



# Annual Report of the Privacy Commissioner

For the year ended 30 June 2007

Presented to the House of Representatives

Pursuant to section 24 of the Privacy Act 1993



November 2007

**THE MINISTER OF JUSTICE**

I tender my report as Privacy Commissioner for the year ended 30 June 2007

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

Marie Shroff

Privacy Commissioner



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# 1: KEY POINTS

- Government information matching continues to expand. There are currently 76 authorised programmes. The 46 programmes that were operating during 2006/07 involved tens of millions of personal records.
- Over \$45 million was recovered through information matching programmes in 2006/07.
- While most information matching programmes operated satisfactorily, the Office has ongoing concerns at the margin about the operation of a small number of programmes. Those concerns centre on the quality of the matching process and its impact upon innocent individuals. *For more information see Section Five, p35.*
- The Office received 640 privacy complaints during 2006/07. About two-thirds of those complaints were about access to personal information or disclosure of personal information.
- Of the 701 complaints closed in 2006/07, 75% (524) were successfully settled without needing to proceed to a final opinion.
- The Office is achieving a faster turnaround on complaints, with the average 'age' of complaints dropping.
- The Office received over 6000 telephone and email enquiries during 2006/07. Topics of enquiry ranged widely, and included the use of driver's licence and passport identification details, fingerprint scanning, website privacy statements and insurance companies' rights to access medical records.
- The Office ran New Zealand's inaugural Privacy Awareness Week in late August 2007. Simultaneous events ran in Australia and Hong Kong, with the common theme 'Privacy Is Your Business'.
- Privacy breach notification guidelines were issued during Privacy Awareness Week. The voluntary guidelines are to help businesses and government organisations to take the right steps after a privacy breach, including notifying people if their personal information has been stolen, lost or mistakenly disclosed.
- Commenting on policy and legislative proposals and assessing possible privacy impacts is a major work stream for the Office. The Office successfully dealt with 228 legal and policy related projects during the year.
- The Law Commission began an extensive review of privacy in October 2006. The review is being conducted in four stages over several years. Part of the Law Commission's work programme for 2008 includes reviewing the Privacy Act 1993.



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## 2: INTRODUCTION

### Our data revolution

Respect for the handling of people's personal information is fast becoming a key measure for responsible business and government.

We are in the midst of a data revolution. We can send information globally with the tap of a key – and we do. There is no longer a time or cost barrier in copying data and distributing information widely. If we want to share, we can. We are data rich. Pressures of business efficiency mean that processing data is a competitive field, where there is an advantage to be gained by being cheaper, faster or more convenient. Outsourcing data processing to companies overseas is not only feasible, but for business reasons it may be preferable.

Individuals are increasingly aware of and want to control how their information is handled, against a background of a flood tide of information being collected or provided, procured and used. Current examples of the 'information world' include: Facebook; Bebo; Myspace; the Motor Vehicle Register; the register of births, deaths and marriages; professional hacking and information stealing; loss and exposure of information on a grand scale; border control – finger-print and retina scans.

There has been a phenomenal growth in both the number and range of data matching programmes being conducted by government. And yet I suspect few New Zealanders are aware of that escalation. Apart from the simple increase in the number of matches, and the range of agencies involved in matching work, there are matches that involve data being sent offshore. And businesses carry out data matches too. The size and scale of the private sector matching activity is unknown, because there is no monitoring of those programmes or record of their number. So data matching has gone global; and we have all become electronic citizens.

***...data matching has gone global; and we have all become electronic citizens.***

Transborder data flows raise real challenges to the reach of national laws. There is a growing awareness that domestic legislation is not enough. Simply put – we don't have much chance of enforcing the good information handling provisions in our Privacy Act in those instances where data is sent overseas by a New Zealand agency. We have had some complaints to our office involving cross-border issues and, in practice, there have been agreements reached between the disputing parties. But we would have far greater confidence if cross-border issues arose in a country with broadly similar protections such as Australia – with whom we have recently reached a memorandum of understanding covering the management of cross-border privacy complaints, possible joint investigations and cooperation on privacy issues.<sup>1</sup> However, the current situation does not leave us in a strong position legally, and is probably not sustainable.

<sup>1</sup> Memorandum of Understanding between the Office of the Australian Privacy Commissioner and the Office of the New Zealand Privacy Commissioner, <http://www.privacy.org.nz/library/memorandum-of-understanding>.

***One of the effects of a revolution in personal data is the growth in 'privacy pollution'.***

**Privacy pollution**

One of the effects of a revolution in personal data is the growth in 'privacy pollution'. Privacy pollution accumulates, is pervasive and hard to avoid. Privacy pollution has some similarity to air pollution: small blots of contamination build to form blankets of smog. In themselves, they are relatively minor – specks of soot or puffs of smoke – but in combination the effect can be overpowering. Like environmental contaminants, privacy breaches run from annoyances like direct marketing calls, across to serious and even criminal actions, like identity fraud.

***We leave traces of ourselves everywhere we go...***

The second key feature of privacy pollution is its pervasive nature. We are unwittingly captured each day on CCTV in the supermarket, at the petrol station, in the video shop, on the street and at the bank. We leave traces of ourselves everywhere we go, work, shop or live – travel, entertainment, hospital and GP, the internet, telephone and government records – to name but a few. Our transactions are recorded, stored and shared. Our behaviour is silently recorded on camera. We no longer simply buy products – we demonstrate 'purchasing patterns'. Twenty years ago, my supermarket did not know what brand of toothpaste I bought unless someone stood by the checkout. Now, all my prior purchases are available to them (and me) electronically.

A third characteristic of privacy pollution is that there is unlikely to be an immediate legal remedy. The Privacy Act may not provide much comfort when the activity is generalised, such as street surveillance, or is done in accordance with specific statutory authority, such as the universal ID cards issued to all citizens of some countries. Certainly there may be instances where people can remove themselves from a mailing list or opt not to provide additional personal details, or choose not to spend time in a CCTV area but, often, there will be little realistic alternative.

***These tiny but insidious measures combine together to shape our behaviour. We must strive to find some way not only of limiting the impact that this has on each of us, but also to find spaces in which we can be free.***



The overall effect is that these tiny but insidious measures combine together to shape our behaviour. Together, they contribute to a climate where private space, thoughts and choices are encroached upon and subtly eroded. We must strive to find some way not only of limiting the impact that this has on each of us, but also to find spaces in which we can be free.

American law professor and academic Walter Gellhorn recognised back in the 1950s, at the height of the Cold War, the temptation to disregard the freedom we already enjoy and to approach casually the risks of incursions. He said:<sup>2</sup>

The trouble is that small restrictions accumulate into large restrictions and, in the process, may become as habitual as, before, freedom was.

I note two general developments in relation to this. One is an international trend toward the use of citizen identity cards. Identity cards are being introduced in many countries throughout Europe. In China, there have been concerns raised about the extremely wide-ranging information stored on ID cards. One report, for instance, noted that data on the chip will include not only the citizen's name and address, but also work history, educational background, religion, ethnicity, police record, medical insurance status and landlord's phone number. Even personal reproductive history will be included for enforcement of China's controversial 'one child' policy. Plans are being studied to add credit histories, subway travel payments and small purchases charged to the card. Closer to home, Australia is introducing a health and social services access card.

A second initiative is the development of DNA databanks. In the United Kingdom, *The Times* newspaper reported recently that some British police forces are seeking increased powers to take DNA samples. The proposal includes police being able to take DNA samples from people for non-imprisonable offences, such as speeding and dropping litter. It is good to find that the Association of Chief Police Officers warned that allowing police to take DNA samples in those instances might be seen as demonstrating the "increasing criminalisation of the generally law-abiding public".<sup>3</sup> *The Times* also reported that already:

There are almost four million samples on the [DNA] database, including more than 100 of children aged under 10, even though they have not attained the age of criminal responsibility. A further 883,888 records of children aged between 10 and 17, and 46 records of people aged over 90, are held on the database, which costs more than £300 million.

The British Home Office consultation paper noted those asking for the change saw it as "a means of increasing officer confidence in knowing who they are dealing with and enabling them to deal more effectively with the incident at the scene".

British public and watchdog disquiet is growing. The Human Genetics Commission announced it will be conducting the first public inquiry into the DNA database. Speaking as chairperson of the Commission, Baroness Kennedy, QC, noted that the database has "a preponderance of young men, with a third of black males currently on it. And anyone on it is there for life".

<sup>2</sup> Walter Gellhorn *Individual Freedom and Governmental Restraints* (Baton Rouge, Louisiana State University Press, 1956) 39-40.

<sup>3</sup> Richard Ford, "Police want DNA from speeding drivers and litterbugs on database" *The Times*, 2 August, 2007 ([www.timesonline.co.uk/tol/news/uk/crime/article2183105.ece?print=yes&randnum...](http://www.timesonline.co.uk/tol/news/uk/crime/article2183105.ece?print=yes&randnum...)).

Both citizen ID cards and DNA databanks have provoked genuine and vigorous debate. How do we neutralise the invasive and concerning aspects of these projects without losing the claimed benefits? Individuals must be aware, make choices and retain control wherever they can. Where they cannot, privacy commissioners and governments have to watch, monitor and control.

***Individuals must be aware, make choices and retain control wherever they can. Where they cannot, privacy commissioners and governments have to watch, monitor and control.***

I do not profess to hold the answers to these complex issues. Both citizen awareness and watchdog activity will assist. But I am convinced that efforts must be made and that international cooperation is part of the solution. We must consider supra-national and cross-border initiatives.

#### **Privacy Awareness Week**

An indication of the wider efforts toward international cooperation between privacy agencies has been the development of an Asia-Pacific Privacy Awareness Week (PAW). The Awareness Week successfully met one of our key goals – to communicate and raise awareness about privacy and personal information issues and risks, and how these can be countered.

Early in 2007, the Privacy Commissioners of New Zealand, Australia and Hong Kong agreed to run a Privacy Awareness Week (PAW) simultaneously across the region in the last week of August 2007, with the multi-layered theme ‘Privacy Is Your Business’. PAW was a success for the Office, and I look forward to a repeat in 2008. PAW activities are outlined later in this report.

One of the key initiatives during Privacy Awareness Week was the announcement of voluntary guidelines to assist business and government organisations to take the right steps in the event of a privacy breach. The guidelines include notifying people if their personal information has been stolen, lost or mistakenly disclosed. ‘Breach notification’ is a new and mandatory requirement in many overseas jurisdictions and guidance will help organisations take measures to minimise the impact on customers and clients. The draft guidelines were well-received by business and media.

#### **Where to from here?**

Complaints to the Office are generally trending downward in number. I regard this as a positive development. As a consequence, relatively more resource may be able to be devoted to ‘growth’ areas such as technology monitoring and advice, government data matching and communications.

The Office is also currently involved in the Law Commission’s review of privacy. This major project has wide-ranging terms of reference and will continue through the next reporting period and beyond. Among other things, the Law Commission will be reviewing the Privacy Act. I look forward to assisting the Commission’s work as far as possible and will continue to follow the project with great interest.

Privacy is a notion that we associate with the individual but, evermore, I am becoming conscious that society too, has an interest in privacy. Legal academic Daniel Solove says:<sup>4</sup>

***“ Privacy, then, is not the trumpeting of the individual against society’s interests but the protection of the individual based on society’s own norms and practices.”***

*Daniel Solove*

When the quality of our personal – and public – space is diminished, we are all the poorer.

A handwritten signature in blue ink that reads "Marie Shroff". The signature is written in a cursive, flowing style.

Marie Shroff  
Privacy Commissioner

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<sup>4</sup> Daniel J Solove " 'I've got nothing to hide' and other misunderstandings of privacy" (2007) 44 San Diego Law Review, 15. Available at SSRN: <http://ssrn.com/abstract=998565>.

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# 3: OFFICE AND FUNCTIONS OF THE PRIVACY COMMISSIONER

## Independence and competing interests

The Privacy Commissioner has wide ranging functions. The Commissioner must have regard to the Privacy Act's 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 the better protection of individual privacy.

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

## Complaints

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

## Education and publicity

Part of the Privacy Commissioner's role involves promoting an understanding and acceptance of the information privacy principles. Enquiries officers answer questions from members of the public and maintain an 0800 number so that people can call without charge from anywhere in New Zealand.

The Privacy Commissioner's Office maintains a website ([www.privacy.org.nz](http://www.privacy.org.nz)) that contains many resources for the public, including case notes, fact sheets, newsletters, speeches and reports. Increasingly, enquirers are directed to the website for information to assist them.

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

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

## Legislation and policy

One of the Privacy 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 by 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 Commissioner include:

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

## Information matching programmes

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

## Codes of practice

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

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

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

## 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.

## Equal employment opportunities

The Privacy Commissioner has developed and implemented an Equal Employment Opportunities Policy in line with the advice and guidance provided to Crown Entities to meet their 'good employer' obligations. In the past year, the Commissioner's main areas of focus have been:

- reviewing personnel and operational policies to ensure they are fair and transparent, and provide support for managers and information for staff;
- providing a professional and positive working environment;
- recruitment and retention.

The Commissioner continues to place a strong emphasis on fostering a diverse workplace and inclusive culture.

## Staff

Staff are employed by the Privacy Commissioner in Auckland and Wellington offices.

The Assistant Commissioner (Policy) has responsibility for work on codes of practice, legislation, data matching and policy matters, and a small team which works on privacy issues associated with technology. The Assistant Commissioner (Legal) has responsibility for communications, education and enquiries functions, and contributes to complaints work. The Assistant Commissioner (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 services for both offices. Administrative support staff are employed in each office.

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



DESIGN

PEOPLE



# 4: REPORT ON ACTIVITIES

## International activities

New Zealand is especially dependent on effective international approaches to privacy because of the importance to our economy of exporting. Data flows are central to interactions in the global economy and we must meet the expectations of our trading partners for good handling of personal data. New and converging technologies in information and communications present many challenges to privacy. In this area New Zealand tends to be a 'taker' rather than a 'developer'. We therefore have an interest in good privacy practices being designed and built-in by others. On its own, New Zealand will have little influence on the practices of multi-national software developers, or on major internet search engine companies.

No country can hope to address privacy issues in isolation from the rest of the world. Information privacy issues cannot (and should not) be divorced from global technological, trade and economic issues. Indeed, New Zealand's Privacy Act is explicitly designed to promote and protect privacy within an international framework that was established by the Organisation for Economic Cooperation and Development (OECD) in 1980. The OECD approach recognised the benefits in protecting privacy in member countries in a consistent way while avoiding obstacles to transborder flows of personal information.

The Office of the Privacy Commissioner engages at several levels in international privacy work. The principal involvement is on-going work with overseas privacy commissioners. This year there have also been opportunities to contribute to *ad hoc* work because of the privacy standard-setting activities of several international organisations, such as APEC and OECD.

## Cooperative work with other privacy commissioners

The Office continued to take an active role in the annual International Conference of Privacy and Data Protection Commissioners. Our focus for several years has been to offer leadership to help make the conference a more effective forum in which to focus cooperative efforts.

At a regional level an important point of interaction is the twice-yearly meeting of the Asia Pacific Privacy Authorities (APPA) Forum which brings together the commissioners from New Zealand, Australia (state and federal), Hong Kong, Canada and Korea. Amongst other initiatives this year, the Office led an APPA working group focused on improving statistical practices within our offices.

## International organisations

A number of international organisations have been active in privacy during the year.

Asia-Pacific Economic Cooperation (APEC) continued its work to implement the APEC Privacy Framework that was adopted in 2005. With a large proportion of New Zealand's commerce involving the Asia-Pacific, regional norms for privacy protection needed to be established. The Office contributed to drafting that framework and further contributed this year through presentations to APEC implementation workshops. APEC's focus has moved from a domestic implementation to international implementation in cross-border enforcement and information sharing and the development of cross-border privacy rules. This work is on-going in the form of a 'Pathfinder' project.

The Organisation for Economic Co-operation and Development (OECD) has actively returned to the subject of privacy, on which it has built up considerable expertise over more than 25 years. During the 2006/07 year, the Office contributed to OECD work studying cross-border privacy enforcement issues and worked with a volunteer group, in developing an instrument to guide countries in addressing the issues. The outcome was the adoption in June 2007 of the OECD Recommendation on Cross-border Co-operation in the Enforcement of Laws Protecting Privacy. This is a significant document that seeks to fill a gap in global privacy frameworks by addressing the questions of how to effectively enforce privacy rights where, for instance, businesses are located in another country from a consumer. Such issues are becoming increasingly common with the growth in e-commerce.

In addition, the International Standards Organisation began a project to develop standards associated with some of the technology aspects of privacy. Our Technology Team contributed to that work.

### Other aspects

International issues can arise in a variety of the Office's regular work. Participation in consultations likely to lead to updating of our money-laundering laws is an example, as it follows the work of the OECD's Financial Action Task Force. Issues can arise in complaints and investigation work. For instance, the Office inquired, along with many other privacy commissioners internationally, into issues associated with the international financial clearinghouse system known as SWIFT. The Office continues to cooperate with the Ministry of Justice in working towards amending the Privacy Act to enable New Zealand to obtain a finding from the European Commission that our laws provide an "adequate standard of data protection" for processing European data. Such a finding would provide an advantage for New Zealand business trading with the EU.

### Information services

During the year, the Office further developed its provision of information to the public and to agencies. It:

- built on the previous year's redesign of the website by adding further guidance material;
- made certain popular publications available for free website download (the commentary text on the Health Information Privacy Code, and the book *On The Record*, both of which were previously only available at cost in hard-copy form);
- drafted and published, a brochure for health consumers and a brochure for business (both of which are also available on the website);
- planned for and delivered, its first Privacy Awareness Week.

### Enquiries

The Office received nearly 6,000 enquiries during the 2006/07 financial year. As usual, these were on a very wide range of subjects. Of particular interest, however, were enquiries about:

- people being asked to produce their driver's licences or passports for photo identification, where the driver's licence or passport numbers was subsequently recorded by the requesting agency;
- use of biometric technologies such as fingerprint scanning;
- privacy statements on websites or in agency policies (the Office is frequently asked for guidance about writing these statements);
- insurance companies' rights of access to medical records before agreeing to insure people, or to pay on claims.

While the Office cannot give legal advice on these – or other – topics, it provides as much general assistance as possible.

In the 2005/06 *Annual Report*, we stated that we had experienced an increase in the number of email enquiries. This pattern continued during the 2006/07 year. Emails at year's end totalled nearly 14 percent of our enquiries workload (compared to below seven percent in 2004/05). Email is a useful way of communicating with enquirers and evidently meets people's needs. However, it has provided the Office with some additional challenges. For example, email enquiries are more likely than telephone calls to result in repeated contact and involve a continuing question-and-answer process. They can therefore take more time to deal with.

The appointment in November 2006 of an additional permanent part-time enquiries officer to work alongside the existing full-time enquiries officer has helped to address these new challenges. Our additional enquiries resources have allowed us to meet the growing needs of enquirers in a timely and expert fashion. Greater availability of enquiries staff also enables us to use the expertise of the enquiries team when working towards other goals, such as production of brochures and enhancement of our website.

### **Training and education**

Demand for our training and education services has continued to be high. We provided training on 67 occasions, either through regular workshops or tailored presentations for particular organisations or groups.

Our complaints investigation staff provide most of the training, but we also refer requests for training to privacy academics or former staff members if we are unable to meet those needs ourselves.

Most of our training occurs within Wellington or Auckland because of greater staff availability and cost efficiency. However, we also delivered training during the reporting period in Christchurch, Blenheim, New Plymouth, Hamilton and Tauranga. We are considering how best to expand and focus our education programme, given our limited resources. Options include developing additional, different methods of delivery such as online or CD-based training packages. While these are costly to establish, they have obvious benefits and efficiencies, particularly where those audiences are geographically widespread.

### **Privacy Awareness Week (PAW)**

New Zealand participated for the first time in international Privacy Awareness Week. The theme this year was 'Privacy Is Your Business'.

PAW was jointly planned and organised by the communications network of the Asia Pacific Privacy Authorities group (APPA). Each country also carried out its own programme of activities aimed at raising public awareness about privacy issues.

A feature of the New Zealand PAW was the launch of privacy breach notification guidelines to assist agencies when personal information is disclosed.

Our main joint project for 2007 was a writing competition across all secondary schools in New Zealand, Australia, Hong Kong and Macau.

As well as the secondary schools competition, Privacy Awareness Week activities included:

- a half-day forum on technology and privacy (Wellington);
- a breakfast meeting in Auckland and a lunch meeting in Christchurch, both run through the Computer Society, to launch and discuss our breach notification guidelines;
- a cocktail function in Wellington with a focus on young people (including the presentation of a prize to our essay competition winner from Carmel College in Auckland, and a privacy skit by a group of students from Nelson College);
- a postcard containing 'top 10 tips for privacy';
- a poster, with a cartoon by Chris Slane;
- a series of quiz questions, particularly for use by privacy officers;
- two brochures (health and business);
- support for privacy officers' own functions during Privacy Awareness Week.

## Media

During the 2006/07 year the Office continued to receive many enquiries from print, radio and other media about news stories and events with a privacy angle. Technology and its potential impact on privacy was a common thread. On average we receive close to 150 media enquiries a year (137 in 2006/07). Our approach is to work with media to provide background information or specific comment for the story with a view to raising understanding about the wide range of privacy issues that arise.

The inaugural Privacy Awareness Week in late August 2007 occurred outside the reporting period, but activities associated with that generated significant media interest.

## Other outreach

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

## Complaints and access reviews

The Office received 640 complaints in 2006/07, almost the same as the previous year's 636. This represents a continuing lower workload than in former years, allowing us to improve our work-in-progress totals. At the end of the reporting period, only 394 complaints remained open and active.

Anecdotally, we suspect that, partly as a result of our education for agencies, a far greater number of complaints are now being resolved directly with agencies. Additionally it would appear that many agencies have improved practices in dealing with access requests and information-handling in general. While we turn very few complaints away, our 0800 telephone service continues to have a positive impact of directing complainants to agencies in appropriate cases where, on the facts, a resolution seems likely. At this early enquiry stage, potential complainants are also receiving useful advice as to whether or not their particular circumstances fit within the privacy jurisdiction. This helps to avoid the registration of complaints that are not privacy issues.

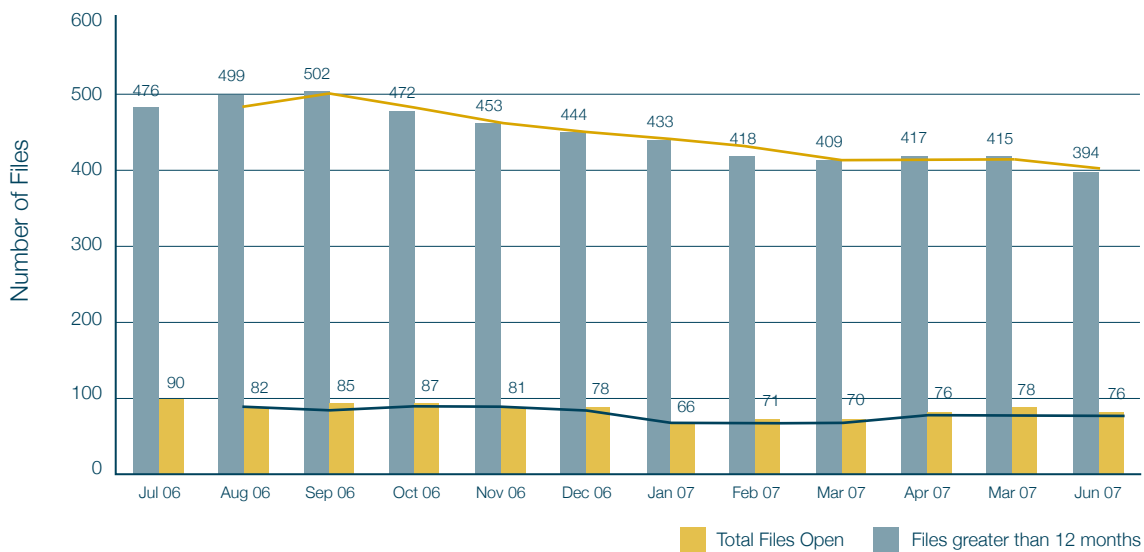
**TABLE 1: COMPLAINTS RECEIVED AND CLOSED**

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Complaints received	881	1044	928	934	721	636	640
Complaints closed	806	1049	915	1168	970	752	701

### Age of complaints

Our efforts to reduce the age of complaints lodged with the Office have continued to be successful. Figure 1 shows that there has been a steady reduction of older complaints, with only 76 files of the total open files being over 12 months old. In addition to a reduction in the age of complaints, we have also reduced the quantity of work in progress. At the end of July 2006, we had 476 files open and active. At the end of July 2007, we had 394. The reduced volume of complaints in progress has enabled the complaints team to deal more efficiently with current work. Figure 2 shows the percentage of files over 12 months as against total current files.

*Figure 1: Total files and files over 12 months old*



*Figure 2: Percentage of files over 12 months old*

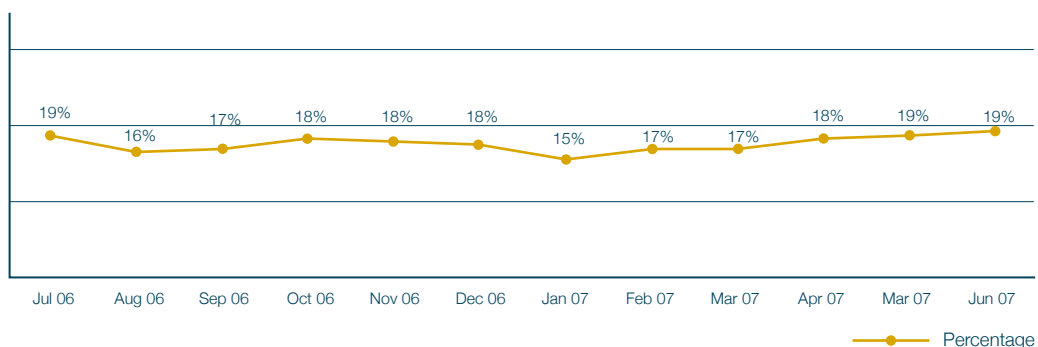


Table 2 shows the age of complaints closed in 2006/07 (previous yearly figures in brackets). Our goal is to reduce the proportion of complaints taking more than 12 months to close to 10 percent or less of our total work in progress. For many reasons, however, it will not be possible to close every complaint this quickly.

**TABLE 2: AGE OF COMPLAINTS CLOSED 2006/07**

Age of complaint	Number closed	Percentage closed
6 months or less	339 (295)	48%
6 months to 9 months	145 (120)	21%
9 months to 1 year	80 (85)	11%
> 1 year	137 (252)	20%
<b>TOTAL</b>	<b>701</b>	<b>100%</b>

Numbers have been rounded in the percentage column. (Previous year in brackets)

In 2006/07, 80 percent of complaints were disposed of within 12 months. That compares with around 60 percent of complaints in previous years.

### New complaints

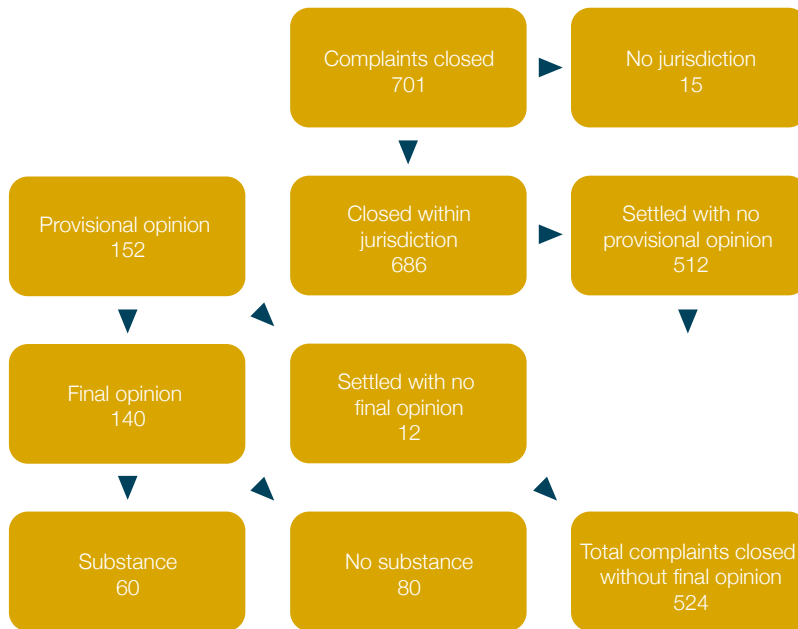
Our current strategy of dealing with complaints in the early stages continued to have a positive influence on our work during the reporting period. The Assessment and Conciliation Team handled all incoming complaints and attempted to move them quickly to a point where they were resolved, closed or identified as needing more in-depth investigation.

Complaints not disposed of by the Assessment and Conciliation Team were assigned to investigating officers for further action as required. While some of these files do require more investigation, many are at a stage where all that remains is to analyse the facts in the context of the applicable law.

Settlement of complaints continued to be a dominant focus of the complaints team. Settlement involved a range of outcomes from a release of previously withheld information through to significant cash settlement.

Figure 3 illustrates the outcome of the closed files for the year. In 2005/06, 66 percent were closed without the need to form a legal opinion on the issue. In 2006/07 that figure rose to 75 percent. These closures include a range of outcomes, from the Commissioner deciding to take no further action through to the complainant being satisfied with our involvement or agreement to a voluntary settlement.

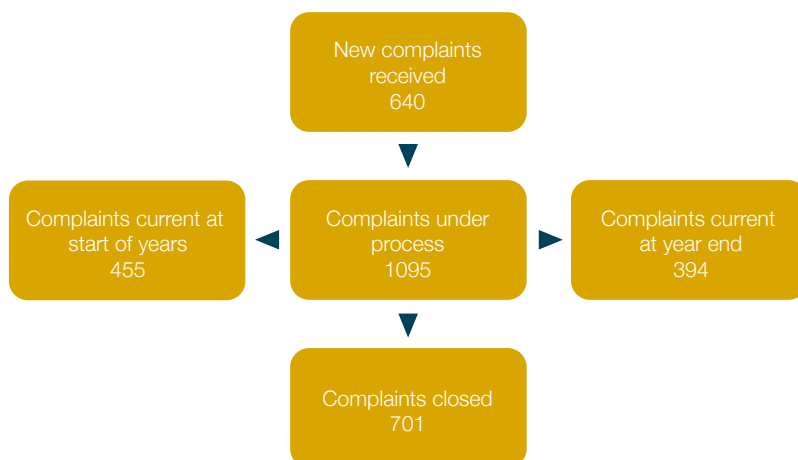
Figure 3: Closed complaints breakdown 2006/07



Significantly fewer provisional and final opinions were delivered during the reporting period than in the previous year, although we found substance in the same number of cases. Establishing that a case has substance means finding that there has been an interference with an individual’s privacy. This involves there being a breach and some resultant harm (although in access cases harm is not a requisite element to establish an interference).

Figure 4 shows the numbers of complaints received, processed and closed, and those that remained open at the end of the year.

Figure 4: Complaints processing 2006/07



## Complaints analysis

**TABLE 3:** ALLEGED BREACHES 2006/07

Alleged breach	Total	Percentage
Information Privacy Principle (IPP) 1 – Purpose	8	1.23
IPP2 – Source	33	5.05
IPP3 – Collection	17	2.60
IPP4 – Manner	15	2.30
IPP5 – Storage	17	2.60
IPP6 – Access	245	37.50
IPP7 – Correction	46	7.04
IPP8 – Accuracy	13	1.99
IPP9 – Retention	2	0.31
IPP10 – Use	10	1.53
IPP11 – Disclosure	165	25.27
Section 35 – Charges	4	0.61
Health Information Privacy Code (HIPC) Rule 1	2	0.31
HIPC Rule 2 – Source	2	0.31
HIPC Rule 3 – Collection	1	0.15
HIPC Rule 4 – Manner	1	0.15
HIPC Rule 5 – Storage	5	0.77
HIPC Rule 6 – Access	26	3.98
HIPC Rule 7 – Correction	8	1.23
HIPC Rule 8 – Accuracy	5	0.77
HIPC Rule 9 – Retention	0	0.00
HIPC Rule 10 – Use	0	0.00
HIPC Rule 11 – Disclosure	9	1.38
HIPC Rule 12 – Unique Identifiers	0	0.00
Health Act Section 22F	1	0.15
Clause 6 – Charges	1	0.15
Credit Reporting Privacy Code (CRPC) Rule 5	0	0.00
CRPC 7	3	0.45
CRPC 8	3	0.45
CRPC 11	11	1.68
<b>Total</b>	<b>653</b>	

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

There is quite a significant correlation between the alleged breaches in 2005/06 and those of 2006/07. Access reviews (40 percent) continued to occupy a significant part of our workload. Again, the complaints encompassed agencies where there was a genuine reason to withhold information, those where the agency had failed to respond to an access request and those that plainly got the withholding grounds wrong. Disclosure of personal or health information (27 percent) continued to be our second major work stream in the complaints area.



Complaints about the private sector (47 percent) and the public sector (50 percent) were more or less even.

### Top respondent agencies

**TABLE 4:** TOP RESPONDENTS 2006/07

Agency	Number of complaints received
Ministry of Social Development	48 (last year 35)
Immigration	41 (21)
NZ Police	40 (41)
ACC	33 (29)
Department of Corrections	20 (19)
Baycorp Advantage	20 (17)

In previous years, we reported the top 10 respondent agencies that contributed to our incoming complaint workload. For 2006/07 we are only reporting those agencies that made double figures. These six agencies were included in the previous year's top 10 reporting, and in the current reporting period were responsible for slightly less than a third of our incoming complaints.

The Ministry of Social Development tops the 2006/07 list because statistics for Child Youth and Family Services were included in the Ministry's responsibilities.

Almost all of these agencies had a slight increase in complaints. The exception was Immigration, which experienced a significant increase on the previous year's figures.

In last year's report we pointed out that these figures merely reported the number of complaints made to this Office and were not relevant to the number of complaints disposed of within the business year. For 2006/07 we are indicating, for the first time, the *outcomes* of closed complaints for the top agencies. In future we aim to report on overall outcomes for the top agencies, along with overall outcomes for all closed complaints.

The outcomes are set out in Table 5 below. As an example, Police had 54 complaints finalised within the year under report. Of the complaints closed, 11 were found to have no foundation and a further five were closed because it was deemed unnecessary or inappropriate for the Office to continue to investigate. This group of complaints included those where there was no discernable privacy issue, the matter had been substantially resolved in another forum, too much time had elapsed since the matter occurred, or there was another forum more suitable to the facts of the complaint. A further 22 complaints were closed because the complainant failed to pursue the matter within a reasonable time frame. Six complaints were withdrawn by the complainant or settled – often complaints are withdrawn after intervention by this Office brings about the result desired by the complainant. Of the total number of complaints investigated, six resulted in a finding that there had been an interference with the privacy of an individual.

This group of respondent agencies also accounted for nearly a third of our closed complaints for the year.

**TABLE 5:** CLOSURE OUTCOMES FOR TOP AGENCIES 2006/07

Agency	No foundation to complaint	Further investigation inappropriate or unnecessary	Complaint withdrawn or settled	Complainant failed to pursue complaint	Interference with privacy of an individual	Total closed
NZ Police	11	5	10	22	6	54
Social Development	12	6	8	18	4	48
ACC	5	7	7	14	4	37
Immigration	7	3	12	9	2	33
Corrections	3	2	4	12	2	23
Baycorp	–	–	5	15	1	21

### Agency types

Table 6 examines the breakdown of complaints against various agency groups. Complaints against the broad government sector declined in numbers compared with the previous year, though as a percentage value, the change was negligible. Complaints against the other two named sectors increased, particularly those in the finance sector. The complaints from all other sectors rose in total numbers and as a percentage of overall complaints. In 2005/06 the first three broad sectors represented 59 percent of our workload; in 2006/07 they represented 63 percent. All other sectors were slightly down at 37 percent.

**TABLE 6:** AGENCY TYPE 2006/07

Agency type	Total	Percentage
Government sector, including education and local authorities	256	40
Health sector, including hospitals and medical practices	78	12
Financial sector, including banking, insurance, credit agencies and debt collectors	69	11
Other	237	37
<b>Total</b>	<b>640</b>	<b>100</b>

## Human Rights Review Tribunal

The Human Rights Review Tribunal is the specialist tribunal that hears proceedings under the Privacy Act, the Human Rights Act and Health and Disability Commissioner Act.

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

- the Privacy Commissioner finds that an interference with privacy occurs. At that point, she has a discretion to refer the matter to the Director of Human Rights Proceedings. The Director makes an independent decision about whether to take proceedings, as the plaintiff;
- alternatively, the complainant can decide to take the case to the Tribunal on his or her own account. This can occur (a) if the Commissioner decides that there has been no interference with privacy; (b) the Commissioner decides that there *has* been an interference with privacy but she decides not to refer it to the Director; or (c) the Commissioner has referred an interference with privacy to the Director, but the Director decides not to take proceedings.

The Tribunal can only hear proceedings where the Commissioner has first investigated the matter. This is because the Privacy Act encourages alternative dispute resolution, and this is provided by the Commissioner’s investigations and procedures.

The number of cases referred to the Director for consideration continued to be reasonably high in 2006/07. We referred 15 cases to the Director, and of these he settled four, filed proceedings in one, and decided not to take proceedings in two. The remaining eight are still under consideration.

In addition, the Director settled several cases that were referred to him earlier, and filed proceedings in others.

Relatively few substantial privacy cases were heard by the Tribunal during the year, although, again, a large number of additional claims were filed by one persistent litigant. The Tribunal issued 14 privacy decisions during 2006/07. The Tribunal reached a substantially different conclusion from the Commissioner’s investigation in only one decision, *EFG v Commissioner of Police*, a complaint dating back several years. In that case, the Tribunal found an interference with EFG’s privacy in relation to privacy principle 8.

One High Court appeal against a Tribunal decision was issued during the reporting period.

**TABLE 7:** REFERRALS, TRIBUNAL CASES AND OUTCOMES 2002-07

	2002/03	2003/04	2004/05	2005/06	2006/07
Referrals to DHRP	3	0	13	12	15
New proceedings	23	19	9	17	22
Settled/withdrawn	7	6	4	6	4
Costs decisions*	–	–	–	–	5
Struck out	1	7	2	16	2
No interference	7	7	2	5	4
Interference found	3	2	3	5	3

\* The number of costs decisions was not recorded until 2006/07.

## 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. Section 54 can be useful when some disclosure ought to be made in the public interest but there is a duty under the Act not to disclose and the agency has not formulated a clear policy enabling disclosure. It can also act as a ‘safety valve’ to address rare and unexpected problems.

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

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

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

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

Four applications were received during 2006/07; there were no authorisations granted during that time. Two applications from the previous reporting period were carried over and concluded.

One of the applications involved a government agency that wished to update the administrative data it held about prison inmates. Further discussion with the agencies involved enabled this proposal to be worked through satisfactorily without a section 54 authorisation being necessary. In two other instances, the applicants were able to share the information they wished in a way that was also consistent with the privacy principles.

## Legislation and policy

The Office of the Privacy Commissioner successfully dealt with 228 legal and policy related projects during the year. The vast majority of these related to external policy and legislative developments.

For the first time, the Office gathered breakdown statistics on this significant use of resources. These are broad-brush statistics, recording the overall number of subject matters engaged with over the year. They reflect both projects generated by the Privacy Commissioner and those of others, largely from the public sector. The statistics do not record specific and detailed individual activities, such as documents, letters and emails sent or meetings held. But for each project captured in the statistics, numerous individual detailed activities were carried out.

Following subsections provide a breakdown by project type, along with examples of the actual work involved in each category.

### Health information

A position of Policy Adviser (Health) was created within the Office with funding from the Ministry of Health and became operational in June 2006. The establishment of this position recognises the importance New Zealanders place on fair handling of their personal health information. It is an area of particular interest to the Privacy Commissioner, given the number of developing national initiatives involving the gathering and use of electronic health information.

Having a single point of contact for health-related legal and policy issues has provided increased opportunities for communication and education in the health sector, including, for example, the Privacy Commissioner's regular column in *New Zealand Doctor* journal.

### Policy work

Substantial resources were dedicated during the year to working with public and private sector agencies on a total of 72 papers on policy under development to ensure, where possible, minimal adverse privacy impacts. A clear majority of the consultation was with public sector agencies. Our work included responses on policies, practices, guidelines, discussion documents, option papers, draft briefings, draft Cabinet papers and reports.

It is appropriate that the Office invested substantial resources in these 70-plus projects over the year because our input on privacy issues at this early, more flexible, stage of policy development achieves the best uptake. Our aim is to assist agencies to achieve their policy goals through a privacy-respectful route, if possible.

At the other end of the public sector policy and legislative development process, this 'early stage' success is reflected in the significantly reduced number of reports to the Minister of Justice and submissions to and appearances before select committees on legal and policy matters. Only one was made during the 2006/07 period. Put simply, such reports and submissions were not required.

The Office also engaged in 51 more generally focused legal and policy tasks. This work included research projects, liaison with colleagues in overseas privacy organisations, briefings on specific

privacy issues for the Privacy Commissioner and the development of educative material.

These policy projects covered the gamut of subject areas. A snapshot includes:

- exploring the role of agency privacy officers;
- recommending that the Newborn Metabolic Screening Programme (also known as the ‘Guthrie Card’ scheme) be regulated by legislation, given that it is now a database of the DNA of nearly two million New Zealanders;
- researching the use of sector reference groups in the health sector and the background to the National Health Index;
- researching the use of security breach notifications in other jurisdictions;
- addressing the privacy impacts of numerous criminal justice and counter terrorism initiatives over the year relating to, for example, countering money laundering, entry search and seizure activities, aviation security and private investigators;
- significantly expanding the chapter ‘Privacy and the fair handling of personal information’ in the *Legislation Advisory Committee Guidelines on Process and Content of Legislation*;
- engaging with agencies on privacy issues relating to public access to registers of government information such as the Birth, Death and Marriage Registers and the Motor Vehicle Register, and assisting with the Law Commission’s ongoing work in this area;
- close liaison with the Ministry of Justice over the Ministry’s continuing review of the Privacy Act;
- considering ‘best practice’ mechanisms for regulating public sector information sharing; and
- commenting on the proposed regulation of the teaching profession.

## Legislation

Public sector agencies consult this Office about the possible privacy impacts of draft legislation (including bills, regulations, supplementary order papers, rules, and reviews of existing legislation). Over the past year this resulted in our working with agencies on 32 such legislative vehicles.

However, given that not all privacy impacts are identified by those promoting legislation, and that some bills do not have government origins, resources were also allocated to scan all bills introduced into the House of Representatives. As a result, we assessed a further 68 bills during 2006/07 for privacy issues.

As with our policy work, legislation covered a wide range of matters. A snapshot includes:

- bringing the privacy impacts of immigration legislation to the attention of the responsible agency over the course of the legislative review and development of the Immigration Bill;
- submitting to select committees on privacy issues contained in:
  - the Births, Deaths, Marriages and Relationships Registers Bill, including broader privacy concerns relating to public registers; and
  - the Human Tissue (Organ Donation) Bill;
- engaging with health officials over a wide range of public health legislation developed or reviewed over the past year;
- commenting on privacy concerns arising as part of the review of police legislation.

## Codes of practice

### Amendment No. 6 to the Health Information Privacy Code 1994

The primary code of practice activity in 2006/07 was work on the Health Information Privacy Code. In 2005 the Commissioner expressed her intention to issue an amendment to this code, and discussions with stakeholders began. This culminated in a proposed amendment being released for public consultation in April 2007. (The code was approved in its final form in September 2007, after the end of the reporting year.)

## Functions under other enactments

A number of 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 safeguard or 'watchdog' role. Parliament has sometimes required a public agency to consult the Privacy Commissioner when implementing a new statutory scheme in order to allay public concern or avoid privacy 'teething' problems. Some statutes confer on the Commissioner a review role or complaints function. This is more cost-effective than creating a new review or complaints body, especially when disputes are expected to arise only rarely.

These extra functions tend to be of six types:

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

Attention was focused during the reporting period on agency arrangements for the sharing of personal information. To a large extent these involved the cross-border movement of New Zealander's personal data, for example, in relation to the activities of immigration, customs and transport agencies.

There was also increased consultation in 2006/07 over proposals to share personal data between domestic agencies. The Privacy Commissioner has actively encouraged agencies to include material about information sharing activities in their annual reports, to promote accountability and transparency of information handling.

Two key areas of activity were:

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

### Consultation on trans-border data flows containing personal information

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

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

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

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

### **Consultations with the Ombudsmen**

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

The decision about whether the agency should release the information is ultimately one for the Ombudsmen to make, since the jurisdiction under the legislation is theirs. However, as the specialists in the privacy arena, the Ombudsmen seek the Privacy Commissioner's views on whether it is necessary to withhold information to protect privacy and, if so, whether the public interest is strong enough in the circumstances to outweigh 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, our Office engages in more detailed discussion to ensure that all angles are properly canvassed.

During the year, we completed 25 consultations with the Ombudsmen.







# 5: INFORMATION MATCHING

## Information matching and privacy – an introduction

Continued oversight of this increasingly complex environment is important to safeguard individuals and maintain transparency and trust in government.

Information matching generally involves the comparison of one set of data with another, with the aim of finding records in both sets that belong to the same person. In some matches, it is the absence of a person in one set of records that is of interest.

Matching is commonly used to detect fraud in public assistance programmes, or to trace people wanted by the State. For instance, information matching is a key mechanism used to deliver the Government's new Collection of Fines at Airports programme.

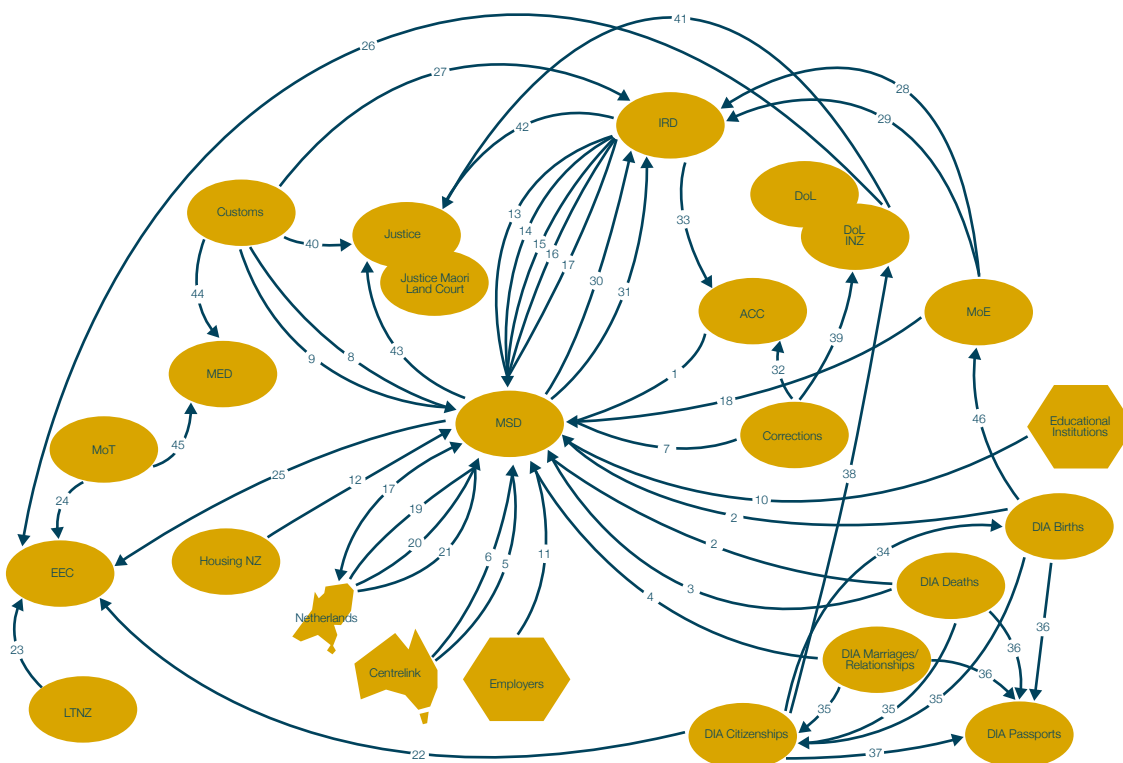
Less frequently, the technique is used to identify people who have not claimed an entitlement.

In general, information matching is governed by the rules in Schedule 4, and the controls in Part 10 of the Privacy Act 1993.

Section 105 of the Privacy Act requires an annual report on each authorised programme carried out in that year.

Figure 5 shows the flow of information between agencies involved in information matching. Details of each match (by number) can be found in the programme-by-programme reports of this *Annual Report* (see below)

Figure 5: Active authorised information matching programmes 2006/07



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 wrong-doing;
- 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 government databases;
- undermining trust by dispersing information obtained by one agency in confidence.

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

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

### Operational controls and safeguards

Figure 6 illustrates the processes involved in typical authorised information matching programmes, and some of the safeguards applied to ensure fairness and data quality.

The process starts with two databases, one at the source agency and the other at the user agency (though in more complex programmes there may be more databases or agencies involved). Records, typically only those relating to people who have been involved in a recent transaction or activity, such as leaving the country, are selected from the source agency database. Certain information is extracted from the records selected. For example, the agency may have 20 items of data relating to individuals who have left the country, but only five of these may be needed.<sup>1</sup>

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

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

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

2 The use of online computer connections is prohibited without the express approval of the Commissioner. Matching must be carried out ‘offline’ and not be used to update live data on an agency’s database – rule 3.

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

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

If the resultant checked hits are to be used as a basis for taking action against individuals, the information must not be allowed to become out-of-date, because this may be prejudicial to the individuals concerned.<sup>7</sup> Unverified information derived from matching must not be added to administrative files.<sup>8</sup>

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

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

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4 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.

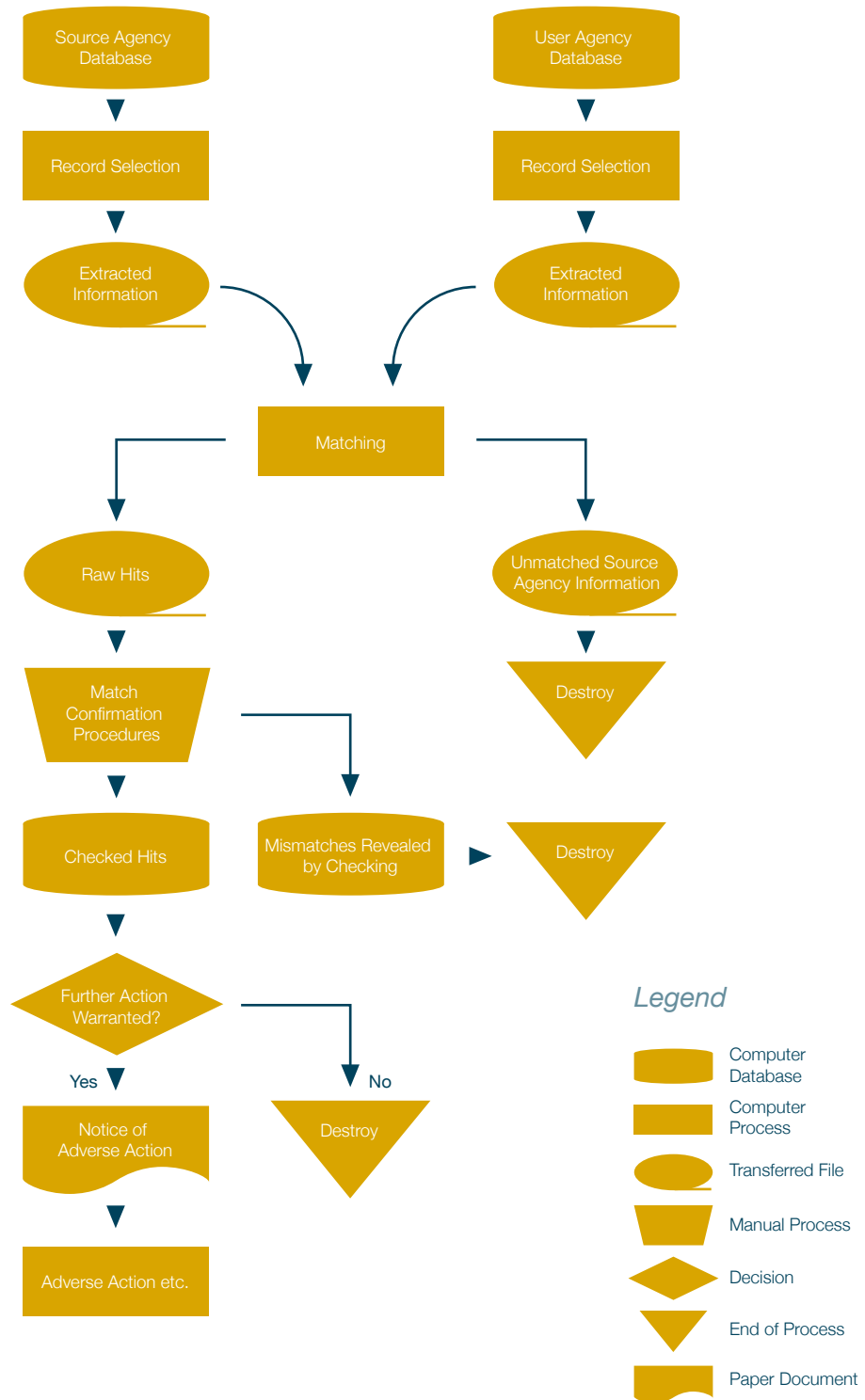
5 Where the matching does not reveal a discrepancy, rule 6 requires the relevant information to be destroyed.

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

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

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

Figure 6: Typical information matching process



## The year in information matching

Information matching continues to be a growth area, with six newly active matches during 2006/07. Parliament enacted three new information matching provisions, one amendment to an existing provision and a repeal of two provisions.

### Outreach

Three workshops were held during the year to assist staff from government agencies involved in developing information matching programmes. The positive feedback received demonstrated that the workshops were informative and beneficial.

Members of the Information Matching Interest Group (IMIG) attended the launch of the Information Matching Shared Workspace in May. The shared workspace uses the State Services Commission (SSC) facility for government agencies. The workspace was developed to provide a channel for government agency staff involved in the information matching arena to access resources and network with their peers.

### Audit approach

During 2006/07, the Office's Technology Team explored audit approaches as a way to improve information matching monitoring. The goal was to implement an audit-style reporting framework that would enable agencies to provide high-quality reporting on selected matches based on the audit approach.

Following analysis of audit approaches adopted by other jurisdictions, an updated audit pack was published earlier this year. The two agencies that reported on eight matches using the audit approach in 2005/06 has grown in 2006/07 to involve three agencies – the Department of Internal Affairs (DIA), Inland Revenue (IRD) and the Ministry of Social Development (MSD) International Services – reporting on 16 matches. Another assessment of the audit approach will be completed after the annual report process.

Audit requirements also features in the conditions imposed on online transfer approvals.

### New and repealed authorisations

Three new information matching authorisations were passed by Parliament during the reporting period. Enactment of section 62A of the Student Loan Scheme Act 1992 and section 280H of the Customs and Excise Act 1996 allowed IRD to match borrower information with airport arrival and departure information for administration of the student loan scheme and its interest-free conditions. The Commissioner reported to the Minister of Justice about these authorisations during the passage of the legislation through Parliament.

The other new authorisation involved amending the Births, Deaths, Marriages Registration Act 1995 to allow the Registrar to disclose information to enable the Ministry of Social Development (MSD) to verify eligibility for the newly announced Super Gold Card, the availability of which is based principally on a person's age and residence.

Two information matching provisions were repealed during the year. Legislation enabling the two Ministry of Education (MoE)/IRD Student Loan Interest Write-off Matches was repealed by the Student Loan Scheme Amendment Bill (No 2). The new student loan interest-free policy introduced in the same Bill removed the need for these matches to operate.

### Online transfer approvals

The Privacy Act prohibits departments from conducting online matching, partly because of concerns about the ability to control information and check it before it is dispersed and acted on within an administrative system. However, online matching may be approved by the Commissioner on a case-by-case basis, subject to conditions designed to ensure appropriate safeguards. The Office has usually granted first-time approvals for 12 months. Based on evidence of safe operation in that first period, and assurance by a satisfactory audit report, subsequent approvals are typically issued for a three-year term.

The Commissioner granted 16 requests for online transfers (13 new approvals and 3 variations) during the 2006/07 year. As at 30 June 2007, 22 matches used online transfers. This represented almost half of all operating programmes.

**TABLE 8:** SHORT-TERM ONLINE APPROVALS 2006/07

Short match name Approval date Match number	Reason	Grounds
<b>Department of Internal Affairs (DIA)</b>		
Citizenship by birth processing 28-Mar Match no. 34	Efficiency Technology enabled Security	Efficient use of technology Enhanced search facility Enhanced security
<b>Inland Revenue (IRD)</b>		
Student loan interest 29-Mar Match no. 27	Efficiency Security Technology enabled	Efficient use of technology Enhanced security Near real-time alerts
<b>Ministry of Justice (Justice)</b>		
Fines defaulters alerts 30-Aug Match no. 40	Efficiency Security Technology enabled	Efficient use of technology Enhanced security Near real-time alerts
Fines defaulters tracing 30-Aug Match no. 41	Efficiency Security	Timely delivery of data Enhanced security
<b>Ministry of Economic Development (MED)</b>		
Motor vehicle traders sellers 20-Dec Match no. 45	Efficiency Security	Timely delivery of data Enhanced security
<b>Ministry of Social Development (MSD)</b>		
Benefit eligibility 25-Jul Match no. 12	Efficiency Security	Timely delivery of data Enhanced security
Results of study 3-Oct Match no. 18	Efficiency Security Technology enabled	Timely delivery of data Enhanced security Efficient use of technology
Periods of residence 20-Dec Match no. 9	Efficiency Technology enabled Security	Efficient use of technology Enhanced search facility Enhanced security

**TABLE 9:** LONGER-TERM ONLINE APPROVALS 2006/07

Match details		
Approval date		
Match number	Reason	Grounds
<b>DIA</b>		
Passport eligibility 20-Dec Match no. 36	Continued efficiency	Satisfactory audit result
Passport eligibility 20-Dec Match no. 37	Continued efficiency	Satisfactory audit result
<b>MSD</b>		
Commencement/Cessation benefits students 13-Oct Match no. 14	Continued efficiency	Satisfactory audit result
Benefit eligibility 21-Nov Match no. 1	Continued efficiency	Satisfactory audit result
Loans and Allowances (Verification of study) 1-Jun Match no. 10	Continued efficiency	Satisfactory audit result

### Growth in authorised and operating programmes

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

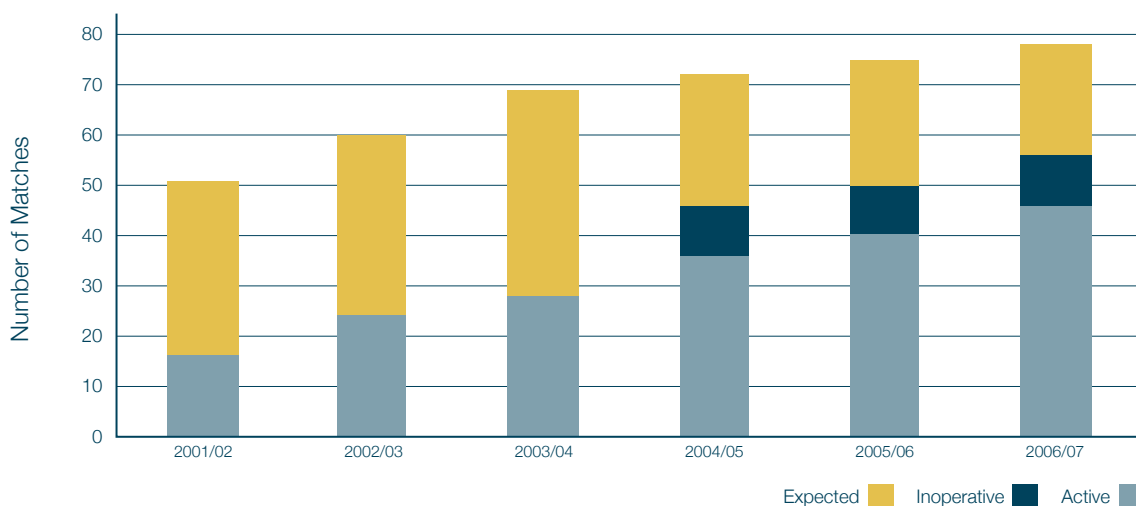
The two newly authorised matching programmes were:

- Customs/IRD Student Loan Interest Match;
- BDM/MSD Super Gold Card Match.

The six newly active matches were:

- HNZ/MSD Benefit Eligibility Match (September 2006);
- Customs/Justice Fines Defaulters Alerts Match (September 2006);
- INZ/Justice Fines Defaulters Tracing Match (September 2006);
- MoE/MSD Results of Study Match (October 2006);
- Customs/IRD Student Loan Interest Match (March 2007);
- BDM/MSD Interim Identity Verification Match (April 2007).

Figure 7: Authorised, Operating and Inoperative Information Matching Programmes 2001-2007



### Changing profile of active programmes

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

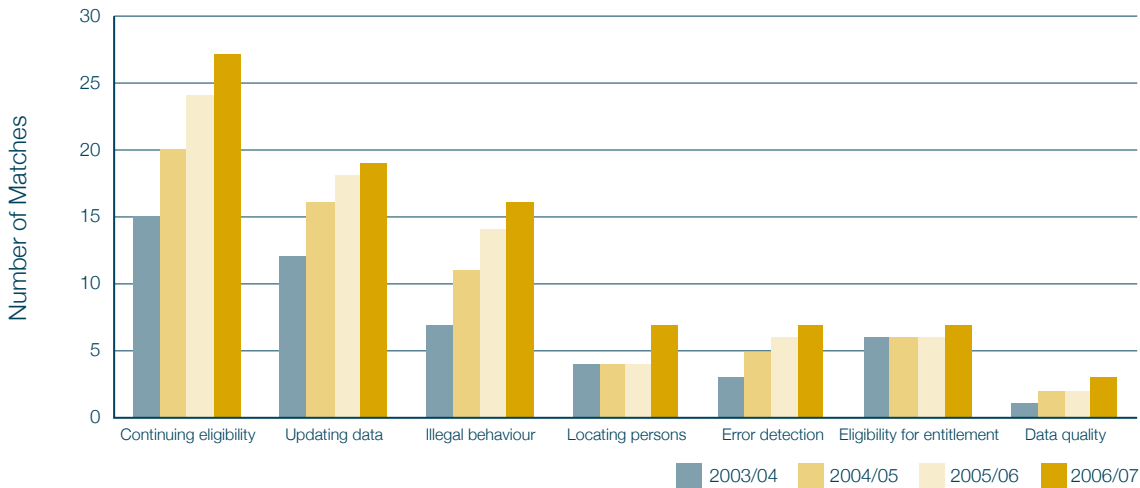
- confirmation of eligibility or continuing eligibility for a benefit programme, or compliance with a requirement of a programme;
- updating of data in one set of records based on data in another set;
- detection of illegal behaviour (eg. fraudulent or multiple claims, unreported income or assets, impersonation, 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 eligibility 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.

Figure 8 shows the changes over time of match purposes.<sup>9</sup> Three of the six new active matches in 2006/07 involved locating persons. Checking of continuing eligibility continued to be the most common purpose for information matching, with 27 of the 46 active matches included in this category. The focus on continuing eligibility to services had the effect of targeting those dependent on government assistance, particularly beneficiaries and students.

<sup>9</sup> As each programme may have more than one purpose, the total does not add up to 46.



Figure 8: Classification of data matching activities 2003-2007



### Programme by programme reports

The report for 2006/07 covers 46 operating matches, including six newly operating matches. Each programme name carries abbreviations of the names of the agencies involved and a description of the programme’s function or scope. The agency whose role is principally to provide information (source agency) is named first. The agency making use of the discrepancies produced by the match (user agency) is named second. For instance, in the IRD/MSD Commencement/Cessation Benefits Match, IRD is the ‘source agency’ and MSD the ‘user agency’.

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

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 (*available at [www.privacy.org.nz](http://www.privacy.org.nz)*).

## Glossary

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

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

Justice	Ministry of Justice
LTSA	Land Transport Safety Authority
LTNZ	Land Transport New Zealand
MED	Ministry of Economic Development
MoE	Ministry of Education
MoH	Ministry of Health
MoT	Ministry of Transport
MSD	Ministry of Social Development
NDMC	National Data Match Centre of MSD
NSI	National Student Index
OLEV	DIA system used in passports processing
Passports or DIA (P)	NZ Passports Office (located within DIA)
Rentel	HNZ tenancy database
RMVT	Registrar of Motor Vehicle Traders
RoS	Results of Study (match run by MSD Studylink)
SEEMail	Secure Electronic Environment Mail System
SVB	Sociale Verzekeringsbank (Netherlands)
SWIFTT	MSD database for beneficiaries
SAL	MSD database for students
TMS	Trace Management System (Justice)
TRACE	Ministry of Justice data matching software (in development)
UCVII	Unified Customer View system that provides access to SWIFTT
VoS	Verification of study (match run by MSD Studylink)

## Matches with MSD as user agency

### National Data Match Centre (NDMC) operations

Two new matches started during the reporting period, adding to the seven existing programmes operated by MSD's National Data Match Centre (NDMC). The matches NDMC now operates are:

- ACC/MSD Benefit Eligibility Match;
- BDM/MSD Interim Identity Verification Match (new);
- BDM(Deaths)/MSD Deceased Persons Match;
- BDM(Marriages)/MSD Married Persons Match;
- Corrections/MSD Inmates Match;
- Customs/MSD Arrivals and Departures Match;
- HNZ/MSD Benefit Eligibility Match (new);
- IRD/MSD Commencement/Cessation Benefits Match; and
- IRD/MSD Commencement/Cessation Students Match.

The 2006/07 results show a dramatic 35 percent drop in the value of overpayments established from matches run at the NDMC. This drop was attributable almost solely to the reduction in overpayments established from the IRD/MSD Commencement/Cessation Match. Figures 9 and 10 illustrate this reduction. Recovery of data match debt also dipped quite significantly, by almost 20 percent. On the other side of the ledger, MSD reports a 10 percent or nearly \$1 million reduction in the overall cost of running the Centre. This was despite an increase in staffing from 86 to 96 over the previous year, largely driven by new staffing requirements to manage the new BDM/MSD Interim Identity Verification Match, in which processing is predominantly manual.

NDMC reports that to align the Centre's goals with MSD's 2007 Statement of Intent, the focus of the Centre has been on preventing clients from getting into an overpayment situation, or minimising client debt. Moving the Corrections match from a weekly to a daily cycle is one example of this, with more matches expected to go to a daily cycle in the future.

On a strategic level, in October 2006, NDMC became part of the National Operations Unit of Integrity Services. This has merged the management of the MSD Debt Collections Units, Benefit Control Units and the NDMC into a single group.

Three of the long-standing matches that MSD operates from the NDMC are the IRD/MSD Commencement Cessation Benefits Match, the Corrections/MSD Prisoners Match, and the Customs/MSD Arrivals and Departures Match. Figures 9 and 10 show the number and value of debts established from these matches over the past nine years.

Figure 9: Number of debts established – Corrections, Customs and IRD matches with MSD (1998-2007)

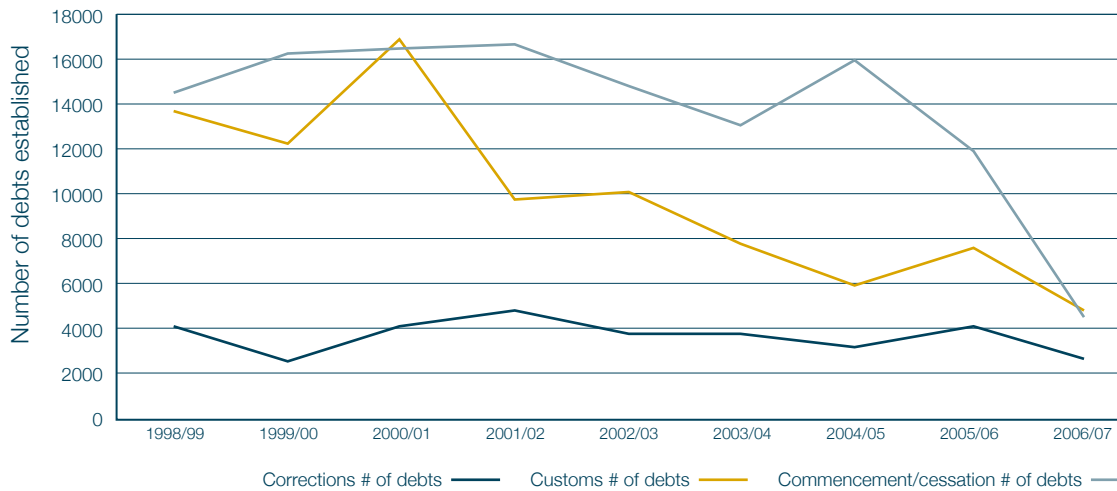


Figure 10: Value of debts established – Corrections, Customs and IRD matches with MSD (1998-2007)

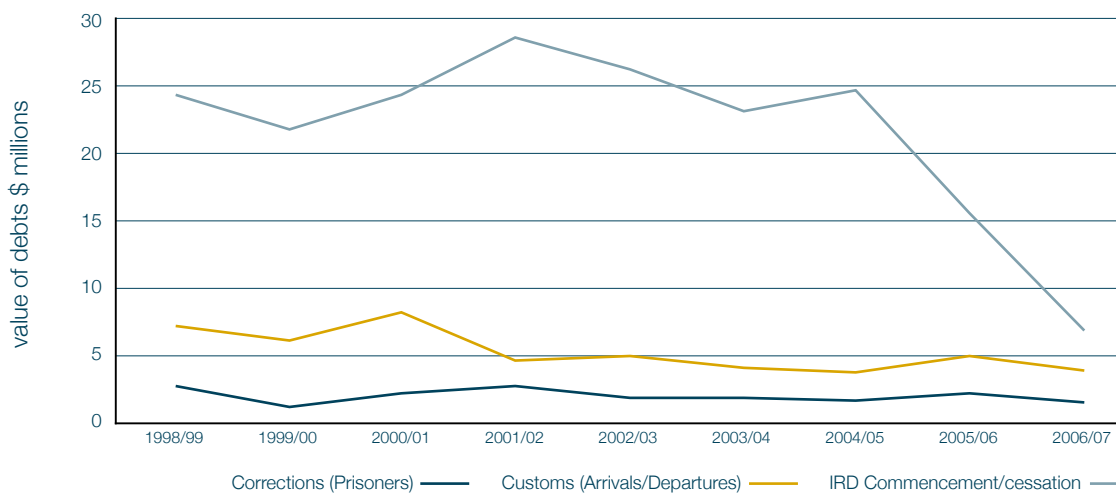


TABLE 10: OVERVIEW OF THE NDMC PROGRAMMES 2003-2007

	2003/04	2004/05	2005/06	2006/07
Overpayments established	\$28,981,506	\$30,265,124	\$29,404,188	\$19,012,850
Value of penalties applied	\$26,846	\$47,050	\$14,264	\$10,192
Penalties applied	78	109	38	29
Cost of matching operation	\$9,776,821	\$9,742,471	\$9,003,032	\$8,055,845
Debt recovery costs <sup>10</sup>	\$1,790,496	\$1,924,315	\$1,403,159	\$1,066,134
Debts recovered	\$11,732,206	\$12,013,239	\$20,364,141	\$16,535,845

<sup>10</sup> Debt recovery cost is an estimate provided by MSD that applies only to the non-current debt recovery activity, ie. obtaining payment of debts owed by individuals who are not currently receiving any social welfare benefit. The cost of recovering debts by deduction from current benefit payments is much cheaper than pursuing the non-current debtors.

## 1. ACC/MSD Benefit Eligibility Match

Information matching provision	Injury Prevention, Rehabilitation, and Compensation Act 2001, s.281(2)
Year authorised/commenced	1991/2005
Match type	Confirmation of continuing eligibility Detection of illegal behaviour Detection of errors
Online transfers	Yes

**PURPOSE:** To identify individuals whose MSD entitlement may have changed because they are receiving ACC payments.

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

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

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

### 2006/07 results

The value of debts established increased quite significantly compared to the first six months of operation in 2005/06. However, debts for 2006/07 were still less than half the \$3.8 million<sup>11</sup> originally forecast by MSD.

This match involves a significant number of cases that turned out to be legitimate and so did not warrant further action. Of the notices of adverse action sent, just over one third involve the establishment of a debt. No detailed breakdown of the debts established for this match is available, so meaningful analysis is restricted. However, the average value of debts established from this match in 2006/07 was \$2386, reflecting an overlap in payments between ACC and MSD before overpayments are finally stopped. MSD reports that average debt was high because the match, in its first year of operation, identified historical cases where prolonged overpayment had been occurring. MSD expects that average overpayments will decrease in the 2007/08 year.

A very high number of individuals challenged the inference that they had been overpaid benefit entitlements. A significant proportion (more than 15 percent) were successful in their challenges.

<sup>11</sup> MSD Information Matching Privacy Impact Assessment (IMPIA), August 2005, page 6.

**TABLE 11: ACC/MSD BENEFIT ELIGIBILITY MATCH 2005-2007**

	2005/06	2006/07
<b>New match runs started in the reporting period</b>		
Match runs	26	52
Records compared	986,444	2,094,471
Number of client cases	7,636	12,611
<b>All match runs active in the reporting period</b>		
Legitimate cases	6,352	11,997
Notices of adverse action	245	1,718
Overpayments established (number)	189	637
Overpayments established	\$420,914	\$1,519,894
Challenges	16	209
Successful challenges	2	36

**Compliance**

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.

**2. BDM/MSD Interim Identity Verification Match**

Information matching provision	Births, Deaths, and Marriages Registration Act 1995, s.78A
Year authorised/commenced	2001/2007
Match type	Data quality Detection of errors Detection of illegal behaviour
Unique identifiers	Birth and Death Registration numbers

**PURPOSE:** To retrospectively check all MSD records to confirm the validity of birth certificates used by clients as identity verification when applying for financial assistance. In particular, the information derived from this programme assists MSD to:

- verify that clients who use a New Zealand birth certificate as their primary form of identification are on the New Zealand Births Register;
- verify that clients are not on the New Zealand Deaths Register;
- verify that client deaths have been advised in a timely manner;
- cleanse data by manually correcting errors in data entry.

**BACKGROUND:** In 2006, a case of benefit fraud was established where an individual used 120 false identities, including false New Zealand birth certificates, to gain more than \$3.2 million in benefit payments. This match is part of MSD’s response to the fraud and its associated risks. The initial process is a short-term solution<sup>12</sup> to verify existing beneficiary records held on MSD’s database. MSD plans to replace this with an online real-time process designed to verify the validity of documents at the time of application for assistance.

<sup>12</sup> The Information Matching Agreement between DIA and MSD expires on 31 December 2008.

**SYSTEM:** DIA provides MSD with a file containing births and deaths records from 1910 to March 2007. The births information is drawn from the BDM Birth Database while the death information is drawn from the BDM Death Register portion of the Data Aggregation Layer (DAL).<sup>13</sup>

MSD compares the births and deaths information against a copy of its UC VII<sup>14</sup> database, which is held in its IAP data warehouse. MSD currently compares the birth and death information against MSD clients who have made new applications for financial assistance the previous day. Matching of historic applications is expected to start early in 2007/08.

The matching algorithm used by MSD produces positive matches that are weighted to indicate the match level, which indicates the probability that an MSD client is the person on the Births or Deaths Register. Where an exact match occurs, details of the Social Welfare Number (SWN) and Birth Record Number (BRN) are recorded in a register so that those records can be excluded from future matching cycles. Where a partial match or no match occurs, those records are downloaded from IAP into a spreadsheet and are then manually scrutinised and verified. The records of interest are those that do not match, rather than those that do match. MSD sends a letter to individuals if it identifies differences between information on the birth record and the information it holds. The letter explains that these details have been updated in MSD records. Any difference that involves a change in eligibility results in a s.103 notice being sent.

**2006/07 results**

This match started operation in April 2007. As at the end of 2006/07, there had been no cases involving the issue of a s.103 notice or a referral for further investigation. Of the cases completed, a total of 835 letters was sent to individuals advising them of differences between the information on their birth record and the information they provided in their application. There were no instances where benefit entitlement was affected.

**TABLE 12:** BDM/MSD INTERIM IDENTITY VERIFICATION MATCH 2006/07

Benefit applications processed	147,427
Client cases	6,182
Legitimate cases	5,905
Letters advising update of information	835
Notices of adverse action	0
Cases referred for further investigation	0

**Compliance**

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

**3. BDM (Deaths)/MSD Deceased Persons Match**

Information matching provision	Births, Deaths, and Marriages Registration Act 1995, s.78A
Year authorised/commenced	2001/2004
Match type	Confirmation of eligibility or continuing eligibility Updating of data

<sup>13</sup> The DAL holds a 'read access' copy of the information held on the births, deaths, marriages, and citizenship registers without providing direct access to the registers themselves.

<sup>14</sup> UC VII contains details of all MSD client records. Creating a record in UC VII generates the MSD client number.



**PURPOSE:** To assist MSD in identifying current clients who have recently died, so that services provided by MSD can be discontinued as soon after the date of death as possible.

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

The matching algorithm produces positive matches that are weighted<sup>15</sup> to indicate the probability that an MSD client is the person on the deaths register. The resulting match output is transferred onto the NDMC's case management system, AIMOS. Specialist data matching officers (DMOs) check the apparent match and send out notices of adverse action before contacting the relevant areas of MSD to end the services being provided to the deceased person.

### 2006/07 results

Results for 2006/07 closely follow those achieved the previous year. Of the cases initially identified, 92 percent were legitimate cases that required no further action. Approximately one third of the remaining cases involved the establishment of an overpayment. The total number of challenges remained low, with no successful challenges reported.

**TABLE 13:** BDM (DEATHS)/MSD DECEASED PERSONS MATCH 2004-2007

	2004/05	2005/06	2006/07
<b>New match runs started in the reporting period</b>			
Match runs	43	52	52
Records compared	22,966	27,697	28,923
Client cases	18,759	22,953	24,147
Products and services involved	35,702	43,552	45,605
<b>All match runs active in the reporting period</b>			
Legitimate cases <sup>16</sup>	17,565	21,287	22,176
Notices of adverse actions	1,229	1,671	2,002
Overpayments established (number)	484	668	649
Overpayments established	\$256,747	\$385,728	\$400,786
Challenges	8	4	3
Successful challenges	5	1	0
Unsuccessful challenges	3	3	3

### Compliance

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

<sup>15</sup> Results are weighted using a matching level scale of one to nine with one being an exact match on all matching criteria and level nine being BDM first name matches any MSD given name, or MSD first name matches any BDM given name.

<sup>16</sup> Legitimate cases are those that require no further action by NDMC as cancellation of services has already been completed by other departments within MSD.

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

Information matching provision	Births, Deaths, and Marriages Registration Act 1995, s.78A
Year authorised/commenced	2001/2005
Match type	Confirmation of continuing eligibility Detection of illegal behaviour Updating of data

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

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

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

##### 2006/07 results

Results are similar to 2005/06. Overall, the match led to the identification and establishment of \$0.5 million in overpayments. Nearly two-thirds of the cases identified turned out to be legitimate and needed no further action.

**TABLE 14:** BDM (MARRIAGES)/MSD MARRIED PERSONS MATCH 2005-2007

	2005/06	2006/07
<b>New match runs started in the reporting period</b>		
Match runs	32	52
Records compared	17,739	23,775
Client cases	2,180	2,604
Products and services involved	3,745	4,699
<b>All match runs active in the reporting period</b>		
Legitimate cases	1,437	1,619
Notices of adverse action	755	1,001
Overpayments established (number)	491	581
Overpayments established	\$445,849	\$508,690
Total challenges (cases)	4	3
Successful challenges	1	2
Unsuccessful challenges	3	1

## Compliance

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.

## 5. Centrelink/MSD Change in Circumstances Match

Authorising provisions	Social Welfare (Transitional Provisions) Act 1990, ss.19C and 19D and Social Welfare (Reciprocity with Australia) Order 2002, Article 18 <sup>17</sup>
Year authorised/commenced	2002/2002
Match type	Confirmation of eligibility and continuing eligibility Updating of data
Unique identifiers	Australian and NZ social welfare numbers
Online transfers	Yes

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

**SYSTEM:** Of the three matches that are run in conjunction with Centrelink (matches 5, 6 and 9), this can be considered the basic match. It is the only one of the three that directly results in any adverse action being taken. The other two are used to acquire information that must be fed through this match before any adverse action is taken. Information about clients and changes in their circumstances is included in this automated transfer.

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

MSD notifies New Zealand benefit/pension applicants of the link created with Australia, enabling them to correct any mismatch and confirm entitlements. This notice, under s.19D of the Social Welfare (Transitional Provisions) Act, serves most of the same functions as a s.103 notice of adverse action under the Privacy Act for the purposes of these three matches.<sup>18</sup> Individuals are notified by letter of subsequent changes after they are implemented.

### 2006/07 results

At the request of the Privacy Commissioner, this data match was included in an audit conducted in late 2006. A management update of progress on addressing issues raised in that audit was received, and MSD advised that management action on those recommendations was expected to be completed by 30 September 2007. Recommendations relating to this match included improving staff training and implementing refresher courses.

## Compliance

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

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

<sup>18</sup> Privacy Act, s.103(1) and (2) do not apply directly to this programme. The operative provisions are Social Welfare (Transitional Provisions) Act 1990, s.19D(3)(c) and (d) (see also s.19D(4) to (4C)) that are similar to s.103(1) and (2). Section 103(3) and (4) are applied directly.

## 6. 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	Confirmation of continuing eligibility Data quality
Unique identifiers	Australian and NZ social welfare numbers
Online transfers	Yes

**PURPOSE:** To test the accuracy of residency 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) that enable MSD to confirm periods of residence outside New Zealand for applicants for New Zealand benefits and pensions.

**SYSTEM:** MSD creates a file of selected beneficiaries who have recently applied for New Zealand Superannuation, a Veteran's Pension or an Invalid's Benefit, and sends it to Centrelink in Australia. Centrelink determines periods of residence by accessing information from the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) database.

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

### 2006/07 results

Because reviews arising from this match take a significant period to process, statistics on an annual basis are always incomplete. Between 1 May 2006 and 30 May 2007, 11,846 applications were sampled and eight people were granted Australian pensions. From the commencement of the match in July 2002 until 2006, a total of 24,695 applications were sampled and 51 Australian pensions granted.

As we noted last year, the results suggest that clients almost always provide accurate information in the first instance. We suggested then that MSD might consider the cost/benefit for this match and whether it warrants continuation. While MSD remains convinced of the value of the match in terms of data quality assurance, rather than revenue gathering, it is difficult to understand the need for ongoing sampling given the 99.8% accuracy achieved.

Details of an audit and its findings reported under the Centrelink/MSD Change in Circumstances Match results also apply to this match.

### Compliance

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

## 7. Corrections/MSD Prisoners Match

Information matching provision	Corrections Act 2004, s.180
Year authorised/commenced	1991/1995
Match type	Confirmation of continuing eligibility Detection of illegal behaviour Detection of errors
Online transfer	Yes

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

**SYSTEM:** Each day,<sup>19</sup> Corrections transfers information to MSD about all newly admitted prisoners. This includes names (including known aliases), dates of birth, dates of imprisonment and names of prisons.

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

### 2006/07 results

A marked reduction in the number and value of overpayments established has occurred, and indeed numbers for 2006/07 were at the lowest level since 1999/00, when 2545 prisoners incurred overpayment debts of \$1.1 million. While MSD's change from weekly to daily matching was expected to have this effect through early identification and stopping of overpayments, this cannot be the sole explanation because that change began only in May 2007. MSD advises that work-in-hand volumes may have played a part in the see-sawing nature of results achieved over the past four years. Pleasingly, the total number of challenges reported has dropped, with successful challenges at less than half the 2005/06 level.

MSD expects to introduce legislation in the 2007/08 fiscal year that will allow it to implement a number of changes to this matching programme to further reduce beneficiary debt.

**TABLE 15:** CORRECTIONS/MSD PRISONERS MATCH 2003-2007

	2003/04	2004/05	2005/06	2006/07
<b>New match runs started in the reporting period</b>				
Match runs	50	49	54	7920
Records compared	96,250	92,747	106,008	106,742
Client cases	13,811	11,239	11,847	12,815
<b>All match runs active in the reporting period</b>				
Legitimate cases	6,766	5,493	5,971	7,680
Notices of adverse action	7,052	5,745	5,776	5,185
Overpayments established (number)	3,762	3,205	4,061	2,587

<sup>19</sup> The match frequency changed from weekly to daily on 14 May 2007.

	2003/04	2004/05	2005/06	2006/07
Overpayments established	\$1,861,398	\$1,661,529	\$2,154,573	\$1,412,735
Challenges	42	53	36	21
Challenges successful	32	41	32	15

### Compliance

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

## 8. Customs/MSD Arrivals & Departures Match

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

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

**SYSTEM:** Once a week, Customs sends MSD passenger arrivals and departures information extracted from the CusMod database. The information is compared by name, date of birth, and gender with MSD's beneficiary and student<sup>20</sup> databases. For matched individuals, MSD checks its records to determine whether there has been any explanation given for the overseas travel. If there is no explanation, the matched individual is sent a s.103 notice.

### 2006/07 results

The number and value of overpayments established from this match have fluctuated over the past few years. However, fewer overpayments occurred in 2006/07 compared with the 1999 to 2003 period, when the number and value of debts established ranged from 9773 to 16,843, and between \$4.5 million and \$8.2 million.

<sup>20</sup> Students were added to this match from 12/3/2007 following changes to section 280(1) of the Customs and Excise Act 1996.

**TABLE 16:** CUSTOMS/MSD ARRIVALS & DEPARTURES MATCH 2003-2007

	2003/04	2004/05	2005/06	2006/07
<b>New match runs started in the reporting period</b>				
Runs	52	52	52	53
Records received from Customs	7,786,858	8,679,692	8,797,541	9,147,379
Positive matches	29,327	30,119	30,290	25,140
<b>All match runs active in the reporting period</b>				
Legitimate records (no action needed)	16,665	18,605	19,689	15,561
Notices of adverse action	12,667	11,455	10,663	9,182
Overpayments established (number)	7,831	5,894	7,559	4,818
Overpayments established <sup>21</sup>	\$4,106,714	8,679,692	\$4,900,661	\$3,776,460
Challenges	80	107	87	110
Challenges successful	66	62	60	74

During 2006/07, MSD separated out supplementary assistance payments (such as the Accommodation Supplement) normally included as part of the core benefit statistics and recorded details of these under a new 'other' category. This category also includes overpayments of student allowances. Student Allowance recipients were included in this match from March 2007. Student records are passed through to AIMOS when those involved have been out of the country for eight weeks.

**TABLE 17:** CUSTOMS/MSD ARRIVALS & DEPARTURES MATCH 2005-2007  
 BREAKDOWN IN ESTABLISHED OVERPAYMENTS BY BENEFIT TYPE

Benefit type	Number		Total overpayments		Median overpayment	
	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07
DPB	1,706	1,144	\$2,411,019	\$1,165,685	\$1,482 <sup>22</sup>	\$885
Unemployment	5,138	2,479	\$2,008,937	\$1,113,554	\$337	\$406
National Superannuation and Veterans' Pensions	11	79	\$43,652	\$274,261	\$5,819	\$1,148
Invalids	389	230	\$271,893	\$157,564	\$301	\$481
Widows	178	114	\$100,301	\$58,716	\$384	\$414
Sickness	66	687	\$21,986	\$382,719	\$289	\$452
Orphans & UCB	71	71	\$42,874	\$33,188	\$368	\$346
Other	–	2,740	–	\$590,772	–	\$118

## Compliance

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

<sup>21</sup> Overpayments are the number of cases where an individual received a payment when not entitled. The total debt established includes overpayments and any penalties assessed.

<sup>22</sup> Median overpayments created for individuals receiving the DPB are much higher than for other benefits because of differences in eligibility to travel overseas.



## 9. Customs/MSD Periods of Residence Match

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

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

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

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

### 2006/07 results

At the request of the Privacy Commissioner, this data match was included in an audit conducted in late 2006. The recommendation was to improve staff training and implement refresher courses. A management update of progress on addressing issues raised in that audit was received and MSD advised that management action on the recommendations was expected to be completed by 30 September 2007.

### Compliance

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

## 10. Educational Institutions/MSD Loans & Allowances Match

Information matching provisions	Education Act 1989 s.226A – institutions s.238B – private training establishments
Year authorised/commenced	1998/1998 (Allowances) 1999 (Loans)
Match type	Confirmation of eligibility and continuing eligibility Updating of data
Unique identifiers	MSD customer number Student identification numbers
Online transfers	Yes

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

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

**SYSTEM:** The participants, MSD StudyLink, tertiary education institutions, and secondary schools (in respect of students aged 18 or older), know this process as the Verification of Study (VoS). The requests for VoS records generated by MSD are faxed, or batched and placed on a stand-alone server at MSD. Institutions with the appropriate systems draw down the batches of requests they are required to verify using an online computer connection. Match results are sent back to MSD in the same way.

MSD matches returned data with its student database. This provides the information to make decisions on whether to grant an allowance or loan. A student is not eligible if he or she is:

- not enrolled in an approved programme of study; or
- not studying full-time (for loans and allowances) or part-time full-year (for loans) or part-time part-year with 0.3 or more EFTS (for loans).<sup>23</sup>

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

### 2006/07 results

Approval to operate the online transfer has been granted to 30 June 2010. This channel is used by 33 education providers to process 85 percent of all VoS requests. The number of applicants continued to rise, but the percentage receiving warning or decline letters did not change significantly from the 2003/04-2004/05 improvement.

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<sup>23</sup> EFTS = Equivalent full-time student.

**TABLE 18:** EDUCATIONAL INSTITUTIONS/MSD LOANS AND ALLOWANCES MATCH 2003-2007  
(AS AT 30 JUNE 2007)

	2003/04	2004/05	2005/06	2006/07
Total VoS requests made	769,962	714,609	737,908	766,375
Institutions involved	604	584	581	567
Individual applications involved	178,688	173,215	181,529	192,680
s.103 notices sent out (loans and allowances)	31,318	25,079	26,368	27,486
Percentage of applicants issued a s.103 notice	17%	14%	15%	14%
Loan/allowance approved after s.103 sent	13,072	10,272	10,103	10,262
Waiting on student or provider	726	770	572	579
Decisions to decline loan/allowance	17,520	14,037	15,693	16,645
Reviews of decisions <sup>24</sup>	60	58	54	56
Decision upheld	22	23	21 <sup>25</sup>	27
Decision overturned	29	16	25	19

### Compliance

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. Employers/MSD Section 11A Social Security Act Match

Statutory authorisation	Social Security Act 1964, s.11A <sup>26</sup>
Year authorised	1993
Commenced	1987 (1993, altered to include certain duties under Part 10 of the Privacy Act.)
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. Individual Benefit Control Area managers must approve requests for information being sent to particular employers. A national office register is checked to ensure that the employer has not been subject to a notice within the previous 12 months. If approval is granted, the employer is served with a notice by the Benefit Control Area office. Employers extract the required information and forward it to the Benefit Control Area, which matches the data with the SWIFTT database to identify discrepancies.

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

<sup>24</sup> Includes applications for reviews that were subsequently withdrawn, or that are still under consideration at time of reporting.

<sup>25</sup> Includes two which were still pending decision when figures for 2005/06 were reported.

<sup>26</sup> While not listed as an 'information matching provision' in the Privacy Act, Schedule 3, nonetheless sections 11A(6) and (7) of the Social Security Act effectively requires the programme to be operated in accordance with the requirements of Privacy Act, Part 10, for most purposes.

### 2006/07 results

Each match takes several months to complete because MSD must wait for the employer responses to arrive before beginning to process the information. The 2006/07 results are therefore incomplete.

The increase in the number of challenges, which began in 2004/05, appears to have continued. MSD reports that the rise in challenges in 2005/06 reflects the difficulties in obtaining accurate and complete information especially where workforces are mostly involved in part-time or casual work. The majority of the challenges upheld in 2006/07 were correcting or confirming some employment details, such as the name of the employer.

**TABLE 19:** EMPLOYERS/MSD SECTION 11A SOCIAL SECURITY ACT MATCH 2003-2007

	2003/04	2004/05	2005/06	2006/07 (incomplete)
Matches approved	41	36	43	34
Matches completed	41	36	43	21
Matches not completed	0	0	0	13
<b>Details of completed matches</b>				
Total employees checked	18,986	21,053	31,037	5,422
Cases investigated	3,174	2,884	2,921	286
Benefits cancelled or adjusted	1,698	1,266	1,339	109
Total cost	\$112,090	\$107,657	\$101,629	\$61,851
Net savings <sup>27</sup>	\$2,741,351	\$2,356,563	\$2,878,700	\$186,964
<b>Challenges by Completed Match Runs 2003–2007 (as at 1 July 2007)</b>				
Notices of adverse action sent	3,063	2,766	2,959	269
Challenges declined	14	121	217	47
Challenges upheld	3	6	119	1

### Compliance

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. HNZ/MSD Benefit Eligibility Match

Information matching provision	Housing Restructuring and Tenancy Matters Act 1992, s.68
Year authorised/commenced	2006/2006
Match type	Confirmation of continuing eligibility Detection of illegal behaviour Location of persons
Unique identifiers	MSD client number
Online transfers	Yes

<sup>27</sup> 'Savings' includes estimated prospective savings as well as overpayments actually established.

**PURPOSE:** To minimise overpayment, detect and deter benefit fraud, and to assist in recovering benefit and student allowance debt. In particular, the information derived from the operation of this programme enables MSD to:

- minimise overpayments by quickly detecting double dipping of accommodation assistance by Housing New Zealand (HNZ) tenants;
- identify differences in information held by each agency concerning personal relationships, dependent children and tenant income;
- obtain forwarding address details for tenants who have left HNZ properties.

**SYSTEM:** Each week, HNZ electronically transfers to MSD a subset of all newly updated records (from information originally sourced from application forms completed by HNZ tenants) in its tenancy database, known as Rentel. HNZ selects records based on the following:

- all new HNZ tenancies;
- change in circumstance rent review records; and
- annual rent review records;
- tenancy vacations.

MSD then compares the HNZ information with active client data in its SWIFTT and SAL databases. Matching to locate debtors is not yet operational. The matching algorithm used by MSD produces positive matches that are assigned a match level indicator, which indicates the probability that an MSD client is the person on the Rentel database. All positive matches are transferred from MSD's IAP data warehouse into AIMOS. NDMC staff manually verify the results of the match, taking extra care with matches that have a high match level indicator (those that have a low probability of a correct match) before sending a s.103 notice of adverse action.

**2006/07 results**

This match was in operation for nine months of the year. While 94 notices of adverse action were sent, only two overpayments were established. With the match operating weekly, a number of cases were managed during the 14-period within which individuals have to advise MSD of a change to their accommodation situation. This resulted in a very low number of overpayments being established.

In February 2007 an enhancement was made to this match to allow for the automatic transfer of relationship cases to Area Benefit Control Teams. Once this aspect of the match has been operational for a longer period we may see greater levels of overpayments established as a result of uncovering benefit fraud.

**TABLE 20:** HNZ/MSD BENEFIT ELIGIBILITY MATCH 2006/07

<b>New match runs started in the reporting period</b>	
Match runs	40
Records compared	66,979
Number of client cases	42,168
<b>All match runs active in the reporting period</b>	
Legitimate cases	40,436
Notices of adverse action	94
Overpayments established (number)	2
Overpayments established	\$2,146
Challenges	0
Challenges successful	0

## Compliance

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 Commencement/Cessation Benefits Match

Information matching provision	Tax Administration Act 1994, s.82
Year authorised/commenced	1991/1993
Match type	Detection of errors Confirmation of continuing eligibility Detection of illegal behaviour
Unique identifiers	Tax file number Social Welfare number
Online transfers	Yes

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

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

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

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

### 2006/07 results

In 2005/06 MSD reduced the number of clients selected for matching so that it could manage the output from the match in a more timely manner. The resulting drop in the number and value of overpayments was not unexpected. In 2006/07 the number of client records selected returned to previous levels, but the number and value of overpayments dropped dramatically, even though the number of notices of adverse action rose back to previous levels.

MSD also reports that a backlog of cases has developed. Strategies to address this are being worked on, and the backlog is expected to be resolved in the 2007/08 year. Once MSD catches up on this outstanding work, it expects to see the total overpayments back at historic levels.

**TABLE 21: IRD/MSD COMMENCEMENT/CESSATION BENEFITS MATCH 2003-2007**

	2003/04	2004/05	2005/06	2006/07
<b>New match runs started in the reporting period</b>				
Match runs	6	6	6	6
Records compared	305,473	311,862	107,000	300,000
Number of client cases	77,729	82,138	26,406	60,187
<b>All match runs active in the reporting period</b>				
Legitimate cases	51,117	52,492	21,364	33,822
Notices of adverse action	25,570	29,551	5,910	26,420
Overpayments established (number)	13,014	15,900	11,877	4,532
Overpayments established	\$23,013,393	\$24,775,510	\$15,489,419	\$6,833,785
Challenges	896	1,219	212	838
Challenges successful	118	195	71	165

**Compliance**

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

**14. IRD/MSD Commencement/Cessation Students Match**

Information matching provision	Tax Administration Act 1994, s.82(1)
Year authorised/commenced	2004/2005
Match type	Detection of errors Confirmation of continuing eligibility Detection of illegal behaviour
Unique identifiers	Tax file number MSD client number
Online transfers	Yes

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

**SYSTEM:** The programme operates through an information exchange between IRD and MSD. Matching is limited to a maximum of 50,000 records per match run and no more than 11 match runs each year.

Matching is a two-stage process. The first stage, ‘individual validation’, identifies whether IRD holds information about an individual. The second stage, ‘information comparison’, determines whether there was an overlap between the period the individual was in receipt of a Student Allowance and other income. MSD is supplied with information where commencement or cessation dates on IRD’s FIRST database indicate that the individual was in receipt of income while receiving an allowance. MSD issues s.103 notices to individuals prior to any further investigation or adverse action.



### 2006/07 results

Last year MSD reported that since the match started it had experienced higher numbers of students declaring their income. This Office speculated that the 2006/07 results might show a reduction in the number and value of overpayments established. While this reduction has been borne out in the results, the reason for the drop may be because of a change in the income abatement policy.

From January 2006, the income limit before a student allowance was affected was increased from \$135 to \$180 per week. Further, under the earlier arrangement, income earned over \$135 per week meant that the student had no entitlement to a student allowance. For instance, if a student earned \$140 a week, then a debt for the full \$135 weekly allowance would be created. The new policy involves abating the income dollar-for-dollar above \$180, which results in a much-reduced debt for students who earn over the new threshold.

**TABLE 22:** IRD/MSD COMMENCEMENT/CESSATION STUDENT MATCH 2004-2007

	2004/05	2005/06	2006/07
<b>New match runs started in the reporting period</b>			
Match runs	2	8	11
Records compared	32,082	38,000	52,000
Number of client cases	13,915	18,559	29,644
<b>All match runs active in the reporting period</b>			
Legitimate cases	1,744	10,271	6,551
Notices of adverse action	4,068	12,650	24,703
Overpayments established (number)	0	5,536	4,782
Overpayments established	\$0	\$5,607,044	\$4,558,354
Challenges	133	192	364
Challenges successful	2	103	55

### Compliance

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.

## 15. IRD/MSD Community Services Card Match

Information matching provision	Tax Administration Act 1994, s.83
Year authorised/commenced	1991/1992
Match type	Identifying persons eligible for an entitlement 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) entitling them to subsidised health care. The match is also used to confirm continuing eligibility of card holders so that automatic renewals can be arranged.

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

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

### 2006/07 results

The 2006/07 results show there has been a further increase in the number of client records received from IRD, but this figure includes instances where a change in income required that eligibility be re-assessed.

MSD advises that the unsuccessful challenges were made primarily on the grounds that the family income details were incorrect and clients disagreed with the inclusion of Working For Families Tax Credits (WFFTC) in the assessment of income. MSD also advise that some clients in receipt of fortnightly WFFTCs deliberately over-estimate their expected income to Inland Revenue to avoid receiving overpayments that would have to be repaid at the end of the tax year.

MSD reports that from two production runs of personalised 'Invitation to Apply for Community Services Card' forms, affecting up to 2930 people, at least five people received other people's forms enclosed in the envelope with their own. The company contracted to handle this process has not been able to identify the cause of the problem.

The Ministry of Health has indicated that the primary function of the Community Services Card will be phased out when the Primary Health Care Strategy is fully implemented. MSD advises that it is continuing to explore whether there is potential for the card to be used as a proof-of-entitlement card that all government agencies and local authorities could use to target services to those with the greatest need.

**TABLE 23:** IRD/MSD COMMUNITY SERVICES CARD MATCH 2003-2007 (AS AT 30 JUNE 2007)

		2003/04	2004/05	2005/06	2006/07
Runs		52	50	50	52
Records received from IRD		893,097	904,430	1,279,851	1,488,641
CSC automatically renewed		165,640	160,111	216,900	229,660
'Invitation to Apply' forms sent out		46,681	57,159	77,694	82,681
s.103 notices sent		9,208	8,167	10,218	17,176
Results of s.103 notices sent as at 30 June each year	Challenges received	37	159	135	281
	Successful challenges	0	113	22	18
	Unsuccessful challenges	36	13	139	263
	Unresolved at end of reporting year	1	32	6	0

Note: Figures do not include the 47,930 cards automatically issued to students based on a match between Studylink and Work and Income.

## Compliance

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.

## 16. IRD/MSD Debtors Tracing Match

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

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

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

### 2006/07 results

Last year we commented on the negative return of this match. While total collections now exceed the total cost of running the match, the ongoing justification for this match is still questionable.

**TABLE 24:** IRD/MSD DEBTOR TRACING MATCH 2002-2007

	2003/04	2004/05	2005/06	2006/07
Match runs	6	6	6	6
Debtors sent for matching	263,908	264,104	237,994	189,566
Matched by IRD	260,874	262,250	233,702	188,140
Matches found useable (A) <sup>28</sup>	58,237	61,087	49,132	40,582
Letters sent out	2,460	2,399	2,008	2,542
Letters not returned (presumed delivered) (B)	2,320	2,321	1,920	2,387
% of matches found useable (B/A)	4.00%	3.80%	3.90%	5.90%
Debt pursued (letters presumed delivered)	\$7,047,378	\$6,150,582	\$5,963,124	\$8,064,471
Total variable costs incurred <sup>29</sup>	\$177,332	\$185,300	\$150,230	\$126,309
Total collections received as at 30 June in each reporting year	\$240,914	\$218,445	\$145,656	\$203,552

## Compliance

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

<sup>28</sup> Useable information is information that is different to that held by MSD. It may not be as current.

<sup>29</sup> Variable costs are those directly related to the volume of activities undertaken as a result of each match run. Fixed costs such as programme development costs are not included.

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

Authorising provisions	Social Welfare (Transitional Provisions) Act 1990, ss.19C and 19D and Social Welfare (Reciprocity with the Netherlands) Order 2003, Article 216 <sup>30</sup>
Year authorised/commenced	2003/2003
Match type	Updating of data
Unique identifiers	Netherlands and NZ social welfare numbers, tax file number

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

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

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

### 2006/07 results

Only one request for information was received from the Uitvoeringsinstituut Werknemers Verzekeringen (UWV). This was declined because the information requested was outside the permitted scope. MSD Risk and Assurance conducted an audit of this process and found that the process was not documented. MSD International Services advises that documentation has since been completed.

### Compliance

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. Ministry of Education/MSD Results of Study Match

Information matching provisions	Education Act 1989 s.307D
Year authorised/commenced	2006/2006
Match type	Confirmation of continuing eligibility Updating of data
Unique identifiers	Student ID Number IRD Tax File Number
Online transfers	Yes

<sup>30</sup> Although not information matching provisions listed in 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).

This provision replaces a 1998 provision that allowed matching for results of study with the individual tertiary education institutions (TEIs). Matching with all the TEIs was seen as impracticable because of the complexities for both MSD Studylink and TEIs, as known from the Educational Institutions/MSD Loans and Allowances Match (match #10). TEIs are required to send students' results of study information to the Ministry of Education (MoE) as part of the 'Course Completion' component of their electronic single data returns (eSDRs). By accessing the data from MoE, MSD Studylink gains the efficiency of dealing with a single agency.

**PURPOSE:** To provide MSD with verification of the results of study information it needs to confirm a student's entitlement to a Student Allowance. In particular, the information derived from the operation of this programme enables MSD to:

- prevent the ongoing payment of assistance for which the recipient is not eligible;
- establish a debt against the person for the period for which the recipient was ineligible;
- detect ineligibility.

**SYSTEM:** The participants know this process as the Results of Study (RoS). MSD Studylink loads a daily file of requests for RoS records to the Verification of Study secure website. The file is downloaded by MoE and matched against the Single Data Returns submitted by institutions. Response files for each request are returned to MSD via the same secure website.

### 2006/07 results

The match began on 5 October 2006, so the figures are not for a full financial year. Studylink reports that some system errors have been identified and manual monitoring implemented pending resolution to ensure students have not been disadvantaged.

Studylink also reports an observed change in behaviour of students during this period. There was an increase in the proportion of applicants declaring that they did not know if they qualified for the allowance. These incomplete applications resulted in additional work being required to establish eligibility.

Based upon a satisfactory audit review of the operation to date, approval for online transfer of this data has been granted by the Privacy Commissioner until March 2010.

**TABLE 25:** MOE/MSD RESULTS OF STUDY MATCH 2006/07

Total RoS requests made	49,602
Individual applications involved	27,771
s.103 notices sent out	1,616
Percentage of applicants issued a s.103 notice	6%
Allowance approved after s.103 sent	284
Decisions to decline allowance	1332
Reviews of decisions	45
Decision upheld	25
Decision overturned	17

### Compliance

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. 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 <sup>31</sup>
Year authorised/commenced	2003/2003
Match type	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 three matches relating to superannuation arrangements between the Netherlands and New Zealand, and can be considered the ‘foundation’ match. Superannuitants living in either country may have their periods of residence in both countries combined for the purposes of eligibility for benefits.

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

### 2006/07 results

At the request of the Privacy Commissioner, this data match was included in an audit conducted in late 2006. A management update detailing issues raised in that audit was received, and MSD advised that management action on the recommendations was expected to be completed by 30 September 2007. Recommendations relating to this match included improving staff training and implementing refresher courses.

### Compliance

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. Netherlands/MSD Debt Recovery Match

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

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

**SYSTEM:** The Netherlands Sociale Verzekeringsbank (SVB) sends debtor information to MSD on an approved form (debt certificate), along with other documentation required to enforce the debt. MSD manually matches the debtor details against its database. If a match is found, MSD writes to the

<sup>31</sup> Although not information matching provisions listed in Privacy Act, Schedule 3, the matches operated under these provisions (programmes 17, 19, 20 and 21) 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).

debtor advising of the information received from SVB and giving an opportunity to challenge the information. That letter serves a similar purpose to the requirements of s.103 of the Privacy Act. MSD either collects the debt through regular deductions from current beneficiary payments or, in the case of non-beneficiaries, by other arrangements.

**2006/07 results**

This match did not operate during the year. MSD Risk and Assurance conducted an audit of this programme and found that the process was not appropriately documented. MSD International Services advise that documentation has since been completed.

**21. Netherlands/MSD General Adjustment Match**

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

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

**SYSTEM:** This match permits information to be disclosed from New Zealand to the Netherlands and vice versa to coincide with changes in pension rates.

Each year in April, New Zealand sends client information to the Netherlands Sociale Verzekeringsbank (SVB). This information is used by SVB to update records on pensioners who receive benefits from both countries. Twice each year (in January and July), MSD sends to SVB a file containing only the New Zealand and Netherlands unique identifiers for all persons known to be receiving pensions from the Netherlands while resident in New Zealand. SVB then creates a new file on tape, updating the information with data about Netherlands' rate adjustments. The tape is sent back to New Zealand, where MSD updates its records about those individuals' Dutch pension rates.

**2006/07 results**

Details of an audit and its findings reported under the Netherlands/MSD Change in Circumstances Match results also apply to this match.

**Compliance**

On the basis of the information supplied, we are satisfied that this programme has generally been conducted in accordance with the requirements of ss.99 to 102 of the Privacy Act, s.19D of the Social Welfare (Transitional Provisions) Act (which substitutes for s103(1) and (2)) and Social Welfare (Reciprocity with the Netherlands) Order 2003, and the information matching rules.

**Matches with the Electoral Enrolment Centre as User Agency**

The Electoral Enrolment Centre (EEC) operates four matches designed to identify people who are eligible to vote but are not on the electoral roll (or whose enrolment details need updating):

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

The EEC also operates one match designed to identify people who are on the roll but are not eligible to vote:

- INZ/EEC Unqualified Voters Match.

### EEC match process for unenrolled voters matches

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

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

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

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

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

**TABLE 26:** TOTAL EEC UNENROLLED VOTERS MATCHES 2003-2007

	2003/04	2004/05	2005/06	2006/07
Sets of four runs	2	2	2	2
Records compared	2,155,302	1,902,357	2,682,058	2,212,237
Invitations to enrol sent out	331,518	337,238	354,893	296,338
Presumed delivered	308,164	317,651	337,077	283,605
Enrolments (new & updated)	80,286	75,912	68,252	53,693
% of enrolments (new & updated) resulting from letters delivered	26%	24%	20%	19%
No response	226,989	241,250	268,246	229,498
Costs	\$232,606	\$230,649	\$249,983	\$216,975
Average cost per enrolment	\$2.90	\$3.04	\$3.66	\$4.04



### 2006/07 combined results

The 2006/07 figures appear to show some tailing-off, but this is likely to be largely due to timing. The two matches in 2006/07 cover the 11-month period 18 April 2006 to 7 March 2007. The two matches in 2005/06 covered a longer 14-month period, 6 February 2005 to 17 April 2006.

## 22. Citizenship/EEC Unenrolled Voters Match

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

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

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

### 2006/07 results

The decline in the percentage of enrolments resulting from letters delivered caused a corresponding increase in the average cost per enrolment.

**TABLE 27:** DIA (CITIZENSHIP)/EEC UNENROLLED VOTERS MATCH 2003-2007

	2003/04	2004/05	2005/06	2006/07
Match runs	2	2	2	2
Records compared	20,834	18,484	28,862	32,569
Invitations to enrol sent out	1,431	1,888	1,609	1,489
Presumed delivered	1,356	1,794	1,538	1,426
Enrolments (new)	352	514	360	271
% of enrolments resulting from letters delivered	26%	29%	23%	19%
No response	1,004	1,280	1,178	1,155
Cost	\$1,999	\$2,123	\$1,604	\$1,636
Average cost per enrolment	\$5.68	\$4.13	\$4.46	\$6.04

### Compliance

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. LTNZ/EEC Unenrolled Voters Match

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

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

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

**SYSTEM:** Land Transport New Zealand extracts from the computerised driver licence register subsets of data for individuals aged over 17 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.

**2006/07 results**

The comparatively high number of records compared in 2005/06 is because the matches covered a 14-month period (6 February 2005 to 17 April 2006), whereas the two matches in 2006/07 covered an 11-month period (18 April 2006 to 7 March 2007).

The decline in the percentage of enrolments resulting from letters delivered caused a corresponding increase in the average cost per enrolment.

**TABLE 28:** LTNZ/EEC UNENROLLED VOTERS MATCH 2003-2007

	2003/04	2004/05	2005/06	2006/07
Match runs	2	2	2	2
Records compared	596,296	561,413	846,885	773,655
Invitations to enrol sent out	118,581	123,450	135,385	107,374
Presumed delivered	109,242	117,428	129,077	103,151
Enrolments (new & updated)	31,634	31,047	29,087	21,650
% of enrolments (new & updated) resulting from letters delivered	29%	26%	23%	21%
No response	77,383	86,164	99,815	81,374
Cost	\$83,701	\$83,655	\$97,002	\$80,010
Average cost per enrolment	\$2.65	\$2.69	\$3.33	\$3.70

**Compliance**

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.

**24. MoT/EEC Unenrolled Voters Match**

Information matching provision	Electoral Act 1993, s.263B(3)(b)
Year authorised/commenced	2002/2002
Match type	Identifying 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 vote but who have not enrolled, in order that they may be invited to enrol;
- update the addresses of people whose names are already on the roll.

**SYSTEM:** The Ministry of Transport extracts from its database of motor vehicle registrations subsets of data for individuals (17 years 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.

### 2006/07 results

The percentage of new and updated enrolments achieved appears to have stabilised after declining from an unusually high rate in 2003/04. The 18 percent rate of the past two years compares closely with the 19 percent achieved in 2002/03, which was the first year the match was run.

The comparatively high number of records compared in 2005/06 is because the matches covered a 14-month period (6 February 2005 to 17 April 2006), whereas the matches in 2006/07 covered an 11 month period (18 April 2006 to 7 March 2007).

The decline in the percentage of enrolments resulting from letters delivered caused a corresponding increase in the average cost per enrolment.

**TABLE 29:** MOT/EEC UNENROLLED VOTERS MATCH 2003-2007

	2003/04	2004/05	2005/06	2006/07
Match runs	2	2	2	2
Records compared	1,001,230	905,111	1,176,727	937,337
Invitations to enrol sent out	128,477	116,572	125,521	99,404
Presumed delivered	118,971	107,667	117,159	93,794
Enrolments (new & updated)	30,318	24,103	21,169	16,990
% of enrolments (new & updated) resulting from letters delivered	25%	22%	18%	18%
No response	88,103	83,316	95,628	76,546
Cost	\$89,256	\$79,680	\$86,930	\$72,436
Average cost per enrolment	\$2.94	\$3.30	\$4.11	\$4.26

### Compliance

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.

## 25. MSD/EEC Unenrolled Voters Match

Information matching provision	Electoral Act 1993, s.263B(3)(a)
Year authorised/commenced	2002/2002
Match type	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, in order that they may be invited to enrol;
- update the addresses of people whose names are already on the roll (beneficiary records only).

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

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

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

### 2006/07 results

The decline in the percentage of enrolments resulting from letters delivered caused a corresponding increase in the average cost per enrolment.

**TABLE 30:** MSD/EEC UNENROLLED VOTERS MATCH 2003-2007

	2003/04	2004/05	2005/06	2006/07
Match runs	2	2	2	2
Records from SWIFTT	378,915	346,223	448,553	339,970
Records from SAL	158,027	71,126	181,031	128,706
Total records compared	536,942	417,349	629,584	468,676
Invitations to enrol sent out	82,759	95,328	92,378	88,071
Number presumed delivered	78,595	90,762	89,303	85,234
Enrolments (new & updated)	17,982	20,248	17,636	14,782
% of enrolments (new & updated) resulting from letters delivered	23%	22%	20%	17%
No response	60,499	70,490	71,625	70,423
Costs	\$57,649	\$65,190	\$64,446	\$62,893
Average cost per enrolment	\$3.21	\$3.22	\$3.65	\$4.25

### Compliance

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

## 26. INZ/EEC Unqualified Voters Match

Information matching provision	Electoral Act 1993, s.263A
Year authorised/commenced	1995/1996
Match type	Confirmation of eligibility Detection of illegal behaviour

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

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

### 2006/07 results

There has been a steady increase in the number of ineligible voters identified.

The total cost for the 2006 match run was \$171,984 (\$115,156 in 2005). This was made up of \$4915 internal costs, \$9707 in INZ service charges, \$9544 in printing and posting charges, and \$147,817 in document server company charges (EEC is required under the Electoral Act to hand deliver second notices to those electors who did not respond to a first notice). Costs increased from 2005 by 49 percent, while the number of confirmed matches increased by 38 percent. Average cost of removal was \$50 in 2005 and \$55 in 2006.

**TABLE 31:** INZ/EEC UNQUALIFIED VOTERS MATCH 200-2007<sup>32</sup>

	2002/03	2004/05	2005/06	2006/07
<b>Records received for matching</b>				
Overstayer	50,308	42,580	40,159	35,921
Student	43,572	68,487	64,547	53,371
Visitor	37,063	52,799	81,689	51,968
Work	34,308	49,662	56,830	63,502
Limited Purpose Visa	–	–	644	665
<b>Total</b>	<b>165,251</b>	<b>213,528</b>	<b>243,869</b>	<b>205,427</b>
<b>Confirmed records matched on both INZ and EEC records</b>				
Overstayer	71	147	337	576
Student	167	122	729	554
Visitor	41	89	121	133
Work	263	743	1,136	1,943
Limited Purpose Visa	–	–	2	1
<b>Total</b>	<b>542</b>	<b>1,101</b>	<b>2,325</b>	<b>3,207</b>

<sup>32</sup> This match was not operational in the 2003/04 year because it was not an election year.

	2002/03	2004/05	2005/06	2006/07
<b>Electors who remained on the roll</b>				
Letter returned with evidence to remain on electoral roll	10	23	32	112
<b>Electors who were removed from the roll</b>				
Letter returned requesting voluntary removal from electoral roll	61	214	278	400
Letter returned with insufficient evidence to remain on roll	4	30	23	24
No reply received from elector	381	685	986	1,450
Letter returned as GNA or unable to be served by document server company	86	149	1,006	1,221
<b>Total of all removals</b>	<b>532</b>	<b>1,078</b>	<b>2,293</b>	<b>3,095</b>
<b>Total cost</b>	<b>\$32,822</b>	<b>\$59,011</b>	<b>\$115,156</b>	<b>\$171,984</b>
<b>Average cost of removal</b>	<b>\$62</b>	<b>\$55</b>	<b>\$50</b>	<b>\$55</b>

### Compliance

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

### Matches with Inland Revenue as user agency

Inland Revenue operates five authorised matching programmes. The process audit approach developed by this Office has been used as the method of reporting by IRD.

The audit process involved a two-stage approach. The first stage involved reviewing the adequacy of documentation, including the Technical Standards Reports and Information Matching Agreements. The second stage involved interviewing staff and managers to determine what operational practices were in place, and to assess those practices against the requirements of the information matching rules.

### Audit conclusions/summary

IRD's Corporate Risk and Assurance division reported that there were effective controls over the administration of the information matching programmes between IRD, the New Zealand Customs Service, the Ministry of Education and the Ministry of Social Development. Its conclusions are summarised in the following table,<sup>33</sup> as presented in its audit report.

It is pleasing to note the audit found that effective controls were in place and no issues were identified in each of the five matches operated this year.

33 Some match names presented in the table differ slightly to what we report them as. The Monthly Study Status for Interest Write-off is the Student Loan Interest Write-off Match (No 1). The March and May Study Status Match is the Student Loan Interest Write-off Match (No 2).

Agreement	Family Assistance Administration Match	Family Support Double Payment Match	March & May Study Status Match for Interest write off	Monthly Study Status for Interest write off	Customs Student Loan Data Match
Overall rating:	Green	Green	Green	Green	Green
Information Matching Agreement/Technical Standards Report	★	★	★	★	★
Matching process and confirmation procedures	★	★	★	★	★
Online transfers	★	★	★	★	★
Storage, security and destruction of information	★	★	★	★	★
Staff Training practices	★	★	★	★	★
User Documentation	★	★	★	★	★

Key	Descriptions
★	Effective controls/activities in place, no issues were identified
●	Effective controls/activities, minor issues identified or some compensating controls exist
▲	Partially effective controls/activities in place, moderate or low risk issues were identified
✘	Ineffective controls/activities in place

## 27. Customs/IRD Student Loan Interest Match

Information matching provision	Student Loan Scheme Act 1992, s.62A Customs and Excise Act 1996, s.280H
Year authorised/ commenced	2007/2007
Match type	Eligibility for entitlement Confirmation of continuing eligibility
Unique identifiers	Tax file number
Online transfers	Yes

**PURPOSE:** To detect student loan borrowers who leave for or return from overseas so that IRD can effectively administer the student loan scheme and its interest-free conditions. In particular, the information derived from the operation of this programme assists IRD to:

- ensure that only those borrowers who are eligible, receive interest-free loans;
- ensure that borrowers returning to New Zealand are identified and given their correct entitlements;
- avoid imposing annual application procedures on the majority of borrowers who remain eligible under the interest-free regime.

**BACKGROUND:** The Government's policy is to make student loans interest-free for borrowers living in New Zealand. From 1 April 2006, all student loan borrowers living in New Zealand qualified for interest-free student loans provided they are present in New Zealand for 183 consecutive days. This entitlement applies whether or not a borrower is studying.

Borrowers are required to advise IRD of their departure, for absences of six months or more, from New Zealand. However, if they failed to do so deliberately or through inadvertence, they could obtain a benefit that they are not entitled to if interest should become payable. To guard against this, section 62A of the Student Loan Scheme Act 1992 allows for an authorised information matching programme between Customs and IRD to identify borrowers leaving and/or returning to New Zealand.

**SYSTEM:** This programme involves the initial completion of two one-off matches, known as the ‘historical match’ and the ‘transitional match’, followed by the implementation of an on-going match.

The historical match purpose was to distinguish between borrowers who were in New Zealand and those overseas as at 1 April 2006. The transitional match purpose was to identify borrowers’ movements from 1 April 2006 until the implementation of the on-going match, to enable IRD to identify borrowers who fell within the interest-free policy transitional provisions. The on-going match will operate indefinitely to assist IRD to maintain borrowers’ entitlements to full interest write-offs.

The on-going match involves a two-way exchange between Customs and IRD. Details of selected student loan borrowers are passed by IRD to Customs via a secure electronic near real-time business to business (B2B) link for storage in a Person of Interest (POI) register. The POI register held at Customs is updated by IRD as borrowers meet or cease to meet the selection criteria in near real-time.

Passenger movement information, matching the details on the POI register, is passed back to IRD along with the corresponding IRD numbers. The information comparison process involves a character-by-character comparison of family name, given names and any aliases, and date of birth fields. Customs only supplies information to IRD where it has determined that there is an exact match result. Match information returned to IRD includes the family name, given name(s), date of birth, IRD number, and date, time and direction of travel (arrival or departure).

On receipt of a border crossing movement record from Customs, IRD stores that information and starts counting the number of days that the borrower remains in or out of New Zealand. IRD will issue a s.103 notice at approximately 140 days, advising the borrower that it has received information about travel movement and if he or she remains in or out of New Zealand (as the case may be) for a further number of days that eligibility for an interest-free loan may change.<sup>34</sup>

### 2006/07 results

Combined results of the IRD compliance audit, which incorporate this match, can be found in the introductory section to the IRD matches.

IRD provisionally reports that as at 30 June 2007, 62,270 students were overseas-based borrowers and therefore ineligible for interest-free student loans.

### Compliance

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.

## 28. 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	Confirmation of eligibility Updating data
Unique identifiers	Tax file number Institution student number

<sup>34</sup> IMPIA for the proposal between the New Zealand Customs Service and the IRD, March 2007, page 39.



**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 29). Students apply for the interest write-off directly to IRD, which requests verification from MoE of the information provided by the student. Most students are matched using an automatic file extraction of IRD records sent to MoE, but for those cases where a student is enrolled with more than one education provider, the MoE database is checked manually. If the match process does not confirm a claim, the claimant is sent a s.103 notice. Students may respond with corrected/additional information through an 0800 telephone 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.

### 2006/07 operations

Combined results of the IRD compliance audit, which incorporate this match, can be found in the introductory section to the IRD matches.

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

From 1 April 2007 legislation enabling this match to operate was repealed by the Student Loan Scheme Amendment Bill (No 2). The new interest-free policy introduced in the same Bill removed the need for this match to operate.

### Compliance

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. 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	Confirmation of eligibility Updating data
Unique identifiers	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. 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 to MoE in its student returns. This match is run twice a year, in March and May.

### 2006/07 results

Combined results of the IRD compliance audit, which incorporate this match, can be found in the introductory section to the IRD matches.

Table 32 shows the combined results of full interest write-off for the two interest write-off matches. From 1 April 2007, changes to the interest-free policy mean that nearly all students are eligible for interest-free student loans. This is represented in the huge leap in this year's write-off figures.

As at 30 June 2007, student loan borrower numbers stood at 513,928 (up from 470,507 in June 2006) while total loan borrowings to be repaid was \$8.39 billion (up from \$7.43 billion in June 2006).

From 1 April 2007 legislation enabling this match to operate was repealed by the Student Loan Scheme Amendment Bill (No 2). The new interest-free policy introduced in the same Bill removed the need for this match to operate.

**TABLE 32:** MOE/IRD STUDENT LOAN INTEREST WRITE-OFF MATCHES 2003-2007

	2003/04	2004/05	2005/06	2006/07
Full Interest Write-off	\$106,900,824	\$126,699,291	\$133,906,186	\$494,504,324
Borrowers	104,791	124,892	114,036	510,509

### Compliance

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

## 30. MSD/IRD Family Support Administration Match

Information matching provision	Tax Administration Act 1994, s.85G
Year authorised/commenced	2004/2005
Match type	Identification of persons eligible for an entitlement Updating of data
Unique identifiers	Tax File Number, MSD client number
Online transfers	Yes

**PURPOSE:** To inform IRD when a beneficiary commences paid employment so that Family Support Tax Credits are seamlessly delivered.

**SYSTEM:** Each week, a programme at MSD identifies those clients who have had a trigger event (ie. whose benefit status has changed) since the previous week and generates a file of beneficiary information.<sup>35</sup> MSD checks the contents of the file before sending it by online transfer to IRD.

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

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

<sup>35</sup> '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 (from 46 data fields for one child and an extra seven data fields for each additional child).

### 2006/07 results

Combined results of the IRD compliance audit that incorporate this match can be found in the introductory section to the IRD matches.

As at 30 June 2006, IRD and MSD jointly distributed \$1.28 billion in family support tax credits<sup>36</sup> (up from \$839 million the previous year). IRD estimate 285,000 families received family assistance during the year ended 31 March 2006,<sup>37</sup> an increase of five percent over the previous year.

### Compliance

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

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

Information matching provision	Tax Administration Act 1994, s.84
Year authorised/commenced	1993/1995
Match type	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, to establish a debt for the amounts overpaid.

### 2006/07 results

Combined results of the IRD compliance audit that incorporate this match can be found in the introductory section to the IRD matches.

IRD report that as at 30 June 2007, 74 percent of all family assistance recipients received their correct entitlement.

### Compliance

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

## Matches with other departments as user agencies

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

<sup>36</sup> IRD annual report 2006.

<sup>37</sup> IRD report that 2007 information is not yet available.

## 32. Corrections/ACC Prisoners Match

Information matching provision	Injury Prevention, Rehabilitation and Compensation Act 2001, s.280(2)
Year authorised/commenced	1992/2000
Match type	Confirmation of continued eligibility Detection of illegal behaviour Detection of errors
Online transfers	Yes

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

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

### 2006/07 results

There has been a steady increase in the number of overpayments established. ACC advises that several high-value debts were established, which raised the average overpayment.

**TABLE 33:** CORRECTIONS/ACC PRISONERS MATCH 2003-2007<sup>38</sup>

	2002/03	2004/05	2005/06	2006/07
Match runs	51	49	49	48
Records compared	91,219	92,396	99,481	92,264
'Positive' matches	12,770 <sup>39</sup>	108	450	842
Overpayments established (number)	27	56	71	94
Overpayments established	\$13,095	\$37,420	\$38,952	\$69,302
Average overpayment	\$485	\$668	\$548	\$737
Challenges	0	0	0	1
Challenges successful	0	0	0	0

### Compliance

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

## 33. IRD/ACC Residual Claims Levies Match

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

<sup>38</sup> This match was not operational in the 2003/04 year.

<sup>39</sup> See page 87 of the 2004/055 Annual Report for comment about over-reporting of positive matches. Briefly, the 'Positive matches' figure for 2002/03 is high because it is a raw figure (before filtering). Subsequent technical changes to the system have improved the credibility of these figures.

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

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

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

The ACC levy invoice includes a statement about where the information was obtained and what dispute provisions are available. It includes a formal review of the assessment. No separate adverse action notice is issued.

### 2006/07 results

Annual information received about employers and self-employed can include multiple updates for a single employer. The numbers of invoices issued to employers and self-employed are representative of the actual numbers of employers and self employed in New Zealand. In 2006/07, these indicate a fluctuation in the number of employers and a slight rise in the number of self-employed persons.

**TABLE 34:** IRD/ACC RESIDUAL CLAIMS LEVIES MATCH 2003-2007

	2003/04	2004/05	2005/06	2006/07
Information received on employers	459,623	967,000	674,893	658,238
Information received on self-employed persons	428,451	892,000	759,884	738,747
Invoices issued to employers	241,700	248,054	234,285	237,315
Invoices issued to self-employed persons	268,000	268,929	275,511	279,000
<b>Applications for formal review</b>				
<b>Total</b>	<b>58</b>	<b>57</b>	<b>51</b>	<b>51</b>
Applications by individuals	Not available	30	23	21
Applications by corporations	Not available	27	28	30
Decided in favour of ACC or withdrawn	40	63 <sup>40</sup>	50	49 <sup>41</sup>
Decided in favour of applicant	2	1	1	1

### Compliance

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

<sup>40</sup> The total number of results exceeded the number of reviews received because some results related to outstanding applications from the previous year.

<sup>41</sup> One further case remains open, adjourned by applicant.

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

Information matching provision	Citizenship Act s.26A
Year authorised/commenced	2005/2006
Match type	Confirmation of eligibility Updating of data
Unique identifiers	Lifedata number NZ citizenship certificate number
Online transfers	Yes

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

**SYSTEM:** Birth registration applications are sent by applicants to Datamail, which acts as an agent for DIA. Each day, Datamail transfers the information on the application forms into an electronic data file that is then sent to DIA. An overnight batch process is run using DIA’s Lifedata birth registration system. The batch process outputs to an electronic ‘workbench’ all potential matches, which are then confirmed by an operator. All those registrations for which no parental match can be found on the Births Register are sent as an electronic file to the NZ Citizenship Office.

NZ Citizenship Office staff members may check the Citizenship Register or Immigration records, or passport records in cases where a parent has indicated that he or she is a citizen or permanent resident of Tokelau, Niue or the Cook Islands. The workbench record is updated with the results of the search and released back to BDM.

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

#### 2006/07 results

A total of 60,567 people had their entitlement to citizenship confirmed via this match in 2006/07.

At the request of the Privacy Commissioner, an audit of this match was conducted in July 2007. This audit recommended implementing staff training refresher courses to reinforce Privacy Act training given during induction.

**TABLE 35:** CITIZENSHIP/BDM CITIZENSHIP BY BIRTH PROCESSING MATCH 2006-2007

	2006/07
Adverse action letters sent	1139
Challenges received	133
Successful challenges	106
Unsuccessful challenges	27
Citizenship by birth declined	1003

## Compliance

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

## 35. 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	Confirmation of eligibility Detection of illegal behaviour
Online transfers	Yes

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

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

Citizenship staff enter into DCS a combination of search criteria that may include family name, given name, date of birth, country of birth and Citizenship Certificate Number. DCS compares that information against the information held in the DAL and returns results to the staff member. Matches are verified manually against the information provided on the citizenship application form. If more than one individual matches the selection criteria, the user can enter more selection criteria to narrow down the search results. Alternatively, the applicant can be contacted for further identifying information.

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

### 2006/07 results

A total of 7278 citizenships by descent were registered in the 2006/07 year.

At the request of the Privacy Commissioner, an audit of the operation of this match in 2006/07 was conducted in July 2007. This audit identified that some notices to applicants about adverse actions did not give adequate notice, as required by the Privacy Act. DIA advises that this has now been addressed. A second recommendation was to implement staff training refresher courses.

## Compliance

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. 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	Confirmation of eligibility Detection of illegal behaviour
Online transfers	Yes

**PURPOSE:** To verify, by comparing details with the births, deaths and marriages registers, if a person is eligible for a passport, and to detect fraudulent applications.

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

Passports staff enter information provided on application forms into the passports processing system. They then log onto OLEV and, by entering the unique passport application number, use the identity information from the passports processing system as the basis for a search of the information in the DAL. For searches of the births and marriages entries, confirmation allows application processing to proceed. Where there is doubt, cases can be referred to BDM staff for resolution. If there appears to be a match with an entry from the register of deaths, the processing of the passport application is halted and the application referred for investigation of possible fraud.

#### 2006/07 results

During the year, 396,742 passports were issued, including diplomatic, official and standard.

At the request of the Privacy Commissioner, an audit of the operation of this match was conducted in July 2007. The audit was designed by the Privacy Commissioner to validate the agency's compliance with the requirements of the Privacy Act. The audit report recommended implementing staff training refresher courses to reinforce Privacy Act training given during induction.

#### Compliance

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

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

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

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



**SYSTEM:** This programme verifies the eligibility of people whose eligibility for a New Zealand passport is based on citizenship by grant or descent. It mirrors Match 36.<sup>42</sup> Passports staff attempt to confirm information provided on the passport application with that in the Data Aggregation Layer (DAL), as extracted from the citizenship register. Confirmation allows processing to continue. If the information cannot be confirmed, the file may be referred to Citizenship staff for resolution.

#### 2006/07 results

As this match is conducted as part of the passport application process in conjunction with the BDM/DIA(P) Passport Eligibility Match, it was included in the scope of the audit of operations described under that match. The same findings and recommendation regarding training applied to this match.

#### Compliance

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.

### 38. Citizenship/ INZ Entitlement to Reside Match

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

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

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

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

#### 2006/07 results

The 2006/07 match runs were undertaken in October and April. The data received from DIA covered the granting of NZ citizenship by descent or by grant for the period 1 April 2006 to 31 March 2007. The number of records compared dropped from previous years because processing of historic records had been completed. INZ is pleased with the success of the match, which helps protect individuals who have been granted New Zealand citizenship from being targeted by INZ staff as overstayers.

<sup>42</sup> BDM/DIA(P) Passport Eligibility Match.

**TABLE 36:** CITIZENSHIP/INZ ENTITLEMENT TO RESIDE MATCH 2004-2007

	2004/05	2005/06	2006/07
Match runs	2	3	2
Records compared	462,741	225,287	87,499
Useable matches	1,216	1,216	579
Total number of NZ citizen records removed from the overstayers' list	625	466	261

### Compliance

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

## 39. Corrections/INZ Prisoners Match

Information matching provision	Corrections Act 2004, s.181
Year authorised/commenced	2004/2005
Match type	Confirmation of continuing eligibility Detection of illegal behaviour
Unique identifiers	Corrections Entity Identification Number
Online transfers	Yes

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

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

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

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

## 2006/07 results

From 1 July 2006, operational management of this match was transferred from INZ's Review Branch in Wellington to its Border Security Group in Auckland. It has come to light through changes in the reporting format introduced by the Border Security Group that the figures presented by this Office last year were open to misinterpretation. In particular, while we reported that 81 removals or deportations had been completed, only a small proportion of those individuals had been actually removed. For this Annual Report we have revised the 2005/06 figures using newly provided figures of the actual removals and deportations that have resulted from this match.

There was a significant increase in the rate for both removals and deportations in 2006/07. INZ did not consider that there was a single reason for the increase in removals and deportations, suggesting instead that a number of factors may have contributed. For instance, there may have been a surge in the number of individuals whose sentences were completed, or who had become eligible for parole. INZ also suggested that the increases could be attributed in part to internal efficiencies as processes were bedded down. After just two year's figures it is probably too early to speculate about trends.

In the first three quarterly reports of the reporting period, INZ reported a total of 27 successful challenges to the notices of adverse action sent. It came to light that INZ had been incorrectly defining a successful challenge as any instance where further verification steps subsequent to sending the s.103 notice resulted in no further adverse action against a matched individual. We advised INZ that a challenge should be reported when information contained in a s.103 notice was disputed by the recipient. Following this advice, INZ reported that there were no successful challenges in the fourth quarter.

Part way through the reporting period, INZ identified that sentence length information provided by Corrections was not being correctly extracted by the INZ computer program. While the problem was fixed, it did not assist INZ as anticipated. INZ needs the sentence length details issued by the Courts to determine deportation eligibility. Corrections, however, can only provide information relating to the time left to serve by the prisoner, a figure not suitable for determining eligibility. This aspect of the match is under consideration by INZ.

**TABLE 37:** CORRECTIONS/INZ PRISONERS MATCH 2005-2007

	2005/06	2006/07
Match runs	47	51
Number of client cases	588	411
Legitimate cases	420	326
Notices of adverse action	195	85
Successful challenges	27	27
Cases considered for removal, revocation or deportation	168	58
Number of removals from NZ	7 <sup>43</sup>	19
Number of deportations from NZ	3	5

## Compliance

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

<sup>43</sup> As removals and deportations can take many years to complete and because of the manual nature of the processes associated with this match, INZ advises that it is not realistic for it to provide revised figures each fiscal year.

### Matches with the Ministry of Justice as user agency

The Ministry of Justice (Justice) operates four authorised programmes. All four share the common purpose of locating fines defaulters in order to enforce payment of outstanding fines and reparations.

In September 2006, Justice implemented two new matches, the Customs/Justice Fines Defaulters Alerts Match and the Immigration New Zealand (INZ)/Justice Fines Defaulters Tracing Match to support its Collection of Fines at Airports initiative. Enabling legislation, introduced as part of the Courts and Criminal Matters Bill in May 2003, was subsequently enacted in April 2006 to amend the Immigration Act and the Customs and Excise Act.

Tables 38 and 39 below provide a combined view of the collection results achieved from all four matches, as well as a detailed breakdown of indicative results reported by Justice on the overall outcomes achieved from the Collection of Fines at Airports initiative.

**TABLE 38:** COMBINED RESULTS FOR JUSTICE FINES' COLLECTIONS 2006/07 (AS AT 30 JUNE 2007)

IRD/Justice Fines Defaulters Tracing Match	\$18,885,349
MSD/Justice Fines Defaulters Tracing Match	\$7,782,211
Collection of Fines at Airports initiative	\$2,568,507 <sup>44</sup>
<b>Total</b>	<b>\$29,236,067</b>

Anecdotally, Justice contact centre staff report that there have been a significant number of enquiries from individuals wanting to check the status of their fines prior to travelling. Calls have even been received from individuals who have never had a fine. Nearly two-thirds of the \$1 million cash received for fines has come from individuals proactively calling the Justice contact centre.

**TABLE 39:** INDICATIVE IMPACT OF THE COLLECTION OF FINES AT AIRPORTS INITIATIVE<sup>45</sup> (2006/07)

	Cash received for fines	Reparation received	Amounts under a current time-to-pay arrangement	Remittals/alternative sentence imposed	Total indicative impact
Interception alerts	\$162,523	\$107,307	\$48,982	\$37,496	\$356,308
Silent alerts	\$176,535	\$0	\$275,540	\$39,667	\$491,742
Calls to the Contact Centre where fines defaulter mentions initiative	\$229,521	\$28,347	\$357,564	\$71,595	\$687,027
Calls to the 0800 'pay or stay' line	\$439,399	\$9,888	\$531,821	\$19,474	\$1,000,582
Collections through website	\$32,848 <sup>46</sup>	N/A	N/A	N/A	\$32,848
<b>Total</b>	<b>\$1,040,826</b>	<b>\$145,542</b>	<b>\$1,213,907</b>	<b>\$168,232</b>	<b>\$2,568,507</b>

<sup>44</sup> For the 9 months ending 30 June 2007

<sup>45</sup> The totals are indicative because they consist of both hard numbers and estimates. Money collected from interception and silent alerts is directly attributable to the match. Money paid via the contact centre, pay-or-stay line or website is attributed to the Collection of Fines at Airports initiative as indicated by the caller.

<sup>46</sup> Collections received through the website are not identified by type. The \$32,848 recorded under 'Cash received for fines' may include some reparation payments. The website operated from 6 June 2007.

## 40. Customs/Justice Fines Defaulters Alerts Match

Information matching provision	Customs and Excise Act 1996, s.280D
Year authorised/ commenced	2006/2006
Match type	Location of persons
Unique identifiers	Personal profile number
	Passport number
Online transfers	Yes

**PURPOSE:** To enable the Ministry of Justice (Justice) to improve the enforcement of fines by identifying serious fines defaulters as they cross New Zealand borders and increase voluntary fine repayment by increasing public awareness of collections activity at international airports.

**SYSTEM:** On a daily basis, Justice sends a file of serious fines defaulters to Customs via a secure online connection for the purpose of creating ‘silent alerts’<sup>47</sup> and ‘interception alerts’ in the Customs system (CusMod). Fines defaulters who have interception alerts recorded in CusMod are those where:

- a warrant to arrest has been issued; and
- any amount of reparation is owing; and
- the warrant to arrest covers at least part of the reparation outstanding;

or

- a warrant to arrest has been issued; and
- court imposed fines greater or equal to \$5000 are outstanding; and
- the warrant to arrest covers at least part of these court-imposed fines.

For fines defaulters not subject to an ‘interception alert’, but meeting the following criteria, ‘silent alerts’ are created:

- a warrant to arrest has been issued; and
- fines equal to or greater than \$1000 are outstanding; and
- the warrant to arrest covers at least part of these outstanding fines.

For each fines defaulter, Justice supplies Customs with:

- person profile number
- family name
- given names
- date of birth
- gender
- alert type

As individuals present themselves at the border, a Customs official scans their passport into the CusMod system. The Customs matching algorithm converts their names into an alpha-numeric code for matching against alerts. An alert is only generated for ‘A’ matches, which require a 91-100 percent outcome based on a weighting system. For instance, date of birth and family name each have a percentage attributed to them that contributes 75 percent of the overall weighting score.

<sup>47</sup> Silent alert notifications are sent to Justice for use in the INZ/Justice Fines Defaulters Tracing Match.

Interception alerts are directed to a Customs official, who notifies NZ Police. The Police conduct an interview with the individual to confirm the identity of the potential fines defaulter, whether outstanding fines exist, and (by phoning a dedicated number at the Justice Contact Centre) if a warrant to arrest is in force. If the facts are verified, the individual is given an opportunity to pay, or enter into an acceptable arrangement to pay, the outstanding balance. If no payment arrangement is agreed with Justice, the Police have discretion to execute the arrest warrant and prevent the individual from travelling.

Once an individual has been intercepted and outstanding fines or reparations enforced, the alert is removed from the list of defaulters sent to Customs in the next update.

Silent alert information is not displayed to Customs staff, but is sent directly back to Justice via an online connection for later use in the related INZ/Justice Fines Defaulters Tracing Match. The silent alert process does not result in any individual being at risk of having his or her travel interrupted.

### 2006/07 results

At implementation in September 2006, Justice uploaded to Customs 9500 alerts (about 8000 silent alerts and 1500 intercept alerts). By 30 June 2007, there were approximately 11,000 total alerts loaded in the CusMod database (1763 intercept alerts and 9317 silent alerts).

At the same date, a total of \$269,830 had been received from intercepted fines defaulters. The average amount of fine or reparation payment received was \$3800. Justice reports that for the six month period from January to June 2007, just over one third of the 39 intercepts resulted in full debt/reparation payment, while nearly two thirds of those intercepted made either a full or part payment.

Outcomes from the silent alerts are discussed in the sibling INZ/Justice match results. Alongside the successful interceptions achieved, there were also some problems. Examples are provided below:

One defaulter was intercepted but had already paid in full on the same day of travel. The system had not yet been updated to recognise that the payment had been made.<sup>48</sup>

*An interception resulted in an international flight leaving nearly half an hour late. Police decided to recall a plane that had already detached from the terminal.*

*An inbound traveller with the same date of birth and similar name as a fines defaulter was intercepted. The Police correctly identified that they had the wrong person and the traveller went on her way. Nonetheless, the traveller was subject to further adverse action resulting from a number of procedural errors by officials. The traveller was subsequently required to present herself at a District Court to prove her identity and was further subjected to a visit by a bailiff.*

Two further examples of intercepting the wrong person occurred in June.

*The first involved an individual with the same surname and date of birth as the fines defaulter.*

*The second involved an individual with the same date of birth but:*

- *one given name the same (another different), and*
- *a surname that was spelled differently (with some letters in common) but with some similarity in the way it might be pronounced.*

*In both cases, the Police noted that the travellers did not match photos they had for the fines defaulters.*

<sup>48</sup> The defaulter was advised of the likely interception at the time they made payment.

We have concerns about the quality of the matching results being acted upon and the impact on innocent travellers who have to prove their identity to the Police. There are other aspects of procedure in another case reported that raise significant concerns. Following the end of the report period, and after concerns were raised by this Office, Justice has established an inter-agency project team to review of the operation of this match. The review is being undertaken in conjunction with this Office and will also look into the operation of the sibling INZ/Justice Fines Defaulters Tracing Match because of the linked nature of its operation.

**TABLE 40:** CUSTOMS/JUSTICE FINES DEFAULTERS ALERTS MATCH RESULTS 2006/07

	Number of intercept alerts triggered	Number of people intercepted	On departure	On arrival
Total 19/9/07 – 31/12/06	36	32	9	23
Total 1/1/07 – 30/06/07	51	39	10	29
Grand total	87	71 <sup>49</sup>	19	52

**Compliance**

Until the facts surrounding the incidents reported by Justice have been fully investigated we are unable to confirm that this programme has been conducted in accordance with ss.99 to 102 of the Privacy Act and the information matching rules.

**41. INZ/Justice Fines Defaulters Tracing Match**

Information matching provision	Immigration Act 1987, s.141AE
Year authorised/commenced	2006/2006
Match type	Location of persons
Unique identifiers	Passport number Personal profile number
Online transfers	Yes

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

**SYSTEM:** This match is intricately tied to the Customs/Justice Fines Defaulters Alerts Match because silent alert information provided from the Customs/Justice match is subsequently used by Justice to match with arrival and departure information held by Immigration New Zealand (INZ).<sup>50</sup>

Justice is provided with silent alert notifications from Customs on a daily basis. Justice extracts from these notifications the following information about individuals and sends a weekly online batch transfer to INZ:

- Family/given names
- Date of birth
- Gender
- Passport number

<sup>49</sup> The number of people intercepted is lower than the number of intercept alerts triggered because some individuals generate a trigger on arrival and departure but are only physically intercepted once. Some people generating intercept alerts are not intercepted.

<sup>50</sup> For an explanation of how silent alert information is generated, see the system description for the Customs/Justice Fines Defaulters Match.

- Date and time of travel
- Flight/vessel number
- Personal profile number

INZ manually extracts the relevant arrival or departure card for each matched individual and provides Justice with the following information:

- Family/given names
- Date of birth
- Gender
- Passport number
- Nationality
- Expiry date of any permit granted
- NZ residential address
- Expected return date (for departing travellers)
- Occupation

There is no set periodic return of data from INZ. Returns are generally made in a two-to-four week time frame after each batch has been completed. Some batches are incomplete as well, and where missing information is subsequently received it is sent back with a later batch.

Justice manually checks each individual's profile to ensure that no action has occurred since the silent alert trigger was activated. Where no action has occurred, and the address information received from INZ is not the same as an address previously held, a s.103 notice is sent to the New Zealand address supplied. Once the expiry of the s.103 notice period is completed, the individual's profile is checked again for signs of action. Where no action has taken place, the profile becomes available for action at the Collections Unit nearest the recently supplied address.

### **2006/07 results**

The first match with arrival and departure card records occurred on 21 September and the first data was received from INZ on 26 September. Of the 1284 arrival or departure cards that had been sought by Justice as at June 30, details of 922 cards had been received and information about the remaining 362 cards had either not been able to be located or not yet provided to Justice.

Please see Table 39 on page 92 for details about repayment outcomes generated from this match.

During the process of providing an online transfer audit report to this Office, Justice identified two areas of technical non-compliance with the Information Matching Agreement between INZ and itself. Both issues were addressed within the reporting period.

The more notable of the two issues related to the transfer of the Justice unique identifier (Personal Profile Number or PPN) to INZ. The Information Matching Agreement (IMA) between INZ and Justice allows for passport numbers to be provided by Justice to INZ in order to minimise the likelihood of the incorrect arrival/departure card information being supplied back to Justice. The use of any other unique identifier (such as the PPN) is not allowed. Both agencies agreed that the PPN unique identifier was not required. The PPN was removed from the Justice file with effect from March 2007.



**TABLE 41:** INZ/JUSTICE FINES DEFAULTERS TRACING MATCH – SILENT ALERT RESULTS 2006/07

Month of Silent Alert	Total Silent Alerts triggered	No. of individuals subject to silent alerts	Number of requests sent to INZ	Number of s.103 letters sent	Successful s.103 privacy challenges
Sep-06	62	58	62	50	1
Oct-06	155	108	155	119	8
Nov-06	153	110	154	85	0
Dec-06	188	149	191	96	0
Sub-total to Dec 2006	558	425	562	350	9
Jan-07	169	134	169	74	2
Feb-07	133	101	134	71	4
Mar-07	98	77	99	44	0
Apr-07	118	87	121	67	2
May-07	122	86	121	52	1
Jun-07	96	69	78	8	0
Sub-total to June 2007	736	554	722	316	9
Totals:	1,294	979	1,284	666	18

### Compliance

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. However, as noted, two areas of non-compliance were identified and corrected during the year. Furthermore, the issues identified in the sibling Customs/Justice Fines Defaulters Alerts Match may have some relevance to this match and will be further investigated.

## 42. IRD/Justice Fines Defaulters Tracing Match

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

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

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

For matched records, IRD supplies to Justice on a CD client address, address date and telephone numbers details, along with the unique identifier information originally provided by Justice. Each match record supplied by IRD includes a match indicator code that represents how well the records matched.

### 2006/07 results

This match continued to provide Justice with a useful means of locating individuals and recovering outstanding debt. A reduction in matching activity in the first half of 2006 was followed by increased activity in early 2007, with 13 matches and nearly half a million names sent to IRD for matching. Results for the period from January-June 2007 appear low, but recoveries are expected to show a significant rise in the next reporting period.

Justice continues to rely on an interim match reporting system, and a more integrated reporting system is still some way off. It has advised that the correct reporting of challenges continues to be a focus, with ongoing coaching and support being provided to Contact Centre staff. Challenges recorded for this match are still relatively low in comparison to the number of individuals contacted.

**TABLE 42: IRD/JUSTICE FINES DEFAULTERS TRACING MATCH RESULTS 2005-2007**

	1/7-31/12 2005 (completed)	1/1-30/6 2006 (completed)	1/7-31/12 2006 (completed)	1/1-30/6 2007 (completed)
Match runs	5	3	6	7
Names sent for matching	187,230	120,000	214,071	260,638
Useable matches <sup>51</sup>	44,512	37,563	68,050	60,209
s.103 notices sent	43,906	37,399	68,020	60,207
Collection instituted	18,705	10,961	22,636	12,812
\$ value of collections received	\$14,677,945	\$8,247,133	\$14,714,220	\$4,171,129
% of useable matches for which collection was instituted	42%	29%	33%	21%

**TABLE 43: IRD/JUSTICE FINES DEFAULTERS TRACING MATCH – S.103 CHALLENGES 2005-2007**

	1/7-30/12/05 (completed)	1/1-30/06/06 (completed)	1/7-30/12/06 (in progress)	1/1-30/6/07 (in progress)
Challenges received	23	32	54	27
Challenges withdrawn	–	–	–	–
Challenges outstanding	–	–	–	–
Unsuccessful challenges	11	3	13	7
Successful challenges	12	29	41	20
Successful Challenge reasons				
Incorrect person identified	7	21	22	18
No fines outstanding at time of match	5	5	19	1
Person owing fines deceased	–	–	–	–
Other reasons	–	3	–	1

### Compliance

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

<sup>51</sup> '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.

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

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

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

**SYSTEM:** The Ministry of Justice selects a range of its outstanding fines defaulters and sends details of these by CD-Rom to MSD. The information is matched against beneficiary surnames, first and second names, and date of birth information held in MSD files. MSD then sends a return CD-Rom to Justice with the last known address of all fines defaulters successfully matched.

#### 2006/07 results

This match is used as a last resort in locating fines defaulters who were unable to be matched in the similar IRD/Justice match. Nonetheless, the match continues to be successful in providing Justice with a creditable amount of new address information and consequently it continues to achieve good recoveries.

As with the IRD/Justice match, there was a slowdown in matching activity in the first half of 2006, followed by increased matching activity later in the year.

The number of challenges for this match was significantly lower than those experienced in the IRD/Justice match. Justice says that although it is confident challenges were generally reported correctly, the manual nature of its interim reporting system means there is a possibility that not all challenges were reported.

**TABLE 44:** MSD/JUSTICE FINES DEFAULTERS TRACING MATCH RESULTS 2005-2007

	1/7-31/12 2005 (completed)	1/1-30/6 2006 (completed)	1/7-31/12 2006 (in progress)	1/1-30/6 2007 (in progress)
Match runs	4	2	7	6
Names sent for matching	146,862	75,829	214,631	160,133
Useable matches	11,749	10,090	19,650	9,147
s.103 notices sent	11,759	10,107	20,293	9,175
Collection instituted	5,803	4,176	8,072	3,292
Value of collections received	\$6,169,927	\$3,981,768	\$6,626,798	\$1,155,413
% of useable matches for which collection was instituted	49%	41%	40%	36%

**TABLE 45: MSD/JUSTICE FINES DEFAULTERS TRACING MATCH – S.103 CHALLENGES 2005-2007**

	1/7–30/12/05 (completed)	1/1–30/06/06 (completed)	1/7–30/12/06 (in progress)	1/1–30/6/07 (in progress)
Challenges received	1	–	5	1
Challenges withdrawn	–	–	–	–
Challenges outstanding	–	–	–	–
Unsuccessful challenges	–	–	1	–
Successful challenges	1	–	4	1
Successful Challenge reasons	Incorrect person identified	–	3	–
	No fines outstanding at time of match	–	1	1
	Person owing fines deceased	–	–	–
	Other reasons	–	–	–

**Compliance**

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.

**44. Customs/MED Motor Vehicle Traders Importers Match**

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

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

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

MED manually matches the Customs data against the Motor Vehicle Traders Register to identify the status (registered or unregistered) of each entity. Individuals<sup>52</sup> for whom a match cannot be made (ie. those not registered but who may be required to register) are sent a s.103 notice of adverse action. If no response is received, either written or in the form of a new registration, a second notice is sent advising that the matter may be referred to the Registrar’s National Enforcement Unit for prosecution.

Details of 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.

52 For administrative convenience, and for the benefit of corporate persons, a notice is sent to the matched entity whether they are an individual or a corporate body such as a company or a trust.

## 2006/07 results

Resource issues at MED resulted in only two match runs being carried out during the year. The first match run was undertaken in September and a second run was begun in May. The results for 2006/07 are only provisional because the second match run remained incomplete at the end of the reporting period. The results so far suggest similar outcomes to those achieved in 2005/06.

Customs match data was also used less formally to assist in the investigation of complaints. A record of this use is maintained by MED in a privacy register. Details are more fully reported within a combined results table in the MoT/MED Motor Vehicle Traders Sellers Match results.

**TABLE 46:** CUSTOMS/MED MOTOR VEHICLE TRADERS IMPORTERS MATCH 2004-2007

	2004/05	2005/06	2006/07
Match runs	2	2	2
Entities received for matching	2,142	10,402	4,145
Entities of interest identified	196	554	510
S.103 notices sent	201	554	510
<b>Responses from entities of interest</b>			
Registrations as a result of the s.103 letters	25	53	35
<b>Successful challenges</b>			
Entities registered under a different name	29	50	31
Entities whose primary purpose was not financial gain	35	179	117
<b>Other results</b>			
Letters 'return to sender'	35	59	24
Entities where no response received	17	185	57
Entities referred to the National Enforcement Unit	40	27	45

## Compliance

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.

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

Information matching provision	Motor Vehicle Sales Act 2003, ss.122 and 123
Year authorised	2003
Match type	Detection of illegal behaviour
Unique identifiers	Motor vehicle trader file number
Online transfers	Yes

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

**SYSTEM:** The Ministry of Transport (MoT) provides MED with a monthly transfer of data that includes all individuals or entities who have been identified as having sold more than six vehicles in a 12-month period.<sup>53</sup>

MED manually compares the MoT data with its Motor Vehicle Traders Register to identify unregistered individuals and companies. Before MED issues a s.103 notice to an individual<sup>54</sup> whom it believes should register as a motor vehicle trader, it requests the following additional information from MoT:

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

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

**2006/07 results**

While the information matching agreement for this match was signed in June 2004, it took MED until May 2007 to begin its first formal data match. Resource issues have been cited as the limiting factor. MED reports that from the 2498 entities received for matching during the reporting period, 2343 entities of interest were identified. As a result, MED expected to send 2213 notices of adverse action in the first quarter of 2007/08. We will provide further results of this match run in our next Annual Report.

In 2005/06, we reported that MED was using information received in this match to assist in complaints investigations. We reported that using information in this manner met the definition of an information matching programme, and we signalled our intention to follow up on this matter. Further discussion has revealed that data from the Customs/MED Motor Vehicle Traders Importers Match is also accessed to support complaint investigations.

In order to provide oversight of these ad hoc processes, MED has implemented a Privacy Register in which a detailed record of each access is maintained. Access to the Customs and MoT data is restricted to the person responsible for carrying out the formal online data matching process. Table X displays a summary of the ad hoc search results. No notice of adverse action was sent for the single positive match achieved because MED believed that doing so would have prejudiced their investigation into the commission of an offence.

**TABLE 47: MED PRIVACY REGISTER – CUSTOMS AND MOT DATA ACCESSES 2006/07**

Number of ad hoc searches made:	
Customs data	6
MoT data	47
Ad hoc searches that resulted in matching a complaints file record	1
Number of s.103 notices sent	0

<sup>53</sup> MoT’s data transfer to MED excludes those individuals or entities already registered as Motor Vehicle Traders. MED provides MoT with monthly updates from the Motor Vehicle Traders Register so that MoT’s records of registered traders are kept up to date.

<sup>54</sup> For administrative convenience, and for the benefit of corporate persons, a notice is sent to the matched entity whether it is an individual or a corporate body such as a company or a trust. The statistics reported for this match include both individuals and other entities.

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.

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

Information matching provision	Births, Deaths, and Marriages Registration Act 1995, s.78A
Year authorised/commenced	2002 / 2004
Match type	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 verifying and updating student birth information on its NSI database with information from the births register. Matching of the data is performed using the NSI system. A matching run uses BDM data passed through a series of four progressively looser hierarchical matching algorithms. 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.

### 2006/07 results

This is the second match that has been undertaken by MoE and covers the birth period 01/01/1987 – 31/12/1991. Birth records from the period 01/01/1970-31/12/1986 were matched in 2004/05.

Of the 292,360 birth records received, 190,077 or 65 percent were matched. MoE considers that the increase in matched records may be due to a higher proportion of people on the Birth Register for those years having undertaken tertiary study since the NSI went live. In addition, most of them would have had an NZQA number assigned to them while at school. As at 30 June 2007, the MoE had received 23 challenges to BDM-verified National Student Numbers (NSNs). These were sent to the DIA for investigation. In 14 cases, the provider's information was correct and in nine the DIA file was correct.

**TABLE 48:** BDM (BIRTHS)/MOE STUDENT BIRTH CONFIRMATION MATCH (AS AT 30 JUNE 2007)

Birth records from the period:	01/01/1970 – 31/12/1986	01/01/1987 – 31/12/1991
Received for matching	947,221	292,360
Matched exactly with NSI record (automatically)	478,625	187,932
Matched after manual intervention	5,430	2,145
Total birth records matched	486,231	190,077
Total birth records not matched	435,076	102,283
Percentage matched	51%	65%

### Compliance

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.

# 6: FINANCIAL AND PERFORMANCE STATEMENTS



## Governance and accountability statement

### Role of the Privacy Commissioner

The Governor-General has appointed the Privacy Commissioner. The Privacy Commissioner's governance responsibilities include:

- Communicating with the Minister of Justice and other stakeholders to ensure their views are reflected in Privacy Commissioner's planning
- Delegating responsibility for achievement of specific objectives to the General Manager
- Monitoring organisational performance towards achieving objectives
- Reporting to the Minister on plans and progress against them
- Maintaining effective systems of internal control.

## Structure of the Privacy Commission

### 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 ensures quality assurance processes through the application of quality standards, recruitment of suitably qualified staff, use of appropriate delegations and oversight of the activities undertaken by the office.

### Subsidiaries

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

### Governance Philosophy

#### Commission Membership

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

#### Connection with Stakeholders

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

### **Division of Responsibility between the Commissioner and Management**

A key to the efficient running of **The Office of the Privacy Commissioner** is that there is a clear division between the roles of the Commissioner and management. The Commissioner concentrates on setting policy and strategy, then monitors progress toward meeting objectives. Management is concerned with implementing policy and strategy. The Commissioner clearly demarcates these roles by ensuring that the delegation of responsibility and authority to managers is concise and complete.

### **Accountability**

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

### **Risk Management**

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

### **Legislative Compliance**

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

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

In December 2002 the New Zealand Accounting Standards Review Board announced that International Financial Reporting Standards (IFRS) 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. The Privacy Commissioner has assessed the impact that adoption of NZ IFRS as providing minimal effect in these financial statements.

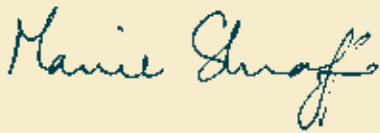
## Statement of responsibility

FOR THE YEAR ENDED 30 JUNE 2007

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 2007, fairly reflect the financial position and operations of the Privacy Commissioner.



Privacy Commissioner  
M Shroff  
31 October 2007



General Manager  
G F Bulog  
31 October 2007

## Audit Report

TO THE READERS OF PRIVACY COMMISSIONER'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2007

The Auditor-General is the auditor of Privacy Commissioner. The Auditor-General has appointed me, John Scott, using the staff and resources of Audit New Zealand, to carry out the audit on his behalf. The audit covers the financial statements and statement of service performance included in the annual report of the Privacy Commissioner for the year ended 30 June 2007.

### Unqualified Opinion

In our opinion:

- The financial statements of the Privacy Commissioner on pages 110-111 and pages 120-130:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Privacy Commissioner's financial position as at 30 June 2007; and
    - the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of the Privacy Commissioner's on pages 112 to 119:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects for each class of outputs:
    - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
    - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 31 October 2007, 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 and statement of service performance 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 and the statement of service performance. 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 and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

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

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements or statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. 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 and a statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Privacy Commissioner as at 30 June 2007 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Privacy Commissioner's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. The Privacy Commissioner's responsibilities arise from the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

### **Independence**

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

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



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

## Statement of accounting policies

FOR THE YEAR ENDED 30 JUNE 2007

### Reporting entity

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

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

In addition, the Privacy Commissioner has reported 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 property, plant and equipment, 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 accrual basis based on the present value of expected future entitlements.

## Operating leases

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

## Financial instruments

The Privacy Commissioner is party to financial instruments as part of its normal operations. These 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 \$000	Achievement \$000
Operating Grant	3,091	3,091
Total Revenue	3,411	3,456
Total Expenditure	3,408	3,251

## Statement of objectives and service performance

### Output 1: Privacy Policy

Provide advice on the privacy impact of proposed legislation and other significant proposals.

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

Assess proposals for information matching, monitor and report on authorised information matching programmes and review statutory authorities for information matching.

Quantity	Achievement
Issue and keep current codes of practice	Achieved.  No new codes of practice were released in the year.  The review and proposed amendment to the Health Information Privacy Code was made available for public consultation.
Review of the Privacy Act	Achieved.
Assist Ministry of Justice in pursuing a finding from the European Union that New Zealand law offers an “adequate” standard of data protection	The Privacy Commissioner has provided input and support to the Ministry of Justice in preparation of the amendment to the Privacy Act to offer an “adequate” standard of data protection.
Support Ministry of Justice work on the review of the Act	The Privacy Commissioner has supported the review of the Act being undertaken by the Law Commission,



Provide practical advice to departments on privacy issues and fair information practices arising in proposed legislation and in administrative proposals

Achieved.

Advice provided to an extensive range of agencies on the privacy implications of their proposed legislation, policy and practice, including responses on:

- Archives New Zealand General Disposal Authority for Human Resources Records
- various Bills as presented to Parliament
- Broadcasting Standards Authority review of privacy principles
- review of Department of Internal Affairs Privacy Guidelines on Biometrics.

Provide specialised assistance to government departments or ministries in accordance with agreed memoranda of understanding

Achieved.

Specialised assistance provided to the State Services Commission and the Ministry of Health in accordance with agreed memoranda of understanding, including:

- substantive advice on health policies and legislation under development
- the creation of a plain language brochure on health information
- advice on the privacy impacts of e-government projects such as e-GIF Standards development and TC/DRM use by agencies.

Provide assistance to improve whole of government compliance with information matching controls

Achieved.

Member of Cross-Government Identity Management Working Group.

Launched an information matching government shared workspace in May 2007.

Published three issues of the Information Matching Bulletin.

Introduced specialised IM training workshops.

### Quantity

All proposals for codes of practice will be the subject of discussion with stakeholders and a public submission process which includes a clear statement of purpose

All issued codes are referred to the Regulations Review Committee of the House of Representatives

Assistance provided to government agencies which presents a clear, concise and logical argument, with assumptions made explicit and supported by facts

Respond to feedback obtained from recipients of advice

### Achievement

Achieved.

The proposed amendment to the Health Information Privacy Code was made available for public consultation.

No new codes of practice were released in the year.

Achieved.

Advice is provided to government agencies which includes sound policy and legal analysis.

Achieved.

Feedback from recipients is reviewed and included where appropriate in policy advice and codes of practice.

### Timeliness

Codes of practice meet the agreed timelines for release and implementation

To give advice within a time span that will enable it to be useful to the recipient or within agreed timeframes

### Achievement

No new codes of practice were released in the year.

Achieved.

Processed 17 requests for on-line transfer approvals for authorised information matching programmes often with very tight timeframes.

## Output 2: Communications

Promote awareness and understanding of and compliance with the Privacy Act.

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

Quantity	Achievement
Provide training assistance to promote better privacy practice in the development of policy and legislation at the whole of government level	Achieved. A programme of training and education is made available throughout the year.
Contribute to the work of international privacy organisations and forums	Achieved. The Privacy Commissioner is an active participant in the privacy forums of the Asia Pacific Economic Cooperation (APEC), a member of the Asia Pacific Privacy Authorities (APPA), contributor to the Organisation for Economic Co-operation and Development (OECD) Working Party on Information Security and Privacy amongst other international privacy organisations and forums.
Initiate and support, where appropriate, a network of privacy officers and develop a plan to improve their effectiveness	Achieved. An active network is maintained with Privacy Officers and meetings held through the year.
Undertake a programme of education workshops to promote awareness and understanding of and compliance with the Privacy Act	Achieved. 36 education workshops and 3 technology forums were held. Specialised workshops on information matching were introduced with three held during the year.
Provide a free enquiries service including 0800 helpline and website access to information supporting self resolution of complaints	Achieved. Information available on website. Enquiries Officers provide practical advice to callers on the self-resolution of complaints.
Produce and distribute the Privacy Commissioner newsletter, Private Word	Achieved. Four quarterly newsletters were produced and distributed to over 3,000 readers

Produce and distribute the case notes of selected complaints handled through the Office

Achieved.

19 case notes of selected complaints were produced and made available on our website.

Maintain an effective website to assist stakeholders to promote better privacy practice

Achieved.

The website is regularly updated including new content and features.

Activities	Estimation	Range	Achieved
Education workshops	50	40 – 70	36 *
Presentations at conferences / seminars	10	4 – 15	31
Projected number of enquiries received and answered	6,000	5,000 – 7,000	5,884
Case notes produced	20	10 – 30	19

\* Education workshops achieved was lower than the expected range due to a number of programmed workshops being cancelled or postponed.

#### Quantity

#### Achievement

Meet internal professional standards

Achieved.

Workshops are delivered by experienced staff and subject to evaluation by attendees.

Act on feedback obtained from recipients of advice

Achieved.

Feedback received in evaluations is used to develop new materials and to refine course content.

Contributions to international organisations and forums are accepted

Achieved.

Contributions were made to a variety of international forums including:

- APPA Forum, Cairns
- APEC Seminars, Cairns and Canberra
- OECD Conference, London
- IAPP Privacy Summit, Washington DC.

Evaluations show that the expectations of 90% of attendees at workshops were met or exceeded for quality of presentation and materials

Exceeded.  
96% of attendees evaluated their expectations as having been met or exceeded.

Publications and information are legally accurate

Achieved.  
Publications and information are quality checked to ensure they are legally accurate and in plain English.

Case notes conform with the regional standards adopted by APPA

Achieved.  
19 case notes were published on our website and made available through websites of overseas jurisdictions who are members of APPA.

Meetings held with or presentations made to at least 10 significant privacy interest groups

Exceeded.  
14 meetings were held with or presentations made to privacy interest groups.

Reliable and relevant information is placed on the website

Achieved.  
The website is regularly updated. Information placed on the website is quality checked to ensure it is legally accurate and relevant for publication on the site.

Enquiries are answered by appropriately trained professional staff

Achieved.  
Enquiries staff include legally trained and experienced personnel.  
Senior legal staff review and maintain quality of the enquiries function.

## Timeliness

## Achievement

Workshop timetable published on the website

Achieved.

Current information is placed on the website within a month of being made available

Achieved.  
Current information is placed on the website immediately after it is finalised. Syndicated news articles on the home page are constantly updated.

Response times to enquiries meet internal standards

Achieved.  
Generally, telephone enquiries are able to be responded to as they arrive or within 4 working hours of receipt.

### Output 3: Compliance

Handle complaints of interference with privacy.

Enhance cooperation internationally across similar privacy regulators.

Undertake Commissioner initiated investigations (as required).

Monitor active information matching programmes.

Quantity	Estimation	Range	Achieved
Number of complaints received	700	600 – 900	640
Number of current complaints processed to completion or settled or discontinued	800	700 – 900	701
Projected number of active information matching programmes monitored	40	35 – 50	46

Quantity	Achievement
Introduce a self-audit methodology to assist agencies in checking compliance with information matching requirements	Achieved. Undertook trial with 16 matches involving 3 agencies.

Quantity	Achievement
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 period	Partly achieved. 66% of complainants rated the complaints handling process as satisfactory or better. 87% of respondents rated the complaints handling process as satisfactory or better.

When a Human Rights Review Tribunal case is concluded the Assistant Commissioner (Legal) will review the outcome against the work of the office and report the findings to the Privacy Commissioner	Achieved. Outcomes are reviewed against the work of the office and reports the findings to the Privacy Commissioner and Management Team.
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External review is conducted of a sample of complaints investigations for standard of the legal analysis, correctness of the legal conclusions, soundness of the investigative procedure and timeliness

Achieved

Review completed on 27 September 2007. Each file is rated from 1 – 5, 5 being the highest/best ranking. The average ranking was 4, the same as last year. The reviewer noticed an overall improvement in timeliness and a greater endeavour to settle matters. Overall, the review was positive, with useful points raised for further improvement.

The Director Human Rights Proceedings is satisfied as to the manner in which cases are referred and the general suitability for referral

Achieved.

The Director Human Rights Proceedings has expressed satisfaction as to the manner in which cases are referred and the general suitability for referral to his Office.

Reports on authorised information matching programmes to be published will be submitted to relevant departments for comment before publication

Achieved.

Reports are submitted to all relevant departments prior to publication in the Annual Report.

### Timeliness

### Achievement

40% of complaints are completed, settled or discontinued within 6 months of receipt and 90% of complaints are completed, settled or discontinued within 9 months of receipt

Achieved.

48% of complaints were, completed, settled or discontinued within 6 months of receipt.

Partly achieved.

69% of complaints were, completed, settled or discontinued within 9 months of receipt.

80% of complaints were, completed, settled or discontinued within 12 months of receipt.

Complaints referred to the Director Human Rights Proceedings meet the timeframes of the Director

Achieved.

Meet regularly with Director to discuss timeliness.

A report on all authorised information matching programmes will be provided annually

Achieved.

46 matches reported on by the Office in the 2006/07 Annual Report. An increase of 6 on the previous year.

The self audit methodology for information matching programmes will be released for consultation with matching agencies before 30 June 2007

Achieved.

Feedback received on previous trial received late 2006 and the new methodology released to agencies in March 2007.

## Statement of financial performance

FOR THE YEAR ENDED 30 JUNE 2007

	Note	Actual 2007 \$000	Budget 2007 \$000	Actual 2006 \$000
Crown revenue		3,091	3,091	2,805
Other revenue		272	296	444
Interest income		94	24	52
<b>Total operating revenue</b>		<b>3,456</b>	<b>3,411</b>	<b>3,301</b>
Marketing		46	95	87
Audit Fees		15	14	13
Depreciation		110	87	80
Rental Expense		361	432	354
Operating Expenses		648	473	575
Staff Expenses		2,071	2,307	1,869
<b>Total Expenses</b>		<b>3,251</b>	<b>3,408</b>	<b>2,978</b>
<b>Net surplus for the year</b>	<b>1</b>	<b>205</b>	<b>3</b>	<b>323</b>

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



## Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2007

	Note	Actual 2007 \$000	Budget 2007 \$000	Actual 2006 \$000
Public equity as at 1 July	2	735	426	412
Net surplus		205	3	323
<b>Total recognised revenues and expenses for the period</b>		<b>205</b>	<b>3</b>	<b>323</b>
Capital injection by the Crown		225	–	–
<b>Public equity as at 30 June</b>		<b>1165</b>	<b>429</b>	<b>735</b>

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

## Statement of financial position

AS AT 30 JUNE 2007

	Note	Actual 2007 \$000	Budget 2007 \$000	Actual 2006 \$000
<b>PUBLIC EQUITY</b>				
General funds	2	1,165	429	735
<b>TOTAL PUBLIC EQUITY</b>		<b>1,165</b>	<b>429</b>	<b>735</b>
Represented by:				
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank		972	160	717
Receivables and prepayments	3	163	15	15
Inventory		5	21	9
<b>Total current assets</b>		<b>1,140</b>	<b>196</b>	<b>741</b>
<b>Non-current assets</b>				
Property, plant and equipment	4	492	483	271
<b>Total non-current assets</b>		<b>492</b>	<b>483</b>	<b>271</b>
<b>Total assets</b>		<b>1,532</b>	<b>679</b>	<b>1,012</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	5	396	200	224
Employee entitlements	6	71	50	53
Total current liabilities		467	250	277
<b>Total liabilities</b>		<b>467</b>	<b>250</b>	<b>277</b>
<b>NET ASSETS</b>		<b>1,165</b>	<b>429</b>	<b>735</b>

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

## Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2007

	Note	Actual 2007 \$000	Budget 2007 \$000	Actual 2006 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash was provided from:				
Supply of outputs to the Crown		3,091	3,091	2,905
Revenues from services provided		222	296	344
Interest received		94	24	52
Cash was applied to:				
Payments to suppliers		(1,045)	(1,013)	(978)
Payments to employees		(2,071)	(2,307)	(1,869)
Net Goods and Services Tax		70	17	(76)
<b>Net cash flows from operating activities</b>	<b>7</b>	<b>361</b>	<b>108</b>	<b>378</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash was provided from:				
Capital injection from the Crown		225	–	–
Cash was applied to:				
Purchase of property, plant and equipment		(331)	(200)	(82)
<b>Net cash flows from investing activities</b>		<b>(106)</b>	<b>(200)</b>	<b>(82)</b>
Net increase (decrease) in cash held		255	(92)	296
Plus opening cash		717	251	421
<b>Closing cash balance</b>		<b>972</b>	<b>159</b>	<b>717</b>
Cash and bank		972	159	717
<b>Closing cash balance</b>		<b>972</b>	<b>160</b>	<b>717</b>

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

## Statement of commitments

AS AT 30 JUNE 2007

	2007 \$000	2006 \$000
<b>Capital commitments approved and contracted</b>		
<b>Non-cancellable operating lease commitments, payable</b>		
Not later than one year	267	269
Later than one year and not later than two years	264	115
Later than two years and not later than five years	419	63
Later than five years	124	0

### Other non-cancellable contracts

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

## Statement of contingent liabilities

AS AT 30 JUNE 2007

Quantifiable contingent liabilities are as follows:

	2007 \$000	2006 \$000
Total contingent liabilities	–	–

## Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2007

### Note 1: Net surplus for the year

	2007 \$000	2006 \$000
The net surplus is after charging for:		
Fees paid to auditors		
External audit		
Current Year	18	13
Transition to NZ IFRS	3	–
Depreciation:		
Furniture & Fittings	39	38
Computer Equipment	53	23
Office Equipment	18	19
<b>Total Depreciation for the year</b>	<b>110</b>	<b>80</b>
Rental expense on operating leases	361	354

### Major budget variation

There is a major budget variation in the net surplus from operations of \$205,000 against a budget surplus of \$3,000. The surplus is a reduction of \$118,000 on the surplus recorded in 2006

The surplus is derived by way of accumulated savings carried over from the previous year, lower than expected expenditure in contract services, accommodation costs and higher than expected income from interest earned.

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

Accumulated reserves in 2007/08 will be used to:

	\$000
Appoint Communications Adviser as part of Communications Pilot Project (2 year project)	100
Provide for unexpected impacts through the year	100
Contingency for Litigation (Provision for costs of legal actions outside of budgeted activities)	40

## Note 2: Public equity

### General funds

	2007 \$000	2006 \$000
Opening balance	735	412
Capital injection	225	323
Net surplus	205	323
<b>Closing balance</b>	<b>1,165</b>	<b>735</b>

## Note 3: Receivables and prepayments

	2007 \$000	2006 \$000
Trade debtors	56	7
Prepayments	107	8
<b>Total</b>	<b>163</b>	<b>15</b>

## Note 4: Property, plant and equipment

	Cost \$000	Accumulated Depreciation \$000	Net Book Value \$000
<b>2007</b>			
Furniture and fittings	274	107	167
Computer equipment	354	81	273
Office Equipment	108	56	52
<b>Total</b>	<b>736</b>	<b>244</b>	<b>492</b>
<b>2006</b>			
Furniture and fittings	188	68	120
Computer equipment	122	28	94
Office Equipment	95	38	57
<b>Total</b>	<b>405</b>	<b>134</b>	<b>271</b>

#### Note 5: Payables and accruals

	2007 \$000	2006 \$000
Trade creditors	104	67
Accrued expenses	292	157
<b>Total payables and accruals</b>	<b>396</b>	<b>224</b>

#### Note 6: Employee entitlements

	2007 \$000	2006 \$000
Annual leave	71	53
Long service leave	–	–
Retirement leave	–	–
Total	71	53
Current	71	53
Non-current	–	–

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

	2007 \$000	2006 \$000
Net surplus from operations	205	323
<b>Add (less) non-cash items:</b>		
Depreciation	110	80
Total non-cash items	110	80
<b>Add (less) movements in working capital items:</b>		
Increase in receivables	(48)	(1)
Decrease in inventory	4	4
Increase in payables	108	(9)
Increase in employee entitlements	(18)	(19)
Increase in unearned income	–	–
Decrease in other provisions	–	–
Working capital movements – net	46	(25)
<b>Add (less) items classified as investing activities:</b>		
Net loss (gain) on sale of assets		–
Total investing activity items		–
<b>Net cash flow from operating activities</b>	<b>361</b>	<b>303</b>

**Note 8: Related party information**

The Privacy Commissioner is a wholly owned entity of the Crown. The Government 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 Office to risk consist principally of cash, short term investments, and trade receivables.

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

The Privacy Commissioner places its investments with institutions that have a high credit rating. The Privacy Commissioner believes that these policies reduce the risk of any loss 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 maximum amount of credit risk for each class is the carrying amount in the Statement of Financial Position.

### **Fair value**

The fair value of other financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

### **Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Privacy Commissioner has no exposure to currency risk.

### **Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. There are no interest rate options or interest rate swap options in place as at 30 June 2007 (2006 nil). The Privacy Commissioner has no exposure to interest rate risk.

#### Note 10: Employees' remuneration

The Office of the Privacy Commissioner, is a Crown Entity, and is required to disclose certain remuneration information in their annual reports. The information reported is the number of employees receiving total remuneration of \$100,000 or more per annum. In compliance, the table below has been produced, which is in \$10,000 bands to preserve the privacy of individuals.

Total remuneration and benefits	Number of Employees	
	2007 \$000	2006 \$000
\$100,000 – \$110,000		2
\$110,000 – \$120,000	2	
\$120,000 – \$130,000		
\$130,000 – \$140,000		1
\$140,000 – \$150,000	1	

#### Note 11: Commissioners' total remuneration

In accordance with the disclosure requirements of Section 152 (1)(a) of the Crown Entities Act 2004, the total remuneration includes all benefits paid during the period 1 July 2006 to 30 June 2007.

Name	Position	Amount \$
Marie Shroff	Privacy Commissioner	226,650

#### Note 12: Cessation payments

The Privacy Commissioner made two early retirement payments in the year totalling \$30,000. No cessation payments were made in the year ending 30 June 2006.

#### Note 13: Indemnity insurance

The Privacy Commissioner's insurance policy covers public liability of \$3 million and professional indemnity insurance of \$250,000.

#### Note 14: Post balance date events

There are no adjusting events after balance date of such importance that non-disclosure would affect the ability of the users of the financial report to make proper evaluations and decisions.



