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Nick Xenophon Team  
Senator for South Australia

Our ref: NC-O/SKM

Mr Timothy Pilgrim PSM  
Australian Information Commissioner  
GPO Box 5218  
Sydney NSW 2001

**URGENT BY EMAIL**

Dear Mr Pilgrim PSM <sup>Timothy</sup>

**RE: Senate inquiry into the Better Management of the Social Welfare System Initiative**

I refer to the above mentioned inquiry being conducted by the Senate Community Affairs References Committee, and in particular the issue of data matching.

As the Office of the Australian Information Commissioner has regulatory oversight of government data-matching activities I would be grateful for your advice on a number of matters.

I understand the current data-matching project being conducted by the Department of Human Services is the Non Employment Income Data Matching (NEIDM) project. According to the NEIDM Project Gazette Notice, the NEIDM project 'is a data matching process which will enable the Department of Human Services to match income data it collects from customers with tax return data reported to the Australian Taxation Office'.

It appears the 'tax return data' referred to above is information provided by employers to the ATO in relation to employees. The Department of Human Services' submission to the inquiry refers to this data as a person's 'income tax data'.

Where data-matching involves the use of a person's Tax File Number (TFN), the project is subject to the requirements of the *Data-Matching Program (Assistance and Tax) Act 1990* (the Data Matching Act) and the *Guidelines for the Conduct of Data-Matching Program* (the mandatory data-matching guidelines).

In the case of the NEIDM Project, as the data being matched does not involve a person's TFN, it is considered to be a 'general type' of data matching. Consequently, the NEIDM Project is not subject to the Data-Matching Act and instead only subject to the voluntary *Guidelines on Data Matching in Australian Government Administration* (the voluntary data-matching guidelines) as well as the *Privacy Act 1988* which all agencies carrying out data-matching must comply with).

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As you are aware, the voluntary data-matching guidelines are not legally binding.

On page 4 of its submission to the Senate inquiry, the Department of Human Services asserts that the NEIDM project is being carried out in accordance with the voluntary data-matching guidelines.

Guideline 3.1 of the voluntary data-matching guidelines states:

- 3.1 Before commencing a data matching program, the primary user agency should:*
- a. prepare a program protocol in accordance with Appendix A*
  - b. provide a copy of the program protocol to the OAIC*
  - c. make the program protocol publicly available.*

Guideline 3.3 states: *The purpose of the program protocol is to inform the public about the existence and nature of the data matching program.*

According to the NEIDM Project Gazette Notice (published on the Australian Government Notices Gazette on 19 August 2016), copies of the program protocol are available from the following address:

Case Selection Section  
Level 2  
Louisa Lawson Building  
25 Cowlshaw Street  
Greenway, ACT, 2900

However, concerns have been raised with the Senate Committee that the NEIDM Project's program protocol has not been made public. Attempts by Victoria Legal Aid (both in person at the abovementioned address and in writing) to obtain a copy of the program protocol have been unsuccessful.

Had the NEIDM Project be subject to the mandatory data-matching guidelines, there would be a requirement for the Department to provide you with a copy of the program protocol and to make a copy of the program protocol publicly available.

As you are no doubt aware, significant concerns have been raised about the NEIDM project, including the accuracy of information being used by Centrelink to determine whether a person owes a debt. The absence of a public project protocol has led some to query what lawful means of data-matching has occurred and to the question the legal basis for the debts.

As Guideline 3.1(b) states a copy of the program protocol should be provided to the OAIC, can you please provide the committee with a copy?

I would also be grateful if you could provide the committee with information about the rationale behind why only data-matching projects involving the use of a person's TFN are subject to the more rigorous requirements of the Data-Matching Act and its associated mandatory guidelines, while broader data-sharing activities are only subject to the basic requirements of the Privacy Act and possibly the voluntary data-

matching guidelines (should the agencies involved decide to comply with the guidelines).

There are a number of requirements in the Data-Matching Act that the NEIDEM Project does not appear to have to adhere to due to the fact that the project is not using TFNs. Examples of these requirements include:

- Restricting the use of tax data from not more than the 4 financial years immediately before the current financial year in the data-matching process (section 7 of the Data-Matching Act). The NEIDEM Project is using information held by the tax office about a person's income for Financial Year 2010/11, which is up to 7 years old.
- Presenting to the Information Commissioner a report at the end of each financial year which includes matters relating to a data-matching program carried out that financial year where that program was conducted under the mandatory data-matching guidelines. This report is then tabled in each House of Parliament (section 12(4) of the Data-Matching Act). There appears to be no equivalent provision in the voluntary data-matching guidelines.
- Presenting to the Minister responsible for the agency a report containing all the details relating to the data-matching program carried out during the previous three years where that program was conducted under the mandatory data-matching guidelines. This report is then presented to Parliament (section 12(5) of the Data-Matching Act). There appears to be no equivalent provision in the data-matching guidelines.
- Taking action as a result of breaches of the Data-Matching Act. The Commissioner must prepare a report for the Minister about breaches of the Data-Matching Act. The report can include recommendations about the payment of compensation where a person has suffered loss or damage as a result of the breach of the Data-Matching Act (section 13 of the Data-Matching Act). Paragraph 8 of the voluntary data-matching guidelines specifically states that an agency "*would not be acting unlawfully if it did not comply (with the guidelines)*" even if it had agreed to adopt the guidelines.

Furthermore, there are a number of requirements in the mandatory data-matching guidelines that do not exist in the voluntary guidelines, including:

- An agency varying the content of the Technical Standards Report at the request of the Privacy Commissioner. Non-compliance with the variation will be taken as a breach of the Guidelines and subject to an investigation by the Commissioner (Guideline 4.3). While a requirement to develop a Technical Standards Report exists in the voluntary guidelines, the Commissioner has no power to require its variation or to investigate breaches of the Technical Standards Report.
- A requirement that source agencies must establish reasonable procedures for confirming the validity of results before relying on them as a basis for administrative action against an individual, unless there are reasonable

grounds to believe that such results are not likely to be in error (Guideline 5.1). It appears no equivalent provision exists in the voluntary guidelines. This is significant because there is dispute around the procedures being used by the Department to determine whether a debt exists, including the averaging out of annual income, double counting income where there are slight differences in the name of the employer as recorded by the ATO versus as recorded by the Centrelink customer as well as meal and other allowances being included as income. It could be argued that reasonable procedures to confirm the validity of results do not exist in the NEIDM Project.

I would be grateful if you could confirm whether the discrepancies between the Data-Matching Act, the mandatory guidelines and the voluntary guidelines identified in this letter are in fact correct.

Finally, in your submission to the Senate inquiry you stated you would only consider taking action in relation to the NEIDM Project once the Commonwealth Ombudsman investigation was complete and its report made public. The Ombudsman's report was published on Monday 10 April 2017. Can you please advise what your position is in relation to an investigation by the OAIC now that you have had a chance to consider the Ombudsman's recommendations and findings?

I would be grateful if you could provide the information requested in this letter prior to your appearance before the Senate Community Affairs Committee for this inquiry.

Thank you for your consideration of these matters.

Yours sincerely



**SKYE KAKOSCHKE-MOORE**

27 / 4 / 2017

CC: Senate Community Affairs References Committee



Our reference: D2017/003075

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Dear Senator

### Senate Inquiry into the Better Management of the Social Welfare Initiative

I refer to your letter of 27 April 2017 regarding the above mentioned Senate Inquiry and your request for advice on matters relating to privacy regulation and oversight of government data matching.

I have extracted the four questions in your letter and set out my response below. I trust this information will be of assistance.

***Q.1 As Guideline 3.1(b) states a copy of the program protocol should be provided to the OAIC, can you please provide the committee with a copy [of the NEIDM protocol]?***

The Department of Human Services (DHS) has provided a copy of the program protocol for Non-Employment Income Data Matching (NEIDM) program to my Office. A copy of this program protocol is attached for your reference. My Office has notified DHS I will be providing this to you.

***Q. 2 I would also be grateful if you could provide the committee with information about the rationale behind why only data-matching projects involving the use of a person's TFN are subject to the more rigorous requirements ... while broader data-sharing activities are only subject to the basic requirements of the Privacy Act and possibly the voluntary data-matching guidelines ...***

The *Data-matching Program (Assistance and Tax) Act 1990* (Data Matching Act) gave effect to the data matching measures announced by the Government in the 1990–91 Budget. Community concerns at the time regarding the secondary use and disclosure of tax file numbers (TFN) led to the inclusion of privacy safeguards in the Data Matching Act and the

associated *Guidelines for the Conduct of Data-Matching Program* (statutory data matching guidelines) regarding the collection, storage, use and disclosure of TFNs.<sup>1</sup>

The objective of the statutory data matching guidelines was (and remains) to ensure that ‘the use of the privacy-intrusive technique of data-matching is based on clear and publicly known standards, and that individuals are protected by appropriate safeguards in the design and implementation of the data-matching program’.<sup>2</sup>

The Data Matching Act and statutory data matching guidelines were influenced by community expectations at the time, resulting in stricter provisions for TFN data matching in comparison with the *Guidelines on Data Matching in Australian Government Administration* (voluntary data matching guidelines).

I understand that there has been an increase in the amount of data matching done without reference to the TFN in recent years. This appears to be related to the restrictions on the use of TFN data under the Data Matching Act. For example, the Ombudsman’s report noted that DHS relies on its broader information gathering powers under the Social Security Act, rather than the Data Matching Act, to enable data matching of a wider set of information.<sup>3</sup>

***Q.3 I would be grateful if you could confirm whether the discrepancies between the Data-Matching Act, the mandatory guidelines and the voluntary guidelines identified in this letter are in fact correct.***

As you have identified in your letter, there are differences between the Data Matching Act and statutory data matching guidelines, and the voluntary data matching guidelines.

However, while some provisions in the Data Matching Act or statutory data matching guidelines may not be reflected in the voluntary data matching guidelines, some of these obligations are covered by the Australian Privacy Principles (APPs) contained in the *Privacy Act 1988* (Cth).

For example, the voluntary data matching guidelines do not contain an express requirement for an agency conducting a data matching program to take steps to confirm the validity of the results before relying on them as a basis for administrative action against an individual. However, the voluntary data matching guidelines do require agencies to notify the individual of the match and the proposed administrative action, and give the individual the opportunity to respond.<sup>4</sup> Additionally, agencies must also comply with the requirement in APP 10 (quality

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<sup>1</sup> Some of the privacy concerns with TFNs are outlined in the *Privacy Agency resource 5: The Privacy (Tax File Number) Rule 2015 and the protection of tax file number information* at section 3, available on the Oaic’s website at <<https://oaic.gov.au/agencies-and-organisations/agency-resources/privacy-agency-resource-5-the-privacy-tax-file-number-rule-2015-and-the-protection-of-tax-file-number-information>>.

<sup>2</sup> See Explanatory Memorandum to statutory data matching guidelines at <https://www.legislation.gov.au/Details/F2009B00268/Explanatory%20Statement/Text>

<sup>3</sup> See paragraph 2.13 of the Commonwealth Ombudsman’s *report* into Centrelink’s automated debt raising and recovery system

<sup>4</sup> See Guideline 6 of the *Guidelines on Data-matching in Australian Government Administration*, available on the Oaic’s website at <<https://oaic.gov.au/agencies-and-organisations/advisory-guidelines/data-matching-guidelines-2014>>.

of personal information) to take reasonable steps to ensure that the personal information it uses and discloses is accurate, up-to-date, complete and relevant.<sup>5</sup>

Regardless of whether an agency commits to complying with the voluntary data matching guidelines, they must still comply with the APPs. Overall, I consider that the APPs set a minimum standard that agencies must adhere to when conducting data matching activities. The technology neutral and principles-based approach of the APPs, provides agencies with a basic framework to undertake data matching activities while ensuring the protection of individual privacy.

***Q.4 Can you please advise what your position is in relation to an investigation by the OAIC now that you have had a chance to consider the Ombudsman's recommendations and findings?***

Having reviewed the Ombudsman's recommendations and findings in relation to Centrelink's automated debt raising and recovery system, including the Secretary of DHS' responses to these recommendations and findings, I have decided not to undertake a Commissioner Initiated Investigation (CII) under s 40(2) of the Privacy Act, of DHS or Centrelink on this matter. In reaching this decision, I had regard to the OAIC's *Privacy Regulatory Action Policy* (PRAP) and *Guide to Privacy Regulatory Action* (GPRA).<sup>6</sup> These policies set out the factors that the OAIC considers when deciding whether or not to undertake regulatory action such as an investigation. In particular, I note the following factors (at para 38 of the PRAP):

- whether the conduct is an isolated instance, or whether it indicates a potential systemic issue
- action taken by the entity to remedy and address the consequences of the conduct, including whether the entity attempted to conceal a contravention or data breach, and whether the entity cooperated with the OAIC during containment and any investigation of the breach.

I also note the following factor (at para 2.44 of the GPRA):

- whether the matter is already being investigated by another regulator or body under another law, and whether opening a CII would result in regulatory duplication.

However, I believe that this issue warrants monitoring and in the 2017-2018 financial year, my Office will be conducting an assessment, under s 33C of the Privacy Act, in relation to the DHS PAYG data matching program and Online Compliance Intervention system.

This will provide an opportunity for DHS to implement the recommendations in the Ombudsman's report. My Office has also written to DHS advising of the particular issues that appear to arise under the Privacy Act in relation to this data matching program and online compliance system, and offering the expertise of my Office to assist DHS in implementing the recommendations. My assessment will then check that the quality and accuracy of personal

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<sup>5</sup> See APP 10.2. Further guidance on APP 10 is provided in the APP Guidelines, available on the OAIC's website at <https://oaic.gov.au/agencies-and-organisations/app-guidelines/chapter-10-app-10-quality-of-personal-information>.

<sup>6</sup> <https://oaic.gov.au/about-us/our-regulatory-approach/all/>

information handling practices of the program, with specific reference to the obligations in Australian Privacy Principles 10 and 13, are working in practice.

If you would like to discuss this letter, please contact Melanie Drayton, Assistant Commissioner, Regulation and Strategy [REDACTED]

Yours sincerely

[REDACTED]

Timothy Pilgrim PSM  
Australian Information Commissioner  
Australian Privacy Commissioner

16 May 2017





# **PROGRAM PROTOCOL**

**Data Matching between Department of Human Services  
and the Australian Taxation Office**

**‘Non-Employment Income Data Matching - NEIDM’**



# Table of Contents

<b>Table of Contents</b> .....	<b>2</b>
<b>1. Description of the Program Protocol</b> .....	<b>3</b>
1.1 Purpose.....	3
1.2 Requirement for a Program Protocol.....	3
1.3 Definition of Data Matching.....	3
<b>2. Description of the Data Matching Program</b> .....	<b>4</b>
2.1 Summary of the program.....	4
<b>3. Agencies Involved</b> .....	<b>5</b>
3.1 Source Agencies.....	5
3.2 Matching Agency.....	5
3.3 PRIMARY USER AGENCY.....	5
<b>4. Data Issues</b> .....	<b>5</b>
4.1 Data Quality.....	5
4.2 Data Integrity.....	6
4.3 Data Security.....	6
<b>5. The Matching Process</b> .....	<b>7</b>
<b>6. Action Resulting from the Program</b> .....	<b>8</b>
<b>7. Time Limits Applying to the Program</b> .....	<b>8</b>
<b>8. Public Notice of the Program</b> .....	<b>8</b>
<b>9. Reasons for Conducting the Program</b> .....	<b>8</b>
9.1 Relationship with the agencies lawful functions.....	8
9.2 Social Considerations.....	9
<b>10. Legal Authority</b> .....	<b>9</b>
10.1 DHS.....	9
10.2 ATO.....	9
<b>11. Disclosure of Information Provisions</b> .....	<b>10</b>
11.1 DHS and ATO.....	10
<b>12. Alternative Methods</b> .....	<b>10</b>
<b>13. Pilot/Prior Data Match Programs</b> .....	<b>11</b>
<b>14. Costs and Benefits</b> .....	<b>11</b>
<b>Appendix A - Technical standards report</b> .....	<b>12</b>
<b>Appendix B – Public notification</b> .....	<b>21</b>



# 1. Description of the Program Protocol

## 1.1 PURPOSE

The purpose of the program protocol is to:

- (i) identify the matching agency and the source agency;
- (ii) detail the direct relationship of the program to the performance of the lawful functions or activities of the matching agency;
- (iii) set out the legal basis for any collection, use or disclosure of personal information involved in the program;
- (iv) outline the objectives of the program, the procedures to be employed, the nature and frequency of the matching covered by the program and the justifications for it;
- (v) explain what methods other than data matching were available and why they were rejected;
- (vi) detail any cost/benefit analysis or other measures of effectiveness, which were taken into account in deciding to initiate the program;
- (vii) outline the technical controls proposed to ensure data quality, integrity and security in the conduct of the program;
- (viii) provide details of pilot/prior data matching program;
- (ix) outline the nature of the action proposed to be taken in relation to the results of the program including any letters to be used by the agency involved;
- (x) indicate what form of notice is to be given, or is intended to be given to individuals whose privacy is affected by the program; and
- (xi) specify any time limits on the conduct of the program.

## 1.2 REQUIREMENT FOR A PROGRAM PROTOCOL

The Information Commissioner's *Guidelines on Data Matching in Australian Government Administration* specify that a program protocol be prepared by agencies conducting certain data matching programs. These guidelines are voluntary. The Department of Human Services (DHS) complies with these guidelines.

## 1.3 DEFINITION OF DATA MATCHING

Data matching is the comparison of two or more sets of data to identify similarities or discrepancies. In the context of this protocol, the term data matching is used to denote the use of computer techniques to compare data found in two or more computer files to identify cases where there is a risk of incorrect payment.

DHS observes the *Australian Privacy Principles*. Individuals who consider that an agency has interfered with their privacy may complain to the Office of the Australian Information Commissioner.



## 2. Description of the Data Matching Program

### 2.1 SUMMARY OF THE PROGRAM

DHS delivers a range of programs for payments and services on behalf of the Commonwealth. These payments and services are delivered in accordance with Business Partnership Agreements with client departments.

To maintain the integrity of these payments and services, DHS undertakes compliance activities to ensure ongoing entitlement and eligibility.

In the 2015-16 Mid-Year Economic and Fiscal Outlook (MYEFO), the Australian Government announced the Non-Employment Income Data Matching (NEIDM) program.

The purpose of the NEIDM program is to identify non-compliant individuals requiring administrative or investigative action. This is identified through the comparison of information held by the Australian Taxation Office (ATO) and what customers have reported to both agencies. The comparison is to identify where DHS customers may have income recorded with the ATO that exceeds the income they have reported to DHS.

The program is a phased project addressing non-declared and under-declared income while delivering an enhanced online compliance intervention capability. The first phase of the project involves approximately 20,000 compliance interventions that will rely on DHS's current manual letter process. Later phases of the project will involve the online interaction with customers. This allows DHS to provide more detail to its customers and empower them to respond in an informed manner. It also allows DHS to address non-compliance in a more efficient manner in instances where customers choose not to participate.

This program protocol covers the first phase of the program and will be updated prior to the commencement of the later phases to address elements of the subsequent phases such as the online compliance capability.

### 2.2 OBJECTIVES

The objectives of this matching program are to:

- Ensure that Centrelink payments are only made to those individuals who are entitled to receive them.
- Detect and address non-compliance.
- Provide net savings by detecting overpayments and recovering debt.
- Develop an efficient online mechanism for customers to respond to suspected non-compliance.



## 3. Agencies Involved

### 3.1 SOURCE AGENCIES

The source agencies that supply data for the purposes of this program are:

- DHS
- ATO

### 3.2 MATCHING AGENCY

The key matching agency involved in this program is the ATO  
DHS provide customer files to the ATO for identity matching.

### 3.3 PRIMARY USER AGENCY

DHS is the agency that makes most substantial use of the programs results. It receives the matched data from the ATO to identify non-compliance.

## 4. Data Issues

### 4.1 DATA QUALITY

Poor quality data is of limited value in data matching. DHS will verify the integrity of the data received for such things as correct format and that data is present in all the mandatory fields.

Data quality mechanisms will include:

- the ATO only return high confidence match results to DHS.
- DHS will seek validation from the customer of any ATO income reported that may be of relevance to welfare eligibility.
- where customers provide updated or corrected information, DHS takes this into account when determining the type and need of administrative action.

DHS's experience matching the same data with the same matching criteria shows an extremely low number of instances of incorrect matching. Despite this, DHS has a well-established process to deal with these instances and reduce or eliminate potential privacy impacts.

To Support the NEIDM program DHS has formal programme and project governance arrangements in place. This governance provides a formal reporting mechanism of all data matching and issues including those related to privacy.

These governance arrangements consist of formal Compliance Programme and Performance committees that oversee the department's risk based Compliance Programme. The committees consisting representatives responsible for aspect data matching and the department's actions resulting from the matching activity. Key decisions and issues and performance reporting are controlled via these committees and formally endorsed by departmental executives.



Branches involved with data matching have a formal relationship with the DHS's Privacy and Information Release Branch to report and resolve privacy matters and data matching incidents. The branch works in partnership with the Privacy and Information Release Branch to collect and assess information on privacy issues relating to data matching.

#### 4.2 DATA INTEGRITY

DHS maintains a high level of data integrity. Measures taken to maintain integrity levels include designing systems that will not accept records that are incomplete, and identifying and correcting records that have data items that are inadequate or corrupt.

#### 4.3 DATA SECURITY

The ATO and DHS exchange data using the dedicated mainframe to mainframe Optus Evolve link. This mechanism provides secure and trusted communications across government jurisdictions.

The ATO data received by DHS is held in DHS's secure Teradata and SAP HANA environments. These are core systems that employ strict security controls. Only DHS employees with a business need have access to view the ATO data provided under this program.

DHS's staff are subject to existing security controls and the confidentiality provisions of the *Social Security (Administration) Act 1999*. Access to DHS's computer centres is strictly controlled and entry properly authorised. DHS's security system provides protection and control of dataset access and system entry and program integrity. Security features include logon identification codes, passwords and security groupings to ensure that access to information is on a needs-only basis.

The ATO is responsible for its own security with respect to its staff and access to the data provided by DHS. The ATO are subject to existing security controls and subject to the Privacy Act 1988, the Crimes Act 1914 and the Public Service Act 1999. Access to the ATO's computer systems is limited and is subject to requests for system access which include reminders about privacy and security obligations. Security features include logon identification codes and passwords. All access to the system is monitored and logged. Existing security arrangements in the department automatically log user access to data files.



## 5. The Matching Process

The identity data matching of the two information sources is conducted by the ATO. The output of this matching is provided to DHS as 'matched' records.

DHS uses these matched records to identify customers, who may have income that has not been correctly declared to DHS.

The matching process will use various elements and/or combinations of the following fields:

- Gender
- Surname
- First Name
- Other Given Name
- Year of Birth
- Month of Birth
- Day of Birth
- Address Line 1
- Address Line 2
- Locality
- Post Code
- State Code

To uphold an individual's right to privacy, the resulting matches are only those where the ATO records have the same identity details as DHS's customers. In addition to this, DHS only exchanges information for customers who:

- have received a payment within the relevant financial year.
- are partnered to a customer who has received a payment within the relevant financial year.
- have an outstanding debt.

The ATO then provide Income Tax Return and Pay As You Go information only for these specific matched records.

A technical standards report can be found at Appendix A



## 6. Action Resulting from the Program

Following the provision of matched records from the ATO to DHS, DHS will apply compliance risk rules. If a matched customer meets key risk criteria, the relevant information will be referred to the customer for response.

When a customer disagrees with the information presented they are provided an opportunity to adjust the information and provide supporting evidence. DHS takes this information into account when determining administrative action.

When a customer doesn't provide a response within the specified time, DHS makes the determination of appropriate administrative action based on the information provided by the ATO.

## 7. Time Limits Applying to the Program

The first matching exercise is intended to be conducted in August 2016 and thereafter occur on a bi-annual basis.

DHS does not intend to create a permanent register or database on matched or non-matched selections as part of this protocol.

## 8. Public Notice of the Program

There has been several public references and announcements for the NEIDM program which includes stating it involves 'income data matching'.

While DHS has no objections to publicising high level details of this program and submitting an appropriate gazettal notice. Advertising the specific details of the program, such as matching criteria and risk profiles, would inform individuals of possible avoidance techniques they would need to employ to evade detection and may make detection more difficult.

A copy of the Public Notice can be found at Appendix B.

## 9. Reasons for Conducting the Program

### 9.1 RELATIONSHIP WITH THE AGENCIES LAWFUL FUNCTIONS

The program is related to the DHS's lawful function of limiting payments to those eligible under relevant legislation. The *Social Security Act 1991* and the *Social Security (Administration) Act 1999* provide that customers are required to be eligible for payment. These requirements are given to customers in a written advice authorised under different sections of these Acts for different payment types.





## 9.2 SOCIAL CONSIDERATIONS

Welfare is often topical and of interest to the media and the general public. There are some key social issues associated with the measure:

- that only persons entitled to receive payments from DHS do so and they receive correct entitlements
- An individual's right to privacy is protected.

Aligned to those issues is a concern for social justice. In particular, there is strong support in the community for an income support system that directs available funds and services to those most in need of assistance. The program helps to achieve this in two ways:

- By strengthening controls in the DHS's payment systems, it reduces the outlays from DHS's programs (this provides funds for the Government to direct to other priorities); and
- The existence of effective controls in payment systems soon becomes evident to the community and rapidly increases voluntary compliance.

Suitable safeguards against unreasonable intrusion into the privacy of individuals are built into the data matching arrangements. Matching is conducted in accordance with the Privacy Commissioner's Guidelines on Data Matching in Australian Government Administration.

When comparing the NEIDM program to DHS's existing data matching activity, the NEIDM program reduces the amount of information disclosures and burden places on customer and third parties.

# 10. Legal Authority

## 10.1 DHS

Section 192 of the *Social Security (Administration) Act 1999* provides that DHS may require the provision of information of relevance to the assessment of claims for DHS's payments, including whether a payment is or was payable to the person who received it or whether the rate is or was correct.

Section 195 of the *Social Security (Administration) Act 1999* provides that DHS may require the provision of specified information that relates to a class of people. This section authorises DHS to request data about customers.

*Australian Privacy Principle 6 (APP 6)* does not limit the disclosure of personal information by an agency where that disclosure is required or authorised by or under law. As the ATO information involved in this data matching program is obtained by DHS under *Schedule 1 Item, 1 of Table 1 of the Taxation Administration Act 1953*, APP 6 does not limit its disclosure to DHS.

## 10.2 ATO

The ATO legislation allows the ATO to disclose ATO information to an Agency Head (within the meaning of the Public Service Act 1999) of an agency (within the meaning of that Act) dealing with matters relating to the social security law (within the meaning of subsection 23(17) of the Social Security Act 1991) where is for the purpose of administering that law (the Social Security Act 1991).



## 11. Disclosure of Information Provisions

### 11.1 DHS AND ATO

DHS view the NEIDM program as a positive step in continuing to increase its transparency in its data matching activity.

Under this program DHS will provide the actual data received from the ATO to the customer. At the same time, the program reduces the amount of information disclosures with third parties such as employers.

There is also reduced information disclosure of customer have to again provide income related information to DHS that has already been provided to the ATO.

ATO only releases sufficient information to DHS to allow it to determine whether a customer is eligible for payment and whether administrative action needs to be considered.

## 12. Alternative Methods

Currently, DHS undertakes similar matching to this program under the *Data-matching Program (Assistance and Tax) Act 1990*. (DMP). While the DMP addresses similar compliance risks, restriction of the Act has meant overtime, that DHS haven't been able to introduce efficiencies developed in other matching programs. This has led to DHS's activity under the DMP to become inefficient for customers and third parties as well as DHS itself when compared to the other compliance activity.

The NEIDM program not only opens the door for DHS to recognise efficiencies, it will form part of DHS's innovative compliance platform for the future. DHS's will be able to address significantly more non-compliance and do so by empowering customers with more information.

It is not possible to conduct this type of compliance activity without the exchange and matching of data. The NEIDM program represent the most efficient and effective alternative to address compliance related to un/under-declared income.



## 13. Pilot/Prior Data Match Programs

DHS and the ATO have been working in partnership to conduct data matching for more than two decades.

The ATO and DHS participate in data matching activity under the Data-matching Program (Assistance and Tax) Act 1990. There are several other data matching programs that the two agencies conduct which include the same data in this program.

The NEIDM program uses the same data and matching routines as several previous programs with the significant difference being the combination of two ATO sources (ITR and PAYG) into one program.

This allows DHS to provide more detail to its customers and empower them to respond in an informed manner. It also allows DHS to address non-compliance in a more efficient manner in instances where customers choose not to participate.

## 14. Costs and Benefits

As announced in the MYEFO, the NEIDM program is expected to return over \$300M in savings for the first year from approximately 80,000 interventions. The 20,000 manual interventions covered by this program protocol represent a significant proportion of the first year's activity.

In addition to the quantitative benefits, the NEIDM program will allow DHS to address significantly more non-compliance with customers. Overtime this will lead to more preventative approaches and increase voluntary compliance and reduce debt.



# Appendix A - Technical standards report

## A. Descriptions of Data

The following data items to be provided to the ATO by DHS for identity matching purposes:

- Centrelink Reference Number
- Gender
- Name
- Date of Birth
- Address

**Table 1 – Centrelink Identity File**

Data item	Description
REF-NUMBER	Centrelink Reference Number
GENDER	Gender
SRNM	Surname
1ST-NM	First Name
OTHR-GVN-NM	Other Given Name
BRTH-YR	Year of Birth
BRTH-MTH	Month of Birth
BRTH-DAY	Day of Birth
ADDR-LN-1	Address Line 1
ADDR-LN-2	Address Line 2
LCLTY-NM	Locality
POST-CD	Post Code
STATE-CD	State Code

The following data items to be provided to DHS by the ATO for a 5-year period (2011 – 2015 inclusive)

- Returned Identity File
- Income Tax Return
- 'Pay As You Go' Payment Summary – Payer Record
- 'Pay As You Go' Payment Summary – Payee Record



**Table 2 - Returned Identity File**

<b>Data item</b>	<b>Description</b>
CENTRELINK-ID	Centrelink Reference Number
CLINK-ID-CHECK-SUM	Check digit value for agency customer reference number (CRN)
CENTRELINK-CD	DHS relationship C = Client S = Spouse 1 & 2 = Parent
SRNM	Surname
1ST-NM	First Name
2ND-INIT	Second Initial
BIRTH-DAY-NUM	Birth - Day
BIRTH-MTH-NUM	Birth - Month
BIRTH-YR	Birth - Year
SEX-CD	Sex – M/F
ADDLN-1	Address Line 1
ADDLN-2	Address Line 2
ADDLN-3	Address Line 3
LCLTY-NM	Suburb/Town/City
PC	Post Code
CNTRY-NM	Country
ADDLN-1	Address Line 1
ADDLN-2	Address Line 2
LCLTY-NM	Suburb/Town/City
PC	Postcode
CNTRY-NM	Country
SPSE-1ST-INIT	Spouse first name
SPSE-2ND-INIT	Spouse second name
COMSPRSD-CD	"C" if IRL_STS_CD = 'COM' else "N"



**Table 3 - Income Tax Return Table**

Field name	Description
CRN	DHS customer reference number (to be derived from the CRN/TFN Link file)
YEAR	
Filler	space
ASMT-ISS-DT	Effective date of the NOA request transaction (DT_IN of TF2FDETAIL, if NoA is to be issued)
SALARY	Total of Income for Salary and wages
ALLOWANCE	Allowances, earning, tips, directors fees, etc
LSP-FULL	Lump Sum Payment A - Full
LSP-5-PC	Lump Sum Payment B - 5%
ETP-TAX-COMP	ETP - Taxable component
USB	Commonwealth of Australia Government Allowances and payments
AGE-PENS	Commonwealth of Australia Government Pension and allowances
AUS-ANN-SUP-TXED	Australian annuities and superannuation income – taxable component – taxed element
AUS-ANN-SUP-UNTXED	Australian annuities and superannuation income – taxable component – untaxed element
AUS-ANN-SUP-LS-TXED	Australian annuities and superannuation income – -lump sum in arrears - taxable component – taxed element
AUS-ANN-SUP-LS-UNTXED	Australian annuities and superannuation income – -lump sum in arrears - taxable component – untaxed element
AUS-SUP-LS-PAY-TXED	Australian superannuation lump sum payments – taxed element
AUS-SUP-LS-PAY-UNTXED	Australian superannuation lump sum payments – untaxed element
ATTRIB-PSI	Attributed personal services income
TOTAL-RFB	Total reportable fringe benefits amounts
INTEREST	Gross Interest
UNFRANKED-DIVID	Unfranked Dividends
FRANKED-DIVID	Franked Dividends
IMP-CRDT	Dividend Imputation Credit
PP-DSTBN-PRTNRSHP	PP - Income or loss distribution from Partnership
PP-DSTBN-TRUST	PP - Income distribution from Trust
N-PP-DSTBN-PRTNRSHP	NPP - Income distribution from Partnership
N-PP-DSTBN-TRUST	NPP - Income distribution from Trust
PSI-VOL-AGREE	Personal Services Income - voluntary agreement
PSI-NO-ABN	Personal Services Income - where ABN not quoted
PSI-LAB-HIRE-PAY	Personal Services Income - labour hire or other specified payments
PSI-OTHER	Personal Services Income - other
NET-PSI	Net personal services income
PRIM-PROD	Net Business Income PP
OTHR-BUS	Net Business Income NPP
EQUAL-WITH	Net Income Equalisation Deposits (IED) and/or farm management (FMD) deposits and withdrawal
NET-CAPT-GAIN	Net Capital Gain
CFC-INCOME	Controlled Foreign Company income



Field name	Description
TRAN-TRST-INCOME	Transferor Trust income
FIF-FLP-INCOME	Foreign Investment Fund (FIF) or Foreign Life Assurance Policy (FLP) income (The requirement to report these values on the 2011 Individual Tax return has been repealed so all values will be zero)
NET-FOR-EMP-A-NO-UPP	Net foreign employment and foreign pension or annuity income without an un-deducted purchase price
NET-FOR-PEN-A-WITH-UPP	Net foreign pension or annuity income with an un-deducted purchase price
OS-OTH-INCOME	Other general net foreign source income
FRGN-E-SLY-WG	Exempt foreign employment income
GROSS-RENT	Gross rent
NET-RENT	Net Rent
LIFE-BONUS	Life assurance bonuses
FOR-MAN-INV-INC	Forestry managed investment scheme income
OTHR-INC-CATEGORY-1	Other income - Category 1 (Reimbursements of tax-related expenses or election expenses; allowances or payments to members of local councils; Lump Sum Payment in arrears, including LSPAs of Commonwealth of Australia government pensions)
OTHR-INC-CATEGORY-2	Other income - Category 2 (Any income not described in category 1; LSPAs of Other Australia pensions and annuities; LSPAs of foreign pensions and annuities which have, or have had, an un-deducted purchase price)
TOT-INCOME	Total Income or Loss
TXBL-INCOME	Taxable Income
SPOUSE-REBATE	Spouse (married or de facto), child-h/keeper or housekeeper
SPSE-SRNM	Spouses family name
SPSE-1ST_NM	Spouses given names: First name
SPSE-OTHR_GVN_NM	Spouses given names: Other given names
AUS-FRK-CR-FR-NZ-COY	Foreign Income-Australian Franking Credits from NZ company
LOSS-PP-CY	primary production losses claimed this FY
LOSS-NPP-CY	Non-primary production losses claimed this FY



**Table 4 - Payment Summary Output File Table – Payer Table**

<b>Field name</b>	<b>Description</b>
Record length	Indicates the length of the record.
Record Type	Indicates this record is a Payer record.
Payer Australian Business Number or Withholding Payer Number	The ABN is an 11 digit number. The WPN is a 9 digit number
Payer Branch Number	Payer Branch Number
Financial year (CCYY)	Financial year (CCYY)
Payer name	Payer name
Payer trading name	Payer trading name
Payer address - line 1	Payer address - line 1
Payer address - line 2	Payer address - line 2
Suburb, town or city	Suburb, town or city
State or territory	State or territory
Postcode	Postcode
Country	Country
Contact name	Contact name
Contact telephone number	Contact telephone number
Contact facsimile number	Contact facsimile number
ETP payer type	Superannuation payer or Other ETP Payer
ANZSIC Code	ANZSIC Code





**Table 5 - Payment Summary Output File Table – Payee Table**

<b>Field name</b>	<b>Description</b>
Record length	Indicates the length of the record.
Record Type	Indicates this record is a Payee record
Payment Summary Record Type	Type of Payment Summary
Client reference number	Client reference number
Payee Australian Business Number	If blank or 0 then R02_PYE_M_TFN_ABN
Payee date of birth (DDMMCCYY)	Format to DDMMCCYY
Payee surname	Payee surname
Payee first given name	Payee first given name
Payee second given name	Payee second given name
Payee address - line 1	Payee address - line 1
Payee address - line 2	Payee address - line 2
Payee suburb, town or city	Payee suburb, town or city
Payee state or territory	Payee state or territory
Payee postcode	Payee postcode
Payee country	Payee country
Period of payment start date (DDMMCCYY)	Format as DDMMCCYY
Period of payment end date (DDMMCCYY)	Format as DDMMCCYY
LAB Payment type	This attribute is only used for the LAB record.
Withholding rate	The rate at which tax was withheld. The withholding rate is stored as five characters to two decimal points, e.g. 04850 = 48.5%
Total tax withheld (dollars)	Total tax withheld (dollars)
Gross payments (dollars)	Gross payments (dollars)
Total allowances (dollars)	This attribute is only used for the INB record.
Lump sum payment A (dollars)	This attribute is only used for the INB record or FEI record
Lump sum payment B (dollars)	This attribute is only used for the INB record.
Lump sum payment D (dollars)	This attribute is only used for the INB record or FEI record
Lump sum payment E (dollars)	This attribute is only used for the INB record or FEI record
Community Development Employment Project (dollars)	This attribute is only used for the INB record.
Other income (dollars)	This attribute is only used for the INB or DSP records.
Reportable fringe benefits (dollars)	This attribute is only used for the INB record or FEI record
Income type	This attribute is only used for the INB record. Values are: S = salary & wages P = Pension
Number of calendar days in eligible service period before 1 July 1983	This attribute is only used for the ETP or ETS records.



Field name	Description
Number of calendar days in eligible service period after 30 June 1983	This attribute is only used for the ETP or ETS records.
CGT exempt component (dollars)	This attribute is only used for the ETP or ETS records.
Non-qualifying component (dollars)	This attribute is only used for the ETP or ETS records.
Undeducted contributions (dollars)	This attribute is only used for the ETP, ETS or DSP records.
Concessional component (dollars)	This attribute is only used for the ETP or ETS records.
Pre July 1983 component (dollars)	This attribute is only used for the ETP or ETS records.
Post June 1983 untaxed element (dollars)	This attribute is only used for the ETP, ETS or DSP records.
Post June 1983 taxed element (dollars)	This attribute is only used for the ETP or ETS records.
Post June 1994 invalidity component (dollars)	This attribute is only used for the ETP or ETS records.
Assessable amount (dollars)	This attribute is only used for the ETP or ETS records.
Taxed component taxable amount	The reported amount of taxable superannuation that has been taxed
Total taxable amount	The reported amount of total taxable superannuation
Untaxable component taxable lump sum amount	The reported amount of a lump sum in arrears that is taxable and has not been taxed
Taxable component taxable lump sum amount	The reported amount of lump sum in arrears that is taxable and has been taxed
Tax offset amount	The reported amount of superannuation tax that has been offset
Transitional termination payment code	Reported value indicating whether the amount on a 'DEMP' report is a transitional termination payment
Related prior payment code	Reported value indicating whether the amount on a 'DEMP' report is related to a prior termination payment
Amendment resolution code	The derived resolution of an attempted amendment
Amendment code	Amendment code as reported
Death benefit (=Y or N)	This attribute is only used for the ETP, EMP or SLS records.
Type of death benefit (=T or O)	This attribute is only used for the ETP, EMP or SLS records.
Payer Australian Business Number or Withholding Payer Number	The ABN is an 11 digit number. The WPN is a 9 digit number
Payer Branch Number	Payer Branch Number
Payee sex	Sex code of the client
Compromised TFN	The status of the matched TFN if compromised, else blank
TFN quoted ind	TFN quoted ind
Payee match resolution code	Match resolution code
Filler	



## B. Matching Techniques

### Identify Matching

The identity data matching of the two information sources is conducted by the ATO. The output of this matching is provided to DHS as the 'matched' records.

DHS target customers where there is a discrepancy between income declared to the ATO and income declared to DHS.

This could be -

- A) Customer and Spouse
- B) Spouse but not customer
- C) Customer but not spouse

How DHS detect the discrepancy depends on the information gathered. DHS may have to use different business rules to obtain an accurate and valid result.

### Income Matching

Information is extracted from the DHS Enterprise Data Warehouse for both current and the target financial years

- declared earnings
- compensation payments
- other government payments
- business, real estate or other income and / or payments
- partner relationship history
- student course history
- Centrelink payment and debt history
- demographic data as required

Algorithms are applied to this data to calculate totals for each financial year required.

Where a Customer or Spouse is identified as having a discrepancy, the selected case will then be loaded into our core systems for compliance action.

## C. Risks

### Incorrect identity matches

The ATO uses sophisticated identity matching techniques to ensure they identify the correct taxpayer from data provide by DHS. This technique uses multiple details to obtain an identity match. For example, where a Customer Reference Number (CRN), name, address and date of birth are available all items are used in the identity matching process.



Very high confidence matches will occur where all fields are matched to a taxpayer in ATO systems. Additional manual processes may be undertaken where high confidence identity matches do not occur.

#### **D. Data quality controls and audit**

When compliance action is proposed, additional checks will take place to ensure the correct DHS customer or spouse has been identified. DHS Customers will be provided with the opportunity to verify the accuracy of the information before any compliance action is taken.

#### **E. Security and confidentiality**

All DHS computer systems are strictly controlled with features including:

- system access controls and security groupings
- login identification codes and password protection
- full audit trails of data files and system accesses



## Appendix B – Public notification

### The Australian Government Department of Human Services

#### NOTICE OF A DATA MATCHING PROJECT

The Non Employment Income Data Matching (NEIDM) project is a data matching process which will enable the Department of Human Services (department) to match income data it collects from customers with tax return related data reported to the Australian Taxation Office (ATO). *The Taxation Administration Act 1953* authorises the ATO to provide relevant data to the department.

The NEIDM project will assist the department to identify social welfare recipients who may not have disclosed income and assets to the department. Data received from the ATO will be electronically matched with certain departmental records to identify non-compliance with income or other reporting obligations.

The department expects to match each of the approximately 7 million unique records held in its Centrelink database. Based on non-compliance criteria, the department anticipates it will examine approximately 20,000 records in the first phase of the project.

The department will use customers' information in the context of the NEIDM project to:

- verify the information reported to it by customers;
- identify social welfare recipients who may not have disclosed income to the department;
- match and validate the Tax Return and the Pay As You Go data sets;
- identify discrepancies in the income declared to the department by the customer; and
- consider whether the department will initiate relevant compliance action in relation to a particular customer (including debt recovery or a referral to the Commonwealth Director of Public Prosecutions).

The class of people who may be affected by the NEIDM project will include welfare recipients who have lodged a Tax Return with the ATO during 2011 to 2014.

The department's NEIDM project has been informed by the Office of the Australian Commissioner's *Guidelines on Data Matching in Australian Government Administration*. Those Guidelines include standards for data matching activities to protect the privacy of individuals. The department has prepared a program protocol which describes the NEIDM project, in accordance with those Guidelines. Copies of the protocol are available by writing to:

Customer Compliance Division  
Department of Human Services  
PO Box 7800  
Canberra BC ACT 2610