have received and responses to our questions, we consider that:

- this match is a cost-effective method of confirming people's claims for allowances and loans
- the number of agencies involved is appropriately limited to only the educational institutions with which the student states they are currently enrolled
- the amount of personal information being disclosed is appropriate
- the match has generally been operated in a manner consistent with the information matching controls in the Privacy Act.

2.4 Match results

The match has been operating since 1998 for allowances, and since 1999 for loans. The reporting required for this match has been developed and changed since the match started so some data is not available for the earlier years.

	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04
Individual applications involved	67,797	170,358	239,950	254,467	176,304	178,688
Total requests made		480,984	732,508	848,838	842,767	769,962
Institutions involved	644	600	556	519	611	604
s.103 letters sent out (loans & allowances)	n/a	n/a	n/a	n/a	31,936	31,318
s.103 notices per 100 applicants ¹					18	18
Declined	n/a	n/a	n/a	n/a	14,900	17,520
Challenges ²	n/a	n/a	127	159	165	60
Successful challenges	n/a	n/a	60	74	90	29

¹ Applicants may receive more than one s.103 notice. The figure overstates the percentage of applicants who receive notices of adverse action because some applicants received more than one notice.

² Includes applications for reviews that were subsequently withdrawn, or that are still under consideration at time of reporting.

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Individual applications involved	181,529	192,680	193,726	213,665	234,222	231,062
Total requests made	737,908	766,375	751,647	829,172	957,562	949,710
Institutions involved	581	567	563	582	657	606
s.103 notices sent out (loans & allowances)	26,368	27,486	32,907	41,211	47,450	47,136
s.103 notices per 100 applicants ³	15	14	17	19	20	20
Declined	15,693	16,645	16,472	21,847	25,060	26,316
Challenges ⁴	54	56	96	156	202	140
Successful challenges	25	19	58	69	96	62

The fluctuation in the number of educational institutions involved in this programme is primarily due to changes in the number of secondary schools involved.

2.5 Match operation

StudyLink uses this match to verify applicants' enrolments in courses with tertiary education institutions and secondary schools (in respect of students aged 18 or older). It is known as the Verification of Study (VoS) match.

Some institutions have not developed computer systems to handle the requests, generally because they handle only a low volume of requests. In these instances, requests are faxed to the institutions.

The bulk of requests for VoS records are batched for each institution and placed on a stand-alone server at MSD for the relevant institution to download. The Privacy Commissioner has granted an approval for the use of online transfers (the current approval is valid until 30 June 2014). Institutions with the appropriate systems draw down the batches of requests that they have to verify. Match results are sent back to MSD in the same way. This online channel is used by the larger education providers to process the majority of VoS requests.

MSD StudyLink requests verification of student course enrolments and provides the student's full name, date of birth, MSD client number and student ID number.

The educational institutions return to MSD StudyLink the student's enrolled name, date of birth, MSD client number, student ID number and study details.

MSD compares the returned data with its student database. The results of this process inform decisions about granting an allowance or loan. A student is only eligible if he or she is:

- enrolled in an approved programme of study or
- not studying full-time (for loans and allowances) or part-time full-year (for loans) or part-time part-year with 0.3 or more EFTS⁵ (for loans).

³ Applicants may receive more than one s.103 notice. The figure overstates the percentage of applicants who receive notices of adverse action because some applicants received more than one notice.

⁴ Includes applications for reviews that were subsequently withdrawn, or that are still under consideration at time of reporting.

⁵ Access to the fees component of the student loan scheme was extended to part-time part-year students from 1 January 2004. EFTS = Equivalent full-time student.

When three VoS attempts have proved unsuccessful the applicant is notified that as a result of the match the applicant appears not to be eligible. They are also invited to show why their application should not be declined (this is a notice of adverse action, required under section 103 of the Privacy Act). MSD will make up to 12 attempts to request the data from the institution as delays can occur in the institutions.

2.6 Match authorisation

The match is authorised by section 226A (institutions) and section 238B (private training establishments) of the Education Act 1989.

3. MoE/MSD (Study Link) Results of Study Programme

3.1 Match objective

To determine eligibility for student loans and/or allowance by verifying students' study results.

3.2 Recommendation

We recommend that MSD and the Ministry of Education discontinue use of the IRD number as part of the matching, as this contravenes principle 12(2) of the Privacy Act 1993.

3.3 Match assessment

The match is assessed against the criteria in section 98 of the Privacy Act 1993. In particular, based upon the reports we have received and responses to our questions, we consider that:

- this match is a cost-effective method of confirming people's claims
- the number of agencies involved is minimised
- the amount of personal information being disclosed is appropriate
- the match has been operated in a manner consistent with the information matching controls in the Privacy Act.

However, the use of the IRD number breaches principle 12(2).

3.4 Match results

Matching commenced in 2006. New eligibility criteria for student loans took effect during the 2010/2011 year.

	2006/07 ⁶	2007/08	2008/09	2009/10
Individual applications involved	27,771	36,095	43,963	55,857
Total requests made	49,602	51,956	60,164	78,425
Notices of adverse action (s.103)	1,616	2,934	3,757	4,596
Percentage of applicants issued with a s.103 notice	6%	8%	9%	8%
Successful challenges	284	910	1163	1,439

Allowance applications 2010/2011

Matching requests	82,222
Individual applications involved in matching	62,248
Notices of adverse action sent out	5,120
Successful challenges	1,892

Matching requests for allowance applications are repeated if necessary.

Loan applications 2010/2011

Records sent for matching	13,291
Applicants sent notices of adverse action	447
Successful challenges	137

Loan applications are matched only once.

⁶ The match commenced operation from 5 October 2006, so the figures are not for a full financial year.

Challenges to adverse action notices are mostly resolved by the applicant providing clarification or updated information when contacted. "Successful challenges" include cases that are not eligible based on the initial match results, but are determined by StudyLink to be eligible after further investigation. In these cases no adverse action letter is sent.

Notices of adverse action are sent when StudyLink cannot satisfactorily match the information supplied or when the record indicates that eligibility criteria have not been met. More than one adverse action letter may be sent for an application (for example, a notification letter and subsequently a letter declining their application).

The application may be reinstated if the student provides additional information about their study history, or successfully applies for an exemption. This is recorded as a successful challenge. Almost all challenges are resolved by contacting the applicant for clarification.

Individuals may make more than one application for loans and/or allowances in a year.

3.5 Match operation

The process is called the Results of Study (RoS) programme.

Tertiary education institutions (TEIs) are required to send students' results of study information to the Ministry of Education as part of the 'course completion' component of their electronic single data returns. This is usually done three times during the year. By accessing the data from the Ministry of Education rather than directly from each TEI, StudyLink gains efficiency by dealing with a single agency and avoids imposing a double reporting burden on the TEIs.

StudyLink provides the Ministry of Education with the student's name(s) (in abbreviated form), date of birth, IRD number, study start and end dates, known education provider(s) used by this student and student ID number. The IRD and student ID numbers are used to confirm matches made on names and date of birth, when the Ministry of Education has this data.

StudyLink loads a daily file of requests for RoS records to the Verification of Study website. The file is downloaded by the Ministry of Education and matched against the single data returns submitted by institutions. Response files for each request are electronically returned to StudyLink using the same website. The programme has approval for online transfer of data until June 2014, when the approval will be reviewed.

The Ministry of Education returns to StudyLink information showing all providers and courses used by the student, course dates, course equivalent full-time student rating and course completion code.

The use of the IRD number

We have reviewed the use of IRD numbers to match data between the Ministry of Education and MSD. Our view is that use of that number is contrary to principle 12(2) of the Privacy Act 1993, which prevents an agency from assigning another agency's unique identifier. We recommend this compliance issue should be remedied as soon as practicable.

This issue was not identified by MSD or OPC when the match was set up in 2006. The match makes use of an existing system the Ministry of Education had set up in 2001 to

receive and hold IRD numbers to facilitate the processing of student loan interest write-offs. That context made it relevant and necessary to have the IRD number. However, the student loan interest write-offs ceased in 2007.

At the moment, there appears to be no practical alternative to using the IRD number for the match. The legacy match system relies on it, to some extent. Use of the IRD number increases the accuracy of the match and it may be expensive to develop a temporary fix. MSD have requested advice on cost from MoE.

However, a more permanent solution is in train. MSD has authorisation for StudyLink to use National Student Numbers as part of the reform of tertiary education information reporting. Using the National Student Number should allow StudyLink to maintain high confidence in its matches without the use of the IRD number. When the Ministry of Education implements its proposed new systems and StudyLink starts to use the National Student Number, the Ministry of Education have no need to collect or retain IRD numbers.

We recommend that deleting the IRD number should be a planned part of the information system upgrade.

3.6 Match authorisation

This match is authorised by section 307D of the Education Act 1989.

4. Background:

4.1 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 unenrolled voters matches.

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.

4.2 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 we consider mainly the information matching guidelines set out in section 98 of the Privacy Act. In particular we 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.