Program Protocol

Data-matching between Australian Taxation Office and Department of Human Services

Trust Beneficiary

July 2017

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1. Description of the Program Protocol
	1. **Purpose**

The purpose of the program protocol is to:

* identify the matching agency and the source agency
* detail the direct relationship of the program to the performance of the lawful functions or activities of the matching agency
* set out the legal basis for any collection, use or disclosure of personal information involved in the program
* 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
* explain what methods, other than data-matching, were available and why they were rejected
* detail any cost/benefit analysis or other measures of effectiveness, which were taken into account in deciding to initiate the program
* outline the technical controls proposed to ensure data quality, integrity and security in the conduct of the program
* 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
* 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
* specify any time limits on the conduct of the program.
	1. **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, but represent the Information Commissioner’s view of best practice. The Department of Human Services (DHS) complies with these guidelines.

* 1. **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* (APP) as provided in Schedule 1 of the *Privacy Act 1988* (Privacy Act). Individuals who consider that an agency has interfered with their privacy may complain to the Office of the Australian Information Commissioner.

1. Description of the Program
	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 agreements with client agencies. To maintain the integrity of these payments and services, DHS undertakes compliance activities to ensure ongoing entitlement and eligibility.

The Australian Taxation Office (ATO) trust data-matching detects customers who may not be declaring their involvement as a beneficiary of a discretionary and/or hybrid trust to DHS.

This data-matching program commenced in 2001. A notice announcing the commencement of the matching program was originally published in the Commonwealth of Australia Government Gazette on 12 December 2001.

DHS provides the ATO with a file of recipients who:

* have received a payment within the relevant financial year
* are partnered to a recipient; or
* have an outstanding debt.

The ATO then match this file with its trust tax return records and returns a file to DHS twice a year. On receipt of these files DHS compares the information with the trust details on the recipient’s DHS record. If the trust has not been declared to DHS, the recipient is selected for review. When a recipient has been matched and they have a partner who is an income support recipient, a review is generated for the partner as the undisclosed income may impact on the partner’s entitlement.

An interest in a trust is considered to include, but not be limited to:

* trust distributions returned to the trust
* other loans, and
* assets transferred to the trust, including those transferred in the 5 years before starting to receive a payment administered by the department.
	1. **Objectives**

The objectives of this matching program are to:

* ensure that income support 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.
1. Agencies Involved
	1. **Source Agency**

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

* DHS
* ATO
	1. **Matching Agency**

The key matching agency involved in this program is the ATO. DHS provides a payment recipient file to the ATO for identity matching. ATO provides a file to DHS twice a year.

* 1. **Primary User Agency**

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

1. Data Issues
	1. **Data Quality**

Poor quality data is of limited value in data-matching. DHS verifies the integrity of the data received from the ATO for such things as correct format and ensures data is present in all mandatory fields.

Data quality mechanisms include:

* The ATO only return high confidence match results to DHS.
* DHS seek validation from the recipient of any investment income reported that may impact welfare eligibility.
* Where recipients provide updated or corrected information, DHS takes this into account when determining the type and need for administrative action.

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

* 1. **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.

* 1. **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 secure Teradata and SAP HANA environments. These are core systems that employ strict security controls. Only departmental employees with a business need to access data are able to view the ATO data provided under this program.

DHS staff are subject to existing security controls and confidentiality provisions of the *Social Security (Administration) Act 1999*. Access to the department’s computer centres is strictly controlled and entry properly authorised. DHS’ security system provides protection and control of dataset access, system entry and program integrity. Security features include log on 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 the department. The ATO is subject to existing security controls and subject to the *Privacy Act 1988*, *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 log on identification codes and passwords. All access to systems is monitored and logged.

Existing security arrangements in the department automatically log user access to data files.

1. The Matching Process

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

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

DHS performs an additional identity match of all ‘matched’ ATO trust records with DHS records, by comparing 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 ATO records have the same identity details as DHS recipients. In addition to this, DHS only exchanges information for recipients who:

* have received a payment within the relevant financial year
* are partnered to a recipient, or
* have an outstanding debt.

The ATO then provide the trust information only for these specific matched records. A technical standards report can be found at Appendix A.

1. Action Resulting from the Program

Following the provision of matched records from the ATO to DHS, DHS applies compliance risk rules whereupon a recipient may be asked via letter for a response to explain any discrepancy in declared income.

Where a recipient 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.

Where a recipient does not provide a response within the specified timeframe, DHS makes the determination of appropriate administrative action based on the information provided by the ATO.

Where DHS has determined that administrative action is necessary to recover an amount paid to a recipient on the basis of incorrect information, the recipient is able to request an internal review of this decision. There is no time limit applicable to a recipient’s right to internal review. While a review is being conducted, debt repayments can be paused.

If not satisfied with the outcome of an internal review, a recipient can also seek independent review by applying to the Administrative Appeals Tribunal (AAT).

1. Time Limits Applying to the Program

The matching of the ATO trust data is conducted bi-annually. The ATO provide two files, one following the completion of the financial year, and an updated file containing trust information.

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

All external data received from the ATO that is no longer required is destroyed in line with Guideline 7 of the *Guidelines on Data-matching in Australian Government Administration.*

1. Reasons for Conducting the Program
	1. **Relationship with the Agencies Lawful Functions**

The program is related to the department’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 eligibility criteria that must be met to enable payments to be made. These requirements are given to payment recipients through written advice authorised under different sections of these Acts for different payment types.

* 1. **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 the department do so and receive correct entitlements.
* The desire of taxpayers for the income support system to ensure integrity in its payments and services.
* The protection of an individual’s right to privacy.

In particular, there is strong support in the community for an income support system that directs available funds only to those who are eligible for assistance. The program helps to achieve this in two ways:

* through strengthening controls in the department’s payment systems, it reduces government outlays from the department’s programs, and
* the existence of effective controls in payment systems soon become 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 *Guidelines on Data-matching in Australian Government Administration.*

1. Legal Authority
	1. **DHS**

The disclosure of information to the ATO is authorised by the social security law, as is the collection of matched information returned by the ATO. This is because it is necessary for the proper administration of payments and services under the social security law. Specifically subsection 202(2)(d) of the *Social Security (Administration) Act 1999* authorises DHS’ involvement in the data matching as it is necessary for the purposes of the social security law.

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 DET information involved in this data matching program is obtained by the department under sections 192 and 195 of the *Social Security (Administration) Act 1999*, APP 6 does not limit its disclosure to the department.

* 1. **ATO**

The *Taxation Administration Act 1953* authorises the ATO to disclose ATO information to an Agency Head (within the meaning of the *Public Service Act 1999*) of an agency dealing with matters relating to the social security law where the disclosure is for the purpose of administering that law.

1. Disclosure of Information Provisions

The ATO only releases sufficient information to the department to allow it to determine whether there is a discrepancy between the information reported by the recipient to the department and the investment information reported to the ATO and whether administrative action needs to be considered.

1. Alternative Methods

There is no alternative method or single source of information available in relation to trusts and trust beneficiaries.

Certain trusts, such as superannuation trusts, are covered by a regulatory authority or have detailed information collected in a systematic manner, by a limited number of organisations, such as public unit trusts. However, most trusts are private agreements that are not covered by any regulatory authority and do not have any detailed information collected about them.

The only other source of undeclared trusts are identified via community tip-offs.

This program of matching trust records with the ATO minimises the resources required to detect recipients who may have not declared their involvement in a trust, therefore identifying recipients at risk of incorrect payment.

1. Prior Data Match Programs

Between January 2001 and June 2001, a pilot program was undertaken and demonstrated that:

* there were significant issues with welfare recipients correctly reporting their involvement in a trust to the department, and
* a recipient’s involvement in a trust was not detected by another control measure at that time.
1. Costs and Benefits

During the first year of inception in 2001-02, this measure generated annualised savings of over $3.1 million with the completion of 1,500 trust reviews. Since then the program has continued to garner considerable returns. During 2015-16, this measure achieved savings of over $7.2 million with the completion of 1,163 trust reviews.

Appendix A – Technical Standards report

**Description of Data**

**Data from DHS to ATO**

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

* Customer 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 |

**Data from ATO to DHS**

The ATO provides two files to DHS:

* Extract 1 - early lodgers of income tax return data to ATO.
* Extract 2 - late lodgers of income tax return data to ATO.

**Table 2 – Header Record:**

| **Field Name** | **Description, Rules & Values, Comments** |
| --- | --- |
| RECORD-LENGTH | = 849 |
| RECORD-TYPE | Indicates this record is the header record, ‘HEADER’. |
| DATE-OF-EXTRACT | Date extract file created. Format ccyymmdd. |
| EXTRACT-NM | Describes the extract, ‘ATO TRUST BENEFICIARIES EXTRACT’. |
| INCM-YR | Financial year for which the data was extracted. |
| Filler |  |

**Table 3 – Detail Record:**

| Field Name | Description, Rules & Values, Comments |
| --- | --- |
| RECORD-LENGTH | = 849 |
| RECORD-TYPE | Indicates this record is the detail record, ‘DETAIL’ |
| EXT\_REF\_NUM | External Reference Number (i.e. for Centrelink this is the CRN) |
| PYE-QTD-SRNM | Surname of the beneficiary |
| PYE-QTD-1ST-NM | First given name of the beneficiary |
| PYE-QTD-2ND-NM | Second given name of the beneficiary (may be blank) |
| B-U-21-DT | Beneficiary Date Of Birth. |
| PYE-QTD-ADDR-LN-1 | Address Line 1 Of The Beneficiary |
| PYE-QTD-ADDR-LN-2 | Address Line 2 Of The Beneficiary (May Be Blank) |
| PYE-QTD-LCLTY-NM | Name Of Suburb, Town Or City Of The Beneficiary |
| PYE-QTD-STATE-CD | State Code Of The Beneficiary |
| PYE-QTD-PC | Postcode Of The Beneficiary |
| PP-I-SHR-AMT | Share Of Income (Primary Production) |
| O-INCM-SHR-AMT | Share Of Income (Non-Primary Production) |
| P-T-TFN | The Tax File Number Of The Trust. |
| TRST-ESTE-TYP | Describes The Type Of Trust. As Follows:'D' - Deceased Estate;'F' - Fixed Trust Other Than Fixed Unit Trust Or A Public Unit Trust Described In 'U', 'P' Or 'Q'.;'H' - Hybrid Trust;'S' - Discretionary Trust Where The Main Source Of Income Of The Trust Is From Service And/Or Management Activities;'T' - Discretionary Trust Where The Main Source Of Income Of The Trust Is From Trading Activities;'I' - Discretionary Trust Where The Main Source Of Income Of The Trust Is From Investment Activities; 'M' Cash Management Unit Trust;'U' - Fixed Unit Trust Other Than A Public Trust Described In 'P' Or 'Q';'P' - Listed Public Unit Trust Other Than A Cash Management Unit Trust; Or'Q' - Unlisted Public Unit Trust Other Than A Cash Management Unit Trust. |
| PYR-N-IDV-NM-1 | Name Of Trust Line 1 |
| PYR-N-IDV-NM-2 | Name Of Trust Line 2 (May Be Blank) |
| PYR-ADDR-LN-1 | Address Line 1 Of The Trust |
| PYR-ADDR-LN-2 | Address Line 2 Of The Trust (May Be Blank) |
| PYR-LCLTY-NM | Suburb, Town Or City Of The Trust |
| PYR-STATE-CD | State Code Of The Trust |
| PYR-PC | Postcode Of The Trust |
| TRT-ABN | Trust ABN (May Be Zero) |
| T-PTNR-SRNM | Surname Of The Trustee Or Name Line 1 for Corporate Trustee. |
| T-PTNR-GVN-NM | Given Name Of Trustee Or Name Line 2 for Corporate Trustee |
| COY-ABN-NUM | Trustee ABN (May Be Zero) |
| N-P-B-INCM-AMT | Net Income Or Loss From Business - Primary Production |
| N-O-B-INCM-AMT | Net Income Or Loss From Business - Non-Primary Production |
| PP-DIST-PNP | Primary Production Distribution from Partnerships |
| PP-DIST-TRT | Primary Production Distribution from Trusts |
| PP-DIST-DED | Primary Production Deductions Relating to Distribution |
| NPP-DIST-PNP | Non-Primary Production Distribution From Partnerships |
| NPP-DIST-TRT | Non-Primary Production Distribution From Trusts |
| NPP-DIST-DED | Non-Primary Production Deductions Relating to Distribution |
| NET-RENT | Net Rent |
| GRSS-INT | Gross Interest |
| FRNKD-DIV | Franked Dividends |
| UNFRNKD-DIV | Unfranked Dividends |
| IMP-CR | Imputation Credit |
| T-N-I-LSS-AMT | Total Net Income/Loss |
| TOTL-AST-AMT | Total Assets |
| TOTL-LIAB-AMT | Total Liabilities |
| IMP-CR-SHR-AMT | Imputation Credit for Trust Beneficiary |
| N-C-GAIN-AMT | Net Capital Gain amount for Trust Beneficiary |
| A-FRGN-INCM-AMT | Attributed Foreign Income amount for Trust Beneficiary |
| TA\_CNTCT\_NM | Tax Agent Contact Name |
| TA\_PH\_NUM | Tax Agent Phone Number |

**Table 4 – Footer Record:**

| **Field Name** | **Description, Rules & Values, Comments** |
| --- | --- |
| RECORD-LENGTH | = 849 |
| RECORD-TYPE | = ‘FILE-TOTAL’ |
| CNT-RECS | Count of records in this file (including header, detail and file-total records). |
| CNT-PAYEE | Count of unique detail records (external reference numbers) extracted and written to this file. |
| Filler | Spaces |

**Matching Techniques**

**Identity 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 ‘matched’ records. DHS target recipients where there is a discrepancy between investments declared to the ATO and investments declared to DHS.

This could be:

* Recipient and Spouse
* Spouse but not recipient
* Recipient 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 including:

* Recipients name
* Marital status
* Demographic data
* Payment type
* Payment history
* Disclosed trust information

Business rules are applied to this data to check if there is a difference in the information reported to DHS compared to the information reported to the ATO.

Where a recipient or spouse is identified as having a difference, the selected case will then be loaded into DHS core systems for compliance action.

**Risks**

**Incorrect identity matches**

The ATO uses sophisticated identity matching techniques to ensure they identify the correct taxpayer from data provided 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.

**Data quality controls and audit**

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

**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.