

**Ministry of Social Development international social  
welfare reciprocity agreements : 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 information matching  
authorised by:**

**Customs and Excise Act 2018 section 309**

**Social Security Act 2018 section 380**

**Tax Administration Act 1994 Schedule 7 Part C Subpart 2 clause 45**

July 2019

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## 1. Introduction

### The purpose of this report

In this report I assess the ongoing value and suitability of three provisions that provide for the establishment and operation of social welfare reciprocity arrangements with other countries. These arrangements are set up to manage superannuation obligations when an individual may be entitled to payments from both governments.

Section 106 of the Privacy Act 1993 requires me to periodically review information matching provisions to ensure any intrusion on individual's privacy remains justified. I report my findings to the Minister of Justice, who must table a copy of my report in the House of Representatives. Periodic reassessment of information matching arrangements is valuable to assess whether benefits from information sharing between agencies are achieved. Reassessment ensures that the costs of the programme and the intrusion on privacy remains justified by the benefits to individuals or society.

### The provisions covered in this report are:

#### **Customs and Excise Act 2018 s 309 and Tax Administration Act 1994 Schedule 7 Part C Subpart 2 c 45**

These two provisions provide for the Ministry of Social Development (MSD) to obtain information from the New Zealand Customs Service (Customs) and the Inland Revenue Department (IR) relating to social welfare reciprocal arrangements.

#### **Social Security Act 2018 s 380**

This provision authorises the passing of an Order in Council to allow a social welfare reciprocity arrangement to be operated.

#### **The current Orders in Council under s 380 are:**

- Social Welfare (Reciprocity with Australia) Order 2017 (LI 2017/86)
- Social Welfare (Reciprocity with Canada) Order 1996 (SR 1996/178)
- Social Welfare (Reciprocity with Denmark) Order 1997 (SR 1997/135)
- Social Welfare (Reciprocity with Ireland) Order 1993 (SR 1993/251)
- Social Welfare (Reciprocity with Jersey and Guernsey) Order 1995 (SR 1995/44)
- Social Welfare (Reciprocity with Malta) Order 2013 (SR 2013/373)
- Social Welfare (Reciprocity with the Hellenic Republic) Order 1993 (SR 1993/347)
- Social Welfare (Reciprocity with the Netherlands) Order 2003 (SR 2003/216)
- Social Welfare (Reciprocity with the United Kingdom) Order 1990 (SR 1990/85)

#### **Of these current Orders in Council, there are active arrangements with:**

- Australia
- Malta
- The Netherlands.
- The United Kingdom

The other agreements are currently either under review or reviews are planned.

**There are also proposals for agreements with:**

- Croatia (This was negotiated in 2011 and the Commissioner provided a report to the Minister for Social Development on 30 March 2011.)
- Cyprus
- Italy (This was negotiated in 1996 and the Commissioner provided a report to the Minister for Social Development on 26 August 2014.)
- Hungary (Not actively being developed.)
- South Korea (This was negotiated in 2017 and the Commissioner provided a report to the Minister for Social Development on 27 September 2017.)

**Activity authorised by these provisions**

I have reviewed each provision in the context of the activities conducted with each partner country under each provision. For each country, the activity is treated as one or more distinct information matches or sharing activities, reflecting the differing purposes and information sets involved.

- **Social Security Act, s 380** - This provision is utilised for all the agreements with partner countries.
- **Customs and Excise Act, s 309** - This provision is currently utilised only for the agreement with Australia.
- **Tax Administration Act, Schedule 7 Part C Subpart 2 cl 45** - This provision has been utilised only for the agreement with the Netherlands.

**Background**

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 programmes.

Periodic reassessment of information matching arrangements is valuable as the forecast benefits from information sharing between agencies are sometimes not achieved or decline over time for various reasons. Reassessment ensures that the costs of the programme, and the intrusion on privacy remains justified by the benefits to individuals or society.

Section 385 of the Social Security Act requires reciprocity agreements made under s 380 to comply with some sections (including s 106) of the Privacy Act 1993 for how the information is handled and for reporting to and by the Privacy Commissioner.

Section 106 of the Privacy Act requires the Privacy Commissioner to carry out a review of the operation of each information matching provision at intervals of not more than 5 years and consider whether:

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

Oversight of this 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; and
- evaluation – subjecting programmes to periodic review.

To conduct these reviews I primarily consider the information matching guidelines set out in s 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); and
- is operating within the information matching controls in the Privacy Act.

Appendices A - D cover the matching activity under these provisions by country.

## 2 Findings

I have assessed the ongoing value and suitability of provisions related to international social welfare reciprocity agreements.

The Ministry of Social Development conducts information exchanges with equivalent organisations under these provisions to ensure people receive their correct superannuation entitlements.

I consider that the authorities below should be continued without amendment:

- s 380 of the Social Security Act. (Taking into account the amendments to the Social Security Act provision that have already been drafted in the Privacy Bill.)
- s 309 of the Customs and Excise Act.
- Schedule 7 Part C Subpart 2 cl 45 of the Tax Administration Act.

My detailed assessments of the information matching conducted under these provisions follows.

A handwritten signature in blue ink, appearing to read 'John Edwards', is positioned above the typed name and title.

John Edwards  
Privacy Commissioner  
July 2019

### 3. Social Security Act 2018 s 380

#### Provision objective

Section 380, and the related sections, allows for reciprocity agreements to be given effect in New Zealand law by Order in Council. The objective of this provision is to share the liability between the partner countries to provide superannuation. The agreements may also provide for tax information to be shared so that taxation can be correctly calculated.

#### Provision operation

The provision is actively used for arrangements with Australia, Malta, the Netherlands, and the United Kingdom. The operation of the various information transfers and matches are described in Appendices for each country.

Number of people affected (as at 30 June 2018):

Agreement with:	In New Zealand:	In the other country:
Australia	19,878	49,329
Malta	12	4
The Netherlands	4,614	1,351
United Kingdom	62,270	Nil

#### Provision assessment

This provision is assessed against the criteria in s 98 of the Privacy Act. In particular, I consider that:

- The objective of the programme is of significant public importance as it addresses equity of outcomes for recipients of public sector superannuation and apportions the taxation requirements appropriately between the countries.
- The matches conducted under this provision are a pragmatic method of identifying people's entitlements and subsequently of updating their records. Other methods would be likely to be more costly or put a significantly greater burden of providing evidence on the superannuitants involved.
- There have been occasional, minor technical difficulties in the operation of activities. These have been corrected because of my oversight of these activities.
- The number of agencies involved is appropriately limited.
- The amount of personal information being disclosed is appropriate and is not unnecessarily intrusive.

#### Finding

I consider that this provision should continue and have no suggested amendments to its operation.

#### Provision history

In 1990 the Social Welfare (Transitional Provisions) Act 1990 was passed setting up a framework for reciprocity agreements and repealing two earlier specific provisions:

- The Social Security (Reciprocity with the United Kingdom) Act 1983
- The Social Security (Reciprocity with Australia) Act 1989

The Social Welfare (Transitional Provisions) Act 1990 was amended in 2000 by the Social Welfare (Transitional Provisions) Amendment Act 2000 (2000 No. 88) to add requirements

for the Privacy Commissioner to review proposals for international reciprocity agreements before an Order in Council was made, and to monitor and report on the activities under international reciprocity agreements. The Social Welfare (Transitional Provisions) Amendment Act 2000 was reviewed by the Privacy Commissioner when it was proposed in 2000. See "Mutual Assistance in Social Security: International Exchange of personal Information. Report by the Privacy Commissioner to the Minister of Justice in relation to the Social Welfare (Transitional Provisions) Amendment Bill April 11, 2000".

The Social Welfare (Transitional Provisions) Act 1990 was renamed in 2013 as the Social Welfare (Reciprocity Agreements, and New Zealand Artificial Limb Service) Act 1990.

In 2018 the Social Welfare (Reciprocity Agreements, and New Zealand Artificial Limb Service) Act 1990 was repealed the social welfare reciprocity provisions included in the Social Security Act 2018 (see s 380 – 386 and 450 and 456) and the Social Security Regulations 2018 (see cl 240 – 244).



## 4. Customs and Excise Act 2018 s 309

### Provision objective

To enable the Ministry for Social Development to confirm periods of residence in New Zealand or overseas to determine which other countries, with superannuation reciprocity agreements with New Zealand, an individual may be eligible to claim superannuation payments from.

### Provision operation

This provision is relied upon for the agreement with Australia, and activity for that agreement is described under “Customs / MSD Periods of Residence Match”.

### Provision assessment

This provision is assessed against the criteria in s 98 of the Privacy Act 1993. In particular, I consider that:

- The match conducted under this provision is a cost-effective method of updating people’s records. Other methods would be likely to be more costly, or put the superannuitants involved to unnecessary trouble.
- There was a minor technical difficulty in the operation of the match under this provision. This was corrected because of my oversight of these activities.
- The number of agencies involved is appropriately limited.
- The amount of personal information being disclosed is appropriate and is not unnecessarily intrusive.

### Finding

I consider that this provision should continue and have no suggested amendments to its operation.

### Provision history

This provision was enacted in 2002 by s 280A and 280B of the Customs and Excise Act 1996. In the 2018 re-write of the Act the provision became s 309 for information matching (and s 314 for direct look-up access) of the Customs and Excise Act 2018.

## **5. Tax Administration Act 1994 Schedule 7 Part C Subpart 2 cl 45**

### **Provision objectives**

The purposes of this provision are to allow Inland Revenue to give assistance to the Government of a country which has a social welfare reciprocity agreement with New Zealand, and for IR to use information shared from other countries under a reciprocity agreement for tax purposes.

### **Provision operation**

This provision has previously been relied upon for aspects of the agreement with the Netherlands. This provision has not been used for some years because of limitations in the wording of the agreement between New Zealand and the Netherlands.

### **Provision assessment**

The Netherlands has ceased to make requests for information that would be handled under this provision because of limitations on the information that may be provided. These limitations are specified in the agreement between New Zealand and the Netherlands. Changes to the information provided, to make this match more useful to the Netherlands authorities, would require amendment or renegotiation of the international agreement. This option is open to the Netherlands authorities.

### **Finding**

I consider that this provision should continue as it provides for New Zealand to meet its agreed obligation.

### **Provision history**

This provision was enacted in 2000 by the Social Welfare (Transitional Provisions) Amendment Act 2000 (2000 No 88) as s 85B of the Tax Administration Act 1994. Section 85B was repealed, on 18 March 2019, by s 49 of the Taxation (Annual Rates for 2018–19, Modernising Tax Administration, and Remedial Matters) Act 2019 (2019 No 5) which also added a comparable provision Schedule 7 Part C Subpart 2 cl 45.

## Appendix A: Australia

### Information matching activity with Australia

Two of the three legislative provisions under review are utilised for the programme of information sharing activity with Australia. The programme is used to enable the transfer of applications for benefits and pensions, and advice of changes in circumstances, between New Zealand and Australia. The programme of activity is treated as three distinct information matches or sharing activities, reflecting the differing purposes and information sets involved.

Authorising provision	Matching or sharing activities
Social Security Act, s 380 and Social Welfare (Reciprocity with Australia) Order 2017	<ul style="list-style-type: none"> <li>Australia (Centrelink)/ MSD - Change in Circumstances Information Match</li> </ul>
Customs and Excise Act, s 309	<ul style="list-style-type: none"> <li>Customs/ MSD - Periods of Residence Information Match</li> </ul>

The two matches are covered below in Appendices A.1 to A.2.

MSD previously conducted another match with Australia involving sending a 10% sample of applicants' details to Australia to check for eligibility for Australian superannuation entitlements. This match produced only a low number of positive matches and the previous report recommended it be discontinued. Australia stopped the match in January 2012 over privacy concerns that Centrelink was accessing information from Australia's border agency about people who were not Centrelink clients. Centrelink subsequently resolved their concerns, but the match has not been re-instated.

### Programme authorisation

This programme was authorised in 1990 by the Social Welfare (Reciprocity with Australia) Order 1990. The Order has been replaced in 1994, amended twice in 1995 and again in 1998, and replaced again in 2002 and 2017.

This agreement was reviewed by the Privacy Commissioner in 2002, when the agreement was revised. The Commissioner's report<sup>1</sup> noted that Australia did not provide an enforceable right of correction for New Zealand citizens outside of Australia under the then Australian Privacy Act 1988. Section 41(4) could be interpreted as preventing the Commissioner from investigating a complaint from someone who was not an Australian citizen and was not present in Australia. At the time, the Australian party (Centrelink) agreed to treat requests from New Zealanders on the same basis as Australian citizens. Since then s 41(4) has been repealed from the Australian Privacy Act 1988, meaning the right of correction in Australia should apply to New Zealanders resident in New Zealand.

This order has a complex history. The order was originally made under s 19 of the Social Welfare (Transitional Provisions) Act 1990 which was renamed in 2013 as the Social Welfare (Reciprocity Agreements, and New Zealand Artificial Limb Service) Act 1990. When the Social Security Act 2018 repealed the Social Welfare (Reciprocity Agreements, and New Zealand Artificial Limb Service) Act 1990, orders made under s 19 were saved by Schedule

<sup>1</sup> "Mutual Assistance in Social Security: Revised New Zealand - Australia Social Security Agreement: report by the Privacy Commissioner to the Ministers of Justice and Social Services pursuant to s 19(2A) of the Social Welfare (Transitional provisions) Act 1990 in relation to the mutual assistance provisions in the revised reciprocity agreement on social security between New Zealand and Australia, 18 April 2002".

1 s 45 of the Social Security Act 2018 as if they were made under s 380 of the Social Security Act 2018.

Section 385 of the Social Security Act requires reciprocity agreements made under s 380 to be treated as if they were authorised information matching programmes for how the information is handled and for reporting to and by the Privacy Commissioner.

## A.1 Australia (Centrelink)/MSD Change in Circumstances Match

### Match objective

The match is used when people apply for superannuation, to set up linked records in the New Zealand and Australian social welfare systems, and to share details about subsequent changes in circumstances.

### Match operation

When applying for New Zealand Superannuation, Veteran's Pension or Invalid's Benefit, individuals may also apply for corresponding Australian benefits to which they believe themselves to be entitled. The New Zealand application form advises applicants that testing for entitlement to any overseas pension will be required and that information supplied may be exchanged with another government to verify entitlement. Similarly, an individual applying for Australian equivalents may apply at the same time for New Zealand entitlements.

The agency (MSD or Centrelink) that receives the initial application package processes their part of the application according to their registration requirements, assigning a unique reference number for that client. That first agency then sends the client information, including their unique reference number, to the other agency. The second agency records the first agency's unique reference number on each individual's record and assigns its own unique reference number to the individual. To complete the circle, the second agency then notifies the first agency of the second unique reference number related to the individual.

Once the linkage is established it is subsequently used for processing global changes (standard superannuation rates, for example) and changes specific to individuals.

MSD notifies New Zealand applicants of the information obtained from Australia, enabling them to correct any mismatch and confirm entitlements. This notice was provided under s19D of the Social Welfare (Reciprocity Agreements and New Zealand Artificial Limb Service) Act and served most of the same functions as a s103 notice of adverse action under the Privacy Act for the purposes of these three matches. This requirement has been replaced by s 318 of the Social Security Act 2018.

While processing the application, if the applicant is uncertain as to the periods of residence, these can be confirmed using Customs records as described for the Customs/MSD Periods of Residence Match.

With the match between MSD and Centrelink records established as described above, subsequent changes in individual's circumstances are automatically notified by each agency to the other through this match.

### Australia (Centrelink)/MSD Change in Circumstances Match results

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Changes of information received from Centrelink	701,575	829,295	904,801	938,230	848,946	870,865
Notices of adverse action *	7,558	8,978	9,549	8,048	7,913	4,937
Changes of information sent to Centrelink	259,643	322,581	356,390	432,423	623,678	619,925

\* Notices of adverse action include cases identified by the Centrelink/MSD Periods of Residence Match when that was operating.

One notice in 2013/14 was disputed and that challenge was accepted by MSD. No notices were challenged in 2014/15, 2015/16, or 2016/17.

The match commenced operation in 2002 and results from 2002 to 2010/2011 were reported in a July 2013 review of statutory authorities for information matching available at: <https://privacy.org.nz/privacy-for-agencies/information-sharing/information-matching-reports-and-reviews/>

Two technical issues were raised with the match in the July 2013 report but both were resolved and the review considered that the match be allowed to continue and that no amendments to the provisions were required.

In 2013/14 a minor technical issue was identified, by an audit, with the operation of this match. Copies of files were not always being deleted in the required timeframe. The manual process was replaced with an automated process and this corrected the issue.

## A.2 Customs/MSD Periods of Residence Match

Customs and Excise Act 2018, s 309

### Match objective

To enable MSD to confirm periods of residence in New Zealand or overseas. Length of residence affects the responsibility of each country to provide superannuation.

### Match operation

This match enables MSD to confirm periods of residence when applicants are uncertain of these details at the time of application. Enquiries on behalf of Australian applicants who may also be eligible for some New Zealand benefits are also received by MSD from Centrelink (part of the Australian Government Department of Human services).

Specially trained staff at have access via a secure web connection to the Customs database of passenger movements to confirm departure and arrival dates. Individual access to the Customs database is recorded and statistics are kept in a privacy register to monitor compliance with procedures controlling access to the database.

Every two weeks an audit of this register is conducted to confirm that all access is logged and a sample is checked for appropriateness.

Results are processed through the Australia (Centrelink)/ MSD Change in Circumstances Match to generate notices of adverse action (s.103 notices) and any other necessary follow-up.

### Customs/MSD Periods of Residence Match results

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Records accessed	194	127	144	96	86	164	32

The match commenced operation in 2002 and results from 2002/2003 to 2010/2011 were reported in a July 2013 review of statutory authorities for information matching available at: <https://privacy.org.nz/privacy-for-agencies/information-sharing/information-matching-reports-and-reviews/>

In 2012/13 a minor technical issue was identified, by an audit, with the operation of this match. Printouts were not being destroyed within a month of printing because the quality assurance review was scheduled to be done monthly and the printouts were retained until the review was completed. The schedule was changed so that the reviews are now done fortnightly.

## **Appendix B: Malta**

### **Information matching activity with Malta**

Of the three provisions being reviewed, only the Social Security Act 2018, s 380 is relied upon for the programme of information sharing with Malta. This programme is used to enable the transfer of applications for benefits and pensions, and advice of changes in circumstances, between New Zealand and Malta. The activity is conducted within the Malta/MSD - Social Welfare Reciprocity Match covered below in Appendix B.1.

### **Programme authorisation**

This programme was authorised in 2013 by the Social Welfare (Reciprocity with Malta) Order 2013 following an assessment by the Privacy Commissioner <sup>2</sup>.

The order was originally made under s 19 of the Social Welfare (Transitional Provisions) Act 1990 which was renamed in 2013 as the Social Welfare (Reciprocity Agreements, and New Zealand Artificial Limb Service) Act 1990. When the Social Security Act 2018 repealed the Social Welfare (Reciprocity Agreements, and New Zealand Artificial Limb Service) Act 1990, orders made under s 19 were saved by Schedule 1 s 45 of the Social Security Act 2018 as if they were made under s 380 of the Social Security Act 2018.

Section 385 of the Social Security Act 2018 requires reciprocity agreements made under s 380 to be treated as if they were authorised information matching programmes for how the information is handled, and for reporting to and by the Privacy Commissioner.

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<sup>2</sup> Report to the Minister for Social Development/Minister of Justice on the proposed social security reciprocity agreement with Malta, 16 April 2013.



## B.1 Malta/MSD – Social Welfare Reciprocity Match

### Match operation

This match commenced operation in 2013.

When a person first applies in New Zealand for a pension and indicates possible entitlement to a Maltese pension, MSD forward the appropriate completed forms and supporting documents (or confirmed copies) to the Maltese Department of Social Security. When MSD receive confirmation back from Malta, the client's record can be updated in SWIFTT. Changes in eligibility with potential adverse consequences will cause SWIFTT to generate a notice of adverse action under the authorising law (similar to a s103 notice). This is sent to the affected individuals enabling them to correct any mismatch and confirm their entitlements.

### Malta/MSD - Social Welfare Reciprocity Match results

	2013/14	2014/15	2015/16	2016/17	2017/18
NZ residents with Maltese pensions (as at July)	3	4	7	10	12
NZ Superannuation recipients living in Malta (as at July)	2	2	3	1	4
Notices of adverse action	0	2	0	0	1
Challenges	0	0	0	0	0

## Appendix C: The Netherlands

### Information matching activity with the Netherlands

Information matching and sharing activity with the Netherlands currently comprises two distinct activities reflecting the differing purposes and information sets involved. These enable the transfer of applications for benefits and pensions, and advice of changes in circumstances, between New Zealand and the Netherlands.

Authorising provision	Matching or sharing activities
Social Security Act s 380 and Social Welfare (Reciprocity with the Netherlands) Order 2003	<ul style="list-style-type: none"> <li>• Netherlands/MSD - Change in Circumstances Match</li> <li>• Netherlands/MSD - General Adjustment Match</li> </ul>

The two active matches are covered below in Appendixes C.1 and C.2.

MSD previously conducted another match with the Netherlands, the Netherlands/MSD Debt Recovery Match, which was intended to enable New Zealand and the Netherlands to recover benefit overpayment debts owed to them by individuals living in the other country. This match was authorised and setup in 2003. However, this programme has not operated as no requests have been received from the Netherlands.

Changes to the information provided, to make this match more useful to the Netherlands authorities, would require amendment or renegotiation of the international agreement. This option is open to the Netherlands authorities.

I usually assess matches against the criteria in s 98 of the Privacy Act 1993. As this match has not operated I simply note that the provision for the match is necessary to meet the conditions of the reciprocity agreement with the Netherlands, and the number of agencies involved and the amount of personal information that would be disclosed are appropriate.

### Programme authorisation

The current programme, replacing a previous arrangement, was authorised in 2003 by the Social Welfare (Reciprocity with the Netherlands) Order 2003 following an assessment by the Privacy Commissioner<sup>3</sup>.

The order was made under s 19 of the Social Welfare (Transitional Provisions) Act 1990 which was renamed in 2013 as the Social Welfare (Reciprocity Agreements, and New Zealand Artificial Limb Service) Act 1990. When the Social Security Act 2018 repealed the Social Welfare (Reciprocity Agreements, and New Zealand Artificial Limb Service) Act 1990, orders made under s 19 were saved by Schedule 1 s 45 of the Social Security Act 2018 as if they were made under s 380 of the Social Security Act 2018.

<sup>3</sup> Exchange of social security information with the Netherlands: Report by the Privacy Commissioner to the Ministers of Justice and Social Development and Employment pursuant to s 19(2A) of the Social welfare (Transitional Provisions) Act 1990 in relation to the mutual assistance provisions in the revised reciprocity agreement on social security between New Zealand and Australia, 18 April 2002

Section 385 of the Social Security Act 2018 requires reciprocity agreements made under s 380 to be treated as if they were authorised information matching programmes for how the information is handled, and for reporting to and by the Privacy Commissioner.

## C.1 Netherlands/MSD Change in Circumstances Match

### Match objective

To enable the transfer between New Zealand and the Netherlands of applications for benefits and pensions and of notifications of changes in clients' circumstances.

### Match operation

This is the 'foundation' match of the programme with the Netherlands because it is used when people are entered into the respective systems. Superannuitants living in either country may have their periods of residence in both countries combined for the purposes of eligibility for benefits.

When a person first applies in New Zealand for a pension and indicates possible entitlement to a Netherlands pension, MSD forward the appropriate completed forms and supporting documents to the Netherlands. The forms include details such as the full names, dates of birth, addresses and MSD client reference numbers. When MSD receives confirmation back from the Netherlands, including the client's Netherlands social welfare reference number, the client's record is updated in MSD's systems.

Changes in eligibility with potential adverse consequences will cause SWIFTT to generate a notice of adverse action under the authorising law (similar to a s 103 notice). This is sent to the affected individuals enabling them to correct any mismatch and confirm their entitlements.

### Netherlands/MSD Change in Circumstances Match results

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
NZ residents with Netherlands pensions *	3,739	3,727	4,077	4,301	4,441	4,528	4,614
NZ Superannuation recipients living in Netherlands *	1,233	1,278	1,294	1,320	1,362	1,349	1,351
Notices of adverse action **	829	411	410	758	456	369	501
Challenges	0	0	0	0	0	0	0

\* (as at July)

\*\* (includes some corrections to Netherlands Customer Reference Numbers)

The match commenced operation in 2003 and results from 2007/2008 to 2010/2011 were reported in a July 2013 review of statutory authorities for information matching available at: <https://privacy.org.nz/privacy-for-agencies/information-sharing/information-matching-reports-and-reviews/>

The activity of the match is primarily monitored by regular audits.

## C.2 Netherlands/MSD General Adjustment Match

### Match objective

To enable the processing of general adjustments to benefit rates for individuals receiving pensions both from New Zealand and from the Netherlands.

### Match operation

Each year in April, New Zealand sends client information to the Netherlands Sociale Verzekeringsbank (SVB) for MSD clients in receipt of both New Zealand and Netherlands pensions. This includes changed superannuation payment information, the MSD client reference number and the Netherlands unique identifier. This information is used by SVB to update records on superannuants who receive benefits from both countries and adjust its payments to recipients of New Zealand Superannuation who are resident in the Netherlands.

Twice each year (in January and July), MSD sends SVB a file containing only the New Zealand and Netherlands unique identifiers for all persons known to be receiving pensions from the Netherlands while resident in New Zealand. SVB then creates a new file updating the information with data about the Netherlands' rate adjustments. The file is sent back to New Zealand, where MSD updates its records about those individuals' Netherlands pension rates, and adjusts superannuation payments accordingly.

In May each year, MSD sends SVB another similar file. SVB creates a new file containing information on the 'Holiday Pay' bonus payable to Netherlands pensioners living in New Zealand. The file is run through the SWIFTT system as a disbursement list for those clients who receive their Netherlands and New Zealand entitlement through the Special Banking Option operated by the MSD.

Since April 2011 the information has been transferred online. Previously it was transferred by CD.

### Netherlands/MSD General Adjustment Match results

This match was authorised and setup in 2003 to transfer information four times each year for across-the-board changes in superannuation rates.

The recent results for the match are as follows:

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
MSD clients affected by pension deductions	3,739	3,727	4,077	4,301	4,441	4,528	4,614
MSD clients in Netherlands	1,233	1,278	1,294	1,320	1,362	1,349	1,351

Prior to changes to the computer system in 2005/06 the net pension value was manually entered into SWIFTT. Therefore MSD could provide only limited information on the operation of the match. We commented on this in the annual reports on the match, which led to the introduction of annual audits of the match.

An audit on the operation of this match in 2010/11 identified that the letter advising clients of changes did not include the statement informing clients of the adverse action that could be taken against them as a result of the information match. This statement was omitted during changes made during the year. MSD reinstated it on 21 November 2011. The potential adverse action is a reduction in New Zealand's contribution to the client's superannuation payments equal to the increase in the Netherlands' contribution to the payments.

The match commenced operation in 2003 and results from 2007/2008 to 2010/2011 were reported in a July 2013 review of statutory authorities for information matching available at: <https://privacy.org.nz/privacy-for-agencies/information-sharing/information-matching-reports-and-reviews/>

The activity of the match is primarily monitored by regular audits.

## **Appendix D: United Kingdom**

### **Information matching activity with the United Kingdom**

Of the three provisions being reviewed, only the Social Security Act 2018, s 380 is relied upon for the programme of information sharing with the United Kingdom. This programme is used to enable the transfer of applications for benefits and pensions, and advice of changes in circumstances, between New Zealand and the United Kingdom. The activity is conducted within the UK/MSD Social Welfare Reciprocity Match covered below in Appendix D.1.

### **Programme authorisation**

This programme was authorised in 1983 by the Social Security (Reciprocity with the United Kingdom) Act 1983 and the Social Security (Reciprocity with the United Kingdom) Act Commencement order 1984 (SR 1984/141).

These authorisations were revoked in 1990 by the Social Welfare (Transitional Provisions) Act 1990 and replaced by s 19 of that Act and the Social Welfare (Reciprocity with the United Kingdom) Order 1990 (SR 1990/85).

In 2000 s 19D was inserted by the Social Welfare (Transitional Provisions) Amendment Act 2000. Section 19D provides for various sections of the Privacy Act to apply to social welfare information supply arrangements authorised under s19.

The Social Welfare (Transitional Provisions) Act 1990 was renamed in 2013 as the Social Welfare (Reciprocity Agreements, and New Zealand Artificial Limb Service) Act 1990. When the Social Security Act 2018 repealed the Social Welfare (Reciprocity Agreements, and New Zealand Artificial Limb Service) Act 1990, orders made under s 19 were saved by Schedule 1 s 45 of the Social Security Act 2018 as if they were made under s 380 of the Social Security Act 2018.

Section 385 of the Social Security Act 2018 requires reciprocity agreements made under s 380 to be treated as if they were authorised information matching programmes for how the information is handled and for reporting to and by the Privacy Commissioner.

## D.1 UK/MSD Social Welfare Reciprocity Match

### Match objective

This match is used to enable the transfer of applications for benefits and pensions, and advice of changes in circumstances, between New Zealand and the United Kingdom.

### Match operation

When a client or their partner may be eligible for a United Kingdom State Pension (UKP) Ministry of Social Development (MSD) request they apply to receive it. If they have already applied to receive a UKP or another benefit paid by the United Kingdom Department for Work and Pensions (DWP), MSD request they complete an Information Release Form. The form provides their consent for their information to be shared from the DWP to the MSD, and from the MSD to the DWP. The consent form is sent to the DWP by post with a liaison form.

If the client or their partner has not already applied to receive the UKP, MSD will provide whoever may be eligible with a paper application form for the UKP and relevant documentation including a consent form. The application, liaison form and consent form are all posted to the DWP on their behalf.

If the client or their partner advises MSD that they are already receiving a UKP or another benefit paid by the DWP, MSD request they complete a consent form. An electronic copy of the consent form is sent to the DWP. This is accompanied by an information request about the payments the DWP are making to the client or partner. Similar details as those on the liaison form will be given in order that the DWP can identify the individual correctly.

In addition to the application process, information is shared between MSD and DWP that affects the New Zealand or United Kingdom payments: For example, when payment rates are changed or a change in a client's circumstances has occurred.

Clients can choose to receive their United Kingdom pension directly, in which case their New Zealand Superannuation and other benefit payments are reduced by the amount paid by the United Kingdom. Alternatively, clients can opt to receive the unabated New Zealand benefits and have the United Kingdom payment made into a Special Banking Option bank account, effectively reimbursing New Zealand via a direct debit arrangement.

### UK/MSD Social Welfare Reciprocity Match results

	2014	2015	2016	2017	2018
<b>Number of clients</b>	54,131	56,742	59,608	61,488	62,270
<b>UK pension in \$NZ (annualised)</b>	186,214,017	205,167,847	228,847,000	219,345,415	233,474,077
<b>% using Special Banking Option</b>	85%	85%	85%	85%	85%