

# Report of the Privacy Commissioner



## Privacy Commissioner Te Mana Matapono Matatapu

FOR THE YEAR ENDED 30 JUNE 2006

PRESENTED TO THE HOUSE OF REPRESENTATIVES  
PURSUANT TO SECTION 24 OF THE PRIVACY ACT 1993

# **ANNUAL REPORT**

OF THE

# **PRIVACY COMMISSIONER**

FOR THE YEAR ENDED 30 JUNE 2006

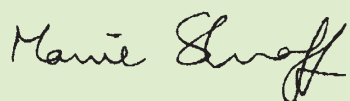
Presented to the House of Representatives  
pursuant to section 24 of the Privacy Act 1993



November 2006

THE MINISTER OF JUSTICE

I tender my report as Privacy Commissioner for the year ended 30 June 2006.

A handwritten signature in black ink, reading "Marie Shroff". The signature is written in a cursive style with a large, stylized initial 'M'.

Marie Shroff  
Privacy Commissioner



## CONTENTS

I. KEY POINTS	9
II. INTRODUCTION	10
III. OFFICE AND FUNCTIONS OF THE PRIVACY COMMISSIONER	13
Independence and competing interests	13
Complaints	13
Education and publicity	13
Information matching programmes	13
Codes of practice	14
Legislation and policy	14
Reporting	14
Staff	14
IV. REPORT ON ACTIVITIES	15
Technology team	15
Education	15
Media and outreach	16
Website	16
Privacy Issues Forum	16
SuperVision	16
Other outreach	16
Complaints and access reviews	17
Age of complaints	17
New complaints	19
Complaints analysis	20
Top 10 respondents	22
Agency types	22
Enquiries	23
Human Rights Review Tribunal	24
Appeals	25
Codes of practice	26
Credit Reporting Privacy Code 2004	26
Other codes	27
Section 54 authorisations	27
Legislation	28

Pre-introduction	28
Post-introduction	28
Functions under other enactments	29
Consultation on transborder data flows	29
Consultations with the Ombudsmen	30
V. INFORMATION MATCHING	31
Introduction	31
Operational controls and safeguards	31
The year in information matching	35
Outreach	35
Audit approach	35
New authorisations	36
Online transfer approvals	36
Growth in authorised and operating programmes	38
Changing profile of active programmes	40
Programme-by-programme reports	41
Introduction	41
Glossary	42
Matches with MSD as user agency	44
NDMC operations	44
1. ACC/MSD Benefit Eligibility Match	45
2. BDM (Deaths)/MSD Deceased Persons Match	46
3. BDM (Marriages)/MSD Married Persons Match	47
4. Centrelink/MSD Change in Circumstances Match	49
5. Centrelink (DIMIA)/MSD Periods of Residence Match	50
6. Customs/MSD Periods of Residence Match	51
7. Corrections/MSD Prisoners Match	52
8. Customs/MSD Arrivals and Departures Match	53
9. Educational Institutions/MSD Loans and Allowances Match	55
10. Employers/MSD Section 11A Social Security Act Match	56
11. IRD/MSD Commencement/Cessation Benefits Match	58
12. IRD/MSD Commencement/Cessation Students Match	60
13. IRD/MSD Community Services Card Match	61
14. IRD/MSD Debtors Tracing Match	62
15. IRD/MSD (Netherlands) Tax Information Match	64
16. Netherlands/MSD Change in Circumstances Match	64
17. Netherlands/MSD General Adjustment Match	65
18. Netherlands/MSD Debt Recovery Match	66



Matches with Electoral Enrolment Centre as user agency	67
EEC Match process for unenrolled voters matches	67
19. Citizenship/EEC Unenrolled Voters Match	68
20. LTNZ/EEC Unenrolled Voters Match	69
21. MoT/EEC Unenrolled Voters Match	70
22. MSD/EEC Unenrolled Voters Match	71
23. INZ/EEC Unqualified Voters Match	72
Matches with IRD as user agency	74
24. MoE/IRD Student Loan Interest Write-off Match (No 1)	74
25. MoE/IRD Student Loan Interest Write-off Match (No 2)	75
26. MSD/IRD Family Support Administration Match	76
27. MSD/IRD Family Support Double Payment Match	77
Matches with other departments as user agencies	79
28. Corrections/ACC Prisoners Match	79
29. IRD/ACC Residual Claims Levies Match	80
30. Citizenship/BDM Citizenship by Birth Processing Match	81
31. BDM/DIA(C) Citizenship Application Processing Match	82
32. BDM/DIA(P) Passport Eligibility Match	83
33. Citizenship/DIA(P) Passport Eligibility Match	84
34. IRD/Justice Fines Defaulters Tracing Match	85
35. MSD/Justice Fines Defaulters Tracing Match	86
36. Customs/MED Motor Vehicle Traders Importers Match	88
37. MoT/MED Motor Vehicle Traders Sellers Match	89
38. BDM (Births)/MoE Student Birth Confirmation Match	90
39. Citizenship/INZ Entitlement to Reside Match	90
40. Corrections/INZ Prisoners Match	92
<b>VI. FINANCIAL AND PERFORMANCE STATEMENTS</b>	<b>94</b>
Governance and Accountability Statement	94
Structure of the Office of the Privacy Commissioner	94
Statement of Responsibility	96
Report of the Auditor-General	97
Statement of Accounting Policies	99
Statement Specifying Financial Performance	101
Statement of Objectives and Service Performance	102
Statement of Financial Performance	113
Statement of Movements in Equity	114
Statement of Financial Position	115

Statement of Cash Flows	116
Statement of Commitments	117
Statement of Contingent Liabilities	117
Notes to the Financial Statements	118
PART IV TABLES	
Table 1: Complaints Received and Closed 2000-06	17
Table 2: Age of Complaints Closed 2005/06	18
Table 3: Alleged Breaches 2005/06	20
Table 4: Top 10 Respondents 2005/06	22
Table 5: Agency Type 2005/06	22
Table 6: Cases Referred to Director of Human Rights Proceedings 2001-06	24
Table 7: Tribunal Privacy Cases and Outcomes 2001-06	24
PART V TABLES	
Table 8: Short Term Online Approvals 2005/06	37
Table 9: Longer-term Online Approvals 2005/06	38
Table 10: Overview of the NDMC Programmes 2002-06	44
Table 11: ACC/MSD Benefit Eligibility Match Results 2005/06	45
Table 12: BDM (Deaths)/MSD Deceased Persons Match Results 2004-06	47
Table 13: BDM (Marriages)/MSD Married Persons Match Results 2005/06	48
Table 14: Centrelink/MSD Change in Circumstances Match Results 2003-06	50
Table 15: Corrections/MSD Prisoners Match Results 2003-06	53
Table 16: Customs/MSD Arrivals & Departures Match 2002-06	54
Table 17: Customs/MSD Arrivals & Departures Match 2004-06 Breakdown in Established Overpayments by Benefit Type	54
Table 18: Educational Institutions/MSD Loans and Allowances Match Results 2002-06	56
Table 19: Employers/MSD Section 11A Social Security Act Match Results 2002-06	57
Table 20: Employers/MSD Section 11A Social Security Act Match Challenges by Completed Programmes 2002-06 (as at 1 July 2006)	58
Table 21: IRD/MSD Commencement/Cessation Benefit Match Results 2003-06	59
Table 22: IRD/MSD Commencement/Cessation Student Match Results 2004-06	60
Table 23: IRD/MSD Community Services Card Match Results 2003-06 (as at 30 June 2006)	62
Table 24: IRD/MSD Debtor Tracing Match Results 2002-06	63
Table 25: Total EEC Unenrolled Voters Matches Results 2002-06	68





Table 26: DIA (Citizenship)/EEC Unenrolled Voters Match Results 2002-06	69
Table 27: LTNZ/EEC Unenrolled Voters Match Results 2002-06	70
Table 28: MOT/EEC Unenrolled Voters Match Results 2002-06	71
Table 29: MSD/EEC Unenrolled Voters Match Results 2002-06	72
Table 30: INZ/EEC Unqualified Voters Match Results 2002-06	73
Table 31: MoE/IRD Student Loan Interest Write-Off Matches Results 2002-06	76
Table 32: Corrections/ACC Prisoners Match Results 2002-06	79
Table 33: IRD/ACC Residual Claims Levies Match Results 2003-06	81
Table 34: IRD/Justice Fines Defaulters Tracing Match Results 2004-06	85
Table 35: IRD/Justice Fines Defaulters Tracing Match s.103 Challenges 1 January 2005-30 June 2006	86
Table 36: MSD/Justice Fines Defaulters Tracing Match Results 2004-06	87
Table 37: MSD/Justice Fines Defaulters Tracing Match s.103 Challenges 1 January 2005-30 June 2006	87
Table 38: Customs/MED Motor Vehicle Traders Importers Match Results 2004-06	88
Table 39: Citizenship/INZ Entitlement to Reside Match Results 2004-06	91
Table 40: Corrections/INZ Prisoners Match Results 2005/06	93
FIGURES	
Figure 1: Total Files and Files Over 12 Months Old	18
Figure 2: Percentage of Files More Than 12 Months Old	18
Figure 3: Closed Complaints Breakdown 2005/06	19
Figure 4: Complaints Processing 2005/06	20
Figure 5: Typical Information Matching Process	34
Figure 6: Authorised, Operating and Inoperative Information Matching Programmes 2000-06	39
Figure 7: Classification of Information Matching Activities 2002-06	40

## I. KEY POINTS

- The Privacy Commissioner's 2006 public opinion survey found a strikingly high level of public concern about how businesses handle personal information. More than 80 percent of people surveyed pinpointed the internet and business as key privacy concerns.
- The Credit Reporting Privacy Code came into full effect on 1 April 2006, and has been well received by consumers, credit reporters and the financial sector.
- A new-look, simple-to-navigate website was launched – [www.privacy.org.nz](http://www.privacy.org.nz). It includes plain English information on privacy rights and responsibilities, information about internet safety and a full text search engine.
- A total of 636 formal complaints was received during the 2005/06 year. The continuing downward trend of recent years seems to be the result of proactive handling of complaints by the Office's staff and more targeted privacy training. Telephone enquiries remained steady at around 6,000.
- The Office closed around 60 percent of new complaints during 2005/06, usually within six months of receipt. The backlog of old files continued to drop. Where the parties were willing, the Office continued its policy of attempting to settle complaints.
- Problems with access to personal and health information continued to dominate, making up about 50 percent of complaints. Disclosure of personal or health information was the second most common complaint.
- The Office's three-person technology team completed its first full year of work. The team participated in e-government work, established public and private sector information forums, and surveyed private and public sector website privacy notices.
- Legal and policy capacity within the Office was enhanced in the second half of the year, and a new position of Policy Adviser (Health) was established.
- The Office advised on the privacy implications of proposed legislation, policies and practices. Topics included counter terrorism, trans-border data sharing, use of biometric information, and proposals on access to court records.
- Media enquiries focused on technology issues. Many speeches, presentations and education sessions on privacy issues were given in response to requests.
- Government information matching continued to expand. There were 40 programmes in operation during the 2005/06 financial year, compared with 36 in 2004/05. A further four new programmes were authorised by Parliament.
- There was a 45 percent increase in the number of government information matching programmes using online information transfer. These online programmes require special permission from the Privacy Commissioner.



## II. INTRODUCTION

A striking result of our 2006 public opinion survey on privacy was the high level of public concern about how businesses handle personal information. More than 80 percent of people pinpointed the internet and business as key privacy concerns. Ninety-three percent of those surveyed rated good personal information practices by businesses as more important than convenience, and as important as efficiency, product quality and service.

General concern about invasion of privacy rose 56 percent in 2005/06, from 49 percent in the 2001 survey. Privacy now ranks sixth out of nine major issues tested. Public concern about privacy invasion now ranks ahead of unemployment, behind education, crime and violence, health, the environment and the economy.

Rapidly developing technology fuels public awareness and concern about privacy invasion. The way in which we lead our lives, and the ways in which government and business serve us, are increasingly influenced by or dependent on technology. For instance:

- an estimated one million New Zealand households have internet access
- industry sources estimate that there are about 3.8 million mobile phone connections in New Zealand
- the DNA profiles of more than 50,000 people are stored on the Police DNA databank
- requests for details of motor vehicle owners have grown from 2 million in 1998/99 to 10.8 million in 2005/06.

All kinds of organisations and businesses use advanced technology to collect, sort, store and trade our personal information, both to make our lives easier in dealing with them and also for their own use. It is no coincidence that the language of the computerised information world is increasingly strewn with metaphors – such as data mining, data banks and data warehousing – that are drawn from commerce. Mainly through the power of technology, our personal information is increasingly a tradeable commodity, with a real market value.

The day-to-day work of the Privacy Office in acting as a watchdog to protect personal information and to promote good practice has become increasingly focused on technology and science-driven issues.

On 1 April 2006 the Credit Reporting Privacy Code, developed by the Office, came into full effect. Credit reporting is a prime example of an industry that uses personal information for commercial purposes. The industry collects, holds and sells personal and credit related information about an estimated two million New Zealanders. The Credit Code now requires the industry to give individuals free access to their credit records and to limit information collected to that relating to credit. Credit reporters are obliged to ensure greater accuracy of information held and disclosed, and to increase controls on release and reduce misuse (eg. unauthorised release). The industry cooperated fully in our development of the code. The benefits are becoming clear – thousands of New Zealanders have used the new right to access credit information about themselves.

Our legal/policy staff have also continued to contribute to the development of government policy and legislation, especially involving the uses of technology. Examples this year included submissions on the SPAM (Unsolicited Electronic Messages) Bill, proposals on anti-money

laundering and the financing of terrorism, and the Financial Transactions Reporting Act. The globalisation of information flows – for example for customs, immigration, passports and banking – has also generated work for the Office.

In its first full year, our three-person technology team actively participated in e-government development work, including the government logon service and all-of-government online identity authentication. The team established information forums for the public, business and government on data matching, and technology and privacy, and carried out a survey of private and public sector websites. The survey showed that only just over half of the websites had privacy notices. Two consumer-oriented guides, one on websites and personal information and the other on the safety of personal information on the internet, were produced. Among the issues the team dealt with were privacy aspects of digital rights management, CCTV use and guidelines for biometric technologies. Government information matching continues to expand, with 40 programmes operating during the 2005/06 financial year.

Internationally, good personal information handling is becoming a key part of globalised commerce. Cooperation amongst government and privacy authorities worldwide has produced a number of significant developments. The Asia Pacific Economic Cooperation (APEC) grouping approved an APEC privacy framework in November 2005 and our Office played a strong role in its development. Regional cooperation has been enhanced by the adoption by the expanded Asia Pacific Privacy Authorities forum (APPA) of a formal statement of objectives. These set out to improve standards, share knowledge and promote best practice. The International Privacy Commissioner Conference in late 2005 unanimously adopted a declaration about global coordination to enhance privacy objectives. Although these are first steps, they mark a new impetus for cooperation to advance privacy protection internationally, against a background of electronic cross-border information flows.

During the year the news media raised many technology related privacy issues. These included biometrics (such as finger scanning in the workplace), widespread use of CCTV, the potential for the sharing of health and DNA databases, internet blogs, skimming of EFTPOS terminals, the safety of home computers, covert filming and bugging, the use of public registers by direct marketers, proposals for a variety of new databases (eg. all children and all state housing tenants), the use of radio frequency identification devices (RFIDs), the transfer of New Zealanders' information overseas, checking of employee emails, the sale of CCTV footage, internet banking, a prostitutes' register, infant heel prick cards, tracking people via their mobile phones and credit reporting. This extensive list of topics reflects a broadening and welcome media awareness of privacy issues. I am pleased that the media are now playing a valuable part in telling the many developing privacy stories and alerting the public to risks. In March this year we were encouraged that our Privacy Issues Forum attracted overseas speakers, a more than full attendance, and significant media interest in the wide-ranging issues covered.

Our new website is now online. New material includes guidance for employers, a 'your privacy' section and a special area where we offer help with common fears about internet safety, including email, web browsing and e-commerce.

Demand for our 0800 line has remained constant, with around 6,000 calls received this year and an increasing number of email enquiries.

Incoming written privacy complaints continued their steady (although slowing) decline to a total of 636 during the 2005/06 year. A combination of proactive handling by the enquiries



and complaints teams – encouraging early action and self-resolution – and training of the staff of organisations complained about seems to be responsible for reducing numbers of formal complaints. The assessment and conciliation team in the Office now closes around 60 percent of new complaints, usually within six months of receipt. Problems with access to personal and health information continue to dominate, at 50 percent of complaints. The Office is targeting areas generating clusters of complaints and held 88 education seminars on these during the reporting period. Our backlog of old files also continues to drop, with complaints over 12 months falling from 248 at the end of June 2005, to 88 at the end of June 2006.

Through the power of science and technology, what we formerly regarded as free or private space is increasingly being invaded. Who would have envisaged 20 years ago that our choices of food, clothing and books could be logged, monitored and used; our health information exchanged freely; or that our children would interact with the world via the internet? Our homes are no longer sacrosanct if we commit personal information to technology and the internet. It is within our power to benefit from and to control this, but we do need to be aware of the opportunities and risks.

A senior IT figure said some years ago “you have zero privacy anyway – get over it”. Fortunately the news is not all bad. Business and government agencies, initially dazzled by the profit and efficiency potential of technology, are now increasingly alive to the privacy message. They are aware that responsible information management is needed to protect client and consumer loyalty and trust, and thus the ability to run a viable and profitable operation. That same senior IT figure is reported to have remarked this year, following his own personal information being disclosed, that privacy and security were now his top priority and that he now understood the consumer perspective.

A silent revolution has occurred in the way our personal information is handled. This revolution has the potential to be as far-reaching and pervasive in its effects as the invention of the printing press more than 500 years ago. We need to grasp this change, direct and use it. But we also need to protect our identities in the process, and value our information as much as do those who profit from it.

Marie Shroff  
Privacy Commissioner

### III. OFFICE AND FUNCTIONS OF THE PRIVACY COMMISSIONER

#### INDEPENDENCE AND COMPETING INTERESTS

The Privacy Commissioner is independent of the Executive. This means she is – and is seen to be – free from influence by the Executive when investigating complaints, including those against ministers or their departments. Independence is also important when examining the privacy implications of proposed new laws and information matching programmes.

The Privacy Commissioner has wide ranging functions. The Privacy Act requires the Commissioner to have regard to both the information privacy principles and to the protection of important human rights and social interests that compete with privacy. Competing social interests include the desirability of a free flow of information and the right of government and business to achieve their objectives in an efficient way. The Commissioner must also take account of New Zealand's international obligations and consider any general international guidelines that are relevant to the better protection of individual privacy.

#### COMPLAINTS

One of the Privacy Commissioner's key functions is to receive and investigate complaints about interference with privacy. This process is described in detail in the complaints section of this report.

#### EDUCATION AND PUBLICITY

Part of the Commissioner's role involves promoting an understanding and acceptance of the information privacy principles. An enquiries officer answers questions from members of the public and maintains an 0800 number so that people may make enquiries without charge from anywhere in New Zealand.

The Office website contains many resources for the public, including case notes, consumer guides, newsletters, speeches and reports. Increasingly, enquirers are directed to the website for information.

Investigating staff give regular workshops and seminars, tailored to the audience, on both the Privacy Act and the Health Information Privacy Code.

Part of the Commissioner's role is to make public statements on matters affecting privacy. When speaking publicly the Commissioner may act as a privacy advocate, but must also have regard to wider, competing considerations. The Office maintains open communication with the news media.

#### INFORMATION MATCHING PROGRAMMES

A key area of work is in monitoring the growing number of government information matching programmes (also called data matching programmes). These programmes must be operated in accordance with the provisions of the Privacy Act.



## CODES OF PRACTICE

The Privacy Commissioner may issue codes of practice. A code of practice can modify the information privacy principles by:

- prescribing standards that are more or less stringent than those prescribed by the principles
- exempting any action from a principle, either unconditionally or subject to any prescribed conditions.

A code may also prescribe how the information privacy principles are to be applied or complied with in a particular industry or sector.

## LEGISLATION AND POLICY

One of the Commissioner's most significant roles is to comment on legislative, policy or administrative proposals that have some impact on the privacy of the individual or classes of individuals. Many such recommendations are adopted by government departments, cabinet committees or select committees when they are considering policy and legislative proposals. In every case the Commissioner must have due regard for interests that compete with privacy.

Other functions of the Privacy Commissioner include:

- monitoring compliance with the public register privacy principles
- reporting to the Prime Minister on any matter that should be drawn to her attention, particularly the need for and the desirability of taking legislative, administrative or other action to give protection or better protection to the privacy of the individual.

## REPORTING

The Privacy Commissioner reports to Parliament through the Minister of Justice, and is accountable as an independent Crown entity under the Crown Entities Act 2004.

## STAFF

The Privacy Commissioner has offices and staff in both Auckland and Wellington.

The Assistant Commissioner has responsibility for work on codes of practice, legislation, data matching and policy matters, as well as for a team established to focus on privacy issues associated with technology. The Assistant Commissioner (Legal) has responsibility for communications, education and enquiries, and contributes to complaints work. The Manager Investigations has responsibility for complaints and investigations, and manages teams of investigating officers in both offices. The Commissioner has a Senior Legal and Communications Adviser reporting directly to her.

The General Manager is employed on a part-time contract basis to provide administrative and managerial services to both offices. Administrative support staff are employed in each office and a part-time librarian is based in the Auckland office.

Other contract staff are involved in management, legal enquiries, writing, accounting and publications work for the Office.

## IV. REPORT ON ACTIVITIES

### TECHNOLOGY TEAM

Information matching activity continues to expand and is described in detail later in this report. In the year under review there were 40 active information matching programmes.

Work with the State Services Commission and other departments on e-government initiatives expanded. The Ministry of Economic Development consulted the Office about the Telecommunications Relay Service and its discussion paper on a Strategic Consideration of ICT Security and Confidence in New Zealand. The Office reviewed and commented on a suite of standards developed for the all-of-government online authentication project by the State Services Commission and the Department of Internal Affairs. It also provided comment and advice when the government logon service moved into its pilot implementation phase and policy development started on the identity verification service.

The Office provided advice on a strategy for closed circuit television (CCTV) implementation for Manukau City Council and explored ways of working more closely with the Police on the operation of police-monitored CCTV installations.

Representation of the Office on the Trusted Computing and Digital Rights Management Steering Group continued in 2005/06. The draft policies and principles developed in that project were presented in April to the International Working Group on Data Protection in Telecommunications.

The Office assisted the Department of Internal Affairs in the preparation of draft privacy guidelines for biometric technologies.

We also held five well-attended Technology and Privacy Forums during the year. Each featured a guest speaker on a theme with privacy implications. The Privacy Issues Forum also had a significant technology component.

A report was published on a 2005 survey of privacy notices on 100 private and public sector websites. Just over half of the sites visited had privacy notices. Full survey results are available at [www.privacy.org.nz](http://www.privacy.org.nz).

The Office also published consumer guides on websites and personal information.

The first meeting of an inter-agency Information Matching Working Group was held during the reporting period.

### EDUCATION

Section 13(a) of the Privacy Act states that one of the functions of the Commissioner is:

*“To promote, by education and publicity, an understanding and acceptance of the information privacy principles and the object of those principles.”*

In the past financial year the Office held 88 education seminars, either as formal workshops or as in-house seminars. Increasingly these are being delivered outside Auckland, Wellington and Christchurch. This is particularly the case in the health area, since many health providers wish to train staff in their responsibilities under the Health Information Privacy Code.





A popular topic for training is mental health issues. In 2005/06 the Office redeveloped its mental health training workshop into a shorter and more focused format.

The Office occasionally presents free lunchtime seminars on technology and privacy. The topics this year have been:

- Keys to helping stop online spam and scams (August 2005)
- Online census and privacy implications (October 2005)
- Inside the panopticon – privacy, government and trust (November 2005)
- Who monitors the monitors – CCTV systems and their implementation (March 2006)
- Fraudsters online – beating the bandits (May 2006).

## **MEDIA AND OUTREACH**

The Office continues to receive frequent calls from the media and is usually able to assist with these. Media stories this year included the use of cameras in schools, increases in the use of radio frequency identification (RFID) technology, the possibility of downloading software to track mobile phone users, photography in public places and government information sharing.

### **Website**

The Office has redesigned its website, [www.privacy.org.nz](http://www.privacy.org.nz). The site has a new look, is simple to navigate, contains useful plain English information on privacy rights and responsibilities, and has a full text search engine. More material is in development.

The website's homepage features an ever-changing selection of syndicated privacy stories from other sites (using the automated Really Simple Syndication, or RSS, function). This is a valuable resource for researchers, journalists and others interested in keeping up-to-date on current privacy issues.

### **Privacy Issues Forum**

In March the Privacy Commissioner ran a one-day Privacy Issues Forum at the Museum of New Zealand Te Papa Tongarewa in Wellington. It was an opportunity for privacy officers from industry and the government, members of the public, academics, lawyers and others to gather and exchange views on current privacy issues. The keynote address, by Australian Federal Privacy Commissioner Karen Curtis, was titled *Good Privacy is Good Business*. Other topics included privacy and the consumer, identity crime, the media and privacy, and the impact of technology on privacy.

Presentations from the forum can be downloaded from the website.

### ***SuperVision*: Wellington International Arts Festival**

As part of the Wellington International Arts Festival, the Office had the opportunity to support the multi-media theatre performance, *SuperVision*. The show featured three stories that looked at the way personal identity is affected by technology and the digital age. The Office provided an information advertisement that was used in the show's programme.

### **Other outreach**

The Privacy Commissioner and other staff from the Office made presentations to a number of conferences and organisations throughout the year. Copies can be downloaded from the website.

## COMPLAINTS AND ACCESS REVIEWS

The number of complaints received during the year continued to decline, to a total of 636. The fewer incoming complaints and improvements in complaints handling processes meant there were only 453 open complaint files at the end of 2005/06.

Previous reports have indicated a range of factors that probably influence the downward trend. These include complainants having more contact with agency privacy officers and a closer scrutiny of complaints by this Office to ensure that there is a proper basis for complaint. The Office's 0800 telephone service has become more proactive, directing complainants to agencies in appropriate cases where a resolution seems likely. The telephone service is also able to redirect to the appropriate agency those complaints that lack a privacy component.

TABLE 1: COMPLAINTS RECEIVED AND CLOSED 2000-06

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Complaints received	881	1044	928	934	721	636
Complaints closed	806	1049	915	1168	970	752

### Age of complaints

As reported in previous years, the age of complaints handled by the Office has continued to reduce. The aim is to further reduce the number of complaints older than 12 months. Figure 1 shows that there has been a steady reduction over the past year, with only 88 of the total number of open files more than 12 months old at the end of 2005/06. At the end of the 2004/05 year, 248 files were more than 12 months old. Figure 2 shows the percentage of files more than 12 months old relative to the total number of current files.

The Office received additional funding to clear a backlog of old files, especially complaints received before 1 July 2003. Of the original 448 complaints in that category, only six remained at the end of the financial year. These were expected to be completed early in the 2006/07 year.

Although trends concerning inward complaints are not yet fully evident, it appears that the Office is approaching a caseload that might be regarded as 'normal' workflow. Whether this is the case or not should become evident over the next two years.



FIGURE 1: TOTAL FILES AND FILES OVER 12 MONTHS OLD

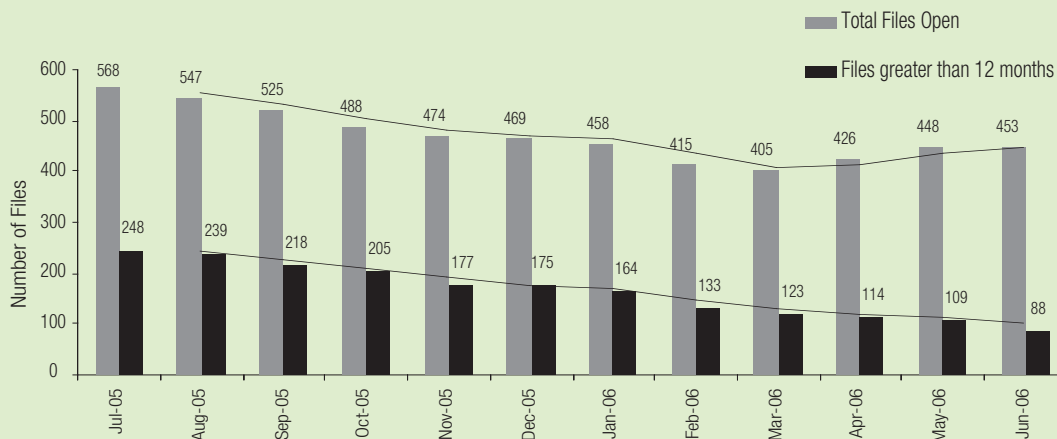


FIGURE 2: PERCENTAGE OF FILES MORE THAN 12 MONTHS OLD

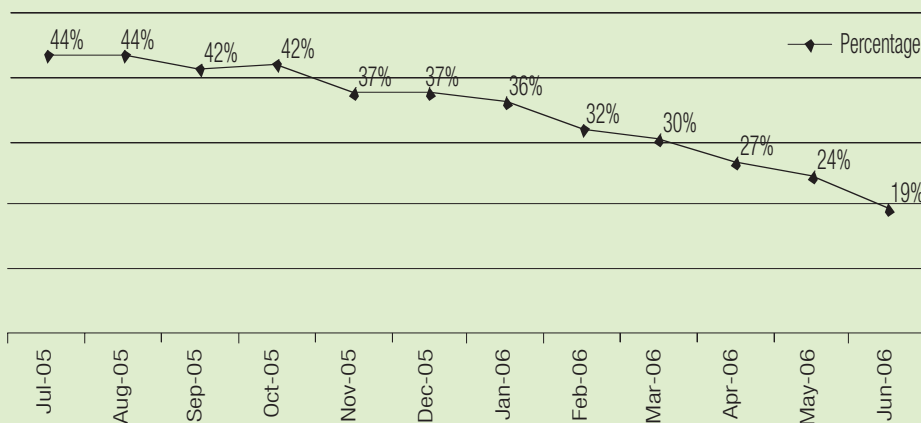


Table 2 shows the age of complaints closed in 2005/06. The figures do not give the full picture as the year included a significant amount of work on the backlog of very old files. New work practices and a steady inflow of complaints and other work should mean that the Office will be able to work on files more in the six months-to-one year time frame than in the past. The Office hopes to get to a point where a high percentage of complaint files is closed within a year of receipt.

In 2004/05, 60 percent of files were closed in less than a year. This has improved to 67 percent of files in 2005/06.

TABLE 2: AGE OF COMPLAINTS CLOSED 2005/06

Age of complaint	Number closed	Percentage closed
6 months or less	295	40
6 months to 9 months	120	16
9 months to 1 year	85	11
More than 1 year	252	33

Numbers in the percentage column have been rounded.

## New complaints

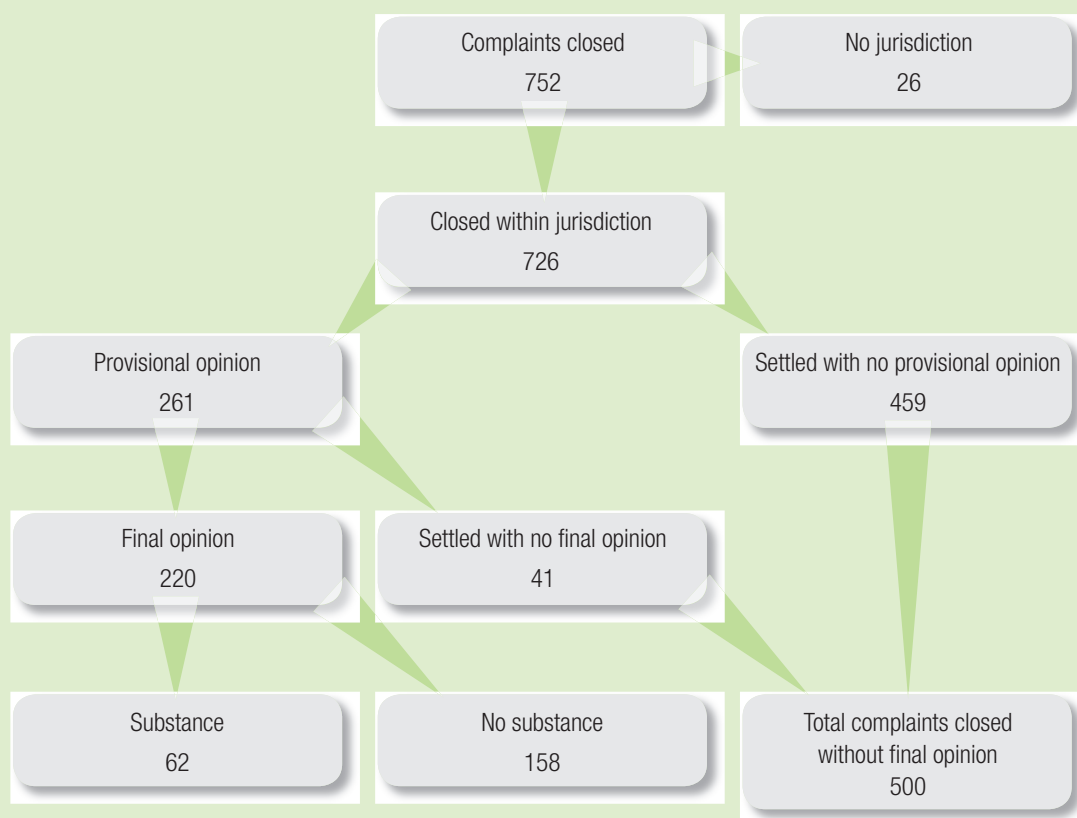
In its last *Annual Report* the Office described a new strategy for the early stages of dealing with a complaint. This involved the formation of a three-person team to make an initial assessment to identify the issues, quickly gather any further information needed and make an early decision on whether the complaint ought to proceed or not. In 2005/06 this initiative continued to have a positive impact on the overall complaints handling function. The team, known as the Assessment and Conciliation Team, handles all incoming complaints and accounted for more than 60 percent of all closures by the Office over the year.

Complaints not closed by the team are assigned to investigating officers for further action. While some of these files may require more investigation once they are handed over, many are at a stage where all that remains to be done is to analyse the facts in the context of the applicable law.

Settlement of complaints remains a focus for the Office. Where the parties to a privacy dispute indicate a willingness to settle a matter without further investigation, the Office attempts to help the parties reach consensus on a suitable outcome.

Figure 3 illustrates the outcomes on the closed files for the year. The percentages of complaints closed were similar to those in previous years. Around 66 percent were closed without the need for a legal opinion. These closures involved a range of outcomes, from the Commissioner deciding to take no further action through to the complainant being satisfied with the involvement of the Office and a voluntary settlement being reached. Often the investigation prompted an agency to reconsider its approach to the complainant. Similarly, complainants may have come to a different view once there was some investigation of the facts on both sides of the dispute.

FIGURE 3: CLOSED COMPLAINTS BREAKDOWN 2005/06





The breakdown of closed complaints for the year shows that more than 35 percent resulted in a provisional or interim opinion being formed by the Commissioner. Forty-one files were settled after the provisional opinion was issued, in most cases because the complaint was withdrawn or there was a settlement offer by the respondent agency.

Figure 4 shows complaints received, processed and closed, as well as those remaining open at the end of the year.

FIGURE 4: COMPLAINTS PROCESSING 2005/06



### Complaints analysis

TABLE 3: ALLEGED BREACHES 2005/06

Alleged breach	Total	Percentage
Information Privacy Principle (IPP) 1 – Purpose	8	1.30
IPP2 – Source	29	4.75
IPP3 – Collection	9	1.47
IPP4 – Manner	24	3.90
IPP5 – Storage	23	3.80
IPP6 – Access	246	40.00
IPP7 – Correction	18	3.00
IPP8 – Accuracy	31	5.00
IPP9 – Retention	8	1.30
IPP10 – Use	8	1.30
IPP11 – Disclosure	125	20.40
IPP12 – Unique Identifiers	0	0
Section 35 – Charges	2	0.33
Health Information Privacy Code (HIPC) Rule 1	2	0.33
HIPC Rule 2 – Source	2	0.33
HIPC Rule 3 – Collection	1	0.16
HIPC Rule 4 – Manner	2	0.33

HIPC Rule 5 – Storage	5	0.82
HIPC Rule 6 – Access	37	6.00
HIPC Rule 7 – Correction	3	0.50
HIPC Rule 8 – Accuracy	4	0.65
HIPC Rule 9 – Retention	0	0
HIPC Rule 10 – Use	0	0
HIPC Rule 11 – Disclosure	15	2.45
HIPC Rule 12 – Unique Identifiers	0	0
Health Act Section 22F	3	0.50
Clause 6 – Charges	2	0.33
Credit Reporting Privacy Code (CRPC) Rule 5	1	0.16
CRPC 7	2	0.33
CRPC 8	1	0.16
CRPC 11	1	0.16
<b>Total</b>	<b>612</b>	

Complaint trends followed similar patterns to previous years. Access to personal or health information occupied nearly 50 percent of the complaints workload of the Office (283 complaints). In most of these complaints, agencies had a genuine reason to withhold information, had failed to respond to an access request, or simply had the withholding grounds wrong.

For the first time we report the breaches against the Credit Reporting Privacy Code 2004. The Code came into full force on 1 April 2006. These figures represent just three months of the full reporting year 2005/06.

At a general level, complaints about the private sector (47 percent) and the public sector (52 percent) were more or less even, but complaints about access within the public sector were three times higher than those in the private sector.



## Top 10 respondents

TABLE 4: TOP 10 RESPONDENTS 2005/06

Agency	Number of complaints received
NZ Police	41
Ministry of Social Development	35
ACC	29
Immigration New Zealand	21
Department of Corrections	19
Baycorp Advantage	17
IRD	13
Child Youth and Family Services	11
Ministry of Justice	10
Capital and Coast DHB	7
Auckland DHB	7

As in previous years, the top 10 respondent agencies were collectively the subject of about a third of complaints to the Office.

It should be noted that these figures do not represent the outcome on each complaint and that some complaints will not have been substantiated during investigation by the Office. The numbers merely represent the number of complaints received. It is encouraging that the totals represent a decline from previous complaint numbers.

## Agency types

Table 5 examines the breakdown of complaints against various agency groups. Complaints against the government sector, health sector and financial sector all declined, both in numbers and as a percentage of overall complaints. Anecdotally, it would appear that these sectors are making steady improvements in the way they handle personal information and the manner in which they handle complaints or requests on privacy principle matters. Complaints from all other sectors rose in terms of number and as a percentage of overall complaints. In 2004/05 the top three sectors represented almost 70 percent of the workload of the Office. Last year they accounted for only 59 percent. The other sectors rose to 41 percent, 10 percent above last year.

TABLE 5: AGENCY TYPE 2005/06

Agency Type	Total	Percentage
Government sector, including education and local authorities	284	41.5
Health sector, including hospitals and medical practices	62	10.0
Financial sector, including banking, insurance, credit agencies and debt collectors	46	7.5
Other	244	41.0
<b>Total</b>	<b>636</b>	

## ENQUIRIES

During the year the staff on the free phone line (0800 803 909) dealt with just over 6,000 calls. Enquiries are almost infinitely variable, but common subjects in the past year were workplace surveillance, use of public registers to get addresses for direct mail, the Clean Slate legislation and the statutory requirement to provide date of birth when registering a dog.

Enquiries staff continued to encourage people to resolve complaints with the agency first, and provided information to assist with that process. This approach can remove the need for a formal complaint to the Office. Staff also provided general information on the operation of the Privacy Act and helped agencies with interpretation of the privacy principles; for example, in the development of privacy policies.

While the enquiries staff are as helpful as possible, they can give only general information. They do not give legal advice about particular proposals or activities, since to do so could compromise the Commissioner's ability to neutrally investigate any subsequent complaints. In particular, they do not give approval for proposed courses of action, uses of technology and so on. Claims that the Privacy Commissioner's Office has 'approved' a scheme should always be regarded sceptically.

Since the Office's redesigned website went live, highlighting the availability of the free phone line and the email enquiries address, email enquiries have roughly doubled in number. If this trend continues, it will present new challenges for the enquiries team. While staff can usually assist a phone caller with one conversation, email enquiries can more easily lead to an ongoing written question-and-answer process. This may be more useful for some enquirers than a telephone call, but it also creates some resource difficulties with current staffing arrangements.





## HUMAN RIGHTS REVIEW TRIBUNAL

The Human Rights Review Tribunal is the specialist tribunal that hears proceedings under the Privacy Act, among other areas of law.

A Privacy Act case can come before the Tribunal in two ways:

- the Privacy Commissioner finds that an interference with privacy has occurred and refers the case to the Director of Human Rights Proceedings, who then decides to take the case to the Tribunal; or
- the complainant takes the case to the Tribunal (in cases where the Commissioner finds the complaint does not have substance, or where the Commissioner does not refer a case to the Director, or where the Director declines to take proceedings).

The Tribunal has jurisdiction to hear a Privacy Act case only if the Commissioner has investigated the matters that the Tribunal is being asked to determine. The Commissioner provides a certificate of investigation and a final opinion to the complainant. This can be used to assist the Tribunal in determining whether it has jurisdiction to hear claims brought before it.

TABLE 6: CASES REFERRED TO DIRECTOR OF HUMAN RIGHTS PROCEEDINGS 2001-06

	2001/02	2002/03	2003/04	2004/05	2005/06
Referrals to DHRP	0	3	0	13	12

As stated in last year's *Annual Report*, there is now a presumption in favour of referral when the Commissioner finds an interference with privacy and the parties have not managed to settle the dispute.

Occasionally there is nothing to be achieved by referral; for example, because all the information has been provided, there is no systemic issue that the agency has failed to address, or the complainant has not suffered a loss for which a remedy is required. In these cases, the Commissioner does not make a referral.

TABLE 7: TRIBUNAL PRIVACY CASES AND OUTCOMES 2001-06

	2001/02	2002/03	2003/04	2004/05	2005/06
New proceedings	22	23	19	9	17
Settled or withdrawn	10	7	6	4	6
Struck out	1	1	7	2	16
Dismissed	5	7	7	2	5*
Privacy interference	0	3	2	3	5*

*Note: Figures take account of proceedings carried over from previous years.*

*\* In one case, Dijkstra v New Zealand Police, the Tribunal found interference with privacy in part and dismissed the remainder of the claim. This case has been entered in both categories.*

An unusually large number of proceedings were struck out in 2005/06. However, 14 of those 16 proceedings were brought by a single, persistent plaintiff against various defendants.

In addition to the decisions recorded in Table 7, the Tribunal issued six preliminary or jurisdictional decisions and three costs decisions. One decision confirmed that the Commissioner's investigation files were not subject to discovery and inspection.

There were 11 hearings into substantive matters and the Privacy Commissioner appeared in six of these. Her role in proceedings is to be a neutral specialist intervener, making submissions to assist the Tribunal in deciding how to interpret the Act.

Issues considered at the substantive hearings included:

- whether a request for information falls under the Official Information Act or the Privacy Act (decision pending)
- when the Police can withhold information about an open investigation
- use of a tape recorder to gather evidence about barking dogs, and the consequential capture of personal information about the complainant
- information disclosure by displaying a dishonoured cheque behind a public bar.

All Tribunal decisions since 2002 are available free online at [www.nzlii.org](http://www.nzlii.org).

### Appeals

One High Court appeal against a Tribunal decision was heard and issued (*Ministry of Justice v S*). It reversed the Tribunal's decision that the actions of a Family Court Registrar in distributing material for proceedings were governed by the Privacy Act. Goddard J decided that the action had been taken in relation to the judicial functions of the Court and was therefore exempt from the Act, since the Registrar was not an 'agency'.

One other appeal was filed but has yet to be heard, and one appeal filed in 2004/05 has still to be heard.

A judicial review proceeding was filed in the High Court against the Privacy Commissioner. It is still at a preliminary stage.



## CODES OF PRACTICE

### **Credit Reporting Privacy Code 2004**

The Credit Reporting Privacy Code came into full force on 1 April 2006. Two parts of the Code had been brought into effect 12 months earlier, but the implementation of the bulk of the Code was delayed to allow the credit reporting industry time to make the necessary system changes.

The Code addresses a number of privacy concerns that had arisen in the credit reporting area by:

- limiting the information that may be contained in credit reporting systems
- controlling who may have access to the information
- reducing opportunities for misuse
- enhancing the transparency and openness of the process
- ensuring that individuals are made aware of their rights and that disclosures are properly authorised
- establishing standards to avoid mismatching information about different individuals
- ensuring information is regularly updated
- requiring access logs to be maintained
- removing the financial barriers to 'self-auditing' by requiring credit reporters to provide individuals on request with free copies of any credit information held about them
- providing greater certainty about how long information will be retained
- requiring disputed information to be flagged or suppressed while its accuracy is determined
- requiring prompt low-level dispute resolution.

The Code has been well received by consumers, credit reporters and the wider financial services sector. A minor technical problem was addressed earlier in the year by issuing an amendment, but in most respects the implementation process has been without incident. As expected, it has proved to be a relatively light-handed Code that enhances privacy protection for individuals and helps to improve the accuracy and credibility of credit reports, without imposing significant additional compliance costs. A new edition of the Code, including explanatory notes and commentary, was placed on the Privacy Commissioner's website in October 2005 and has been updated to incorporate the recent amendments.

The benefits of the Code are becoming evident. In the first 12 months of operation, many thousands of New Zealanders availed themselves of their new entitlement to free-of-charge access to credit information held about them by credit reporters. The industry has continued to encourage individuals to take an active role in ensuring that the information held about them is accurate and up-to-date.

The Code requires credit reporters to provide clear, fast and effective complaints resolution procedures. Some level of dispute between individuals and credit reporters or credit providers

is inevitable, given the nature and high volume (around 18,000 reports daily) of the credit reporting business. However, the industry is now taking greater responsibility for sorting out the privacy issues arising from its own activities.

Further information about the Code is available from the Privacy Commissioner's website. The Office intends to carry out a full review of the Code as soon as practicable after 1 April 2008.

### Other codes

The Privacy Commissioner announced in March 2005 that she planned to amend the Health Information Privacy Code 1994 to take account of developments in the health sector since the Code was last amended in 2000. Ideas for updating and amending the Code were obtained from agencies in the health sector and these are to inform an amendment to the Code planned for 2006/07.

An amendment to the Justice Sector Unique Identifier Code had been mooted by the Ministry of Justice for some years. This Code allows for the use of a common identifier for persons passing through the justice sector when they have been charged with a serious crime. It essentially regularises a well established practice going back to the 'Wanganui Computer' shared system of the 1970s. An issue was identified concerning numbers assigned for minor traffic or infringement offences. In seeking to clarify the position further issues were thrown up, delaying the amendment being made.

In November 2005 the Privacy Commissioner publicly notified her intention to amend the Justice Sector Code and carried out public consultation. The amendment, which was issued in late December, broadened the circumstances in which the Code permitted justice sector agencies to share unique identifiers relating to the same individual.

The following codes of practice remained in force at the end of 2005/06:

- Health Information Privacy Code 1994
- Superannuation Schemes Unique Identifier Code 1995
- Justice Sector Unique Identifier Code 1998
- Post-Compulsory Education Unique Identifier Code 2001
- Telecommunications Information Privacy Code 2003
- Credit Reporting Privacy Code 2004.

## SECTION 54 AUTHORISATIONS

Section 54 of the Privacy Act allows the Commissioner to authorise actions that would otherwise be a breach of principles 2, 10 or 11. The power to grant specific exemptions gives the Act extra flexibility by taking account of unanticipated collection, use or disclosure of information that is in the public interest or in the interests of the person concerned. It can be useful when some disclosure ought to be made in the public interest but there is a duty under the Act not to disclose and the agency has not formulated a clear policy enabling disclosure. It can also act as a 'safety valve' to address rare and unexpected problems.

In considering applications under section 54, the Commissioner must first be satisfied that the proposed action would in fact breach principle 2, 10 or 11. Many applications fail on this first point.



The Commissioner then evaluates whether, in the special circumstances of the case, any interference with the privacy of an individual that could result is substantially outweighed by either the:

- public interest in that action, or
- clear benefit to the individual concerned.

A guidance note to assist any agency considering applying for an authorisation is available on the Privacy Commissioner's website or by contacting the Office.

Four applications were received during the year but no authorisations were granted during that time. Two of the applications remained under consideration at the end of the reporting period.

One of the applications was from a government department that wanted to mail out an information pamphlet to people listed on its registration database to alert them to an upcoming change. The information pamphlet was being provided by another government agency. The application was declined because it was not necessary. No personal information was to be disclosed and, further, the information pamphlet had relevance to the people on the database and so their address information was to be used consistently with the purpose for which it was held.

## **LEGISLATION**

### **Pre-introduction**

The Privacy Commissioner has a statutory function to examine and report on proposed legislation and its compliance with the Privacy Act and, in particular, with the Information Privacy Principles in the Act. The Office is frequently consulted by departments on proposed legislation involving personal information before it is introduced to Parliament. Ministers who propose new legislation must draw attention in the relevant Cabinet paper to any aspects that have significant privacy implications and include the comments of the Privacy Commissioner where relevant.

It is important that departments consult the Office early in the legislative development process. An appropriate balance can often be struck so that government objectives can be secured without unnecessarily diminishing privacy. Where this cannot be achieved, Cabinet processes ensure that Ministers are informed of possible effects on the privacy of individual citizens.

Input into the pre-introduction stages can occur in several ways. A recent example related to potential reforms to the Financial Transactions Reporting Act 1996. Two discussion documents have been produced by the Ministry of Justice on behalf of the Financial Action Task Force (FATF) Inter-Agency Working Group and public submissions have been sought. The Privacy Commissioner has provided comments on several aspects of the proposals relating to anti-money laundering and countering the financing of terrorism. She has urged a proportionate response to the identified risks.

### **Post-introduction**

After a bill is introduced into Parliament, there is an opportunity to contribute further to the law-making process. An example is the Privacy Commissioner's report to the Minister of Justice on the Unsolicited Electronic Messages Bill that introduced measures to reduce the incidence

of spam. The report was largely supportive of the proposal, but raised some privacy issues and made recommendations for amendment. A submission was also made on the Manukau City Council (Control of Street Prostitution) Bill.

## **FUNCTIONS UNDER OTHER ENACTMENTS**

A number of functions are given to the Privacy Commissioner under enactments other than the Privacy Act. These usually involve providing specialist input on privacy matters, or some form of safeguard or ‘watchdog’ role. Parliament has sometimes required a public agency to consult the Privacy Commissioner when implementing a new statutory scheme in order to allay public concern or avoid privacy ‘teething’ problems. Some statutes confer a review role or complaints function. This is more cost effective than creating a new review or complaints body, especially when disputes are expected to arise only rarely.

These extra functions tend to be of six types:

- scrutiny or approval of information disclosure arrangements
- consultation on rule-making or standard setting
- a complaints investigation role
- consultation on privacy complaints handled by other agencies
- appointment to other bodies
- audits of information practices.

Two key areas of activity are:

- consultation on cross-border information disclosure agreements
- consultation by the Ombudsmen on reviews under the official information laws.

### **Consultation on transborder data flows containing personal information**

Flows of personal information out from under the umbrella of New Zealand law are likely to continue to increase as the result of opportunities made available by new technologies and greater cooperation with foreign states. The ‘globalisation’ of information flows resulting from expanding trade and from national security and law enforcement concerns has raised many new challenges for informational privacy.

The Privacy Commissioner is regularly consulted by government agencies in relation to arrangements for the disclosure of personal information about New Zealanders to other governments and international organisations. The information is often disclosed in accordance with legislation that overrides the normal disclosure protections established by the Privacy Act. However, Parliament has commonly imposed a requirement on the relevant agencies to consult with this Office before entering into such agreements.

Legislation involving customs, immigration, social security and passports requires departments to consult with this Office in certain cases before entering into cross-border information disclosure agreements. During the reporting year the Office was consulted about arrangements governing disclosures to other governments of lists of lost and stolen passports.



Many of these transborder information sharing agreements include review provisions and requirements to provide periodic reports to the Privacy Commissioner. Difficulties have sometimes arisen with overseas partners, or their contractors, and it has sometimes proved challenging for the Office to perform the monitoring role envisaged by Parliament. This is an area of increasing concern and one where additional resources will be directed in the coming financial year.

### **Consultations with the Ombudsmen**

The Ombudsmen routinely consult the Privacy Commissioner when information is withheld on privacy grounds under the Official Information Act 1982 or the Local Government Official Information and Meetings Act 1987. Consultation is required by statute.

The decision about whether an agency should release information is ultimately one for the Ombudsmen to make, since the jurisdiction under the legislation is theirs. However, as the Privacy Commissioner is the specialist in the privacy arena, the Ombudsmen seek her views on whether it is necessary to withhold information to protect privacy and, if so, whether the public interest is strong enough in the circumstances to outweigh the privacy interest.

The Ombudsmen and the Commissioner agree in most situations where privacy is a withholding ground. Where an issue raises generic concerns, or will create an important precedent, the two Offices engage in more detailed discussion to ensure that all angles are properly canvassed.

Several of the consultations during the year involved requests for information from Police 111 call recordings. While police action in response to 111 calls is of legitimate public interest, there are strong privacy interests in the content of the recordings. Employment-related matters make up a good portion of the consultations, with requesters often seeking information about the outcome of a disciplinary process. While there will usually be a strong privacy interest in the details of the outcome, the privacy interest in an explanation of the process and overall outcome will generally be lower, and information of that nature may well be released. Requests from media are frequent. In one instance, a journalist sought the name of a woman who had died, apparently by suicide. While the privacy interests of a deceased person are questionable, the woman's family strongly opposed the release of her name. In the circumstances, it did not appear that the public interest would be furthered by the release of identifying details.

During the year, the Office completed 31 consultations with the Ombudsmen.

## V. INFORMATION MATCHING

### INTRODUCTION

The information matching report is in three parts:

- introductory material
- a report on the year in information matching
- programme by programme reports, grouped by key departments.

Information matching generally involves the comparison of one set of records with another, with the aim of finding records in both sets of data that belong to the same person. An example is the comparison of a list of people receiving a monetary benefit with a list of people who have been imprisoned. The process is commonly used to detect fraud in public assistance programmes, or to trace people wanted by the State. Less frequently, the technique is used to assist individuals (eg. to identify someone who has not claimed an entitlement). In some matches it is the absence of a person in one set of records that is of interest.

Information matching is perceived to have negative effects on privacy by:

- using information obtained for one purpose for an unrelated purpose
- ‘fishing’ in government records with the hope of finding wrongdoing
- automating decisions affecting individuals and removing human judgment
- presuming people guilty simply through their being listed on a computer file and requiring them to prove their innocence
- multiplying the effects on individuals of errors in some government databases
- undermining personal information by dispersing information obtained by one agency in confidence to a variety of other agencies’ databases.

Parliament has decided that government information matching must be monitored to ensure continued public trust in government and to prevent abuses. To address the risks, the Privacy Act regulates the practice of information matching in the public sector. It does this through controls directed at:

- authorisation – making sure that only programmes clearly justified in the public interest are approved
- operation – ensuring that programmes are operated consistently with fair information practices
- evaluation – subjecting programmes to periodic reviews and possible cancellation.

### OPERATIONAL CONTROLS AND SAFEGUARDS

Figure 5 illustrates the processes involved in typical authorised information matching programmes. While simplified and generalised, it illustrates the common steps in the process and some of the safeguards applied to ensure fairness and data quality.

The process starts with two databases, one at the source agency and the other at the user agency (though in more complicated programmes there may be more databases or agencies involved).





Records, typically only those relating to people who have been involved in a recent transaction or activity (eg. leaving the country), are selected from the source agency database. Certain information is extracted from the records selected. For example, the agency may have 20 items of data relating to individuals who have left the country, but only five of these may need to be extracted for the programme.<sup>1</sup>

The extracted information is sent by one agency to the other for matching. Sometimes an outsourced computer bureau performs this function on the user agency's behalf. The matching is an automated process that compares the lists of data. The information being matched is kept physically separate from operational records until checking processes are complete. It is important that unverified information not be added to an individual's file until it is confirmed that it does indeed relate to that individual, and is accurate and relevant.<sup>2</sup>

An algorithm is developed and used to establish what constitutes a successful match or 'hit'.<sup>3</sup> For example, it may match cases where the full name, date of birth and address are all the same. The algorithm may also allow for the identification of 'likely' matches, even when all data do not exactly correspond (eg. where the surname and date of birth are the same but the first names differ). The process will normally produce pairs of records that are judged likely to relate to the same person, but that cannot be said to be certain. Algorithms require careful thought and practical trialling before implementation; too 'tight' an algorithm will miss many matches of records that are actually about the same individual, and too 'loose' an algorithm will pair an unacceptably high proportion of records that are really about different individuals.

A matching results in a list of raw hits to be followed up. Information that does not show a hit of interest must be destroyed.<sup>4</sup> The raw hits are put through confirmation procedures.<sup>5</sup> Typically, there will be a manual check of the original records held by the user agency. The confirmation procedures may reveal some mismatches, which are then also destroyed.<sup>6</sup>

If the resultant checked hits are to be used as a basis for taking action against individuals, they should be acted on in a timely fashion. The Act sets maximum time limits.<sup>7</sup> The information must not be allowed to become out-of-date, because this may be prejudicial to the individuals concerned. Unverified information derived from matching must not be added to administrative files.<sup>8</sup>

1 The statutory information matching provision and the Technical Standards Report (required by information matching rule 4) typically limit the information that may be utilised.

2 The use of online computer connections is prohibited without the express approval of the Commissioner: matching must be carried out 'off line' and not be used to update live data on an agency's database - rule 3.

3 An algorithm is a process or set of rules used for problem solving. Rule 4 requires the matching algorithm to be documented in a Technical Standards Report. Other aspects of the match are also documented there or in the information matching agreement required under the Privacy Act, s.99.

4 Where the matching does not reveal a discrepancy, rule 6 requires the relevant information to be destroyed.

5 The agencies involved in a programme are required to establish reasonable procedures for confirming the validity of discrepancies before any agency seeks to rely on them as a basis for action in respect of an individual - rule 5.

6 Information disclosed pursuant to a match which reveals a discrepancy but is no longer needed for taking adverse action against an individual must be destroyed as soon as practicable - rule 6(2).

7 A decision about whether to take action must be taken within 60 days or the information must be destroyed - Privacy Act, s.101.

8 Nor may separate permanent databases of programme information be created - rule 7.

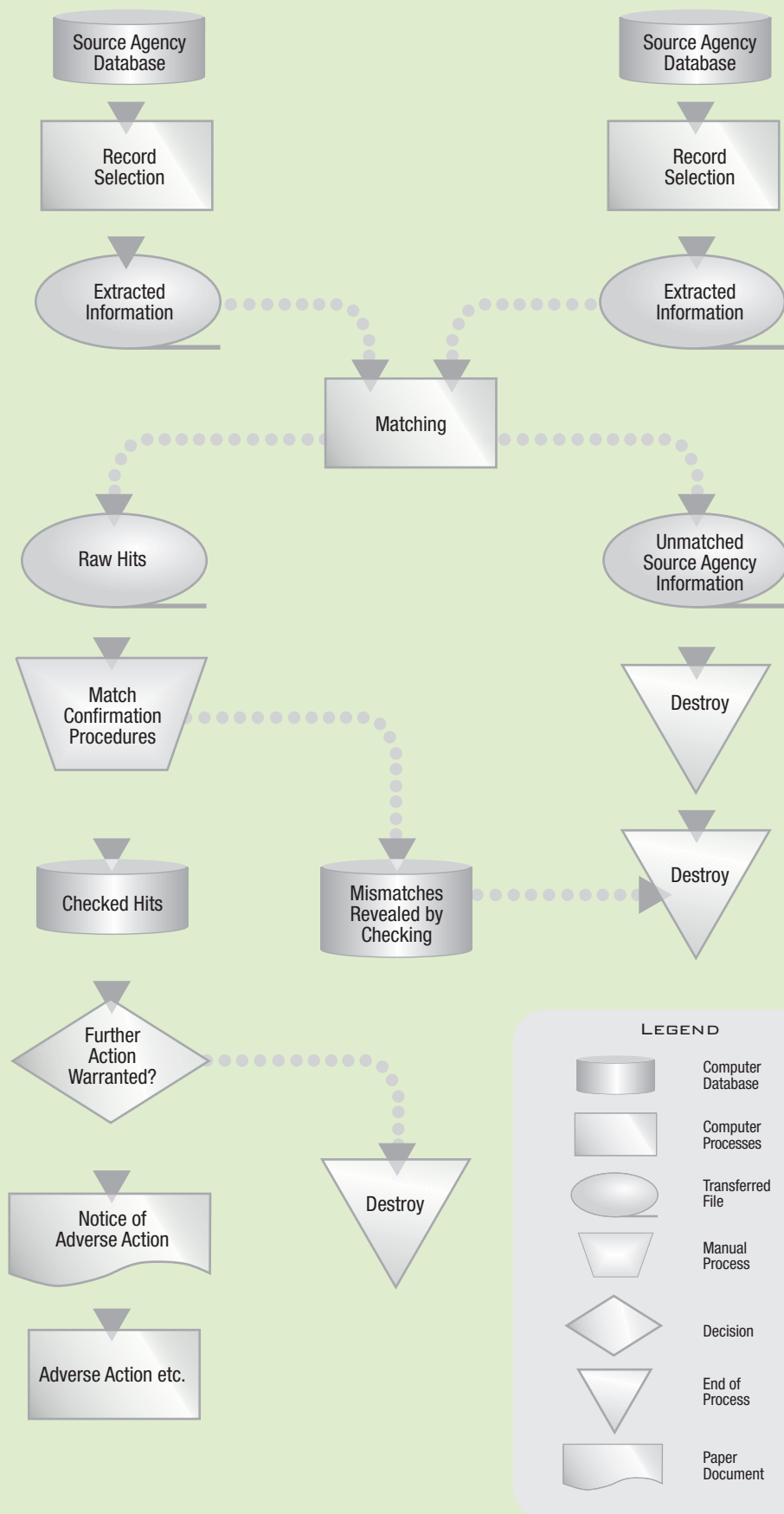
It is not advisable to act on the basis of an apparent discrepancy produced by a match, even if some in-house checking has been completed. In fairness, the information should be shown to the individual concerned before action is taken. This allows an opportunity for the data to be challenged. People should not be 'presumed guilty' solely on the basis of inferences drawn from a matching process. Notice is an especially important safeguard where the matching process might have wrongly associated records relating to different individuals.

If it is intended to take adverse action based on a discrepancy revealed by a programme, the user agency must first serve written notice on the individual under s.103 of the Privacy Act giving details of the discrepancy and the proposed adverse action, and allowing the individual five working days from receipt of the notice to show reason why such action should not be taken.

Information matching generally is governed by controls in Part 10 of the Privacy Act 1993 and the information matching rules contained in the Fourth Schedule of the Privacy Act.



FIGURE 5: TYPICAL INFORMATION MATCHING PROCESS



## THE YEAR IN INFORMATION MATCHING

It has been a year of steady growth with four newly active matches. Four new information matching provisions and two amendments to existing provisions were passed by Parliament.

### OUTREACH

One significant new communication initiative was directed towards improving the privacy compliance knowledge of officials. A steering group comprising key agencies was formed with the purpose of setting up an interest group. As well as providing a forum to promote compliance and understanding of Part 10 of the Privacy Act, the interest group was intended to facilitate the sharing of knowledge and expertise between officials in government departments.

Two well-attended meetings of the Information Matching Interest Group (IMIG) took place during the reporting period. Topics explored included policy development of new programmes, the seeking of online transfer approvals, the audit approach to match reporting, and proposals for an online workspace for the IMIG.

The Office began to enhance the training opportunities in the information matching area. A project to develop an educational workshop progressed with the first registrations taken at the end of June. The first workshop was delivered just after the end of the financial year.

### AUDIT APPROACH

In response to the changing nature of information matching, we initiated a pilot audit approach to reporting on selected matching programmes for which there have been particular problems in garnering statistics that allow meaningful year-to-year comparisons. Readers will note the reduced amount of reported data in relation to such programmes.

The pilot audit approach assessed compliance with the Privacy Act and the information matching rules in two parts. The first part, called the adequacy audit, dealt with departmental documentation, policies, codes of practice and guidelines. The second part, called the process audit, focused on the departmental staff involved in operating the programme.

Two agencies reported on eight matches using the audit approach. The MSD/IRD Family Support Administration Match (*see p76*) is a typical example of a match which is an integral part of the administrative process. This integration makes it difficult to separate out the statistical data about the match from general administrative data and increases the importance of assurance about the privacy compliance of the process.

Although this Office has required the completion of audits as a standard condition on the grant on online computer connection approvals, the use of audit in general compliance monitoring is a new departure for the Office. We will be carefully examining its operation in a special project over the coming year.



## NEW AUTHORISATIONS

One of the new information matching provisions passed by Parliament during the 2005/06 year authorised Housing New Zealand to disclose tenant information to the Ministry of Social Development (MSD). At the request of the Social Services Select Committee, we provided a report on the proposed legislation and made an appearance before the Committee. We concluded that the proposed programme accorded with the information matching guidelines.

Another new provision allows Justice to match information with Customs to enable serious fines defaulters to be intercepted as they arrive in or depart from New Zealand. This Office provided a report and recommendations (see [www.privacy.org.nz](http://www.privacy.org.nz)) to the Minister of Justice on this proposal in November 2003.

In May 2006, section 307D was inserted into the Education Act 1989. This authorises the Ministry of Education to disclose results of study information to MSD. This in turn provides MSD with a secondary means of verifying information provided by students about their study results and their entitlement to student allowance payments. Although there has been legal authority in the Education Act since 1998 for MSD to match results of study with tertiary education institutions, no such match has been undertaken. This is probably because matching with multiple institutions was deemed not feasible. The new authority means that all the data for matching is now sourced from within the Ministry of Education.

## ONLINE TRANSFER APPROVALS

The Privacy Act prohibits departments from conducting online matching, partly because of concerns about the ability to control information and check it before it is dispersed and acted on within an administrative system. However, online matching may be approved by the Commissioner on a case-by-case basis. Such approvals may be made subject to conditions designed to ensure that agencies put in place appropriate safeguards to protect the data and substitute for the protection inherent in the usual prohibition. The practice of the Office in processing approvals has usually involved granting first-time approvals for 12 months. Based on evidence of safe operation in that first period, and verified by a satisfactory audit report, subsequent approvals are typically issued for a three-year term.

The Commissioner granted 17 requests for approval (14 new approvals and three variations) during the year, more than doubling the number granted in 2004/05. As at 30 June 2006, 16 matches used online transfers, representing more than one third of all operating programmes.

TABLE 8: SHORT-TERM ONLINE APPROVALS 2005/06

User agency Match name Approval date	Reason	Grounds
<b>ACC</b>		
<b>Prisoners</b> 11 July	<ul style="list-style-type: none"> <li>• Efficiency</li> <li>• Security</li> <li>• Reduced costs</li> <li>• Technology enabled</li> </ul>	<ul style="list-style-type: none"> <li>• Previous extraction process no longer practicable due to system upgrades</li> </ul>
<b>DIA</b>		
<b>BDM/Passports processing</b> 21 December	<ul style="list-style-type: none"> <li>• Technology enabled</li> <li>• Electronic records</li> <li>• Reduced compliance costs</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced search facility</li> <li>• More effective management of data</li> <li>• Audit and site visit</li> </ul>
<b>Citizenship/Passports processing</b> 21 December	<ul style="list-style-type: none"> <li>• Technology enabled</li> <li>• Electronic records</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced search facility</li> <li>• Greater data management</li> <li>• Audit and site visit</li> </ul>
<b>Citizenship by birth processing<sup>9</sup></b> 22 December	<ul style="list-style-type: none"> <li>• Technology enabled</li> <li>• Electronic records</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced search facility</li> <li>• More effective management of data</li> </ul>
<b>MSD</b>		
<b>Commencement/Cessation (students and beneficiaries)</b> 25 August	<ul style="list-style-type: none"> <li>• Efficiency</li> <li>• Security</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced security of data</li> <li>• Timely delivery of files</li> </ul>
<b>ACC Benefit Eligibility</b> 16 October	<ul style="list-style-type: none"> <li>• Efficiency</li> <li>• Security</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced security of data</li> <li>• Timely delivery of files</li> </ul>
<b>Cusmod<sup>10</sup></b> 22 December	<ul style="list-style-type: none"> <li>• Technology enabled</li> <li>• Dedicated terminal access required</li> </ul>	<ul style="list-style-type: none"> <li>• Efficient use of technology</li> <li>• Staff time savings</li> </ul>
<b>Arrivals and Departures</b> 30 June	<ul style="list-style-type: none"> <li>• Efficiency</li> <li>• Security</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced access controls</li> <li>• Secure file transfers</li> </ul>

9 Original six month approval extended for a further six months by variation.

10 Audit due date extension granted for one month by variation.



TABLE 9: LONGER-TERM ONLINE APPROVALS 2005/06

User Agency Match details Approval date	Reason	Grounds
<b>ACC</b>		
<b>Prisoners</b> 26 May	Continued efficiency	Satisfactory audit result
<b>DIA</b>		
<b>Citizenship Processing<sup>11</sup></b> 27 March	Continued efficiency	Satisfactory audit result
<b>MSD</b>		
<b>Family Assistance<sup>12</sup></b> 27 March	Continued efficiency	Satisfactory audit result
<b>Prisoners</b> 26 May	Continued efficiency	Satisfactory audit result
<b>INZ</b>		
<b>Prisoners</b> 26 May	Continued efficiency	Satisfactory audit result
<b>RMVT</b>		
<b>Importers</b> 23 June	Continued efficiency	Satisfactory audit result

#### GROWTH IN AUTHORISED AND OPERATING PROGRAMMES

Each year this Office reports the number of potential programmes that have been authorised. However, this is merely our ‘best estimate’ because, as time passes and matches become operational, some may be operated jointly even though several matches were anticipated and others may be operated separately where it was expected they would be operated together.

Over time our estimates of potential matches arising from legislative provisions have been overtaken by events. As we become aware of discrepancies between original intentions and likely activity we re-state the estimates of authorised (anticipated) matches. For the current reporting period this means that although there were four new authorisations passed in 2005/06, our estimate of total authorised matches only rose to 75 from the previous year’s reported 72.

The four newly authorised matching programmes were:

- Customs/Justice Fines Defaulters Tracing (Interception Alerts) Match
- Customs/Justice Fines Defaulters Tracing (Silent Alerts) Match
- MoE/MSD Results of Study Match
- HNZ/MSD Benefit Eligibility Match.

11 Extended by variation for three months. The new approval was granted for a three-year period less the three-month extension.

12 Two-year term granted to coincide with departmental plans to move to a business-to-business transfer system.

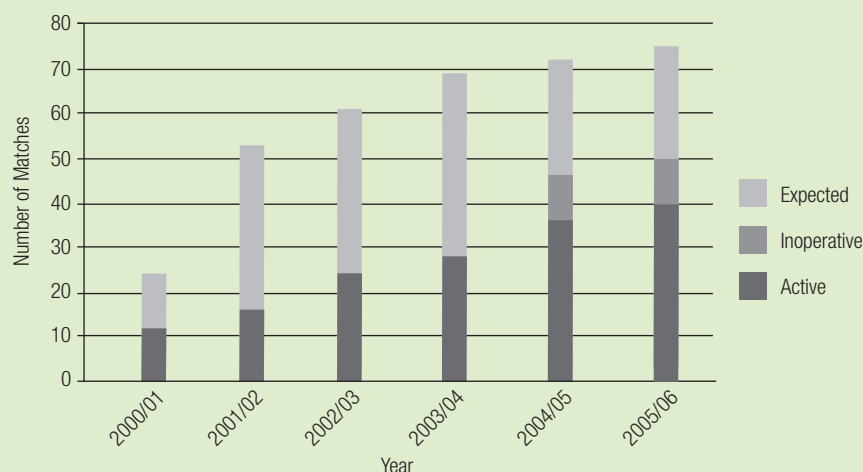
The four newly active matches are:

- Corrections/INZ Prisoners Match (July 2005)
- ACC/MSD Benefit Eligibility Match (November 2005)
- BDM Marriages/MSD Married Persons Match (November 2005)
- Citizenship/BDM Births Citizenship by Birth Processing Match (January 2006).

As was the case in 2004/05, we checked with departments about matches that had ceased operation or were unlikely to become operative again in the foreseeable future, but for which there was no intention to repeal the authorising provision. We found that there were still 10 such ‘inoperative’ matches.<sup>13</sup>

Figure 6 illustrates the number of authorised, operating and inoperative information matching programmes.

**FIGURE 6: AUTHORISED, OPERATING AND INOPERATIVE INFORMATION MATCHING PROGRAMMES 2000-06**



The 2005/06 year saw an unexpected decrease in the volume of records disclosed between agencies. NDMC had modified its processes to permit adjustment of the volume of records sent for matching in the Commencement/Cessation Match. The number of records sent to IRD had dropped to one third of the previous year’s level, enabling NDMC to process results of the match more promptly. Similarly, the Justice Collections Unit processed only three match runs in the second half of the year compared with five in the first half because it was fully occupied processing the results already on hand. The Ministry of Education did not operate its match with BDM Births records this year because of financial and human resource constraints.

An expected drop in records disclosed occurred in the Citizenship/INZ Entitlement to Reside Match because INZ had completed processing the historic records and started processing only current awards of citizenship.

13 ACC/IRD Child Tax Credit Match, BDM/MSD Community Services Card Match, BDM(Deaths)/Courts Purging Jury Lists Match, Customs/ACC Eligibility & Entitlement Match, DIA(Citizenship)/MSD Community Services Card Match, IRD/ACC Earners Match, Labour/ACC Eligibility & Entitlement Match, MoH & DoH/ACC Eligibility & Entitlement Match, MSD/ACC Eligibility & Entitlement Match, INZ/MSD Immigration Match.





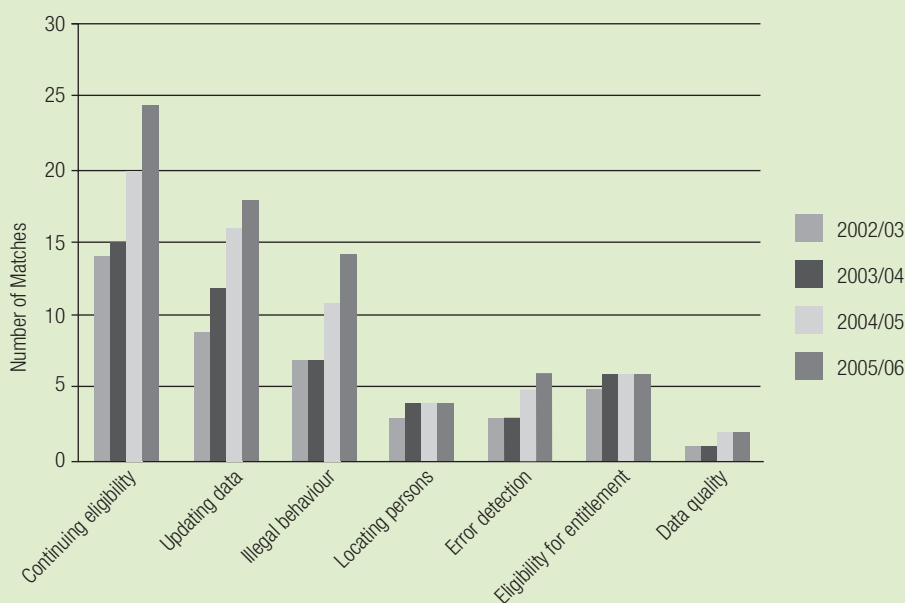
## CHANGING PROFILE OF ACTIVE PROGRAMMES

Each operating programme has been classified by one or more of eight primary purposes. These purposes are:

- confirmation of eligibility or continuing eligibility for a benefit programme, or compliance with a requirement of a programme
- updating of data in one set of records based on data in another set
- detection of illegal behaviour (eg. fraudulent or multiple claims, unreported income or assets, impersonation, omissions, unauthorised use, improper conduct, conflict of interest)
- identification of persons eligible for an entitlement but not currently claiming that entitlement (this might be a monetary benefit, such as medical subsidies, or a right, such as the ability to cast a vote)
- detection of errors in programme administration (eg. erroneous assessment of benefit amounts, multiple invoicing)
- location of persons with a debt to a government agency
- data quality audit
- monitoring of grants and contract award processes.

The following graph displays changes over time in match purposes.<sup>14</sup> The top three categories: confirmation of eligibility or continuing eligibility, updating data, and detecting illegal behaviour moved even further ahead of the others in the reporting period compared with 2004/05, although error detection showed some growth. This was reflected in the nature and purpose of three of the four new matches – Corrections/INZ Prisoners Match, ACC/MSD Benefit Eligibility Match, and the BDM (Marriages)/MSD Married Persons Match.

FIGURE 7: CLASSIFICATION OF INFORMATION MATCHING ACTIVITIES 2002-06



<sup>14</sup> As each programme may have more than one purpose, the total does not add up to 40.

## PROGRAMME-BY-PROGRAMME REPORTS

### INTRODUCTION

Section 105 of the Privacy Act requires an annual report on each authorised programme carried out in that year. The report for the 2005/06 year covers 40 operating matches,<sup>15</sup> including four newly operating matches.

Each programme bears the names of the specified agencies involved, followed by words indicative of the programme's function or scope. The agency whose role is principally to provide information (source agency) is named first. The agency making use of the discrepancies produced by the match (user agency) is named second. For instance, in the IRD/MSD Commencement/Cessation Benefits Match, IRD is the 'source agency' and MSD the 'user agency'.

Each entry in the following section begins with a brief description of a programme's purpose and the manner in which it is carried out, followed by a commentary on its operation during the year and, in most cases, a table of results. As required by the Act, each report includes an assessment of the extent to which each programme complied with the operational controls and safeguards imposed by ss.99 to 103 and with the information matching rules.

The reports are set out in the following order:

- matches with MSD as user agency – programmes 1-18
- matches with the Electoral Enrolment Centre as user agency – programmes 19-23
- matches with IRD as the user agency – programmes 24-27
- matches with other departments as user agencies – programmes 28-40.

For a brief description of most of the other authorised programmes that have not commenced operation or have been discontinued, please see the 2001/02 *Annual Report*.

---

15 This includes four matches that were advised by departments as likely to operate, but unexpectedly did not do so during the year.



## GLOSSARY

The following abbreviations and acronyms are used in the programme reports:

ACC	Accident Compensation Corporation
AMS	Immigration NZ Application Management System
AIMOS	Automated Information Matching Operating System (in NDMC)
BDM	Registrar of Births, Deaths and Marriages (located within DIA)
Citizenship or DIA(C)	NZ Citizenship Office (part of DIA)
Collect	Ministry of Justice Collections Unit main database
Corrections	Department of Corrections
CSC	Community Services Card
Customs	NZ Customs Service
CusMod	Customs computer system used in the clearance and monitoring of passengers passing through international airports
DCS	Determinations Confirmation System
DIA	Department of Internal Affairs
DIMIA	Department of Immigration & Multicultural & Indigenous Affairs (Australia)
DMCA	Data Matching Compliance Adviser
DMO	Data Match Officer (at NDMC)
DRS	Deal Reporting System (Justice)
EEC	Electoral Enrolment Centre (a business unit of NZ Post Ltd)
FSTC	Family Support Tax Credits
FIRST	Main database for IRD
IMIG	Information Matching Interest Group
IMPIA	Information Matching Privacy Impact Assessment
INZ	Immigration New Zealand (a division of Department of Labour)
IOMS	Integrated Offender Management System (Corrections)
IRD	Inland Revenue Department
Institution	Educational service provider
Justice	Ministry of Justice
LTSA	Land Transport Safety Authority
LTNZ	Land Transport New Zealand
MED	Ministry of Economic Development
MoE	Ministry of Education

MoH	Ministry of Health
MoT	Ministry of Transport
MSD	Ministry of Social Development
NDMC	National Data Match Centre of MSD
NSI	National Student Index
OLEV	DIA system used in passports processing
Passports or DIA(P)	NZ Passports Office (located within DIA)
RMVT	Registrar of Motor Vehicle Traders
SEEMail	Secure Electronic Environment government e-mail system
SVB	Sociale Verzekeringsbank (Netherlands)
SWIFTT	MSD database for beneficiaries
SAL	MSD database for students
TMS	Trace Management System (Justice)
TRACE	Ministry of Justice data matching software (in development)
UCVII	Unified Customer View system that provides access to SWIFTT
VoS	Verification of study



## MATCHES WITH MSD AS USER AGENCY

### NDMC operations

MSD's National Data Matching Centre (NDMC) is a dedicated data matching operation with 86 staff. In September 2005, it became a stand-alone unit within MSD's Integrity Services. NDMC is in the process of changing from focusing purely on detection to carrying out a mix of compliance, prevention and detection work, in line with the objectives of Integrity Services.

Two new matches started this year, adding to the five existing programmes operated by the centre. The matches now operated are:

- ACC/MSD Benefit Eligibility Match (new)
- BDM(Deaths)/MSD Deceased Persons Match
- BDM(Marriages)/MSD Married Persons Match (new)
- Corrections/MSD Prisoners Match
- Customs/MSD Arrivals and Departures Match
- IRD/MSD Commencement Cessation Benefits Match, and
- IRD/MSD Commencement Cessation Students Match.

The costs of operating the NDMC have been reported to this Office in overall terms rather than programme by programme. MSD says it has enhanced the way it calculates the value of data match debts recovered. Under the previous system, data match debt was often consolidated with other debt types when a client transferred onto and off a benefit. This consolidation meant that MSD could not accurately identify the value of recoveries of data match debt alone.

The new approach involves retaining the original debt information in a separate data model. Each month, clients' debt balances are updated within the data model, enabling MSD to more accurately assign debt recoveries. The calculated value of debts recovered under the new method was \$20.3 million, \$9m above last year's figure of just over \$12m.

TABLE 10: OVERVIEW OF THE NDMC PROGRAMMES 2002-06

	2002/03	2003/04	2004/05	2005/06 <sup>16</sup>
Overpayments established	\$32,899,785	\$28,981,506	\$30,265,124	\$29,404,188
Value of penalties applied	\$15,896	\$26,846	\$47,050	\$14,264
Penalties applied	48	78	109	38
Cost of matching operation	\$7,019,539	\$9,776,821	\$9,742,471	\$9,003,032
Debt recovery costs <sup>17</sup>	\$1,941,918	\$1,790,496	\$1,924,315	\$1,403,159
Debts recovered	\$13,732,989	\$11,732,206	\$12,013,239	\$20,364,141

<sup>16</sup> Two new matches have been introduced this year. This needs to be considered when comparing these results with previous years.

<sup>17</sup> Debt recovery cost is an estimate provided by MSD that applies only to the non-current debt recovery activity, ie. obtaining payment of debts owed by individuals who are not currently receiving any social welfare benefit. It is assumed that the cost of recovering debts by deduction from current benefit payments is a much cheaper process than pursuing the non-current debtors.

## 1. ACC/MSD Benefit Eligibility Match

Information matching provision	Injury Prevention, Rehabilitation and Compensation Act 2001, s.281(2)
Year authorised/commenced	1991/2005
Match type	<ul style="list-style-type: none"> <li>• Confirmation of continuing eligibility</li> <li>• Detection of illegal behaviour</li> <li>• Detection of errors</li> </ul>
Online transfers	Yes

**Purpose:** To identify individuals whose MSD entitlement may have changed due to receiving ACC payments.

**System:** Each week ACC sends MSD, by online transfer, claims information for individuals that meets any of the following criteria for the extract period:

- current claims that have continued for two months since the first payment
- claims where there has been no payment made to the claimant for six weeks
- current claims that have continued for one year since the first payment.

MSD then compares the ACC information with its client data to identify individuals receiving payments from both agencies. The data matching algorithm used produces positive matches that are weighted to indicate the probability that an MSD client is the person in the ACC data. All positive matches are loaded into the NDMC computer system, AIMOS. MSD then verifies if individuals who were in receipt of both payments were eligible to receive the MSD entitlement at all and, if so, at the rate paid.

### 2005/06 results

TABLE 11: ACC/MSD BENEFIT ELIGIBILITY MATCH RESULTS 2005/06

	2005/06
<b>New match runs started in the reporting period</b>	
Match runs	26
Records compared	986,444
Number of client cases	7,636
<b>All match runs active in the reporting period</b>	
Legitimate cases	6,352
Notices of adverse action	245
Overpayments established (number)	189
Overpayments established	\$420,914
Challenges	16
Successful challenges	2



This match went live in January 2006. However, after initial format problems with the ACC data, the match was suspended and restarted in February. MSD stated in its Information Matching Privacy Impact Assessment<sup>18</sup> that it expected \$2.5 million in overpayments to accrue for the 2005/06 year and \$3.8 million of overpayments to be detected in 2006/07. The actual results achieved in the six months to June this year were substantially lower than this. MSD's estimates had been based on an assumption that it would identify a similar rate of overpayment for this match as was achieved from existing matches.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.<sup>19</sup>

## 2. BDM (Deaths)/MSD Deceased Persons Match

Information matching provision	Births, Deaths and Marriages Registration Act 1995, s.78A
Year authorised/commenced	2001/2004
Match type	<ul style="list-style-type: none"> <li>• Confirmation of eligibility or continuing eligibility</li> <li>• Updating of data</li> </ul>

**Purpose:** To assist MSD in identifying current clients who have recently died so that any services MSD is providing can be discontinued as close to the date of death as possible.

**System:** BDM provides MSD by CD-Rom with a weekly extract of death information. Each record of a deceased person includes the full name, gender, date of birth, date of death, home address and spouse's name. The extracted data is matched against current copies of most of MSD's databases, including SWIFTT and SAL, which are held on MSD's IAP data warehouse. The information elements used for the matching include surname, first name and date of birth.

The matching algorithm produces positive matches that are weighted<sup>20</sup> to indicate the probability that an MSD client is the person on the deaths' register. The resulting match output is transferred into the NDMC's case management system, AIMOS. Specialist Data Matching Officers (DMOs) contact the relevant areas of MSD to end the services being provided to the deceased person.

<sup>18</sup> August 2005, page 6.

<sup>19</sup> Information matching generally is governed by controls in Part 10 of the Privacy Act 1993 and the information matching rules contained in the Fourth Schedule of the Privacy Act.

<sup>20</sup> Results are weighted using a matching level scale of one to nine, with one being an exact match on all matching criteria and level nine being BDM first name matches any MSD given name, or MSD first name matches any BDM given name.

## 2005/06 results

TABLE 1 2: BDM (DEATHS)/MSD DECEASED PERSONS MATCH RESULTS  
2004-06

	2004/05	2005/06
<b>New match runs started in the reporting period</b>		
Match runs	43	52
Records compared	22,966	27,697
Client cases	18,759	22,953
Products and services involved	35,702	43,552
<b>All match runs active in the reporting period</b>		
Legitimate cases <sup>21</sup>	17,565	21,287
Notices of adverse actions	1229	1,671
Overpayments established (number)	484	668
Overpayments established	\$256,747	\$385,728
Challenges	8	4
Successful challenges	5	1
Unsuccessful challenges	3	3

MSD considers this match to be very successful. It serves both MSD and the families of recently deceased clients by ensuring timely suspension of monetary payments and other products and services, as well as informing the family of possible entitlement to assistance such as funeral grants. Results for the 2005/06 year were about the same as the previous year, when taking into account the number of match runs undertaken. The number of challenges was pleasingly low. Of the total number of cases matched, some 93 percent were legitimate cases that required no further action. Of the remaining cases, an overpayment was established in 40 percent. The average overpayment was \$577.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

### 3. BDM (Marriages)/MSD Married Persons Match

Information matching provision	Births, Deaths and Marriages Registration Act 1995, s.78A
Year authorised/commenced	2001/2005
Match type	<ul style="list-style-type: none"> <li>• Confirmation of continuing eligibility</li> <li>• Detection of illegal behaviour</li> <li>• Updating of data</li> </ul>

21 Legitimate cases are those that require no further action by NDMC as cancellation of services has already been completed by other departments within MSD.





**Purpose:** To detect and deter benefit fraud, verify individuals' eligibility or continuing eligibility for benefits and allowances, and lessen overpayments through early detection of individuals who have not advised MSD that they have entered into a marriage.

**System:** Each week, newly recorded marriage information is extracted by DIA from the BDM marriage register portion of the Data Aggregation Layer (DAL<sup>22</sup>) and sent to MSD by CD-Rom. Information disclosed to MSD includes marriage registration date and marriage date, along with first name, surname, date of birth and address for both spouses.

MSD compares the marriage information with its active client data. The data matching algorithm used produces positive matches that are weighted to indicate the probability that an MSD client is the person on the marriages register. All positive matches are loaded into the NDMC computer system, AIMOS, for manual verification and processing before any adverse action is begun.

### 2005/06 results

TABLE 13: BDM (MARRIAGES)/MSD MARRIED PERSONS MATCH RESULTS  
2005/06

	2005/06
<b>New match runs started in the reporting period</b>	
Match runs	32
Records compared	17,739
Client cases	2,180
Products and services involved	3,745
<b>All match runs active in the reporting period</b>	
Legitimate cases	1,437
Notices of adverse actions	755
Cases where a debt established	491
Total amount of debt established	\$445,849
Challenges	4
Successful challenges	1
Unsuccessful challenges	3

This match started operating in November 2005. Results reveal that, to the year ended 30 June 2006, nearly a quarter of the 2180 clients matched did not inform MSD of a change in circumstances and subsequently received payments to which they were not entitled. The overpayments established for the 491 cases averaged out to be \$908. The level of challenges was low, with only one successful challenge in the reporting period.

On the basis of the information supplied we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

22 The DAL holds a 'read access' copy of the information held on the births, deaths, marriages and citizenship registers without providing direct access to the registers themselves.

#### 4. Centrelink/MSD Change in Circumstances Match

Authorising provisions	Social Welfare (Transitional Provisions) Act 1990, ss.19C and 19D and Social Welfare (Reciprocity with Australia) Order 2002, Article 18 <sup>23</sup>
Year authorised/commenced	2002/2002
Match type	<ul style="list-style-type: none"> <li>• Confirmation of eligibility and continuing eligibility</li> <li>• Updating of data</li> </ul>
Unique identifiers	Australian and NZ social welfare numbers
Online transfers	Yes

**Purpose:** This match involves the automated transfer of applications for benefits, pensions and advice of change in circumstances between MSD and Centrelink (the Australian Government agency administering social welfare payments).

**System:** Of the three matches that are run in conjunction with Centrelink (matches 4, 5 and 6), this can be considered the basic match. It is the only one of the three that directly results in any adverse action being taken. The other two are used to acquire information that must be fed through this match before any adverse action is taken. Information about clients and changes in their circumstances is included in this transfer.

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.

As part of the establishment of a link between the Centrelink system and its own, MSD notifies New Zealand benefit/pension applicants of the link created, enabling them to correct any mismatch and confirm entitlements. This notice, under s.19D of the Social Welfare (Transitional Provisions) Act, serves most of the same functions as a s.103 notice of adverse action under the Privacy Act for the purposes of these three matches.<sup>24</sup> Individuals are notified by letter of subsequent changes after they are implemented.

##### 2005/06 results

The numbers of transactions processed in this match continues to grow at a steady rate, with a significant number of those transactions still being processed manually by a dedicated team of eight staff at MSD International Services. MSD reports that it is experiencing delays in receiving change in circumstance updates from the computing processing company in New Zealand used by MSD to process the Centrelink file. These delays result in MSD using out-of-date information. MSD advises that the matter has been raised with the computer company.

<sup>23</sup> Although not information matching provisions listed in the Privacy Act, Schedule 3, the matches operated under these provisions are required to be treated as if they were authorised information matching programmes for most purposes – see Social Welfare (Transitional Provisions) Act 1990, s.19D(3)(e).

<sup>24</sup> Privacy Act, s.103(1) and (2) do not apply directly to this programme. The operative provisions are Social Welfare (Transitional Provisions) Act 1990, s.19D(3)(c) and (d) (see also s.19D(4) to (4C)) that are similar to s.103(1) and (2). Section 103(3) and (4) are applied directly.



TABLE 14: CENTRELINK/MSD CHANGE IN CIRCUMSTANCES MATCH RESULTS  
2003-06

	2003/04	2004/05	2005/06
Transactions received from Australia	85,150	135,846	191,691
Transactions purged – no match	1,256	2,100	3,455
Transactions actioned by MSD <sup>25</sup>	83,894	133,746	188,236
Mismatches by CRN <sup>26</sup>	227	447	452
Exceptioned (manually updated) records	42,236	62,146	77,151
Automatically updated records	40,171	69,424	108,184
Transactions purged – ‘invalid s.19D’ <sup>27</sup>	1,392	2,058	2,505
% purged -‘invalid s.19D’	1.65%	1.53%	1.33%
Transactions sent to Australia <sup>28</sup>	51,803	73,382	88,539

We are satisfied on the basis of the information supplied by MSD that this programme has generally been conducted in accordance with the requirements of ss.99 to 102 of the Privacy Act, s.19D of the Social Welfare (Transitional Provisions) Act (which substitutes for s.103(1) and (2)) and the Social Welfare (Reciprocity with Australia) Order 2002 (which substitutes for the information matching agreement and the information matching rules).

This Office expects to introduce a process-audit approach to reporting on some matches next year and this match likely to be among them.

## 5. Centrelink (DIMIA)/MSD Periods of Residence Match

Authorising provisions	Social Welfare (Transitional Provisions) Act 1990, ss.19C and 19D and Social Welfare (Reciprocity with Australia) Order 2002, Article 18
Year authorised/commenced	2002/2002
Match type	<ul style="list-style-type: none"> <li>• Confirmation of continuing eligibility</li> <li>• Data quality</li> </ul>
Unique identifiers	Australian and NZ social welfare numbers
Online transfers	Yes

**Purpose:** To test the accuracy of information provided by applicants for New Zealand benefits and pensions by matching a sample 10 percent of applicants for specified benefits and pensions. This is one of two matches (the other being the Customs/MSD Periods of Residence Match) that enable MSD to confirm periods of residence outside New Zealand for applicants for New Zealand benefits and pensions.

**System:** MSD creates a file of selected beneficiaries who have recently applied for New Zealand Superannuation, or a Veteran’s Pension or Invalid’s Benefit, and sends it to Centrelink

25 Where a match was successful (client numbers and dates of birth matched exactly) and the transaction was processed.

26 These are records for which an individual’s Centrelink client reference number (CRN) does not match that on MSD’s records.

27 Notices resulting from invalid matches where New Zealand is not entitled to the information.

28 Australian authorities have the responsibility of processing and protecting the data for these transactions.

in Australia. Centrelink determines periods of residence by accessing information from the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) database.

The annotated file is then sent back to MSD, which compares the periods of residence information it receives with what is already in its database. The Ministry sends out a s.103 type notice to individuals where discrepancies of more than one day exist for reported periods of residence greater than 90 days.

### 2005/06 results

We have previously presented statistical results for this match. Those results have always been incomplete because processing of samples by Centrelink has invariably been slow. This year was no exception – six months' worth of samples were still unprocessed as at 30 June.

Since this programme came into operation in July 2002, additional sampling of 24,695 applications resulted in only 51 clients being granted an Australian pension – a rate of one client in every 500 sampled. This suggests that clients almost always provide accurate information in the first instance. Given the results so far, MSD might consider the cost/benefit for this match and whether it warrants continuation.

Such a cost/benefit assessment would probably also take into account the secondary benefit to New Zealand of Australian contributions to these 51 pensions – a total of \$98,353 to the end of the 2005/06 financial year.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 102 of the Privacy Act, s.19D of the Social Welfare (Transitional Provisions) Act (which substitutes for s.103(1) and (2)) and the Social Welfare (Reciprocity with Australia) Order 2002 and the information matching rules.

This Office expects to introduce a process-audit approach to reporting for some matches next year and this match is likely to be among them.

## 6. Customs/MSD Periods of Residence Match

Information matching provision	Customs and Excise Act 1996, s.280B.
Year authorised/commenced	2002/2002
Match type	Confirmation of continuing eligibility
Unique identifiers	Australian and NZ Social Welfare numbers
Online transfers	Yes

**Purpose:** To enable MSD to confirm periods of residence outside New Zealand for applicants for New Zealand benefits and pensions. It is used when applicants are uncertain at the time of application about their periods of residence.

**System:** Specially trained staff at MSD International Services have access via a dedicated terminal to the 'Cusmod' Customs database of passenger movements. Those staff respond to requests from Centrelink and MSD International Services to confirm departure and arrival dates. Individual access to the Customs terminal is recorded and statistics are kept in a privacy register to monitor compliance with procedures controlling access to the database.



Results are processed through the Change in Circumstances Match to generate s.103 notices and any other necessary follow-up. Information is provided back to Centrelink via a secure electronic link, currently a commercial product known as LiquidOffice.

#### 2005/06 results

Of the 419 accesses to Cusmod, 402 were recorded in the MSD privacy register. This represented a 96 percent compliance rate by the three authorised MSD-IS staff. The accesses not recorded were verified as being valid and the privacy register was subsequently updated. No instances of inappropriate access were identified during the reporting period.

An online transfer approval audit conducted in November 2005 resulted in two recommendations being made to improve operational practices involved with this match. Both were adopted.

On the basis of the information provided we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

### 7. Corrections/MSD Prisoners Match<sup>29</sup>

Information matching provision	Penal Institutions Act 1954, s.36F Corrections Act 2004, s.180 (from 1 June 2005)
Year authorised/commenced	1991/1995
Match type	<ul style="list-style-type: none"> <li>• Confirmation of continuing eligibility</li> <li>• Detection of illegal behaviour</li> <li>• Detection of errors</li> </ul>

**Purpose:** To detect people who are receiving income support payments while imprisoned.

**System:** Each week, Corrections transfers information to MSD about all newly admitted prisoners. This includes names (including known aliases), dates of birth, dates of imprisonment and names of prisons.

The information is compared by name and date of birth. Matched individuals are sent a notice advising them that, unless they show cause why the action should not be taken, the benefits that they are receiving from MSD will cease and any overpayment found will be established as a debt to be repaid to MSD. Notices are sent to beneficiaries at their home addresses with a duplicate addressed to the prison.

<sup>29</sup> Formerly known as the Corrections/MSD Inmates Match. The change of terminology from 'inmate' to 'prisoner' mirrors that adopted in the new Corrections Act 2004.

## 2005/06 results

TABLE 15: CORRECTIONS/MSD PRISONERS MATCH RESULTS 2003-06

	2003/04	2004/05	2005/06
<b>New match runs started in the reporting period</b>			
Match runs	50	49	54
Records compared	96,250	92,747	106,008
Client cases	13,811	11,239	11,847
<b>All match runs active in the reporting period</b>			
Legitimate cases	6,766	5,493	5,971
Notices of adverse action	7,052	5,745	5,776
Debts established (numbers)	3,762	3,205	4,061
Overpayments established	\$1,861,398	\$1,661,529	\$2,154,573
Challenges	42	53	36
Challenges successful	32	41	32

The number of match runs increased in 2005/06. Previously there was a three-week period over Christmas where no matching was undertaken, but now MSD receives a file each week throughout the entire year. The more timely notification of admissions over the Christmas period is expected to enable MSD to reassess entitlement for these clients more quickly, resulting in smaller overpayments. The other reason for the increase in match runs was an additional match carried out in May to capture admissions missed when the new Northern Regional Corrections Facility opened.

Results for the reporting period showed a 27 percent increase in the number of debts established for prisoners and a 30 percent increase in the total value of that debt. The debt numbers and total debts established were still well below the levels in 2002/03, when 4,854 prisoners incurred overpayment debts of \$2.8 million. The number of challenges reported dropped by one third. MSD reports that challenges often involve the client disputing details about when and where the imprisonment commenced.

On the basis of the information supplied we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

## 8. Customs/MSD Arrivals and Departures Match

Information matching provision	Customs and Excise Act 1996, s.280
Year authorised/commenced	1991/1992
Match type	Confirmation of continuing eligibility

**Purpose:** To detect persons who leave for or return from overseas while receiving a social security benefit.

**System:** Once a week, Customs sends to MSD passenger arrivals and departures information extracted from the CusMod database. The information is compared by name, date of birth and



gender with MSD's database of beneficiaries. For matched individuals, MSD checks its records to determine whether there has been any explanation given for the overseas travel. If there is no explanation, the matched individual is sent a s.103 notice.

### 2005/06 results

TABLE 16: CUSTOMS/MSD ARRIVALS & DEPARTURES MATCH RESULTS 2002-06

	2002/03	2003/04	2004/05	2005/06
<b>New match runs started in the reporting period</b>				
Runs	52	52	52	52
Records received from Customs	6,961,136	7,786,858	8,679,692	8,797,541
Positive matches	24,410	29,327	30,119	30,290
<b>All match runs active in the reporting period</b>				
Legitimate records (no action needed)	11,562	16,665	18,605	19,689
Notices of adverse action	13,310	12,667	11,455	10,663
Overpayments established	10,110	7,831	5,894	7,559
Total debt established <sup>30</sup>	\$4,954,532	\$4,106,714	\$3,571,339	\$4,900,661
Challenges	63	80	107	87
Challenges successful	48	66	62	60

The numbers of records received and positive matches identified remained similar in 2005/06 to the previous year. There was an increase in the number of beneficiaries travelling legitimately and a continuing trend of fewer notices of adverse action issued. The number and value of overpayments increased by 28 and 37 percent respectively.

TABLE 17: CUSTOMS/MSD ARRIVALS & DEPARTURES MATCH 2004-06  
BREAKDOWN IN ESTABLISHED OVERPAYMENTS BY BENEFIT TYPE

Benefit type	Number		Total overpayments		Median overpayment	
	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06
Unemployment	4,200	5,138	\$1,669,421	\$2,008,937	\$328	\$337
DPB	1,116	1,706	\$1,580,406	\$2,411,019	\$1,535	\$1,482 <sup>31</sup>
Invalids	354	389	\$211,440	\$271,893	\$213	\$301
Widows	123	178	\$64,028	\$100,301	\$347	\$384
Sickness	70	66	\$30,584	\$21,986	\$365	\$289
Orphans & UCB	31	71	\$15,461	\$42,874	\$293	\$368

A bill to allow matching of student allowance clients with Customs arrival and departure records is currently before Parliament. If it is enacted, MSD will incorporate data about students into this match.

30 Overpayments are the number of cases where an individual received a payment when not entitled. The total debt established includes overpayments and any penalties assessed.

31 Median overpayments created for individuals receiving the DPB are much higher than for other benefits due to differences in eligibility to travel overseas.

MSD report that it intends to transfer the processing of this match from EDS NZ into its own systems. This is expected to give MSD more flexibility and scope to enhance its matching operations.

On the basis of the information supplied we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

## 9. Educational Institutions/MSD Loans and Allowances Match

Information matching provisions	Education Act 1989 <ul style="list-style-type: none"> <li>• s.226A - institutions</li> <li>• s.238B - private training establishments</li> </ul>
Year authorised/commenced	1998/1998 (Allowances) 1999 (Loans)
Match type	<ul style="list-style-type: none"> <li>• Confirmation of eligibility and continuing eligibility</li> <li>• Updating of data</li> </ul>
Unique identifiers	<ul style="list-style-type: none"> <li>• MSD customer number</li> <li>• Student identification numbers</li> </ul>
Online transfers	Yes

**Purpose:** To provide MSD with the enrolment information it needs to assess a student's entitlement to a student allowance, student loan or both. In particular, the information derived from the operation of this programme enables MSD to:

- verify that a student is undertaking a programme of study that has been approved by the Tertiary Education Commission
- determine whether the student is full-time or part-time
- confirm start and end dates of the student's study programme
- confirm any vacation periods exceeding three weeks during the student's period of study
- identify the amount of the compulsory tuition fees payable from a loan account to an institution.

**System:** The participants know this process as the Verification of Study (VoS). The requests for VoS records generated by MSD are batched for each educational institution and placed on a stand-alone server at MSD. Institutions with the appropriate equipment draw down the batches of requests they are required to verify using an online computer connection. Match results are sent back to MSD in the same way.

MSD matches returned data with its student database. This provides the information to make decisions on whether to grant an allowance or loan, or to decline an allowance or loan on the grounds that the student concerned:

- is not enrolled in an approved programme of study, or
- is not studying full-time (for loans and allowances) or part-time full-year (for loans) or part-time part-year with 0.3 or more EFTS<sup>32</sup> (for loans).

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





Where a number of VoS attempts have proved unsuccessful, the student applicant is notified pursuant to s.103 of the Privacy Act that the application is going to be turned down and is given opportunity to show why that should not happen.

### 2005/06 results

During the reporting period, the electronic online VoS matching system was used by 34 of the 581 education providers and accounted for 86 percent of all VoS requests processed. The remaining 14 percent were processed manually. The use of the online transfer system was approved by the Commissioner on 17 June 2004 and expires on 30 June 2007. The continuing use of the online system will be considered once an audit report on the operation of the system, along with a new online approval request, are provided. Overall, the results for the past three years have been very consistent.

Studylink used the VoS procedures as the basis for its Results of Study (RoS) matching, which was scheduled to go live in October 2006. Legislation for the RoS match was passed early in 2006, allowing for the exchange of information between Studylink and the MoE.

TABLE 18: EDUCATIONAL INSTITUTIONS/MSD LOANS AND ALLOWANCES MATCH RESULTS 2002-06

	2002/03	2003/04	2004/05	2005/06
Total VoS requests made	842,767	769,962	714,609	737,908
Individual applications involved	176,304	178,688	173,215	181,529
Confirmed eligibility	469,369	701,671	656,335	698,960
Institutions involved	611	604	584	581
s.103 notices sent out (loans & allowances)	31,936	31,318	25,079	26,368
Percentage of applicants issued a s.103 notice	18%	17%	14%	14%
Loan/allowance approved after s.103 sent	16,498	13,072	10,272	10,103
Decisions to decline loan/allowance	14,900	17,520	14,037	15,693
Reviews of decisions	165	60	58	54
Decision upheld	62	22	23	19
Decision overturned	89	29	16	25

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

## 10. Employers/MSD Section 11A Social Security Act Match

Statutory authorisation	Social Security Act 1964, s.11A <sup>33</sup>
Year authorised	1993
Match type	Detection of illegal behaviour
Unique identifiers	Tax file number

<sup>33</sup> While not listed as an 'information matching provision' in the Privacy Act, Schedule 3, nonetheless sections 11A(6) and (7) of the Social Security Act effectively requires the programme to be operated in accordance with the requirements of Privacy Act, Part 10, for most purposes.

**Purpose:** To identify people who are receiving benefits from MSD while in paid employment. Information is obtained directly from employers. Section 11A of the Social Security Act 1964 authorises MSD to require employers to supply the names, addresses and tax file numbers of their employees.

**System:** The match is operated locally in the 10 MSD Benefit Control Areas. Individual Benefit Control Area managers must approve requests for information being sent to particular employers. A national office register is checked to ensure that the employer has not been subject to a notice within the last 12 months. If approval is granted, the employer is served with a notice by the Benefit Control Area office. Employers extract the required information and forward it to the Benefit Control Area, which matches the data with the SWIFTT database to identify discrepancies.

Individuals are sent a s.103 notice advising details of any discrepancy and that their employers will be contacted concerning the details of their employment or, alternatively, that they may supply this information themselves.

### 2005/06 results

As has been the case in the previous two years, the results of one match from the preceding year were not complete during the year under review. Each match takes several months to complete because MSD must wait for the employer responses to arrive before processing those reports. The 2005/06 results are only partially complete and therefore not very suitable for analysis.

TABLE 19: EMPLOYERS/MSD SECTION 11A SOCIAL SECURITY ACT MATCH RESULTS 2002-06

	2002/03	2003/04	2004/05 (incomplete)	2005/06 (incomplete)
Matches approved	24	41	36	42
Matches completed	24	41	35	25
Matches not completed	0	0	1	17
<b>Details of completed matches</b>				
Total employees checked	19,724	18,986	20,459	6,400
Cases investigated	1,594	3,174	2,770	653
Benefits cancelled or adjusted	963	1,698	1,232	290
Total cost	\$106,595	\$112,090	\$105,299	\$19,909
Net savings*	\$1,788,633	\$2,741,351	\$2,349,950	\$385,874

\* 'Savings' includes estimated prospective savings as well as overpayments actually established.

This match continued to identify significant numbers of individuals who had received benefit payments they were not entitled to receive. The 2004/05 year (for which updated figures are being given in this report) showed an unexpected increase in challenges from previous years, and the 'in progress' results for 2005/06 also suggested an increase in challenges.



TABLE 20: EMPLOYERS/MSD SECTION 11A SOCIAL SECURITY ACT MATCH CHALLENGES BY COMPLETED PROGRAMMES 2002-06 (AS AT 1 JULY 2006)

	2002/03	2003/04	2004/05	2005/06
Notices of adverse action sent	1,493	3,063	2,652	785
Challenges declined	58	14	118	38
Challenges upheld	14	3	6	6

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

### 11. IRD/MSD Commencement/Cessation Benefits Match<sup>34</sup>

Information matching provision	Tax Administration Act 1994, s.82
Year authorised/commenced	1991/1993
Match type	<ul style="list-style-type: none"> <li>• Detection of errors</li> <li>• Confirmation of continuing eligibility</li> <li>• Detection of illegal behaviour</li> </ul>
Unique identifiers	<ul style="list-style-type: none"> <li>• Tax file number</li> <li>• Social Welfare number</li> </ul>
Online Transfers	<ul style="list-style-type: none"> <li>• Yes</li> </ul>

**Purpose:** To detect those who are receiving a benefit and working at the same time.

**System:** Approximately six times a year, MSD provides the names of selected individuals receiving income support to IRD to compare with those people recorded on its database. Individual names are selected for the programme in one of three ways:

- individuals who stopped receiving a benefit in the period since the last match
- nomination by an Area Benefit Control Team because of some suspicion, or
- a selection of current MSD clients.

Where a match is found, the matched individual's employer's name, along with commencement/cessation dates of that employment, are passed to MSD. The Ministry checks its records to determine whether its records already explain the apparent discrepancy. If not, the individual is sent a s.103 notice.

<sup>34</sup> The name of this match has been updated to distinguish it from the new IRD/MSD Commencement Cessation Student Match.

## 2005/06 results

TABLE 21: IRD/MSD COMMENCEMENT/CESSATION BENEFIT MATCH RESULTS  
2003-06

	2003/04	2004/05	2005/06
<b>New match runs started in the reporting period</b>			
Match runs	6	6	6 <sup>35</sup>
Records compared	305,473	311,862	107,000 <sup>35</sup>
Number of client cases	77,729	82,138	26,406 <sup>35</sup>
<b>All match runs active in the reporting period</b>			
Legitimate cases	51,117	52,492	21,364
Notices of adverse action	25,570	29,551	5,910
Overpayments established (number)	13,014	15,900	11,877
Overpayments established	\$23,013,393	\$24,775,510	\$15,489,419
Challenges	896	1,219	212
Challenges successful	118	195	71

In July 2005 the extraction and processing for this match was transferred from EDS NZ to MSD's IAP data warehouse. This enabled MSD to more easily adjust the number of clients being selected for matching. MSD reports that the reduction in the number of records sent for matching allows it to manage the results in a more timely manner. Adjustments to the matching process were made during the financial year to eliminate unnecessary positive matches and ongoing refinements are expected to be made.

In January MSD experienced a problem with the processing for this match. A summary report stated that 338,778 records were loaded into AIMOS for processing but the job was not completed. System limits prevented the processing of so many files. The failed match run was followed two minutes later by a successful run that reported the correct number (5,000) of records. This may be seen as an example of the system safeguards required under the information matching rules operating to ensure that matches outside planned parameters are not acted on to the detriment of individuals.

This match continued to identify significant numbers of individuals who had been overpaid benefit entitlements. Of the seven matches operated by NDMC, this match accounted for 53 percent of all overpayments established.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

35 This does not include match run #2323 containing a purported 338,778 records which did not complete successfully



## 12. IRD/MSD Commencement/Cessation Students Match

Information matching provision	Tax Administration Act 1994, s.82(1)
Year authorised/commenced	2004/2005
Match type	<ul style="list-style-type: none"> <li>• Detection of errors</li> <li>• Confirmation of continuing eligibility</li> <li>• Detection of illegal behaviour</li> </ul>
Unique identifiers	<ul style="list-style-type: none"> <li>• Tax file number</li> <li>• Social Welfare number</li> </ul>
Online Transfers	<ul style="list-style-type: none"> <li>• Yes</li> </ul>

**Purpose:** To detect individuals who are receiving a Student Allowance and working at the same time.

**System:** The programme operates through an information exchange between IRD and MSD. Matching is limited to a maximum of 50,000 records per match run and no more than 11 match runs per year. This match and the IRD/MSD Commencement Cessation Benefit Match are authorised under the same statutory authority, but operate separately partly because of different administrative processes for students and beneficiaries.

Matching is a two-stage process. The first stage, 'individual validation', is to identify whether IRD holds information about an individual. The second stage, 'information comparison', is to determine whether there is an overlap between the period the individual was in receipt of a benefit and any periods during which that individual was in receipt of other income. MSD is supplied with information where commencement or cessation dates on IRD's FIRST database indicate that the individual was in receipt of income while receiving a benefit. MSD issues s.103 notices to individuals prior to any further investigation or adverse action about to be undertaken.

### 2005/06 results

TABLE 22: IRD/MSD COMMENCEMENT/CESSATION STUDENT MATCH RESULTS 2004-06

	2004/05	2005/06
<b>New match runs started in the reporting period</b>		
Match runs	2	8
Records compared	32,082	38,000
Number of client cases	13,915	18,559
<b>All match runs active in the reporting period</b>		
Legitimate cases	1,744	10,271
Notices of adverse action	4,068	12,650
Overpayments established (number)	0	5,536
Overpayments established (amount)	\$0	\$5,607,044
Challenges	133	192
Successful challenges	2	103

This match started operating in June 2005. NDMC decided not to extract any files for September, October or November, primarily because the first match runs extracted a larger than expected number of records and produced more positive matches than anticipated. Some of the results also indicated to NDMC that their selection and filtering algorithm required adjustment.

The 2004/05 results were provided soon after the matches were undertaken. They were largely incomplete at reporting time and are therefore not suitable for comparison with this year's results.

Since January 2006, changes to the student allowance regulations have meant that students can earn more before their student allowance is affected. This policy change will likely reduce the amount of debt incurred by student allowance recipients. MSD reports that since it started this match, MSD's Studylink Unit has noticed a sizeable increase in the number of students now ringing to advise their earnings from working.

To better manage work volumes, the number of clients to be extracted is now determined on a monthly basis. An extract of 5,000 records will result in an average result of approximately 2,000 positive matches. NDMC reports that limiting the number of clients being matched allows them to process the positive matches in a timely manner.

This match generated significant overpayments in its first full year of operation. Given MSD reports that a higher number of students are now declaring their income, it will be interesting to see if the number and value of overpayments from this match reduce in the coming year.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

### 13. IRD/MSD Community Services Card Match

Information matching provision	Tax Administration Act 1994, s.83
Year authorised/commenced	1991/1992
Match type	<ul style="list-style-type: none"> <li>Identifying persons eligible for an entitlement</li> <li>Confirmation of continuing eligibility</li> </ul>
Unique identifiers	Tax file number

**Purposes:** To identify people who, by virtue of their level of income and number of children, qualify for a Community Services Card (CSC) entitling them to subsidised health care. The match is also used to confirm continuing eligibility of card holders so that automatic renewals can be arranged.

**System:** Tax credit information provided by IRD to MSD is matched against the income limits for the CSC. The income limits vary depending on the number of dependent children. Each exchange generates:

- a renewal flag on MSD's computer system, SWIFTT, so that a new card is automatically generated when the existing card expires, or
- a letter advising that the person is within the threshold for the card and enclosing an application form for a card, or



- if a current CSC is held, a letter advising the person that he or she is over the income threshold for a card and their current card will not be renewed automatically. For Privacy Act purposes, this is a s.103 notice of proposed adverse action.

#### 2005/06 results

TABLE 23: IRD/MSD COMMUNITY SERVICES CARD MATCH RESULTS 2003-06 (AS AT 30 JUNE 2006)

	2003/04	2004/05	2005/06
Runs	52	50	50
Records received from IRD	893,097	904,430	1,279,851
CSC cards automatically renewed	165,640	160,111	216,900
'Invitation to Apply' forms sent out	46,681	57,159	77,694
s.103 notices sent	9,208	8,167	10,218
Results of s.103 notices sent			
as at 30 June each year			
Challenges received	37	159	135
Successful challenges	0	113	22
Unsuccessful challenges	36	13	139
Unresolved at end of reporting year	1	32	6

The year saw a 40 percent increase in records disclosed from IRD to MSD, with a similar increase in 'invitations to apply'. While there was a 25 percent increase over the previous year in s.103 notices (decline letters) sent, the overall number of challenges dropped.

Individuals sometimes overestimate their expected yearly income when applying for Family Assistance. This can place them over the income limit for a renewed CSC. Individuals can have their Family Assistance entitlement reassessed. New income details will be included in the following match run, where CSC eligibility is checked again. Unsuccessful challenges recorded in 2005/06 were primarily about family income details and the inclusion of Family Assistance in the CSC income assessment.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

#### 14. IRD/MSD Debtors Tracing Match

Information matching provision	Tax Administration Act 1994, s.85
Year authorised/ commenced	1993/1994
Match type	Location of persons
Unique identifiers	Tax file number

**Purpose:** To provide contact details (address or employer's name, address and telephone number) from tax records of otherwise untraceable debtors and thereby enable MSD to recover benefit overpayments.

**System:** The programme traces debtors with whom MSD has lost contact. It is one part of MSD's process for collecting debts established by the other MSD information matching programmes, as well as from other MSD operations.

## 2005/06 results

TABLE 24: IRD/MSD DEBTOR TRACING MATCH RESULTS 2002-06

	2002/03	2003/04	2004/05	2005/06
Match runs	6	6	6	6
Debtors sent for matching	363,233	263,908	264,104	237,994
Matched by IRD	335,333	260,874	262,250	233,702
Matches found useable <sup>36</sup>	62,809	58,237	61,087	49,132
Letters sent out	2,438	2,460	2,399	2,008
Letters not returned (presumed delivered)	2,306	2,320	2,321	1,920
% of matches found useable	3.7%	4.0%	3.8%	3.9%
Related debt value of letters presumed delivered	\$5,652,711	\$7,047,378	\$6,150,582	\$5,963,124
Total variable costs incurred <sup>37</sup>	\$190,796	\$177,332	\$185,300	\$150,230
Total collections received as at 30 June in each reporting year	\$270,289	\$240,914	\$218,445	\$145,656

The usefulness of this match has been steadily declining as IRD address data (for those persons no longer required to file annual tax returns) becomes further out of date. In the 2000/01 report, this Office signalled that the declining success of this match would result in the need to review the justification for its continuation.

The latest results reinforce the trend of diminishing cost/benefit returns. At the end of the 2002/03 reporting year, the total variable costs for this match equated to 70 percent of total collections received. In 2005/06 the results showed a negative return, with total variable costs exceeding total collections.

MSD attributes the reduction in records sent for matching and the drop in total collections received to refinements of its operational processes. MSD advises that clients are being submitted for a match later in the collection process and the debts they owe are more problematic to recover. As a result, the numbers submitted and value of recoveries are down on the previous year. MSD also advises that it is about to hold discussions with IRD to try and improve the effectiveness of the match.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

<sup>36</sup> Useable information is information that is different to that held by MSD. It may not be as current.

<sup>37</sup> Variable costs are those directly related to the volume of activities undertaken as a result of each match run. Fixed costs such as programme development costs are not included.





## 15. IRD/MSD (Netherlands) Tax Information Match

Authorising provisions	Social Welfare (Transitional Provisions) Act 1990, ss.19C and 19D and Social Welfare (Reciprocity with the Netherlands) Order 2003, Article 216 <sup>38</sup>
Year authorised/commenced	2003/2003
Match type	Updating of data
Unique identifiers	Netherlands and NZ social welfare numbers, tax file number

**Purpose:** To enable information about New Zealand superannuitants' income to be passed to the Netherlands tax authority for Netherlands income testing. Superannuitants living in either country may have their periods of residence in both countries totalled for the purposes of eligibility for benefits.

**System:** This is one of four matches designed to facilitate the administration of arrangements between the Netherlands and New Zealand. The Netherlands Sociale Verzekeringsbank (SVB) initiates a match by sending a written request on an approved form to MSD International Services for an individual's income information. MSD passes the form to IRD after adding the person's tax file number if it is on file. Where a match can be determined, IRD completes the sections of the form for New Zealand income information and returns it to MSD, which then forwards it to the Netherlands.

MSD keeps no record of the information contained on the form. IRD does not keep a copy of the form, nor does it transfer information from the form to its own systems. IRD is responsible for sending adverse action (s.103-type) notices to affected individuals. IRD manually records the statistics for this match.

### 2005/06 results

This match did not operate during the reporting period because it depends on the Netherlands sending requests and none was received.

## 16. Netherlands/MSD Change in Circumstances Match

Authorising provisions	Social Welfare (Transitional Provisions) Act 1990, ss.19C and 19D and Social Welfare (Reciprocity with the Netherlands) Order 2003, Article 216
Year authorised/commenced	2003/2003
Match type	<ul style="list-style-type: none"> <li>• Confirmation of continuing eligibility</li> <li>• Updating of data</li> </ul>
Unique identifiers	Netherlands and NZ social welfare numbers

**Purpose:** To enable the transfer of applications for benefits, pensions and advice of changes in circumstances between New Zealand and the Netherlands.

<sup>38</sup> Although not information matching provisions listed in Privacy Act, Schedule 3, the matches operated under these provisions (programmes 15, 16, 17 and 18) are required to be treated as if they were authorised information matching programmes for most purposes – see Social Welfare (Transitional Provisions) Act 1990, s.19D(3)(b).

**System:** This is one of four matches relating to arrangements between the Netherlands and New Zealand and can be considered the ‘foundation’ match. Superannuitants living in either country may have their periods of residence in both countries totalled for the purposes of eligibility for benefits.

When a person first applies for a pension and indicates possible entitlement to a pension in the other country, information is exchanged so that both agencies are aware of the fact. Because the results of these routine exchanges may sometimes be considered to be adverse action, a s.103-type notice is sent to affected individuals enabling them to correct any mismatch and confirm their entitlements. This helps ensure both agencies have the correct information.

### 2005/06 results

In 2004/05 this Office signalled that an internal audit approach to reporting would be explored for this match as MSD had encountered difficulty in developing reporting systems that would meet our requirements. From indications we received from the department, we had expected this match to be included in the pilot audit approach in 2005/06. However, delay in obtaining internal departmental approvals meant this was not achieved. MSD has offered to trial the audit approach as a test exercise and provide suggestions for its improvement. This will assist us to further develop the audit approach for next year.

In lieu of the lack of formal reporting or inclusion in the pilot process audit approach, we carried out a site visit to MSD International Services. MSD staff were asked a series of questions to give this Office some comfort that training, documentation and procedures were in place to support compliance with the Privacy Act.

The department has fallen short in meeting the expected reporting obligations under s.104. Although we obtained some reassurances through answers obtained during the site visit, information was fairly limited owing to the absence of s.104 or audit reports. Accordingly, we are unable to say whether this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

## 17. Netherlands/MSD General Adjustment Match

Authorising provisions	Social Welfare (Transitional Provisions) Act 1990, ss.19C and 19D and Social Welfare (Reciprocity with the Netherlands) Order 2003, Article 216
Year authorised/commenced	2003/2003
Match type	Updating of data
Unique identifiers	Netherlands and NZ social welfare numbers

**Purpose:** To enable the processing of across-the-board changes to benefit rates for individuals receiving pensions from both New Zealand and the Netherlands.

**System:** This match permits information to be disclosed from New Zealand to the Netherlands and from the Netherlands to New Zealand to coincide with across-the-board changes in pension rates.

Each year in April, New Zealand sends client information to the Netherlands Sociale Verzekeringsbank (SVB). This information is used by SVB to update records on pensioners who receive benefits from both countries. Twice each year (in January and July), MSD sends to



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 on tape, updating the information with data about Netherlands' rate adjustments. The tape is sent back to New Zealand, where MSD updates its records about those individuals' Dutch pension rates.

#### 2005/06 results

Although the process of updating the pension adjustments into SWIFTT has been automated, approximately one third of client records processed required manual intervention. MSD has found that it is not feasible to provide detailed statistical reporting on the operation of the match.

Given the lack of departmental reports, a site visit was undertaken by this Office. MSD staff were asked a series of questions to give this Office some comfort that appropriate training, documentation and procedures were in place to support compliance with the Privacy Act. We expect to introduce a more substantive process audit approach to reporting for some matches next year and this match is likely to be among them.

On the basis of the limited information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 102 of the Privacy Act, s.19D of the Social Welfare (Transitional Provisions) Act (which substitutes for s.103(1) and (2)) and Social Welfare (Reciprocity with the Netherlands) Order 2003, and the information matching rules. However the department's inability to provide adequate reporting for this match appears to be in breach of s.104.

### 18. Netherlands/MSD Debt Recovery Match

Authorising provisions	Social Welfare (Transitional Provisions) Act 1990, ss.19C and 19D and Social Welfare (Reciprocity with the Netherlands) Order 2003, Article 216
Year authorised/commenced	2003/2003
Match type	Location of persons
Unique identifiers	Netherlands and NZ social welfare numbers

**Purpose:** To enable the New Zealand and the Netherlands Governments to recover benefit overpayment debts owed to them by individuals living in the other country.

**System:** The Netherlands Sociale Verzekeringsbank (SVB) sends MSD debtor information on an approved form (debt certificate), along with other documentation required to enforce the debt. MSD manually matches the debtor details against its database. If a match is found, MSD writes to the debtor advising of the information received from SVB and giving an opportunity to challenge the information. That letter serves a similar purpose to the requirements of s.103 of the Privacy Act. MSD either collects the debt through regular deductions from current beneficiary payments or, in the case of non-beneficiaries, by other arrangements.

#### 2005/06 results

This match did not operate during the reporting period because it depends on the Netherlands sending requests and none was received.

## **MATCHES WITH THE ELECTORAL ENROLMENT CENTRE AS USER AGENCY**

The Electoral Enrolment Centre (EEC) operates five matches; four designed to identify people who are eligible to vote but are not on the electoral roll (or whose enrolment details need updating), and one to identify people who are on the roll but are not eligible to vote (INZ/EEC Unqualified Voters Match). All five programmes ran in 2005/06.

The unenrolled voters matches are:

- Citizenship/EEC Unenrolled Voters Match
- LTNZ/EEC Unenrolled Voters Match
- MoT/EEC Unenrolled Voters Match
- MSD/EEC Unenrolled Voters Match.

### **EEC match process for unenrolled voters matches**

The four matches are processed together in a sequence (LTNZ, MoT, MSD, and lastly Citizenship) intended to maximise the benefits from each run. The process for each of the four matches is essentially the same. The source agency creates a file extract from its records. Each extract includes full name, date of birth, address(es) and the date the record was last updated. EEC matches each extract with the electoral database on the basis of surname, given name(s) and date of birth.

The addresses for matched records are compared and if the addresses are the same the records are destroyed. Should the addresses differ, the 'update dates' are compared. If the update date from the source agency is later than the update date from the electoral roll record, and the elector's history does not show that the elector has ever resided at this address, the individual is sent an invitation to update his or her details on the electoral roll. It should be noted that the 'update date' supplied by the agency may be the last date the record was updated in any form, not just as regards the address.

Random samples of 'possibly matched' records are examined manually to establish whether or not they should be regarded as matched. Where records appear to match, the process detailed in the previous paragraph is followed.

'Not matched' records result in individuals being sent an invitation to enrol. Those who are 17-years-old are invited to enrol provisionally, in anticipation of when they turn 18. Before any invitation letters are generated, the records are compared against the correspondence database. When a client record appears in more than one source agency file, only the first such record identified is used to generate a letter to the client. This prevents EEC from sending multiple invitations to an individual.

Records from the correspondence database are deleted when the electoral roll is updated for that elector, when EEC receives notice of death or other special circumstances requiring that the person not be contacted again, or when it receives a 'gone no address' response that is not contradicted by more recent information during the set of four matches. EEC also maintains a record of information sent to it by the Registrar of Births, Deaths and Marriages about deaths within the past five years. This is used to ensure that data matching correspondence is not sent to anyone who has died.



## 2005/06 results

TABLE 25: TOTAL EEC UNENROLLED VOTERS MATCHES RESULTS 2002-06

	2002/03	2003/04	2004/05	2005/06
Sets of four runs	2	2	2	2
Records compared	1,498,076	2,155,302	1,902,357	2,682,058
Invitations to enrol sent out	186,595	331,518	337,238	354,893
Presumed delivered	174,608	308,164	317,651	337,077
Enrolments (new & updated)	38,299	80,286	75,912	68,252
% of enrolments (new & updated) resulting from letters delivered	22%	26%	24%	20%
No response	135,395	226,989	241,250	268,246
Costs	\$204,010	\$232,606	\$230,649	\$249,983
Average cost per enrolment	\$5.33	\$2.90	\$3.04	\$3.66

The 2005/06 figures show that while a significantly increased number of invitations were sent out, there was a decrease in the number of individuals who enrolled to vote. The decrease in enrolments is common to all four unenrolled voters matches operated by EEC. The overall response rate has resulted in a 20 percent increase in the average cost of each new or updated enrolment.

## 19. Citizenship/EEC Unenrolled Voters Match

Information matching provision	Electoral Act 1993, s.263B(3)(d)
Year authorised/commenced	2002/2002
Match type	Identifying persons eligible for an entitlement

**Purpose:** To compare the citizenship register with the contents of the electoral roll so that people who are qualified to vote but who have not enrolled may be invited to enrol.

**System:** The New Zealand Citizenship Office extracts from the computerised citizenship register subsets of data for individuals who have been granted citizenship in a period specified in the EEC request. The matching process is described in the general section for EEC matches.

## 2005/06 results

TABLE 26: DIA (CITIZENSHIP)/EEC UNENROLLED VOTERS MATCH RESULTS  
2002-06

	2002/03	2003/04	2004/05	2005/06
Match runs	2	2	2	2
Records compared	16,307	20,834	18,484	28,862
Invitations to enrol sent out	2,170	1,431	1,888	1,609
Presumed delivered	1,990	1,356	1,794	1,538
Enrolments (new)	376	352	514	360
% of enrolments resulting from letters delivered	19%	26%	29%	23%
No response	1,603	1,004	1,280	1,178
Cost	\$5,382	\$1,999	\$2,123	\$1,604
Average cost per enrolment	\$14.31	\$5.68	\$4.13	\$4.46

The results are broadly similar to those of the previous four years.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

## 20. LTNZ/EEC Unenrolled Voters Match

Information matching provision	Electoral Act 1993, s.263B(3)(c)
Year authorised/commenced	2002/2002
Match type	<ul style="list-style-type: none"> <li>• Identification of persons eligible for an entitlement</li> <li>• Updating of data</li> </ul>

**Purpose:** To compare the driver licence register with the electoral roll to:

- identify people who are qualified to vote but who have not enrolled, in order that they may be invited to enrol
- update the addresses of people whose names are already on the roll.

**System:** Land Transport New Zealand extracts from the computerised driver licence register subsets of data for individuals aged over 17 whose records have not been 'locked'. Locked records are those where clients have asked for his or her details to be kept confidential or that relate to staff members. The matching process is described in the general section for EEC matches.



## 2005/06 results

TABLE 27: LTNZ/EEC UNENROLLED VOTERS MATCH RESULTS 2002-06

	2002/03	2003/04	2004/05	2005/06
Match runs	2	2	2	2
Records compared	398,806	596,296	561,413	846,885
Invitations to enrol sent out	42,820	118,581	123,450	135,385
Presumed delivered	40,744	109,242	117,428	129,077
Enrolments (new & updated)	11,586	31,634	31,047	29,087
% of enrolments (new & updated) resulting from letters delivered	28%	29%	26%	23%
No response	28,941	77,383	86,164	99,815
Cost	\$46,490	\$83,701	\$83,655	\$97,002
Average cost per enrolment	\$4.01	\$2.65	\$2.69	\$3.33

The results show a 50 percent increase over 2004/05 in the number of records from LTNZ that were disclosed. While the number of records matched and letters sent increased, the number and percentage of new or updated enrolments declined.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

## 21. MoT/EEC Unenrolled Voters Match

Information matching provision	Electoral Act 1993, s.263B(3)(b)
Year authorised/commenced	2002/2002
Match type	<ul style="list-style-type: none"> <li>• Identification of persons eligible for an entitlement</li> <li>• Updating data</li> </ul>

**Purpose:** To compare the motor vehicle register with the electoral roll to:

- identify people who are qualified to vote but who have not enrolled, in order that they may be invited to enrol
- update the addresses of people whose names are already on the roll.

**System:** The Ministry of Transport extracts from its database of motor vehicle registrations subsets of data for individuals (17 or older) who registered a vehicle or updated their details in the period specified in the EEC request. The matching process is described in the general section for EEC matches.

## 2005/06 results

TABLE 28: MOT/EEC UNENROLLED VOTERS MATCH RESULTS 2002-06

	2002/03	2003/04	2004/05	2005/06
Match runs	2	2	2	2
Records compared	672,678	1,001,230	905,111	1,176,727
Invitations to enrol sent out	80,166	128,477	116,572	125,521
Presumed delivered	73,753	118,971	107,667	117,159
Enrolments (new & updated)	14,287	30,318	24,103	21,169
% of enrolments (new & updated) resulting from letters delivered	19%	25%	22%	18%
No response	58,843	88,103	83,316	95,628
Cost	\$63,620	\$89,256	\$79,680	\$86,930
Average cost per enrolment	\$5.82	\$2.94	\$3.30	\$4.11

The results show a trend of reduced enrolments as a percentage of invitation letters sent. The average cost per enrolment is increasing.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

## 22. MSD/EEC Unenrolled Voters Match

Information matching provision	Electoral Act 1993, s.263B(3)(a)
Year authorised/commenced	2002/2002
Match type	<ul style="list-style-type: none"> <li>Identifying persons eligible for an entitlement</li> <li>Updating data</li> </ul>

**Purpose:** To compare MSD's beneficiary and student databases with the electoral roll to:

- identify beneficiaries and students who are qualified to vote but who have not enrolled, in order that they may be invited to enrol
- update the addresses of people whose names are already on the roll (beneficiary records only).

**System:** At the request of the EEC, MSD extracts from its databases subsets of data for all people 17 and older whose records are not 'locked'. Locked records are those where the client has asked for his or her details to be kept confidential or that relate to MSD staff members. The non-locked records are sent as two separate files:

- an extract from the SWIFTT database of people who are receiving or have received a benefit, pension or grant, and
- an extract from the SAL database of those people receiving a student loan or allowance.

Since an initial setup run in 2001/02, files have contained only records included since the last run, or records where some key item of information (surname, given name, or address) has changed.





## 2005/06 results

TABLE 29: MSD/EEC UNENROLLED VOTERS MATCH RESULTS 2002-06

	2002/03	2003/04	2004/05	2005/06
Match runs	2	2	2	2
Records from SWIFTT	352,981	378,915	346,223	448,553
Records from SAL	57,214	158,027	71,126	181,031
Total records compared	410,195	536,942	417,349	629,584
Invitations to enrol sent out	61,439	82,759	95,328	92,378
Number presumed delivered	58,121	78,595	90,762	89,303
Enrolments (new & updated)	12,050	17,982	20,248	17,636
% enrolments (new & updated) resulting from letters delivered	21%	23%	22%	20%
No response	46,008	60,499	70,490	71,625
Costs	\$69,019	\$57,649	\$65,190	\$64,446
Average cost per enrolment	\$5.73	\$3.21	\$3.22	\$3.65

A 50 percent increase over 2004/05 in the number of records disclosed by MSD resulted in no more invitations to enrol being sent out. New and updated enrolments resulting from the mailout reduced for the second year in a row, while the average cost per enrolment continued to rise.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

### 23. INZ/EEC Unqualified Voters Match

Information matching provision	Electoral Act 1993, s.263A
Year authorised/commenced	1995/1996
Match type	<ul style="list-style-type: none"> <li>• Confirmation of eligibility</li> <li>• Detection of illegal behaviour</li> </ul>

**Purpose:** To identify from immigration records those on the electoral roll who appear not to meet New Zealand residence requirements, so their names may be removed from the roll. To enrol in elections an individual must be a citizen or permanent resident of New Zealand.

**System:** Immigration New Zealand (INZ) sends the EEC a file containing the names of all people known, on the basis of limited duration residence permits or visas, to be in New Zealand, or who are believed to be overstayers. EEC matches this information against the electoral master database. A 'raw hits' file of matched individuals is sent back to INZ for verification. Once INZ verifies the individual's status, a list of 'checked hits' is returned to EEC, which is responsible for issuing s.103 notices.

## 2005/06 results

TABLE 30: INZ/EEC UNQUALIFIED VOTERS MATCH RESULTS 2002-06<sup>39</sup>

		2002	2004	2005
Records received for matching	Overstay	50,308	42,580	40,159
	Student	43,572	68,487	64,547
	Visitor	37,063	52,799	81,689
	Work	34,308	49,662	56,830
	Limited purpose visa	-	-	644
<b>Total</b>		<b>165,251</b>	<b>213,528</b>	<b>243,869</b>
Confirmed records matched on both INZ and EEC records	Overstay	71	147	337
	Student	167	122	729
	Visitor	41	89	121
	Work	263	743	1,136
	Limited purpose visa	-	-	2
<b>Total</b>		<b>542</b>	<b>1,101</b>	<b>2,325</b>
<b>Electors who remained on the roll</b>				
Letter returned with evidence to remain on electoral roll	<b>Total</b>	<b>10</b>	<b>23</b>	<b>32</b>
<b>Electors who were removed from the roll</b>				
Letter returned requesting voluntary removal from electoral roll		61	214	278
Letter returned with insufficient evidence to remain on roll		4	30	23
No reply received from elector		381	685	986
Letter returned as GNA or unable to be served by document server company		86	149	1,006
<b>Total of all removals</b>		<b>532</b>	<b>1,078</b>	<b>2,293</b>

Notable in the reporting period was the doubling of matched records confirmed. Most of that increase was attributable to a six-fold increase in student records matched in the INZ database. EEC has suggested the increase may have resulted from 2005 being an election year, during which there was increased canvassing of individuals to register to vote. The number of individuals who provided evidence to remain on the roll continued to represent a small percentage of those written to.

The total cost for the 2005/06 match run was \$115,156 (\$59,012 in 2004). This was made up of \$4,915 internal costs, \$9,177 in INZ service charges, and \$101,063 in document server company charges (EEC is required under the Electoral Act to hand deliver second notices to those electors who did not respond to a first notice). Total costs nearly doubled compared to the 2004/05 run, in line with the more than doubling of matched records processed.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

39 This match was not operational in the 2002/03 year.



## MATCHES WITH IRD AS USER AGENCY

The Inland Revenue Department operates four authorised programmes.

### 24. MoE/IRD Student Loan Interest Write-off Match (No 1)

Information matching provision	Tax Administration Act 1994, s.85D
Year authorised/commenced	2000/2001
Match type	<ul style="list-style-type: none"> <li>• Confirmation of eligibility</li> <li>• Updating data</li> </ul>
Unique identifiers	<ul style="list-style-type: none"> <li>• Tax file number</li> <li>• Institution student number</li> </ul>

**Purpose:** To enable interest that has accrued on a student loan to be written off for periods where a student is studying full time or is on a low income and studying part-time.

**System:** This match operates monthly, as a complement to the match run in March and May (Match 25). Students apply for the interest write-off directly to IRD, which requests verification from MoE of the information provided by the student. Most students are matched using an automatic file extraction of IRD records sent to MoE, but for those cases where a student is enrolled with more than one education provider, the MoE database is checked manually. If the match process does not confirm a claim, the claimant is sent a s.103 notice. Students may respond with corrected/additional information through an 0800 number or a website form. If something more than a corrected or additional number or name is required, the student is provided with study confirmation form IR 887 to give to his or her educational provider.

#### 2005/06 results

This match used the pilot process audit approach (*see p35*). The audit was undertaken by a senior auditor within IRD's Risk and Assurance section.

The overall audit findings were that the match was being operated in a satisfactory manner, although two issues were identified.

First, the audit found that the information matching agreement did not incorporate a provision that reflected information matching rule six,<sup>40</sup> although the auditor noted that IRD had in place compensating controls dealing with issues of destruction of information. IRD has undertaken to amend the information matching agreement to comply with the Privacy Act.

The second issue identified by the IRD auditor related to no one person within IRD being responsible for the overall monitoring of information matching programmes. The auditor said that as a consequence, there was no process to ensure that the information matching programmes were being operated in accordance with the agreements. IRD's response to this issue was to advise that although the previous role of Information Exchange Officer had been disestablished, the responsibilities had been effectively absorbed into the Operational Strategy and Design (OS&D) group.

40 See section 99(2) of the Privacy Act.

While we accept there is commitment by OS&D management to ensure that all information matching agreements comply with the Privacy Act, the fact that there is no dedicated person monitoring IRD's information matching programmes remains a concern. We intend to discuss the issue with IRD further in the coming year.

Details about student loan borrowers and the combined results of the two interest write-off matches can be found in the commentary for the MoE/IRD Student Loan Interest Write-off Match (No 2).

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules. We note the apparent non-compliance with ss.99(2), which IRD intends to address.

## 25. MoE/IRD Student Loan Interest Write-off Match (No 2)

Information matching provision	Education Act 1989, s.307C
Year authorised/commenced	2001/2001
Match type	<ul style="list-style-type: none"> <li>• Confirmation of eligibility</li> <li>• Updating data</li> </ul>
Unique identifiers	<ul style="list-style-type: none"> <li>• Tax file number</li> <li>• Institution student number identifier</li> </ul>

**Purpose:** To enable interest that has accrued on a student loan to be written off when a student is studying full-time, or is on a low income and studying part-time.

**System:** The Ministry of Education extracts data from enrolment forms collected from tertiary providers and sends it to IRD to match against borrower records. The student supplies his or her tax file number to the educational institution at enrolment, rather than applying to IRD for the write-off. The institution, which has no other purpose in collecting the tax file number, passes it along to MoE in its student returns. This match is run twice a year, in March and May.

### 2005/06 results

This match used the pilot process audit approach (*see p35*). The audit was carried out by a senior auditor within IRD's Risk and Assurance section.

The overall audit findings were that the match was being operated in a satisfactory manner, although two minor issues were identified. It was noted that the information matching agreement did not make reference to information matching rule six and sections 101 and 103 of the Privacy Act. While the auditor noted that IRD had compensating controls in place, it has been agreed by IRD that the information matching agreements will be amended to comply with the Privacy Act.

The second issue (that no one person within IRD is responsible for the overall monitoring of information matching programmes) is common to Match 24<sup>41</sup> and is discussed in that match report.

Table 31 displays the combined results of full interest write-off for the two matches.



TABLE 31: MOE/IRD STUDENT LOAN INTEREST WRITE-OFF MATCHES  
RESULTS 2002-06

	2002/03	2003/04	2004/05	2005/06
Full interest write-off	\$74,061,383	\$106,900,824	\$126,699,291	\$133,906,186
Borrowers	81,437	104,791	124,892	114,036

In 2005/06 the number of student borrowers entitled to a full interest write-off dropped for the first time, while the total value of the full interest write-off continued to climb. As at 30 June 2006, student loan borrower numbers stood at 470,507 (up from 419,983 in the previous year) while total loan debt was \$7,433.6 million (up from \$6,674.5 million).

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

## 26. MSD/IRD Family Support Administration Match

Information matching provision	Tax Administration Act 1994, s.85G
Year authorised/commenced	2004/2005
Match type	<ul style="list-style-type: none"> <li>• Identification of persons eligible for an entitlement</li> <li>• Updating of data</li> </ul>
Unique identifiers	Tax File Number, MSD client number
Online transfers	Yes

**Purpose:** To inform IRD when a beneficiary commences paid employment so that Family Support tax credits are delivered seamlessly.

**System:** Each week, a programme at MSD identifies those clients who have had a trigger event (ie. whose benefit status has changed) since the previous week and generates a file of beneficiary information.<sup>42</sup> MSD checks the contents of the file before sending it by online transfer to IRD.

IRD's matching algorithm determines, according to certain combinations of information, if a match is successful. All records are updated into IRD's FIRST database, where matched records are stored separately from unmatched records. When a match is successful, IRD's FIRST database is updated. When key information or certain combinations of information do not match, IRD staff investigate further. Following successful matching of information, IRD starts or ceases to pay family assistance to particular individuals, or changes the amount of money paid to them.

The new subsection 103(1B) of the Privacy Act enables IRD to proceed with taking an adverse action without waiting for the s.103 challenge period to expire. However, the subsection does provide a safeguard in that a notice must be given to the individual either before the decision to suspend the credit or immediately after, and the individual then has the opportunity to challenge the suspension.

42 'Beneficiary information' in the Tax Administration Act 1994, s.85G(6), includes any information required to enable IRD to calculate the correct family assistance entitlement. The process of calculating the entitlement involves a significant amount of data being passed from MSD to IRD (up to 39 data fields).

Additional information on this match can be found in last year's *Annual Report*.

### 2005/06 results

In 2004/05 IRD and MSD worked together to distribute \$833 million<sup>43</sup> in family support tax credits. IRD supported approximately 169,000<sup>44</sup> family assistance recipients during the year. This match was integral in the seamless delivery of payments that moved from MSD to IRD as the people involved moved from being beneficiaries to being in employment.

For 2005/06 we have reported on this match using the pilot process audit approach to reporting (see p35). The audit was carried out by a senior auditor within IRD's Risk and Assurance section.

The audit report revealed that all formal match documentation was held, and policies and guidelines for staff were adequate. Operational practices supported and reflected the requirements of the information matching provisions in the Privacy Act. The overall audit findings were that the match was being operated in a satisfactory manner and without any non-compliance issues.

While there were no non-compliance issues identified during the audit, there was concern expressed about a perceived fragmentation in the administration of the matching programmes under IRD's control. This is discussed more fully in the Match 24 report.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

## 27. MSD/IRD Family Support Double Payment Match

Information matching provision	Tax Administration Act 1994, s.84
Year authorised/commenced	1993/1995
Match type	<ul style="list-style-type: none"> <li>• Confirmation of continuing eligibility</li> <li>• Detection of illegal behaviour</li> </ul>
Unique identifiers	Tax file number

**Purpose:** To identify individuals who have wrongly received family tax credits from both MSD and IRD.

**System:** IRD sends an extract of its Family Support records to MSD, which matches this against their file of Family Support recipients. Where reference to a person is found in both files, the details of that person are sent back to IRD to have Family Support Credits from IRD cancelled and, if appropriate, to establish a debt for the amounts overpaid.

### 2005/06 results

In 2004/05, IRD and MSD jointly distributed \$833 million in family support tax credits.<sup>45</sup> IRD reported that while family support debt rose by \$31 million to \$172 million, the percentage of family assistance recipients that were not overpaid increased from 72 percent to 78 percent.<sup>46</sup> We have commented in previous *Annual Reports* about our misgivings with the way IRD calculated the estimated savings from this match.

43 IRD Annual Report 2005, page 15.

44 IRD Annual Report 2005, page 5.

45 IRD Annual Report 2005, page 15.

46 IRD Annual Report 2005, page 52.



For 2005/06 we have focused on the operations of the match rather than the results achieved from it. For this reason we included this match among those assessed under the pilot process audit approach (*see p35*).

The audit was undertaken by a senior auditor within IRD's Risk and Assurance section. The audit report revealed that all formal match documentation was held, policies and guidelines for staff were adequate, and operational practices supported and reflected the requirements of the information matching provisions in the Privacy Act. The overall audit findings were that the match was being operated in a satisfactory manner without any non-compliance issues.

An issue about the lack of a dedicated resource to manage the suite of information matching programmes was raised by the auditor. This is discussed further in the Match 24 reporting.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

## MATCHES WITH OTHER DEPARTMENTS AS USER AGENCIES

The remainder of the programme-by-programme reports are arranged by user agency in alphabetical order, starting with ACC and followed by the Department of Internal Affairs (DIA), Ministry of Economic Development (MED), Ministry of Education (MoE), Ministry of Justice (Justice), and Immigration New Zealand (INZ).

### 28. Corrections/ACC Prisoners Match<sup>47</sup>

Information matching provision	Injury Prevention, Rehabilitation and Compensation Act 2001, s.280(2)
Year authorised/commenced	1992/2000
Match type	<ul style="list-style-type: none"> <li>• Confirmation of continuing eligibility</li> <li>• Detection of illegal behaviour</li> <li>• Detection of errors</li> </ul>
Online transfers	<ul style="list-style-type: none"> <li>• Yes</li> </ul>

**Purpose:** To ensure that prisoners are not receiving earnings-related accident compensation payments.

**System:** Each week, Corrections extracts from its integrated offender management system (IOMS) a file of all new prison admissions. Corrections validates the data before sending it via an online transfer system to ACC. The file is compared with ACC records of people receiving earnings-related accident compensation. ACC performs manual checks on each discrepancy before issuing a s.103 notice.

#### 2005/06 results

TABLE 32: CORRECTIONS/ACC PRISONERS MATCH RESULTS 2002-06<sup>48</sup>

	2002/03	2004/05	2005/06
Match runs	51	49	49
Records compared	91,219	92,396	99,481
'Positive' matches	12,770 <sup>49</sup>	108	211
Overpayments established (number)	27	56	71
Overpayments established	\$13,095	\$37,420	\$38,952
Average overpayment	\$485	\$668	\$548
Challenges	0	0	0
Challenges successful	0	0	0

Results for the reporting period show a moderate increase in the number of overpayments established and a slight increase in the total value of overpayments. ACC advises that it is continuing to work with all prisons to ensure prisoners are provided with information about ACC entitlements when they arrive.

47 Formerly known as the Corrections/ACC Inmates Match.

48 This match was not operational in the 2003/04 year.

49 See page 87 of last year's *Annual Report* for comment about reporting positive matches.





ACC notes that there have been significant time and cost savings following the implementation of an online transfer system approved by this Office. Transfer costs have shrunk from \$1600 per month to \$250 per month. Given the relatively low number and value of debts established, the online transfer process has enhanced the ongoing cost effectiveness and viability of this match.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

## 29. IRD/ACC Residual Claims Levies Match

Information matching provision	Injury Prevention Rehabilitation and Compensation Act 2001, s.246
Year authorised/commenced	2000/2002
Match type	Updating of data
Unique identifiers	Tax file number

**Purpose:** To transfer from IRD to ACC the information required to identify ACC levy payers and to calculate and collect premiums and residual claims levies.

**System:** IRD provides ACC with a weekly extract from its files containing the following information for all employers (including closely-held companies with less than 25 shareholder employees, self employed persons and private domestic workers):

- name and contact information
- date of birth for self-employed
- start and cease dates for employers
- IRD number of employer or self-employed
- annual aggregate employer payroll data consisting of liable employee earnings up to the ACC maximum, totalled per employer
- self-employed, domestic workers, and closely-held company earnings data
- new or updated record indicator.

The ACC levy 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.

## 2005/06 results

TABLE 33: IRD/ACC RESIDUAL CLAIMS LEVIES MATCH RESULTS 2003-06

	2003/04	2004/05	2005/06	
Information received on employers	459,623	967,000	674,893	
Information received on self-employed persons	428,451	892,000	759,884	
Invoices issued to employers	241,700	248,054	234,285	
Invoices issued to self-employed persons	268,000	268,929	275,511	
Applications for formal review	Total	58	57	51
	Applications by individuals	Not available	30	23
	Applications by corporations	Not available	27	28
	Decided in favour of ACC or withdrawn	40	63 <sup>50</sup>	50
	Decided in favour of applicant	2	1	1

Annual information received about employers and self employed can include multiple updates for a single employer. The numbers of invoices issued to employers and self employed are representative of the actual numbers of employers and self employed in New Zealand and have remained fairly steady. The number of applications for formal review continues to drop, with all but one decided in favour of ACC or withdrawn.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

### 30. Citizenship/BDM Citizenship by Birth Processing Match

Information matching provision	Citizenship Act s.26A
Year authorised/commenced	2005/2006
Match type	<ul style="list-style-type: none"> <li>Confirmation of eligibility</li> <li>Updating of data</li> </ul>
Online transfers	<ul style="list-style-type: none"> <li>Yes</li> </ul>

**Purpose:** To enable the Registrar-General to determine the citizenship by birth status of a person who is born in New Zealand on or after 1 January 2006, or to confirm the citizenship status of a person's parent(s) at the time of the person's birth, for the purpose of recording the person's citizenship status on his or her birth registration entry.

**System:** A manual process is being used to confirm and process citizenship by birth registrations. An automated system is expected to be operational by early 2007. Birth registration applications are sent by applicants to Datamail, which acts as an agent for DIA. Each day, Datamail transfers the information on the application forms into an electronic data file that is then sent to DIA. An overnight batch process is run using DIA's Lifedata birth registration system. The batch process outputs to a spreadsheet all those registrations for which no parental match can be found on the Births Register.

50 The total number of results exceeded the number of reviews received because some results related to outstanding applications from the previous year.



The spreadsheet is sent manually via email by BDM staff to the New Zealand Citizenship Office, where a staff member manually checks the Citizenship Register for details of the parents. Citizenship manually seeks confirmation of citizenship from Immigration records. The referral process also seeks confirmation of parental status from passport records in cases where a parent has indicated that he or she is a citizen or permanent resident of Tokelau, Niue or the Cook Islands. The spreadsheet is manually updated with the results of the search and sent back to BDM, normally on the same day it is received.

Where it cannot be confirmed that at least one of the parents is a New Zealand citizen or entitled to be permanently resident within New Zealand, BDM send a s.103 letter to the applicant. If no response to the letter is received by DIA within five working days, the child is registered as not being a New Zealand citizen by birth.

### 2005/06 results

This match came into operation from 1 January 2006. After consultation between DIA and this Office, it was decided that this match was suitable for inclusion in the pilot process audit approach (*see p35*). The audit was undertaken by the Privacy Adviser, Identity Services. DIA envisages that future audits will be undertaken by the Identity Services Integrity Assurance Auditor.

The audit report revealed that all formal match documentation was held, policies and guidelines for staff were adequate, and operational practices supported and reflected the requirements of the information matching provisions in the Privacy Act. The overall audit finding was that the match was being operated in a satisfactory manner, without any non-compliance issues.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

## 31. BDM/DIA(C) Citizenship Application Processing Match

Information matching provision	Births, Deaths, and Marriages Registration Act 1995, s.78A
Year authorised/commenced	2001/2005
Match type	<ul style="list-style-type: none"> <li>• Confirmation of eligibility</li> <li>• Detection of illegal behaviour</li> </ul>
Online transfers	Yes

**Purpose:** To process applications for citizenship by descent, 1948 residence claims, claims regarding British people married to New Zealanders prior to 1949, and denials and renunciations and deprivations of citizenship, and to maintain appropriate audit trails for these.

**System:** DIA has developed a system called Determinations Confirmation System (DCS) that provides Citizenship Office staff with access to extracts of information from the births, deaths, marriages and citizenship registers held separately on the Data Aggregation Layer (DAL), without providing direct access to the registers themselves.

Citizenship staff enter into DCS a combination of search criteria that may include family name, given name, date of birth, country of birth and Citizenship Certificate Number. DCS compares that information against the information held in the DAL and returns results to the staff member. Matches are verified manually against the information provided on the citizenship

application form. If more than one individual matches the selection criteria, the user can enter more selection criteria to narrow down the search results. Alternatively, the applicant can be contacted for further identifying information.

Every search conducted using DCS creates an auditable ‘footprint’ that provides protections against inappropriate browsing of personal information and could be used in any investigation into a suspect grant of citizenship.

### 2005/06 results

This match used the pilot process audit approach to reporting (*see p35*).

Two issues were identified during the audit. First, it was found that the most recent version of the information matching agreement had not been provided to the Privacy Commissioner as required. This was put right. The second issue involved an inconsistency between a clause in the information matching agreement and departmental practice on the issue of s.103 notices. The audit report recommended that DIA review the need to alter the clause by 1 October 2006.

Part of the audit process involved the auditor questioning management and staff about Privacy Act training. The responses revealed that all staff received Privacy Act training as part of their induction. To remind staff about privacy issues there is also an internal publication called *Privacy Matters*.

The audit report concluded that policies and guidelines for staff were adequate, and operational practices supported and reflected the requirements of the information matching provisions in the Privacy Act.

DIA reports that 6,483 applications for Citizenship by Descent were registered during the year. This information matching programme would have been used in the verification of all of these applications.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

## 32. BDM/DIA(P) Passport Eligibility Match

Information matching provision	Births, Deaths and Marriages Registration Act 1995, s.78A
Year authorised/commenced	2001/2003
Match type	<ul style="list-style-type: none"> <li>• Confirmation of eligibility</li> <li>• Detection of illegal behaviour</li> </ul>
Online transfers	Yes

**Purpose:** To verify, by comparing details with the births, deaths and marriages registers if a person is eligible for a passport

**System:** DIA uses a system called Online Life Event Verification (OLEV) to read and extract information from the births, deaths, marriages and citizenship registers held separately on the Data Aggregation Layer (DAL), without providing direct access to the registers themselves.

Passports staff enter information provided on application forms into the passports processing system. They then log onto OLEV and, by entering the unique passport application number,



use the identity information from the passports processing system as the basis for a search of the information in the DAL. For searches of the births and marriages entries, confirmation allows application processing to proceed. Where there is doubt, cases can be referred to Registry staff for resolution. If there appears to be a match with an entry from the register of deaths, the processing of the passport application is halted and the application referred for investigation of possible fraud.

### 2005/06 results

This match used the pilot process audit approach (*see p35*). The audit was undertaken by the Privacy Adviser, Identity Services. A single audit report provided by DIA covers both passports matches<sup>51</sup> because both matches use the OLEV system to process each passport application.

Two of the 27 audit questions directed at passports staff and management concerned how individuals included in the information matching programmes were made aware of the programmes. Passports management pointed to the privacy statements contained within the passport application form, together with the section in which applicants authorise the use of their information in the matching programme. Also mentioned was the information available on the DIA website and a pamphlet, which is available at public counters.

The audit report revealed that all formal match documentation was held, policies and guidelines for staff were adequate, and operational practices supported and reflected the requirements of the information matching provisions in the Privacy Act. The overall audit findings were that the matches were being operated in a satisfactory manner without any non-compliance issues.

DIA reports that 384,808 passports were issued in 2005/06.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

### 33. Citizenship/DIA(P) Passport Eligibility Match

Information matching provision	Citizenship Act 1977 s.26A
Year authorised/commenced	2001/2003
Match type	Confirmation of eligibility
Unique identifiers	Citizenship person ID
Online transfers	Yes

**Purpose:** To verify, from citizenship register information, a person's eligibility to hold a New Zealand passport.

**System:** This programme verifies the eligibility of people whose eligibility for a New Zealand passport is based on citizenship by grant or descent. It mirrors Match 32.<sup>52</sup> Passports staff attempt to confirm information provided on the passport application with that in the Data Aggregation Layer (DAL), as extracted 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.

51 BDM/DIA(P) Passport Eligibility Match and the Citizenship/DIA(P) Passport Eligibility Match.

52 BDM/DIA(P) Passport Eligibility Match.

### 2005/06 results

This match used the pilot process audit approach (*see p35*). A single audit report provided by DIA covered both passports matches.<sup>53</sup> For results of the audit, see Match 32.

On the basis of the information supplied we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

### 34. IRD/Justice Fines Defaulters Tracing Match

Information matching provision	Tax Administration Act 1994 s.85A
Year authorised/commenced	1998/2002
Match type	Location of persons
Unique identifiers	Ministry of Justice number

**Purpose:** To enable the Ministry of Justice to locate people who have outstanding fines, in order to enforce payment.

**System:** Justice selects a range of its outstanding fines defaulters and sends full name, date of birth and unique identifier information to IRD, which attempts to match the information on the basis of last name, first name, second name and date of birth.

For matched records, IRD supplies to Justice on a CD-Rom client address, address date and telephone number details, along with the unique identifier information originally provided by Justice. Each match record supplied by IRD includes a code for how well the records matched. This is called a match indicator.

### 2005/06 results

TABLE 34: IRD/JUSTICE FINES DEFAULTERS TRACING MATCH RESULTS 2004-06

	1/7-31/12 2004 (completed)	1/1-30/6 2005 (completed)	1/7-31/12 2005 (in progress)	1/1-30/6 2006 (in progress)
Match runs	5	4	5	3
Names sent for matching	197,312	160,000	187,230	120,000
Useable matches <sup>54</sup>	40,098	47,298	44,512	37,563
s.103 notices sent	41,130	46,839	43,906	37,399
Collection instituted	16,830	19,618	17,473	6,300
\$ value of collections received	\$12,255,139	\$14,695,233	\$9,760,542	\$867,432
% of useable matches for which collection was instituted	42%	41%	39%	17%

Collections has provided results information for the 2005/06 report using an interim privacy reporting system. It is expected that this will be replaced in the 2007/08 year, when a new automated software system called TRACE is fully introduced. Justice advises that it is currently limited in what reporting it can provide to this Office and only provides information when it has a high degree of confidence in its correctness.

53 BDM/DIA(P) Passport Eligibility Match and the Citizenship/DIA(P) Passport Eligibility Match.

54 'Useable matches' excludes those apparent matches that have invalid address data and those for which Justice has already received a 'gone no address' notice for that individual/address combination.



During the second half of the reporting period, Justice performed only three matches. The department reports that it had sufficient information available to follow-up fines defaulters, so there was little need to obtain further information through more matching runs. The percentage of useable matches for which collection was instituted remained steady in the reporting period compared with the previous year, as did the value of collections received. The results provided for the second half of the reporting period are expected to change significantly as the matches were run in the latter half of the reporting period and any recoveries are likely to occur in subsequent months.

TABLE 35: IRD/JUSTICE FINES DEFAULTERS TRACING MATCH S.103 CHALLENGES 1 JANUARY 2005 - 30 JUNE 2006

	1/1-30/6 2005 (completed)	1/7-31/12 2005 (in progress)	1/1-30/06 2006 (in progress)
Challenges received	13	23	19
Challenges withdrawn	-	-	
Challenges outstanding	-	-	
Unsuccessful challenges	2	11	2
Successful challenges	11	12	17
Successful challenge reasons			
Incorrect person identified	10	7	10
No fines outstanding at time of match	1	5	4
Person owing fines has died	-	-	-
Other	-	-	3

The number of challenges reported increased, both in number and as a proportion of useable matches. Justice advises that this was expected, as the recording of challenge information had been a particular focus of the contact centre staff. While the number of challenges increased they were still at a low level in relation to the number of individuals matched in this programme.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

### 35. MSD/Justice Fines Defaulters Tracing Match

Information matching provision	Social Security Act 1964, s.126A
Year authorised/commenced	1996/1998
Match type	Location of persons

**Purpose:** To locate fines defaulters to enable enforcement of payment.

**System:** The Ministry of Justice selects a range of its outstanding fines defaulters and sends details of these via electronic media to MSD. The information is matched against beneficiary surname, first and second names, and date of birth information held in MSD files. MSD then provides Justice with the last known address of all fines defaulters successfully matched.

## 2005/06 results

TABLE 36: MSD/JUSTICE FINES DEFAULTERS TRACING MATCH RESULTS  
2004-06

	1/7-31/12 2004 (completed)	1/1-30/6 2005 (completed)	1/7-31/12 2005 (in progress)	1/1-30/6 2006 (in progress)
Match runs	6	3	4	2
Names sent for matching	191,580	96,073	146,862	75,829
Useable matches	16,499	10,042	11,749	10,090
s.103 notices sent	16,580	10,114	11,759	10,107
Collection instituted	9,260	4,903	5,444	3,117
Value of collections received	\$8,561,955	\$4,765,704	\$4,185,933	\$432,949
% of useable matches for which collection was instituted	56%	48%	46%	31%

This match is used as a 'last resort' avenue for Justice to locate fines defaulters. Individuals included are those who cannot be matched in the sibling IRD/Justice Fines Defaulters Match. Being the 'last resort' match it provides lower levels of returns.

As was the case with the IRD/Justice match, there were fewer match runs in the second half of the reporting period. Justice reports that this reflected the fact that there was a surplus of individuals available for the collections unit staff to pursue, so there was little need to obtain further information via more matching runs. The percentage of useable matches for which collection was instituted remained steady compared with previous years and the value of collections received has remained comparable.

TABLE 37: MSD/JUSTICE FINES DEFAULTERS TRACING MATCH S. 103  
CHALLENGES 1 JANUARY 2005 - 30 JUNE 2006

	1/1-30/6 2005	1/7-31/12 2005	1/1-30/6 2006
Challenges received	3	1	-
Challenges withdrawn	-	-	-
Challenges outstanding	-	-	-
Unsuccessful challenges	3	1	-
Successful challenges	-	-	-
Successful challenge: reasons			
Incorrect person identified	-	1	-
No fines outstanding at time of match	-	-	-
Person owing fines deceased	-	-	-

While the training and focus on reporting challenges meant an increase in the reported challenges for the IRD/Justice match, the same was not the case for this match. Justice advises that there is ongoing work being done to stabilise processes and knowledge across the contact centre. There is also a focus on continued coaching and support.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.





### 36. Customs/MED Motor Vehicle Traders Importers Match

Information matching provision	Motor Vehicle Sales Act 2003, ss.120 and 121
Year authorised/commenced	2003/2004
Match type	Detection of illegal behaviour
Unique identifiers	Customs client code
Online transfers	Yes

**Purpose:** To identify people who have not been registered as motor vehicle traders and who have imported more than three motor vehicles in a specified 12 month period.

**System:** Customs provides MED with a monthly SEEMail<sup>55</sup> online transfer of data that includes all individuals or entities who have imported more than three motor vehicles within the previous 12 months. The Customs information includes name, address and contact information of the importer, along with details of the vehicles imported.

MED manually matches the Customs data against the Motor Vehicle Traders' Register to identify the status (registered or unregistered) of each entity. Individuals or entities for whom a match cannot be made (ie. those not registered but who may be required to register) are sent a s.103 notice of adverse action. If no response is received, either written or in the form of a new registration, a second notice is sent advising that the matter may be referred to the Registrar's National Enforcement Unit for prosecution.

The Customs client codes for individuals or entities that are registered or are not required to be registered are returned to Customs on a monthly basis. Customs excludes these entities from subsequent data runs.

#### 2005/06 results

TABLE 38: CUSTOMS/MED MOTOR VEHICLE TRADERS IMPORTERS MATCH RESULTS 2004-06

		2004/05	2005/06
Match runs		2	2
Entities received for matching		2,142	10,402
Entities of interest identified		196	554
S.103 notices sent		201 <sup>56</sup>	554
Responses from entities of interest			
Registrations as a result of the s.103 letters		25	53
Entities registered under a different name		29	50
Successful challenges	Entities whose primary purpose was not financial gain	35	179
	Exporters written to in error	15	0
Other results	Letters 'return to sender'	35	59
	Entities where no response received	17	185
	Entities referred to the National Enforcement Unit	40	27

55 SEEMail (Secure Electronic Environment) is a system designed to secure internet e-mail traffic between participating government agencies.

56 Where more than one address is held for an entity, s.103 notices are sent to each address.

The number of entities received for matching jumped substantially in 2005/06 compared to the 2004/05 year. Nearly 10 percent of the 554 entities that were sent s.103 letters went on to register as motor vehicle traders. A significant number (44 percent) of entities that were sent letters did not respond, or the letters were returned to sender. These entities are subject to ongoing monitoring to see if further imports are made.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

### 37. MoT/MED Motor Vehicle Traders Sellers Match

Information matching provision	Motor Vehicle Sales Act 2003, ss.122 and 123
Year authorised	2003
Match type	Detection of illegal behaviour
Unique identifiers	Customs client code
Online transfers	Yes

**Purpose:** To enable the Ministry of Economic Development to locate persons/entities who have sold more than six motor vehicles in a specified 12 month period and who do not appear to have registered as motor vehicle traders under the Motor Vehicle Sales Act 2003.

**System:** MoT provides MED with a monthly transfer of data that includes all individuals or entities who have been identified as having sold more than six vehicles in a 12-month period.<sup>57</sup>

MED manually compares the MoT data with its Motor Vehicle Traders Register to identify unregistered individuals and companies. Before MED issues a s.103 notice to an individual or company whom it believes should register as a motor vehicle trader, it requests the following additional information from MoT:

- vehicle registration plate numbers
- VIN and chassis numbers
- sale of vehicles/transfer of ownership (eg. name and address of seller and buyer)
- odometer readings of vehicles.

If it appears following this validation process that the individual or entity should be registered, MED issues a s.103 notice requesting registration within 10 working days, or an explanation to the Registrar about why he or she does not need to be registered. Failure to respond to the notice results in a referral to the Registrar's National Enforcement Unit for possible prosecution under the MVSA.

<sup>57</sup> MoT's data transfer to MED excludes those individuals or entities already registered as Motor Vehicle Traders. MED provide MoT with monthly updates from the Motor Vehicle Traders Register so that MoT's records of registered traders are kept up to date.



### 2005/06 status

Although MED has been receiving monthly online data transfers from MoT, our request in May for outstanding s.104 reporting resulted in MED advising that no data matching activity had taken place. MED's end of year report advised that this match was dormant until such time as the Registrar could provide a dedicated resource to the programme.

More recently, MED reported that the information disclosed by MoT had been used as evidence to support enforcement action relating to complaints. MED believes that the use of the data in this way does not constitute information matching and consequently is unable to provide us with any formal reporting on activity. While the ad hoc checks on the data are not the process envisaged when the programme was established, we believe that using the information in this manner meets the definition of an authorised information matching programme under s.97. We will continue our discussions with MED to clarify the matter.

On the basis of the lack of information provided about the operation of this match, we are unable to say whether this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.

### 38. BDM (Births)/MoE Student Birth Confirmation Match

Information matching provision	Births, Deaths, and Marriages Registration Act 1995, s.78A
Year authorised/commenced	2002/2004
Match type	<ul style="list-style-type: none"> <li>• Updating of data</li> <li>• Confirmation of eligibility or continuing eligibility</li> </ul>

**Purpose:** To improve the quality and integrity of data held on the National Student Index (NSI) and reduce compliance costs for students by providing a mechanism through which their details can be verified.

**System:** This match involves the Ministry of Education verifying and updating student birth information from the births register on its NSI database. Matching of the data is performed using the NSI system. A matching run uses BDM data passed through a series of six progressively looser hierarchical matching algorithms. An NSI audit trail is maintained that shows all changes to records, including the change to the verification status, the source of the verification, the date the match took place and the level of match the algorithm achieved.

### 2005/06 results

Owing to financial and human resource constraints, MoE did not carry out any matching during the reporting period. MoE advises that it met DIA regarding the purchase of more data and is looking to do another match in the next 12 months.

### 39. Citizenship/INZ Entitlement to Reside Match<sup>58</sup>

Information matching provision	Citizenship Act 1977, s.26A
Year authorised/commenced	2001/2004
Match type	Detection of errors
Unique identifiers	DIA person number

<sup>58</sup> Formerly known as the Citizenship/NZIS Entitlement to Reside Match.

**Purpose:** To identify and remove from the Immigration New Zealand overstayer records the names of persons who have been granted New Zealand citizenship.

**System:** The NZ Citizenship Office extracts from its records the names, date of birth, gender and country of birth of all persons who have been granted New Zealand citizenship within a specified period and sends a CD-Rom data file of this information to INZ.

The matching programme involves the use of up to seven matching cycles in which the matching criteria are progressively widened to allow for less exact matches to be considered. As each matching cycle is completed, matched Citizenship records are deleted until no further matches are found. Any match that cannot be verified or is in doubt is rejected. All matches that are accepted are manually verified prior to the final update of the INZ database. No s.103 notices are sent out in this match because persons matched successfully benefit from being removed from the overstayers' register and unsuccessful matches do not give rise to any adverse action.

### 2005/06 results

TABLE 39: CITIZENSHIP/INZ ENTITLEMENT TO RESIDE MATCH RESULTS 2004-06

	2004/05	2005/06
Match runs	2	3
Records compared	462,741	225,287
Useable matches	1,216	1,216
Total number of NZ citizens removed from the overstayers population	625	466

The first two match runs in the reporting period continued the processing of the initial backlog and covered the granting of New Zealand citizenship by descent or by grant for the periods 1 July 1989 to 30 June 1994 and 1 July 2004 to 30 September 2005. The last run, completed in April 2006, covered the period 1 October 2005 to 31 March 2006. INZ intends to run this match twice a year now that processing of the initial backlog has been completed.

While the latest match run covered only six months, 130 individuals were successfully matched and subsequently removed from the overstayer population. INZ is pleased with the result and hopes that further runs will be equally successful.

The match has the beneficial effect of protecting individuals who have New Zealand citizenship but might otherwise be targeted by INZ staff as overstayers. Additionally, it reduces the incidence of out-of-date INZ data being shared with and acted on by other agencies. An example is the use of overstayer information by the Electoral Enrolment Centre to identify unqualified voters and remove them from the electoral roll.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.



#### 40. Corrections/INZ Prisoners Match<sup>59</sup>

Information matching provision	Corrections Act 2004, s.181
Year authorised/commenced	2004/July 2005
Match type	<ul style="list-style-type: none"> <li>• Confirmation of continuing eligibility</li> <li>• Detection of illegal behaviour</li> </ul>
Unique identifiers	Corrections Entity Identification Number
Online transfers	Yes

**Purpose:** To identify individuals who fall within the revocation and/or deportation provisions of the Immigration Act 1987 as a result of their criminal convictions, and also to identify individuals whose permits to be in New Zealand have expired and who are therefore subject to removal from the country.

**System:** Each week, Corrections sends information by online transfer to INZ about all newly admitted prisoners. This includes identifying information such as full name (including known aliases), date of birth, gender and citizenship. Also included are details about the prisoner's offence, whether the prisoner is serving his or her sentence on home detention, sentence commencement date, length of sentence, parole eligibility date and statutory release date.

INZ matches this information against the information it holds on its AMS database relating persons who are not recorded as New Zealand citizens. Three hierarchical algorithms using different combinations of information are used to identify possible matches. The results of the match are manually scrutinised and verified by INZ staff before a s.103 notice is sent to the individual at the prison. To ensure the correct identification of all matched individuals, INZ's Border and Investigations Branch performs a follow-up interview with the prisoner following the expiry of the s.103 notice period.

Where a prisoner is subject to deportation or removal orders and has no further means of challenging such orders (by appeal or otherwise), INZ supplies Corrections with the prisoner's immigration status, including the date of any proposed removal action. This helps Corrections to make decisions about the management of a prisoner's sentence. For example, a prisoner at high risk of escape may not be considered for re-integration assistance or temporary release.

##### 2005/06 results

The initial match run involved matching against the entire prison population. This was followed by weekly matching of all newly admitted prisoners. INZ reports that this programme has increased the speed and reliability of identifying prisoners subject to removal or deportation proceedings, and the efficiency with which they are removed from New Zealand.

Individuals are considered for removal, revocation of permit or deportation based on the seriousness of their conviction and the time they have spent in New Zealand. Individuals who have lower-level convictions fall outside the removal, revocation and deportation provisions, as do those individuals who are found to be New Zealand citizens. These cases account for two-thirds of all matched individuals and are recorded here as legitimate cases.

<sup>59</sup> Formerly called the Corrections/NZIS Inmates Match.

TABLE 40: CORRECTIONS/INZ PRISONERS MATCH RESULTS 2005/06

Match runs	47
Number of client cases	588
Legitimate cases	420
Notices of adverse action	195
Successful challenges	27
Cases considered for removal, revocation or deportation	168
Number of removals or deportations in progress	87
Number of removals or deportations completed	81

The number of records compared in this match is not available. This Office will be working with Corrections and INZ to provide this information next year. The departments estimated that approximately 7,000 prisoner records were compared initially and that a further 10,000-12,000 prisoner records were compared throughout the year.

Of the 195 notices of adverse action sent out, INZ reports that responses to 27 of those letters resulted in no further action being taken. To improve the effectiveness of this matching programme, INZ says it is likely to explore how to improve the verification of offender identity on arrest and at entry to detention.

INZ notes that some prisoners serve a large period of their sentence on remand. Because INZ only becomes aware of these individuals upon their entry to prison after sentencing, the time available to complete removal and deportation processes is reduced. INZ has highlighted the need to identify these individuals earlier.

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act and the information matching rules.



## VI. FINANCIAL AND PERFORMANCE STATEMENTS

### GOVERNANCE AND ACCOUNTABILITY STATEMENT

#### Role of the Privacy Commissioner

The Minister of Justice has appointed the Privacy Commissioner. The Privacy Commissioner's governance responsibilities include:

- communicating with the Minister and other stakeholders to ensure their views are reflected in Privacy Commissioner's planning
- delegating responsibility for achievement of specific objectives to the General Manager
- monitoring organisational performance towards achieving objectives
- accounting to the Minister on plans and progress against them
- maintaining effective systems of internal control.

### STRUCTURE OF THE OFFICE OF THE PRIVACY COMMISSIONER

#### Privacy Commissioner's operations

The Commissioner manages all the Office of the Privacy Commissioner's operations. All employees of the Office of the Privacy Commissioner's operations have been appointed by the Commissioner. The Commissioner directs the management team by delegating responsibility and authority for the achievement of objectives through setting policy.

#### Quality assurance

The Privacy Commissioner ensures quality assurance processes through the application of quality standards, recruitment of suitably qualified staff, use of appropriate delegations and oversight of the activities undertaken by the Office.

#### Subsidiaries

There are no subsidiaries to the Commissioner and the core organisation.

#### Governance philosophy

##### Commission membership

The Privacy Commissioner is appointed by the Governor General on the recommendation of the responsible Minister. There are no persons who might be considered as having a membership of the Office.

##### Connection with stakeholders

The Commissioner acknowledges responsibility to keep in touch with stakeholders and, in particular, to remain cognisant of the responsible Minister's expectations.

##### Division of responsibility between the Commissioner and management

A key to the efficient running of the Office of the Privacy Commissioner is that there is a clear division between the roles of the Commissioner and management. The Commissioner concentrates on setting policy and strategy, then monitors progress toward meeting objectives.

Management is concerned with implementing policy and strategy. The Commissioner clearly demarcates these roles by ensuring that the delegation of responsibility and authority to managers is concise and complete.

### **Accountability**

The Commissioner holds monthly meetings to monitor progress toward its strategic objectives and to ensure that the affairs of the Office of the Privacy Commissioner are being conducted in accordance with the Commissioner's policies.

### **Risk management**

The Commissioner acknowledges ultimate responsibility for the management of risks to the Office of the Privacy Commissioner. The Commissioner has charged the General Manager to prepare a risk management policy by establishing and operating a risk management programme in accordance with the Australia/New Zealand Standard 4360:2000 Risk Management.

### **Legislative compliance**

The Commissioner acknowledges responsibility to ensure the organisation complies with all legislation. The Commissioner has delegated responsibility to the General Manager for the development and operation of a programme to systematically identify compliance issues and ensure that all staff are aware of legislative requirements that are particularly relevant to them.

### **Transition to New Zealand International Financial Reporting Standards**

In December 2002 the New Zealand Accounting Standards Review Board announced that International Financial Reporting Standards (IFRS) would apply to all New Zealand entities for periods commencing on or after 1 January 2007. Entities have an option for early adoption of the new standards for periods beginning on or after 1 January 2005.

The Privacy Commissioner intends to adopt NZ IFRS and report for the first time under NZ IFRS for the year ended 30 June 2008. Comparative information to 30 June 2007 presented in the Financial Statements will be restated to meet the requirements of the new standards and the financial impact of adoption, which may be material, will be disclosed. As the Privacy Commissioner is in the early stages of assessing the impact that adoption of NZ IFRS will have, it is not in a position to reliably estimate its effect in these financial statements.





## STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 30 JUNE 2006

The Privacy Commissioner accepts responsibility for the preparation of the annual Financial Statements and the judgments used in them.

The Privacy Commissioner accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In the opinion of the Privacy Commissioner the annual Financial Statements for the year ended 30 June 2006 fairly reflect the financial position and operations of the Privacy Commissioner.

Privacy Commissioner  
M Shroff  
26 October 2006

General Manager  
G F Bulog  
26 October 2006

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

**AUDIT REPORT**  
**TO THE READERS OF**  
**THE OFFICE OF THE PRIVACY COMMISSIONER'S**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

The Auditor-General is the auditor of The Office of the Privacy Commissioner (the Privacy Commissioner). The Auditor-General has appointed me, John Scott, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Commissioner, on his behalf, for the year ended 30 June 2006.

**Unqualified Opinion**

In our opinion the financial statements of the Privacy Commissioner on pages 99 to 122:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the Privacy Commissioner's financial position as at 30 June 2006;
  - the results of its operations and cash flows for the year ended on that date; and
  - its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 26 October 2006, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Privacy Commissioner and the Auditor, and explain our independence.

**Basis of Opinion**

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Privacy Commissioner;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and



- determining whether all financial statement disclosures are adequate.
- We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.
- We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

### **Responsibilities of the Privacy Commissioner and the Auditor**

The Privacy Commissioner is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Privacy Commissioner as at 30 June 2006. They must also fairly reflect the results of its operations and cash flows and service performance achievements for the year ended on that date. The Privacy Commissioner's responsibilities arise from the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

### **Independence**

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Privacy Commissioner.

John Scott  
Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand

## STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2006

### Reporting entity

These are the financial statements of the Privacy Commissioner, a Crown entity in terms of the Public Finance Act 1989 and the Crown Entities Act 2004.

These financial statements have been prepared in accordance with the Public Finance Act 1989.

In addition, the Privacy Commissioner has reported as notes to the financial statements the funding administered on behalf of the Crown.

### Measurement base

The financial statements have been prepared on a historical cost basis.

### Accounting policies

The following particular accounting policies that materially affect the measurement of financial performance and financial position have been applied:

#### Budget figures

The budget figures are those approved by the Privacy Commissioner at the beginning of the financial year.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Privacy Commissioner for the preparation of the financial statements.

#### Revenue

The Privacy Commissioner derives revenue through the provision of outputs to the Crown, for services to third parties and through income from its investments. Such revenue is recognised when earned and is reported in the financial period to which it relates.

#### Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of accounts receivable and accounts payable. These are stated with GST included. Where GST is irrecoverable as an input tax, it is recognised as part of the related asset or expense.

#### Taxation

The Privacy Commissioner is a public authority in terms of the Income Tax Act 1994 and consequently is exempt from income tax.

#### Accounts receivable

Accounts receivable are stated at their expected realisable value after providing for doubtful and uncollectable debts.

#### Property plant and equipment

All fixed assets, or groups of assets forming part of a network that are material in aggregate are capitalised and recorded at cost. Any write-down of an item to its recoverable amount is recognised in the statement of financial performance.



### Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, at a rate that will write off the cost (or valuation) of the assets to their estimated residual value over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Furniture and fittings	5 years
Computer equipment	4 years
Office equipment	5 years

### Employee entitlements

Provision is made in respect of the Privacy Commissioner's liability for annual, long service and retirement leave. Annual leave and other entitlements that are expected to be settled within 12 months of reporting date are measured at nominal values on an actual entitlement basis at current rates of pay.

Entitlements that are payable beyond 12 months, such as long service leave and retirement leave, have been calculated on an actuarial basis based on the present value of expected future entitlements.

### Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease expenses are recognised on a systematic basis over the period of the lease.

### Financial instruments

The Privacy Commissioner is party to financial instruments as part of its normal operations. These instruments include bank accounts, short-term deposits, debtors and creditors. All financial instruments are recognised in the statement of financial position, and all revenues and expenses in relation to financial instruments are recognised in the statement of financial performance.

### Statement of cash flows

*Cash* means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Office of the Privacy Commissioner invests as part of its day-to-day cash management.

*Operating activities* include all activities other than investing and financing activities. The cash inflows include all receipts from the sale of goods and services, and from other sources of revenue that support the Privacy Commissioner's operating activities. Cash outflows include payments made to employees, suppliers and for taxes.

*Investing activities* are those activities relating to the acquisition and disposal of current and non-current securities, and any other non-current assets.

### Changes in accounting policies

There have been no changes in accounting policies since the date of the last audited financial statements.

All policies have been applied on a basis consistent with previous years.

## STATEMENT SPECIFYING FINANCIAL PERFORMANCE

The Privacy Commissioner agreed the following financial targets with the Minister at the beginning of the financial year:

Specified financial performance	Target \$000	Achievement \$000
Operating grant	2,805	2,805
Total revenue	3,046	3,301
Total expenditure	3,041	2,978



## STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE

### OUTPUT 1 – CODES OF PRACTICE

To issue and keep current codes of practice.

Quantity	Achievement
Complete amendment to Justice Sector Unique Identifier Code.	Amendment issued 22 December 2005.
Complete implementation of Credit Reporting Privacy Code.	Code fully into force on 1 April 2006 (part of the code had commenced 1 year earlier on 1 April 2005). Amendment No 1 (Temporary), issued 9 August, which was replaced and made permanent, by Amendment No 2, issued on 24 February 2006.
Release proposed updating amendment to Health Information Privacy Code.	Preliminary research for amendment completed in association with the requirements of the Memorandum of Understanding with the Ministry of Health. The Ministry of Health provided funding in 2005/06 year for the establishment of a full-time Policy Adviser (Health) position to bring the amendment to the point of notification in the following year.
Quality	Achievement
All proposals for Codes of Practice will be the subject of discussion with stakeholders and a public submission process.	Proposal for updating of Health Information Privacy Code has been the subject of consultation with the Ministry of Health as a key stakeholder. In addition notices were published in major newspapers seeking public submissions from interested parties and individuals.
All issued codes are referred to the Regulations Review Committee of the House of Representatives.	Achieved.
The Credit Reporting Privacy Code is published in a user friendly version with commentary.	Achieved.
Timeliness	Achievement
Publicly notify proposed amendment to Justice Sector Unique Identifier Code by December 2005 with a decision as to issue by June 2006.	Achieved. Amendment notified in November 2005 and issued in December 2005.
Publish a user-friendly version of Credit Reporting Privacy Code by December 2005.	User-friendly version of the code, incorporating amendments and featuring commentary, explanatory notes and useful appendices, placed on the website in March 2006.

Publicly notify proposed amendment to Health Information Privacy Code by March 2006.

Amendment was not released in the 2005/06 year as further stakeholder consultation continued to take place. This was supported by the signing of a Memorandum of Understanding with the Ministry of Health.

## OUTPUT 2 – PROVISION OF ADVICE ON PRIVACY IMPACTS

To provide advice based on the assessment and monitoring of the privacy impact of proposed legislation and other significant proposals.

To monitor and advise on international developments, new technologies and other issues affecting privacy.

Quantity	Achievement
<p>Review of the Privacy Act:</p> <ul style="list-style-type: none"> <li>to assist Ministry of Justice in pursuing a finding from the European Union that New Zealand law offers an 'adequate' standard of data protection</li> <li>to support Ministry of Justice work on the review of the Privacy Act.</li> </ul>	<p>Responded to all requests from Ministry of Justice for assistance or comment.</p>
<p>Provide practical advice to departments on privacy issues and fair personal information practices arising in proposed legislation and administrative proposals.</p>	<p>Achieved.</p> <p>Advice provided to extensive range of agencies on the privacy implications of their proposed legislation, policy and practice, including responses on:</p> <ul style="list-style-type: none"> <li>anti-money laundering and countering the financing of terrorism recommendations of the Financial Action Task Force</li> <li>trans-border data sharing agreements under the Passports and Customs and Excise Acts</li> <li>various initiatives involving the use and disclosure of biometric information</li> <li>Law Commission proposals for access to court records</li> <li>enhanced capacity for this purpose established in second half of the year.</li> </ul>
<p>Provide four reports to the Minister on proposed new legislation.</p>	<p>Partial.</p> <p>One report provided on the Unsolicited Electronic Transactions Bill in April 2006.</p> <p>The success of the Office's advice to departments on developing legislation resulted in less need for formal reports to the Minister.</p> <p>Two submissions were provided directly to the select committee.</p> <ul style="list-style-type: none"> <li>Manukau City Council (Control of Street Prostitution) Bill</li> <li>Housing New Zealand Information Match.</li> </ul>





<p>Provide assistance to promote better privacy practice in the development of legislation at the whole of government level.</p>	<p>Achieved. Provided the Legislation Advisory Committee with a redrafted chapter on privacy for inclusion in Guidelines on Process and Content of Legislation. Initiated new training initiatives for officials involved in developing information matching legislation (held information matching interest group meetings, planning for workshops).</p>
<p>Provide specialised advice and assistance to the State Services Commission on e-government initiatives.</p>	<p>Achieved. Participated on Evidence of Identity Standard Working Group. Participated on Trusted Computing Steering Committee. Provided comment to State Services Commission (SSC) on six standards for online authentication project. Provided advice to SSC about education sector participation in all-of-government authentication.</p>
<p>Contribute to privacy standards through cooperation with the work of international privacy organisations via regional and international meetings of privacy commissioners and associated technical working groups, and through the APEC Information Privacy framework.</p>	<p>Contributed to work of:</p> <ul style="list-style-type: none"> <li>• Asia Pacific Privacy Authorities Forum</li> <li>• (APEC) International Working Group on Data Protection (IWGDP) in Telecommunications</li> <li>• International Conference of Privacy and Data Protection Commissioners</li> <li>• APEC Electronic Commerce Steering Group Data Privacy Subgroup</li> <li>• OECD Working Party on Information Security and Privacy.</li> </ul> <p>Produced discussion papers and submissions, and contributed towards the exchange of privacy-related information and initiatives within these organisations.</p>
<p>Initiate a programme of work on website privacy notices: one research project, one educational project by 30 June 2006.</p>	<p>Achieved. Initiated programme with publication of a survey of 100 New Zealand website privacy notices. Other activities included:</p> <ul style="list-style-type: none"> <li>• developed a compilation of materials for use of participants in piloting layered notices</li> <li>• assessed layered notice format for compliance with the Privacy Act 1993.</li> </ul>
<p>Publish one further research report on privacy and technology by 30 June 2006.</p>	<p>Achieved. Paper presented to IWGDP in Washington April 2006 on trusted computing and digital rights management.</p>

Quality	Achievement
To meet internal professional standards.	Professional standards include meeting stated deadlines of external bodies on matters upon which submissions are made.
To act on feedback obtained from recipients of advice.	Advice tailored to particular circumstances. Feedback informs Commissioner's actions for instance in preparing reports. Advice is generally given to departments preparing legislation. Their response is considered before taking the matter further and the feedback is recorded.
Regular meetings held with stakeholder groups.	Liaison meetings held with key stakeholders, including State Services Commission and other government departments and agencies.
Advice on e-government is provided in accordance with the Memorandum of Understanding with the State Services Commission.	Achieved.
Contributions to international organisations are accepted.	Achieved.

Timeliness	Achievement
To give advice within a time span that will enable it to be useful to the recipient.	Achieved.

### OUTPUT 3 – INFORMATION MATCHING

To assess proposals for information matching, to monitor and report on authorised information matching programmes and to review statutory authorities for information matching.

Quantity	Achievement
Process three new proposals for authorised information matches.	The three new proposals for information matches completed in the year ending 30 June 2006 were the: <ul style="list-style-type: none"> <li>• Customs/IRD Student Loan Interest Match</li> <li>• MoE/MSD Results of Study Match</li> <li>• Housing NZ/MSD Benefit Eligibility Match (Housing Restructuring and Tenancy Matters Act).</li> </ul>
Report upon 35 authorised information matching programmes operating in 2004/05.	Commissioner's <i>Annual Report 2004/05</i> contained reports on 36 active matches.
Monitor 38 active information matching programmes.	Achieved.
Publish three issues of the <i>Information Matching Bulletin</i> .	Achieved. Issues published in November 2005, March 2006 and June 2006.



Report on a s.106 review of one information matching programme.	A review started in a previous year but has not been completed due to other priorities. Additional baseline funding was sought and received for the 2006/07 financial year to facilitate the processing of s.106 reviews in the coming year.
Provide assistance to improve whole of government compliance with information matching controls by developing information matching training.	Achieved. Information matching workshop module developed (first one presented shortly after end of year). The following initiatives were undertaken to assist to improve compliance with information matching compliance: <ul style="list-style-type: none"> <li>• information matching interest group meetings held</li> <li>• presented at LexisNexis introduction to IM for public sector counsel.</li> </ul>
Develop a guidance note on online transfer approvals and process six requests for approvals.	Guidance note developed and launched at an Information Matching Interest Group meeting and circulated for comments in December 2005. Copy placed on website. The Commissioner granted 17 requests for approval comprising 14 new approvals and three variations.

Quality	Achievement
Reports to be published will be submitted to relevant departments for comment before publication.	Achieved. All reports are submitted to agencies before publication.
Feedback from agencies that receive the information bulletin that they find it helpful.	Re-subscription exercise saw continued take-up. Currently 97 individuals receive the information bulletin.

Timeliness	Achievement
Section 106 review will be undertaken before 30 June 2006.	Priority given to work on new matching programmes meant that section 106 review was started but not completed. Additional baseline funding was sought and received for the 2006/07 financial year to facilitate the processing of s.106 reviews in the coming year.
A report on all authorised information matching programmes operating in 2004/05 will be included in the <i>Annual Report</i> for the period ending 30 June 2005.	Achieved. 36 matches reported on by the Office.
All parties to authorised information matching programmes will receive an <i>Information Matching Bulletin</i> at least three times per year.	Achieved. Three <i>Information Matching Bulletins</i> published.
The training module for information matching to be developed by 30 December 2005 with the first two workshops delivered by 30 June 2006.	The workshop module was largely completed by 30 June 2006 with the first workshop delivered after the end of the year in August 2006.

At least one information matching forum to be held by 30 December 2005 and a second by 30 June 2006.	Achieved. Two forums were held: August 2005, April 2006.
Guidance note on online approval applications to be released by 31 March 2006.	Achieved. Guidance note released in August 2005.

#### OUTPUT 4 – COMPLAINTS RESOLUTION AND COMPLIANCE

To handle complaints of interference with privacy.

To consult with the Ombudsman under the Official Information Act and the Local Government Official Information and Meetings Act.

To undertake Commissioner-initiated investigations.

Quantity	Estimation	Range	Achievement
Number of complaints received.	1,000	900 – 1,100	636
Commissioner initiated investigations and s.13 inquiries.	5	3 – 8	Nil
Number of current complaints processed to completion or settled or discontinued.	1,150	950 – 1,350	752
Complaints resolved, settled or discontinued pre-investigation.	750	700 – 800	464
Complaints resolved, settled or discontinued following investigation.	250	130 – 370	288
Complaints or appeals submitted to the Director of Proceedings.	20	15 – 35	12
Hearings – the Privacy Commissioner is represented at those complainant initiated proceedings before the Human Rights Review Tribunal that meet internal standards for determining whether attendance is justified.	25	15 - 35	6

The number of complaints processed is lower than estimated, as there were fewer complaints to be processed. The old queue has been substantially eliminated and we now have a near balance between incoming and outgoing files. As at June 2006 there were 453 files in the system, more than 100 fewer than in June 2005.

Quality	Achievement
Handling of complaints will be to internal professional standards.	Peer review and systems in place to manage standards. Internal professional standards include an external audit of a selection of complaints files in terms of analysis of legal issues, clarity, fairness and timeliness.
Complainants' and respondents' satisfaction with the complaints handling process rated as 'satisfactory' or better in 80 percent of responses to a survey of complaints received and closed in the preceding 12 months.	Partly achieved. 100 percent of respondents were satisfied or better. 61 percent of complainants were satisfied or better. The survey is treated as a baseline upon which we can assess improvements in the quality of the process over time as new initiatives affect improved satisfaction.



All draft opinions will be peer reviewed.	Achieved. Peer review established office practice. This may include review by the Assistant Commissioner (Legal).
Representation at Human Rights Review Tribunal proceedings is by a lawyer or appropriately qualified staff member.	All appearances in HRRT are made on contract by a suitably qualified barrister.
When a Tribunal case is concluded the Legal Officer concerned will review the outcome against the work of the office and report their findings to the appropriate manager and the Privacy Commissioner.	Achieved.
External review will be sought of a sample of complaints investigations against the standard of the legal analysis, correctness of the legal conclusions, soundness of the investigative procedure and timeliness.	Achieved. Timeliness is still an unresolved issue that needs work although there has been a discernable improvement.
<b>Timeliness</b>	<b>Achievement</b>
Provide a substantive reply in writing within 10 working days of receipt of initial correspondence on a complaint.	Mostly achieved except for those occasions where staff resources have been depleted or other resources have militated against achieving the standard.
40 percent of complaints are completed, settled or discontinued within six months of receipt and 90 percent of complaints are completed, settled or discontinued within nine months of receipt.	The output cannot be measured until nine months after 30 June 2006 (the standard as stated has been removed for future reporting).
All complaints in the current backlog (145 complaints older than 18 months as at 30 June 2005) are cleared by June 2006	Six complaints in the current backlog remain open. Each of these files is near completion and will be closed early in the next financial year.

## CONSULTATION WITH OMBUDSMEN

Quantity	Estimation	Range	Achievement
Provide advice to Ombudsmen on references under the Official Information Act and Local Government Official Information and Meetings Act.	60	50 - 70	31

Quality	Achievement
All draft advice is peer reviewed.	Achieved.
The advice provided is perused by the Ombudsmen and can be challenged by them.	Achieved.
Feedback on the quality of advice is positive.	Achieved.

Timeliness	Achievement
Within 20 working days provide advice, or advise the Ombudsmen that a particular matter will require longer consideration.	Achieved.

## OUTPUT 5 – EDUCATION AND ADVOCACY

To promote awareness and understanding of, and compliance with, the Privacy Act.

To promote privacy as a human right and develop an awareness of privacy issues.

Quantity	Achievement
Initiate and support, where appropriate, a network of privacy officers.	Established the Privacy Officers' Round Table (PORT), in Wellington. PORT is now run by its members, with the participation of Privacy Commissioner when invited. The District Health Boards' Privacy Officers group continues to meet three times a year in Wellington. The Office attends regularly, by invitation, to discuss issues of interest. The Office is interested in developing a network in Christchurch along the same lines as PORT.
Monitor the existing practice and nature of privacy officers prior to developing a plan to improve their effectiveness.	Commenced. Initial scoping work commenced for a research project next financial year.



Develop strategies for involvement with specific community groups on privacy issues.

Achieved.

Communications strategy established which incorporates strategies to:

- extend the education programme into different regions outside the main centres
- target business opinion influencers
- encourage the growth of the Privacy Officers' network
- redesign and retarget the *Private Word* newsletter.

Redevelop the website.

The website was redeveloped and went live in May 2006.

Features of the website include:

- ease of navigation
- full text search function
- syndicated privacy news stories from around the world
- users can also automatically receive new material from our site
- new plain-English guidance material on how to comply with the Act
- new plain-English material on privacy rights of individuals, data matching, and other topics.

Make *Private Word* available electronically to subscribers.

Subscribers have a choice between receiving *Private Word* in electronic and/or printed format.

Host four events focused on technology and privacy.

Achieved.

Privacy and technology forums held in Wellington in August, October and November 2005, and March and May 2006.

Publish four publications on technology and privacy.

Achieved.

The following publications on technology and privacy were published in the 2005/06 year:

- *Is it Safe to...?*
- *Websites and Personal Information*
- *NZ Website Privacy Notices: A first look*
- *Cyber Cafés and Caching* (for IWGDPT).

Quantity	Estimation	Range	Achievement
Education workshops	50	30 - 60	88
Presentations at conferences/seminars	10	4 - 15	25
Case notes published	20	10 - 30	19
The website is maintained	Monthly	10 – 15 pa	Achieved
General enquiries received and answered	6,000	5,000 – 7,000	6,111

Quality	Achievement
Meetings held with or presentations made to at least 10 significant interest groups.	Exceeded. 88 workshops and 25 presentations given. Meetings held with Privacy Officers' network and health sector privacy officers. Training presentations provided to special interest groups, including Maori, education, and public and private sector groups.
Reliable and relevant information is placed on the website.	Achieved. Website updated regularly. Review of website design and content and redevelopment of website completed in May 2006.
The redeveloped website meets all the objectives specified in the RFP and comes within budget of \$35,000 - \$40,000.	Achieved. The website was redeveloped and went live in May 2006 under budget at less than \$30,000.
Evaluations show that the expectations of 90 percent of attendees at workshops were met or exceeded in terms of the quality of presentation, and workshop materials.	Achieved. There were 496 attendees at workshops conducted by the Office in the year ending 30 June 2006. Of that number 466 completed evaluation forms. 94 percent of all attendees evaluated the workshops as met or exceeding their expectations.
Handling of enquiries will be to internal professional standards.	Achieved. Enquiries handling now focuses on helping enquirers to self-resolve complaints. This has contributed to a significant drop in written complaints. Handling of enquiries meets internal professional standards. Assistant Commissioner (Legal) reviews and maintains quality of enquiries functions.
Case notes will be accurate, clearly written and made available through the Privacy Commissioner's and the Australian Legal Information Institute website.	Achieved. Case notes are published on the website and made available through websites of overseas jurisdictions.
Publications and information are legally accurate.	Achieved. Publications and information are quality checked by the Assistant Commissioner (Legal) to ensure they are legally accurate and in plain English.





Timeliness	Achievement
Workshop timetable distributed at least two times per calendar year.	Timetable distributed twice per year.
The Privacy Commissioner website is redeveloped by end of the third quarter.	Much of the development was completed by the end of March 2006. The site went live in May 2006.
Current information is placed on the website within a month of being made available.	Current information is placed on the website immediately after being finalised. Syndicated news articles on the home page are constantly updated.
Enquiries in writing responded to within 10 working days.	Achieved. Occasional delays with complex correspondence but generally, enquiries in writing are responded to within five working days.
Telephone enquiries responded to within eight working hours.	Achieved. Generally, telephone enquiries are responded to within four working hours.
New case notes to be released at least four times per year.	Exceeded. Nine case notes were issued during the 2005/06 year.

## STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2006

	Note	Actual 2006 \$000	Budget 2006 \$000	Actual 2005 \$000
Crown revenue		2,805	2,805	2,675
Other revenue		444	217	176
Interest income		52	24	39
<b>Total operating revenue</b>		<b>3,301</b>	<b>3,046</b>	<b>2,890</b>
Marketing		87	39	84
Audit fees		13	14	15
Depreciation		80	48	53
Rental expense		354	373	311
Operating expenses		575	600	600
Staff expenses		1,869	1,968	1,631
<b>Total expenses</b>		<b>2,978</b>	<b>3,041</b>	<b>2,694</b>
<b>Net surplus for the period</b>	<b>1</b>	<b>323</b>	<b>5</b>	<b>196</b>

The accompanying accounting policies and notes form an integral part of these financial statements.



## STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2006

	Note	Actual 2006 \$000	Budget 2006 \$000	Actual 2005 \$000
Public equity as at 1 July	2	412	421	216
Net surplus		323	5	196
Total recognised revenues and expenses for the period		323	5	196
Public equity as at 30 June		735	426	412

The accompanying accounting policies and notes form an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2006

	Note	Actual 2006 \$000	Budget 2006 \$000	Actual 2005 \$000
<b>PUBLIC EQUITY</b>				
General funds	2	735	426	412
<b>TOTAL PUBLIC EQUITY</b>		<b>735</b>	<b>426</b>	<b>412</b>
Represented by:				
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank		717	251	421
Receivables and prepayments	3	15	16	14
Inventory		9	21	13
<b>Total current assets</b>		<b>741</b>	<b>288</b>	<b>448</b>
<b>Non-current assets</b>				
Property, plant and equipment	4	271	370	269
<b>Total non-current assets</b>		<b>271</b>	<b>370</b>	<b>269</b>
<b>Total assets</b>		<b>1,012</b>	<b>658</b>	<b>717</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	5	224	182	233
Employee entitlements	6	53	50	72
<b>Total current liabilities</b>		<b>277</b>	<b>232</b>	<b>305</b>
<b>Total liabilities</b>		<b>277</b>	<b>232</b>	<b>305</b>
<b>NET ASSETS</b>		<b>735</b>	<b>426</b>	<b>412</b>

The accompanying accounting policies and notes form an integral part of these financial statements.



STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2006

	Note	Actual 2006 \$000	Budget 2006 \$000	Actual 2005 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash was provided from:				
Supply of outputs to the Crown		2,905	2,805	2,675
Revenues from services provided		344	217	176
Interest received		52	20	39
Cash was applied to:				
Payments to suppliers		(978)	(1,032)	(984)
Payments to employees		(1,869)	(1,966)	(1,616)
Net Goods and Services Tax		(76)	1	13
<b>Net cash flows from operating activities</b>	7	378	43	303
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash was applied to:				
Purchase of fixed assets		(82)	(120)	(259)
<b>Net cash flows from investing activities</b>		(82)	(120)	(259)
Net increase (decrease) in cash held		296	(77)	44
Plus opening cash		421	328	377
<b>Closing cash balance</b>		<b>717</b>	<b>251</b>	<b>421</b>
Cash and bank		717	251	421
<b>Closing cash balance</b>		<b>717</b>	<b>251</b>	<b>421</b>

The accompanying accounting policies and notes form an integral part of these financial statements.

## STATEMENT OF COMMITMENTS

AS AT 30 JUNE 2006

	2006 \$000	2005 \$000
<b>Capital commitments approved and contracted</b>		
<b>Non-cancellable operating lease commitments, payable</b>		
Not later than one year	269	208
Later than one year and not later than two years	115	485
Later than two years and not later than five years	63	5
Later than five years	0	0

### Other non-cancellable contracts

At balance date the Privacy Commissioner had not entered into any other non-cancellable contracts.

## STATEMENT OF CONTINGENT LIABILITIES

AS AT 30 JUNE 2006

Quantifiable contingent liabilities are as follows:

	2006 \$000	2005 \$000
Total contingent liabilities	-	-



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

### Note 1: Net Surplus for the Period

	2006 \$000	2005 \$000
The net surplus is after charging for:		
Fees paid to auditors		
External audit		
Current Year	13	13
Prior year	-	2
Depreciation:		
Furniture & fittings	38	30
Computer equipment	23	10
Office equipment	19	13
<b>Total depreciation for the year</b>	<b>80</b>	<b>53</b>
Rental expense on operating leases	354	311

### Major budget variation

There is a major budget variation in the net surplus from operations of \$323,000 against a budget surplus of \$5,000.

The surplus is derived from funding from the Ministry of Health and accumulated savings.

The Ministry of Health funding of \$100,000 provided under the Memorandum of Understanding was not signed until late in the financial year and funds received could not be expended. That funding will now be allocated to meeting the requirements of the Memorandum of Understanding.

In addition, funding of \$100,000 was provided under the Memorandum of Understanding for the recruitment of additional staff and resources for the e-government initiative.

The Privacy Commissioner is able to accumulate reserves from previous years that provide capability to meet capital expenses and unbudgeted one-off expenses.

Accumulated reserves in 2006/07 will be used to:

	\$000
Provide for the relocation, establishment and fit-out of the Auckland office following expiration of the existing lease	150
Review existing education and communication materials, preparation and production of new education and communication materials	43
Provide for unexpected impacts through the year	30

## Note 2: Public equity

### General funds

	2006 \$000	2005 \$000
Opening balance	412	216
Net surplus	323	196
<b>Closing balance</b>	<b>735</b>	<b>412</b>

## Note 3: Receivables and prepayments

	2006 \$000	2005 \$000
Trade debtors	7	6
Prepayments	8	8
<b>Total</b>	<b>15</b>	<b>14</b>

## Note 4: Property, plant and equipment

	Cost \$000	Accumulated depreciation \$000	Net book value \$000
<b>2006</b>			
Furniture and fittings	188	68	120
Computer equipment	122	28	94
Office Equipment	95	38	57
<b>Total</b>	<b>405</b>	<b>134</b>	<b>271</b>
<b>2005</b>			
Furniture and fittings	222	65	157
Computer equipment	382	346	36
Office equipment	258	182	76
<b>Total</b>	<b>862</b>	<b>593</b>	<b>269</b>

## Note 5: Payables and accruals

	2006 \$000	2005 \$000
Trade creditors	67	72
Accrued expenses	157	161
<b>Total payables and accruals</b>	<b>224</b>	<b>233</b>





**Note 6: Employee entitlements**

	2006 \$000	2005 \$000
Annual leave	53	72
Long service leave	-	-
Retirement leave	-	-
Total	53	72
Current	53	72
Non-current	-	-

**Note 7: Reconciliation of the net surplus from operations with the net cashflows from operating activities**

	2006 \$000	2005 \$000
Net surplus from operations	323	196
<b>Add (less) non-cash items:</b>		
Depreciation	80	53
Total non-cash items	80	53
<b>Add (less) movements in working capital items:</b>		
Increase in receivables	(1)	-
Decrease in inventory	4	8
Increase in payables	(9)	32
Increase in employee entitlements	(19)	14
Increase in unearned income	-	-
Decrease in other provisions	-	-
Working capital movements - net	(25)	54
<b>Add (less) items classified as investing activities:</b>		
Net loss (gain) on sale of assets	-	-
Total investing activity items	-	-
<b>Net cash flow from operating activities</b>	<b>378</b>	<b>303</b>

**Note 8: Related party information**

The Privacy Commissioner is a wholly owned entity of the Crown. The Government significantly influences the role of the Privacy Commissioner and is the Office's major source of revenue.

The Privacy Commissioner has entered into a number of transactions with government departments, Crown agencies and state-owned enterprises on an 'arm's length' basis. Where those parties are acting in the course of their normal dealings with the Privacy Commissioner, related party disclosures have not been made.

There were no other related party transactions.

**Note 9: Financial instruments**

The Privacy Commissioner has a series of policies providing risk management for interest rates, operating and capital expenditures denominated in a foreign currency, and the concentration of credit.

The Privacy Commissioner is risk averse and seeks to minimise its exposure from its treasury activities. Its policies do not allow any transactions that are speculative in nature to be entered into.

**Credit risk**

Credit risk is the risk that a third party will default on its obligation to the Privacy Commissioner, causing the Privacy Commissioner to incur a loss. Financial instruments that potentially subject the Office to risk consist principally of cash, short-term investments and trade receivables.

The Privacy Commissioner has a minimal credit risk in its holdings of various financial instruments. These instruments include cash, bank deposits.

The Privacy Commissioner places its investments with institutions that have a high credit rating. The Privacy Commissioner believes that these policies reduce the risk of any loss that could arise from its investment activities. The Privacy Commissioner does not require any collateral or security to support financial instruments.

There is no significant concentration of credit risk.

The maximum amount of credit risk for each class is the carrying amount in the Statement of Financial Position.

**Fair value**

The fair value of other financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Privacy Commissioner has no exposure to currency risk.

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. There are no interest rate options or interest rate swap options in place as at 30 June 2006 (2005 nil). The Privacy Commissioner has no exposure to interest rate risk.



### Note 10: Employees' remuneration

The Office of the Privacy Commissioner is a Crown Entity and is required to disclose certain remuneration information in its annual reports. The information reported is the number of employees receiving total remuneration of \$100,000 or more per annum. This is illustrated in the table below. It is in \$10,000 bands to preserve the privacy of individuals.

Total remuneration and benefits	Number of Employees	
	2006 \$000	2005 \$000
\$100,000 - \$110,000	2	1
\$110,000 - \$120,000		
\$120,000 - \$130,000		1
\$130,000 - \$140,000	1	

### Note 11: Commissioner's total remuneration

In accordance with the disclosure requirements of Section 152 (1)(a) of the Crown Entities Act 2004, the total remuneration below includes all benefits paid during the period 1 July 2005 to 30 June 2006.

Name	Position	Amount \$
Marie Shroff	Privacy Commissioner	202,535

### Note 12: Cessation payments

No redundancy payments were made in the year.

### Note 13: Indemnity Insurance

The Privacy Commissioner's insurance policy covers public liability of \$3 million and professional indemnity insurance of \$250,000.

### Note 14: Post-balance date events

There are no adjusting events after balance date of such importance that non-disclosure would affect the ability of the users of the financial report to make proper evaluations and decisions.

The Report of the Privacy Commissioner 2005/06

FURTHER COPIES AVAILABLE FROM THE  
OFFICE OF THE PRIVACY COMMISSIONER

AUCKLAND OFFICE

PO Box 466, Auckland  
Telephone 09-302 8680  
Facsimile 09-302 2305

WELLINGTON OFFICE

PO Box 10-094, Wellington  
Telephone 04-474 7590  
Facsimile 04-474 7595

ENQUIRIES LINE

From Auckland: 302 8655  
From outside Auckland: 0800 803 909

WEB SITE

<http://www.privacy.org.nz>  
email: [enquiries@privacy.org.nz](mailto:enquiries@privacy.org.nz)