



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 authorised information matching programmes:

- ACC/MSD Benefit Eligibility
- BDM/MSD Deaths
- BDM/MSD Identity Verification
- BDM/MSD Marriages
- Corrections/MSD Prisoners
- Customs/MSD Arrivals and Departures
- HNZ/MSD Benefit Eligibility
- IR/MSD Commencement Cessation Benefits
- IR/MSD Commencement Cessation Students

July 2013

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Abbreviations and acronyms

The abbreviations and acronyms used in this report are:

ACC	Accident Compensation Corporation
BDM	Births, Deaths and Marriages
Corrections	Department of Corrections
Customs	New Zealand Customs Service
HNZ	Housing New Zealand
IR	Inland Revenue
MSD	Ministry of Social Development
ROI	Return on investment

1. Executive Summary

1.1 Section 106 periodic reviews

Section 106 of the Privacy Act 1993 (“the Act”) requires the Privacy Commissioner to carry out reviews of operating information matching programmes and to consider whether:

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

In this report we assess the ongoing value and suitability of the following programmes:

- ACC/MSD Benefit Eligibility
- BDM/MSD Deaths
- BDM/MSD Identity Verification
- BDM/MSD Marriages
- Corrections/MSD Prisoners
- Customs/MSD Arrivals and Departures
- HNZ/MSD Benefit Eligibility
- IR/MSD Commencement Cessation Benefits
- IR/MSD Commencement Cessation Students

1.2 ACC/MSD Benefit Eligibility Programme

This programme helps MSD to identify individuals whose MSD benefit entitlements may have changed because they are receiving ACC payments at the same time, and assists MSD in the recovery of outstanding debts.

The programme has been uncovering between \$1.5 and \$2.5 million in annual overpayments. The programme has been operating efficiently and complies with the information matching rules. Alternative methods to achieve the same results are manual and inefficient.

We recommend:

- this programme should continue and we have no suggested amendments to its operation.

1.3 BDM/MSD Deaths Programme

This programme helps MSD to identify current clients who have died so that it can cease making payments in a timely manner.

The programme has been successful in identifying recently deceased individuals that are receiving MSD payments. Without the programme’s operation, significant debts could accumulate against many individuals’ estates. The scale of the programme raises no concerns, it operates efficiently, and complies with the information matching rules.

We recommend:

- this programme should continue and we have no suggested amendments to its operation.

1.4 BDM/MSD Identity Verification Programme

This programme helps MSD to confirm the validity of birth certificates used by clients when applying for financial assistance, and to verify that clients are not on the NZ Deaths Register.

Aside from the historical deaths match where \$3.2 million in overpayments was established, MSD has not reported any significant fraud or overpayments. This aside, we consider the programme is a necessary tool to identify and prevent fraud. Until a near real-time service to

check births and deaths records is available to MSD, there is no obvious alternative to this programme. The programme complies with the information matching rules.

We recommend:

- this programme should continue and we have no suggested amendments to its operation.

1.5 BDM/MSD Marriages Programme

This programme helps MSD to identify current clients who have married so that it can update client records and reassess their eligibility for benefits and allowances.

The programme identifies about 400-600 overpayments per year. The value of overpayments ranges from \$450,000-\$650,000. The scale of the programme raises no concerns, and it complies with the information matching rules.

We recommend:

- this programme should continue and we have no suggested amendments to its operation.

1.6 Corrections/MSD Prisoners Programme

This programme helps MSD identify people receiving benefit payments while imprisoned, and assists MSD in recovering outstanding debts.

The programme has been successful in identifying prisoners who are receiving MSD payments. Without the programme's operation, overpayments are likely to be much higher and more difficult to recover. The scale of the programme raises no concerns, and it complies with the information matching rules. There are no viable alternative means of accurately and systematically identifying prisoners receiving benefit payments.

We recommend:

- this programme should continue and we have no suggested amendments to its operation.

1.7 Customs/MSD Arrivals and Departures Programme

This programme helps MSD to identify beneficiaries who have received payments while overseas that they may not be entitled to, and assists MSD in recovering outstanding debts.

The programme identifies significant numbers of beneficiaries travelling overseas without advising MSD of their travel plans (\$44.5 million in overpayments have been identified using the programme in the last five years). Without the programme's operation, MSD would have to rely on clients to declare any overseas travel. The scale of the programme raises no concerns, and it complies with the information matching rules.

We recommend:

- this programme should continue and we have no suggested amendments to its operation.

1.8 HNZ/MSD Benefit Eligibility Programme

This programme primarily helps MSD to identify clients who are 'double-dipping' by receiving housing assistance from both MSD (Accommodation Supplement) and HNZ (subsidised housing).

The programme provides MSD with a poor return on investment, and only a fraction of the forecast benefits. MSD predicted that \$1.4 million in overpayments would be uncovered annually. The actual overpayments identified range between \$60,000 and \$90,000 each year.

The scale of the programme is of concern because the amount of information disclosed is significant, and the benefits achieved from the programme are minor.

We recommend:

- that MSD either cease operating this programme and divert resources into other programmes, or modify the operation of the programme to improve its return on investment.

1.9 IR/MSD Commencement Cessation Benefits Programme

This programme helps MSD to identify individuals who are receiving PAYE income that may affect their benefit entitlement.

The programme successfully identifies beneficiaries receiving other PAYE income while receiving benefit payments they may not be entitled to (\$170 million in benefit overpayments created over the last 10 years). The scale of the programme raises no concerns, and it complies with the information matching rules.

MSD and IR plan to implement a new information sharing regime under the Tax Administration Act that may result in this programme ceasing operation, or being operated on a limited basis.

We recommend:

- this programme should continue and we have no suggested amendments to its operation.

1.10 IR/MSD Commencement Cessation Students Programme

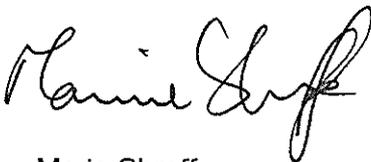
This programme helps MSD to identify individuals who are receiving PAYE income that may affect their student allowance entitlement.

The programme successfully identifies students receiving other PAYE income while receiving student allowance payments they may not be entitled to (\$30 million in student allowance overpayments created over the last six years). The scale of the programme raises no concerns, and it complies with the information matching rules.

MSD and IR plan to implement a new information sharing regime under the Tax Administration Act that may result in this programme ceasing operation, or being operated on a limited basis.

We recommend:

- this programme should continue and we have no suggested amendments to its operation.



Marie Shroff
Privacy Commissioner
July 2013

2. ACC/MSD Benefit Eligibility Programme

2.1 Programme objective

To identify individuals whose MSD benefit entitlements may have changed because they are receiving ACC payments at the same time, and to assist MSD in recovering outstanding debt.

2.2 Recommendations

We recommend that this programme continue and we have no suggested amendments to its operation.

2.3 Programme assessment

Assessment summary

The programme identifies a significant number of beneficiaries under-declaring or not declaring payments they receive from ACC. Early identification of overpayments reduces the amounts that MSD must recover, and reduces the debt burden on beneficiaries. The scale of the programme raises no concerns, and it complies with the information matching rules. Alternative methods to achieve the same results are manual and inefficient.

Financial cost/benefit and other outcomes

MSD forecasted that the programme would uncover \$3.8 million in annual overpayments. The actual amount identified has fallen short of this, but annual overpayments identified are still significant and fall in the range of \$1.5 to \$2.5 million.

MSD calculated a return on investment (ROI) of \$12 for every dollar spent operating this programme, based on results for the year ended 30 June 2012. The ROI calculation takes into account actual and prospective savings (overpayments created and prevented), staff costs and other overheads.

Compliance/operational difficulties

The programme has operated without issue except for an incident in 2009 when ACC provided MSD with historical information unrelated to periods where the individuals were in receipt of payments from both agencies. This error resulted in an increase in people successfully challenging the results of the programme. Once MSD identified the issue, it was able to identify the clients affected and cease any further action.

Scale of matching process

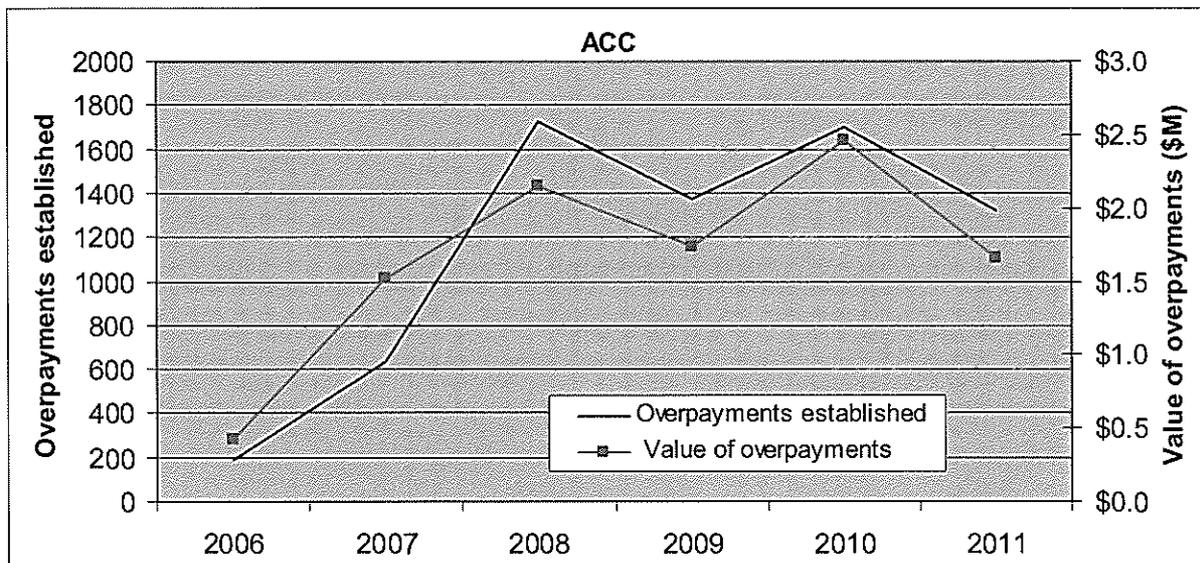
The scale of matching raises no particular concerns. ACC provides only the necessary information needed for MSD to assess eligibility to benefits.

Alternative methods to achieve results

We believe that receiving information directly from ACC is the most appropriate and efficient way for MSD to collect this information. The alternative approach of manually issuing notices under section 11 of the Social Security Act 1964 would be resource and time-intensive.

2.4 Programme history

The programme started in January 2006 and has provided steady results.



2.5 Programme operation

Each week, ACC provides MSD with the full name (including aliases), date of birth, address, IRD number, ACC claimant identifier, payment start/end dates and payment amounts for selected ACC claimants.

MSD compares the ACC information with information it holds to identify individuals receiving payments from both agencies. MSD checks to see if individuals were eligible to receive the MSD entitlement at all and, if so, at the rate it was paid. Where ACC payments have ceased, MSD verifies the rate of the ongoing benefit entitlement.

2.6 Programme authorisation

The programme was authorised on 19 December 1991 by inserting section 115A into the Accident Compensation Act 1982. This was subsequently repealed and replaced by section 281 Injury Prevention, Rehabilitation and Compensation Act 2001, and later renamed as the Accident Compensation Act 2001.

3. BDM/MSD Deaths Programme

3.1 Programme objective

To identify current clients who die so that MSD can cease making payments in a timely manner.

3.2 Recommendations

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

3.3 Programme assessment

Assessment summary

The programme is successful in identifying recently deceased individuals who are receiving MSD payments. Without the programme's operation, significant debts could accumulate against many individuals' estates. The scale of the programme raises no concerns, and it complies with the information matching rules. There are no other alternative means of accurately and systematically identifying the records of deceased beneficiaries.

Financial cost/benefit and other outcomes

The programme enables MSD to identify newly deceased beneficiaries and cease payments in a timely manner. In doing so, MSD limits the amount of any overpayments made.

MSD calculated a return on investment (ROI) of \$418 for every dollar spent operating this programme, based on results for the year ended 30 June 2012. The ROI calculation takes into account actual and prospective savings (overpayments created and prevented), staff costs and other overheads.

Compliance/operational difficulties

No significant incidents have occurred. The programme has been operating efficiently and complies with the information matching rules.

Scale of matching process

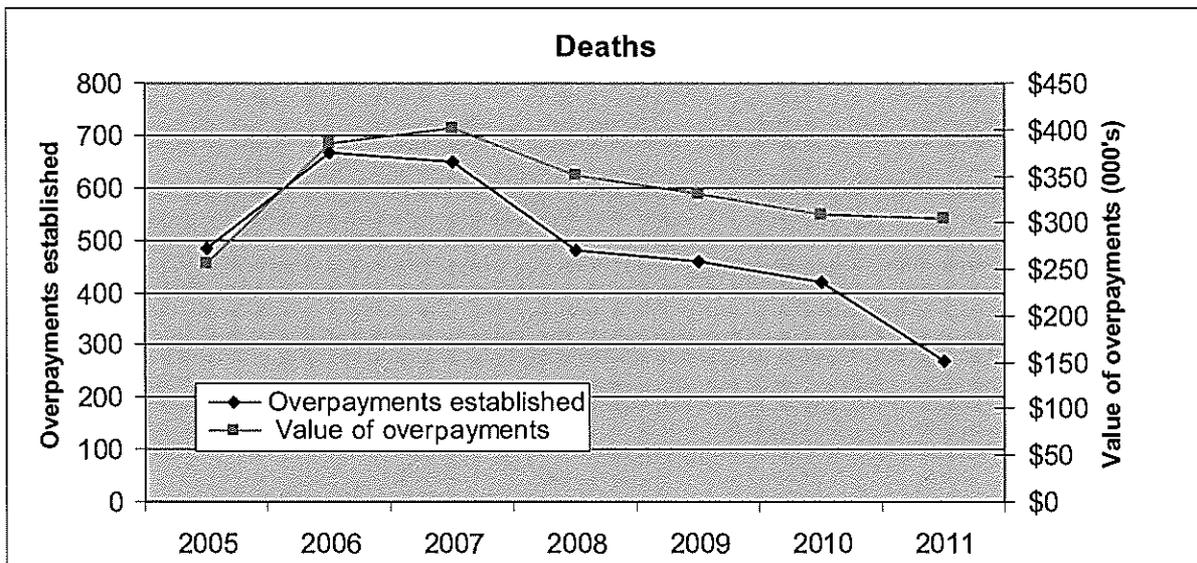
The scale of matching raises no particular concerns. The exchange of data is limited to the information necessary for MSD to identify and cease payments to recently deceased beneficiaries.

Alternative methods to achieve results

We believe that receiving information directly from DIA is the most appropriate and efficient way for MSD to collect this information. The alternatives to this programme would involve inefficient and ineffective ad-hoc methods like scanning newspapers and relying on relatives to come forward with information.

3.4 Programme history

The programme started late in 2004. Early in 2005 we visited the National Data Matching Centre (now called the National Processing Centre) and found the programme was well-controlled and well-documented. We have had no cause for concern since then.



MSD takes particular care when processing the results of each match. Only two individuals have been incorrectly identified as being deceased in the last six years. The number and value of overpayments has been trending downwards despite the steady number of death records.

3.5 Programme operation

Each week, BDM provides MSD with the details of newly deceased individuals. The death details include full name, gender, date of birth, date of death, home address and spouse's name. The extracted data is matched against MSD's beneficiary and student records.

MSD staff checks the match results before sending a letter to the estate of each deceased person. If no challenge to the details in the letter is received, MSD proceeds to end the payments and services being provided to the deceased person.

3.6 Programme Authorisation

The programme was authorised on 27 September 2001 by inserting section 78A (and schedule 1A) into the Births, Deaths and Marriages Act 1995.

4. BDM/MSD Identity Verification Programme

4.1 Programme objective

To confirm the validity of birth certificates used by MSD clients when applying for financial assistance, and to verify that clients are not on the NZ Deaths Register.

4.2 Recommendations

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

4.3 Programme assessment

Assessment summary

MSD has not reported any significant fraud or overpayments using this programme since running a one-off match against historic deaths records in 2008. However, we consider the programme to be a necessary tool to identify and prevent fraud before it occurs. Until DIA completes development of a new near real-time service to allow for the bulk checking of birth and death records, there is no obvious alternative to operating this programme.

The programme complies with the information matching rules.

Financial cost/benefit and other outcomes

Aside from the historical deaths match where \$3 million in overpayments was identified, this programme has uncovered very few cases where MSD has taken further action. However, we consider the programme to be necessary to detect individuals who may try and obtain benefits through the use of fraudulent documents.

Compliance/operational difficulties

Except for the late reporting of a historical deaths match, the programme has complied with the information matching rules.

Scale of matching process

The programme is effectively 'large scale' as MSD checks the details of all clients who have been granted financial assistance the previous day against birth and deaths records provided by DIA. The programme came about in response to a fraud case where an individual used 120 false identities to gain over \$3.2 million in benefit payments over a two and a half year period. While the programme is extensive, it rarely results in adverse action against an individual.

Alternative methods to achieve results

Until DIA completes development of a near real-time service to allow for the bulk checking of birth and death records there is no current cost-efficient alternative to this programme.

4.4 Programme history

The programme appears to identify very few cases of overpayment. However, suspected fraud cases are forwarded to internal fraud investigation units within MSD and we do not routinely receive details about the outcomes of these cases.

MSD is considering an enhanced workflow management system, which will improve its reporting capability. This may include providing us with the outcome data of the completed fraud investigations.

	2007	2008	2009	2010	2011
Benefit applications processed	147,427	530,055	489,214	449,566	404,153
Letters advising update of information	835	2,643	2,051	1,742	497
Notices of adverse action	0	0	54	62	18
Cases referred for further investigation	0	1	7	184	36
Overpayments established	0	0	1	0	0
value of overpayments	0	0	\$28.39	0	0

Historical match run

Between November 2008 and May 2009, MSD ran a one-off historical data match to identify cases of significant fraud where superannuation payments were continuing to be paid to relatives of the deceased.

Although the matching of historic death records was authorised under the information matching agreement, details about the match should have been reported to us in the 2008/09 year. We requested details from MSD in December 2010 following media coverage about convictions resulting from the match.

The following is a summary of the historic match results.

Date range of death records	1 January 1984 – 12 December 2007
Records received for matching	654,906
Suspected fraud cases progressed	34
Challenges received	1
Successful challenges	1 (client still alive)
Overpayments established	33
Value of overpayments established	\$3,048,038

Of the 33 cases, 10 were found to be non-fraudulent and 95% of the money overpaid for those cases has been recovered from the bank account or the estate of the deceased. Criminal charges were laid against 16 of the 33, with the remaining seven cases not prosecuted because of insufficient evidence or because the individual responsible is now deceased.

4.5 Programme operation

Each quarter, BDM provides MSD with birth and death records for the 90 years prior to the extract date. The birth details include the full name, gender, birth date and place, birth registration number, and full name of both mother and father. The death details include the full name, gender, birth date, death date, home address, death registration number, and spouse's full name.

Every day, MSD compares these birth and death records with details of clients who have been granted assistance the previous day. The birth records of interest that signal possible fraud are those that do not match. Conversely, the death records of interest are those that do match a record of an applicant.

4.6 Programme authorisation

The programme was authorised on 27 September 2001 by inserting section 78A (and schedule 1A) into the Births, Deaths and Marriages Act 1995.

5. BDM/MSD Marriages Programme

5.1 Objective

To identify clients who have married so that MSD can update their records and reassess their eligibility for benefits and allowances.

5.2 Recommendations

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

5.3 Programme assessment

Assessment summary

The programme is successful in identifying recently married individuals who have failed to advise MSD of their change in circumstances. Without the programme's operation, overpayments are likely to be much higher and more difficult to recover. The scale of the programme raises no concerns, and it complies with information matching rules. There are no other alternative means of accurately and systematically identifying the records of recently married beneficiaries.

Financial cost/benefit and other outcomes

The programme identifies about 400-600 overpayments per year. The value of overpayments annually ranges from \$450,000-\$650,000.

MSD calculated a return on investment (ROI) of \$98 for every dollar spent operating this programme, based on results for the year ended 30 June 2012. The ROI calculation takes into account actual and prospective savings (overpayments created and prevented), staff costs and other overheads.

Compliance/operational difficulties

We are unaware of any operational difficulties or instances of non compliant practice. The number of cases where MSD has incorrectly identified single clients as being married is very low.

Scale of matching process

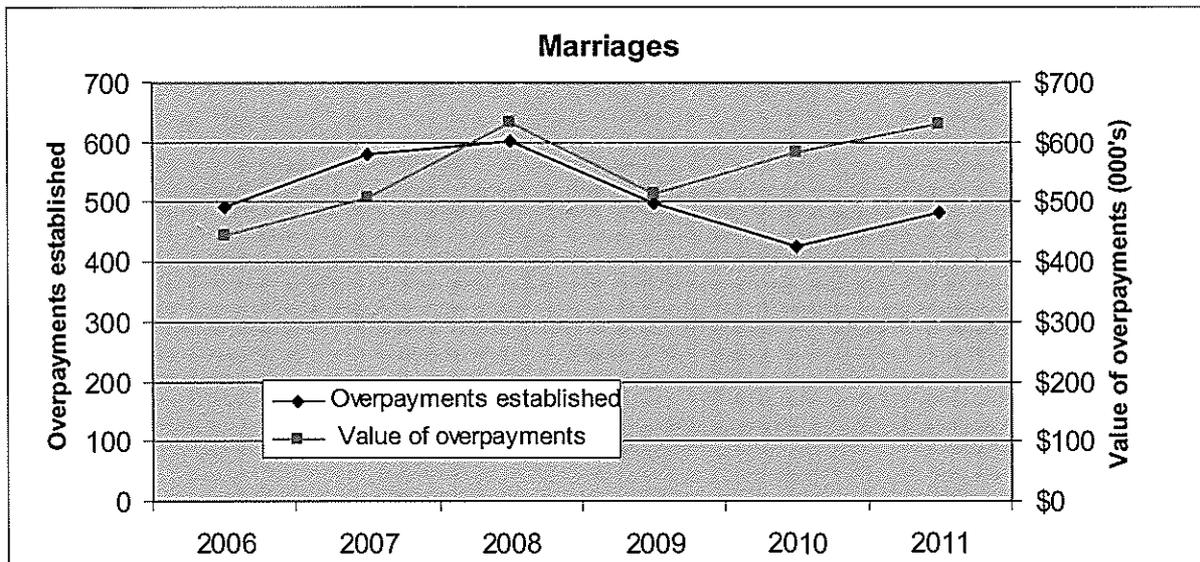
The scale of the programme raises no particular concerns. The information provided by DIA is limited to that necessary to fulfil the purpose of the programme.

Alternative methods to achieve results

There is no current cost-efficient alternative to this programme. Before the programme started, MSD relied on voluntary compliance or tip-offs from the public. MSD advises that the alternative approach of manually issuing notices under section 11 of the Social Security Act 1964 would be resource and time intensive.

5.4 Programme history

The programme started in November 2005. No significant operational issues have occurred.



5.5 Programme operation

Each week, BDM provides MSD with the details of newly married individuals. The marriage details include marriage registration date, marriage date and first name, surname, date of birth and address for both spouses. The matching process produces match results that are weighted to indicate the probability that an MSD client is the person on the marriages register.

5.6 Programme authorisation

The programme was authorised on 27 September 2001 by inserting section 78A (and schedule 1A) into the Births, Deaths and Marriages Act 1995.

6. Corrections/MSD Prisoners Programme

6.1 Objective

To identify prisoners receiving benefit payments, and to assist MSD in the recovery of outstanding debts.

6.2 Recommendations

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

6.3 Programme assessment

Assessment summary

The programme has been successful in identifying prisoners who are ineligible to receive MSD payments. Without the programme's operation, overpayments are likely to be much higher and more difficult to recover. The scale of the programme raises no concerns, and it complies with the information matching rules. There are no viable alternative means of accurately and systematically identifying imprisoned beneficiaries.

Financial cost/benefit and other outcomes

Since 2007, more frequent matching (formerly weekly, now daily) has led to the early cessation of benefit payments to prisoners and a corresponding reduction in overpayments made to prisoners.

MSD calculated a return on investment (ROI) of \$245 for every dollar spent operating this programme, based on results for the year ended 30 June 2012. The ROI calculation takes into account actual and prospective savings (overpayments created and prevented), staff costs and other overheads.

Compliance/operational difficulties

No operational difficulties or instances of non compliant practice have come to light since the last review. The level of mistaken identity (false positive matches) appears to be very low, based on the rate of successful challenges.

Scale of matching process

The scale of the programme raises no particular concerns.

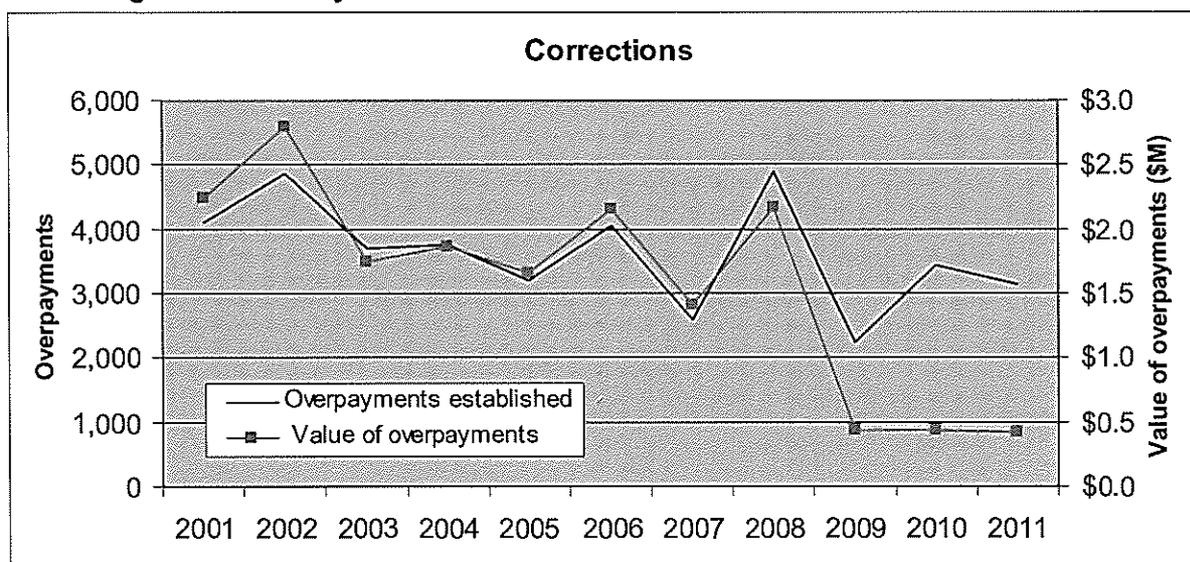
Several enhancements have resulted in an increase in the scale of matching. In 2007 the frequency of matching was increased from weekly to daily. From 2008, Corrections started sending details of all prisoners on muster (formerly just new prisoner records were provided), including details of all prisoner alias names. At the same time MSD began matching the prisoner information against student records.

Alternative methods to achieve results

We believe that receiving information directly from Corrections is the most appropriate and efficient way for MSD to be informed about beneficiaries entering prison.

There appears to be no effective alternative to this programme. In 2005, MSD introduced a voluntary disclosure process to encourage prisoners to notify Work and Income that they are in prison. The initiative enjoyed limited success.

6.4 Programme history



The programme started in April 1995. In 2002, the Privacy Commissioner's review of the programme concluded that it was worth continuing.

In May 2007 MSD changed the frequency of matching from weekly to daily.

In May 2008, MSD began to immediately suspend benefits prior to sending a notice of adverse action. The change aimed to reduce prisoner debt and its impact on prisoner rehabilitation - the value of overpayments dropped by 75% in the following year.

In November 2008, three significant changes were made to the programme:

- all prisoners on muster were included (not just new arrivals)
- all prisoner alias names were included
- student records were included to identify fraudulent access to student allowances and some student loan components.

6.5 Programme operation

Each day, Corrections extracts details of all prisoners who are received, on muster, or released from prison and provides this information to MSD. Prisoner details disclosed include the full name (including aliases), date of birth, prisoner unique identifier, prison location, along with incarceration, parole eligibility, and statutory release dates.

The MSD matching process uses name and date of birth information to determine a match. MSD immediately suspends benefits rather than sending a notice and waiting five working days before taking action. Notices (following the suspension action) are still sent to beneficiaries at their home addresses with a duplicate addressed to the prison.

6.6 Programme authorisation

The programme was authorised on 19 December 1991 by inserting section 36F into the Penal Institutions Act 1954. On 3 June 2004 the Penal Institutions Act 1954 was repealed and new section 180 in the Corrections Act 2004 was passed.

On 8 April 2008, section 180 was amended to allow MSD to match against student records, include debt recovery as a purpose for matching, and allow for daily muster matching. Section 180C was also amended to authorise MSD to immediately suspend benefits and allowances.

7. Customs/MSD Arrivals and Departures Programme

7.1 Objective

To identify clients who have received payments while overseas that they may not be entitled to, and to assist MSD in the recovery of outstanding debts.

7.2 Recommendations

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

7.3 Programme assessment

Assessment summary

The programme has been successful in identifying beneficiaries who have received payments while overseas that they may not be entitled to. Without the programme's operation, MSD would have to rely exclusively on its clients to declare the overseas travel.

The scale of the programme raises no concerns, and it complies with the information matching rules. There appears to be no viable alternative means of accurately and systematically identifying beneficiaries as they travel overseas.

Financial cost/benefit and other outcomes

The programme identifies significant numbers of beneficiaries travelling overseas without advising MSD about their travel (\$44.5 million in overpayments have been identified using the programme in the last five years).

MSD calculated a return on investment (ROI) of \$36 for every dollar spent operating this programme, based on results for the year ended 30 June 2012. The ROI calculation takes into account actual and prospective savings (overpayments created and prevented), staff costs and other overheads.

Compliance/operational difficulties

No operational difficulties or instances of non compliant practice have come to our attention since the last review.

Scale of matching process

The scale of the matching process raises no particular concerns. While large numbers of records are involved, the personal information provided by Customs is limited to that necessary to fulfil the purpose of the programme.

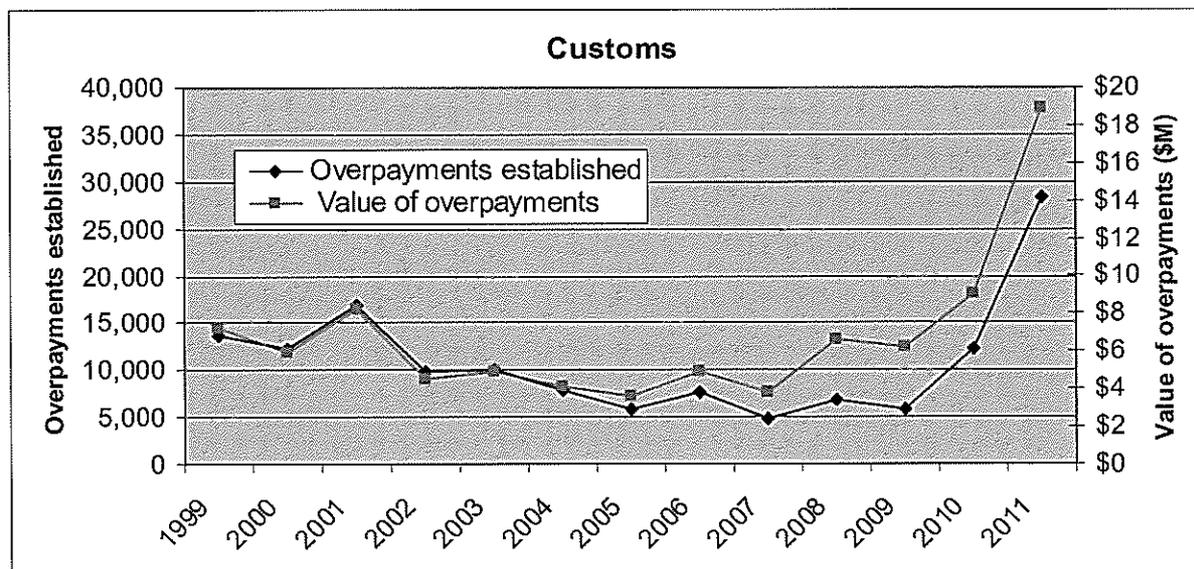
From July 2013 MSD intend to increase the frequency of matching from a weekly to daily frequency to enforce new rules included in the Social Security (Benefit Categories and Work Focus) Amendment Act 2013.

Alternative methods to achieve results

MSD believes that the only alternative to this programme is to rely on beneficiaries to declare their overseas travel details. Currently, not all travel plans are declared.

7.4 Programme history

The programme started operating in June 1992. In 1999, the Privacy Commissioner's review of the programme concluded that it was worth continuing. In March 2007, MSD included student allowance recipients in this programme.



The programme was updated in July 2009 to identify clients who have different 'allowable days out of the country' entitlements. Prior to the changes, extra assistance (like disability allowance) was only checked if the 'out of country' entitlement was exceeded for the core benefit. The changes contributed towards an increase in the number and value of overpayments established.

In September 2010, MSD allocated extra staff to clear a backlog of work, more than doubling the number and value of overpayments established over the previous period.

7.5 Programme operation

Each week, Customs provides MSD with a file of passenger arrival and departure information. Each passenger record includes the traveller's full name, date of birth, gender, travel document number, Citizenship code, and flight details.

MSD compares each traveller's name, date of birth, and gender with its beneficiary and student databases. For matched individuals, MSD checks its records to see if there has been any reason given for the overseas travel before taking action to suspend payments to individuals not eligible to receive ongoing payments while overseas.

7.6 Programme authorisation

The programme was authorised on 19 December 1991 by inserting section 305B into the Customs Act 1966. On 4 June 1996, the Customs Act 1966 was repealed and new section 280 in the Customs and Excise Act 1996 was passed. On 5 March 2007, section 280 was amended to allow MSD to match against student records.

8. HNZ/MSD Benefit Eligibility Programme

8.1 Objective

To enable MSD to detect:

- 'double-dipping' for accommodation assistance
- differences in details about personal relationships, dependent children and tenant income
- forwarding address details for MSD debtors who have left HNZ properties.

8.2 Recommendations

We recommend that MSD either cease operating this programme and divert resources into other programmes, or modify the operation of the programme to improve its return on investment.

8.3 Programme assessment

Assessment summary

The number and value of overpayments identified is low and is only a fraction of the forecasted overpayments. The return on investment for this programme is poor and the programme does not appear to have other justifications for continuing. (In comparison, another programme (BDM/MSD Identity Verification) identifies fewer overpayments but is necessary to detect and prevent further identity fraud). It is evident from the results that the size of the double-dipping problem is significantly smaller than what was originally forecast.

The scale of the programme is concerning because the amount of information disclosed about each individual is significant, and the benefits achieved are minor. MSD has other practical means to check eligibility such as at regular client interviews.

The programme complies with the information matching rules.

Financial cost/benefit and other outcomes

The ROI from this programme is poor. MSD forecasted \$1.4 million in overpayments would be identified each year, but actual overpayments uncovered range from \$60,000 to \$90,000.

MSD calculated a return on investment (ROI) of \$2 for every dollar spent operating this programme, based on results for the year ended 30 June 2012. The ROI calculation takes into account actual and prospective savings (overpayments created and prevented), staff costs and other overheads.

Compliance/operational difficulties

No operational difficulties or instances of non compliant practice have come to our attention.

Scale of matching process

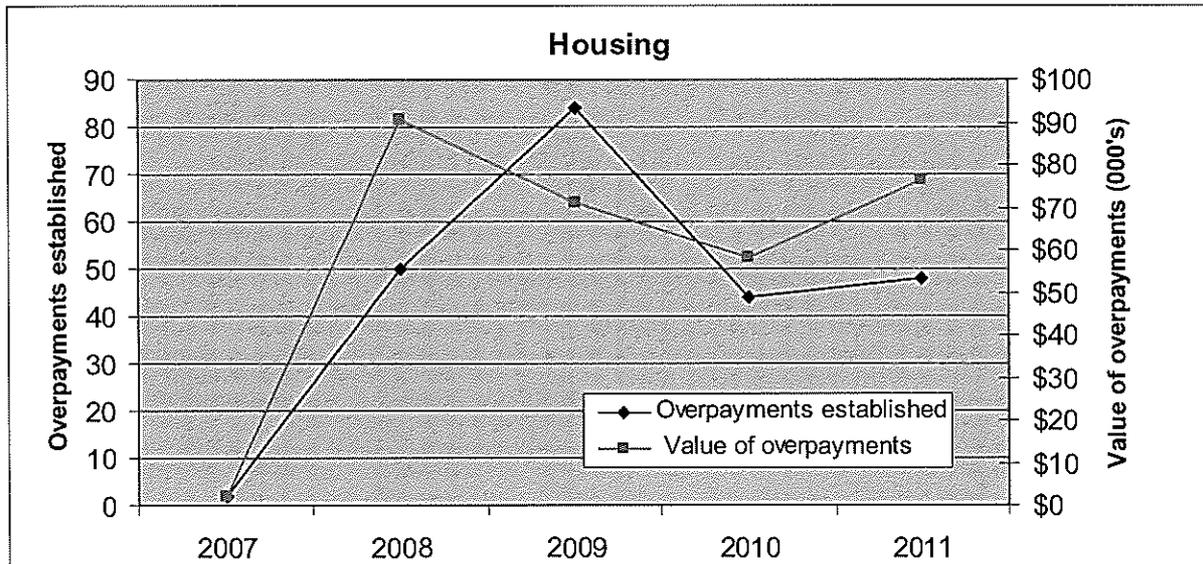
MSD receives a significant amount of personal information from HNZ for this programme. We question whether the disclosure of all the information is necessary to fulfil the primary purpose of identifying double-dipping of HNZ and MSD housing assistance as the other aspects of the programme are not being actively acted on.

Alternative methods to achieve results

One alternative to this programme is to issue clients with individual notices under section 11 of the Social Security Act 1964. This would be a resource and time intensive process.

However, another alternative is to require clients to provide proof of accommodation costs at regular client interviews. It is our view that this would be reasonably efficient and would mitigate the low level risk of double-dipping.

8.4 Programme history



The programme started operating in October 2006. During the first nine months of operation only two overpayments totalling \$2,146 were created. Since then, total annual overpayments range from \$60,000 and \$90,000.

8.5 Programme operation

Each week, HNZ sends MSD details of new and selected other tenancy records. Each record includes the tenant's full name (including aliases), date of birth, income (including border income) details, relationship details (to other tenants), and details of any dependants. Also included are details about the property location, tenancy start/end dates, weekly rental charges, and any forwarding address details provided upon termination of the tenancy.

MSD compares the HNZ information with current beneficiary and student client data to identify individuals receiving assistance from both agencies.

8.6 Programme authorisation

The programme was authorised on 30 June 2006 by inserting section 68 into the Housing Restructuring and Tenancy Matters Act 1992.

9. IR/MSD Commencement Cessation Benefits Programme

9.1 Objective

To identify individuals who are receiving PAYE income that may affect their benefit entitlement.

9.2 Recommendations

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

9.3 Programme assessment

Assessment summary

The programme has been successful in identifying beneficiaries receiving PAYE income while receiving benefit payments they may not be entitled to. The scale of the programme raises no concerns, and it complies with the information matching rules. The only current alternatives to the match would be ineffective.

Financial cost/benefit and other outcomes

This programme has identified \$170 million in overpayments over the last 10 years.

MSD calculated a return on investment (ROI) of \$16.46 for every dollar spent operating this programme, based on results for the year ended 30 June 2012. The ROI calculation takes into account actual and prospective savings (overpayments created and prevented), staff costs and other overheads.

Compliance/operational difficulties

No operational difficulties or instances of non compliant practice have come to our attention since the last review.

Scale of matching process

The scale of matching raises no concerns. The personal information provided by IR is limited to that necessary to fulfil the purpose of the programme.

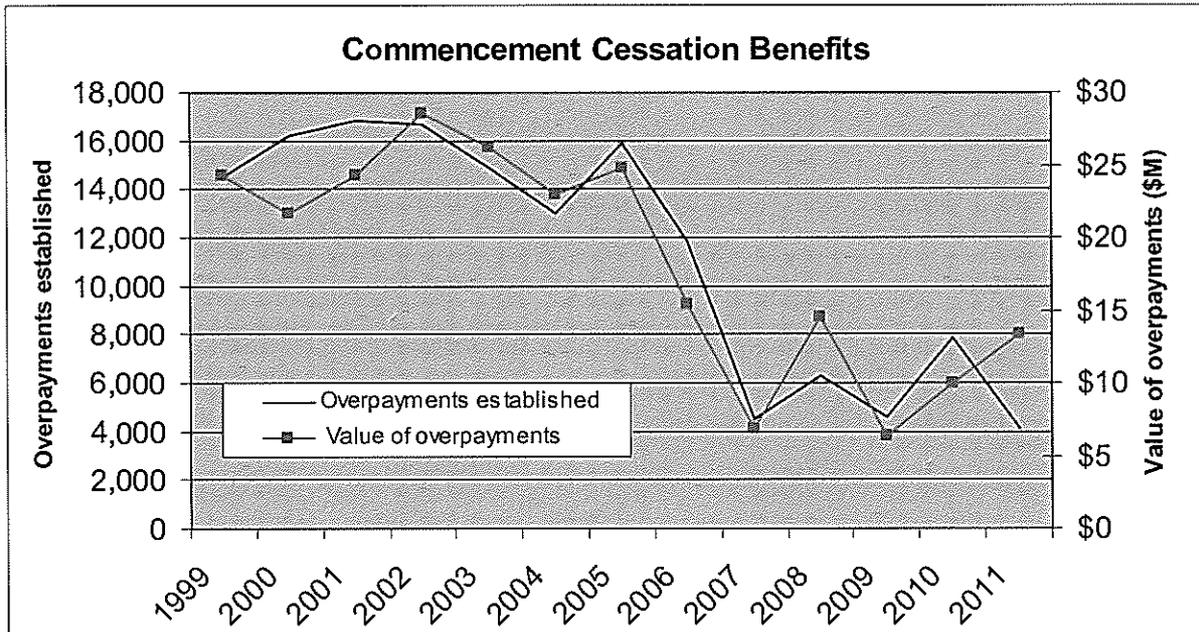
Alternative methods to achieve results

MSD and IR plan to implement a new information sharing regime under the Tax Administration Act that may result in this programme ceasing operation, or being operated on a limited basis.

In the meantime, the only other alternative to this programme is to rely on beneficiaries to advise their employment details and that process has proven to be unsatisfactory.

9.4 Programme history

Of all the programmes operated by MSD, this programme identifies the largest amount of overpayments. MSD started to operate several other programmes from 2005/06 at the National Data Matching Centre. Since that time there has been a lower level of activity in this programme compared to earlier years.



In 2008 we commented that despite the operation of this programme, some individuals still accrue large overpayments of benefit. MSD responded that a planned review would consider more frequent matching.

Beginning in July 2010, MSD started operating matches monthly (formerly two-monthly), and introduced new business rules to select records using a risk based approach. In November 2010 MSD started receiving monthly gross income details, enabling MSD to make more informed decisions about which records to investigate.

9.5 Programme operation

Each month, MSD sends IR details about a selection of clients. Each record provided to IR includes the surname, first initial, date of birth, IRD number and MSD client number, and benefit date information.

IR checks if there is an overlap between the period the individual was in receipt of benefit payments and any periods during which the individual was in receipt of other gross income. For the matched records, IR returns to MSD the employee's full name, date of birth, MSD and IRD identifiers, employer's name, address, email and phone contact details, employment commencement and cessation dates and monthly gross income amount.

9.6 Programme authorisation

The programme was authorised on 1 August 1991 by inserting section 13A into the Inland Revenue Department Act 1974. On 20 December 1994, the Inland Revenue Department Act 1974 was repealed and new section 82 of the Tax Administration Act 1994 was passed. On 21 December 2004, section 82 (7) was amended to allow IR to disclose additional information to MSD.

10. IR/MSD Commencement Cessation Students Programme

10.1 Objective

To identify students who are receiving PAYE income that may affect their student allowance entitlement.

10.2 Recommendations

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

10.3 Programme assessment

Assessment summary

The programme has been successful in identifying students receiving other PAYE income while receiving student allowance payments they may not be entitled to. The scale of the programme raises no concerns, and it complies with the information matching rules. The only current alternatives to the match would be ineffective.

Financial cost/benefit and other outcomes

The programme is responsible for identifying nearly \$30 million in overpayments over the last six years.

MSD calculated a return on investment (ROI) of \$11 for every dollar spent operating this programme, based on results for the year ended 30 June 2012. The ROI calculation takes into account actual savings (overpayments created), staff costs and other overheads.

Compliance/operational difficulties

No operational difficulties or instances of non compliant practice have come to our attention.

Scale of matching process

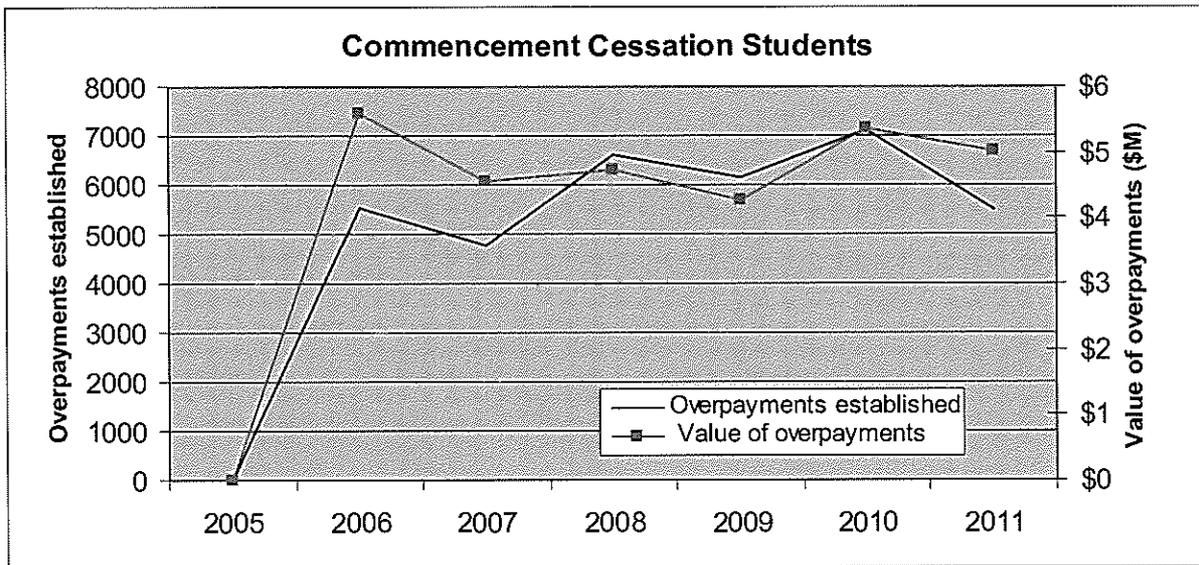
The scale of matching raises no concerns. The personal information provided by IR is limited to that necessary to fulfil the purpose of the programme.

Alternative methods to achieve results

MSD and IR plan to implement a new information sharing regime under the Tax Administration Act that may result in this programme ceasing operation, or being operated on a limited basis. In the meantime the only other alternative to this programme is to rely on students to advise their employment details and that process has proven to be unsatisfactory.

10.4 Programme history

The programme started operation in June 2005. From January 2006, the amount of money a student could earn before their student allowance was affected was increased. Additionally, a new income abatement policy meant that a student could earn over the threshold and still be eligible for a part payment of student allowance.



Despite the more lenient income abatement policies, the programme identifies a significant number of students earning over the income threshold and not advising MSD of their additional employment income.

10.5 Programme operation

Each month, MSD sends IR details about students paid an allowance within a specified study period. Each record provided to IR includes the surname, first initial, date of birth, IRD number and MSD client number, and student allowance date information.

IR checks if there is an overlap between the period the individual was in receipt of student allowance payments and any periods during which the individual was in receipt of other gross income. For the matched records, IR returns to MSD information about the student's employer name, address, email and phone contact details, employment commencement and cessation dates and monthly gross income amount.

10.6 Programme authorisation

The programme was authorised on 21 December 2004 by amending the definition of beneficiary to include students in section 82(9) of the Tax Administration Act 1994.

11. Background: Information matching

11.1 Description of 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.

Oversight of this 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 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.

11.2 Periodic review of information matching programmes

Section 106 of the Privacy Act requires the Commissioner to perform a periodic review of the operation of every 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 continuing value and suitability of a programme, taking into account the experience of the programme operating. A programme may lose effectiveness over time if 'hit rates' have peaked or the wider context has changed.

To conduct this review, we have referred to the information matching guidelines set out in section 98 of the Privacy Act. In particular we focus on whether each programme:

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