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# Statement of Performance Expectations

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1 July 2014 – 30 June 2015

The Privacy Commissioner  
Te Mana Matapono Matatapu

*Presented to the House of Representatives  
Pursuant to section 149 of the Crown Entities Act 2004*

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## CONTENTS

<b>ALIGNMENT WITH THE STATEMENT OF INTENT .....</b>	<b>2</b>
<b>ADDITIONAL BASELINE FUNDING IN BUDGET 2014 .....</b>	<b>3</b>
SUMMARY OF OUTPUT REVENUE AND EXPENSES FOR 2014/15 .....	3
FORECAST SERVICE PERFORMANCE 2014/15 .....	5
<b>PROSPECTIVE FINANCIAL STATEMENTS .....</b>	<b>9</b>
STATEMENT OF UNDERLYING ASSUMPTIONS.....	12
STATEMENT OF ACCOUNTING POLICIES.....	12

# ALIGNMENT WITH THE STATEMENT OF INTENT

The Statement of Service Performance Expectations is provided under the Crown Entities Act 2004. The Statement of Service Performance Expectations aligns with the Privacy Commissioner's strategy as provided in the Statement of Intent.

The Statement of Intent identifies five strategic initiatives:

- Public sector privacy practices
- Private sector privacy practices
- Government information sharing
- Outreach
- Law reform

The Statement of Service Performance Expectations establishes four output classes which support the strategic initiatives of the Privacy Commissioner as shown in figure one.

## STRATEGIC INITIATIVES



Figure One: The relationship between an Output Class and a Strategic Initiatives

The output classes span the strategic initiatives. Each output class incorporates a number of measures by which that output may be assessed.

The output classes reflect the areas for which the additional funding in Budget 2014 was appropriated

Output class	Area of Funding
Guidance, education and awareness	Existing work, Better Public Services, Information sharing agreements - Privacy Amendment Act 2013
Better Public Services (BPS)	Better Public Services
Policy and research	Existing work, Information sharing agreements - Privacy Amendment Act 2013
Compliance	Existing work

## ADDITIONAL BASELINE FUNDING IN BUDGET 2014

In Budget 2014 the Privacy Commissioner received additional baseline funding. The increased funding recognised the increased workload placed on the Office over recent years, and the need for an increased input by the Privacy Commissioner into a range of government initiatives. Additional funding was appropriated for the following three areas from 2013/14 to 2017/18 and out years:

Areas	\$m				
	2013/14	2014/15	2015/16	2016/17	2017/18 & out years
1. Existing work	0.121	1.027	0.826	0.826	0.826
2. Better Public Services	0.121	0.644	0.644	0.644	0.644
3. Approved Information Sharing Agreements - Privacy Amendment Act 2013	0.095	0.252	0.252	0.252	0.252
<b>Total Increase</b>	<b>0.336</b>	<b>1.923</b>	<b>1.722</b>	<b>1.722</b>	<b>1.722</b>
<b>Current Baseline</b>	<b>3.248</b>	<b>3.248</b>	<b>3.248</b>	<b>3.248</b>	<b>3.248</b>
<b>New Baseline</b>	<b>3.584</b>	<b>5.171</b>	<b>4.970</b>	<b>4.970</b>	<b>4.970</b>

## SUMMARY OF OUTPUT REVENUE AND EXPENSES FOR 2014/15

The Privacy Commissioner receives funding through an appropriation within Vote Justice. The appropriation is within the Non-Departmental Output Expenses; Justice Advocacy, Advice and Promotion Services and provides an appropriation of \$5.171m. The Privacy Commissioner has committed through the appropriation to provide four output classes in 2014/15.

### OUTPUT OPERATING STATEMENTS: 2014/15

Output Class Description	REVENUE			EXPENSES	SURPLUS
	Revenue Crown \$000	Revenue Other \$000	Capital Contribution \$000	Total Expenses \$000	Surplus / (Deficit) \$000
Guidance, education and awareness	649	43	15	727	(35)
Better Public Services	896	-	50	896	-
Policy and research	1,804	236	60	2,044	(4)
Compliance	1,822	22	55	1,772	72
<b>TOTAL OUTPUT CLASSES</b>	<b>5,171</b>	<b>301</b>	<b>180</b>	<b>5,439</b>	<b>33</b>

## CAPITAL CONTRIBUTIONS

We are expecting a number of capital contributions in the 2014/15 year, as covered by this Statement of Performance Expectations.

Projects with potential capital contributions include:

- Website upgrading to improve access to services \$75,000
- Upgrade of accommodation in Wellington \$150,000

Capital contributions are met from accrued depreciation held in accumulated funds from 2013/14.

## FORECAST SERVICE PERFORMANCE 2014/15

The Privacy Commissioner has developed a set of measures within the outputs to provide a means to demonstrate both internally and externally that he is performing effectively in achieving the stated Output Classes.

### *Output 1 - Guidance, education and awareness*

Measure	Expectation 2014/15	Previous year 2013/14	How it will be measured
<b>Guidance, education and awareness: Quantity</b>			
Education workshops delivered	35	30-40	Audit of document management system
Presentations at conferences / seminars	35	30-40	Audit of document management system
Public enquiries received and answered	7,000	5,000-7,000	Audit of document management system and report provided through contact centre reporting software
Media enquiries received and answered	250	250-300	Records of media enquiries available in document management system
<b>Guidance, education and awareness: Quality</b>			
Evaluations show that at least of 90% of respondents are satisfied with the overall effectiveness of the workshops they attended	90%	90%	Evaluations completed by attendees
Website contains up-to-date copies of all privacy codes and commentary, all formal statutory reports of the Privacy Commissioner, all current published guidance from the Privacy Commissioner, and additional resources to support compliance with the Act.	Achieved	Achieved	Review of content of website
Guidance materials produced by the Privacy Commissioner meet the 'Plain English Writing Standard.'	Achieved	Achieved	Report produced by independent agency is available for review
<b>Guidance, education and awareness: Timeliness</b>			
Respond to 90% of 0800 line enquiries within one working day	90%	90%	Report provided through contact centre reporting software
Guidance materials are produced within agreed timelines	Achieved	New	Timelines as signed off within the project plans

## Output 2 - Policy and Research

Measure	Expectation 2014/15	Previous year 2013/14	How it will be measured
<b>Policy and research: Quantity</b>			
New policy files opened during the year	80	60 - 100	Report available within document management system
Identifiable progress in international efforts in which we are engaged to enhance cooperation and interoperability between privacy laws across trading partners	Achieved	NEW	Description of changes from previous year based on public record
Cross-border enforcement laws and practices in place	Achieved	Achieved	Information available on GPEN website supported by reports in document management system identifying changes from previous years
Maintain close working relationship with Ministry of Justice officials on the content and progress of the Law reform	Achieved	NEW	Records of meetings and reports available in document management system
<b>Policy and research: Quality</b>			
Survey of recipients of policy advice indicate that at least 70% are satisfied with the service they received from the Privacy Commissioner	Achieved	NEW	Survey results available in document management system
Our participation in the law reform process is valued by stakeholders	Achieved	NEW	Report of survey of stakeholders available for review
<b>Policy and research: Timeliness</b>			
Advice on proposals provided within agreed timeframes	90%	NEW	Report of survey available for review
Requests for input into law reform is made available within agreed timelines	90%	NEW	Report of survey available for review

### Output 3 - Better Public Services

Measure	Expectation 2014/15	Previous year 2013/14	How it will be measured
<b>Better Public Services: Quantity</b>			
Information matching programmes monitored	52	56	Reports on each programme published in Annual Report
New information sharing or matching programmes assessed	10	3	Audit of document management system
Toolkit produced for government agencies preparing to implement new information sharing programmes	Achieved	NEW	Toolkit produced and updated as required as evidenced within document management system
Complaints able to be made online through the Privacy Commissioner website	Achieved	NEW	Lodgement of complaints can be demonstrated on website
An active programme of engagement with the Government Chief Privacy Officer (GCPO) to improve the handling of personal information within the public sector	Achieved	NEW	Evidenced by report within document management system
<b>Better Public Services: Quality</b>			
All statutory obligations to report on information matching met	100%	100%	Evidenced by report within document management system
60% of recommendations from formal review of information sharing or matching programmes have been acted upon within 30 working days of the date of the review report being received	Achieved	NEW	Audit of document management system
A trend of reducing concern about government agencies sharing personal information	Achieved	NEW	Biennial public survey undertaken on behalf of the Privacy Commissioner
<b>Better Public Services: Timeliness</b>			
Statutory timelines for reporting on information matching met	100%	100%	Evidenced by report within document management system
Percentage of responses to requests to review information sharing agreements provided within agreed timeframes	90%	90%	Survey of organisations identifies and confirms that information sharing agreements were provided within agreed timeframes

## Output 4 - Compliance

Measure	Expectation 2014/15	Previous year 2013/14	How it will be measured
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### Compliance: Quantity

Number of complaints received	800	800–1,000	Audit of document management system
Number of current complaints processed to completion or settled or discontinued	800	800–1,000	Audit of document management system

### Compliance: Quality

Complainants' and respondents' satisfaction with the complaints handling process rated as "satisfactory" or better in 80% of responses to a survey of complaints received and closed in the preceding period	80%	80%	Evidenced by report of the survey results
Of the complaints processed, 30% are closed by settlement between the parties	Achieved	Achieved	Audit of document management system
Amendments to Codes of Practice meet all statutory requirements	100%	100%	Evidence of compliance with section 48 (2) of the Privacy Act 1993
An external review of a sample of complaints investigations rates 70% as 3.5 out of 5 or better on the legal analysis, correctness of the legal conclusions, soundness of the investigative procedure and timeliness of response	70%	70%	Evidenced by report prepared by independent evaluator

### Compliance: Timeliness

Measure	Expectation 2014/15	Previous year 2013/14	How it will be measured
Complaints received are acknowledged within 5 days of receipt	100%	NEW	Audit of document management system
80% of complaints are completed, settled or discontinued within nine months of receipt	85%	80%	Audit of document management system
Review of the operation of Credit Reporting Code commenced	Achieved	NEW	Copy of report available in document management system

# PROSPECTIVE FINANCIAL STATEMENTS

## PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE

Estimated actual for 2013/14 \$000		Budget 2014/15 \$000	Budget 2015/16 \$000	Budget 2016/17 \$000
3,584	Crown revenue	5,171	5,171	5,171
293	Other revenue/seminars	261	261	261
34	Interest income	40	40	40
<b>3,911</b>	<b>Total Operating Revenue</b>	<b>5,472</b>	<b>5,472</b>	<b>5,472</b>
90	Marketing	156	156	156
15	Audit fees	25	25	25
110	Depreciation and Amortisation	170	120	80
352	Rental expenses	413	413	413
431	Operating expenses	551	551	551
2,863	Staff expenses	4,124	4,206	4,290
<b>3,861</b>	<b>Total expenses</b>	<b>5,439</b>	<b>5,471</b>	<b>5,515</b>
<b>50</b>	<b>Total Comprehensive Income</b>	<b>33</b>	<b>1</b>	<b>(43)</b>

## PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 30 JUNE

Estimated actual for 2013/14 \$000		Budget 2014/15 \$000	Budget 2015/16 \$000	Budget 2016/17 \$000
792	Public equity as at 1 July	842	875	876
50	Total Comprehensive Income	33	1	(43)
	<b>Total recognised revenues And expenses for the period</b>			
<b>842</b>	<b>Public equity as at 30 June</b>	<b>875</b>	<b>876</b>	<b>833</b>

**PROSPECTIVE STATEMENT OF  
FINANCIAL POSITION**  
FOR YEAR ENDED 30 JUNE

Estimated actual for 2013/14 \$000		Budget 2014/15 \$000	Budget 2015/16 \$000	Budget 2016/17 \$000
842	<b>Public equity</b> General funds	875	876	833
<b>842</b>	<b>Total public equity</b>	<b>875</b>	<b>876</b>	<b>833</b>
	Represented by:			
	<b>Assets</b>			
	<b>Current assets</b>			
824	Cash and cash equivalents	925	987	965
8	Debtors and other Receivables	8	8	8
17	Prepayments	11	11	10
8	Inventory	8	8	8
<b>858</b>	<b>Total current assets</b>	<b>953</b>	<b>1,014</b>	<b>991</b>
	<b>Non-current assets</b>			
211	Property, plant and equipment	151	91	71
	Intangible assets			
<b>211</b>	<b>Total non-current assets</b>	<b>151</b>	<b>91</b>	<b>71</b>
<b>1,069</b>	<b>Total assets</b>	<b>1,104</b>	<b>1,105</b>	<b>1,062</b>
	<b>Less: Liabilities</b>			
	<b>Current liabilities</b>			
118	Creditors and other Payables	120	120	120
109	Employee entitlements	109	109	109
<b>227</b>	<b>Total current liabilities</b>	<b>229</b>	<b>229</b>	<b>229</b>
<b>227</b>	<b>Total liabilities</b>	<b>229</b>	<b>229</b>	<b>229</b>
<b>842</b>	<b>NET ASSETS</b>	<b>875</b>	<b>876</b>	<b>833</b>

**PROSPECTIVE STATEMENT OF  
CASH FLOWS**  
FOR YEAR ENDED 30 JUNE

Estimated actual for 2013/14 \$000		Budget 2014/15 \$000	Budget 2015/16 \$000	Budget 2015/16 \$000
	<b>Cash Flows from operating activities</b>			
	Cash provided from:	5,171	5,171	5,171
3,584	Supply of outputs to the Crown			
293	Revenues from services provided	261	261	261
34	Interest received	40	40	40
	Cash applied to:			
954	Payments to suppliers	1,719	1,145	1,145
2,863	Payments to employees	3,550	4,206	4,290
(38)	Net Goods and Services Tax	(8)	(1)	(1)
<b>132</b>	<b>Net cash flows from operating activities</b>	<b>211</b>	<b>122</b>	<b>38</b>
	<b>Cash Flows from Investing Activities</b>			
	Cash was provided from:			
	Cash applied to:			
4	Purchase of Property Plant and equipment	110	60	60
	Purchase of Intangible Assets			
<b>4</b>	<b>Net cash flows from investing activities</b>	<b>110</b>	<b>60</b>	<b>60</b>
128	Net increase (decrease) in cash held	101	62	-22
696	Plus opening cash	824	925	987
<b>824</b>	<b>Closing cash balance</b>	<b>925</b>	<b>987</b>	<b>965</b>
824	Represented by: Cash and bank	925	987	965
<b>824</b>	<b>Closing cash balance</b>	<b>925</b>	<b>987</b>	<b>965</b>

## STATEMENT OF UNDERLYING ASSUMPTIONS

### SIGNIFICANT ASSUMPTION

The opening position of the forecasted statements is based on un-audited results for 2013/14. The actual results for April, May and June 2014 are unavailable and therefore the balance as at 30 June 2014 has been estimated using forecast figures.

### OTHER ASSUMPTIONS

The accrual basis of accounting has been used in the preparation of these forecast financial statements.

The budget reflects staffing levels of FTEs to meet the work programme.

There is a risk that these events and the associated income and expenditure do not occur.

### NATURE OF PROSPECTIVE FINANCIAL STATEMENTS

The forecasted financial statements have been prepared as a best efforts indication of the Privacy Commissioner's future financial performance. Actual financial results for the period covered are likely to vary from the information presented, potentially in a material manner.

## STATEMENT OF ACCOUNTING POLICIES

### REPORTING ENTITY

The Privacy Commissioner is a Crown entity in terms of the Public Finance Act 1989 and the Crown Entities Act 2004. As such the Privacy Commissioner's ultimate parent is the New Zealand Crown.

In addition, the Privacy Commissioner reports the funding administered on behalf of the Crown as notes to the financial statements.

The Privacy Commissioner's primary objective is to provide public services to the NZ public, as opposed to that of making a financial return.

Accordingly, the Privacy Commissioner has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS").

The financial statements for the Privacy Commissioner are for the year ended 30 June, and are approved by the Commissioner prior to issue. The financial statements cannot be altered after they have been authorised for issue.

### BASIS OF PREPARATION

The financial statements of the Privacy Commissioner are prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice ("NZ GAAP").

The financial statements comply with NZ IFRSs, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

### SIGNIFICANT ACCOUNTING POLICIES

The following particular accounting policies which materially affect the measurement of comprehensive income and financial position will be applied:

## REVENUE

Revenue is measured at the fair value of consideration received or receivable.

### Revenue from the Crown

The Privacy Commissioner is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of the Privacy Commissioner meeting its objectives as specified in the Statement of Performance Expectations.

Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates.

### Interest

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

### Rental Income

Lease receipts under an operating sub-lease are recognised as revenue on a straight-line basis over the lease term.

### Provision of services

Revenue derived through the provision of services to third parties is recognised in proportion to the stage of completion at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed.

### Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease expenses are recognised on a straight-line basis over the term of the lease.

### Goods and Services Tax (GST)

All items in the financial statements presented are exclusive of GST, with the exception of accounts receivable and accounts payable which are presented on a GST inclusive basis. Where GST is irrecoverable as an input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

### Income Tax

The Privacy Commissioner is a public authority for tax purposes and therefore exempt from income tax. Accordingly no provision has been made for income tax.

### Inventories

Inventories held for distribution, or consumption in the provision of services, that are not issued on a commercial basis are measured at the lower of cost (calculated using the weighted average cost method) and current replacement cost.

### Property, plant and equipment

Property, plant and equipment asset classes consist of land, buildings, leasehold improvements, furniture and office equipment, and motor vehicles.

Property, plant and equipment are shown at cost or valuation, less any accumulated depreciation and impairment losses.

### Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment, at a rate which will write off the cost (or valuation) of the assets to their estimated residual value over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Furniture and fittings	5 - 7 years
Computer equipment	4 years
Office equipment	5 years

### Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Privacy Commissioner and the cost of the item can be measured reliably.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

### Employee entitlements

Employee entitlements that the Privacy Commissioner expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, and sick leave.

### Financial instruments

The Privacy Commissioner is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors, and creditors. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of comprehensive income.