

**Accident Compensation Corporation, Department of Internal Affairs, and  
Ministry of Business, Innovation and Employment  
(Motor Vehicle Traders Register)  
information matching: 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:**

Accident Compensation Act 2001 section 246 and  
Tax Administration Act 1994, Schedule 7, Part C subpart 2, clauses 41 &  
42

Accident Compensation Act 2001 section 280

Citizenship Act 1977 section 26A

Motor Vehicle Sales Act 2003 sections 120 and 121  
Motor Vehicle Sales Act 2003 sections 122 and 123

**February 2020**

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## 1. Introduction

### **The purpose of this report:**

In this report I assess the ongoing value and suitability of five information matching provisions. Two are utilised by the Accident Compensation Corporation (ACC), two by the Ministry of Business, Innovation and Employment for the Motor Vehicle Traders Register, and one by the Department of Internal Affairs.

Section 106 of the Privacy Act 1993 requires me to periodically review information matching provisions listed in Schedule 3 to ensure that any intrusion on individuals' 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.

The requirement for 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. Periodic reassessment ensures that the costs of the programme and the intrusion on privacy remains justified by the benefits to individuals or society.

### **What is information matching?**

Agencies specified in section 97 of the Privacy Act conduct information matching when they compare one set of data about individuals with another set. They usually do this to find records in both sets that are about the same person.

For the purposes of the Act, section 97 defines an information matching programme as involving two specified agencies comparing at least two documents that each contain personal information about ten or more individuals, to produce or verify information that may be used for the purpose of taking adverse action (e.g. altering a payment or investigating an offence) against an identifiable individual.

Appendix A provides more detail on information matching, section 106 and the approach I have taken in undertaking this review.

### **Differences between 'authorised information matching' and 'information sharing'**

An alternative mechanism for authorising information sharing was added to the Privacy Act in 2013. This approach allows for the information sharing to be authorised by an Order-in-Council rather than requiring legislation. The agencies agree an 'Approved Information Sharing Agreement' (AISA) which specifies the information to be shared and the processes. The Privacy Commissioner may review the operation of these agreements but is not required to do so on a regular basis. Agencies are tending to replace information matches with Approved Information Sharing Agreements.

## 2. Findings

My assessments of the 5 information matching provisions have led me to find that the Citizenship Act provision should be repealed once it is no longer required due to it being superseded by an AISA. I find that the other information matching provisions should be continued without amendment.

My assessments of the ongoing value and suitability of the provisions reviewed are:

### **Accident Compensation Act 2001, s 246 and Tax Administration Act 1994 Schedule 7 Part C subpart 2 cl 41 and 42**

This provision permits ACC to receive income information from Inland Revenue to calculate levies and income-based compensation.

I consider that the authority conferred by section 246 of the Accident Compensation Act 2001, and clauses 41 and 42 of Schedule 7 Part C of the Tax Administration Act should be continued without amendment.

### **Accident Compensation Act 2001 s 280**

This provision allows ACC to ensure that prisoners do not continue to receive earnings-related accident compensation payments.

I consider that the authority conferred by section 280 of the Accident Compensation Act should be continued without amendment.

### **Citizenship Act 1977 s 26A**

This provision allows the:

- Department of Internal Affairs (DIA) to verify whether a person is eligible to hold a New Zealand passport; and
- Registrar-General to be satisfied whether or not a person is a New Zealand citizen when registering a birth.

I consider that these specific allowances of the provision should be repealed once the information sharing under the "Information Sharing Agreement between the Department of Internal Affairs and the Registrar-General, Births, Deaths and Marriages" AISA replaces the current process.

### **Motor Vehicle Sales Act 2003 s 120 and 121**

This provision allows the Registrar of Motor Vehicle Traders (Ministry of Business, Innovation and Employment) to use information from the New Zealand Customs Service to identify people who have imported more than three motor vehicles in a 12 month period and are not registered as motor vehicle traders.

I consider that the authority conferred by sections 120 and 121 of the Motor Vehicle Sales Act for disclosure of information by the New Zealand Customs Service to the

Registrar of Motor Vehicle Traders (Ministry of Business, Innovation and Employment) should be continued without amendment.

**Motor Vehicle Sales Act 2003 s 122 and 123**

This provision allows the Registrar of Motor Vehicle Traders (Ministry of Business, Innovation and Employment) to use information from the New Zealand Transport Agency to identify people who have sold more than six motor vehicles in a 12-month period and are not registered as motor vehicle traders.

I consider that the authority conferred by sections 122 and 123 of the Motor Vehicle Sales Act for disclosure of information by the New Zealand Transport Agency to the Registrar of Motor Vehicle Traders (Ministry of Business, Innovation and Employment) should be continued without amendment.

My detailed assessment of these provisions follows.

A handwritten signature in blue ink, consisting of a large, stylized 'J' followed by a horizontal line that curves upwards at the end.

John Edwards  
**Privacy Commissioner**

February 2020

**3. Accident Compensation Act 2001, s 246 and Tax Administration Act 1994 Schedule 7 Part C subpart 2 cl 41 and 42**

**Provision objectives**

To identify ACC levy payers and to calculate and collect levies, and to determine income for compensation purposes.

**Finding**

I consider that the authority conferred by section 246 of the Accident Compensation Act, and clauses 41 and 42 of Schedule 7 Part C of the Tax Administration Act should be continued without amendment.

**Provision Authorisation**

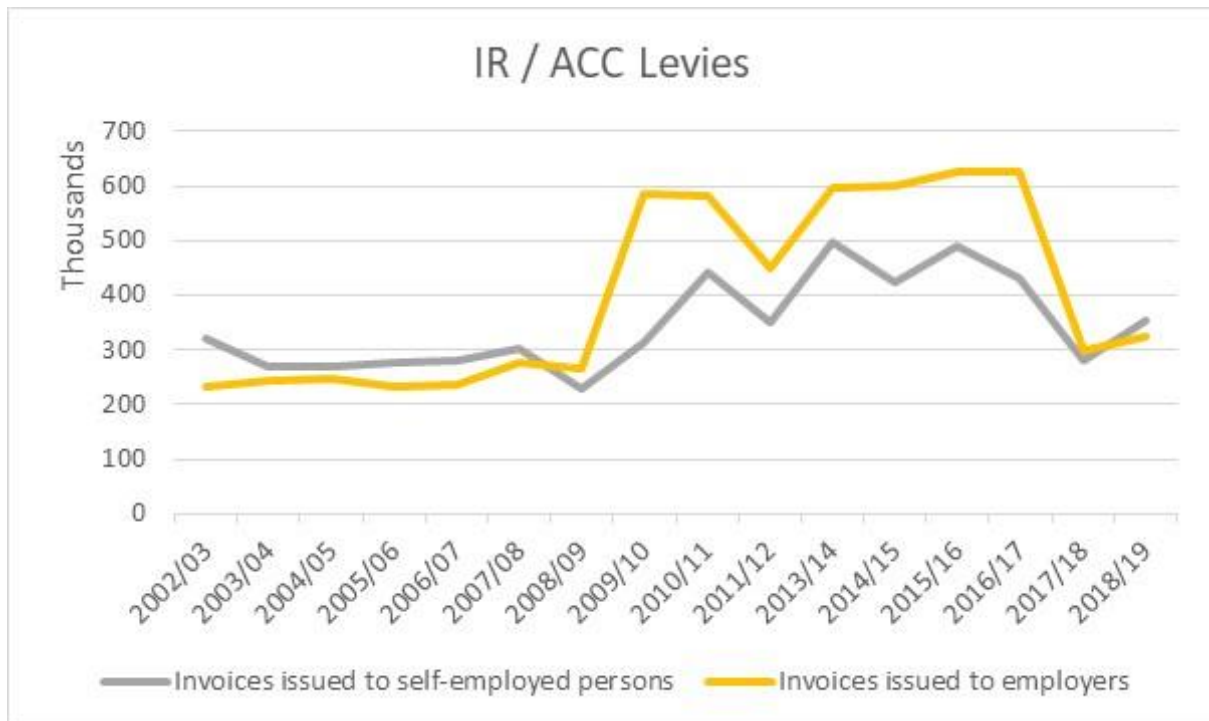
An agreement commenced on 1 April 2002 under section 246 of the then Injury Prevention Rehabilitation and Compensation Act 2001 and under section 82 of the Tax Administration Act (replaced by clauses 41 and 42 of Schedule 7, on 18 March 2019, by section 111(a) of the Taxation (Annual Rates for 2018–19, Modernising Tax Administration, and Remedial Matters) Act 2019 (2019 No 5)).

## Inland Revenue/ACC Levies and Compensation Match operation

This programme commenced operation in 2002. Inland Revenue (IR) provides, via online transfer, ACC with a weekly extract of new or updated records containing information for all employers, self-employed persons, and private domestic workers. ACC uses this information to assess the appropriate levy amount and sends out an invoice. The invoice includes a statement about where the information was obtained and what dispute provisions are available. It includes a formal review of the assessment. No separate adverse action notice is issued.

The same income information is also used to establish income for earnings related compensation claims.

### Match results - Levies



(1 April - 31 March years.)

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

This provision was previously assessed in the report "[MSD, MoE and ACC Matches \(July 2014\)](#)"

## **Provision assessment**

### *Assessment summary*

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

### *Financial cost/benefit and other outcomes*

Inland Revenue collect, process and then transfer this information to ACC. The costs to ACC for this match are much higher than for other matches (for which costs are known) as they include a share of the costs of collection, rather than just the cost of supplying a copy of existing data. Initially an amount of \$20.5 million was agreed in March 2007 as a contribution by ACC to Inland Revenue's costs of administering the wider Employer Monthly Schedule process. However, the costs have been revised over time since the match commenced in 2002 due to automation. The payments have been renegotiated to \$17.5 million in 2019/20. The fee will be further reduced to \$14 million in 2020/21.

### *Compliance/operational difficulties*

There have been no significant compliance issues or operational difficulties with this programme.

ACC proactively raised a question because letters to individuals regarding earnings-related compensation did not include specific details required, for an adverse action notice, by section 103 of the Privacy Act 1993. The letters did advise of a general right of review and were being sent after confirmation of the details with the client, rather than being the first advice to the client of the situation. The issue has been resolved.

A search of privacy complaint records did not find any complaints relating to this programme.

### *Scale of matching*

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

### *Alternative methods to achieve results*

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

### *Amendment to the information matching provision*

No change is needed for this provision at this time. ACC has begun developing an Approved Information Sharing Agreement (AISA) with Inland Revenue to replace this match.



#### **4. Accident Compensation Act 2001 s 280**

##### **Provision objective**

The purpose of this section is to facilitate the disclosure of information by various agencies to the Accident Compensation Corporation for the purpose of verifying:

- (a) the entitlement or eligibility of any person to or for any payment; or
- (b) the amount of any payment to which any person is or was entitled or for which any person is or was eligible.

The agencies that may disclose information are:

- the Ministry of Business, Innovation, and Employment;
- health and safety regulators;
- the Department of Corrections;
- the New Zealand Customs Service;
- the Ministry of Social Development;
- the Ministry of Health;
- any funder; and
- any district health board.

This report reviews this provision only in relation to the provision of information from the Department of Corrections. None of the other agencies are currently providing information, a situation I reviewed in my report on [Unused Matching Provisions \(Sept 2018\)](#). The Privacy Bill currently before Parliament includes an amendment to section 280(2) of the Accident Compensation Act that would remove all agencies except the Department of Corrections.

##### **Finding**

I consider that the authority conferred by section 280 of the Accident Compensation Act for the Accident Compensation Corporation to receive information from the Department of Corrections should be continued without amendment.

##### **Provision Authorisation**

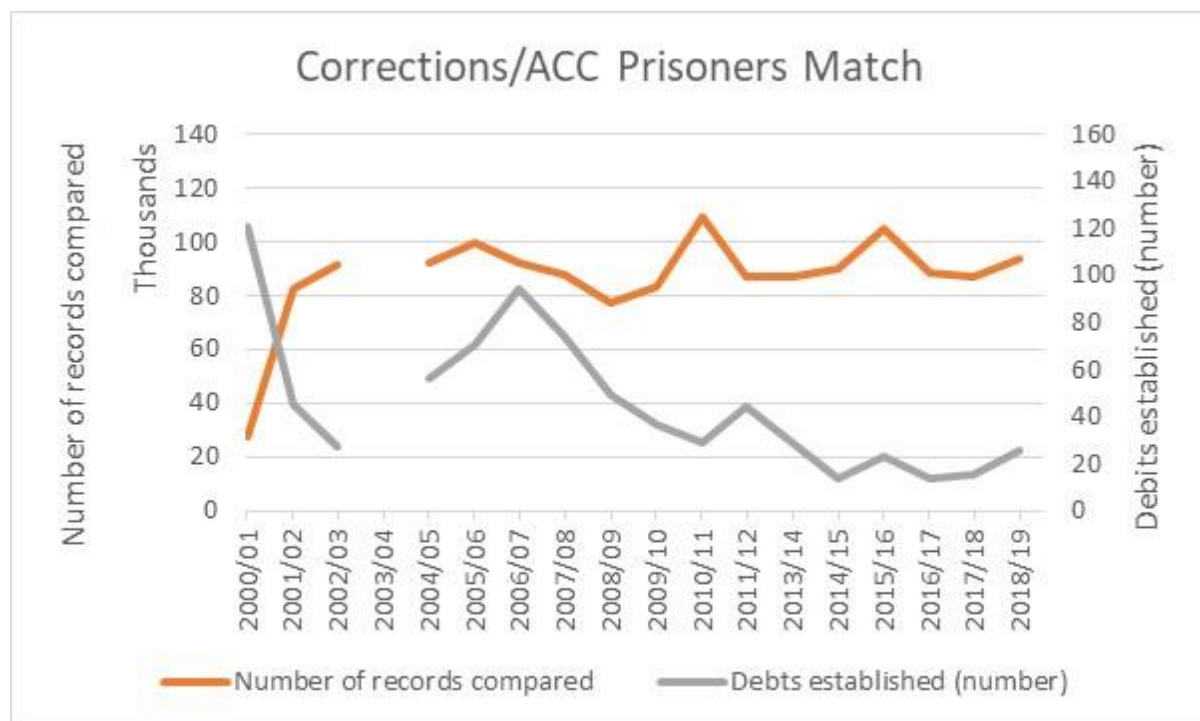
This programme was authorised in 1992 and commenced operation in 2000.

## Corrections/ACC Prisoners Match operation

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

ACC compares the file with ACC records of people receiving earnings-related accident compensation. ACC then performs manual checks on each discrepancy before issuing a notice of adverse action (section103 notice), copies of which are sent both to the last address on ACC's file, and to the prison.

## Corrections/ACC Prisoners Match results



In February 2003 ACC identified an issue with this match that took until July 2004 to resolve, test and restart the match.

During 2017/18 an upgrade to the IT systems delayed the processing of five weeks data. A further five weeks of data was not processed because of lack of staff resources.

This provision was previously assessed in the report "[MSD, MoE and ACC Matches \(July 2014\)](#)".

## **Provision assessment**

### *Assessment summary*

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

### *Financial cost/benefit and other outcomes*

ACC estimates the annual operating cost at \$7,225 per annum. The overpayments identified in 2018/19 amounted to \$32,037.

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

The financial cost/benefit aspect of this match was a concern to the then Privacy Commissioner when it commenced in 2000.

### *Compliance/operational difficulties*

There have been no significant compliance issues with this programme. ACC has experienced operational difficulties which have interrupted the operation of the programme as noted above.

A search of complaint records did not find any complaints relating to this programme.

### *Scale of matching*

The scale of the match is appropriate. Only two agencies are involved, and the information is limited appropriately to the purpose.

### *Alternative methods to achieve results*

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

### *Amendment to the information matching provision*

ACC does not have any suggestions for amendment to this provision.

## 5. Citizenship Act 1977 s 26A

### Provision objective

This provision provides for six information matching agreements between various agencies for the purposes detailed below. In this report I review the provisions allowing the:

1. Department of Internal Affairs (DIA) to verify whether a person is eligible to hold a New Zealand passport; and
2. Registrar-General to be satisfied whether or not a person is a New Zealand citizen when registering a birth.

These provisions were previously assessed in the report "[Passports and Citizenship \(July 2014\)](#)".

I have also previously reviewed the other information matches under this provision:

1. Inland Revenue - to verify the identity of a person - reviewed in my report on [Unused Matching Provisions](#) (Sept 2018) where I recommended the removal of this provision.
2. Immigration New Zealand - to verify citizenship status and entitlement to reside in New Zealand - reviewed in my report [Review of statutory authorities for information matching](#) (Sept 2017).
3. Ministry of Social Development – to verify a person’s eligibility or continuing eligibility for benefits, war pensions, grants, loans, or allowances, or a community services card - reviewed in my report on [Unused Matching Provisions](#) (Sept 2018) where I recommended the removal of this provision.
4. Ministry of Education - to verify and update student information on the National Student Index - reviewed in my report on [Unused Matching Provisions](#) (Sept 2018) where I recommended the removal of this provision.

### Finding

The provision for the Department of Internal Affairs to conduct information matching between different registers should be repealed once the information is being shared under the “Information Sharing Agreement between the Department of Internal Affairs and the Registrar-General, Births, Deaths and Marriages” AISA.

This provision under section 26A and Schedule 4 is being superseded by the AISA, “Information Sharing Agreement between the Department of Internal Affairs and the Registrar-General, Births, Deaths and Marriages”, that was authorised by an Order-in-Council on 17th December 2018 as Privacy (Information Sharing Agreement between Department of Internal Affairs and Registrar-General) Order 2018 (2018/275).

DIA are in the process of modifying their work processes and systems. As these changes are implemented DIA will move to operate the information sharing under the AISA. When they have made that transition the provision in Schedule 4 of the Citizenship Act can be repealed.

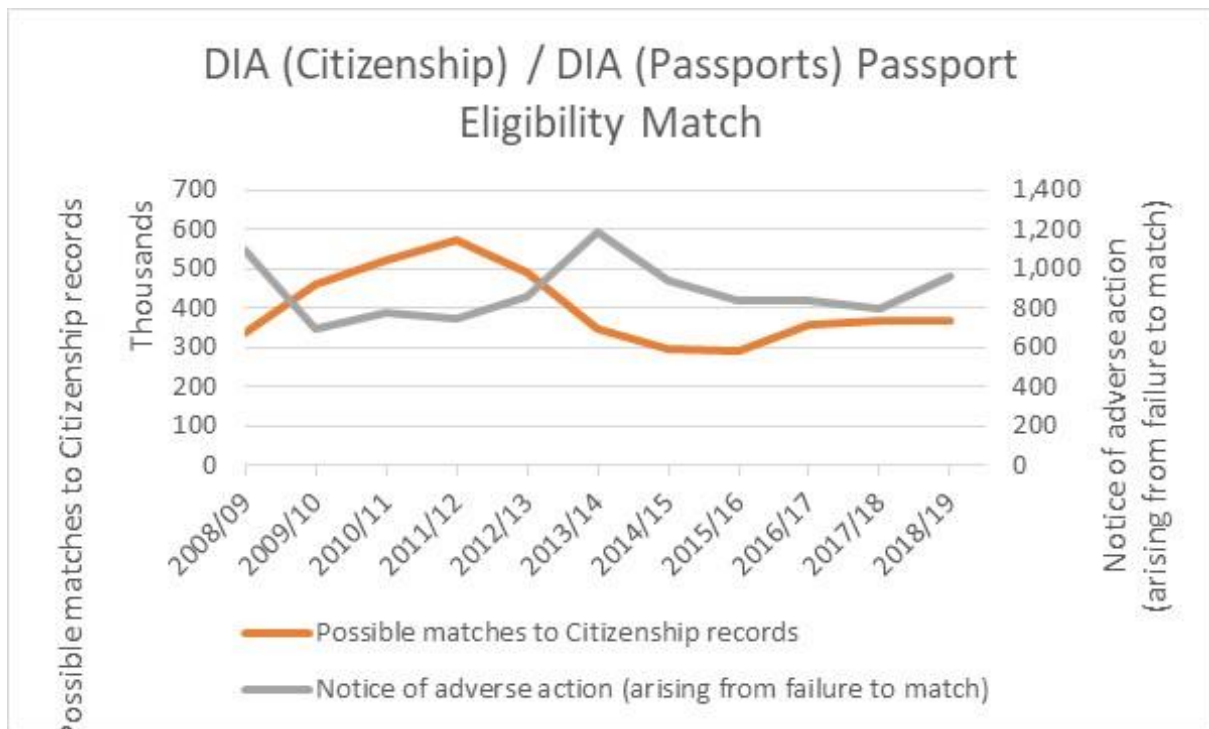
## DIA (Citizenship)/DIA(Passports) Passport Eligibility Match operation

This programme commenced operation in 2003. This programme is used to verify the eligibility of people for a New Zealand passport based on citizenship by grant or descent.

Passports staff attempt to confirm information provided on the passport application with information from the citizenship register. Confirmation allows processing to continue. If the information cannot be confirmed, the file may be referred to Citizenship staff for resolution.

Notices of adverse action are sent when Passports staff cannot satisfactorily match the information supplied to the appropriate Citizenship record. Almost all of these are resolved by contacting the applicant for clarification.

### Match results



Reporting prior to 2008/09 was on a different basis and cannot be graphed with the current reporting.

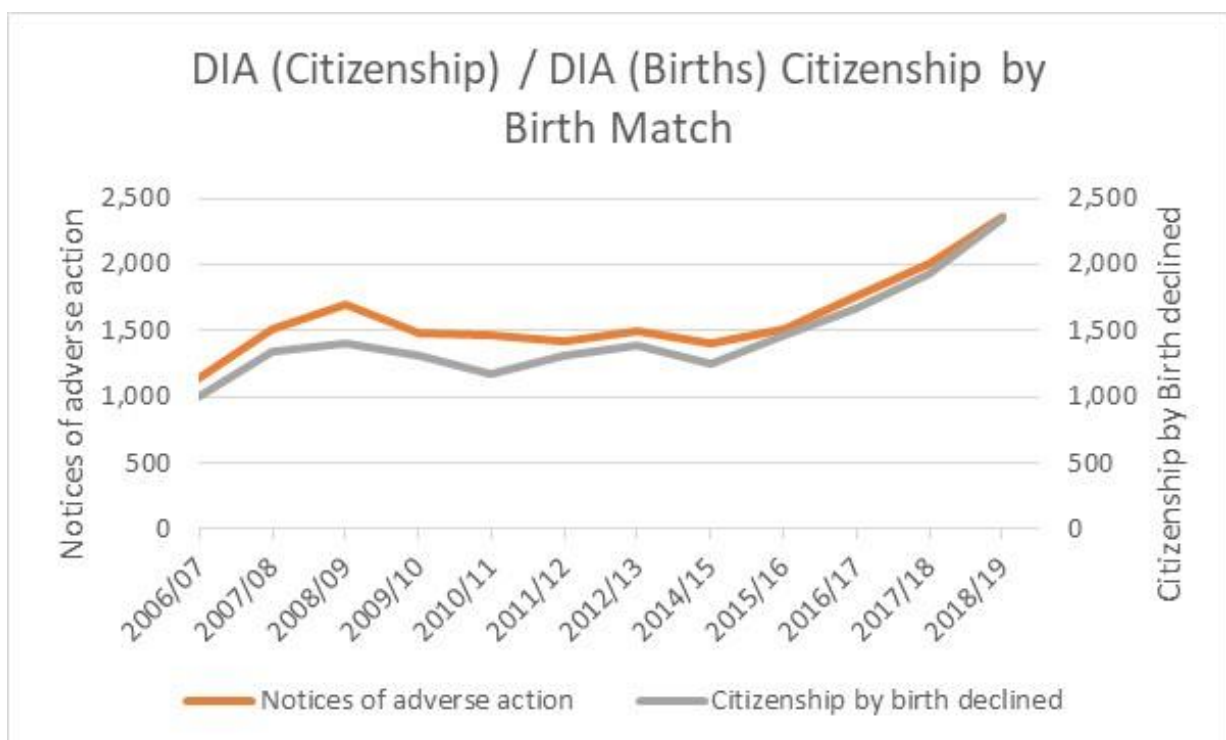
## DIA (Citizenship)/DIA(Births) Citizenship by Birth Match operation

This programme commenced operation in 2006. Birth registration application forms are scanned and loaded for overnight batch processing. All potential matches identified by the system are displayed for an operator to review and select the correct match. Applications for which no parental match can be found on the Births Register are sent as an electronic file to the NZ Citizenship Office to confirm the citizenship status of a person's parent/s at the time of the person's birth.

Citizenship staff members check the relevant citizenship register or immigration records. Passport records are checked where a parent has indicated that he or she is a citizen or permanent resident of Australia, Tokelau, Niue or the Cook Islands. The record is updated with the results of the search and released back to Births, normally on the same day it is received.

Where Births cannot confirm that at least one of the parents is a citizen or permanent resident of New Zealand, Australia, Cook Islands, Niue or Tokelau, Births send a notice of adverse action (section 103 letter) to the applicant. If no response to the letter is received by DIA within five working days of deemed delivery, the child's birth is registered but the register entry will record that the child is not a New Zealand citizen by birth.

### Match results



## **6. Motor Vehicle Sales Act 2003 s 120 and 121**

### **Provision objective**

To identify people who have imported more than three motor vehicles in a 12 month period and are not registered as motor vehicle traders.

### **Finding**

I consider that the authority conferred by sections 120 and 121 of the Motor Vehicle Sales Act for disclosure of information by the New Zealand Customs Service to the Registrar of Motor Vehicle Traders (Ministry of Business, Innovation and Employment) should be continued without amendment.

### **Customs/MBIE Motor Vehicle Importers Match operation**

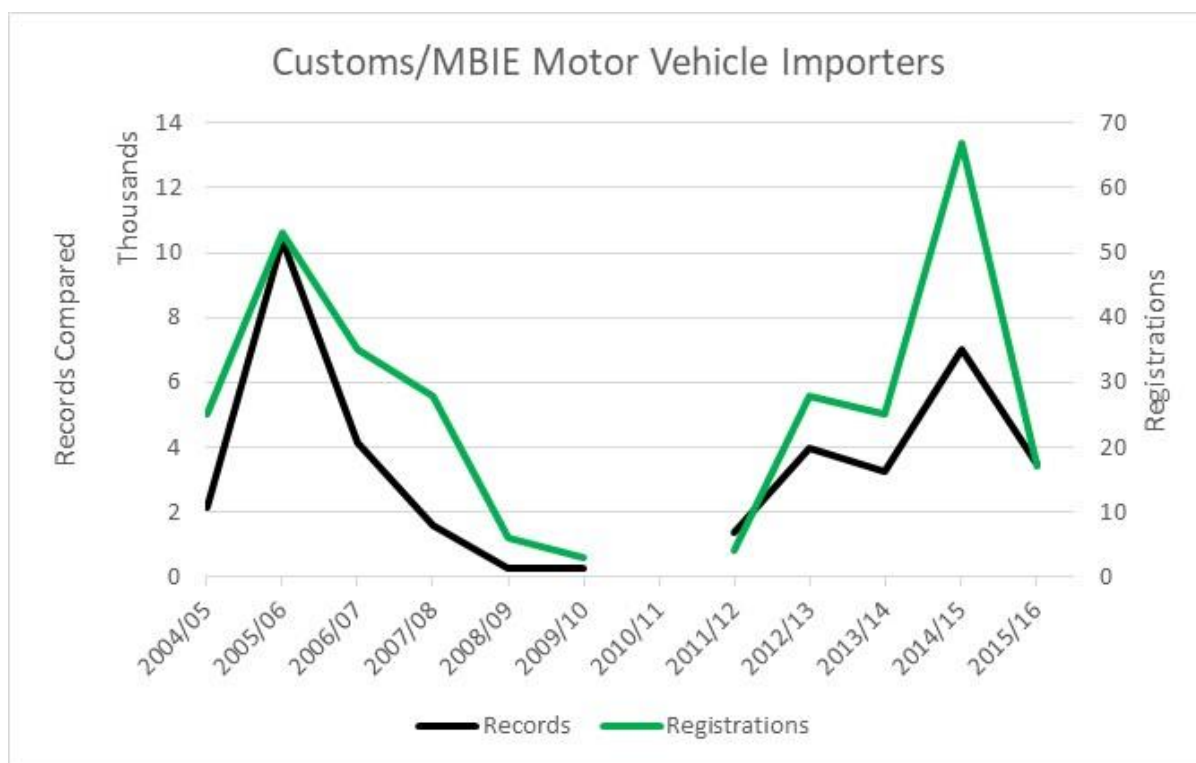
This programme has not operated since 2015/16 while Ministry of Business, Innovation and Employment (MBIE) work with Customs update the agreement and MBIE design and build a new system.

The process that operated was for Customs to send to MBIE a file each month of all individuals or entities (an individual or a corporate body such as a company or a trust) who have imported more than three motor vehicles within the previous 12 months. The Customs information included name, address and contact information of the importer, and details of the vehicles imported.

MBIE manually matched the Customs data against the Motor Vehicle Traders Register to identify the status (registered or unregistered) of each person or entity. Unregistered individuals and entities were sent a section 103 notice of adverse action. If no response is received, or no new registration occurs, a second notice was sent advising that the matter may be referred to the Registrar's investigation team for prosecution.

MBIE also accessed the file from Customs to conduct manual look-ups if a complaint was received. The person who performed the information matching programme was authorised to perform the look-up on behalf of all other investigating staff. A privacy register was maintained to record details of each access to the Customs data, and a summary report of this activity was provided to the Office.

## Match results



This provision was previously assessed in the report “[MSD, MoE and ACC Matches \(July 2014\)](#)”.

## Provision assessment

### *Assessment summary*

The scale of the programme raises no concerns, and it has generally operated compliantly. There is no other systematic way of identifying unregistered traders importing vehicles without access to the Customs information.

### *Financial cost/benefit and other outcomes*

The primary benefit of this programme is one of consumer protection by ensuring that individuals importing vehicles as a business for resale are registered or face criminal charges. Registered dealers must comply with the requirements of the Motor Vehicle Sales Act 2003. Prior to the current regime, MBIE estimates that 70% of motor vehicle sales occurred outside the licencing system.

The cost of operating this programme was funded through payments received from individuals applying to register or renew their registration as motor vehicle traders.



*Compliance/operational difficulties*

Minor technical issues were identified and resolved through an audit of the online transfer during 2014/15. Firstly, MBIE stopped using the approved SEEMail email system for transfers with Customs when a new email security classification system was introduced.

Secondly, data received from Customs was found to incorrectly include details of individuals who have imported three vehicles when the purpose of the programme is to identify individuals that import more than three vehicles as specified in the Technical Standards Report. Both issues were resolved.

No complaints related to the operation of this programme have been received.

*Scale of matching process*

The scale of matching raises no concerns. The volume of records is low, and the amount of information about each individual or entity is limited to that necessary for MBIE to carry out the programme's objectives.

*Alternative methods to achieve results*

I believe that receiving information directly from Customs is the most appropriate and efficient way for MBIE to collect information about motor vehicle imports. MBIE can obtain information through complaints, but the public are unlikely to be aware of the number of vehicles being imported by an unregistered trader. A second option is to use a team of inspectors to visit people suspected of acting as motor vehicle traders. This option would be resource intensive and difficult to implement without access to Customs data.

*Amendment to the information matching provision*

MBIE have no suggestion for amendment to this provision.

## **7. Motor Vehicle Sales Act 2003 s 122 and 123**

### **Provision objective**

New Zealand Transport Agency (NZTA) provides information to Ministry of Business, Innovation and Employment (MBIE) to identify people who have sold more than six motor vehicles in a 12-month period and are not registered as motor vehicle traders.

### **Finding**

I consider that the authority conferred by sections 122 and 123 of the Motor Vehicle Sales Act for disclosure of information by the New Zealand Transport Agency to the Registrar of Motor Vehicle Traders (Ministry of Business, Innovation and Employment) should be continued without amendment.

### **NZTA/MBIE Motor Vehicle Sellers Match operation**

Each month, NZTA sends MBIE a file of all individuals or entities who have sold more than six vehicles in a 12 month period. NZTA maintains a record of registered traders (through MBIE providing monthly registered trader updates to NZTA) so that transfers to MBIE exclude individuals or entities already registered as Motor Vehicle Traders.

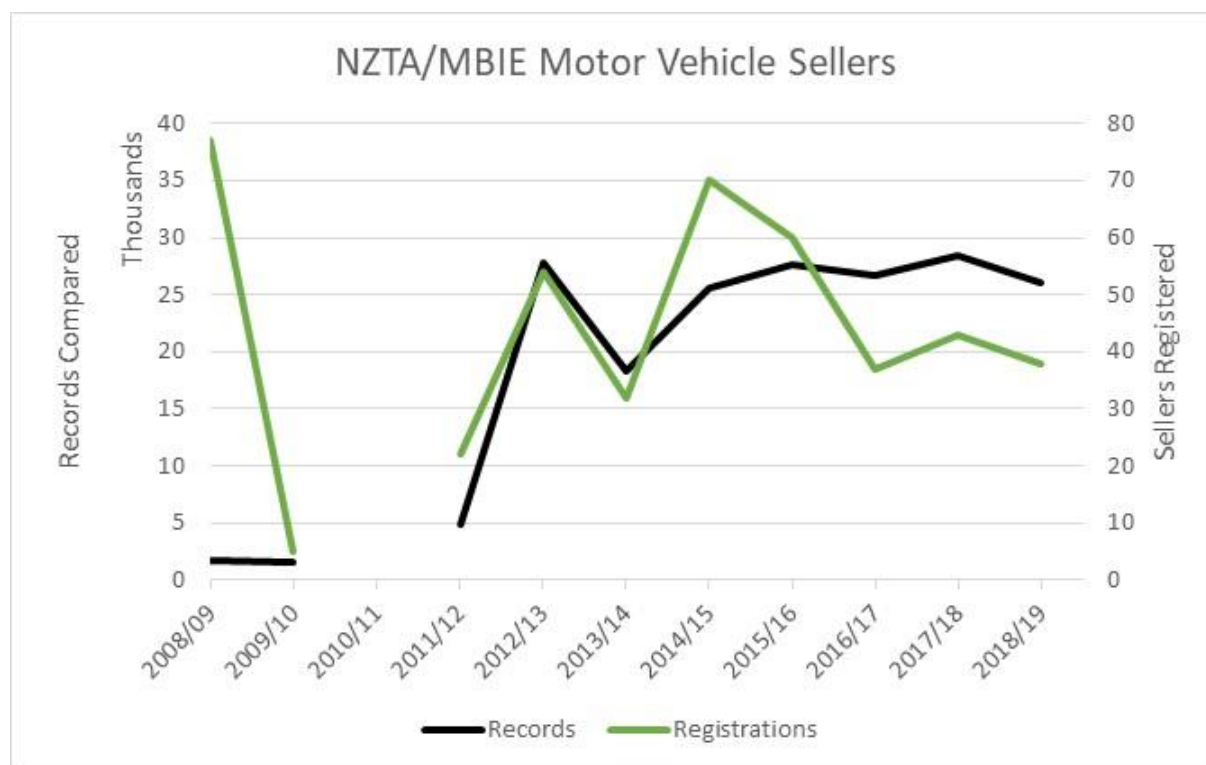
MBIE manually compares the NZTA data with its Motor Vehicle Traders Register to identify unregistered individuals and companies. Before MBIE issues a section 103 notice of adverse action to an individual whom it believes should register as a motor vehicle trader, it requests the following additional information from NZTA in relation to each vehicle:

- registration plate number;
- VIN and chassis number;
- details of sale/transfer of ownership (e.g. name and address of seller and buyer); and
- odometer reading.

If following the review of the extra information received, it appears that the individual or entity should be registered, MBIE sends a section 103 notice of adverse action. This letter requests the dealer registers within 10 working days, or provides an explanation to the Registrar about why the individual or entity does not need to be registered. Failure to respond to the notice may result in a referral to the Registrar's investigation team for possible prosecution under the Motor Vehicle Sales Act.

MBIE also access the file from NZTA to conduct manual look-ups if a complaint is received. The person who performs the information matching programme is authorised to perform the look-up on behalf of all other investigating staff. A privacy register is maintained to record details of each access to NZTA data for complaints purposes, and a summary report of this activity is provided to this Office.

## Match results



This provision was previously assessed in the report “[MSD, MoE and ACC Matches \(July 2014\)](#)”.

## Provision assessment

### *Assessment summary*

The scale of the programme raises no concerns, and it has generally operated compliantly. There is no other systematic way of identifying unregistered traders selling vehicles without access to NZTA sales data.

### *Financial cost/benefit and other outcomes*

The primary benefit of this programme is one of consumer protection against dishonest practices by ensuring that individuals acting as motor vehicle traders are registered. Registered dealers must comply with the requirements of the Motor Vehicle Sales Act, and where individuals are not appropriately registered, enforcement action can be carried out. Prior to the Act, it was estimated that 70% of motor vehicle sales transactions occurred outside the previous licencing regime. The new regime applies to many persons who were not then required to be licenced.

The cost of operating this programme is funded through payments received from individuals applying to register or renew their registration as motor vehicle traders.

*Compliance/operational difficulties*

Minor technical issues were identified and resolved through auditing of the online transfer process. MBIE stopped using SEEMail in January 2015 when a new email system was introduced and in 2016 some users who did not need access were found to have access to the mail box. Both issues were resolved.

No complaints related to the operation of this programme have been received.

*Scale of matching process*

The scale of matching raises no particular concerns. The volume of records is modest, and the amount of information about each individual or entity is limited to that necessary for MBIE to carry out the programme's objectives.

*Alternative methods to achieve results*

I believe that receiving information directly from NZTA is the most appropriate and efficient way for MBIE to collect information about motor vehicle sales. MBIE can obtain some information through complaints processes, but the public are unlikely to be aware of the number of vehicles being sold by an unregistered trader. A second option is to use a team of inspectors to visit people suspected of acting as motor vehicle traders. This option would be resource intensive and difficult to implement without access to NZTA data.

*Amendment to the information matching provision*

MBIE have no suggestion for amendment to this provision.

## **Appendix A: Background to 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 programmes.

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.

### **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; and
- any amendments to the provision are necessary or desirable.

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

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

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