

**Direction to support a whole of government approach given by the
Minister of Finance and the Minister of State Services under section
107 of the Crown Entities Act 2004**

Presented to the House of Representatives pursuant to section 108 of the Crown Entities Act
2004

Direction to support a whole of government approach to the New Zealand Business Number (NZBN)

The Minister of State Services and the Minister of Finance, pursuant to section 107 of the Crown Entities Act 2004, direct the agencies subject to this direction as follows:

1. An agency named in Schedule 1 must give effect to, or have regard to, all of the requirements in clause 7 in accordance with clause 1 in Schedule 1.
2. Whether an agency must give effect to, or have regard to, a requirement and when it must do so is set out in Schedule 1.

Application of direction

3. This direction sets out requirements for agencies to implement the NZBN. The NZBN has been created primarily to enable improved electronic delivery of services. As such, where an agency maintains electronic and paper-based systems, priority is to be given to electronic systems when implementing this direction. This direction does not apply to agencies' policy processes.
4. Except in respect of Accident Compensation Corporation, Callaghan Innovation and New Zealand Trade and Enterprise, systems that are planned to be retired or replaced by July 2019 are exempt from the requirements of this direction providing that any new or replacement systems comply with this direction.
5. Commentary used in this direction elaborates on the requirement to which it relates. An example used in the commentary is only illustrative of the requirement to which it relates. The commentary does not limit any requirement. If commentary and the requirement to which it relates are inconsistent, the requirement prevails.

Definitions

6. In this direction, –
 - a) **Act** means New Zealand Business Number Act 2016
agency means a Crown entity named in Schedule 1
NZBN entity means an entity eligible for an NZBN under the Act (pursuant to sections 10 to 12 of the Act, the definitions of "entity" and "government agency" in section 5 of the Act and the definitions of "corporate or public entity" and "unincorporated entity" in section 9 of the Act)
NZBN means New Zealand Business Number
 - b) **identifier, primary business data, register, and Registrar** have the same meanings as in section 5 of the Act.

Where an agency must "**give effect**" to a requirement in this direction, the agency must implement the requirement.

Where an agency must "**have regard**" to a requirement in this direction, the agency must seriously consider implementing the requirement. However, the agency has scope to consider factors such as cost, risk and benefits when making the final implementation decision. Any decision not to implement the requirement should be documented at a senior management, or board, level

along with the rationale as to why. Decisions not to retrofit the NZBN to an existing system are likely to be more justifiable than any decision not to include the NZBN in scope of any significant system replacement or new build.

Requirements

7. (1) If a person or system provides the agency a valid NZBN, the agency must be able to identify the NZBN entity that the NZBN applies to (without requiring an additional identifier from the person or system).

Commentary: this requirement does not prevent an agency seeking further information that is necessary as part of a transaction with the NZBN entity, that is required by law or that the agency is empowered by an enactment to require be provided to it.

'Identify' means accurately associating the NZBN entity with relevant entity records in agency system(s) by:

- *storing the NZBN in the system as part of the records, or*
- *searching the NZBN Register (manually or automatically) and matching the entity's legal name or trading name(s) with the agency records.*

The requirement to identify does not apply where neither the legal name nor trading name(s) of an unincorporated entity are public on the NZBN Register.

In distinguishing a 'key' customer facing system, the main things to consider are the number and regularity of transactions with business customers. Large numbers of transactions or continuous/regular use of the system imply a 'key system'. The term 'system' includes 'procedures and methods'.

The requirement applies to all agency systems, including non-business customer-facing systems, that contain business identifiers at legal entity level (e.g. for debtors, creditors, vendors and suppliers). Typically, these business references are found in enterprise resource planning (ERP), finance, payroll and procurement systems.

The references to customer facing and finance and procurement systems in the application requirements do not limit scope – rather, they reflect a staged approach to NZBN implementation.

The requirement does not prevent an agency from seeking additional information to validate the identity or authority of any person who contacts the agency (e.g. to protect privacy or confidentiality).

- (2) The agency must access and consume public primary business data on the register that is relevant to the agency's functions by way of an application programming interface or other electronic means.

Commentary: an agency may only access primary business data on the register if (pursuant to section 27(1) of the Act), the primary business data is public, an enactment, other than the Act, authorises the agency to collect that information, or the NZBN entity has consented to the agency accessing that primary business data.

The term 'relevant' should be interpreted as meaning necessary for carrying out the agency's functions.

The requirement does not apply where the NZBN entity has specifically advised the agency to use alternative data for the relevant agency function (i.e. data additional to and different from the data on the NZBN Register).

- (3) The agency must, during a transaction with an NZBN entity (or their authorised agent), be able to:
- a) give the NZBN entity/agent advice on how to access the Register so the entity/agent can update, or add new, primary business data themselves; and
 - b) if practicable in the medium being used for the transaction (e.g. on-line), provide the entity/agent the means to access the Register and make the changes to the data themselves.
- (4) An NZBN entity's NZBN must be included in any written outward communication from the agency to the NZBN entity, except for:
- a) any communications which have no identifier other than the NZBN entity's name; and
 - b) the agency considers that having no identifier other than the NZBN entity's name in the communication is consistent with good administrative practice.

Commentary: this requirement does not apply to generic mass communications that are sent from the agency to a group or groups of NZBN entities.

Determining consistency with good administrative practice in public service and agency-specific contexts will involve considering matters such as:

- *the value of inclusion (to the business and the agency); and*
- *the practicability of inclusion given the nature and form of the communication.*

Where there is no administrative need to include an identifier other than the entity's name in written outwards communications, then an agency may decide not to include the receiving entity's NZBN in the communication.

- (5) When changing its system or systems, the agency must consider phasing out identifiers that identify a legal entity (other than the NZBN entity's name) and replacing them with the NZBN.

Commentary: this requirement does not apply to identifiers that are nominated by the NZBN entity itself, for example agencies are not expected to replace usernames used to access online services. However, consideration should be

given to allowing an NZBN entity to use their NZBN as their self-nominated identifier.

This requirement does not apply in respect of identifiers that are established or required by agreement with an international jurisdiction if the international jurisdiction does not or will not recognise the NZBN in the context in which the identifier is used.

The term 'legal entity' includes both corporate and public entities and unincorporated entities as they are defined in the New Zealand Business Number Act 2016.

- (6) Where an agency is uncertain or does not believe that this direction applies to a system or identifier, the agency must consult with the Registrar and give serious consideration to any advice of the Registrar in that respect.

Commentary: in giving 'serious consideration' to the Registrar's advice, agencies may weigh factors such as cost, risk and benefits when deciding. Such decisions should be made and documented at a senior management or board level along with a record of the rationale for the decision.

- (7) The agency must provide the Registrar all reasonable assistance the Registrar requires to perform the Registrar's function of monitoring the State sector's implementation of the NZBN.

Commentary: the term 'reasonable assistance' includes responding to any information requests from the Registrar within 20 working days or any shorter timeframe the Registrar might specify if the purpose of the request necessitates a faster response. Where practicable, response timeframes shorter than 20 working days will be agreed in advance with the affected agency or agencies.

- (8) The agency must give the Registrar all reasonable assistance the Registrar requires to perform the Registrar's function of keeping the public-sector component of the register up-to-date.

Commentary: this requirement is expected to be limited to notifying, within legislative constraints, the Registrar of any changes to the agency's own primary business data: or changes to the primary business data of NZBN entities for which the agency has administrative authority (whether under legislation or otherwise).

Maintenance and review

8. The Finance and State Services Ministers (joint Ministers) may, in consultation with the Minister responsible for NZBN implementation and without referral back to Cabinet but otherwise subject to meeting any Parliamentary process requirements, lead and coordinate actions necessary to:
- a) make any newly created Crown entity subject to the requirements in paragraph 7
 - b) determine and prescribe the Tier status of the new Crown entity in consultation with the Minister responsible for the entity; and
 - c) amend, following any restructuring or merging of Crown entities, this direction as joint Ministers, in consultation with the Minister(s) responsible

for the affected entities, agree is appropriate to ensure the circular remains current and relevant for the affected entities.

9. A review of this direction will be undertaken during the 2019/2020 financial year. During that review, consideration will be given to whether all Tier Two and Tier Three agencies should be required to give effect to all the requirements. Consideration will also be given to whether any Crown entities not already covered by this circular should be added and be required to give effect, or to have regard, to the requirements at some point after 2020.



Hon Grant Robertson

Minister of Finance



Hon Chris Hipkins

Minister of State Services

Given this 21st day of August 2018, at Wellington

Schedule 1

- Each agency subject to this direction has been allocated to one of four tiers in the table below which sets out whether the agency must give effect or have regard to a requirement.

In the table:

“E” means “to give effect”;

“R” means “to have regard”.

- Tier One agencies must give effect to requirement 1:
 - in respect of key business customer-facing systems, by 31 December 2017;
 - in respect of procurement systems, by 31 December 2018;
 - in respect of finance systems, by 31 December 2019.
- Tier Two agencies must give effect to requirement 1 by 31 December 2018.
- Tier Three agencies must have regard to requirement 1 by 31 December 2018 and ongoing after that if not implemented.
- Tier One agencies must give effect to requirements 2 to 4 by 31 December 2020.
- Tiers Two, Three and Four agencies must have regard to requirements 2 to 4 by 31 December 2020 and ongoing after that if not implemented.
- The requirement for Tiers One, Two and Three agencies to give effect to, and for Tier Four to have regard to, requirements 5 to 7 is ongoing from the date of this direction and applies as relevant i.e. when the agency changes a system or when assistance is sought by the Registrar.
- The requirement for Tiers One, Two and Three agencies to give effect to, and for Tier Four to have regard to, requirement 8 commences from the date of this direction and is ongoing thereafter.

	1	2	3	4	5	6	7	8
Tier One								
Accident Compensation Corporation	E	E	E	E	E	E	E	E
Callaghan Innovation	E	E	E	E	E	E	E	E
New Zealand Trade and Enterprise	E	E	E	E	E	E	E	E
Tier Two								
Auckland District Health Board	E	R	R	R	E	E	E	E
Bay of Plenty District Health Board	E	R	R	R	E	E	E	E
Canterbury District Health Board	E	R	R	R	E	E	E	E
Capital and Coast District Health Board	E	R	R	R	E	E	E	E
Civil Aviation Authority	E	R	R	R	E	E	E	E
Commerce Commission	E	R	R	R	E	E	E	E
Counties Manukau District Health Board	E	R	R	R	E	E	E	E
Earthquake Commission	E	R	R	R	E	E	E	E

	1	2	3	4	5	6	7	8
Energy Efficiency and Conservation Authority	E	R	R	R	E	E	E	E
Environmental Protection Authority	E	R	R	R	E	E	E	E
Financial Markets Authority	E	R	R	R	E	E	E	E
Hawke's Bay District Health Board	E	R	R	R	E	E	E	E
Housing New Zealand Corporation	E	R	R	R	E	E	E	E
Hutt District Health Board	E	R	R	R	E	E	E	E
Lakes District Health Board	E	R	R	R	E	E	E	E
Maritime New Zealand	E	R	R	R	E	E	E	E
MidCentral District Health Board	E	R	R	R	E	E	E	E
Nelson Marlborough District Health Board	E	R	R	R	E	E	E	E
New Zealand Qualifications Authority	E	R	R	R	E	E	E	E
New Zealand Transport Agency	E	R	R	R	E	E	E	E
Northland District Health Board	E	R	R	R	E	E	E	E
Pharmaceutical Management Agency	E	R	R	R	E	E	E	E
South Canterbury District Health Board	E	R	R	R	E	E	E	E
Southern District Health Board	E	R	R	R	E	E	E	E
Tairāwhiti District Health Board	E	R	R	R	E	E	E	E
Taranaki District Health Board	E	R	R	R	E	E	E	E
Tertiary Education Commission	E	R	R	R	E	E	E	E
Waikato District Health Board	E	R	R	R	E	E	E	E
Wairarapa District Health Board	E	R	R	R	E	E	E	E
Waitemata District Health Board	E	R	R	R	E	E	E	E
West Coast District Health Board	E	R	R	R	E	E	E	E
Whanganui District Health Board	E	R	R	R	E	E	E	E
WorkSafe New Zealand	E	R	R	R	E	E	E	E
Tier Three								
Accreditation Council	R	R	R	R	E	E	E	E
Arts Council of New Zealand Toi Aotearoa	R	R	R	R	E	E	E	E
Broadcasting Standards Authority	R	R	R	R	E	E	E	E
Careers New Zealand	R	R	R	R	E	E	E	E
Education New Zealand	R	R	R	R	E	E	E	E
Electricity Authority	R	R	R	R	E	E	E	E
Health Promotion Agency	R	R	R	R	E	E	E	E
Health Quality and Safety Commission	R	R	R	R	E	E	E	E
Heritage New Zealand (Pouhere Taonga)	R	R	R	R	E	E	E	E
Museum of New Zealand Te Papa Tongarewa Board	R	R	R	R	E	E	E	E

	1	2	3	4	5	6	7	8
New Zealand Antarctic Institute	R	R	R	R	E	E	E	E
New Zealand Blood Service	R	R	R	R	E	E	E	E
New Zealand Film Commission	R	R	R	R	E	E	E	E
New Zealand Fire Service Commission	R	R	R	R	E	E	E	E
New Zealand Lotteries Commission	R	R	R	R	E	E	E	E
New Zealand Tourism Board	R	R	R	R	E	E	E	E
NZ on Air (Broadcasting Commission)	R	R	R	R	E	E	E	E
Privacy Commissioner	R	R	R	R	E	E	E	E
Radio New Zealand Limited	R	R	R	R	E	E	E	E
Sport and Recreation New Zealand	R	R	R	R	E	E	E	E
Te Reo Whakapuaki Irirangi (Maori Broadcasting Funding Agency)	R	R	R	R	E	E	E	E
Te Taura Whiri I Te Reo Maori (Maori Language Commission)	R	R	R	R	E	E	E	E
Television New Zealand Limited	R	R	R	R	E	E	E	E
Tier Four – Crown Research Institutes								
Ag Research Limited	R	R	R	R	R	R	R	R
Institute of Environmental Science and Research Limited	R	R	R	R	R	R	R	R
Institute of Geological and Nuclear Sciences Limited	R	R	R	R	R	R	R	R
Landcare Research New Zealand Limited	R	R	R	R	R	R	R	R
National Institute of Water and Atmospheric Research Limited	R	R	R	R	R	R	R	R
New Zealand Forest Research Institute Limited	R	R	R	R	R	R	R	R
New Zealand Institute for Plant and Food Research Limited	R	R	R	R	R	R	R	R