

Report of the Privacy Commissioner

REPORT OF THE PRIVACY COMMISSIONER FOR THE YEAR ENDED 30 JUNE 2005



Privacy Commissioner Te Mana Matapono Matatapu

FOR THE YEAR ENDED 30 JUNE 2005

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 2005

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

November 2005

THE MINISTER OF JUSTICE

I tender my report as Privacy Commissioner for the year ended 30 June 2005.

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

Marie Shroff
Privacy Commissioner



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I. KEY POINTS

- The potential for unwarranted intrusions into the privacy of individuals is rising rapidly, as are demands on the Office of the Privacy Commissioner. Rapid growth of information technologies means there are ever more means and opportunities by which the right to privacy can be compromised.
- In 2004/05 some 21.4 million personal records were officially disclosed by one government agency to another through information matches (database comparisons), around twice the 10.8 million of just three years ago. There were 36 such matching programmes in operation in 2004/05, compared with 16 three years ago.
- In response to such demands, a three-person Technology Team was established within the Office in 2004/05 to monitor government information matching and technology developments with privacy implications.
- Despite the growing scope for challenges to privacy, the number of complaints under investigation by the Office dropped by 30 percent, from 818 to 569, between 2003/04 and 2004/05. This represents both a concerted effort by the Office to clear a backlog of complaints and increased efforts by the Office to assist individuals so they can resolve complaints directly with the agency involved.
- The “top 10” respondent agencies in terms of complaints made to the Office in 2004/05 were ACC (51), the Police (44), Ministry of Social Development (36), the Immigration Service (28), Corrections (23), CYFS (22), Baycorp Advantage (19), Capital and Coast DHB (14), IRD (10) and Telecom (8). Numbers of complaints against the top 10 agencies have dropped overall and complaints against ACC, Police and Baycorp have dropped significantly since last year.
- A landmark Credit Reporting Privacy Code began operating in April. It is designed to enhance privacy protection and promote improvements to the accuracy of credit reporting, while at the same time minimising compliance costs. As a first step, anyone can now access his or her own credit reports free of charge. Further provisions will come into effect in April 2006.
- Modest additional funding helped significantly with the work of the Office in 2004/05, particularly in the clearing of complaints backlogs and the employment of specialist staff.
- The Office continued to place a strong effort on education and communication with the aim of raising public awareness about privacy issues.
- During the year, Office staff helped to set up a network of privacy officers (from both government and private organisations) in Auckland and Wellington. The network is intended to bring about informal sharing of knowledge and therefore improved Privacy Act compliance among the agencies involved.

II. INTRODUCTION

This has been a year of change and positive progress for the Office of the Privacy Commissioner (OPC). Assisted by some welcome additional funding, we have been able to significantly lower the complaints backlog, employ highly qualified new staff to work on legal and technology issues, and successfully issue the landmark Credit Reporting Privacy Code.

In leading these changes, I have been guided by a number of themes taken from the Privacy Act itself. The Act is a modern piece of legislation that emphasises principles rather than detailed regulation. It encourages education and self-resolution of problems for citizens, and mediation and positive outcomes in an informal, non-punitive environment. The Act focuses on promoting compliance by business and government, with formal sanctions as a last resort. Cooperation, education and self resolution, both domestically and internationally, are its guiding themes.

Our response in all areas of the Office's work has been consistent in its emphasis on education and self-resolution. Our 0800 enquiries line assists complainants by referring them to specific privacy officers in agencies complained against. We have also developed a form that helps people define and clarify their complaints. This often enables complaints to be resolved quickly. New complaints are being robustly examined and where they are out of jurisdiction are quickly identified and dealt with. Many complaints must be investigated, but our focus is on conciliation and resolution. Our investigators are always conscious of the desirability of seeking a positive outcome for both complainant and respondent. This will often mean that an early apology or a facilitated mediation will resolve the issue without the need to resort to more formal opinion or Tribunal hearing processes.

A major event in the policy work of the Office was the production of the Credit Reporting Privacy Code in December 2004. Again, this demonstrated the Office's approach to its work. A long period of cooperative discussion with the industry produced a Code that was welcomed as a helpful move to ease the necessarily delicate relationship between credit reporters, credit providers and those seeking credit. From April 2005, the Code required credit reporters to provide individuals with free copies of their credit reports. From April 2006, it will require credit reporters and credit providers to be clearer with consumers about their rights and responsibilities in credit reporting, and to improve standards of accuracy and correction of individuals' credit reports. These changes will benefit both the credit industry and consumers.

With this major piece of work successfully completed, I expect the small policy team to be able to turn its attention to the important task of early intervention and advice on privacy issues arising across the board in legislation, policy, and the business environment. These can include, for example, many of the challenging issues in the health sector concerning the sharing of medical data and the development of health information systems.

In the rapidly changing and advancing technology area the Office must concentrate its scarce resources on raising public awareness and facilitating self-resolution of privacy invasive actions. The recently established three-person Technology Team is continuing to monitor data matching as required by the Privacy Act. Exponential growth is being experienced in this area, with a doubling in the number of records being matched (from 10 million to 21 million) in the past three years. The Technology Team has started a series of technology briefings, and is monitoring technology developments with a view to providing better public information about privacy invasive changes. It will also work with the SSC's e-government project.



The Privacy Act charges the Office with the important communications tasks of monitoring privacy-invasive developments, and informing and educating the public, government and business community. A small increase in resources has already assisted us to make progress.

Our newsletter *Private Word* has been upgraded, a start has been made on redeveloping our outdated website, and more resources have been devoted to meeting the constant demand from organisations and the media for speeches, presentations, and comment on privacy and personal information protection issues. The many news media stories about privacy invasive technologies and the power of government and business to collect information on individuals are raising public awareness of the need for protection against misuse. This will always be balanced against the occasional public questioning of privacy protections in individual cases, often involving mental health information. Over time, I am confident we can progress to a balanced debate on the pros and cons of privacy protection, and promoting this is my challenge.

Personal information protection and privacy are international as well as domestic issues. The policy and technology teams also do important work in identifying privacy invasive developments internationally and triggering positive responses domestically where appropriate. The global privacy community has developed strong networks and is active in identifying and promoting privacy enhancing responses. New Zealand participates in and encourages this work.

The balance required between protecting individuals' privacy and facilitating government and business efficiency is becoming more challenging to achieve. The *New York Times* reported recently that the personal information of more than 50 million consumers has been lost, stolen or sold to thieves. "If the information is not already missing, 2005 might be recorded in the databanks of history as the year of the consumer privacy breach in the United States." The article goes on to point out that in European countries such as Britain, Germany and France "data theft is not a major problem". They "have comprehensive national privacy laws and offices of data protection, led by privacy commissioners". Although New Zealand privacy rules are not as rigid as those in Europe, we are advantaged in having a flexible, middle-of-the-road privacy law which will, it is hoped, help to protect us from the kinds of data theft and breaches which have recently become prevalent in the US.

The Privacy Act has stood the test of time well but is now in need of some updating. In 1998 my predecessor, as required by the Act, produced a review and suggested changes. Since then excellent work has been done by my staff and officials in the Ministry of Justice in preparing these and more recent amendments. Proposed changes include bringing our privacy regime into line with European Union requirements – currently we are at an increasing competitive disadvantage in the growing world of cross-border trade in technology and services. The amendments will also implement protections against covert intimate filming, as recently recommended by the Law Commission. Information sharing between government departments will be enhanced to help effective delivery of services, as well as to detect fraud.

The Privacy Act was passed without a dissenting voice in Parliament in 1993. I hope that the new Parliament to meet at the end of 2005 will consider the proposed Privacy Act changes, and give effect to those they consider will enhance our international competitive advantage, protect citizens' rights to privacy of their personal information, and at the same time improve government and business efficiency.

In 1993, when the Privacy Act was passed, far-sighted drafters and legislators knew that technology was important. Perhaps even they did not recognise that a technological revolution

was imminent. This revolution affects every one of us, is an international phenomenon, and is constantly evolving and taking new forms. No government, let alone a small statutory office, can hope to control it. However, the Privacy Act is flexible enough to adapt to the challenges it faces. The amendments I have outlined above are needed, but we can continue to adapt remedies and responses as required.

It is easy to take privacy for granted in a democracy that has been relatively free of the serious human rights abuses experienced elsewhere. The race to develop and take advantage of new science and technology is an exciting one, and we are lucky to be part of it. We should also recognise that there are great opportunities to protect and enhance human rights and, in particular, privacy protections as part of those developments. We can only hope to do this by working cooperatively with science and technology developers, while at the same time raising public awareness, identifying threats to individual information and empowering people to protect their own privacy.



Marie Shroff
Privacy Commissioner



III. OFFICE AND FUNCTIONS OF THE PRIVACY COMMISSIONER

INDEPENDENCE AND COMPETING INTERESTS

The Privacy Commissioner is independent of the Executive and 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 both to the information privacy principles and 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 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 understanding and acceptance of the information privacy principles. An Enquiries Officer answers questions from members of the public and maintains an 0800 number so people can make enquiries without charge from anywhere in New Zealand.

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

Investigating staff present regular workshops and seminars, tailored to audiences, on both the Privacy Act and the Health Information Privacy Code. There is also a full-day workshop aimed at the mental health sector.

The Commissioner makes public statements on matters affecting privacy and the Office maintains open communication with the news media.

INFORMATION MATCHING PROGRAMMES

A key area of work is monitoring the growing number of government information matching programmes. These programmes must be carried out according to the provisions of the Privacy Act.

CODES OF PRACTICE

The Privacy Commissioner may issue codes of practice. These can modify 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 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 matters that require Prime Ministerial attention including, particularly, the need for and 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 employs staff in both Auckland and Wellington.

The Assistant Commissioner (Policy) has responsibility for work on codes of practice, legislation, data matching and policy matters, and a team has been established to focus on privacy issues associated with technology. The Assistant Commissioner (Legal) has responsibility for communications, education and enquiries functions, and contributes to complaints work. The Manager Investigations has responsibility for complaints and investigations functions, and manages teams of Investigating Officers in both offices. In addition, a Senior Legal and Communications Adviser reports directly to the Commissioner.

The General Manager is employed on a part-time contract basis to provide administrative and managerial leadership for 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 services, legal enquiries, writing, accounting and publication work.



IV. REPORT ON ACTIVITIES

TECHNOLOGY TEAM

Developments in information and communications technologies over the past few years have raised many questions about the impact of these technologies on individual privacy. While the Privacy Act is principles-based and neutral as to medium or technology, the Office has not had the resources to respond to those questions.

The 2004/05 year saw the establishment of a small team within the Office focused on technology-related privacy issues. Its main concern is the assessment and compliance requirements of the continued growth in information-matching activity by the Government. Its second is to help bring about better understanding of the privacy impacts of new technologies, particularly the privacy issues raised by e-government initiatives.

In July 2004 a Team Leader was appointed. The remaining two members, a Data Matching Compliance Adviser and a Policy Adviser (Technology), started work in December. Goals for this reporting period primarily targeted capacity building – both recruitment and familiarisation of staff. However, progress was also made towards more ambitious goals that should bear fruit in 2005/06.

Information matching capacity was almost fully absorbed by responding to the eight authorised information matches that started operation in 2004/05, as well as several other match proposals in various stages of development. However, one of the more ambitious goals for this part of the team – the establishment of an Information-matching Interest Group – also made progress. The team formed a Steering Group with representatives from agencies with significant information-matching experience: Department of Internal Affairs (DIA), Inland Revenue Department (IRD), Ministry of Justice (Collections Unit) and the Ministry of Social Development's (MSD's) National Data Matching Centre. The group contributed to our plans for establishing regular meetings of representatives from government agencies involved in information-matching.

The team responded during the year to various e-government initiatives from the State Services Commission (SSC) and other agencies. The All-of-Government Online Authentication Initial Implementation Project continued with a privacy impact assessment for the proposed Government Logon Service and related consultations on design questions. The DIA undertook for the Government the development of a proposed Evidence of Identity Standard as a foundation for online authentication. The Office was also represented on the Steering Group on Trusted Computing, established by the SSC to provide the Government with advice on this developing environment. In addition, various agencies investigated the use of biometrics and the Office received briefings on the introduction of electronic passports.

Broader technology initiatives to which the team was able to contribute included observing the development of a voluntary Code of Practice for retail implementation of Radio Frequency Identification technology (RFID), contributing to the work of the International Working Group on Data Protection in Telecommunications, and speaking at conferences on RFID and forensic DNA databanks.

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 of the object of those principles.

Other paragraphs within section 13 relate to making public statements and undertaking educational programmes.

There are good reasons for the Commissioner to have a strong focus on education and communications. Giving good information about rights, responsibilities and managing risks enables people and agencies to resolve problems themselves, or prevent problems from arising. Sound knowledge therefore prevents distress to individuals and reduces compliance costs for agencies. Good educational work allows the Office to focus more resources on dealing with new threats to privacy rather than dealing with large numbers of preventable complaints.

In the 2004/05 year, the Office held 24 formal workshops on the Privacy Act and the Health Information Privacy Code (including mental health matters). In addition, staff gave training talks to around 30 groups as a result of requests. Themes on which agencies invited us to give training included health matters, responsibilities of rest homes, and responsibilities of non-profit agencies, including marae-based agencies.

The Office's website contains fact sheets and other information on a variety of topics to inform readers about rights and responsibilities under the Act.

MEDIA AND OUTREACH

The Office received many enquiries from the media during the year. We encourage journalists to contact us when they have queries about specific issues, or when they are denied access to information on the grounds that the Privacy Act applies. Stories that raised media interest included parents' access to information about their children, particularly medical information, and the use of webcams in shopping malls, in creches, or overlooking beaches. Fingerprint scanning also hit the headlines.

Just before the end of the financial year, the Office started work on redesigning its website, to make information about privacy, and about rights and responsibilities under the Act, more available. Once complete, this should assist the public, privacy officers, agencies and media to easily access information to assist with such matters as dispute resolution, developing internal policies, or assessing where new privacy risks arise.

The Privacy Commissioner and other members of staff gave a number of speeches to a wide variety of organisations - both domestic and international - during the course of the year.

COMPLAINTS AND ACCESS REVIEWS

There was a significant reduction in complaints received in 2004/05 compared with previous years. The number of complaints closed remained about the same as over the past few years. Consequently, the number of current complaints dropped considerably and at the end of the year the total was 569, compared with 818 at the end of 2003/04.



FIGURE 1: COMPLAINTS PROCESSING 2004/05



Table 1 illustrates the trend over the past seven years.

TABLE 1: COMPLAINTS RECEIVED AND CLOSED 1998-2005

	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Complaints received	1003	798	881	1044	928	934	721
Complaints closed	895	956	806	1049	915	1168	970

There are several factors likely to have contributed to the decline in the number of complaints received. The first is that potential complainants who contacted the Office's 0800 number are directed first to the privacy officer of the agency they seek to complain about. Privacy officers of many of the larger agencies dealt with by the Office have agreed that our enquiries staff can provide their direct telephone numbers to complainants. By referring complainants to privacy officers, complaints can be dealt with informally and, in many cases, are resolved without further intervention from the Office.

Another factor contributing to a reduction in the number of complaints is that people who wish to make a complaint are encouraged to complete a complaint form. This asks them to identify the action they consider to be a breach of the Privacy Act (or Health Information Privacy Code) and indicate how the matter might be resolved to their satisfaction. They are also asked to identify which principles or rules they believe have been breached. It appears that, as this exercise requires complainants to link the action to a privacy principle or rule and an adverse consequence suffered as a result, complainants often realise that the matter they are complaining about does not fall within the jurisdiction of the Commissioner. They decide, therefore, to take it no further.

Agencies appear in general to be demonstrating better understanding of, and improved compliance with, the Act. We attribute this in part to the high level of attendance by privacy officers and front-line agency staff at our workshops and seminars. In many cases Privacy Act training is needed to satisfy accreditation requirements, particularly in the health sector, but we have noticed an overall increase in demand for training from all sectors and also from regions outside the main centres. We report separately about the workshop and seminar programme, and the recently formed Privacy officers' network.

As described in our past two Annual Reports, additional funding provided to this Office two years ago was specifically targeted to resolving long-standing complaints. These were identified as complaints older than 13 months on 1 July 2003. Two years ago, there were 448 such complaints, comprising 44 percent of all current complaints. It is pleasing to report that, by 30 June this year, all but 38 were resolved. As many of these are now close to resolution, it is likely that there will be few outstanding by the end of this calendar year.

Age of complaints

It is also pleasing to report a significant reduction in the age of current complaints over the past financial year. At the beginning of the year, 432 (53 percent) of all current complaints were older than 12 months and 230 (28 percent) were older than two years. By the end of the year, those numbers had fallen to 195 (34 percent) older than 12 months and 84 (15 percent) older than two years.

Now the backlog of long-standing complaints is all but resolved, the next target is to reduce the proportion of complaints older than 12 months. A relatively high proportion of current complaints are still in this category but the number is expected to continue to fall. This is a priority for investigations staff.

TABLE 2: AGE OF COMPLAINTS CLOSED 2004/05

Age of complaint	Number closed	Percentage closed
6 months or less	407	42
6 months to 1 year	171	18
1 < 2 years	185	19
2 < 3 years	144	15
3 years or more	63	6
Total	970	

Numbers have been rounded in percentage column.

Table 2 shows the age of complaint files closed in 2004/05. Of particular note is that 60 percent were less than one year old. The table also shows that a significant number of older files were resolved and closed during the year.

New complaints

The strategy for speeding up the investigations process includes a focus on the resolution of new complaints. A separate team of three investigating officers was established to deal with these. The team makes an initial assessment and decides whether further information is required from the complainant. If no further information is required, the respondent agency is notified and asked to assist with the investigation. Where there is insufficient information to proceed, or the matters raised do not appear to fall within the jurisdiction of the Office, the complainant is given a further chance to provide information. If this is not forthcoming, the complaint is closed.



Complaints not resolved at the outset are assigned to investigating officers for further investigation if required. They assess the facts, apply the relevant law and make a recommendation to the Commissioner. At all stages of the process, the parties are invited to consider ways to resolve the complaint without the need for further investigation.

The focus on resolution does not mean that agencies are able to avoid their obligation to comply with the Act, or that complainants are expected to waive their statutory rights. Section 74 of the Act states that, where it is possible to secure a settlement between the parties to a complaint, the Commissioner may use her best endeavours to secure such a settlement. If appropriate, the Commissioner may also require an assurance against the repetition of the action that is the subject of the complaint. In this way the staff of the Office are involved in settlement negotiations to ensure that any resolution agreed upon is fair and appropriate. If resolution is not achieved and the Commissioner believes there is a clear breach of the Act or the Codes, the matter may be referred to the Director of Human Rights Proceedings. The Director will then consider whether to take the case to the Human Rights Review Tribunal.

Complaint outcomes

FIGURE 2: CLOSED COMPLAINTS BREAKDOWN 2004/05

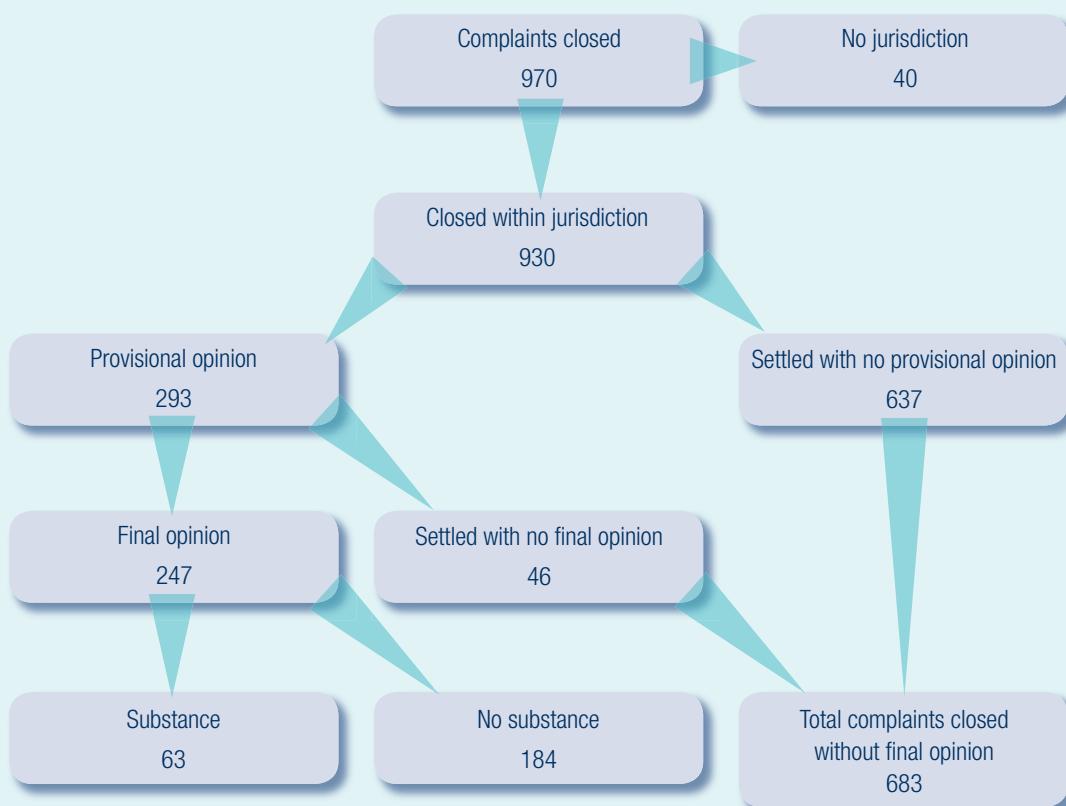


Figure 2 illustrates the outcomes of complaints closed in the past year. There are several points to note. First, there are always some complaints that do not raise issues capable of being resolved by this Office as they fall outside its jurisdiction. Sometimes this is not immediately obvious, so a new file is opened and the complainant is given an opportunity to clarify the issues raised. As the figure shows, there were 40 complaints that fell within this category. In some cases, they were referred to another agency, such as the Office of the Ombudsman, and in others the concerns were simply not matters that could be dealt with by this Office.

By far the greatest number of complaints was closed without there being a full investigation. These included complaints that were resolved by, for example, the satisfaction of an access request or by an acceptable apology being given and compensation paid. It also includes those complaints closed under one of the grounds listed in s.71 of the Act, under which the Commissioner can exercise discretion to take no further action.

The Commissioner formed a provisional opinion on about 30 percent of all complaints closed last year. Forty-six (out of 293) of these complaints were then settled without the need for a final opinion. This was because the party who received the opinion either withdrew the complaint (in the case of the complainant) or made an acceptable settlement offer (in the case of the respondent agency). Of the remaining 247 complaints closed, the Commissioner formed the opinion that 63 had substance and 184 had no substance. Although cases in the latter group might be found to have had “no substance”, they often assist agencies to improve their personal information handling practices.

Settlements

As noted earlier, the staff of the Office actively seek to settle complaints. Some examples of matters that were settled during the year include:

- *A man applied for a credit card. As part of the application process, the credit card company telephoned his work place. One of his colleagues took the call and was asked to confirm that the man's salary was a specified amount. We formed the opinion that the company was in breach of principle 11 as it disclosed information about the man's salary to the person who answered the call. On this basis the parties reached a settlement.*
- *A tertiary institution provided the telephone numbers of all enrolled students to the students' association. This was so that they could be contacted in relation to services provided by the association. A staff member of the association tried to contact a student about an unrelated matter. As the student's number was unlisted, the staff member looked it up on the association's database. The student complained to the Office that his number had been given to the institution for a particular purpose and that did not include providing it to the staff member. Ultimately, the matter was settled by the association apologising to the student and giving him a \$100 dinner voucher.*



Often a face-to-face meeting facilitated by this Office or by an independent mediator is the most effective means of resolving a long-standing or difficult complaint. The controlled environment of the mediation gives the parties an opportunity to be heard and find creative means to deal with the issues raised. In one such case, the matter was settled with a relatively modest monetary payment because the mediation forum gave the complainant a chance to raise and resolve issues, including some that were not strictly privacy matters.

The following is an example of a complex complaint that was successfully resolved in a face-to-face meeting:

- *A woman made a request to a hospital for access to her medical records relating to the births of her children. Despite a thorough search, the hospital was unable to find her main obstetric file. It sent her a copy of some notes relating to the births of two of her children that had been stored in those children's files, and her pregnancy and delivery records for the other children. The woman complained to the Commissioner that the hospital's systems for storing health information were inadequate. In addition, she complained that the notes she was sent included notes of another child with the same last name as hers. She wondered if her child's notes could have been sent to that child's family by mistake.*

The hospital accepted that it had caused an interference with the woman's privacy because it was unable to account for the apparent loss of her notes. At the meeting, the woman was given an opportunity to explain the reasons for her distress and anxiety about the lost notes – reasons that, because of their personal nature, had not been articulated in writing previously. As a result of the meeting and listening to her concerns, the hospital apologised in writing and paid her compensation for the distress the loss of her notes had caused.

Complaint analysis

TABLE 3: ALLEGED BREACHES 2004/05

Alleged breach	Total	Percentage
Information Privacy Principle (IPP) 1 – Purpose	21	2.65
IPP 2 – Source	42	5.30
IPP 3 – Collection	15	1.89
IPP 4 – Manner	13	1.64
IPP 5 – Storage	29	3.66
IPP 6 – Access	249	31.44
IPP 7 – Correction	26	3.28
IPP 8 – Accuracy	41	5.18
IPP 9 – Retention	4	0.87
IPP 10 – Use	13	1.48
IPP 11 – Disclosure	162	21.04
IPP 12 – Unique identifiers	0	0
Section 35 – Charges	1	0.13
Health Information Privacy Code (HIPC) Rule 1	3	0.38
HIPC Rule 2 – Source	3	0.38
HIPC Rule 3 – Collection	2	0.25
HIPC Rule 4 – Manner	1	0.13
HIPC Rule 5 – Storage	18	2.27
HIPC Rule 6 – Access	51	6.44
HIPC Rule 7 – Correction	26	3.28
HIPC Rule 8 – Accuracy	9	1.14
HIPC Rule 9 – Retention	1	0.13
HIPC Rule 10 – Use	0	0
HIPC Rule 11 – Disclosure	42	5.30
HIPC Rule 12 – Unique identifiers	0	0
Health Act, section 22F	6	.76
N/A	12	1.64
Total	792	

Note that the total exceeds the number of complaints received because some complaints raise more than one principle or rule.



Access reviews

As in earlier years, by far the greatest number of complaints received in 2004/05 related to requests by individuals for access to their personal or health information. Table 3 shows that more than 38 percent of all complaints fell into this category. In some cases, the complainant had simply received no response to his or her access request. Generally, a letter from this Office resulted in the information being provided. In other cases, the requester asked the Office to review the agency's reliance on one of the withholding grounds in Part 4 of the Act to withhold the information requested.

It was of concern that, 12 years after the introduction of the Act, some law firms still believed they could refuse an access request on the basis that a client's bill was unpaid. A solicitor's lien is not one of the withholding grounds set out in Part 4 of the Act and cannot be asserted as a reason to refuse access to personal information about a requester.

The following is an example of a complaint involving a request for access to personal information:

- *A woman made a request for access to information concerning the identity of her mother's father (her grandfather). Her mother was born in the 1920s. The agency provided the woman with a copy of her mother's birth record but blanked out the name of the person described on the record as the father. It told her that it had removed his name as he had denied responsibility. The agency considered that releasing the information would amount to the unwarranted disclosure of the affairs of a deceased individual and further noted that, because of the passage of time, the accuracy of the record could not be verified. The Office considered that the identity of a grandparent was information about the requester and that the woman should be able to access the information. While we accepted that the identity of the father may have been in dispute, we noted that the mother believed him to be the father of her child and named him as such on the birth certificate. We considered that the information in dispute was still personal information about the requester, regardless of the truth of the record. We recommended that the agency release the full birth certificate to the requester.*

Complaints concerning disclosure

The second largest group of complaints involved disclosure. This is illustrated in Table 3, which shows that 25 percent of complaints received during the year were about the disclosure of personal or health information. A disproportionate number of complaints about disclosure occurred in private sector agencies. Many appeared to be one-off incidents in agencies that did not have a great deal of experience with the Act and were not aware of their obligations.

Examples of complaints about the disclosure of personal information included:

- *A man asked a woman friend to represent herself as his former wife. The friend approached the former wife's credit card company and asked for copies of her last three credit card statements. The former wife complained that despite her having asked for password protection on her credit card information, the credit card company had not asked the caller for her password. As a result, her former husband was able to access her personal information and use it to harass her following their acrimonious marriage break up.*

The credit card company accepted that the disclosure occurred and that its systems were at fault. It agreed to settle the matter by crediting the woman's credit card account with \$3000.

- *When a finance company tried to locate a client concerning an outstanding debt, it disclosed to a number of third parties, including the client's mother, former partner, former partner's mother and current partner that she owed it money and was being pursued by debt collectors. The Office found that the company's actions were in breach of principle 11 and had interfered with the woman's privacy. Before closing the file we gave the parties an opportunity to settle the matter, but no settlement was reached. The matter was then referred to the Director of Human Rights Proceedings for a decision about whether to take it to the Human Rights Review Tribunal.*

Other principles

The next largest group of complaints after those relating to access and disclosure were those about accuracy of information (principle 8 and rule 8) and requests for correction of personal or health information (principle 7 and rule 7).

It is not uncommon for individuals to dispute the accuracy of their health information and to request that it be corrected. This may occur in the context of an assessment on behalf of ACC to determine a claimant's entitlement to compensation, or in cases where, for example, an individual disagrees with a clinician's mental health diagnosis. Where correction is sought but not made, the agency concerned is obliged to notify the individual of his or her right to prepare a statement of correction and ask that it be attached to the file.

As in earlier years, there were some complaints to the Office about unauthorised collection of information, in particular by credit providers and prospective employers. With the full implementation of the Credit Reporting Privacy Code in April 2006, the number of unauthorised credit checks is likely to drop substantially.

Top 10 respondents

TABLE 4: TOP 10 RESPONDENTS 2004/05

Agency	Number of complaints received
ACC	51
NZ Police	44
Ministry of Social Development	36
NZIS	28
Department of Corrections	23
CYFS	22
Baycorp Advantage	19
Capital & Coast DHB	14
IRD	10
Telecom	8



There was a significant drop in complaints against many of the top 10 agencies in 2004/05. Of note was the decline in numbers of complaints about ACC, the Police and Baycorp. This can be attributed to the fact that enquiries staff directed complainants to the agencies' privacy officers in the first instance. This gives an opportunity to resolve matters on an informal basis.

It was particularly pleasing to note the 41 percent decrease in the number of complaints against Baycorp. This coincided with the phased introduction of the Credit Reporting Privacy Code, the first part of which came into effect on 1 April 2005. We acknowledge the initiatives that Baycorp has taken to improve its compliance and responsiveness to Privacy Act complaints. This has included educating its client base on their responsibilities as subscribers to the Baycorp database and providing training for Baycorp staff.

Consistent with previous years, complaints against the top 10 agencies accounted for about 35 percent of all complaints received.

Agency types

As Table 5 illustrates, by far the largest group of agencies complained about was those in the public sector, including education and local authorities. The next biggest grouping was the health sector, including district health boards, medical practices and other health providers. Together they accounted for 60 percent of all complaints received during the year.

Given that these agencies generate and hold the largest amount of personal or health information about individuals, it is not surprising that they attracted the most complaints. It is pleasing to note the decline in numbers of complaints against these agencies, a reflection of improved compliance.

TABLE 5: AGENCY TYPE 2004/05

Agency type	Total	Percentage
Government sector, including education and local authorities	321	44.5
Health sector, including hospitals and medical practices	119	16.5
Financial sector, including banking, insurance, credit agencies and debt collectors	62	8.5
Other	219	30.5
Total	721	

PRIVACY OFFICERS' NETWORK

During the year Office staff assisted in establishing a network of privacy officers in both Auckland and Wellington. The group has been offered assistance by the Office in preparing workshops and presentations. We anticipate that the practical sharing of information amongst privacy officers will result in improved compliance rates in those agencies. We hope that this group will flourish and provide a forum for those working in the privacy field to get together informally to discuss issues of mutual interest.

ENQUIRIES

The Office's 0800 free-call number continued to be a popular way for people to enquire about privacy matters. In 2004/05 the 0800 staff dealt with around 6000 calls. Callers were asked to leave a message on the answer service, and then specialist staff deal with each call in sequence.

Enquiries staff do not give formal legal advice, but they are able to give general guidance about the law and how to resolve difficulties. They encourage people to try to resolve concerns with the relevant agency before making a formal complaint to the Office. To help with this, staff provide callers with information about their general rights and responsibilities. They are able to indicate what types of questions a caller should ask of an agency. They are able to give contact details for the privacy officers of some of the major agencies with which the Office deals. If an agency is the caller, Office staff might be able to indicate what general issues are relevant to formulating a policy on a particular topic and where there are relevant sources of information. This is an important tool in assisting agencies avoid privacy problems and complaints, particularly where they are small and do not have a staff member with privacy or legal knowledge.

The enquiries service is an important source of information on privacy-invasive trends. Video surveillance and tape recording are still among the areas of most concern to callers. Individuals often take exception to being filmed or taped without their consent, and agencies want to know the limits on their use of surveillance.

In 2004/05, queries about access to information (where the requester was the individual concerned) accounted for 14.5 percent of the calls. Queries about collection of personal information were also just over 14 percent.

A positive trend was a decline since 1 April 2005 in the number of enquiries about Baycorp's activities. This was the date on which some provisions of the Credit Reporting Privacy Code came into force. We were able to inform callers about the new internal complaints process requirements under the code. A lack of follow-up calls from those enquirers suggests they were able to resolve their problems directly with Baycorp.

New technology is a perennial source of questions. During the year there appeared to be a slight increase in the number of enquiries about disclosure of information on internet bulletin boards and similar forums. Enquiries about fingerprint collection, tape recording meetings and vehicle-mounted GPS systems arose, but did not appear to be increasing.

Some callers said they would like the Office's website to become more user-friendly. It was also common for people to ask for brochure or poster material. These are both matters that the Office is committed to improving in the 2005/06 financial year through the complete redesign of the website and production of pamphlets and posters.



HUMAN RIGHTS REVIEW TRIBUNAL

The Human Rights Review Tribunal hears proceedings under the Privacy Act 1993.

The way in which privacy complaints reached the Tribunal was the subject of jurisdictional debate during the year, culminating in March 2005 in a Tribunal hearing.

The issues argued were twofold:

- whether the Tribunal had jurisdiction to hear a complaint that the Privacy Commissioner had investigated but not formed an opinion as to whether or not it had substance. In practice this related to complaints where the Commissioner had exercised her discretion under section 71 to take no further action.
- whether the Tribunal had jurisdiction to hear a complaint where the Commissioner formed the opinion that it had substance, but the complainant took the case straight to the Tribunal without going through the Director of Human Rights Proceedings (DHRP).

The Tribunal issued its decision shortly after the end of the financial year. It held that it did have jurisdiction to hear complaints under both scenarios.

This decision affirmed the status quo position that a privacy complaint can reach the Tribunal in one of two ways. The first is where the Privacy Commissioner is of the opinion that a complaint has substance but has been unable to secure a settlement. In those cases the Commissioner may refer the matter to the DHRP to initiate proceedings in the Tribunal. In the year being reported on the Privacy Commissioner referred 13 cases to the DHRP (see Table 6).

TABLE 6: CASES REFERRED TO DIRECTOR OF HUMAN RIGHTS PROCEEDINGS
2000-05

	2000/01	2001/02	2002/03	2003/04	2004/05
Referrals to DHRP	0	0	3	0	13

As the table shows, there was a significant increase in numbers of complaints referred to the DHRP during this year. This was the result of a change of practice within the Office of the Privacy Commissioner to better reflect the intention behind the statute and the seriousness with which interferences with privacy needed to be treated.

The new presumption is that the Commissioner will refer complaints to the DHRP where she finds an interference with privacy and the parties have not managed to settle the dispute. Occasionally, although there may be an interference with privacy, there is nothing to be gained from referral to the DHRP (for example, because all requested information has been provided during the investigation, the agency has behaved responsibly and the complainant has not suffered any loss for which a remedy is appropriate). In such cases, the Commissioner is unlikely to refer the complaint to the DHRP. However, the complainant is still free to take the matter to the Tribunal.

2004/05 cases

Nine new proceedings under the Privacy Act began during the year, approximately half of the total that might normally have been expected. This difference is most likely to have been caused by a delay of approximately six months in the filing of new proceedings. This was a result of the jurisdictional issues referred to above and the revised practice in referring complaints to the DHRP. It is expected that the number of new proceedings filed could revert to about 20 cases per year.

During the year, four hearings of substantive (as opposed to jurisdictional or preliminary) matters were held. Eleven cases were disposed of and another was fully heard and is awaiting the Tribunal's decision. The Tribunal made good use of preliminary conferences, usually by telephone. Four cases were disposed of by being settled or withdrawn before a hearing was held. Of the two cases struck out, one was after a substantive hearing had been held and the other followed telephone conferences and written submissions (see Table 7).

TABLE 7 – TRIBUNAL CASES AND OUTCOMES 2000-05

	2000/01	2001/02	2002/03	2003/04	2004/05
New proceedings	28	22	23	19	9
Settled or withdrawn	5	10	7	6	4
Struck out	13	1	1	7	2
Dismissed	5	5	7	7	2
Interference	2	0	3	2	3

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

Appeals etc

In the year under review, two cases from the Tribunal were appealed to the High Court. Neither of these had been heard at the end of the reporting period.

A judicial review proceeding was initiated in the High Court against the Privacy Commissioner, but this was discontinued prior to hearing. The High Court also issued a decision relating to section 116 and the discoverability of documents relating to a complaint investigated by the Privacy Commissioner. The plaintiff wanted access to correspondence between the defendant and the Privacy Commissioner, but the Court refused to order discovery of that material. The Commissioner was not involved in the court proceedings.



CODES OF PRACTICE

CREDIT REPORTING PRIVACY CODE 2004

The Credit Reporting Privacy Code was issued on 6 December 2004. Two parts came into effect in April 2005, with the balance delayed until April 2006.

The code of practice was the culmination of several years' work and involved lengthy and intensive consultation with credit reporters, the wider financial services sector and other affected people. It was a challenge to develop a code that enhanced privacy protection and promoted improvements to the accuracy of credit reports while minimising additional compliance costs.

Two clauses came into operation on 1 April 2005. The first required credit reporters to give free-of-charge access to credit information held about any individual who sought it, except in cases of urgency when a reasonable charge could be made. In the first months of operation, several thousand New Zealanders made use of this new entitlement. The industry recognised the benefits of this "self-audit" process and took the opportunity to encourage individuals to take an active role in ensuring that the information held about them is accurate and up-to-date.

The other clause that came into force in April 2005 required credit reporters to provide clear, fast and effective internal complaints resolution procedures. Although it is too early yet to evaluate the longer-term effects, these internal complaints procedures appeared to be responsible for a significant drop in the number of complaints received by the Office about credit reporters. The industry began to take greater responsibility for sorting out many of the privacy issues arising from its activities.

The code places a high value on improving the accuracy of credit reporting - an interest that individuals, credit providers and credit reporters all share. It enhances the transparency and openness of the process, and provides opportunities for individuals to have a measure of control over the way in which their personal information is handled. It also limits the secondary uses of credit information and reduces opportunities for misuse. While many of the provisions devoted to these issues have not yet come into effect, the initial provisions removing the financial barriers to subject access and promoting prompt low level dispute resolution are key starting points. The balance of the code comes into effect on 1 April 2006.

Parts of the code yet to come into operation will tackle credit reporting privacy issues in ways including provisions:

- limiting the information that may be contained in credit reporting systems
- controlling who may have access to the information
- requiring steps to ensure that individuals are made aware of their rights and are properly informed when authorisations are obtained from them
- establishing standards to avoid mismatching information about different individuals.

Full information about the code is available on the Office's website.

OTHER CODES

In March 2005 the Commissioner announced an intention to amend the Health Information Privacy Code 1994 during 2005/06. These amendments were planned to take account of developments in the health sector since the code was last amended in 2000. Suggestions for amendments were invited and received from the public and interested parties through to the end of the financial year.

The following codes of practice remained in force at the end of 2004/05:

- 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 Office’s website or by contacting the Office.

Two applications for authorisation were received during the reporting period and one was granted. This was to enable a provident fund to contact former bank employees who might have been eligible for a monetary payment. The fund managers wanted to use the last known address held by the bank for the former employees. There was a clear benefit to the former employees that outweighed the intrusion into their privacy that might occur from the disclosure of their address details.



The other application involved two government agencies. One wanted to mail out a safety information pamphlet to people listed on a registration database held by the second agency. Although there was a strong public interest involved, the application was declined because it was not necessary. No personal information was to be disclosed and, further, the database of addresses was to be used consistently with the purpose for which it was held. After some discussion, the two agencies reached agreement that the pamphlet would be mailed out by the agency holding the registration details and it would be reimbursed expenses.

LEGISLATION

The information privacy principles may be modified or overridden by laws passed by Parliament. It has been the policy of successive governments to ensure that, wherever possible, that new legislation complies with the principles in the Privacy Act.

Pre-introduction

The Privacy Commissioner has a statutory function to examine and report on proposed legislation. 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, where relevant, provide the comments of the Privacy Commissioner.

An appropriate balance can often be struck so that government objectives can be secured without unnecessarily diminishing privacy. Where this appears not to be possible, 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 was in relation to the Crimes (Intimate Covert Filming) Bill. This began life as a reference from the Minister of Justice to the Law Commission. The Commission consulted the Privacy Commissioner when researching the issues arising from spying upon individuals in intimate situations. Input into such consultations can draw upon experience from the Commissioner's own complaints files, privacy analysis and literature, as well as through a network of contacts with overseas privacy commissioners. Following the submission of the Law Commission's recommendations to amend the criminal law and Privacy Act, departmental officials consulted the Privacy Commissioner during the policy-making processes leading to a Cabinet decision to introduce the bill to Parliament in April 2005. As the decision was taken to split the Crimes Act amendments proposed by the Law Commission from those proposed to be made to the Privacy Act, there has been further consultation on a companion measure that is proposed eventually to be introduced to Parliament.

Post-introduction

After a bill is introduced into Parliament, there is the opportunity to contribute further to the law-making process. An example is the Prisoners' and Victims' Claims Bill. The Commissioner provided the Minister of Justice with a report in relation to Part 2(1) of the Bill, urging reconsideration of aspects of the proposal to require prisoners to follow additional procedures before pursuing a Privacy Act complaint.

In 2004/05 the Office did not seek to be heard by a select committee on any new bills, preferring instead to concentrate its limited resources on the pre-introduction stages. However, with the deployment of more staff resources in this area, we are likely to devote more effort next year to covering the post-introduction stages.

OTHER FUNCTIONS

Some functions are given to the Privacy Commissioner under enactments other than the Privacy Act. These additional statutory roles usually involve providing specialist input on privacy matters or some form of “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 difficulties. 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 five types:

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

Given the international environment and the focus on security, it is not surprising that the Office was consulted during the year by government agencies in relation to arrangements for sharing personal information about New Zealanders with overseas governments and international organisations. Legislation involving customs, immigration and passports requires departments to consult with this Office in certain cases before entering into cross-border information-sharing agreements. During the year the Office was, for instance, consulted in relation to arrangements governing advanced passenger processing and disclosures to Interpol of lists of stolen passports.

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 the agency involved should release information is ultimately one for the Ombudsmen to make, since the jurisdiction under the legislation is theirs. However, as the specialist in the privacy arena, the Privacy Commissioner’s views are sought 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 that 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 hold more detailed discussions to ensure that all angles are properly canvassed.

During the year, this Office completed 43 consultations with the Ombudsmen. This was greater than the number during the previous few years.



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 onto 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 these 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.

PROGRESS FROM AUTHORISATION TO IMPLEMENTATION

In the 2004/05 year we examined how long it took for a programme to become active after it had received authorisation. This was not a simple calculation.

Some matches were already operational in 1993 when the Privacy Act was passed, having been authorised at the time of the Privacy Commissioner Act 1991. The 1991 Act permitted the

Department of Social Welfare to operate eight matches, of which two were fully operational in 1991. One of those two matches no longer operates, although its purpose is now partially fulfilled by another match authorised in 1998.

Further complexity in the calculation arises from those matches authorised generically under the November 2000 amendments to the Social Welfare (Transitional Provisions) Act 1990 that introduced new sections ss.19C and 19D. These sections allowed for cross-border matching with overseas authorities on social security monetary benefits but require an Order in Council to give effect to the terms of each national agreement. We have used the date of the legislative provision as the basis for calculating the lead-in time for those matches. However if this calculation is repeated in future years, it will probably exclude these cross-border programmes to avoid skewing the results.

Complexity of the calculations aside, it seemed useful to examine the development time that followed authorisation. The average time from the passage of authorising legislation to first operating match for the 36 operating programmes was 21 months. The maximum time taken was 101 months and the median 15.5 months. An interesting contrast here is three DIA matches, of which two¹ took the average 21 months to implement while another very similar match² took 42 months. This illustrates how implementation of any match is constrained by the departmental resources available. The Corrections/ACC Inmates' Match took the longest time to become active, from its original authorisation in the Accident and Rehabilitation and Compensation Insurance Act 1992 to its implementation in 2000.

Information matching is a very useful and powerful government administrative technique. However, it is also complex and policy analysts may wish to take note of such experience (or make their own calculations) and be realistic in anticipating the length of the lead-in time for new programmes.

Operational controls and safeguards

Figure 3 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 for ensuring 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 are selected from the source agency database, typically only those relating to people who have been involved in a recent transaction or activity (eg. leaving the country). Certain information is extracted from the records that have been 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.³

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 is not added to an individual's file until it is confirmed that it does indeed relate to that individual, and is accurate and relevant.⁴

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

2 BDM/DIA(C) Citizenship Application Processing Match.

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

4 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.



An algorithm is developed and used to establish what constitutes a successful match or “hit”.⁵ 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 cannot be said to be certainly related. 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.⁶ The raw hits are put through confirmation procedures.⁷ 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.⁸

If the resultant checked hits are to be used as a basis for taking action against individuals, they should be acted upon in a timely fashion. The Act sets maximum time limits.⁹ The information must not be allowed to become out of date, because this may prejudice the individuals concerned. Unverified information derived from matching must not be added to administrative files.¹⁰

It is not advisable to act on the basis of an apparent discrepancy produced by a match, even with some in-house checking 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 a matching process might have wrongly associated records relating to different individuals.¹¹

5 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 Privacy Act, s.99.

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

7 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.

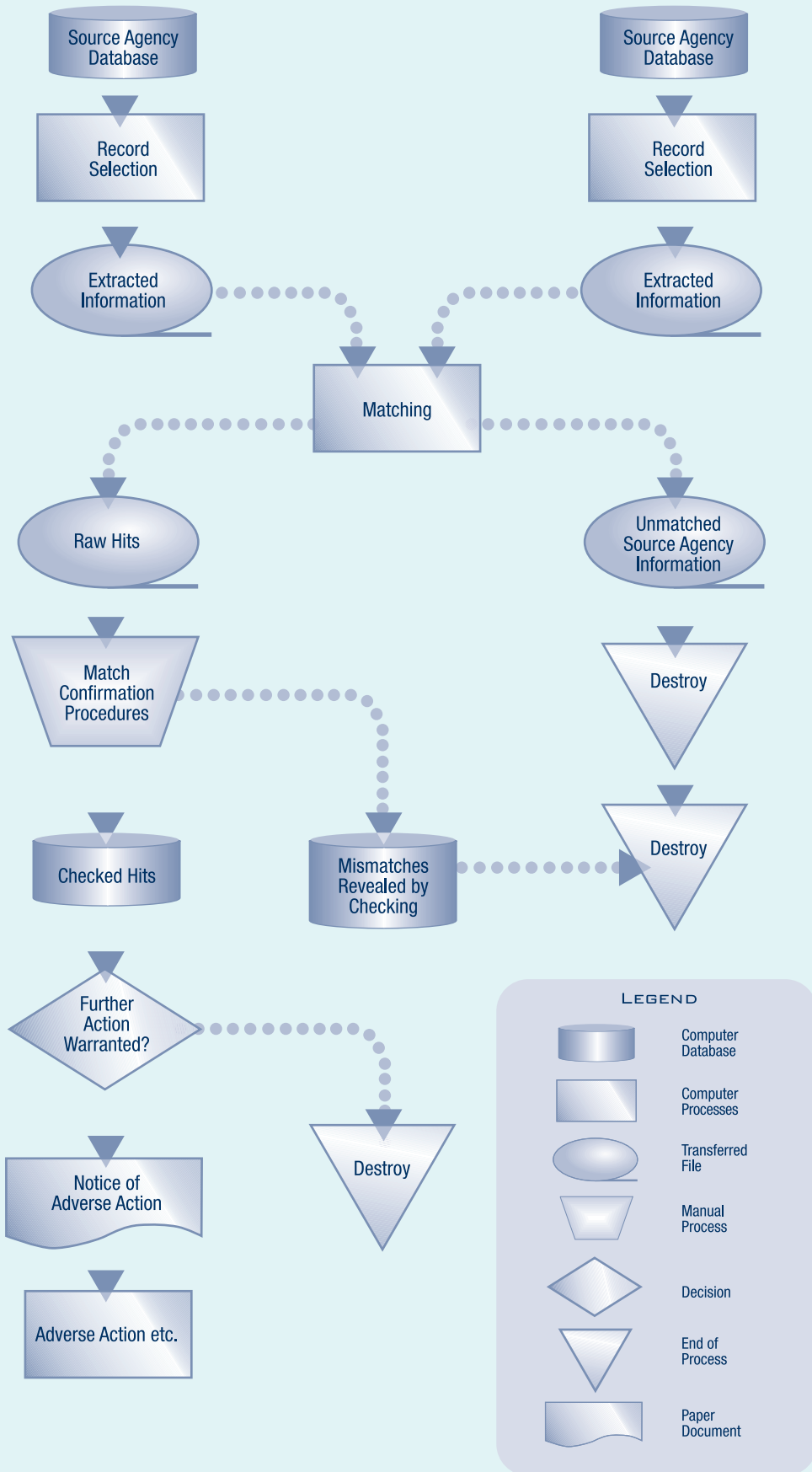
8 Information disclosed pursuant to a match which reveals a discrepancy but is no longer needed for taking adverse action against an individual must be destroyed as soon as practicable - rule 6(2).

9 The information matching controls require that a decision as to whether to take action must be taken within 60 days or the information must be destroyed – Privacy Act, s.101.

10 Nor may separate permanent databases of programme information be created – rule 7.

11 If it is intended to take adverse action based upon 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 5 working days from receipt of the notice to show reason why such action should not be taken - Privacy Act, s.103.

FIGURE 3: TYPICAL INFORMATION MATCHING PROCESS





THE YEAR IN INFORMATION MATCHING

Since December 2004, a full-time Data Matching Compliance Adviser has shared the information matching workload of the Office with (part of the time) the Team Leader (Technology). Previously there had just been one officer performing the role. The team has been busy, given that operating programmes increased in number by nearly 30 percent at the same time as the new staff member was being trained.

Progress was made towards Office goals of better addressing information matching monitoring responsibilities and better assisting agencies with their information matching activities. This latter is expected to result in expanded outreach activities and training opportunities during 2005/06.

During the year two informal enquiries were carried out into incidents reported in the media. These incidents appeared to have some relationship with information matching programmes. We were pleased that, when queried, the departments involved had already begun their own investigations. One incident investigated turned out to be unrelated to any authorised information match results but rather to administrative errors. The other incident is commented on in the relevant match report.¹²

ONLINE TRANSFER APPROVALS

The information matching rules prohibit the use of online computer connections for transferring information, unless approval is obtained from the Privacy Commissioner.

Agencies continued to adopt new forms of online transfer as their preferred method of transferring data. In the reporting period the Department of Corrections submitted requests to use online transfers through a third party contractor for all the matches for which they acted as a source of matching information. Eight approvals were granted in 2004/05, three for programmes that had not used online transfers before. The remaining five were for matches that had previously received approvals that expired during the year. As at 30 June 2005, 11 matches used online transfers, some 30 percent of all operating programmes.

Details on online approvals appear in the programme-by-programme reports.

GROWTH IN AUTHORISED AND OPERATING PROGRAMMES

Each year we report 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 when it was expected they would be operated together.

An example of the former is the BDM/DIA(P) Passports Eligibility Match, for which it was originally anticipated that a deaths’ match would be operated separately from a births and marriages’ match. In fact, DIA operates the three checks as one integrated match.

An example of the converse is the introduction of student allowance recipients into the IRD/MSD Commencement/Cessation Match. Initially we expected this to be treated as an expansion of the existing match, but MSD now operates and reports on it separately because the administrative processes differ significantly.

¹² Corrections/MSD Inmates Match.

Over time our estimates of potential matches arising from legislative provisions have been overtaken by events. We are restating the estimates of authorised (anticipated) matches to better reflect what we now expect to happen. This has meant that although there were five new authorisations passed in 2004/05, our estimate of total authorised matches only rose to 72, from the previous year's reported 70.

The five newly authorised matching programmes were:

- IRD/MSD Commencement/Cessation Student Allowance Match
- NZIS/DIA(Citizenship) Citizenship Application Processing Match
- DoL/IRD Paid Parental Leave Application Match
- DoL/IRD Paid Parental Leave Ongoing Eligibility Match
- ACC/MSD Student Allowance Eligibility Match.

There was significant growth in active programmes. There were eight newly active programmes in 2004/05, equalling the previous highest annual leap in operating programmes. Of the 72 authorised matches, there were 36 active matches.

The new active matches were:

- Customs/MVTR Importers Match (July 2004)
- MoT/MVTR Sellers Match (July 2004)
- BDM(Births)/MoE Student Birth Confirmation Match (July 2004)
- BDM(Deaths)/MSD Deceased Persons Match (September 2004)
- DIA(Citizenship)/NZIS Entitlement to Reside Match (December 2004)
- BDM/DIA(Citizenship) Citizenship Application Processing Match (March 2005)
- MSD/IRD Family Support Administration Match (April 2005)
- IRD/MSD Commencement/Cessation Students Match (June 2005).

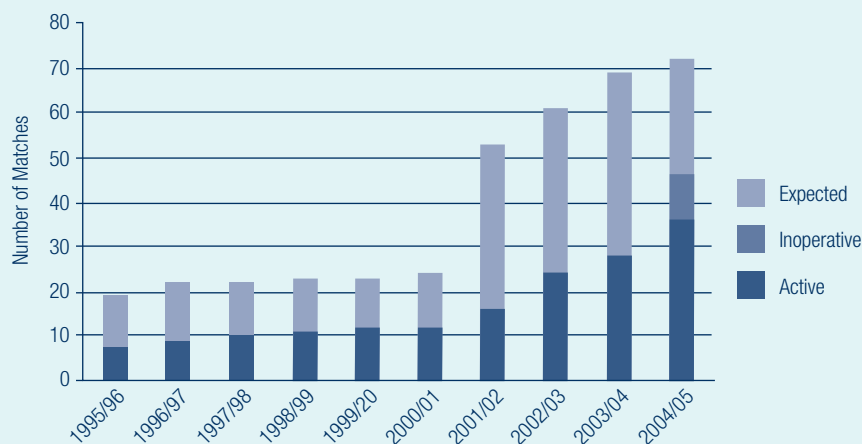
In the reporting period we checked with departments about matches that had ceased operation or were unlikely to become operative again in the foreseeable future, but for which there was no intention to repeal the authorising provision. We found there were 10 such matches¹³.

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, NZIS/MSD Immigration Match.



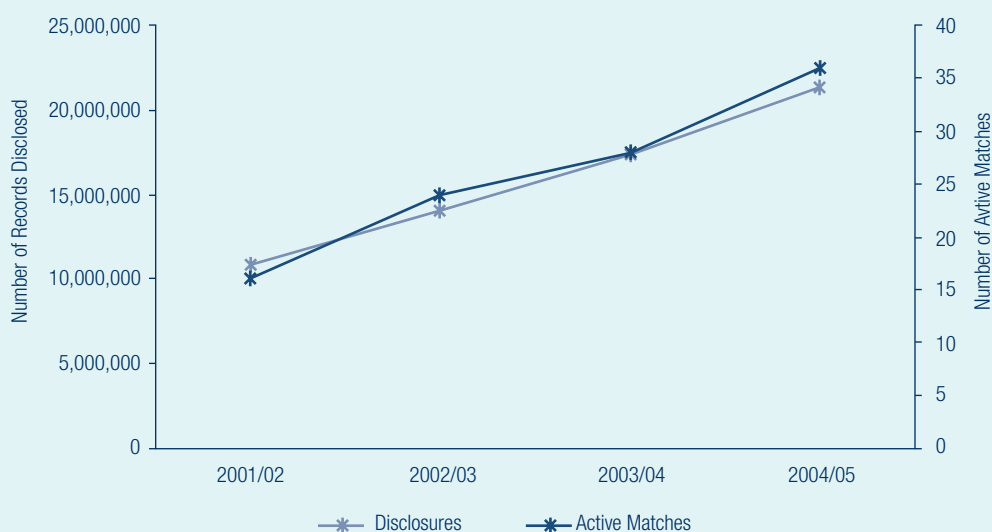
Figure 4 illustrates the number of authorised, operating, and inoperative information matching programmes.

FIGURE 4: AUTHORISED, OPERATING AND INOPERATIVE INFORMATION MATCHING PROGRAMMES 1996–2005



In 2004/05 we looked at growth in activity as a function of the number of records disclosed from the source agency to the user agency. The number of disclosures calculated for this exercise was necessarily a minimum, as some matches reported the number of searches performed against a source agency database rather than the total number of source records possibly viewed. The following graph displays the growth in disclosures against the growth in active matches over the past four years.

FIGURE 5: GROWTH IN MATCHING ACTIVITY BY RECORDS DISCLOSED AND ACTIVE MATCHES 2002-05



This graph shows that the total number of disclosures essentially doubled in just three years, from 10.8 million in June 2002 to 21.4 million in June 2005. This closely tracked the growth in active matches during the same period (16 in 2002 to 36 in 2005) despite the changing nature of the matches that became active over the period.

For example, during the reporting year, many of the eight new matches might have been expected to involve relatively small numbers of disclosures. The MVTR matches and MSD Deceased Persons match are examples of this. Other matches that might in future be expected to involve larger numbers of disclosures, such as the Family Support Administration Match or the Commencement/Cessation Students Match, started relatively late in the reporting period and so gave rise to lower numbers of disclosures than can be expected in the 2005/06 year.

Conversely, some new matches in 2004/05 involved a greater number of disclosures than can be expected long term. Two such matches were the BDM/MoE Student Birth Confirmation Match and the Citizenship NZIS Entitlement to Reside Match. Both of these were in an initial phase of matching against historical records but will in time evolve into matches that cover “current” records of interest.

CHANGING PROFILE OF ACTIVE PROGRAMMES

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

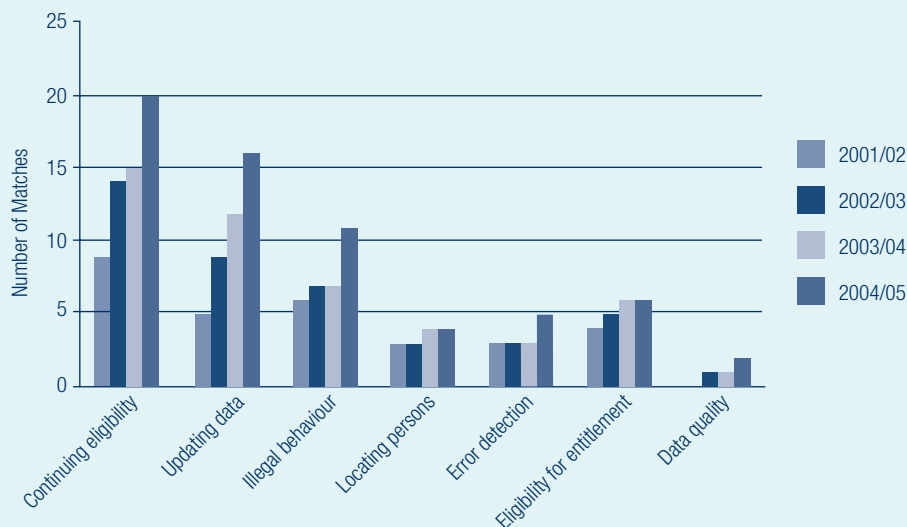
- confirmation of eligibility or continuing eligibility for a benefit programme, or compliance with a requirement of a programme
- updating of data in one set of records based on data in another set
- detection of illegal behaviour (eg. fraudulent or multiple claims, unreported income or assets, impersonation, 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 the changes over time of match purposes.¹⁴ Once again, the data show that agencies have been concentrating on improving administrative processes around updating data, verifying (continuing) eligibility for benefits, and the complementary activity of detecting illegal behaviour.

¹⁴ As each programme may have more than one purpose, the total does not add up to 36.



FIGURE 6: CLASSIFICATION OF DATA MATCHING ACTIVITIES 2001-05



As anticipated in 2003/04, the first of the matches using information from the Deaths Register became operational in 2004/05. MSD operated this match from its National Data Match Centre (NDMC) with a special team of data match officers assigned to handle all potential matched cases. This team was responsible for providing a coordinating function for bereaved families when dealing with MSD. If the match results indicated that someone who was apparently an MSD client had died, the team was responsible for concluding, with tact and sympathy, all the client’s dealings with MSD. The team liaised with other MSD units such as Community Services Card operations or Studylink and tried hard to prevent bereaved families from receiving insensitive multiple correspondence.

Another interesting new match was the Family Support Administration Match, brought in as a foundation for the Government’s Working for Families initiative. Initially, it was expected that information about clients of MSD and IRD would be exchanged in both directions, but as development proceeded it was decided that operating the match as one-way disclosures from MSD to IRD would be more effective and efficient. This was accompanied by changes to IRD’s processes to enable it to make payments more frequently, thus removing a difference between MSD and IRD that had made receiving payments from MSD more attractive for many beneficiaries. This match caused some difficulty in monitoring, as it was an integral part of the revamped Family Support Tax Credits administration. This foundation role in routine administrative processing meant the costs for both development and operation of the match were inseparable from all the other costs of implementing the Working for Families initiative. Similarly, the benefits were basically those of the whole initiative. This was also true of the Passports Applications matches.

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 2004/05 report covers 36 operating matches, including eight newly operating matches representing an increase of 28 percent over the previous year.

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 was 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 was 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 1-16
- matches with the Electoral Enrolment Centre as user agency – programmes 17-21
- matches with IRD as the user agency – programmes 22-25
- matches with other departments as user agencies – programmes 26-36.

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.



GLOSSARY

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

ACC	Accident Compensation Corporation
AIMOS	Automated Information Matching Operating System (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 (Australia)	Department of Immigration & Multicultural & Indigenous Affairs
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
IMPIA	Information Matching Privacy Impact Assessment
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
NZIS	NZ Immigration Service (a division of Department of Labour)
OLEV	DIA system used in passports processing
Passports or DIA(P)	NZ Passports Office (located within DIA)
SEEMail	Secure Electronic Environment government email system
SVB	Sociale Verzekeringsbank (Netherlands)
SWIFTT	MSD database for beneficiaries
SAL	MSD databases 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 A USER AGENCY

NDMC operations

The MSD's National Data Matching Centre (NDMC) operates five matches that identify significant amounts of benefit overpayments or attempt to prevent overpayments. These are:

- BDM/MSD Deceased Persons Match
- Corrections/MSD Inmates 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 being broken down programme by programme. The reporting period was the first full year of operation using the AIMOS computer system.

TABLE 8: COMBINED TOTALS FOR THE MAIN NDMC PROGRAMMES 2001-05

	2001/02	2002/03	2003/04	2004/05
Overpayments established	\$35,849,101	\$32,899,785	\$28,981,506	\$30,265,124
Value of penalties applied	\$16,706	\$15,896	\$26,846	\$47,050
Penalties applied	34	48	78	109
Cost of matching operation	\$7,877,057	\$7,019,539	\$9,776,821	\$9,742,471
Debt recovery costs ¹⁵	\$1,087,665	\$1,941,918	\$1,790,496	\$1,924,315
Debts recovered	\$14,208,910	\$13,732,989	\$11,732,206	\$12,013,239

MSD's AIMOS system provides reporting by both records and cases. An individual may have multiple records with MSD. This is dependent on the number of different types of assistance they might be receiving concurrently. The number of cases reported equals the number of individuals, regardless of how many services each individual might receive.

Reporting by case allows MSD to provide improved service to its clients and allows the reporting to this Office to focus on individuals rather than benefit records. In the reports that follow we have again this year provided the figures for both records and cases, so there is some continuity across the changeover to AIMOS. In future, we expect to concentrate on reporting by cases/individuals.

¹⁵ 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 non-current debtors.

1. 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"> • Confirmation of eligibility or continuing eligibility • Updating of data

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

System: The Registrar-General of Births Deaths and Marriages provides MSD with a weekly extract of death information via compact disc. Each record of a deceased person extracted from the BDM Deaths Register includes the full name, gender, date of birth, date of death, home address and spouse's name.

The extracted data is loaded onto MSD's IAP Data Warehouse, where a daily replica or "snapshot" of most MSD core operational systems, including SWIFTT and SAL, is retained. The matching algorithm takes the deceased person's extract and matches it against the core system replicas.

The information elements used for the matching include surname, first name and date of birth.

The matching algorithm used produces positive matches that are weighted¹⁶ to indicate the probability that an MSD client is the person on the deaths' register. The resulting match output is then transferred into the NDMC's case management system, AIMOS.

Specialist Data Matching Officers (DMOs) have been assigned to carry out the processing for the Deceased Persons match. Other matches at NDMC involve different groups of staff, each performing part of the total process of a match. With this match, the DMO is responsible for managing the whole process, from identification of and cessation of all services to the deceased, to liaising with other departments within MSD that have had an involvement with the deceased person, and carrying out all communications with the family of the deceased. This match has been designed to cross internal MSD boundaries in a way that allows the Ministry to provide a comprehensive and sensitive service to families at a difficult time.

MSD has advised that a file received from DIA in June 2005 contained a format error. MSD chose to stop processing of the file and requested a replacement.

Of the total number of cases matched, some 94 percent required no further action (legitimate cases). Of the cases requiring investigation, 39 percent resulted in a debt being established, the average debt value being \$530.

A site visit was completed by this Office early in the year. This match appeared to be run in a well-controlled and well-documented fashion. Particular care seemed to be taken to ensure that the correct person was identified and all contact was made in a professional and careful way. The process was very time consuming, with significant checking and double-checking done to diminish the possibility of mistakes and ensure that any contact made by the client or representative was identified before subsequent letters were sent.

16 Results are weighted using a matching level scale of 1 to 9 with level 1 being an exact match on all matching criteria.



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.

2004/05 results

TABLE 9: BDM (DEATHS)/MSD DECEASED PERSONS MATCH RESULTS
2004/05

Match runs		43
Records compared		22,966
Client cases		18,759
Products and services involved		35,702
Legitimate cases ¹⁷		17,565
Notices of adverse actions		1229
Outcomes from notices of adverse action	Cases where a debt was established	484
	Total amount of debt established	\$256,747
	Total challenges (cases)	8
	Successful challenges	5
	Unsuccessful challenges	3

2. Corrections/MSD Inmates Match

Information matching provision	Penal Institutions Act 1954, s.36F Corrections Act 2004, s.180 (from 01/06/2005)
Year authorised/commenced	1991/1995
Match type	<ul style="list-style-type: none"> • Confirmation of continuing eligibility • Detection of illegal behaviour • Detection of errors

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

System: Each week the Department of Corrections transfers information to MSD about all newly admitted inmates. 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 why the action should not be taken, the benefits 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.

¹⁷ Legitimate cases are those that require no further action by NDMC as cancellation of services has already been completed by other departments within MSD.

2004/05 results

The number of records compared and matched records has remained relatively steady given that there were only 49 runs in 2004/05. However, the number of adverse action notices, debts established, and the dollar value of overpayments have all dropped.

The only measures to show an increase were challenges and successful challenges. Over the past three years there has been an increasing number of people who have successfully challenged the assertion that they have been imprisoned. This may be due in part to the fact that a fault existed with the matching of date of birth information. MSD was alerted to this in February after a complaint was raised in the media and involvement from this Office prompted an internal investigation. The investigation revealed that the matching algorithm was not functioning in accordance with the technical standards governing the operation of the match. We are advised that technical changes have since been implemented to rectify the problem. The department appears to have been in breach of information matching rule 4(7). In addition, as discussed in the introduction to the NDMC matches, NDMC believes that s.103 challenges are being over-reported. A manual screening process has been in operation since this discovery. Changes to the matching algorithm have been developed and were expected to be operational in August 2005.

On the basis of the information supplied, and with the reservation noted above, 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.

TABLE 10: CORRECTIONS/MSD INMATES MATCH RESULTS 2001-05

		2001/02	2002/03	2003/04	2004/05
Match runs		51	50	50	49
Records compared		82,768	89,061	96,250	92,747
Matches	cases			13,811	11,239
	records	24,228	23,370	24,637	20,542
Legitimate records	cases			6,766	5,493
	records	17,189	16,839	17,597	14,796
Notices of adverse action issued	cases			7,052	5,745
	records	7,164	6,512	7,061	5,745
Debts established (numbers)		4,854	3,699	3,762	3,205
Overpayments established		\$2,799,211	\$1,751,871	\$1,861,398	\$1,661,529
Challenges		44	23	42	53
Challenges successful		28	19	32	41



3. 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 a data tape of passenger arrivals and departures extracted from the CusMod database. The information is compared with MSD's database of beneficiaries by name, date of birth and gender. A fuller description of the operation of the match can be found in the 2002/03 Annual Report.

2004/05 results

The results since 2001 show an increasing number of beneficiaries being matched by this programme. The number of beneficiaries matched who are travelling legitimately continues to increase. Conversely, the number of those travelling without legitimate reason continues to decline, as does the overall level of debts established. The 2004/05 year saw an increase of 33 percent in the number of challenges recorded.

TABLE 11: CUSTOMS/MSD ARRIVALS & DEPARTURES MATCH 2001-05 RESULTS

	2001/02	2002/03	2003/04	2004/05
Runs	52	52	52	52
Records received from Customs	6,685,465	6,961,136	7,786,858	8,679,692
Positive matches	24,841	24,410	29,327	30,119
Strike rate (positive matches/records received)	0.37%	0.35%	0.38%	0.35%
Legitimate records (screened, no action needed)	10,551	11,562	16,665	18,605
Notices of adverse action issued	14,577	13,310	12,667	11,455
Overpayments established (number)	9,773	10,110	7,831	5,894
Total debt established ¹⁸	\$4,501,003	\$4,954,532	\$4,106,714	\$3,571,339
Challenges	82	63	80	107
Challenges successful	69	48	66	62 ¹⁹

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

19 At the end of the reporting period there remained 26 unresolved challenges.

TABLE 12: CUSTOMS/MSD ARRIVALS & DEPARTURES MATCH 2003-05 RESULTS

Breakdown in established overpayments by benefit type						
Benefit type	Number		Total Overpayments		Median overpayment	
	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05
Unemployment	6,260	4,200	\$2,303,221	\$1,669,421	\$323	\$328
DPB	1,054	1,116	\$1,452,427	\$1,580,406	\$1,541	\$1,535
Invalids	223	354	\$181,525	\$211,440	\$434	\$213
Widows	126	123	\$58,990	\$64,028	\$429	\$347
Sickness	123	70	\$69,963	\$30,584	\$358	\$365
Orphans & Unsupported Child Benefit	45	31	\$40,589	\$15,461	\$432	\$293
Total	7,831	5,894	\$4,106,714	\$3,571,339	Not recorded	Not recorded

Table 12 shows a breakdown of overpayments and debts by benefit type. The general ranking is consistent with previous years. However, the overall reduction of overpayments (approximately 2000 fewer established in 2004/05) relates almost exclusively to those on unemployment benefit.

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.

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 ²⁰
Year authorised/commenced	2002/2002
Match type	<ul style="list-style-type: none"> • Confirmation of eligibility and continuing eligibility • Updating of data
Unique identifiers	Australian and NZ social welfare numbers
Online transfers	Yes

²⁰ 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).



Purpose: This match is the automated transfer of applications for benefits, pensions²¹ and advice of change in circumstances between Centrelink (the Australian Federal Government agency administering social welfare payments) and MSD.

System: Of the three matches 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. This can be seen in the very different types of results reported for each of these three matches.

The information about clients and client circumstances that are included in this transfer are changes of:

- name and address
- marital status, spouse or partner
- bank account details
- death of spouse or partner
- residential status
- suspensions and cancellations and reason for suspension or cancellation
- grant or changes of rate of any third country pension
- rate of benefit or pension payable (notional Australian benefit rate, actual rate and rate excluding third country pension, as required).

As part of the establishment of a link between the Centrelink system and its own, MSD notifies each New Zealand benefit/pension applicant 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 an s.103 notice of adverse action under the Privacy Act for the purposes of these three matches.²² Individuals are notified by letter of changes after they are implemented.

A fuller description of this match can be found in the 2002/03 Annual Report.

MSD International Services reports that the increase in transactions received from Australia in 2004/05 was in line with the increase in client numbers. Where a person had more than one change in circumstance on a single day, each change counted as a transaction. Any increase in client numbers potentially resulted in a much larger increase in transaction numbers. For example, a client gets married, has a rate review because of this and shifts into a spouse's house. These changes count as three transactions.

²¹ Relates to only NZ Superannuation, Invalids or Veterans pensions.

²² 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.

2004/05 Results

TABLE 13: CENTRELINK/MSD CHANGE IN CIRCUMSTANCES MATCH RESULTS 2002-05

	2002/03	2003/04 ²³	2004/05
Transactions received from Australia	8,997	85,150	135,846
Transactions purged – no match	182	1,256	2,100
Transactions actioned by MSD ²⁴	8,815	83,894	133,746
Mismatches by CRN ²⁵	307	227	447
Exceptioned (manually updated) records	6,100	42,236	62,146
Automatically updated records	0	40,171	69,424
Transactions purged – “invalid s.19D” ²⁶	2,891	1,392	2,058
% purged - “invalid s.19D”	32.8%	1.65%	1.53%
Transactions sent to Australia ²⁷	11,253	51,803	73,382

Table 14 shows the results of notices of adverse action sent. No challenges have been reported for this match. MSD reports that the identity verification procedures used are sufficiently stringent that incorrect matches (where two individuals’ records are confused) are extremely rare. The “permission assumed” figure relates to the situation where clients have not contacted MSD within 14 days, in which case MSD is allowed to assume that its information is correct. “Permission confirmed” relates to individuals who contacted MSD during the notice period to confirm that the information held was correct.

TABLE 14: CENTRELINK/MSD CHANGE IN CIRCUMSTANCES MATCH S.19D NOTICES OF ADVERSE ACTION RESULTS 2003-05

	2003/04	2004/05
s.19D notices sent	3,994	4,108
Permission assumed	3,892	4,078
Permission confirmed	21	6
Challenges received	0	0
Successful challenges	0	0

²³ MSD has provided corrected figures for the 2003/04 year.

²⁴ Where a match was successful (client numbers and dates of birth matched exactly) and the transaction was processed.

²⁵ These are records for which an individual’s Centrelink client reference number (CRN) does not match that on MSD’s records.

²⁶ Notices resulting from invalid matches where NZ is not entitled to the information.

²⁷ Australian authorities have the responsibility of processing and protecting the data for these transactions.



This Office is 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).

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"> • Confirmation of continuing eligibility • Data quality
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. It is one of two matches, the other being the Customs/MSD Periods of Residence Match, which enable MSD to confirm periods of residence outside New Zealand for applicants for New Zealand benefits and pensions.

System: The major thrust is to ensure the validity of the data in MSD files. However, the information collected is fed into the system for the Change of Circumstances match, which may result in a discrepancy being noted and adverse action being taken as a result.

Information sent to Australia is:

- client identifier
- family name
- first name
- other given name
- date of birth
- gender
- alias indicator.

Requests are made by MSD to Centrelink, and Centrelink in turn requests the information from the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) in Australia. DIMIA returns information (through Centrelink) from its files on periods of residence that appear to relate to the individuals involved.

2004/05 results

MSD reports that in January 2005, Centrelink confirmed it had automated the processing of sample requests. The automation process sped up the return of files from Centrelink to MSD and allowed MSD to increase the sample size from five percent to 10 percent, effective from February 2005. The backlog of processing requests that was sitting with Centrelink and commented on by this Office in its Annual Report last year has now been cleared.

However, MSD says that as a result of Centrelink's change to automated processes, it has been receiving additional data that is requiring it to re-format files prior to migrating them into its systems. MSD advises that Centrelink has been alerted to this issue and steps are under way to address the problem.

TABLE 15: CENTRELINK/MSD PERIODS OF RESIDENCE (10% SAMPLE) MATCH RESULTS 2002-05

		2002/03 (incomplete)	2003/04 (incomplete)	2004/05 (incomplete)
Sample sets sent to Australia		12	12	12
Sample sets received from Australia		12	12	11
Samples received and processed by MSD		12	12	11
Sent to Australia	Client records	4,240	2,797	4,208
	Alias records	2,656	1,941	2,709
	Total records	6,898	4,738	6,917
Received from Australia	Client records	2,011	2,797	3,691
	Alias records	1,344	1,941	2,342
	Total records	3,355	4,738	6,033
Total number of s.103 type notices sent		155	59	93
Currently testing for Australian Age Pension		10	34	69
No further action ²⁸		66	15	20
Granted Australian Age Pension		18	10	4

MSD reports that since this match came into operation, 32 individuals have been granted Australian age pensions and \$64,879 in New Zealand benefit payments saved. The Ministry says costs associated with this match cannot be practically identified as they are incorporated with other matches that operate under social security agreements with Australia and the Netherlands.

It is a concern that 44 of the 113 records currently being tested for Australian pensions relate to processing from the 2002/03 and 2003/04 periods. Reducing the delays in determining eligibility for Australian age pensions would enhance the value of this match.

Of the 101 "no further action" records identified, 30 clients tested for Australian pensions were declined due to excess income or assets, medical criteria not met, or other reasons. The remaining 71 clients were not tested for Australian pension, mainly due to insufficient residence (24), residency discrepancy (17) or because they were non-qualifying spouses (14).

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

28 "No further action" relates to records formerly reported separately prior to May 2003 under the separate categories of not tested, insufficient residence/no change, and clients declined. Additional statistical information that expands on this group is provided in the results text.



6. Customs/MSD Periods of Residence Match

Information matching provisions	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 to the Customs database of passenger records. These staff respond to requests from Centrelink and MSD International Services to confirm departure and arrival dates. Results of this match are processed through the Change in Circumstances Match to generate s.103 notices and any other necessary follow-up. A fuller description can be found in the 2002/03 Annual Report.

2004/05 results

TABLE 16: CUSTOMS/MSD PERIODS OF RESIDENCE MATCH 2003-05 RESULTS

	2003/04	2004/05
Searches logged manually	683	391
Searches recorded automatically	779	296
Average compliance rate over year	87.7%	Not calculated
Highest compliance rate during year	92.1%	Not calculated
Lowest compliance rate during year	38.5%	Not calculated
Individuals with access privileges	6	5
Individuals actually accessing system	4	5

The reporting on this match was hampered by technical problems with CusMod's automated logging function. MSD staff manually recorded significantly more searches than CusMod has automatically reported. As a result, it is not practical to carry out an annual calculation of compliance rates²⁹.

An approval to use an online computer connection between MSD and Customs was originally granted in 2003. In 2004 this Office approved a subsequent authorisation for a further 12 months operation. An audit of the online information transfer systems used by MSD to access the Customs database is required to be provided to this Office by 31 October 2005. A new approval will be considered on the basis of the audit.

29 Compliance rates are a calculation of the number of manually recorded CusMod accesses recorded by MSD staff against the number of accesses recorded by CusMod automatically.

On the basis of the limited information provided 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.

7. Educational Institutions/MSD Loans & Allowances Match

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

Purpose: To provide MSD with the enrolment information required to assess a student's entitlement to receive 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 which 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 programme begins with a request for information from MSD to educational institutions. After receiving the requested data, MSD matches the 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 EFTS³⁰ (for loans).

The participants know this as Verification of Study (VoS). The programme, which uses both manual systems and a sophisticated online system, was fully described in the 2003 Annual Report.

30 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.



2004/05 results

The year saw a slight decrease in the total number of applications processed. The percentage of applicants who were issued with an s.103 notice continued to drop.

TABLE 17: EDUCATIONAL INSTITUTIONS/MSD LOANS AND ALLOWANCES
MATCH RESULTS 2002-05

	2002/03	2003/04	2004/05
Total VoS requests made	842,767	769,962	714,609
Individual applications involved	176,304	178,688	173,215
Positive matches achieved	764,087	1,051,612 ³¹	982,724
Confirmed eligibility	469,369	701,671	656,335
Institutions involved	611	604	584
s.103 letters sent out (loans & allowances)	31,936	31,318	25,079
Percentage of applicants issued a s.103 notice	17.8%	17.5%	14.4%
Still in process	538	726	770
Loan/allowance approved after s.103 sent	16,498	13,072 ³²	10,272
Declined	14,900	17,520	14,037

When a loan or allowance is declined, the student has the opportunity to seek a review of the decision and appeal against the outcome of that review to the Student Allowance Appeal Authority. The number of reviews of decisions in 2004/05 dropped slightly from the previous year. More significant is the number of reviews withdrawn by students. This might indicate that more communication is taking place between Studylink, institutions and students, and issues are being resolved prior to the formal appeal process being undertaken.

As a student may study at more than one institution or make changes to study programmes during the year (for example, by dropping a course), there may be several VoS requests issued for any one application in a year. MSD records the total number of VoS requests for each application. This allows it to calculate the percentage of applications that can be decided through a single VoS request or through several requests.

Table 19 compares VoS applications that can be completed in one request with those that require more than five requests. As the programme has matured, the proportion of VoS cases that are completed with only one request has risen, from 34 percent in 2002/03 to 40 percent in 2004/05. Similarly, those cases requiring more than five requests dropped from 26 percent in 2002/03 to 21 percent in 2004/05.

31 There are more "positive matches achieved" than "total VoS requests made" primarily because of institution-initiated reporting on withdrawals being included in the former. These notifications are unrelated to any VoS request.

32 This figure was incorrectly reported last year as 13,027.

**TABLE 18: EDUCATIONAL INSTITUTIONS/MSD LOANS AND ALLOWANCES
MATCH REVIEWS OF DECISIONS 2002-05**

	2002/03	2003/04	2004/05
Reviews lodged	165	60	58
Reviews allowed	89	29	16
Reviews partially allowed	4	0	0
Reviews withdrawn	5	9	17
Reviews in process	0	0	1
Review lapsed	5	0	1
Reviews declined	62	22	23
Appeals lodged	2	1	3
Appeals allowed	1	1	2
Appeals in process	0	0	0
Appeals declined	1	0	1

**TABLE 19: EDUCATIONAL INSTITUTIONS/MSD LOANS AND ALLOWANCES
MATCH VoS REQUEST ANALYSIS 2002-05**

	2002/03 Average	2003/04 Average	2004/05 Average
Single VoS issued	34%	38%	40%
More than 5 VoS requests	26%	22%	21%

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. Employers/MSD Section 11A Social Security Act Match

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

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. Each request is approved by a Benefit Control Area Manager after the National Office register has been checked for any earlier requests. While authorised outside of Part 10 of the Privacy Act, sections 11A(6) and (7) effectively bring most of the operation under the Privacy Act. In particular, individuals receive the equivalent of a s.103 notice and opportunity to challenge the inferences from the match. A fuller description of the system can be found in the 2002/03 Annual Report.

2004/05 results

TABLE 20: EMPLOYERS/MSD SECTION 11A SOCIAL SECURITY ACT MATCH
2000-05 RESULTS

	2000/01	2001/02	2002/03	2003/04 (incomplete)	2004/05 (incomplete)
Matches approved	51	33	24	41 ³³	36
Matches completed	51	33	24	40	13
Matches not completed	0	0	0	1	23

Details of completed matches

Total employees checked	12,724	9,751	19,724	18,819	6,574
Cases investigated	1,674	1,469	1,594	3,083	597
Benefits cancelled or adjusted	924	655	963	1,651	256
Total cost	\$64,067	\$42,554	\$106,595	\$110,011	\$11,823
Total savings*	\$1,798,858	\$1,467,117	\$1,895,229	\$2,695,150	\$564,273
Net savings*	\$1,734,791	\$1,424,563	\$1,788,633	\$2,585,138	\$552,449
Net savings per completed match*	\$34,015	\$43,168	\$74,526	\$64,628	\$42,496

* "Savings" include estimated prospective savings as well as overpayments actually established.

As was the case in 2003/04, 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. Current year figures are inevitably only partially complete, which makes them less suitable for analysis.

The updated results for 2003/04 show a reversal in the decline of match activity, with 40 matches completed. Compared with the 2002/03 year, the 2003/04 year had nearly double the number of investigations completed and this resulted in a comparable increase in the number of benefits cancelled or adjusted. The net savings per completed match dropped back slightly in 2003/04, but were still well ahead of results achieved in the 2001 and 2002 financial years.

33 42 approved matches were reported last year. MSD did not proceed with one of these matches.

TABLE 21: EMPLOYERS/MSD SECTION 11A SOCIAL SECURITY ACT MATCH ANALYSIS OF CHALLENGES BY COMPLETED PROGRAMMES 2001-05 (AS AT 1 JULY 2005)

	2001/02	2002/03	2003/04	2004/05
Notices of adverse action sent	1,264	1,493	3,024	503
Challenges declined	181	58	7	11
Challenges upheld	57	14	1	3

We commented last year on the provisionally low number of challenge figures for 2003/04 and suggested some possible reasons for this. The final (except for one match) number of challenges declined and upheld was pleasingly very low for the 2003/04 year, particularly in light of the fact that over 3000 notices of adverse action were issued. MSD advised that these figures were double checked with their regional offices and found to be correct. Challenge numbers for the matches completed so far for the 2004/05 year show an increase over 2003/04, but they are still well below 2001 and 2002 levels.

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

9. IRD/MSD Commencement/Cessation Benefits Match³⁴

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

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

System: The programme operates through an information exchange between the Inland Revenue Department (IRD) and MSD approximately six times a year. A fuller description of the operation of the match can be found in the 2002/03 Annual Report.

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 one in six selection of current MSD clients.

This last group is a different sixth for each match, meaning all clients are matched at least once per year.

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



2004/05 results

TABLE 22: IRD/MSD COMMENCEMENT/CESSATION BENEFIT MATCH 2001-05 RESULTS

		2001/02	2002/03	2003/04	2004/05
Runs		6	4	6	6
Records compared		346,459	229,224	305,473	311,862
Number of matches	By case (A)	77,729	82,138		
	By record	172,063	125,139	146,579	160,078
Legitimate records	By case	51,117	52,492		
	By record	193,610	115,275	110,061	121,908
Notices of adverse action	By case	25,570	29,551		
	By record	37,453	27,337	34,599	37,868
Debts established	By case (B)	13,014	15,900		
	By record	16,709	14,866	15,401	20,193
Overpayments ³⁵ established (C)		\$28,565,593	\$26,193,381	\$23,013,393	\$24,775,510
Challenges - cases		710	598	896	1,219
Challenges successful ³⁶		288	166	118	195
Percentage of debts established to number of matches (by case) (B/A)				16.7%	19.3%
Average value of overpayments established (cases only) (C/B)				\$1,768.36	\$1,558.21

A similar number of records was received for matching in 2004/05 as in 2003/04. Total matches, notices of adverse action and overpayments established all went up by a small margin. The total number of debts established rose 22 percent over 2003/04. However, the average value of each overpayment established dropped by 12 percent. A worrying change is the 36 percent increase in challenges received in the reporting period.

TABLE 23: SECTION 11 LETTERS ISSUED 2002-05 RESULTS

	2002/03	2003/04	2004/05
S.11 letters issued	17,524	19,999	21,694
First requests made to employers	19,539	32,426	33,790
All requests made to employers	22,955	41,574	42,543

35 Debts established include overpayments established plus any penalties or adjustments incurred.

36 These figures have been reported as of 30 June for each year. Updated figures for challenges unresolved after 30 June are not currently available.

Section 11 of the Social Security Act empowers MSD to request information about individuals regarding their entitlement to benefits and pensions. MSD issues letters to clients under s.11 following expiry of the challenge period required under s.103 of the Privacy Act. This gives the individual a further opportunity to respond before MSD contacts the individual's employer. The increased number of s.11 letters and employer requests is in line with the increase in matched individuals who MSD found to warrant further investigation.

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

10. IRD/MSD Commencement/Cessation Students Match

Information matching provision	Tax Administration Act 1994, s.82(1)
Year authorised/commenced	2004 ³⁷ /2005
Match type	<ul style="list-style-type: none"> • Detection of errors • Confirmation of continuing eligibility • Detection of illegal behaviour
Unique identifiers	<ul style="list-style-type: none"> • Tax file number • Social Welfare number

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 no more than 11 times a year. The maximum number of records per supply of data is 50,000 students. This match and the IRD/MSD Commencement Cessation Benefit Match are authorised under the same statutory authority but in effect operate as two information matching programmes. They are run at separate times during the year and have different maximum record/run limits. This is in part because the administrative processes for student loans and allowances are different from those for beneficiaries. A fuller description of the IRD/MSD Commencement/Cessation Match can be found in the 2002/03 Annual Report.

³⁷ The Taxation (Annual Rates, Venture Capital and Miscellaneous Provisions) Act 2004 was enacted in December 2004. That Act amended section 82 of the Tax Administration Act 1994, which now provides a definition of beneficiary that includes student allowances.



The following table lists the information exchanged between IRD and MSD.

**TABLE 24 IRD/MSD COMMENCEMENT/CESSATION STUDENT MATCH
– INFORMATION EXCHANGED**

Information provided by MSD to IRD	Information returned by IRD to MSD	
Surname	Surname	Employer phone number
First initial	Given name	Employer email address
Date of birth	Date of birth	Employee tax code
IRD number	IRD number	MSD client number
Benefit start date	Employment start date	Benefit type
Benefit end date	Employment end date	IRD response indicator
MSD client number	Employer name	
Benefit type	Employer address	

Matching is a two-stage process in this programme. 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 gross income.³⁸

Match information will not be supplied to MSD unless there are commencement or cessation dates on IRD’s FIRST database that indicate the individual was in receipt of gross income while receiving a benefit. If a match is successful then IRD will supply MSD with the information listed in Table 24. MSD issues s.103 notices to individuals prior to any further investigation or adverse action about to be undertaken.

2004/05 results

**TABLE 25: IRD/MSD COMMENCEMENT CESSATION STUDENT MATCH
2004/05 RESULTS**

Match runs		2
Records compared		32,082
Client cases matched/identified		13,915
Results as at 30 June 2005	Cases that have been actioned	5,812
	Legitimate cases	1,744
	Cases with adverse action commenced	4,068
	Total value of overpayments	\$0
	Challenges	133 ³⁹
	Successful challenges	2
	Unresolved challenges	131

38 Information matching agreement for the IRD/MSD Commencement/Cessation Match, June 2005, pg 17.

39 As discussed in the introduction to the NDMC matches, NDMC believes that s.103 challenges are being incorrectly over-reported.

The first two match runs of this programme began on 11 June and 27 June 2005 respectively, explaining the lack of any established overpayments. Each match run was incomplete at the end of the reporting period. The results so far suggest two-thirds of the cases identified (more than 9,000) will result in an adverse action being commenced. This compares to one-third of cases identified in the IRD/MSD Commencement/Cessation Benefit Match involving adverse action.

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 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"> • Identifying persons eligible for an entitlement they have not claimed • Confirmation of continuing eligibility
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) that entitles them to subsidised health care
- to confirm continuing eligibility of card holders so that automatic renewals can be arranged
- to identify holders of the CSC who now exceed the income limits for the CSC so that they may be flagged as ineligible for renewal.

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

- a renewal flag upon MSD's computer system, SWIFTT, so that a new card is automatically generated when the existing card expires
- 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 already held, a letter advising the person that he or she is over the income threshold for a card and that the current card will not be renewed automatically. For Privacy Act purposes, this is an s.103 notice of proposed adverse action.



2004/05 results:

**TABLE 26: IRD/MSD COMMUNITY SERVICES CARD MATCH
2002-05 RESULTS (AS AT 30 JUNE 2005)**

	2002/03	2003/04	2004/05	
Runs	52	52	50	
Records received from IRD	927,713	893,097	904,430	
CSC cards automatically renewed	184,046	165,640	160,111	
“Invitation to Apply” forms sent out	52,501	46,681	57,159	
s.103 notices sent	10,516	9,208	8,167	
Results of s.103 notices sent as at 30 June each year	Challenges received	57	37	159
	Successful challenges	31	0	113
	Unsuccessful challenges	21	36	13
Unresolved at end of reporting year	5	1	32	

The year saw a sharp increase in challenges received and upheld. This was the result of problems with data sent from IRD to MSD after 1 April 2005. Changes made to the file information extraction process following the introduction of Working for Families resulted in some records not including details of dependent children and others duplicating income details of spouses. The problems were rectified, and corrected information was sent to MSD after the end of the reporting period. All individuals identified as being affected by this problem had cards current until 30 September 2005. Where corrected information was received, these clients had had their Community Services Cards renewed until 30 September 2006.

The 32 unresolved challenges were based on letters generated on 23 June 2005 and were still being investigated when the reporting period ended. Of the 13 unsuccessful challenges made, 12 related to income details and one to address information. In these cases IRD confirmed that the information supplied was correct.

The Ministry of Health has indicated that the Community Services Card will be phased out as its Primary Healthcare Strategy is fully implemented. MSD is considering whether there is potential for the card to be used for other purposes.

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.

12. 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 and address) 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.

2004/05 results

The number of debtors submitted for matching decreased after the 2002/03 year when MSD was given Ministerial approval to write off 35,000 older debts. The number of individuals sent debt recovery letters has consistently been below one percent of the total records matched by IRD. The percentage of letters not returned (and so presumed delivered) continues to improve. However the total collections arising from the match continues to fall. The match is reliant on IRD having more up to date address information than MSD.

Previously we speculated that as IRD moved to have less interaction with individuals through simplification of the tax system it was likely that its address information would become less useful to other agencies as a means of tracing debtors. In fact, the effectiveness of this match as measured by the percentage of matches found useable has dropped from an initial high of nearly 35 percent (1994/95) to an apparently stable low of 3.7-4.5 percent (2001-05). This may change as the Working for Families initiative brings more people into regular contact with IRD.

TABLE 27: IRD/MSD DEBTOR TRACING MATCH 2001-05 RESULTS

	2001/02		2002/03		2003/04		2004/05	
Match runs	5		6		6		6	
Debtors sent for matching (A)	318,804		363,233		263,908		264,104	
Matched by IRD (B)(% = B/A)	279,312	87.6%	335,333	92.3%	260,874	98.0%	262,250	99.3%
Matches found useable (C)(% = C/B)	60,434	21.6%	62,809	18.7%	58,237	22.3%	61,087	23.3%
Letters sent out (D)(% = D/B)	2855	1.0%	2438	<1%	2460	<1%	2399	<1%
Letters not returned (presumed delivered) (E) (% = E/D)	2702	94.6%	2306	94.6%	2320	94.3%	2321	96.7%
% of matches found useable (E/C)	4.5%		3.7%		4.0%		3.8%	
Related debt value of letters presumed delivered (E)	\$6,791,776		\$5,652,711		\$7,047,378		\$6,150,582	
Total collections received as at 30 June in each reporting year	\$270,214		\$270,289		\$240,914		\$218,445	



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 (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 ⁴⁰
Year authorised/commenced	2003/2004
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.

System: This is one of a suite of four matches (13, 14, 15 and 16) designed to facilitate the administration of arrangements between the Netherlands and New Zealand. Superannuitants living in either country may have their periods of residence in both countries totalled for the purposes of eligibility for benefits.

A flowchart of the match was provided in last year's report. This match operates manually as volumes of requests are low. 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 individuals affected by this match. The information exchange officer at IRD manually records the statistics for this match.

2004/05 results

IRD responded to the first request for information from the Netherlands in November 2004. Details of income for multiple tax years were requested. IRD advises that the income information provided was limited to gross income received during the previous income tax year in accordance with the Tax Administration Act 1994, s.85B (4).

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 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)(b).

14. 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 ⁴¹
Year authorised/commenced	2003/2003
Match type	<ul style="list-style-type: none"> • Confirmation of continuing eligibility • Updating of data
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.

System: This is one of a suite of four matches designed to facilitate the administration of arrangements between the Netherlands and New Zealand. 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, an s.103-type notice is sent to affected individuals to ensure both agencies have the correct information.

A full description of this match can be found in the 2003/04 Annual Report.

2004/05 results

This match involves manual processes for which MSD has had difficulty developing reporting systems that meet the Commissioner's monitoring requirements. Section s.104(2)(c) allows the Commissioner to require an agency to provide the results of an internal audit or other form of assessment in relation to an authorised information matching programme. In support of this approach, MSD has provided copies of its MPSM (Minimum Processing Standards Manual) and the International Services audit report as at 30 June, completed by Audit New Zealand. The Office intends to explore the internal audit approach further in 2005/06 in relation to this match and possibly others for which internal auditing would be more suitable than the orthodox reporting approach.

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.

⁴¹ Although not information matching provisions listed in the Privacy Act's Schedule 3, the matches operated under these provisions are required to be treated as if they were authorised information matching programmes for most purposes. For example, the Commissioner is required to report on the programme in the Annual Report as Privacy Act, s.105 applies to the programmes – see Social Welfare (Transitional Provisions) Act 1990, s.19D(3)(b).



15. 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 ⁴²
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: A full description of this match can be found in last year's Annual Report. The General Adjustment Match permits information to be disclosed from New Zealand to the Netherlands to coincide with annual across-the-board changes in pension rates each April. Similarly, when the Netherlands adjusts its across-the-board rates in January and July of each year, it sends that information to New Zealand.

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 receiving benefits from both countries. The Netherlands then creates a new file on tape, updating the information sent to them with information about Netherlands' rate adjustments for those individuals and sends it back to New Zealand.

2004/05 results

For 2004/05, only the January general adjustment was completed. The July 2004 adjustment was not completed because the small amount of the adjustment, along with foreign exchange rate changes, resulted in no discernable change in the New Zealand pension rate payable.

TABLE 28: NETHERLANDS/MSD GENERAL ADJUSTMENT MATCH⁴³ 2003-05 RESULTS

	2003/04 Results	2004/05 Results
s.103 notice sent	450	518
Permission assumed	429	507
Permission confirmed by client	4	3
Challenged	0	0
Challenge rejected	0	0
Challenge accepted	0	0

⁴² 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)(b).

⁴³ This report on s.103-type notices includes those sent for the Netherlands/MSD Change in Circumstances match (match 11).

The process of updating the pension adjustments into SWIFTT is currently manual. MSD's automated updating process reads the gross amount, but changes to the Social Security Agreement between the two countries give Work and Income the authority to deduct the net amount where the client has already paid tax in the Netherlands. This means each pension record must be manually updated with the Euro currency value provided. SWIFTT then automatically calculates the conversion and New Zealand dollar pension payable. Automated processes, along with a new data transfer by compact disc, are expected to be implemented for the January 2006 processing run.

Of the 2590 client cases received for updating in 2004/05, 90 were highlighted in the matching process as requiring further validation. Of these, only two could not be resolved. This prompted a further s.103 letter to the individuals concerned.

As was the case in 2003/04, manual processing and reporting processes were in place in 2004/05. On the basis of the limited information supplied, we are unable to say whether 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)), Social Welfare (Reciprocity with the Netherlands) Order 2003, and the information matching rules.

16. 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 ⁴⁴
Year authorised/commenced	2003/2003
Match type	Location of persons
Unique identifiers	Netherlands and NZ social welfare numbers

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

Status: This match has not operated during the reporting period because it depends on the Netherlands sending requests and none was received. A description of how this match operates can be found in the 2003/04 Annual Report.

MATCHES WITH THE ELECTORAL ENROLMENT CENTRE AS USER AGENCY

The Electoral Enrolment Centre (EEC) operates five matches, four designed to identify people who may be eligible to vote but are not on the electoral roll (or whose enrolment details may need updating), and one to identify people who are on the roll but may not be eligible to vote (NZIS/EEC Unqualified Voters Match). All five programmes ran in 2004/05.

⁴⁴ 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)(b).



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 then Citizenship) intended to maximise the benefits from each run. In 2004/05 the programmes were run twice, in September 2004 and March 2005. Processing the results of the matches took six to eight weeks each.

The process for each of the four matches is essentially the same. The source agency creates a file extract from its records. Each includes full name, date of birth, address(es), and the date the record was last updated. The resulting files are then passed to the EEC and matched with the electoral database on the basis of surname, given name(s) and date of birth. This results in one of three possible outcomes, ie. matched, possibly matched or not matched.

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 provisionally enrol as they are not entitled to enrol until 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 the 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 by the Registrar of Births, Deaths, and Marriages about deaths within the last five years. This is used to ensure that data matching correspondence is not sent to anyone who has died.

2004/05 results

TABLE 29: TOTAL EEC UNENROLLED VOTERS MATCHES 2002-05 RESULTS

	2002/03	2003/04	2004/05
Sets of four runs	2	2	2
Records compared	1,498,076	2,155,302 ⁴⁵	1,902,357
Invitations to enrol sent out	186,595	331,518	337,238
Presumed delivered	174,608	308,164	317,651
Enrolments (new & updated)	38,299	80,286	75,912
Other responses	914	889	478
No response	135,395	226,989	241,250
Costs	\$204,010	\$232,606	\$230,649
Average cost per enrolment	\$5.33	\$2.90	\$3.04

In 2004/05 EEC extended the upper age range of those being matched from 65 to 75. It also implemented a database of rest homes in New Zealand. Electors highlighted as living in a rest home were not written to. All rest homes were visited by local Registrars of Electors prior to any major electoral event to enrol those not appearing on the roll or update electors' details.

Of the invitations presumed delivered, the percentage resulting in a new or updated enrolment decreased from approximately 26 in the 2003/04 year to 24. At the same time the no-response rate increased from 74 percent in 2003/04 to 76 percent. These two factors contributed towards an increase in the average cost per enrolment.

17. Citizenship/EEC Unenrolled Voters Match

Information matching provision	Electoral Act 1993, s.263B
Year authorised/commenced	2002/03
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 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.

Starting from the second run in 2004/05, the age range of individuals matched was extended to include those 66-75. The average cost per enrolment continued to reduce.

45 Due to a typographical error this figure was incorrectly reported in last year's Annual Report as 2,273,302.



2004/05 results

TABLE 30: DIA/EEC UNENROLLED VOTERS MATCH 2002-05 RESULTS

	2002/03	2003/04	2004/05
Match runs	2	2	2
Records compared	16,307	20,834	18,484
Invitations to enrol sent out	2,170	1,431	1,888
Presumed delivered	1,990	1,356	1,794
Enrolments (new)	376	352	514
% of enrolments resulting from letters delivered	19%	26%	29%
Other responses	11	0	0
No response	1,603	1,004	1,280
Cost	\$5,382	\$1,999	\$2,123
Average cost per enrolment	\$14.31	\$5.68	\$4.13

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.

18. LTNZ⁴⁶/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"> • Identification of persons eligible for an entitlement • Updating of data

Purpose: To compare the drivers licence register with the electoral roll to:

- identify people who are qualified to vote but have not done so, 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 (LTNZ) extracts from the computerised driver licence register subsets of data for individuals aged over 17 years whose records have not been “locked”. Locked records are those where clients have asked for their details to be kept confidential or that relate to staff members. The matching process is described in the general section for EEC matches.

⁴⁶ Land Transport NZ was formed on 1 December 2004 from the merger of Transfund New Zealand and the Land Transport Safety Authority by the Land Transport Management Amendment Act.

2004/05 results

The results achieved from the match were similar to those in 2003/04. Although the number of records compared in 2004/05 was fewer than in the previous year, a greater number of invitations was sent out and presumed delivered. The overall number of new and updated enrolments was, however, slightly less.

TABLE 31: LTNZ/EEC UNENROLLED VOTERS MATCH 2002-05 RESULTS

	2002/03	2003/04	2004/05
Match runs	2	2	2
Records compared	398,806	596,296	561,413
Invitations to enrol sent out	42,820	118,581	123,450
Presumed delivered	40,744	109,242	117,428
Enrolments (new & updated)	11,586	31,634	31,047
Other responses	217	225	217
No response	28,941	77,383	86,164
Cost	\$46,490	\$83,701	\$83,655
Average cost per enrolment	\$4.01	\$2.65	\$2.69

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.

19. 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"> • Identification of persons eligible for an entitlement • Updating data

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

- identify people who are qualified to register to vote but who have not done so, in order to invite them 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.



2004/05 results

Of the invitations presumed delivered in 2004/05, the percentage of these that resulted in a new or updated enrolment decreased from 25 in the 2003/04 year to 22 percent. However the results were still well ahead of the 2002/03 year in terms of the response rate for new and updated enrolments and average cost per enrolment.

TABLE 32: MOT/EEC UNENROLLED VOTERS MATCH 2002-05 RESULTS

	2002/03	2003/04	2004/05
Match runs	2	2	2
Records compared	672,678	1,001,230	905,111
Invitations to enrol sent out	80,166	128,477	116,572
Presumed delivered	73,753	118,971	107,667
Enrolments (new & updated)	14,287	30,318	24,103
Other responses	623	550	248
No response	58,843	88,103	83,316
Cost	\$63,620.93	\$89,256.75	\$79,680.12
Average cost per enrolment	\$5.82	\$2.94	\$3.30

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. MSD/EEC Unenrolled Voters Match

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

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, so 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 EEC, MSD extracts from its databases subsets of data for all people 17 years and older whose records are not “locked”. Locked records are those where clients have asked for their 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 SWIFFT database of people who are receiving or have received a benefit, pension or grant
- an extract from the SAL database of those people receiving a student loan or allowance.

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

2004/05 results:

TABLE 33: MSD/EEC UNENROLLED VOTERS MATCH 2002-05 RESULTS

	2002/03	2003/04	2004/05
Match runs	2	2	2
Records from SWIFFT	352,981	378,915	346,223
Records from SAL	57,214	158,027	71,126
Total records compared	410,195	536,942	417,349
Invitations to enrol sent out	61,439	82,759	95,328
Number presumed delivered	58,121	78,595	90,762
Enrolments (new & updated)	12,050	17,982	20,248
Other responses	63	114	24
No response	46,008	60,499	70,490
Costs	\$69,019	\$57,649	\$65,190
Average cost per enrolment	\$5.73	\$3.21	\$3.22

While the number of records compared dropped by nearly a quarter from 2003/04, the number of invitations to enrol sent out increased by 15 percent in 2004/05, with a corresponding increase in the number of new and updated enrolments. The average cost per enrolment remained static. Over the past three years of operation, nearly a quarter of the individuals sent invitations to enrol have responded by enrolling or updating their enrolment details.

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. NZIS/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"> • Confirmation of eligibility • Detection of illegal behaviour

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: The NZ Immigration Service (NZIS) 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 NZIS for verification. Once NZIS verifies the individual’s status, a list of “checked hits” is returned to EEC, which is responsible for issuing s.103 notices. A full description of this match process can be found in the 2002/03 Annual Report.

2004/05 results

Table 34 provides information on the last three runs of this programme. The latest saw an increase of 29 percent or 48,277 more records being matched over the previous run. The percentage of electors positively matched who voluntarily requested removal from the electoral roll increased steadily in the last three runs from 5.7 in 2001, to 11.2 in 2002 and 19.4 percent in 2004. The percentage of electors who did not respond, left with no forwarding address, or were otherwise unable to be personally served, slowly reduced from 88 in 2001 to 86 in 2002 and 76 percent in 2004. The number of electors who provided sufficient evidence to remain on the roll continued to represent a small proportion of those electors written to.

The reported cost for the 2004 run of this programme was \$6,885. NZIS charged \$3,340 and internal EEC costs were \$3,545. In addition, \$52,126 in costs were incurred in document service where enrolled electors did not respond to the first notice. Hand delivery of second notices is a requirement of the Electoral Act.

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.

TABLE 34 NZIS/EEC UNQUALIFIED VOTERS MATCH 2001-05 RESULTS

		2001	2002	2004
Records received for matching	Overstay	46,901	50,308	42,580
	Student	33,220	43,572	68,487
	Visitor	53,831	37,063	52,799
	Work	26,975	34,308	49,662
	Total	160,927	165,251	213,528
Confirmed records matched on both NZIS and EEC records	Overstay	310	71	147
	Student	62	167	122
	Visitor	59	41	89
	Work	264	263	743
	Total	695	542	1,101
Electors who remained on the roll				
Letter returned with evidence to remain on electoral roll	Total	40	10	23
Electors who were removed from the roll				
Letter returned requesting voluntary removal from electoral roll		39	61	214
Letter returned with insufficient evidence to remain on roll		6	4	30
No reply received from elector		362	381	685
Letter returned as GNA or unable to be served by document server company		248	86	149
Total of all removals		655	532	1,078

MATCHES WITH IRD AS USER AGENCY

The Inland Revenue Department is now operating four authorised programmes.

22. 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"> • Confirmation of entitlement • Updating data
Unique identifiers	<ul style="list-style-type: none"> • Tax file number • Institution student number



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 23). In this match, students can apply directly to IRD for the interest write-off, 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.

2004/05 results

TABLE 35: MOE/IRD STUDENT LOAN INTEREST WRITE-OFF MATCH 2002-05 RESULTS

	Academic Year 2002	Academic Year 2003	2003/04	2004/05
IRD records sent	18,896	14,818	18,085	16,502
Records matched	12,385	11,435	11,655	13,038
% of total records matched	65%	77%	64%	79%
Unmatched records	3,202	3,383	6,430	3,464
Confirmed full time students	9,080	7,981	6,729	7,472
Confirmed part time students	2,677	2,345	2,102	2,006
Failed matches ⁴⁷	4,245	1,117	2,903	3,550

In 2003/04 the high number of unmatched records was attributed to system problems experienced by MoE. In 2004/05 the number of unmatched records fell to previously experienced levels. Pleasingly, the number of records matched as a percentage of total records sent improved over previous years.

The number of s.103 notices issued as a result of this match continues to drop. Perhaps this is a result of more students supplying their tax file number to the educational institution at enrolment, rather than applying to IRD for the write off. As can be seen, people may continue to claim the write off for previous years. This match therefore serves as a back up to the match run in March and May (Match 23), which only deals in current year interest write offs.

47 "Failed Matches" are, for automated matches, where the data on the IRD file has altered between when it was extracted and when the response from the Ministry is processed so the result cannot be updated. Alternatively, and for manual matches, it is those where the IRD tax file number has been incorrectly provided by the Ministry. Remedial action is instigated within two days.

**TABLE 36: MoE/IRD STUDENT LOAN INTEREST WRITE-OFF MATCH S.103
2002-05 RESULTS**

Issued for tax year ended:	Year of Issue of Notice			Cumulative
	2002/03	2003/04	2004/05	
31/03/2001	5,487	376	166	6,029
31/03/2002	1,904	1,127	448	3,479
31/03/2003	591	754	424	1,769
31/03/2004		638	599	1,237
31/03/2005			575	575
Total number issued	7,982	2,895	2,212	13,089

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. 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"> • Confirmation of entitlement • Updating data
Unique identifiers	<ul style="list-style-type: none"> • Tax file number • Institution student number identifier

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. In this match, 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.



2004/05 results

TABLE 37: MOE/IRD STUDENT LOAN INTEREST WRITE-OFF MATCH (NO 2)
2002-05 RESULTS

	2002/03	2003/04	2004/05
Records received by IRD	166,426	173,639	191,592
Matched full-time students	58,748	71,779	53,188
Matched part-time students	50,770	48,229	36,217
Failed matches total	56,904	54,111	102,187
Failed - no loan ⁴⁸	34,800	38,385	43,419
Failed - no balance owed ⁴⁹	4,000	5,062 ⁵⁰	6,161
Residual failed matches	18,104	10,664	52,607

The high failed matches (and residual failed matches) totals this year are attributed to a processing problem. MoE initially sent a file containing only 60,000 records. This was duly processed by IRD. The initial transfer was updated and resent by MoE, duplicating the transmission of the original 60,000 records. As the records had been processed previously by IRD, they became failed match records in their subsequent processing.

The number of records that should have been received for processing by IRD in 2004/05 was approximately 130,000 (191,592 less 60,000). Apart from the one-off failed matches that resulted from the sending of duplicate records, the proportion of failed matches against the total number of records sent remained similar to 2003/04.

This Office's reservations about the lack of s.103 notices in this match have been reported in previous Annual Reports and this continues to be a compliance concern. However, the additional information that IRD now reports about reasons for match failures provides some reassurance, despite the absence of the key challenge safeguard. IRD also provides useful loan information through its website, and the "Student Loan Info" newsletter is included with statements sent to all student loan customers.

Table 38 displays the combined results of full interest write-off for the two matches.

48 During the enrolment process, many students provide their tax file number because there is a place for it on the forms, even though they do not have a loan at the time.

49 These students either have a zero balance on their loan or they have only been approved for a loan in that year and the interest and its corresponding write-off do not become due for another year.

50 This figure was incorrectly reported last year as 5,570.

**TABLE 38: MOE/IRD STUDENT LOAN INTEREST WRITE-OFF MATCHES
2001-05 RESULTS**

	2001/02 Full Year	2002/03 Full Year	2003/04 Full Year	2004/05 Full Year
Full Interest Write-Off	\$69,957,688	\$74,061,383	\$106,900,824	\$126,699,291
Borrowers	78,335	81,437	104,791	124,892

The growth in the number of student borrowers entitled to a full interest write-off and their indebtedness continued to rise in 2004/05, with increases of nearly 20 percent over the 2003/04 figures. Thirty percent of loan borrowers were granted a full interest write-off. As at 30 June, student borrower numbers stood at 419,983 and total loan debt at \$6,674,574,918⁵¹.

Apart from the remaining concern about the lack of s.103 notices mentioned above, and based on the information supplied, we are of the opinion 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.

24. MSD/IRD Family Support Administration Match

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

Purpose: To inform IRD when a beneficiary commences paid employment so that Family Support Tax Credits can be seamlessly delivered.

Background: Family Support Tax Credits (FSTC) seek to ensure that every family receives a minimum income whether in paid employment or not. The administration of FSTC is shared, with IRD delivering tax credits to eligible people in employment and MSD delivering the tax credits to eligible people alongside a core benefit paid under the Social Security Act 1964.

The division of responsibility means that as a family's circumstances change, the responsible government department may also change. Prior to the advent of this match, an eligible beneficiary may have experienced either a delay or an over-payment of Family Assistance (FSTC) when moving from a benefit into the workforce. This occurred because the individual had to make a new application for assistance to IRD before payments through IRD could begin. IRD had no other way of knowing about the individual's possible eligibility for assistance. The Government considered any delay in payment of FSTC in this situation to be an inhibitor to an individual's re-entry into the workforce.

51 www.ird.govt.nz/studentloans/reports/sl-report-quarterly-2005-06.html.



The introduction of this match reflects a significant structural change in the administrative handling of Family Assistance payments by MSD and IRD. The match is an integral part of many significant changes made simultaneously to the delivery of the Government's social assistance programme. Other initiatives introduced alongside this match include changes to income eligibility thresholds and abatement regimes, and the ability to receive weekly FSTC payments from IRD.

System: Each week, a programme at MSD identifies those clients who have had a trigger event⁵² since the previous week and generates a file of the necessary beneficiary information⁵³. MSD conducts checks on the contents of this file to ensure that only those individuals who have had a genuine trigger event are included. The file is then encrypted and sent by online transfer to IRD.

IRD then compares the following information:

- Social Welfare Number (SWN)
- IRD number
- family name
- first name
- date of birth.

The matching algorithm determines if a match is successful according to certain combinations of information for any given record. All records are updated into IRD's FIRST database, where matched records are stored separately from unmatched records. Where a match is successful, IRD's FIRST database will be updated. Where key information or certain combinations of information do not match, IRD staff will investigate further. This may include contacting MSD or the individual directly. It is intended that, after the automatic matching and manual validation processes are completed, all records provided by MSD will be updated into IRD's FIRST database.

The programme enables IRD to begin or cease paying family assistance, or change the amount of money paid, to particular individuals. A department would normally be prohibited from taking an adverse action based on a discrepancy produced by an authorised information matching programme until it had served a "notice of adverse action" under s.103 of the Privacy Act and allowed the individual five working days to lodge a challenge. However, in this case the departments made a cogent case to show that full compliance with this normal statutory requirement would pose a substantial risk of defeating the intention of the match ie. to enable an automated and seamless administration of the FSTC. Parliament amended s.103 to insert a new subsection (1B) that enables IRD to proceed with suspending payment without waiting for the 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.

52 A trigger event occurs when a client's benefit status (granted, suspended, resumed or cancelled) changes.

53 "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).

2004/05 results

This match is an integral part of the timely delivery of family assistance payments to individuals in transition between receiving beneficiary assistance from MSD and entering the workforce. The departments advised that due to the structural nature of the match, attributing results solely to the operation of this match was not realistic. We hope in future to be able to report on some global costs and benefits for the Working for Family initiative and so give a context for assessing the successful operation of the match. At this stage only the number of records sent to IRD has been reported.

For the period 1 April 2005 to 30 June 2005, 36,528 records were sent from MSD to IRD. Not every record received resulted in an s.103 notice being issued. Some records received by IRD were information-only records following which no action was taken. Others resulted in an invitation letter being sent to possibly eligible individuals requesting income details. Where IRD was already the current payer and information was received from MSD via this match, IRD took any necessary action to alter the family assistance payments and followed this with an s.103 notice.

IRD does not yet have systems in place to record the number of s.103 letters sent. The department has assured this Office that all individuals received an invitation letter or an s.103 notice when their entitlements were affected by the results of the match. We have been advised that reporting of this information will be available in the near future.

On the basis of the limited information we have been 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.

25. 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"> • Confirmation of continuing eligibility • Detection of illegal behaviour
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 its 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, establish a debt for the amounts overpaid.



2004/05 results

TABLE 39: MSD/IRD FAMILY SUPPORT DOUBLE PAYMENT MATCH 2001-05 RESULTS

	2001/02 9 Runs	2002/03 17 Runs	2003/04 24 Runs	2004/05 23 Runs
Cases sent by IRD to MSD for matching	1,006,896	1,819,630	2,487,950	2,294,147
Cases matched by MSD	8,243	8,685	8,222	7,762
Cases of adverse action taken	7,319	7,273	6,743	6,398
Costs incurred by IRD	\$153,488	\$459,388	\$1,111,979	\$140,047
Savings (estimated) ⁵⁴	\$19,197,317	\$17,238,073	\$15,938,864	\$16,552,832

Results for 2004/05 show a small decrease in the number of records sent for matching, cases matched and cases of adverse action taken. The estimated savings from the programme did, however, increase slightly over 2003/04. Most notable was the vastly reduced cost of operating the match. IRD says it believes the 2003/04 figure was over-inflated and the more recent one is accurate. The see-sawing nature of the cost figures provided by IRD makes comment difficult.

We have commented on the method of calculating the estimated savings from this programme in previous Annual Reports. IRD has made significant effort to identify a better way of calculating the savings figures. It has proved to be a more difficult undertaking than originally anticipated. Discussions about reporting are continuing.

It is possible to look at these results in the broader context of family assistance overall. For example, in 2003/04 IRD distributed \$505 million⁵⁵ in family assistance, while total accumulated family assistance debt owed to IRD was reported as \$141.2 million⁵⁶. That accumulated debt was \$22.6 million lower than in June 2003. The reductions were attributed to increased debt write-offs (for example for hardship), enhanced customer education, and “more active monitoring of family assistance recipients income levels to prevent overpayment”.

Clearly, without these measures to reduce the accumulated debt the total would have been higher in 2004 than in 2003. As changes to the eligibility for family assistance payments unfold, an increasing number of families may qualify for family support. This match continues to identify potentially significant amounts of overpayments that would otherwise occur. In doing so, the match helps stem the creation of new debt, reduces the administrative effort required to recover such debts, and the inevitable losses to government from unrecoverable debts.

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.

54 Calculated by determining the amount of the payments stopped, multiplied by the number of fortnights left in the customer's tax year, ie. to the end of March (when the payment should normally be stopped/reviewed because of the filing of a tax return).

55 IRD Annual report 2004, pg 17.

56 IRD Annual report 2004, pg 53.

MATCHES WITH OTHER DEPARTMENTS AS USER AGENCIES

The balance 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), Justice, MED, Ministry of Education (MoE) and NZIS.

26. Corrections/ACC Inmates Match

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"> • Confirmation of continuing eligibility • Detection of illegal behaviour • Detection of errors

Purpose: To ensure that prison inmates are not receiving earnings-related accident compensation payments.

System: The Department of Corrections provides a file of all new prison admissions to ACC. This is compared with the records of people receiving earnings-related accident compensation.

2004/05 results

In 2003/04 this match did not run because of technical problems associated with the matching process. Matching recommenced in July 2004. As a result of technical changes, the reported number of positive matches became much lower and more credible, given the prison inmate population of approximately 7,000 people. Previously, the positive match figures were provided prior to further in-house filtering.

The average amount of overpayment continued to increase. ACC has advised that work is currently underway to ensure all prisons have the relevant resource material available for inmates when they arrive in a penal institution, with special attention being paid to information on how to reapply for entitlements once released. This might encourage more inmates to advise ACC of their incarceration and thereby reduce the number of matched records and overpayments established.

ACC says it considers this data match a valuable tool in reducing the impact of claimants' overpayment by identifying at the earliest possible time those claimants who enter a penal institution.

An application for approval to transfer data for this match by means of an online connection was received by this Office on 22 June 2005. There was insufficient time to process this request before the end of the financial year.



TABLE 40: CORRECTIONS/ACC INMATES MATCH 2001-05 RESULTS

	2001/02	2002/03	2003/04	2004/05
Match runs	50	51	0	49
Records compared	82,444	91,219	-	92,396
“Positive” matches	11,339	12,770	-	108
Debts established (number)	45	27	-	56
Overpayments established	\$20,403	\$13,095	-	\$37,420
Average overpayment	\$453.40	\$485.00	-	\$668.22
Challenges	4	0	-	0
Challenges successful	1	0	-	0

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. IRD/ACC Residual Claims Levies Match

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

Purpose: The purpose of this match is to transfer from IRD to ACC the information required 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, including a formal review of the assessment. No separate adverse action notice is issued. A fuller description of the operation of this match can be found in last year's Annual Report.

2004/05 results

TABLE 41: IRD/ACC RESIDUAL CLAIMS LEVIES MATCH 2002-05 RESULTS

	2002/03	2003/04	2004/05
Information received on employers	248,000	459,623	967,000
Information received on self-employed persons	445,000	428,451	892,000
Invoices issued to employers	234,000	241,700	248,054
Invoices issued to self-employed persons	319,000	268,000	268,929
Total applications for formal review	82	58	57
Applications by individuals	60	Not available	30
Applications by corporations	22	Not available	27
Applications by unspecified	1	Not available	-
Decided in favour of ACC or withdrawn	81	40	63
Decided in favour of applicant	1	2	1
Applications in progress		10 ⁵⁷	5
Total Cost	\$9,000,000	\$9,000,000	\$9,000,000

While the number of records sent to ACC for both employers and self employed doubled from 2003/04, the number of invoices issued remained at 2003/04 levels. A slight drop in the number of applications for formal review was received in 2004/05, with all but one decided in favour of ACC or withdrawn. The total number of results exceeded the number of reviews received, as some results relate to the outstanding applications from the previous year. ACC reports the same costs of running this programme in 2004/05 as it did over the preceding two years.

On the basis of the information supplied, the Office is 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 as modified by the authorising legislation.

57 Applications in progress are recorded as at 30 June. An updated figure is provided each year.



28. 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"> • Confirmation of eligibility • Detection of illegal behaviour
Online transfers	Yes

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

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.

For this match, the data to be matched comprises the following personal information from the births and marriages registers.

Birth data

- registration number
- given name(s)
- family name
- gender
- date of birth
- place of birth
- parent names.

Marriage data

- registration number
- given name(s)
- family name
- date of birth
- place of birth
- marriage date.

Citizenship staff enter into DCS a combination of search criteria from 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. Results of the match include the following information:

- where no match has been found the system displays “no match found”
- for birth searches the system displays family name from register, given names, date of birth, place of birth
- for marriage searches the system displays family name from register, given names, date of birth, place of birth and marriage date.

The raw match results are subject to verification by Citizenship Office staff. Matches are initially 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 criteria to narrow down the search results. Alternatively, the applicant can be contacted for further identifying information.

Every search conducted using DCS creates an audit record that provides detail of:

- number of searches made
- user ID of person who made the search
- date each search was made
- time each search was made.

These audit records provide protections against inappropriate browsing of personal information and could be used in any investigation into a suspect grant of citizenship.

2004/05 results

TABLE 42: BDM/DIA(C) CITIZENSHIP APPLICATION PROCESSING MATCH 2004/05 RESULTS

Applications		2,951
Register searches	Births	2,359
	Citizenship	5,478
	Marriages	1,788
Person records created as a result of a successful match	Births	445
	Citizenship	219
	Marriages	22
Referrals for further information		42
Section 103 notices issued		3
Successful challenges		2
Unsuccessful challenges		1

The initial results show that 42 or 1.4 percent of applications were referred for further information. The number of s.103 notices issued was very low in comparison to the number of applications processed. DIA advises that, from time to time, a successful match failed to occur when entering a person's name, date of birth and date of marriage into the system. At this stage the cause of the problem is unknown. We have been assured that DIA is investigating and hopes to rectify the issue soon.

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. 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"> • Confirmation of eligibility • Detection of illegal behaviour
Online transfers	Yes

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

System: DIA has developed a system called Online Life Event Verification (OLEV), which provides access to information from the births, marriages, deaths, and citizenship registers (known to DIA as the Aggregated Layer) without providing direct access to the registers themselves. OLEV permits selected information to be read and extracted from the Aggregated Layer for use by other systems such as the passports application processing system.

When an application is received from an individual, a passports staff member enters information provided on the application form into the passports processing system. The staff member then logs onto OLEV and, by entering the unique passport application number, uses the identity information from the passports processing system as the basis for a search of the information in the Aggregated Layer. 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. Passports staff also check information from the register of deaths to ensure there is no entry for the applicant. If there appears to be a match with an entry from the register of deaths, the processing of the passport application would be halted and the application referred for investigation of possible fraud.

2004/05 results

The 2003/04 results were for approximately nine months, so comparison between them and the 2004/05 full-year results is not straightforward. What stands out when comparing these results is the large increase in referrals made to BDM staff (up from 928 to 6051).

Information matching rule 3 prohibits the transfer of information for the purposes of operating an information matching programme by online computer connection, unless the Privacy Commissioner has given approval in writing for such transfers.

DIA was granted approval under this rule to use an online connection for 12 months, expiring on 30 November 2004. A condition was that an internal audit be undertaken and the results provided to this Office by 30 September 2004. DIA failed to provide the audit results during the reporting period or apply for a new approval on the expiry of the old one. In September 2005 a report on the operation of the expired approval, and a request for a new approval were received.

TABLE 43: BDM/DIA(P) PASSPORT ELIGIBILITY MATCH 2003-05 RESULTS

	2003/04	2004/05
Births searches	306,187	521,039
Marriages searches	57,464	89,623
Deaths searches	447,329	741,172
Total searches	810,980	1,351,834
Referred to BDM	928	6,051
Resolved ⁵⁸ within 48 hours	201	673
Resolved within 10 days	298	1,896
Resolved in > 10 days	355	2,800
Unresolved at 30 June 2004	44	103
Passport application denied	0	0

On the basis of the information supplied to me, I am satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 103 of the Privacy Act. However, the department failed to meet the conditions of an information matching rule 3 approval and appears to have been in breach of the rule for a significant part of the year.

30. 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 the citizenship registers, 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 upon citizenship by grant or descent. It mirrors match 29⁵⁹ reported above. Passports staff attempt to confirm information provided on the passport application with that in the Aggregated Layer 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.

58 "Resolved" here refers to the amount of time required by Passports staff to resolve the questions around the application after they have received a response from registry staff. It does not include the time required for registry staff to identify possible entries that may be relevant.

59 BDM/DIA(P) Passport Eligibility Match.



2004/05 results

The 2003/04 results were for approximately nine months of the year, so comparison between them and the 2004/05 results is not straightforward. Of particular note is the large increase in referrals reported, in this case to Citizenship staff. However, despite this increase, less than one percent of all applications in process resulted in a referral to the Citizenship branch. Although there were no passport applications declined, DIA advises that nine applications went “stale” when the applicants did not respond and DIA was unable to make further contact with them.

Information matching rule 3 prohibits the transfer of information for the purposes of operating an information matching programme by online computer connection, unless the Privacy Commissioner has given express approval in writing for such transfers.

DIA was granted approval under that rule to use an online connection for 12 months, expiring on 30 November 2004. A condition of the approval was that an internal audit be undertaken and the results provided to this Office by 30 September 2004. DIA failed to provide the audit results during the reporting period or apply for a new approval on the expiry of the old one. In September 2005 (after the end of the reporting period) a report on the operation of the expired approval, and a request for a new approval, were received.

TABLE 44: BDM/DIA(C) PASSPORT ELIGIBILITY MATCH 2003-05 RESULTS

	2003/04	2004/05
Searches	116,146	206,320
Referred to Citizenship	165	1,910
Resolved ⁶⁰ within 48 hours	22	97
Resolved within 10 days	37	484
Resolved in > 10 days	68	821
Unresolved at 30 June 2004	15	14
Passport application denied	0	0

Composite results for passports applications processing

In 2003/04 this Office commented on what initially appeared to be an excessive number of searches performed per application processed. In 2004/05 the average number of searches decreased from 7.88 to 6.81. Any application may have required multiple searches of the registers. For each application it is expected that searches of the four core registers would usually be completed and additional searches might be necessary to check for records under a married name.

60 “Resolved” refers to the amount of time required by Passports staff to resolve the questions around the application after they have received a response from registry staff. It does not include the time required for registry staff to identify possible entries that may be relevant.

TABLE 45: DIA PASSPORT ELIGIBILITY MATCHES 2003-05 COMPOSITE RESULTS

	2003/04	2004/05
Applications in process during year (A)	117,642	228,912
Applications completed processing during year	101,855	182,559
Searches in Citizenship Register (B)	116,146	206,320
Searches in Births, Deaths, & Marriages Registers (C)	810,980	1,351,834
Total searches in all four registers (B+C = D)	927,126	1,558,154
Average number of searches performed per application processed during the year (D/A)	7.88	6.81

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. However, the department failed to meet the conditions of an information matching rule 3 approval and appears to have been in breach for a significant part of the year.

31. 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 are outstanding fines defaulters in order to pursue the recovery of outstanding amounts.

System: Justice selects a range of its outstanding fines defaulters and sends the following information to IRD:

- Ministry of Justice number
- family name
- second name(s)
- first name
- date of birth
- client indicator (“I” for an individual, “N” for non-individuals such as companies).



IRD attempts to match these records on the basis of last name, first name, second name and date of birth. For matched records the following are returned to Justice on a compact disc:

- Ministry of Justice number
- client address
- address date
- telephone numbers
- match indicator (ranging from 1 for a full valid match on all fields compared to 8 a full match on all fields with the exception of family name, to a series of codes for such things as 10 - match but no valid address held by IRD, and 95 - matched data but date of birth not verified etc).

2004/05 results

Justice has provided this year's results from the interim system commented on in last year's Annual Report. In brief, identified shortcomings in the previous system prompted an interim system to be implemented. The generation of match data continued to occur automatically, but the recording of challenges was manually completed by Contact Centre staff with the assistance of specially designed support tools.

Justice also reviewed its reporting of outcomes and incorporated some previously distinct outcomes into a single "collection instituted" figure. The change in reporting took effect from 1 January 2004. As a result, there was a marked increase in the reported number of collections instituted. Justice believes this is more representative of the actual results of the match.

Some "in progress" figures provided in the 2003/04 report were updated to provide final "completed" figures. The number of records processed per match run was consistently around 40,000. While the results for the 2004/05 year are reported as "in progress", results for the second half of the year show an improvement in the number of useable matches. The percentage of useable matches resulting in a collection instituted for the six months ending 30 June 2005 is likely to increase significantly from the 22 percent "in progress" figure recorded. This is because the final match run only occurred at the very end of the reporting period (21 June), with client contact expected in early July.

Justice is now able to report on the dollar value of collections received as a result of this match. As at 30 June 2005, nearly \$20 million had been received in payment from fines defaulters matched in the period 1/1/04 to 30/6/04. While collections received were lower for the following two periods in the 2004/05 financial year, they are expected to increase significantly by the end of the next reporting period.

**TABLE 46: IRD/JUSTICE FINES DEFAULTERS TRACING MATCH: RESULTS
2003-05**

	1/7 - 31/12 2003 (completed)	1/1 – 30/6 2004 ⁶¹ (completed)	1/7 - 31/12 2004 ⁶² (in progress)	1/1 – 30/6 2005 ⁶² (in progress)
Match runs	4	5	5	4
Names sent for matching	101,991	200,000	197,312	160,000
Names matched	48,414	65,734	43,755	49,212
Useable matches ⁶³	47,985	64,072	40,098	47,298
s.103 notices sent	47,187	66,507	41,130	46,839
Successfully challenged	13,789	67	38	10
% of useable matches challenged	29%	<1%	<1%	<1%
Collection instituted	7,199	30,859	16,625	10,702
\$ value of collections received	Not available	\$19,969,039	\$8,671,130	\$2,209,219
% of useable matches for which collection was instituted	15%	48%	41%	22%

The total number of challenges reported declined significantly in 2004/05. Unfortunately, Justice believes that the main cause of the drop in challenges was that not all challenges were recorded when people responded to s.103 letters through the Contact Centre. To improve the recording of challenges, Justice is revising and improving the training provided to contact centre staff. Identification of the wrong person remains the most common reason for a successful challenge. Aside from concerns about challenge recording, the apparent drop to less than one percent of useable matches being challenged is encouraging.

On the basis of the information supplied, and with some reservations about possible inaccuracies in challenge reporting, 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.

61 These figures have been updated and differ from those reported in 2003/04.

62 Figures reported as at 30 June 2005.

63 "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.



TABLE 4.7: IRD/JUSTICE FINES DEFAULTERS TRACING MATCH: S. 103
CHALLENGES 1 JANUARY 2004 – 30 JUNE 2005

	1/1 – 30/6 2004 completed)	1/7 – 31/12 2004 ⁷⁰ (in progress)	1/1 – 30/6 2005 ⁷⁰ (in progress)
Challenges received	88	49	13
Challenges withdrawn	-	-	-
Challenges outstanding	-	-	1
Unsuccessful challenges	21	11	2
Successful challenges	67	38	10
Successful challenge reasons			
Incorrect person identified	36	32	9
No fines outstanding at time of match	30	5	1
Person owing fines deceased	-	-	-
Other	1	1	-

32. 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 outstanding fines defaulters in order to enable the recovery of outstanding amounts.

System: The Ministry of Justice selects a range of its outstanding fines defaulters and sends details of these via electronic media to MSD. MSD supplies address information for any matched records in its database.

2004/05 results

This match is the sibling to match 31, the IRD/Justice Fines Defaulters Tracing Match. The results commentary in the first, second and fifth paragraphs for match 31 also relates to this match.

In 2004/05, Justice provided the dollar value of collections received as a result of the matching. Compared with the IRD/Justice match, the matching yielded fewer useable matches and subsequently less money has been recovered than in the case of its sibling. This is partly because the people selected for this match were those whom Justice was unable to locate through the IRD/Justice match or other tracing activities. The MSD/Justice match is therefore the “last resort” avenue by which Justice can locate fines defaulters after all other activities have proved unsuccessful.

The apparent difference in the number of match runs recorded for the first and second half of 2004/05 (6 and 3 respectively) does not represent any slowdown in matching activity. Had the match that was run near the end of December been started two weeks later, the number of matches per half year would have been five and four respectively.

Of the useable matches identified, the percentage that resulted in a collection appears relatively high when considering the results of MSD's debt tracing match with IRD, which yielded payments from only 3.8 percent of matches found useable in the 2004/05 year.

The numbers of challenges recorded for this match are very low. As stated in the results for match 31, these figures may be the result of under-reporting by contact centre staff. This is expected to be remedied through improved induction training and refresher training for existing staff. We will look closely at the 2005/06 results to see whether these initiatives result in an increase in reported challenges.

TABLE 48: MSD/JUSTICE FINES DEFAULTERS TRACING MATCH: 2003-05 RESULTS

	1/7 - 31/12 2003 (completed)	1/1 - 30/6 2004 ⁶⁴ (completed)	1/7 - 31/12 2004 (in progress)	1/1 - 30/6 2005 (in progress)
Match runs	4	4	6	3
Names sent for matching	100,536	140,625	191,580	96,073
Names matched	16,102	19,196	16,591	10,097
Useable matches	16,047	19,100	16,499	10,042
s.103 notices sent	15,506	19,075	16,580	10,114
Successfully challenged	3,170	6	4	0
% of useable matches challenged	19.8%	<1%	<1%	0%
Collection instituted	2,421	9,699	9,108	3,946
\$ value of collections received	Not available	\$7,618,668	\$6,009,107	\$1,022,802
% of useable matches for which collection was instituted	15.1%	51%	55%	39%

On the basis of the information supplied, and with some reservations about possible inaccuracies in challenge reporting, 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.

64 Updated, and therefore different from 2003/04.



TABLE 49: MSD/JUSTICE FINES DEFAULTERS TRACING MATCH S.103
CHALLENGES 1 JANUARY 2004 – 30 JUNE 2005

	1/1 – 30/6 2004	1/7 – 31/12 2004	1/1 – 30/6 2005
Challenges received	7	5	3
Challenges withdrawn	-	-	-
Challenges outstanding	-	-	-
Successful challenges	6	4	-
Unsuccessful challenges	1	1	3
Successful challenge reasons			
Incorrect person identified	4	2	-
No fines outstanding at time of match	2	2	-
Person owing fines deceased	-	-	-

33. Customs/ MED Motor Vehicle Traders Importers Match

Information matching provision	Motor Vehicle Sales Act 2003, ss.121 and 122
Year authorised/commenced	2003/2004
Match type	Detection of illegal behaviour
Unique identifiers	<ul style="list-style-type: none"> • Customs client code • Organisation registration number
Online transfers	Yes

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

System: Customs provides the Ministry of Economic Development (MED) with a monthly SEEMail⁶⁵ online transfer of data in an Excel spreadsheet that includes all individuals or entities who have imported more than three motor vehicles within the previous 12 months.

The information provided on each entity by Customs may include the following:

- Customs client code
- client name
- contact name
- client address
- person's date of birth
- entry number
- date cleared

65 SEEMail (Secure Electronic Environment) is a system designed to secure internet email traffic between participating government agencies.

- description of goods
- country of export
- contact phone number/ facsimile number
- client type (organisation or individual)
- organisation registration number
- organisation trading name or alias
- total number of motor 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 as a motor vehicle trader but who may be required to register) are sent a notice of adverse action in accordance with s.103 of the Privacy Act. If no response is received, either written or in the form of a 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 all those 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.

2004/05 results

This was the first year in which this match has operated.

**TABLE 50: CUSTOMS/MED MOTOR VEHICLE TRADERS IMPORTERS MATCH
2004/05 RESULTS**

Match runs		2
Entities received for matching		2142
S.103 notices sent		201 ⁶⁶
Entities of interest identified		196
Responses from entities of interest (196)		
Registrations as a result of the s.103 letters		25
Successful challenges	Entities registered under a different name	29
	Entities whose primary purpose was not financial gain	35
	Exporters written to in error	15
Other results	Letters "return to sender"	35
	Entities where no further action taken	17
	Entities referred to the National Enforcement Unit	40

⁶⁶ Where more than one address is held for an entity, s.103 notices are sent to each address.



Although data is exchanged on a monthly basis, a now-resolved lack of resources at MED has meant that only two mail-outs were undertaken in the reporting period. Details of 15 exporters were incorrectly included by Customs in the first two runs and, as a result, an amendment was made to the data filter at Customs to prevent exporters being included in future runs.

Of the initial 196 entities of interest identified, 13 percent or 25 of those went on to register as motor vehicle traders. A total of 40 importers, representing 20 percent of the total number of unregistered importers identified, were referred to the National Enforcement Unit. Where no further action has been taken, entities continue to be monitored to see if further imports are made. It will be interesting to see if this match continues to yield the same level of results.

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. MOT/ MED Motor Vehicle Traders Sellers Match

Information matching provision	Motor Vehicle Sales Act 2003, ss.122 and 123
Year authorised/Commenced	2003
Match type	Detection of illegal behaviour
Unique identifiers	<ul style="list-style-type: none"> • Customs client code • Organisation registration number
Online transfers	Yes

Purpose: To identify people required to be registered as motor vehicle traders because they have sold more than six vehicles in the previous 12 months.

System: The Motor Vehicle Sales Act 2003 (MVSA) created the Motor Vehicle Traders Register. Any individuals or entities who sell more than six vehicles in a 12 month period are required to be included on the register as a motor vehicle trader. MoT provide MED with a monthly SEEMail⁶⁷ online transfer of data in an Excel spreadsheet that includes all individuals or entities (other than those on the exclusion list⁶⁸) who have been identified as having sold more than six vehicles in a 12 month period.

The information provided by MoT may include the following:

In the case of an individual:

- full name
- date of birth
- information relating to the sale of vehicles
- residential address.

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

68 MED provide MoT with a list (known as the exclusion list) of the status of all Motor Vehicle Traders registered under the MVSA. This is done whenever a change in registered trader status occurs.

In the case of a company:

- company name
- company address
- information relating to the sale of vehicles
- company's registered office.

MED manually compares the MoT data with its Register of Motor Vehicle Traders 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 further information from MoT.

The additional information comprises:

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

Following this validation process, if it appears the individual or entity should be registered, MED issues an s.103 notice requesting completion within 10 working days or an explanation to the Registrar about how 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 to consider prosecution under the MVSA.

2004/05 results

MED advises that, although it sent data files to MoT on a monthly basis, delays in receiving return data files from MoT meant it was not able to undertake any data matching activity for this match. MED advised that the issues surrounding data delivery were resolved in May 2005 and it expected to begin data matching in July.



35. BDM (Births)/MoE Student Birth Confirmation Match

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

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 by which their details can be verified for a tertiary education organisation.

System: This match involves the Ministry of Education (MoE) verifying and updating student birth information on its NSI database from the births register. Birth information is extracted from the BDM records for all New Zealand born citizens for a pre-defined period. Matching is limited to a maximum of three times per year, with the runs expected to coincide with peak enrolment periods once an initial bulk run has been completed. The data comprises the following information:

- first name or names
- last name
- date of birth
- gender
- citizenship by virtue of being New Zealand born.

Files are provided to MoE on a compact disc. Matching of the data is performed using the NSI system. A matching run involves BDM data being passed through a series of six progressively looser hierarchal matching algorithms. Match level 0 indicates that an exact and unique match was able to be made. These records are automatically updated into the NSI database. At all other levels, either the matching process has been unable to find an exact match or more than one match has resulted. At these other levels of matching, manual verification processes are used to determine whether a partial match identified can be accepted and updated into the NSI database. Where birth records remain at the completion of this process, those records are deleted.

For each BDM record received, the matching process can have one of the following four possible outcomes:

1. No match – no NSI records with matching data are identified.
2. Unique and exact match – one NSI record corresponds exactly with matching data.
3. Unique and non-exact match – one NSI record corresponds with almost all components of matching data is identified (eg. name and gender exactly match but date of birth is different).
4. Multiple results returned – more than one NSI record with exactly, or almost exactly, data is identified.

Outcomes 1 and 2 allow the NSI system to proceed with predefined systems processes to either disregard the BDM record (outcome 1) or automatically update the NSI database (outcome 2). Outcomes 3 and 4 involve manual intervention by MoE staff. Where a match is manually confirmed, the verification status of the NSI name matched is set to “verified”, identifying the record as being successfully matched to the births register record.

No s.103 notices are sent out for this match. Neither agency involved in this match holds the contact details of individuals and therefore is unable to give affected individuals notice of pending adverse action. The Post-Compulsory Education Unique Identifier Code limits the information that may be kept in the NSI and does not include student addresses. MoE itself does not directly take administrative action involving student entitlements, although other agencies may take adverse action based on the NSI information. MoE’s website and student publications notify students that they may check their details held on the NSI and whether the information has been verified by matching with a BDM file entry. They do this by either accessing the NSI via the MoE website or through their Tertiary Education Provider. A challenge process exists so that if students disagree with the verification, they can apply through MoE’s web site to have this removed.

To ensure continued integrity of the NSI, no name held on the NSI and verified by matching with a BDM file entry may be changed unless a formal challenge is submitted to MoE for validation. An audit trail is maintained within the NSI system 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.

2004/05 results

This is the first match that has been undertaken by MoE. Birth records from the period 1/1/70 to 31/12/86 were matched against the NSI database. Some discrepancies have yet to be resolved, so final results of this match will be reported in 2005/06. Of all birth records received, 486,231 or 51 percent were matched against an NSI record while 48 percent of records did not have a corresponding NSI record.

The matching process uncovered a total of 3504 duplicated NSI records that were merged into 1749 NSI records. As well as uncovering duplicate NSI records, a number of birth records received for matching appeared to be duplicates. These are being investigated by DIA. DIA is also investigating 388 records where there was a gender discrepancy that could not be easily resolved because the name was gender neutral or where the gender associated with the name was not known.

A total of 48 challenges had been received to 30 June, with 32 of these resolved. In some cases the challenge has highlighted obvious matching errors while others were less certain and required follow-up with DIA for investigation.



TABLE 51 BDM (BIRTHS)/MOE STUDENT BIRTH CONFIRMATION MATCH RESULTS AS AT 30 JUNE 05

Birth Records

Received for matching	947,221
Matched exactly with NSI record (automatically)	478,625
Matched after manual intervention	5,430
Matched after NSI records merged	1,749
Total birth records matched	486,231
Not matched (automatically)	435,076
Rejected after manual intervention	18,735
Total birth records not matched	453,811

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. Citizenship/NZIS Entitlement to Reside Match

Information matching provision	Citizenship Act 1977, s.26A
Year authorised/commenced	2001/2004
Match type	<ul style="list-style-type: none"> • Detection of errors • Updating of data
Unique identifiers	DIA person number

Purpose: To identify from the New Zealand Immigration Service's overstayer records the names of persons who have New Zealand citizenship ie. those who NZIS has recorded as being in New Zealand illegally, but are deemed by the Department of Internal Affairs (DIA) to be New Zealand citizens either by grant or descent.

System: DIA sends a data file on compact disc to NZIS that includes the names of all persons who have been granted New Zealand citizenship within a specified period. The records include the following information, which is used by NZIS in the matching process:

- surname
- given name(s)
- date of birth
- gender
- country of birth.

Each matching run involves up to seven matching cycles. As each matching cycle is completed the matching criteria are widened to allow for less exact matches to be considered⁶⁹. Citizenship records are gradually reduced by deletion of the matched records 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 NZIS database. No s.103 notices are sent out in this match, as persons matched successfully benefit from being removed from the overstayers' register and unsuccessful matches do not give rise to any adverse action.

TABLE 52: COMPARISON OF LEVEL 1 AND LEVEL 2 MATCHING CRITERIA

Match Level 1 Criteria	Match Level 2 Criteria
NZIS full name = DIA full name, and NZIS Date of birth = DIA Date of birth, and NZIS Nationality = DIA Country of Birth	NZIS surname = DIA given name, and NZIS given name = DIA surname, and NZIS Date of birth = DIA Date of birth

To bring NZIS overstayer data up to date, citizenship information is initially being supplied in five-yearly blocks starting from 30 June 2004 and working back to 1 January 1986. Once the backlog is completed (expected to take approximately 12-15 months) there will be two supplies of citizenship data to NZIS per year.

2004/05 results

TABLE 53 DIA(C)/NZIS REMOVAL OF NZ CITIZENS FROM THE OVERSTAYER POPULATION RESULTS 2004/05

Match runs		2
Identities received for matching		462,741
Possible matches identified		1,216
Identities requiring further verification with DIA or within NZIS		8
Breakdown of results for removals from the overstayers register	Exact name match	572
	Modified names and exact DOB	25
	Modified names and modified year of DOB	23
	Modified names and modified month of DOB	5
	Total number of NZ citizens removed from the overstayers register ⁷⁰	625

69 See table 1 for a description of the matching criteria for match level 1 and match level 2.

70 The number of overstayers is an estimate based on sampling the NZIS database. Latest figures were estimated as at 28 April 2005. Details are available from DoL (Workforce Group, Immigration Services).



The first run completed in December 2004 covered the period from 1 July 1999 to 30 June 2004. Owing to an initial technical difficulty, this was limited to citizenship by grant records only. The second run in April 2005 included the processing of the previously missed citizenship by descent records for the period 1 July 1999 to 30 June 2004, as well as citizenship by grant and descent for the period 1 July 1994 to 30 June 1999.

Table 53 sets out the results for 2004/05. Of the possible matches identified, approximately half resulted in removal of an individual from the overstayer list. As we understand this match, it appears to have only beneficial effects as it protects individuals who have New Zealand citizenship and might otherwise be targeted by NZIS staff as overstayers. In addition, it has a flow-on effect for the NZIS/EEC Unqualified Voters Match as it excludes people who might otherwise be incorrectly included.

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 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 chief executive
- 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 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 is appointed by the Governor General on the recommendation of the responsible Minister. There are no persons who might be considered to have a membership of 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 to have 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 4360:1995 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.

STATEMENT OF RESPONSIBILITY
FOR THE YEAR ENDED 30 JUNE 2005

The Privacy Commissioner accepts responsibility for the preparation of the annual Financial Statements and the judgements 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 2005 fairly reflect the financial position and operations of the Privacy Commissioner.



Privacy Commissioner
M Shroff
28 October 2005



General Manager
G F Bulog
28 October 2005



Audit New Zealand

AUDIT REPORT

TO THE READERS OF THE OFFICE OF THE PRIVACY COMMISSIONER'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

The Auditor-General is the auditor of The Office of the Privacy Commissioner (the Privacy Commissioner). The Auditor-General has appointed me, Mr F Caetano, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Privacy Commissioner, on his behalf, for the year ended 30 June 2005.

Unqualified Opinion

In our opinion the financial statements of the Privacy Commissioner on pages 8 to 33:

- ▲ comply with generally accepted accounting practice in New Zealand; and
- ▲ fairly reflect:
 - the Privacy Commissioner's financial position as at 30 June 2005;
 - 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 28 October 2005, 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.

Note: The reference to pages "8 to 33" within the Audit Report refers to pages 114 to 136 of the Financial Statements as they appear in this Annual Report.

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 2005. 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.



F Caetano
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand





STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2005

Reporting entity

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

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

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

Measurement base

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

Accounting policies

The following particular accounting policies which 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 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 which are stated with GST included. Where GST is irrecoverable as an input tax, then 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 which 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 fixed assets, at a rate which 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.

Leases

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 financial 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 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 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 year:

Specified financial performance	Target	Achievement
	000	000
Operating Grant	2,677	2,675
Total Revenue	2,870	2,890
Total Expenditure	2,827	2,694

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE

OUTPUT 1 – CODES OF PRACTICE

To issue and, as appropriate, review codes of practice.

Quantity	Achievement
Issue credit reporting privacy code and arrange implementation.	Code issued. Well received by interested groups.
Release proposed amendment to the Justice Sector Unique Identifier Code for formal consultation.	Unexpected delays in gathering essential facts. Work well advanced for notification in late 2005/early 2006.
Completion of work on a proposal for a Data Integration.	Requirement for code under review. Project will be re-evaluated in 2005/06.
Consider any other suggestion for a new code or an amendment to an existing code.	Requirements for codes kept under constant review. Review of Health Information Privacy Code initiated.

Quality	Achievement
All proposals for Codes of Practice will be the subject of discussion with stakeholders and a public submission process.	Consultation processes for Credit Reporting Privacy Code were thorough, and well received by those involved.
All issued codes are referred to the Regulations Review Committee of the House of Representatives.	Achieved.

Timeliness	Achievement
Credit Reporting Privacy Code to be issued by August 2004 and to commence in 2005.	Following submissions from industry, Credit Reporting Privacy Code issued in December 2004.
Proposed amendment to Justice Sector Unique Identifier Code to be released for formal public consultation not later than December 2004.	Complexity of task has meant that an amendment has not been notified. To be included in objectives for 2005/06 year. Work well advanced.
A decision on whether to release a proposed Data Integration Privacy Code for public consultation to be undertaken not later than February 2005.	Requirement for code under review. Deferred to 2005/06 year.

Validation

Hard copies of relevant codes and/or consultation documents.



OUTPUT 2 - LEGISLATION

To assess the privacy impact of proposed legislation and to contribute to the assessment of the privacy impact of other significant proposals.

Quantity	Achievement
Review of the Privacy Act (i) To assist Ministry of Justice in pursuing a finding from the European Union that New Zealand law offers an “adequate” standard of data protection.	Awaiting action by Ministry of Justice and Government.
(ii) To support Ministry of Justice work on the review of the Act.	Assistance provided to Ministry of Justice in its policy work in preparing for amendment of the Act.
To continue to provide first class practical advice to departments on privacy issues and fair information practices arising in proposed legislation and in administrative proposals. Where requests are made for substantial and urgent advice to seek departmental contributions to cost of employment of contractors.	Advice given to departments orally and in writing. Some contributions to costs requested or provided.
To complete reports to Minister on new bills when warranted, to meet the requirements of the Parliamentary process.	Limited resources meant that one report to the Minister of Justice was able to be submitted on a bill during the year.
To encourage completion of privacy impact reports on public and private sector projects having significance for individual privacy and to enhance the Office's capacity to monitor and assess the effects upon privacy from new technologies, including the e-government programme.	Achieved through the creation of a Technology Team, established by the middle of the year and fully operational by year's end.

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, whose response is considered before taking the matter further. The feedback is recorded.
Regular meetings held with stakeholder groups.	Liaison meetings held with key departments and agencies.

Timeliness	Achievement
Within the resources of the office, to give advice within a time span that will enable it to be useful to the recipient.	Pressure on resources, especially in first half of year has meant that many requests for advice have received brief responses.

Validation
Hard copies of reports.
Evidence that advice is sent within agreed timelines.

OUTPUT 3 – INFORMATION MATCHING

To monitor and report on information matching, and
To review statutory authorities for information matching

Quantity	Achievement
New information matching programmes (i) To consider and prepare reports and assist departments in relation to two new information matching programmes.	Eight newly active programmes. Twelve programmes addressed during 2004/05 as being in development or planned.
(ii) To examine and report to Parliament in accordance with section 13(1)(f) on proposed information matching programmes.	One draft report prepared.
To endeavour to monitor and report on 25 operating authorised information matching programmes.	28 operating programmes reported on in November 2004.
To publish two information matching bulletins.	Three information matching bulletins published.
To complete section 106 reviews in respect of a further 3 information matching programmes.	Resources required to evaluate new programmes meant that no section 106 reviews were done. Reviews will be considered in 2005/06.

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

Timeliness	Achievement
Section 106 reviews will be undertaken on no fewer than 3 matches before 30 June 2005.	Priority given to work on new matching programmes meant that section 106 review was started but not completed.
A report on all information matching programmes will be included in the Annual Report for the period ending 30 June 2005.	Thirty-six matches reported on, a major task for the Office.
All parties to authorised information matching programmes will receive an information matching bulletin at least twice per year.	Three information matching bulletins published.

Validation
Hard copies of information matching reports.
Hard copies of information matching bulletins.
Hard copies of section 106 reviews.



OUTPUT 4 – COMPLAINTS RESOLUTION AND COMPLIANCE

To handle complaints of interference with privacy, and

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

Quantity	Estimation	Range	Achievement
Number of complaints received	1,000	900 – 1,100	721
Commissioner initiated investigations and section 13 inquiries	5	3 – 8	0
Number of current complaints processed to completion, settled or discontinued	1,150	950 – 1,350	970
Complaints resolved, settled or discontinued pre-investigation	750	700 – 800	677
Complaints resolved, settled or discontinued following investigation	250	130 – 370	293
Complaints or appeals submitted to the Director of Proceedings	20	15 – 35	13
Hearings – the Privacy Commissioner is represented at those complainant initiated proceedings before the Human Rights Review Tribunal which meet internal standards for determining whether attendance is justified	25	15 - 35	7

Quality	Achievement
Handling of complaints will be to internal professional standards.	An independent external audit of the quality of complaints handling assessed 85% of complaints as being good or better, with 50% being assessed as very good or excellent.
Complainants' and respondents' satisfaction with the complaints handling process rated as "satisfactory" or better in 80% of responses to a survey of complaints received and closed in the preceding 12 months.	80% of respondents rated the complaints handling process satisfactory or better. 60% of complainants rated the process satisfactory or better.
90% of draft opinions will be acceptable to the Commissioner without amendment.	Initiatives to ensure opinions are brief and in plain English have improved quality. All draft opinions were acceptable to the Commissioner without amendment.
Representation at Human Rights Review Tribunal proceedings is by a lawyer or appropriately qualified staff member.	Need for selective appearances by OPC at HRRT is now reviewed against internal criteria.
When a case is concluded by the Human Rights Review Tribunal, 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.	Regular reports on cases are submitted to the Privacy Commissioner and Assistant Commissioner (Legal) and used to improve complaints handling procedures.
External review is sought of a sample of complaints investigations.	Achieved. Audit completed by external independent expert, with report submitted to the Privacy Commissioner.

Timeliness	Achievement
Provide a substantive reply in writing within 10 working days of receipt of initial correspondence on a complaint.	Mostly achieved. Means to measure this standard are under development.
50% of all new complaints are completed, settled or discontinued within 6 months of receipt.	Progress has been made towards achieving this standard. 40% of new complaints were completed within 6 months.
80% of all new complaints are completed, settled or discontinued within one year of receipt (for the year ending 2005).	Good progress is being made towards achieving this ambitious target. 48% of new complaints were completed within 12 months.
Direct contact enquiries are responded to within 8 working hours.	Exceeded. Direct contact enquiries are normally responded to well within 8 working hours.

Validation

CMS Reports.

Evidence of processing dates provided through CMS.

CONSULTATION WITH OMBUDSMEN

	Estimation	Range	Achievement
Provide advice under Official Information Act and Local Government Official Information and Meetings Act to Ombudsmen on references by them.	60	50 - 70	43

Quality	Achievement
The advice is provided by the Commissioner.	Achieved.
The advice provided is perused by the Ombudsmen and can be challenged by them.	Achieved.

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

Validation

Hard copies of consultations.



OUTPUT 5 – EDUCATION

To increase awareness and understanding of the Privacy Act.

The Office will pursue a range of educational initiatives to promote compliance with the Act.

Quantity	Achievement		
Develop capacity to monitor emerging issues and respond with appropriate publicly available information.	Appointment of Assistant Commissioner (Legal) and increased capacity in Technology Team. Regular internal team meetings identify emerging issues.		
Develop contacts with privacy interest groups, media and Privacy Officers to enhance understanding of the objectives of the Privacy Act.	Initiated establishment of Privacy Officers' network. Meetings held with a variety of interest groups.		
	Estimation	Range	Achievement
Education workshops	40	20 – 50	43
Presentations at conferences/seminars	6	4 - 10	26
Case notes published	20	10 - 30	14
The website is maintained	Monthly	10 – 15 pa	Monthly
Enquiries answered	6,000	5,000 - 7000	6,012

Quality	Achievement
Meetings held with or presentations made to at least three significant privacy interest groups.	Exceeded target. 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.	Website updated regularly. Review of website design and content completed and redevelopment of website commenced in June 2005.
Review to be undertaken of the usefulness, design and content of the website.	Website redevelopment project commenced in June 2005.
Evaluations show that the expectations of 90% of attendees at workshops were met or exceeded in terms of the quality of presentation, and workshop materials.	Exceeded target. Evaluations showed that the expectations of 99% of attendees at workshops were met or exceeded in terms of the quality of presentation, and workshop materials.
Handling of enquiries will be to internal professional standards as outlined in Appendix A.	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) appointed to review and maintain quality of enquiries functions.
Enquirers' satisfaction with the process rated as "good" or better in 90% of cases in a random survey.	Proved not possible to survey due to nature of enquiries and because enquirers do not have to provide full contact details.
Case notes will be accurate, clearly written and made available through the Privacy Commissioner's website and the Australasian Legal Information Institute.	Case notes are published on the website and made available through websites of overseas jurisdictions.

Timeliness	Achievement
Workshop timetable distributed 2 times per year.	Regular timetables produced covering six month periods.
Current information is placed on the website within a month of being made available.	Significant information is placed on the website on the day it is made available.
Enquiries in writing responded to within 10 working days.	Target normally exceeded. Generally, enquiries in writing responded to within 5 working days.
Telephone enquiries responded to within 8 working hours.	Generally, telephone enquiries are responded to within 4 working hours.
New case notes to be released at least 4 times per year.	Multiple case notes are released at intervals during the year.

Validation

- Records of attendees at workshops.
- Copies of conference presentations.
- Copies of case notes released.
- A date is displayed on the website confirming when it was last updated.
- CMS reports of enquiries received.



OUTPUT 6 – CHANGE MANAGEMENT

Continue change management processes and practices within the complaints function of the Office of the Privacy Commissioner.

Build capacity and support mechanisms in the office.

Complaints

Quantity	Achievement
Continuation of a case management approach to the management of complaints.	Case management system in place. Triage unit established to provide active, early case management and intervention.
Improve the experience of investigating officers to handle all enquiries and initial complaints.	Active training provided for Investigating Officers, identifying needs and skill based training opportunities Appointment of Assistant Commissioner (Legal) provides stronger legal support to investigating officers.
Contribute to simplify and clarify the complaints process, align staff competency to complaint complexity and delegate where appropriate.	Team structures reflect alignment of staff competencies, experience and complaint complexities.
Continue complaints improvement process.	Regular review and quality improvement processes established. Complaints Working Group established to review existing practices and identify opportunities for improvement.
Influence the external factors that drive performance.	Active programme to influence external drivers has included: enquiries team encourage self-resolution; new complaints form; Privacy Officers' network; training for agencies. Results seen in significant drop in written complaints.
Trial centralised entry point process.	Centralised entry point (Triage Team) trialled and successfully established.

Capacity building

Quantity	Achievement
Provide management and administrative support for the change process.	Assistant Commissioner (Legal) appointed. Changes to policies and practices implemented to support the change process, including new performance review and remuneration system.
Implement a revised staff performance management and remuneration system.	All position descriptions reviewed and as necessary rewritten to reflect the new performance management and remuneration systems as established.
Upgrade office equipment and accommodation, as resources allow.	Upgrade of Wellington office completed. New technology including servers, software and printing capabilities completed. Computer upgrade commenced and ongoing.

New Assistant Commissioner appointed.	Appointment made in September 2004.
Examine the strategic direction of the office and the resources required to meet the ongoing requirements over the next three to five years.	Strategic direction of the Office – consulted with staff Draft Business Plan and Statement of Intent commenced for completion in 2006 to meet the requirements of the Crown Entities Act 2004.

Complaints

Quality	Achievement
Actions to be supported by the business plan.	Achieved.

Capacity building

Quality	Achievement
Performance management and remuneration system implemented.	Implemented in August 2004.
Office equipment and accommodation meets acceptable standards and OSH requirements.	Independent reviews of equipment and accommodation undertaken and recommendations adopted.
Performance management and remuneration system implemented by December 2004.	Implemented in August 2004.
Appointment of an Assistant Commissioner by September 2004.	Appointment effective on 1 September 2004.

Timeliness

Timeliness	Achievement
Actions to continue to completion by 30 June 2005.	Achieved.

Validation

Reports of Complaints Working Group.
Training and Development budget, and training and development plans.
Position descriptions.
Hard copies of Performance Management System.
Hard copies of Remuneration System.
Hard copies of relevant reports and publications.



OUTPUT 7 – LONG-STANDING COMPLAINTS

To provide the capability to clear the backlog of long-standing complaints

Quantity	Achievement
Dedicated team continues to deal with complaints older than 12 months as at 31 May 2003 <i>(see note below).</i>	Experienced legal team of 3 continues with effective reduction of long standing complaints.
To complete action on those long standing complaints by 30 June 2005.	Completed action on 92% of those long standing complaints by 30 June 2005. A small number of 'resistant' complaints remain.

Quality

Quality	Achievement
Handling of complaints will be to the internal professional standards.	Quality processing of long standing complaints is achieved by using experienced staff and management monitoring.

Timeliness

Timeliness	Achievement
Complaints older than 12 months as at 31 May 2003 to have action completed by 30 June 2005.	Completed action on 92% of longstanding complaints by 30 June 2005.

Validation

CMS Reports.

Evidence of processing dates provided through CMS.

Note:

The new initiative funding provided in the 2003/04 budget for this output defined the long standing complaints as being those older than 12 months as at 31 May 2003. That definition remains as the measure for Output 7.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2005

	Note	Actual 2005 \$000	Budget 2005 \$000	Actual 2004 \$000
Crown revenue		2,675	2,677	2,501
Other revenue		148	145	67
Rental income		28	28	21
Interest income		39	20	21
Total operating revenue		2,890	2,870	2,610
Marketing		84	69	58
Audit Fees		15	14	10
Depreciation		53	48	20
Rental Expense		311	296	274
Operating Expenses		600	556	488
Staff Expenses		1,631	1,844	1,556
Total Expenses		2,694	2,827	2,406
Net surplus for the period	1	196	43	204

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 2005

	Note	Actual 2005 \$000	Budget 2005 \$000	Actual 2004 \$000
Public equity as at 1 July		216	65	12
<i>Adjusted opening Equity</i>				
Net surplus		196	43	204
Total recognised revenues and expenses for the period		196	43	204
Public equity as at 30 June	2	412	108	216

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2005

	Note	Actual 2005 \$000	Budget 2005 \$000	Actual 2004 \$000
PUBLIC EQUITY				
General funds	2	412	108	216
TOTAL PUBLIC EQUITY		412	108	216
Represented by:				
ASSETS				
Current assets				
Cash and bank		421	133	377
Receivables and prepayments	3	14	20	15
Inventory		13	35	21
Total current assets		448	188	413
Non-current assets				
Property Plant and Equipment	4	269	117	32
Total non-current assets		269	117	32
Total assets		717	305	445
LIABILITIES				
Current liabilities				
Payables	5	233	163	171
Employee entitlements	6	72	34	58
Total current liabilities		305	197	229
Total liabilities		305	197	229
NET ASSETS		412	108	216

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



STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005

	Note	Actual 2005 \$000	Budget 2005 \$000	Actual 2004 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Supply of outputs to the Crown		2,675	2,677	2,501
Revenues from services provided		176	172	86
Interest received		39	20	21
Cash was applied to:				
Payments to suppliers/employees		(2,600)	(2,779)	(2,373)
Net Goods and Services Tax		13	(1)	(47)
Net cash flows from operating activities	7	303	90	282
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Sales of property, plant and equipment		-	-	-
Cash was applied to:				
Purchase of property, plant and equipment		(259)	(137)	(19)
Net cash flows from investing activities		(259)	(137)	(19)
Net increase/(decrease) in cash held		44	(47)	263
Plus opening cash		377	180	114
Closing cash balance		421	133	377
Cash and bank		421	133	377
Closing cash balance		421	133	377

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

STATEMENT OF COMMITMENTS

AS AT 30 JUNE 2005

	2005 \$000	2004 \$000
Capital commitments approved and contracted		
Non-cancellable operating lease commitments, payable		
Not later than one year	208	208
Later than one year and not later than two years	485	208
Later than two years and not later than five years	5	485
Later than five years	-	5

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 2005

Quantifiable contingent liabilities are as follows:

	2005 \$000	2004 \$000
Total contingent liabilities	-	-



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

Note 1: Net Surplus for the Period

	2005 \$000	2004 \$000
The net surplus is after charging for:		
Fees paid to auditors		
External audit		
Current Year	13	10
Prior Year	2	-
Depreciation:		
Furniture & Fittings	30	-
Computer Equipment	10	15
Office Equipment	13	5
Total Depreciation for the year	53	20
Rental expense on operating leases	311	274

Note 2: Public equity

General funds

	2005 \$000	2004 \$000
Opening balance	216	12
Net surplus	196	204
Closing balance	412	216

Note 3: Receivables and prepayments

	2005 \$000	2004 \$000
Trade debtors	6	6
Prepayments	8	9
Total	14	15

Note 4: Property, plant and equipment

	Cost \$000	Accumulated depreciation \$000	Net book value \$000
2005			
Furniture and fittings	222	65	157
Computer equipment	382	346	36
Office equipment	258	182	76
TOTAL	862	593	269
2004			
Furniture and fittings	38	36	2
Computer equipment	349	335	14
Office equipment	186	170	16
Total	573	541	32

Note 5: Payables and accruals

	2005 \$000	2004 \$000
Trade creditors	72	29
Accrued expenses	161	142
Total payables and accruals	233	171

Note 6: Employee entitlements

	2004 \$000	2003 \$000
Annual leave	72	58
Long service leave	-	-
Retirement leave	-	-
Total	72	58
Current	72	58
Non-current	-	-



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

	2005 \$000	2004 \$000
Net surplus from operations	196	204
<i>Add (less) non-cash items:</i>		
Depreciation	53	20
Total non-cash items	53	20
<i>Add (less) movements in working capital items:</i>		
Increase in receivables	-	(1)
Decrease in inventory	8	22
Increase in payables	32	41
Increase in employee entitlements	14	4
Decrease in other provisions	-	(8)
Working capital movements - net	54	58
Net cash flow from operating activities	303	282

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 as well as being its 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 for transactions of this nature.

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 which 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 which potentially subject the company 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, New Zealand government stock, and accounts receivable.

The Privacy Commissioner places its investments with institutions that have a high credit rating. It also reduces its exposure to risk by limiting the amount that can be invested in any one institution. The Privacy Commissioner believes that these policies reduce the risk of any loss which 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 fair value of other financial instruments is equivalent to the carrying amount disclosed 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 2005 (2004 Nil). The Privacy Commissioner has no exposure to interest rate risk.

Note 10: Employees' remuneration

Total remuneration and benefits	Number of employees	
	2005 \$000	2004 \$000
100 - 110	1	
110 - 120		1
120 - 130	1	
190 - 200		1
200 - 210	1	

Note 11: 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.



Note 12: 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) will 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.

The Report of the Privacy Commissioner 2004/05

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