



Child support pass-on – removing the 10 working days' notice from the IR-MSD AISA

Privacy Impact Assessment
31 May 2022

CONTENTS

1. Introduction and Purpose of PIA
2. Glossary
3. Why has MSD completed a PIA?
 - 3.1 Background
 - 3.2 Scope and Assumptions
 - 3.3 Description of information flows and matching
4. Privacy Analysis
 - 4.1 Removal of adverse action notice
 - 4.2 Impacts of removing adverse action notice
5. Communications Strategy
6. Privacy Risk Assessment
 - 6.1 Risk Assessment
 - 6.2 Privacy Controls
7. Confirmation

Document Authors

Name	Role	Business Area
s 9(2)(a)		

Consultation

s 9(2)(a)		
-----------	--	--

1. Introduction

Purpose of Privacy Impact Assessments (PIA)

PIA assessments look at the way privacy is processed in new initiatives or projects and encourage conversations on the mitigation of any identified risk. PIAs are simply good business practice and provide a privacy “health check” on an initiative or project. A PIA is not a legal compliance checklist, it is intended as an assurance and risk-management tool, to support sound and sustainable policy and practice developments.

They are undertaken to:

- ***identify and manage risks, particularly those to individuals*** –addressing risks to an initiative is an essential component of overall project management and, in this case, the identification of the project’s privacy impacts. Where negative privacy impacts are unavoidable, a PIA can provide clarity as to the business need that justifies them;
- ***avoid unnecessary costs*** – conducted early in a project, a PIA will identify problems that can be more easily avoided than if discovered at a later stage;
- ***identify inadequate solutions*** –privacy by design at the earliest project stages avoids ‘work-arounds’ to remediate problems discovered too late;
- ***enhance trust, confidence and integrity of MSD’s systems*** - by designing privacy protection measures at the beginning of a project will avoid initiatives progressing with privacy flaws which may impact on affected individuals and may eventually attract negative media and public attention;
- ***meet and exceed privacy and legal requirements*** – a review of compliance with privacy legislation will provide confidence, internally and externally, that the information privacy principles in the Privacy Act have been accommodated.

The purpose of this document is to comprehensively consider how this initiative/project will affect the privacy of individuals and how we achieve our objectives whilst also protecting that privacy. The PIA process also places particular emphasis on how any privacy impacts will be mitigated by the Ministry. It is also an opportunity to discuss privacy-enhancing approaches. Note that the PIA is intended to focus on the impacts on individuals, and is not a document in defence of the policy and/or initiative, which was decided by Cabinet.

2. Glossary

Term	Meaning
AISA	Approved Information Sharing Agreement
Adverse Action	means any lawful action of MSD that may adversely affect the rights or benefits of a client as a result of receipt of Child Support, including any decision— (a) to cancel or suspend a benefit payment; (b) to refuse an application for a benefit; (c) to alter the rate or amount of a benefit; or (d) to recover an overpayment of a benefit.
Child Support	Child Support paid under the Child Support Act 1991
IR	Inland Revenue Department
MSD	Ministry of Social Development
PIA	Privacy Impact Assessment

3. Why has MSD completed a PIA?

3.1 Background

As part of Budget 2022 Cabinet has agreed to fund and support the passing on of Child Support to sole parent beneficiaries and treat it as income for benefit purposes¹. For Child Support payments that relate to periods from 1 July 2023, Child Support will be passed on directly to sole parent beneficiaries.² This change is expected to:

- improve income adequacy for sole parent families on the lowest incomes;
- fulfil the Welfare Expert Advisory Group's (WEAG) recommendation to pass on Child Support (recommendation 27); and
- reduce child poverty.

This means that MSD clients who receive Child Support may have their benefit payments from MSD adjusted to account for this additional income.

MSD and Inland Revenue want to make this simple for MSD clients, to minimise client debt and the burden for MSD clients to declare their income. To do this, MSD proposes to charge Child Support as income for benefit purposes in real time based on regular information shared by Inland Revenue under the 2018 Approved Information Sharing Agreement (AISA) between IR and MSD³.

¹ At the moment, Child Support payments are collected by Inland Revenue on behalf of sole parent beneficiaries and are not paid to the parent or carer, unless the Child Support payment is in excess of the client's benefit rate. Instead, the Government retains the Child Support to offset the cost of their benefit payment.

² Child support is already passed on to other beneficiaries, such as re-partnered couples caring for children from a previous relationship, who are currently required to manually declare their payments.

³ Inland Revenue and Ministry for Social Development, *Information Sharing Agreement between Ministry for Social Development and Inland Revenue Department pursuant to Part 9A of the Privacy Act 1993 and section 81A of the Tax Administration Act 1994*, September 2018, as found on - <https://www.ird.govt.nz/-/media/project/ir/home/documents/about-us/publications/approved-information-sharing->

The information sharing is necessary because IR administers the Child Support scheme and MSD relies on IR advising MSD of any Child Support payments made to MSD clients, to enable MSD to charge Child Support as income to beneficiaries.

Specifically, in order to charge Child Support as income for benefit purposes in real time, MSD proposes:

- automated charging of Child Support as income for its clients based on an information matching share from IR to MSD. Automating charging of Child Support as income will occur where MSD has reasonable grounds to believe that the information matching process results are not likely to be in error. Remaining lesser quality partial match results will be manually reviewed; and
- generally to assess paid Child Support as income over four or five weeks forward, to align how Child Support is treated as income with the period between Child Support payments and to reduce benefit abatements being out of sync;
- removing the rule for a 10-working day notice period required in the AISA before MSD may take an “Adverse Action” based on the information shared by IR for these purposes. For example, charging Child Support as income for benefit purposes based on information provided by IR may lead to an Adverse Action such as a client’s benefit reducing or being stopped. The removal of this rule will apply to all MSD clients who receive Child Support, not just sole parent beneficiaries.

MSD expects that the process as designed will:

- ensure Child Support is charged as income for benefit purposes in a simple and accurate manner;
- minimise the potential for debt by eliminating the delay between Child Support being received and the benefit being reduced/abated (requires removal of adverse action notice period).
- reduce the burden for MSD clients to manually declare their Child Support payment.

3.2 Scope and Assumptions

This PIA has been prepared to assess the potential impacts on client privacy to removing the requirement for a 10 working day notice period from the AISA before MSD takes Adverse Action against clients receiving a benefit as well as Child Support payments, based on information shared by IR. It includes a description of the proposed process and proposed safeguards and mitigations.

This PIA does not consider the privacy impacts associated with:

- the policy change to pass on Child Support to sole parent beneficiaries and treat it as income for benefit purposes; or
- the current or proposed information sharing performed under the Approved Information Sharing Agreement between MSD and IR, including the type of information shared, the method of transfer, the method of matching or the intended use of the information; or
- the automated decision-making for applying the income charge. The process of the automated assessment of Child Support as income will be governed by MSD’s Automated Decision-Making Standard which will provide safeguards to ensure automation for Child Support pass-on is lawful, aligns with policy intent and is implemented in accordance with MSD’s Privacy, Human Rights and Ethics (PHRaE) Framework.

3.3 Description of Information flows and matching

[agreements/information-sharing-agreement-between-inland-revenue-and-ministry-of-social-development/2018.pdf?modified=20201210232947&modified=20201210232947](#) This AISA allows IR and MSD to share information for the purpose of, amongst other things, assessing eligibility for and entitlement to benefits and subsidies

The proposed information sharing between IR and MSD will be governed by an existing AISA. This AISA allows for MSD and IR to voluntarily share information for the purposes of assessing eligibility for benefits and subsidies, enforcing obligations related to benefits and subsidies, assessing tax obligations and registering new customers or updating customer contact information. The definition of subsidies in the AISA includes the administration of Child Support payable under the Child Support Act 1991. Sharing Child Support information with MSD for benefit abatement therefore falls within the purposes for sharing under the AISA.

Information received from IR will be matched against the corresponding information held in MSD systems. Automation will only take place if three or more (out of five) identifiers match.⁴ One of the three matches must be an IR number.

Partial matches occur where it is considered there are enough matches to make it likely to be a client but needs further investigation. The partial match result will be displayed to an MSD staff member showing the clients core IR and MSD information with additional values (contact number, email address, residential and postal address). The MSD staff member will investigate and if satisfied the client is the same, they will confirm them as a match which submits the transaction for automated processing. The same process as full matches will then be followed and no 10 working days' notice would apply⁵.

If any client data is changed at IR or MSD, the client information will undergo a new matching process to ensure the client is validated on the latest information.⁶

4. Privacy Analysis

The potential privacy impacts resulting from removing the 10 working day notice period from the AISA (for charging Child Support payments as income) before MSD takes an Adverse Action are analysed below. The analysis identifies any risks that one or more of the privacy principles may be breached. The extent to which the Ministry has controls planned or in place to reduce the privacy impacts are set out in Section 6.

4.1 Removal of Adverse Action Notice

Section 152 of the Privacy Act 2020 requires parties to an Information Sharing Agreement to provide written notice to individuals before any Adverse Action is taken against them on the basis of information shared under that agreement, including details of the Adverse Action that the party proposes to take and the Personal Information about the individual on which the action is based. The notice must give individuals 10 Working Days to dispute the correctness of the information before any Adverse Action is taken against them.

A similar requirement exists in the AISA and is currently applied by MSD.

Section 153(a)(ii) of the Privacy Act allows an approved Information Sharing Agreement to provide that a party to that agreement may give a shorter period of notice or dispense with the notice requirement.

⁴ Partially matched results where MSD has good cause to believe that there is a positive match will be accepted (e.g., phonetically similarity (e.g., Jimmy vs Jimmie), missing spaces or hyphens (e.g., Mary Ellen vs Mary-Ellen), a minor mistake in DOB (e.g., 01-01-1984 vs 01-01-1985 when three or more (out of five) identifiers match) or missing components (e.g., Ben vs Benjamin when three or more (out of five) identifiers match).

⁵ Applying the 10 working days' notice for partial matches has been considered but as this would go against the policy intent of Child Support pass on and could impact the client negatively and result in a debt for clients, it was decided not to do this.

⁶ MSD will create a (non-human readable) "hash" of the identifiers that are used in the matching process and once a match is made automatically by the criteria or alternately by staff, this would be used in future to avoid matching. Any change to the information received from IR would result in a different hash and need to go through the matching steps again.

Waiving the 10 working days' notice period for passing on Child Support will allow MSD to act on information received from IR more quickly, minimising the amount of client debt created. In most cases income will be charged against the client record in time for correct benefit entitlement to be paid without any debt created.

Waiving the 10 working days' notice period will also ensure that the income charge against the client record will better align with the Child Support payments made by IR. Without the 10 working days' notice waiver in place, the payments made by IR would be out of sync with benefit abatements made by MSD and may lead to hardship for clients.

4.2 Impacts of removing the Adverse Action notice

The purpose of the Adverse Action process is to allow individuals time to object to incorrect personal information being used in ways that are adverse to them. However, keeping the 10 working days' notice period would potentially cause more of a disadvantage to MSD clients in terms of the potential to incur debt than it is helping.

It is difficult to estimate how much debt would be incurred if the 10 working days' notice period is not removed from the AISA or how many clients would be impacted.

However, forecasting from September 2021 shows that for July 2023, of all the MSD clients who receive Child Support, around 31,260 clients would not get the full amount because of abatement of a main benefit or supplementary payment. If the 10 working days' notice is not removed from the AISA, this would lead to creation of debt each month for the majority of clients. The clients most affected would be those clients receiving Temporary Additional Support, Income Related Rent and those who receive more than \$160 per week in Child Support⁷.

In relation to the proposal to remove the 10 working days' notice period currently required before any Adverse Action is being undertaken, the only relevant Information Privacy Principle in the Privacy Act 2020 is IPP8, which states:

An agency that holds personal information must not use or disclose that information without taking any steps that are, in the circumstances, reasonable to ensure that the information is accurate, up to date, complete, relevant, and not misleading.

While the proposal of removing the 10 working days' notice period reduces the protection for clients in regards IPP8, MSD believes the impact will be minimal as the information it receives from IR is highly accurate, the process as designed requires a high quality match and MSD has processes in place to ensure the information is matched to the correct client. Analysis of client records held by MSD shows 300 working age clients (0.1%) do not currently have an IR number present for matching against information shared by IR, the 99.9% of records have a high confidence level of an accurate match. MSD knows of no reason why the proposed information share would lead to less accurate results.

Furthermore:

- MSD and IR will conduct an initial data validation and cleansing process prior to go-live to improve data quality;
- MSD's internal processes for monitoring the information matching means that it will be able to identify any inaccuracies in the information it receives and address these manually;
- MSD will also notify clients on the day it reduces or stops a benefit about why and the details;
 - 44% of working age clients (154,631) receive letters in real-time through MyMSD and will be notified of a benefit reduction between 2 – 8 week-days prior to receiving payment)

⁷ Only a small amount of people (2,482 people) receive more than \$160 a week in Child Support.

- 56% of working age clients (196,008) receive letters by post, in most circumstances the client will receive notification 4 days prior to receiving their benefit however in some scenarios they may be notified 1-weekday after receiving payment⁸.
- MSD will design internal processes designed to escalate and resolve client queries about an Adverse Action promptly (1- 2 working day resolution from time of notification);
- MSD's existing dispute processes allow clients to review and contest any debt that is created (review of decision); and
- MSD clients also have access to one-off, non-recoverable hardship payments through the MSD Contact centre or in a Service Centre if an error causes their benefit to reduce incorrectly. Please note the assessment of eligibility for hardship assistance will be based on a client's need rather than there being an error with their benefit occurring.

These are all described in Section 6 below.

5. Communications strategy

Prior to the change in the AISA taking effect, MSD and IR will put measures in place to inform clients of the changes and how they could be affected. Although the exact methods of communication have not yet been finalised, they may include:

- Emails to clients
- Emails to stakeholder groups / advocates
- Updating MSD, Work & Income and IR websites
- Material available at service centres

6. Privacy Risk Assessment

⁸ The timeframe expected to receive notification assumes a 3-working day postal delay.

6.1 Risk Assessment

The privacy impact analysis outlined in Section 4 identified a number of privacy related risks associated with the Child Support pass-on project. The table below sets out the risks identified through the privacy impact assessment and the risk exposure after considering the effect of privacy enhancing responses designed.

Risk Ref	Privacy Risk Description	Inherent Risk Rating (consequence /likelihood)	Controls/ Mitigations	Residual Risk rating (consequence /likelihood)	Rationale for risk rating
R01	<u>Mismatch</u> : There is a risk that MSD will take Adverse Action against clients who have been mis-identified, or there are other details received from IR that are incorrect	Medium (Moderate/ Unlikely)	C01- High quality information match required C02- Manual investigation for partial matches C03- New information undergoes matching C04- Known accuracy C05- Initial data validation and cleansing C08- MSD escalation process C10 – Client assistance available	Low (Moderate/ Rare)	Despite controls, the consequence rating stays at <u>Moderate</u> because not paying correct entitlement breaches MSD's legal obligations. Likelihood reduced to rare because of mitigations and statistics on another automatically matched and processed information share between IR and MSD shows an accuracy of 99% in matching results.
R02	<u>Incorrect Information</u> : the information being relied on is incorrect in some way, and incorrectly impacts a client's benefit entitlements.	Medium (Moderate/ Unlikely)	C06- Communication of process C07- Notification of change to benefit C08- MSD escalation and resolution processes C10 – Client assistance available	Low (Moderate/ Rare)	Despite controls, the consequence rating stays at <u>Moderate</u> because not paying correct entitlement breaches MSD's legal obligations.

					Likelihood reduced to unlikely because of controls.
C09	<u>System inaccuracy or failure causes client debt:</u> The IR or MSD matching process and relevant systems either fail for a significant period or are materially inaccurate, causing client debt when reinstated or rectified	Medium (Moderate/ Unlikely)	C01- High quality information match required C02- Manual investigation for partial matches C03- New information undergoes matching C04- Known accuracy C05- Initial data validation and cleansing C06- Communication of process C07- Notification of change to benefit C08- MSD escalation and resolution processes C09- MSD dispute process C10 – Client assistance available	Low (Moderate/ Rare)	Despite controls and mitigations, the consequence rating stays at <u>Moderate</u> because not paying correct entitlement breaches MSD's legal obligations.

6.2 Privacy Controls

Control Ref	Control Name	Control Description	Control reduces:
C01	High quality information match required	Automation will only take place if three or more (out of five) identifiers [REDACTED] s 18(c)(i) [REDACTED] match. ⁹ One of the three matches must be on [REDACTED]	Likelihood
C02	Manual investigation for partial matches	MSD staff will investigate manually if a partial match occurs where it is considered enough matches are likely to be a client. If the staff member after investigation is satisfied the information match relates to a client, they will confirm a match.	Likelihood
C03	New information undergoes matching	If any client data is changed at IR or MSD, the client information undergoes a new matching process to ensure the client is validated on the latest information. MSD will create a (non-human readable) “hash” of the identifiers that are used in the matching process and once a match is made automatically by the criteria or alternately by staff, this would be used in future to avoid matching. Any change to the information received from IR would result in a different hash and need to go through the matching steps again.	Likelihood
C04	Known Accuracy	The knowledge and experience gained previous matches with IR means MSD has good reason to believe the information it receives from Customs is accurate and can be relied upon.	Likelihood
C05	Initial data validation and cleansing	Before go-live, an initial data validation will be undertaken to improve data quality. This process will compare IR and MSD records to identify partial matches, with the purpose of updating client records in either IR systems or MSD system. No Adverse Action will be taken against clients during the data cleansing	Likelihood

⁹ Partially matched results where MSD has good cause to believe that there is a positive match will be accepted (e.g., phonetically similarity (e.g., Jimmy vs Jimmie), missing spaces or hyphens (e.g., Mary Ellen vs Mary-Allen), a minor mistake in DOB (e.g., 01-01-1984 vs 01-01-1985 when three or more (out of five) identifiers match) or missing components (e.g., Ben vs Benjamin when three or more (out of five) identifiers match).

		exercise. Particular focus of the validation and cleansing exercise is adding and validating unique identifiers used by MSD and IRD, and identifying clients without an active bank account with IR.	
C06	Communication of process	Prior to implementation of the Child Support pass on policy, letters will be sent out to those individuals who are expected to receive Child Support payments.	Consequence
C07	Notification of change to benefit	MSD will generate a notice in the form of a letter to clients on the day that a change is made to clients' entitlement. Most notices to clients now go electronically to a client's MyMSD account, so notification is almost instant.	Consequence
C08	MSD Escalation and resolution processes	MSD will design internal escalation processes that are available via multiple channels to support resolution of Child Support queries from clients promptly. IR and MSD have together developed processes to support the timely resolution of mistakes, such as a dedicated email address for when clients are disputing information that only one of the agencies can confirm is correct. The estimated timeframe for error resolution (benefit owing paid into the client's account) from the time of notification is the next working day.	Consequence
C09	MSD Dispute processes	Clients will still be able to review / contest any debt created on file because of a system failure, as they currently do via a Review of Decision. MSD policy for debts that occur because of a mismatch, or system failure are required to be reviewed by an MSD staff member to determine if the debt is recoverable. The review will assess if the client received the payment in good faith, and if pursuing debt recovery would likely cause financial hardship.	Consequence
C10	Client assistance available	Clients have access to one-off, non-recoverable hardship payments through MSD Contact Centre or in a Service Centre. This will be available to clients who are able to demonstrate hardship and will not be dependent on an investigation as to whether their benefit payment is incorrect.	Consequence

7. Confirmation

I confirm that a robust process has been followed and this Privacy Impact Assessment is an accurate representation of the privacy risks regarding the collection, use, handling, disclosure and retention of personal information.

This confirmation is on the basis that the information provided in this Privacy Impact Assessment is an accurate reflection of the collection, use, handling, disclosure and retention of personal information and that the controls and mitigations will be implemented into the design. The project will revisit this Privacy Impact Assessment with Information Privacy, Policy and Practice input should any changes be made.

Name	Role	Date	Signature
s 9(2)(a)	Chief Privacy Officer (acting)	31/05/2022	s 9(2)(a)

Acceptance

I accept the privacy risks have been satisfactorily identified and addressed in this Privacy Impact assessment and accept any residual risk.

Name	Role	Date	Signature
s 9(2)(a)	Income Portfolio Manager		s 9(2)(a)