



Memorandum of Understanding

Between

Inland Revenue

and

Ministry of Social Development

Supplying information to assist the Ministry of Social Development to
reduce benefit and subsidy overpayments

Pursuant to an Approved Information Sharing Agreement
under Part 9A of the Privacy Act 1993
and section 81A of the Tax Administration Act 1994

May 2018

Released Under The Official Information Act 1982

This Agreement is made on 29 May 2018.

Between Inland Revenue
And The Ministry of Social Development

1 Interpretation

1.1 The following terms used in this Memorandum of Understanding, including the Background, have the following meanings:

AISA (or Approved Information Sharing Agreement)

The information sharing agreement between the Parties dated July 2017 that is made under section 81A of the TAA and Part 9A of the Privacy Act 1993, approved by the OIC, and which came into force on 31 August 2017.

Benefit

Has the meaning specified in the AISA.

Business Owner

An officer from each Agency who will oversee the on-going operation and success of this MoU, including schedules.

IR

Inland Revenue.

IRD Number

Has the meaning specified in the AISA.

IronKey

A USB IronKey or other secure portable data storage device.

MoU

This Memorandum of Understanding, including schedules and appendices.

MSD

Ministry of Social Development.

OIC

The Order in Council that approves the AISA and is made under sections 96J to 96L of the Privacy Act 1993, dated July 2017, as amended from time to time.

Party

IR or MSD individually.

Parties

IR and MSD together.

Secure Transmission Method

An online file transfer, Ironkey or other secure means of transmitting information which:

- (a) in relation to the transfer of "Restricted" information (as defined in the current New Zealand Government Security Classification System), is consistent with the standards (including encryption measures) in the current

New Zealand Information Security Manual (NZISM) or its equivalent; and

- (b) in relation to the transfer of other information that is not restricted, the Parties will make reasonable efforts to ensure is consistent with those standards; and
- (c) the Parties have agreed detailed operating protocols for in consultation with the Privacy Commissioner.

Subsidy Has the meaning specified in the AISA.

TAA Tax Administration Act 1994.

2 Background and Purpose

- 2.1 Until 31 August 2017, the Parties were authorised to share certain information pursuant to an Order in Council dated 30 April 2012 under section 81BA of the TAA. In accordance with section 81BA, they entered into a memorandum of understanding that met the requirements of that section, dated June 2012 (the **2012 MoU**). In March 2017, the Parties entered into a new memorandum of understanding that replaced the 2012 MoU (the **March 2017 MoU**).
- 2.2 In July 2017, the Parties entered into an Approved Information Sharing Agreement under section 81A of the TAA and Part 9A of the Privacy Act 1993 (**AISA**). The Order in Council under section 81BA of the TAA was revoked from the date that the AISA comes into force. In August 2017, the Parties also entered into a new memorandum of understanding pursuant to the AISA, that replaced the March 2017 MoU (the **August 2017 MoU**). The 2017 MoU needs to be updated to enable IR to check the accuracy of information that it holds with MSD before formally providing it to MSD under this MoU; to extend the MoU so that the Parties may share information regarding Subsidy overpayments; and to enable the ad hoc sharing of information between the Parties.
- 2.3 IR is authorised to share certain information with MSD under the AISA. This MoU is intended to provide a framework for various specific information sharing initiatives under the authority of the AISA. The specific information sharing arrangements will be attached as schedules to this MoU as they are developed.
- 2.4 The schedules will describe what information IR is able to share with MSD, the circumstances in which the sharing will occur, how MSD will use that information and the procedures to ensure that individuals are not inappropriately disadvantaged by the sharing of information.
- 2.5 This MoU replaces the August 2017 MoU from the date that it is signed by both Parties.

3 Legislation

- 3.1 The supply of information will be carried out in accordance with the AISA.

4 Business Owner Responsibilities

- 4.1 An officer of MSD and an officer from IR (being the Business Owners) will be responsible for the operation of this MoU.
- 4.2 The functions of the Business Owner include:
- Co-ordinating the supply and delivery of information;
 - Discussing and coordinating information quality issues;
 - Agreeing in principle to changes or further access to the information;
 - Identifying policy and systems changes at an operational level;
 - Co-ordinating joint MSD and IR reviews of the security and other procedures applicable to the Memorandum whenever either Party believes on reasonable grounds that such a review is necessary or in any event no less than once every 12 months;
 - Establishing and maintaining communication and understanding between the two Parties;
 - Resolving any disputes or differences between the Parties, once a dispute or a difference is referred to the Business Owner by business areas from either Party.

5 Permitted purposes

- 5.1 MSD will keep confidential any information it receives under this MoU and will use it only for permitted purposes. Permitted purposes are those specified in the relevant schedule and in the AISA.
- 5.2 MSD will keep the information in a secure environment to safeguard it from unauthorised access.
- 5.3 IR will not communicate to MSD any information that MSD are not legally entitled to collect in its own right.
- 5.4 Nothing in this MoU creates an obligation on IR to communicate information to MSD in circumstances in which IR perceives a risk to integrity of the tax system or to an unreasonable intrusion into individual privacy. This may include, but is not limited to occurrences where:
- An individual's location or identity are required to be treated with secrecy following judicial proceedings;
 - An individual's safety may be jeopardised;
 - The integrity of the New Zealand tax system may be jeopardised.

6 Use of information

- 6.1 Before using any information obtained from IR under this MoU, MSD agrees to take reasonable steps to ensure that the information is complete, accurate, relevant, up-to-date and not misleading. MSD agrees to observe the principles of natural justice prior to relying on the information to take any action which might affect the individual's rights or benefits.
- 6.2 Reasonable steps may include:
- Confirming the information with the individual;
 - Confirming the information with the source of the information (e.g. employer);
 - Confirming the information against the current information held by both agencies.
- 6.3 Specific details as to what steps are required prior to taking action in response to individual cases must be specified in the relevant schedule.
- 6.4 MSD will issue guidance to staff to ensure the appropriate notification and confirmation occurs in each case.

7 Monitoring, Reporting and Review

- 7.1 Both MSD and IR will monitor the sharing of information under this MoU, including the:
- Volume of information shared, by metrics relevant to the particular schedule;
 - Errors or problems with data, complaints, successful benefit adjustments, prosecutions etc.
- 7.2 Both MSD and IR can independently report feedback within their respective organisations as they see fit. This may include progress, complaints, successes and prosecutions.
- 7.3 As Lead Agency under the AISA, IR may be required by the Privacy Commissioner to report on the sharing of Information under this MOU, including for the broader purposes authorised under the AISA.
- 7.4 To assist with IR's reporting under clause 7.3, MSD will provide IR with relevant information regarding the sharing of Information under this MOU.

8 Confidentiality and secrecy

- 8.1 IR and MSD are responsible for complying with their obligations under the AISA, the Privacy Act 1993, the Official Information Act 1982, and, where applicable, the TAA and the Social Security Act 1964.

- 8.2 Each Party will consult with the other if either Party receives a complaint or a request under the Privacy Act 1993 or the Official Information Act 1982 relating to this MoU prior to the relevant Party making a decision on that complaint or request.
- 8.3 Every officer of IR is bound by the provisions of section 81 of the TAA, which imposes secrecy obligations. The information provided to MSD for the purposes of this MoU shall only be provided pursuant to the AISA.

9 Breaches of confidentiality and secrecy

- 9.1 All breaches of this MoU must be immediately notified to the Business Owner(s) and any actual or suspected unauthorised disclosures of the information must be investigated.
- 9.2 Where an investigation is undertaken, IR and MSD will provide each other with reasonable assistance through the Business Owners and keep the other informed of progress.
- 9.3 If either IR or MSD has reasonable cause to believe that any breach of any security provisions in this MoU has occurred or may occur, IR and MSD may undertake such investigations in relation to that actual or suspected breach as either deems necessary. IR and MSD shall ensure that they provide each other, through their respective Business Owners, with all the reasonable assistance in connection with such inspections or investigations.
- 9.4 If there has been a security breach either IR or MSD may suspend this MoU to give each other time to remedy the breach. While the MoU is suspended no information can be shared from IR to MSD.

10 Responsibility for acts and omission of employees, contractors and agents

- 10.1 IR and MSD will be responsible for the acts and omissions of their respective employees, contractors and agents, and in particular IR and MSD will:
- Keep their respective employees, contractors and agents informed of all obligations concerning security and confidentiality of information including the requirements of the Privacy Act 1993, the Official Information Act 1982, the AISA and this MoU; and
 - Ensure they are adequately trained to perform the agreed tasks; and
 - Ensure that their contracts include clauses obliging those employees, contractors and agents to observe all such requirements as to security and confidentiality; and
 - Ensure access to the IR information is not available to any employee, contractor or agent who is not covered by or who has not obeyed all of the above requirements of this clause.

11 Variations to this MoU

- 11.1 Either IR or MSD proposing a variation to this MoU, or the addition of a new or varied schedule, shall give reasonable notice of the proposed variation, and the reason for the proposed variation.
- 11.2 Any variation to this MoU, including the schedules, will be considered and agreed by the Business Owners following consultation with the Office of the Privacy Commissioner.
- 11.3 Any variation to this MoU must be in writing and signed by the Deputy Chief Executive and the Commissioner, or their delegates. Variations, or additions, of schedules only must be in writing and agreed by both IR and MSD Business Owners.

12 Term and termination

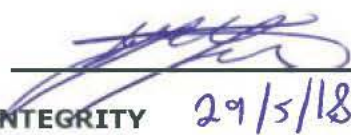
- 12.1 This MoU commences on the date that the AISA commences and continues in effect until terminated in writing by either IR or MSD.
- 12.2 This MoU shall continue in force until either the Commissioner or the Deputy Chief Executive terminates the MoU by giving 3 months written notice.
- 12.3 The obligations in this MoU that concern confidential information and secrecy shall remain in force notwithstanding the termination of this MoU.

13 Security, retention and destruction of records

- 13.1 Both MSD and IR are to comply with the requirements of the Public Records Act 2005, Social Security Act 1964 and the TAA (where applicable) for the purpose of security, retention or destruction of information.
- 13.2 MSD is required to destroy Personal Information received from IR once it has completed its enquiries in respect of that information but where that information is necessary for adding to a beneficiary file it will be retained.

IN WITNESS WHEREOF IR and MSD executed this Agreement on the date first written above.

SIGNED by Joanna Clifford



PROCESS INTEGRITY MANAGER, PROCESS INTEGRITY

29/5/18

On behalf OF INLAND REVENUE

SIGNED by Ruth Bound



DEPUTY CHIEF EXECUTIVE, SERVICE DELIVERY

23/5/18

On behalf of the MINISTRY OF SOCIAL DEVELOPMENT

I have a delegation under section 41 of the State Sector Act 1988 to sign for the Ministry.

Released Under The Official Information Act 1982

Schedule One – Detection of Overpayments and/or Fraud

1 Object of information sharing agreement

- 1.1 To enable the Parties to share information so that MSD is advised of individuals whose eligibility for a Benefit or a Subsidy, or a particular level of Benefit or Subsidy, might be in question based on information identified by IR.

2 Definitions

- 2.1 For the purposes of Schedule One, the following terms apply:

- **Client** – An individual registered with IR and having an IRD Number.
- **Beneficiary** – An individual who has been granted a Benefit or Subsidy.

- 2.2 The Business Owners for this schedule as at the commencement of this MoU are:

- Inland Revenue – Process Integrity Manager, Process Integrity
- Ministry of Social Development – Director, Information Sharing

A Party may change its Business Owner, or their contact details, at any time by giving the other Party's Business Owner written notice of the change.

3 Personal Information to be shared

- 3.1 Information about income received by Beneficiaries and their personal circumstances where those are relevant to Benefit and/or Subsidy entitlement level.

- 3.2 Depending on the individual case, the Parties may share with each other any or all of the following items of information in relation to a Beneficiary:

- Sources and amounts of income – where a Beneficiary appears to be receiving other sources of income or multiple Benefits and/or Subsidies;
- Amount and type of Benefit and/or Subsidy – where a Party becomes aware that a Beneficiary may not be entitled to a Benefit or Subsidy or to a level of Benefit or Subsidy;
- Beneficiary's date of birth;
- Beneficiary's Name – including where IR becomes aware that a Beneficiary makes use of a secondary name, becomes aware of a variation of the spelling of a name, or identifies a name change;
- Beneficiary's partner / spouse's Name – including where IR becomes aware that a Beneficiary's partner / spouse makes use of a secondary name, becomes aware of a variation of the spelling of a Partner / Spouse's name, or identifies that a Partner / Spouse's name has changed;
- Dependent Siblings Name – including where IR becomes aware that a sibling of a Beneficiary makes use of a secondary name, becomes aware of a variation of

the spelling of the dependent sibling's name or identifies a dependent sibling name change;

- Care giving arrangements – details of care giving arrangements or where IR becomes aware of a change in care giving arrangements that will impact a Beneficiary's entitlement to a Benefit or Subsidy (e.g. children now in the care of CYFs or where shared care arrangements have changed);
- Change to Marital / Partner status – where IR becomes aware of a change in a Beneficiary's marital or relationship arrangement which may alter their entitlement to a Benefit or Subsidy (e.g. they marry, or separate from long term partner);
- Change of Beneficiary's circumstances – where IR becomes aware that a Beneficiary has started or stopped employment / self-employment;
- Paid Parental Leave (PPL) – where IR becomes aware that a person is receiving the unemployment benefit and is also receiving paid parental leave;
- IRD Number and SWN (Social Welfare Number);
- Current address / contact details – details of current known address / contact details for a Beneficiary, including overseas contact information;
- Address / Bank Account details – where IR becomes aware of a Beneficiary using multiple addresses and / or bank account numbers;
- Immigration details – Where a Beneficiary advises that they are departing the country permanently;
- Child support details – where IR becomes aware that a Beneficiary's entitlement does not match child support situation (e.g. liable for child support but receiving working for families as part of benefit entitlement for same child or children);
- Agent's contact details – where IR becomes aware that a Beneficiary has an agent;
- Associated entities details – where IR becomes aware of other entities associated with a Beneficiary (e.g. company, trust, directorships, shareholdings etc);
- Any relevant information about the suspicion of fraud in relation to a Benefit or Subsidy.

4 Means of identification and transmission

- 4.1 All IR staff will be advised of the ability to refer an individual whose personal circumstances, as apparent from IR records or interactions with a Client, may be at a variance with their eligibility for a Benefit or Subsidy or payment at a particular level.
- 4.2 IR staff will make referrals to a central system within IR or through another agreed process. The central team will take all reasonable steps to verify the accuracy of the information in IR's system, and to eliminate as best as possible errors in IR's data as

a cause of the apparent anomaly. Such steps may include contacting a designated staff member of MSD in a manner agreed by the Parties to obtain an initial MSD assessment of whether the information appears to be accurate and it is, therefore, likely to be worthwhile making a referral.

- 4.3 Once the data has been fully assessed by the IR central team, the team leader will forward details as are specified in paragraph 3.2 of this schedule to a designated staff member of MSD.
- 4.4 Information and data will be sent between the Parties via a Secure Transmission Method following consultation with, and approval from, the officer holding the appropriate delegation.
- 4.5 MSD may contact IR's central team leader (as referred to at paragraph 4.2) in a manner agreed by the Parties if it has any queries or feedback regarding the information and data provided. MSD may request that IR provide clarification or further information (as specified at paragraph 3.2) to assist it to resolve a query.
- 4.6 MSD may also request the information referred to at clause 3.2 from IR on an ad hoc basis by contacting IR's central team or through another process agreed between the Parties. This may involve MSD providing IR with any of the information referred to in clause 3.2 so that IR may compare it against the equivalent information that it holds and confirm to MSD whether or not the information that MSD holds is the same as the information that IR holds. At all times, the reason for the information request must be provided to IR so that IR can determine whether the request is for the purposes of this Schedule as specified at paragraph 1.1 and whether to provide the requested information.
- 4.7 Appendix One depicts the internal IR process for referring.
- 4.8 Appendix Two depicts the internal MSD process after receipt of referral from IR.

5 MSD Safeguards

- 5.1 MSD will not make assumptions that any particular record represents evidence of a fraud. MSD will ensure that adequate checks are made to see whether there is another explanation for the apparent anomaly.
- 5.2 Unless doing so would prejudice the maintenance of the law (such as an investigation and potential criminal prosecution) MSD will not cease or reduce any Benefit or Subsidy, establish an overpayment or commence prosecution action without first giving the person likely to be affected sufficient notice and therefore an opportunity to comment on the information on which the proposed action is based.

Schedule Two – Statistical Match Outliers

1 Object of information sharing agreement

- 1.1 The statistical match completed in December 2011 revealed some anomalies around certain information relating to a small number of beneficiaries (less than 4%).
- 1.2 To provide MSD with information about individuals whom IR has cause to believe are in receipt of a Benefit or a Subsidy and are either deceased, bankrupt or have an invalid address.

2 Definitions

- 2.1 For the purposes of Schedule Two, the following terms apply:
 - **Client** – An individual registered with IR and having an IRD Number.
 - **Beneficiary** – An individual who has been granted a Benefit or Subsidy.
- 2.2 The Business Owners for this schedule as at the commencement of this MoU are:
 - Inland Revenue – Process Integrity Manager, Process Integrity
 - Ministry of Social Development – Director, Information Sharing

A Party may change its Business Owner, or their contact details, at any time by giving the other Party's Business Owner written notice of the change.

3 Personal Information to be shared

The process to capture this information and send it to MSD is outlined below.

- 3.1 IR may search for the following:
 - If the Client has received an income from a Benefit or a Subsidy; and
 - Client has a status of DC (deceased); or
 - Client has a bankrupt IRD Number; or
 - Client has an invalid address.

The Client must have received income from MSD and have a deceased status, a bankrupt IRD Number or an invalid address. If the Client has more than one reason to meet this criterion they will show for the first reason they are selected for.

- 3.2 Once the Client has met the criteria to be selected, the following information may be shared (if held):
 - Client's IRD Number
 - Client's SWN number

- Name details (first name, surname, etc)
- Other name details (alias, preferred name)
- Date of Birth
- Bank account details
- Phone numbers, email addresses
- Physical address (If the address is invalid the physical address shown will be the invalid address)
- Client's Nominated Person / Agent
- Period after bankrupt or deceased date in which income has been received.

4 Frequency

- 4.1 Information sharing will take place on a monthly basis unless the Parties otherwise agree in writing.
- 4.2 MSD may contact IR in a manner to be agreed by the Parties if it has any queries or feedback regarding the information and data provided. MSD may request that IR provide clarification or further information (as specified at paragraph 3.2) to assist it to resolve a query.

5 Means of transmission

- 5.1 The Parties may share the information using a Secure Transmission Method.

6 Internal Processes

- 6.1 IR and MSD will be responsible for their respective internal processes.
- 6.2 Appendix Three depicts the internal IR process for identifying, formatting and delivering data to MSD.
- 6.3 Appendix Two depicts the internal MSD process after receipt of data from IR.

7 MSD Safeguards

- 7.1 MSD shall make no assumptions that any particular record represents evidence of a fraud and shall ensure that adequate checks are made to see whether there is another explanation for the apparent receipt (by the deceased, bankrupt or invalid Client) of income from MSD, such as, but not limited to:
 - The IRD Number given to MSD and placed on their EMS has been transposed incorrectly;

- The IRD Number is that of a bankrupt or deceased person and is being used in error;
- The address details given to IR have been incorrectly entered;
- The person is not bankrupt or deceased and the records that IR has received showing that they are bankrupt or deceased are incorrect.

7.2 MSD shall ensure that reasonable efforts are made to contact the individual concerned (or the individual's next of kin or legal representatives as the case may be) prior to relying on the information as accurate.

Released Under The Official Information Act 1982

Schedule Three – Dual Income and Work Start/Stop Dates

1 Object of information sharing agreement

- 1.1 To identify and advise MSD of individuals who appear to be in receipt of income in addition to a Benefit or Subsidy, or during a period in which a Benefit or Subsidy has been claimed.

2 Definitions

- 2.1 For the purposes of Schedule Three, the following terms apply:

- Client – An individual registered with IR and having an IRD Number.
- Beneficiary – An individual who has been granted a Benefit or Subsidy.

- 2.2 The Business Owners for this schedule as at the commencement of this MoU are:

- Inland Revenue – Process Integrity Manager, Process Integrity
- Ministry of Social Development – Director, Information Sharing

A Party may change its Business Owner, or their contact details, at any time by giving the other Party's Business Owner written notice of the change.

3 Personal Information to be shared

The process to capture this information and send it to MSD is outlined below.

- 3.1 IR will search for the following:

- If the Client has received income from a Benefit or or Subsidy and;
- Client has received income from another source of income in the same month of greater than \$0.00.

- 3.2 Once the Client has met the criteria to be selected, the following information will be looked for and may be shared (if held):

Client's Information

- Client's IRD Number
- Client's SWN number
- Name details (first name, surname, etc)
- Other name details (alias, preferred name)
- Date of birth

- Bank account details
- Phone numbers, email addresses
- Physical address
- Client's nominated person / agent

Employer(s) Details:

- Name and trading name of the employer(s)
- Contact phone number for the employer(s)
- Employer address
- Employer email address
- Employer knows employee as

Income Details:

- Amount of income from other sources received during the period, including the amount per employer(s)
- Start dates for any employment
- End dates for any employment

Retrospective Information:

IR may provide retrospective income information, up to five years old, on a monthly basis (including employer details) for the period the Beneficiary has been in receipt of their current Benefit and/or Subsidy.

4 Frequency

- 4.1 Information sharing will take place on a monthly basis unless the Parties otherwise agree in writing.
- 4.2 MSD may contact IR, at any time, in a manner to be agreed by the Parties if it has any queries of feedback regarding the information and data provided. MSD may request that IR provide clarification or further information (as specified at paragraph 3.2) to assist it to resolve a query.

5 Means of transmission

- 5.1 The Parties may share the information using a Secure Transmission Method.

6 Internal Processes

- 6.1 IR and MSD will be responsible for their respective internal processes.

6.2 Appendix Three depicts the internal IR process for identifying, formatting and delivery of data to MSD.

6.3 Appendix Four depicts the internal MSD process after receipt of data from IR.

7 MSD Safeguards

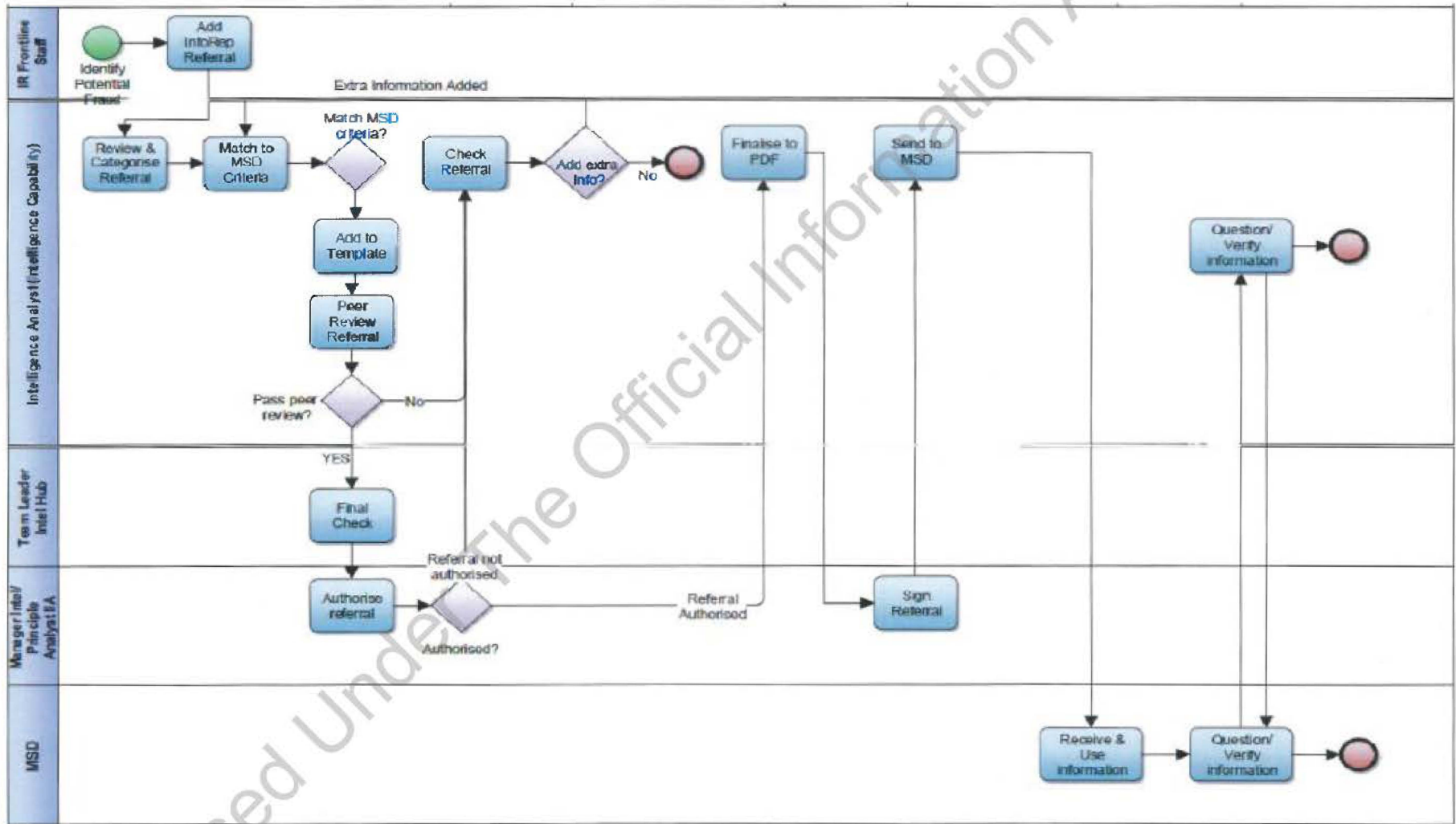
7.1 MSD shall not make assumptions that any particular record represents evidence of a fraud and shall ensure that adequate checks are made to see whether there is another explanation for the apparent receipt of a benefit by the individual of income from other sources such as, but not limited to:

- The Client is receiving a top up Benefit or Subsidy but working full time;
- The Client is working the hours they are able to work while receiving a Benefit or Subsidy.

7.2 MSD shall ensure that reasonable efforts are made to contact the individual concerned (or the individual's next of kin or legal representatives as the case may be) prior to relying on the information as accurate.

Released Under The Official Information Act 1982

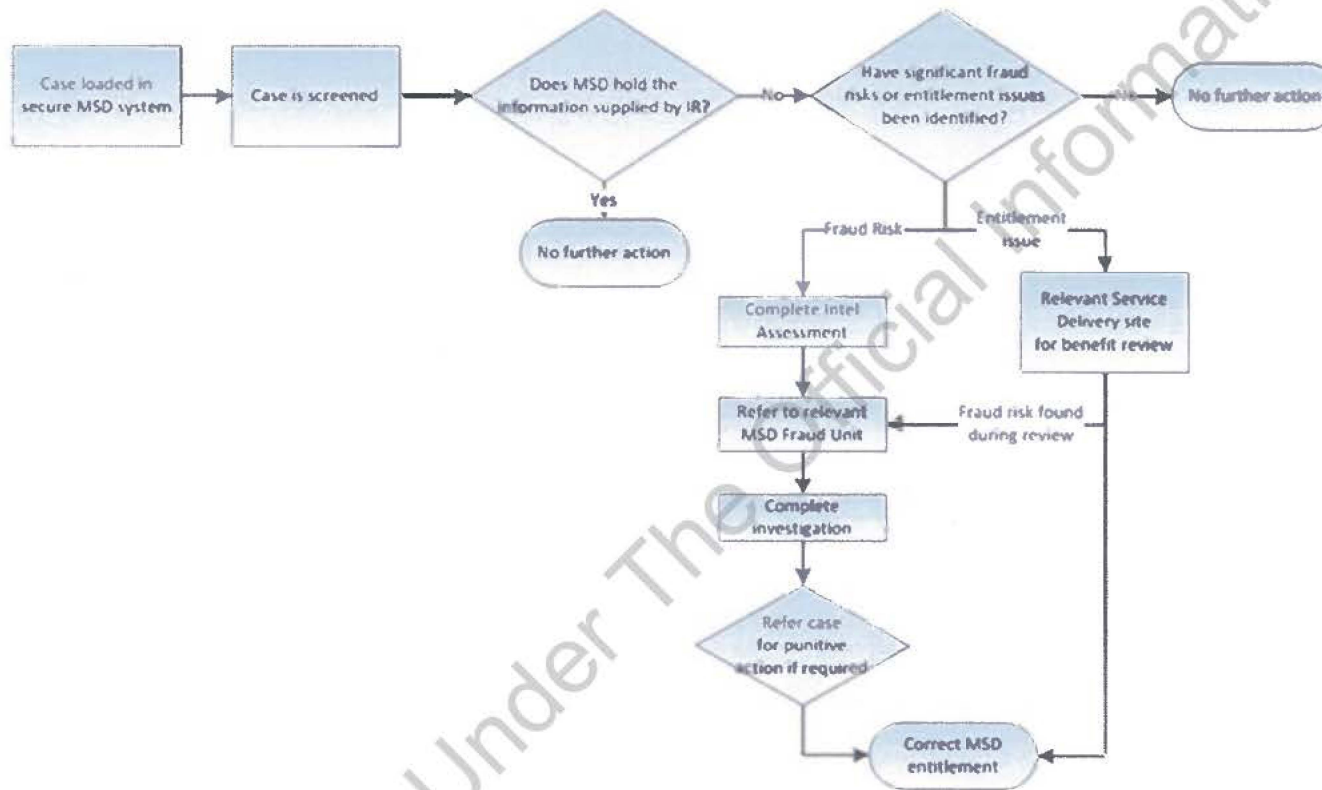
Appendix One: Internal IR approach for Schedule One



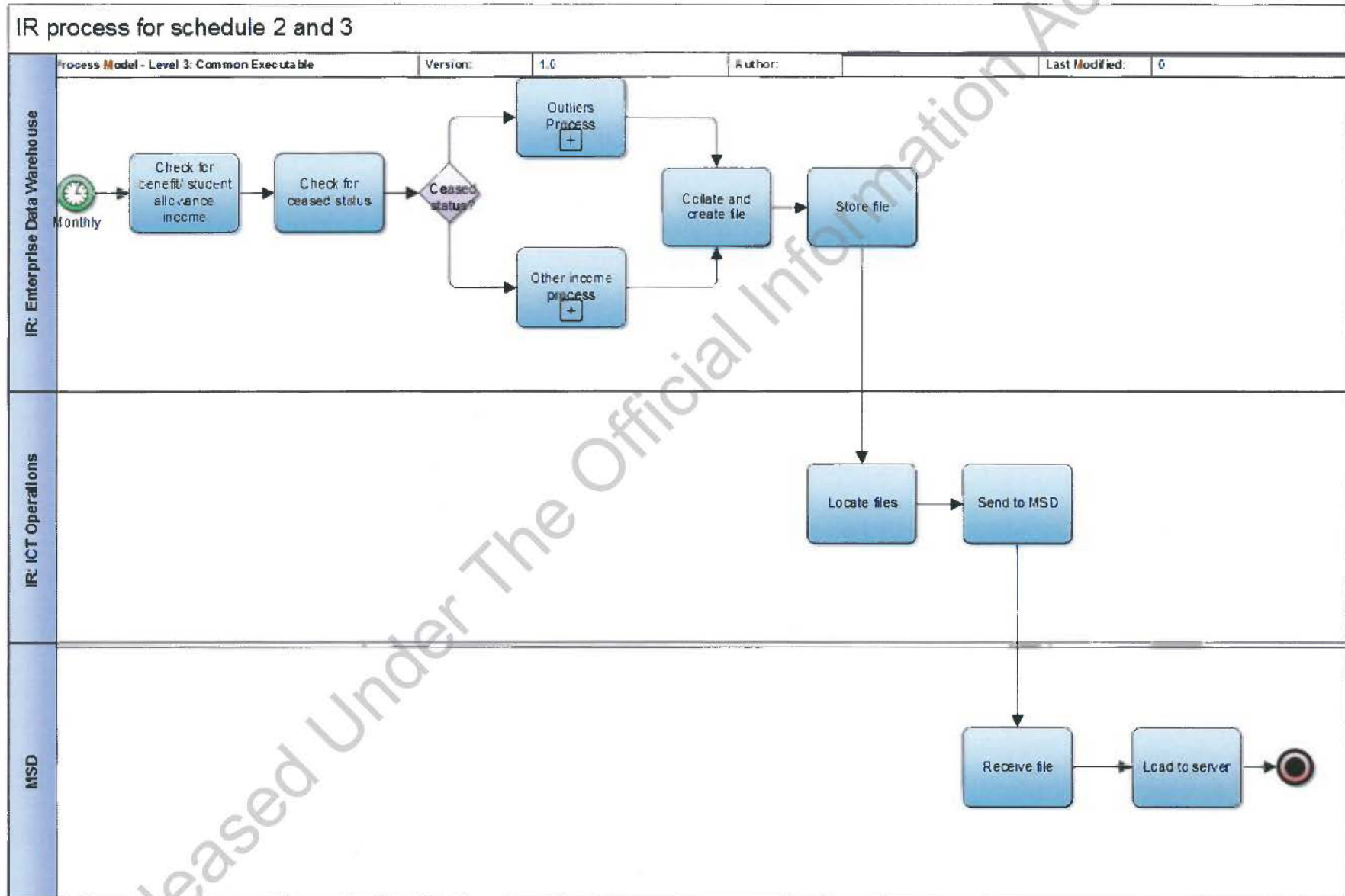
Released Under The Official Information Act 1982

Appendix Two: Internal MSD approach for Schedule One and Two

Information Sharing – Fraud Case Referrals



Appendix Three: Internal IR approach for Schedule Two and Three

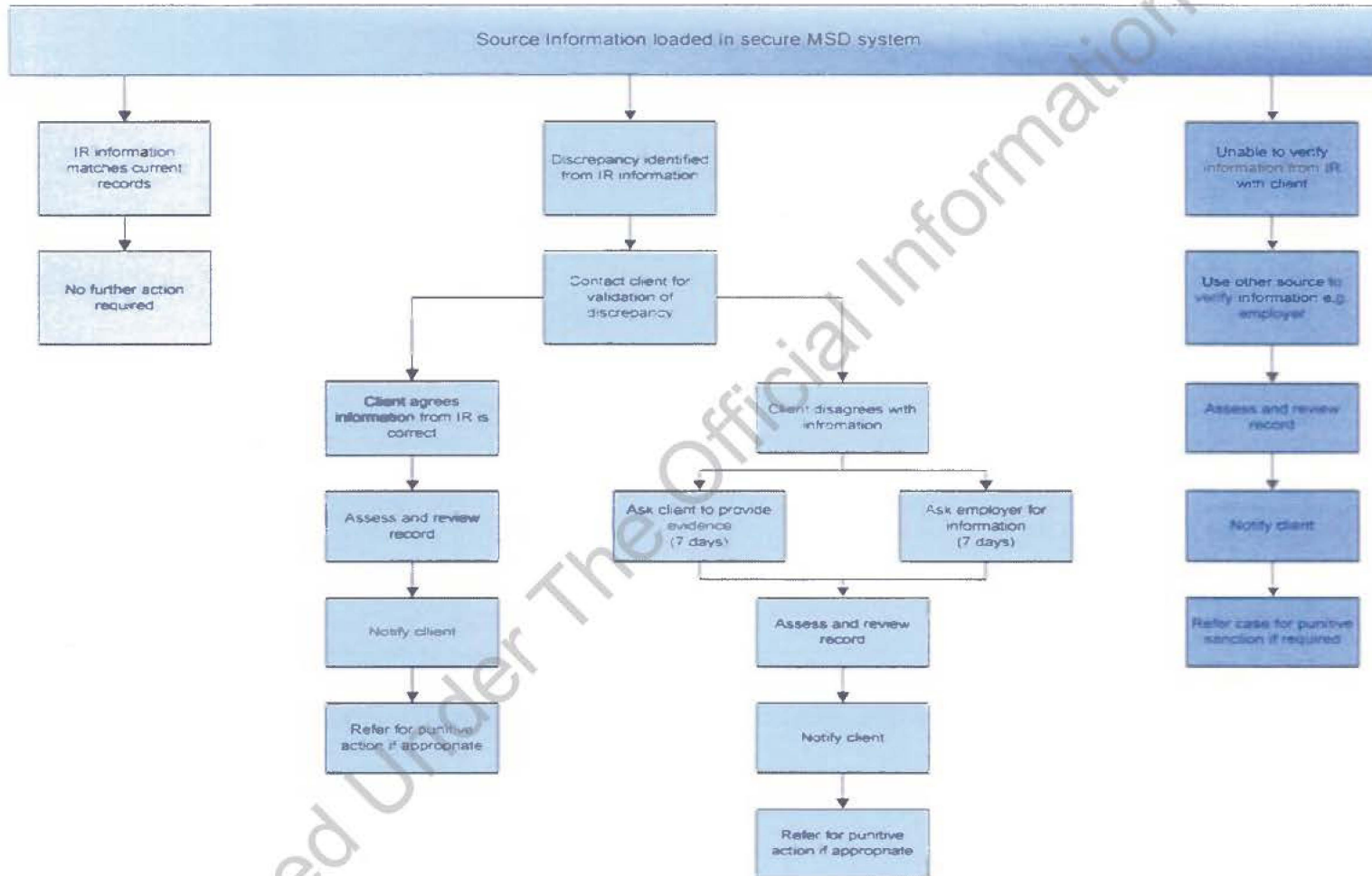


Released Under The Official Information Act 1982

Appendix Four: Internal MSD approach for Schedule Three

MSD Information Process Flow

Schedule III



Standard MSD practices and protocols applied

Released Under The Official Information Act 1982