

# *Statement of Intent*

2013 – 2016

Office of the Privacy Commissioner  
Te Mana Matapono Matatapu

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Pursuant to section 139 of the Crown Entities Act 2004*

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# INTRODUCTION FROM THE PRIVACY COMMISSIONER

The environment in which OPC operates is undergoing constant change, as individuals, government and businesses are living and transacting online in an information-rich society. OPC fulfils the role of an independent watchdog, commentator and regulator.

Personal information is increasingly being recognised as a business asset, with associated commercial benefits and competitive drivers. Across government, there is an emphasis upon data integration, analytics and information sharing. A number of high-profile incidents have highlighted the need to embed a citizen-centred approach to build trust. There is an emerging focus upon information governance and leadership.

The prevalence of data breaches has grown – both in frequency and scale, and OPC faces numerous demands for advice and public comment. OPC is putting significant resource into raising awareness of the need to have effective information risk management strategies in place. As an office, we rigorously prioritise where to direct our efforts and we are conscious of tensions arising from this.

Personal data regulation is being directly shaped by local and international developments, and the practices and policies of companies such as Google and Facebook have provided test-beds for privacy regulators. There is a growing recognition of the benefits of international cooperation and co-regulatory efforts.

A major review of privacy by the New Zealand Law Commission was released in August 2011. The comprehensive review contains balanced and well-founded recommendations, and includes several proposals that would give a small office such as OPC the tools it needs to effectively respond to challenges emerging across government, corporate business and civil society. The government's response is due shortly.

We are anticipating there will be more change ahead as the regulatory framework is adjusted to better accommodate the challenges of life in a digital, online world. New Zealanders expect and deserve to have an attuned and agile regulator that is equipped to respond to a dynamic data environment.



Marie Shroff  
**Privacy Commissioner**



# PURPOSE

## MISSION STATEMENT

We will work towards a modern New Zealand which:

- recognises the individual and societal value in protecting privacy
- reflects excellence in personal information handling by government and business
- recognises and reacts to the changing privacy demands of the electronic age

Protecting personal information and privacy is a complex activity which extends across all segments of the community. Privacy is one of the essential supporting pillars of a just and open society. When managed in a careful way, privacy will complement and support efficiency in business and government. Building and maintaining the twin pillars of privacy and efficiency has become increasingly important, as a changing technological environment opens new means and opportunities to acquire, use and distribute personal information.

The Privacy Act 1993 (the Act) takes a modern approach to the regulation of personal information through the application of principles. Openness, fairness and clarity of purpose are its themes. Within the statutory functions as described in Section 13 of the Act, the Office undertakes a range of diverse roles across government, business and society at large. The Privacy Commissioner is an independent crown entity under the Crown Entities Act 2004, and acts independently in investigating complaints and carrying out its functions.

Role	Purpose	Process
<b>Legislation and policy</b>	Assist public and private sector agencies to reach reasonable goals in a privacy-respectful manner	Comment and respond on legislative, policy or administrative proposals that impact on the privacy of individuals, including to Cabinet or Select Committees
<b>Complaints and Investigations</b>	Investigate and seek to settle complaints about an interference with individual privacy	Manage a robust and responsive complaints and investigation process
<b>Education and awareness</b>	Encourage awareness of personal information issues to help agencies and individuals to protect privacy	Activities include: <ul style="list-style-type: none"><li>• 0800 enquiries helpline with 7,000+ calls per year</li><li>• Website and publications</li><li>• Training workshops, seminars and speeches</li><li>• Responses to media enquiries</li></ul>

Role	Purpose	Process
<b>Information matching programmes</b>	Oversight and monitoring role for all government data matching programmes	Monitoring and reporting on authorised data matching programmes, and information sharing across government
<b>Codes of practice</b>	The Privacy Commissioner may issue sector specific codes of practice	Through a process of private and public sector consultation develop codes to modify the information privacy principles or prescribe how the information privacy principles are to be applied or complied with in a particular industry or context
<b>International</b>	<p>Share knowledge and experience with counterparts overseas and others involved in protecting privacy</p> <p>Actively seek to reduce barriers for business, government and individuals to meet international legislative requirements</p> <p>Privacy laws facilitate business and commercial activity, while in turn protecting data about individuals</p>	<p>Active in international forums with our trading partners in the Asia-Pacific region and European Union countries</p> <p>Ensure New Zealand is recognised as having privacy protections suitable for acceptance by the international community</p> <p>Work towards business friendly privacy enforcement internationally through the Global Privacy Enforcement Network (GPEN) while at the same time affording suitable protections for individual privacy</p>

The Office continues the trend of providing improved services through a significant period of fiscal constraint going back a number of years. A quick overview of the past 5 years' performance indicators tells the story of an Office adapting to changing demands to deliver better public services.

Performance Indicators	Year Ending				
	Jun 08	Jun 09	Jun 10	Jun 11	Jun 12
Operating Grant (\$000)	3,109	3,148	3,148	3,148	3,248
Total Income (\$000)	3,523	3,861	3,486	3,448	3,593
Total Expenditure (\$000)	3,751	3,849	3,623	3,496	3,462
Total Staff Expenditure (\$000)	2,337	2,620	2,483	2,441	2,509



Performance Indicators	Year Ending				
	Jun 08	Jun 09	Jun 10	Jun 11	Jun 12
Staff Numbers (FTE's)	31.48	30.39	30.69	29.69	29.69
Complaints received	662	806	978	968	1,140
Complaints closed	767	822	961	999	1,009
Percentage of complaints closed within 6 months	61%	83%	80%	80%	92%
Percentage of complaints under 12 months of age	88%	95%	97%	96%	98%
Public enquiries received	5,416	6,632	7,151	7,000	8,366
Media enquiries received	128	216	323	212	295
Information matching programmes monitored	46	46	49	47	47

# OPERATING ENVIRONMENT

Personal data is increasingly a core asset and core infra-structure for modern business operations and essential to effective government administration. It has become a “currency” for the internet economy, exchanged for access to online content and services. The **growing value of personal data** increases the risks that data will be used in ways that neither the organisation nor the individual anticipated when the data was collected. Our public opinion surveys show that this is an area of considerable concern to individuals.

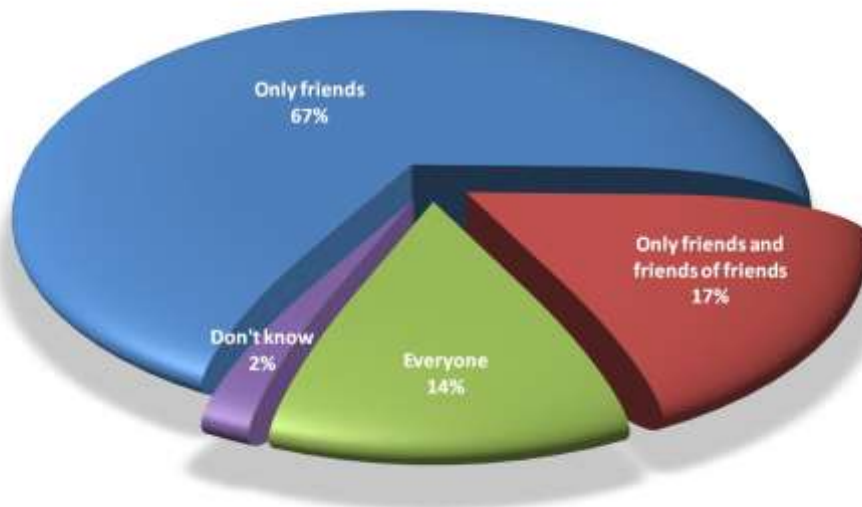


*Source: 'Individual privacy & personal information' UMR Omnibus Report April 2012*

Individuals currently play a greater role in generating and disseminating personal data, in particular through **social networking**, raising new issues regarding the impact they are having on the privacy of others and themselves.

Individuals often face a lack of information, and can find it difficult to assess information risks when confronted with complex information and competing interests.

As far as you know who can see your Facebook page



*Source: 'Individual privacy & personal information' UMR Omnibus Report April 2012*

In practice, information posted on Facebook can easily fall into the public domain, whatever the privacy settings imposed by users.

The Accident Compensation Corporation (ACC) data breach in March 2012, involving more than 6,500 clients, may prove to be a **watershed for the public sector**. The effect has been to identify weaknesses at a systemic and governance level and there are salutary lessons to be learned.

The inquiry highlighted that data management needs to be thought of as an integral part of serving the public, and as a wider 'risk management' strategy. It is evident that the way personal information is handled can affect an organisation from top to bottom, and that is particularly so if its core business is holding and processing personal information.

The competitive driver in the **private sector** gives businesses a reality check: breaches of privacy lead to loss of customers. So there are some immediate financial incentives to get things right. In the public sector, the damage to public trust from privacy breaches is becoming self-evident, and everyone is aware that public trust is essential for government agencies to be able to provide better public services. It is to be hoped this will provide the necessary incentive to improvement in the way the public sector handles data. As the ACC review showed, key areas for development include leadership, culture, personal information governance and risk management, and creating comprehensive privacy strategies to handle personal information throughout the agency.

**Globally, regulators are also taking a stronger line** with private sector companies. This trend is most evident in recent enforcement measures in the United States for instance with the Federal Trade Commission's settlements with Facebook and Google. There are also European Union proposals to tighten privacy regulation in the EU, including increasing fines for errant companies.

The move to greater cross-border enforcement and co-ordination is also gaining impetus, and our office will continue to play a significant role.

Many New Zealand companies are able and willing to handle personal information well, and we assist them to do so where we can. However, overall, the customer is still too often placed in the unfavourable position of having to bear the risk of transacting. Customers are becoming more resentful of bearing those risks and are demanding that companies be properly accountable for their actions. It is clear that people believe regulators should have – and use – the ability to call agencies to heel. For instance in our public opinion survey earlier this year, 97% of respondents said that the Privacy Commissioner should have the power to order an agency to comply with the law, and 88% said they wanted businesses punished if they misuse people’s personal information.

### *Regulatory pressures*

The Privacy Amendment Act 2013 [formerly part of the Privacy (Information Sharing) Bill] came into force in February 2013. The Act allows information sharing agreements to be authorised within public sector agencies and also between public and private sector agencies.

The Privacy Amendment Act 2013 forms only one part of the Law Commission’s recommendations for privacy law change detailed in its comprehensive Review of Privacy.<sup>1</sup> The Commission’s final report was released in August 2011.

There is an undoubted need for the law to be updated to enable it to respond to modern problems. The Law Commission’s recommendations form a sensible, balanced and practical package of reforms that will facilitate good business and good government, and give New Zealanders greater confidence that their personal information will be adequately protected. We look forward to the government introducing the second part of the reforms, which will provide us with the necessary tools to promote and protect New Zealanders’ confidence in our data protection regime.

Securing personal data has become a greater challenge. Individuals are exposed to increased potential harms including the risk of identity theft. Data breaches are occurring more frequently and data breach notification has therefore become an increasingly important element of privacy oversight by this Office.

There is expectation on the Office of the Privacy Commissioner in its role as a privacy watchdog to be able to quickly develop a view on the privacy implications of new technology and its use. In order to remain credible and effective we need to be very good at scanning emerging developments, selecting the issues that require a proactive response, and moving quickly to develop the appropriate response. Financial constraints on the Office will limit our ability to respond to pressures.

The race to develop and take advantage of new technology is an exciting one to be part of. We are privileged witnesses to evolution in progress.

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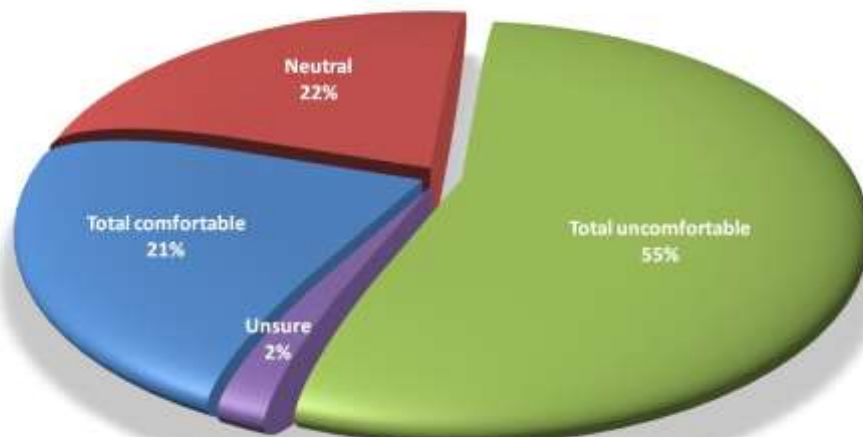
<sup>1</sup> <http://www.lawcom.govt.nz/project/review-privacy>

## International

New Zealand business needs to be in a position to compete globally and take advantage of new opportunities arising from technology. We are living and transacting in an information-rich society where personal data has become a business asset that is valued and tradable. Details about individuals are collected, sorted and disclosed on an unprecedented scale. Technology is an enabler, and means there is a greatly enhanced ability to analyse and combine huge data sets. Some commentators have described this phenomenon as “big data”.

Through the focus on technology and globalisation, information (storage, access and flows) now transcends national borders. Data is stored outside New Zealand by individuals, business and other agencies through ‘cloud computing’. Smaller countries such as New Zealand are inevitably ‘takers’ of new technology and services from major global players such as Google and Microsoft. There is a real challenge to develop effective and compatible cross-border regulation, standards and enforcement solutions to facilitate the use of new technologies, while affording appropriate protections for individuals.

**How comfortable are you with business and government agencies keeping your personal information in data storage facilities which are based overseas**



*Source: 'Individual privacy & personal information' UMR Omnibus Report April 2012*

The Office must remain an active participant in contributing to the development of proposals and ultimately their implementation, for the best interests of New Zealand and New Zealanders.

## OPERATIONAL PRIORITIES

In April 2012 the Office commissioned an independent report on New Zealanders' views on individual privacy and the handling of personal information. This is the fifth public survey since 2001. The report assists the Office to better plan and select our priority work areas. It also provides valuable feedback on our performance in raising public awareness.

The operating environment places significant fiscal and capability pressures on the Office for the delivery of outputs and impacts. In an environment of growing demands, our ability to meet our delivery measures requires strict prioritisation. To assist in determining priorities the Office has established criteria by which current and future activities are assessed.

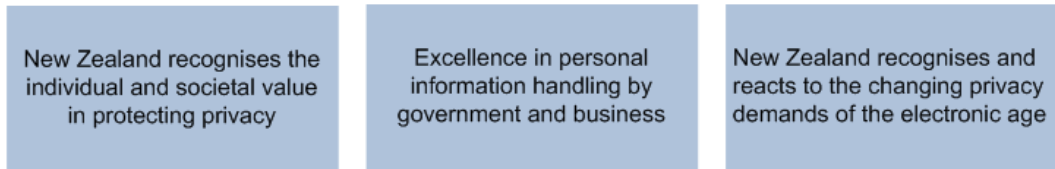
Criteria for determining operational priorities include:

- Relevance to our functions and responsibilities
- Importance or value of the issue
- Degree of external interest or demand
- Ability to make a difference
- Cost effectiveness (both short term and long term) in taking action.

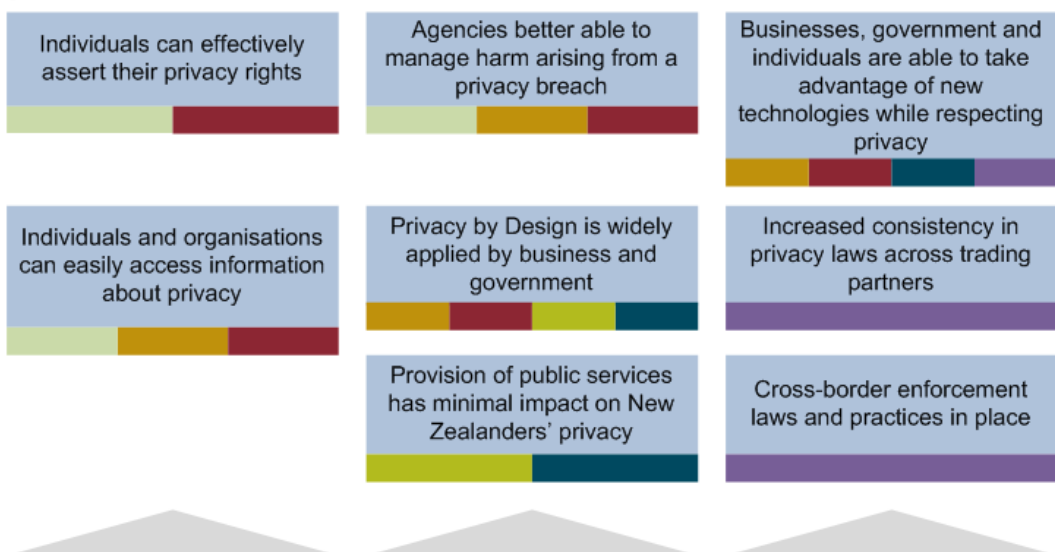
## THE OUTCOMES FRAMEWORK

Our purpose statement defines the outcomes we seek to achieve through targeted and flexible use of our resources.

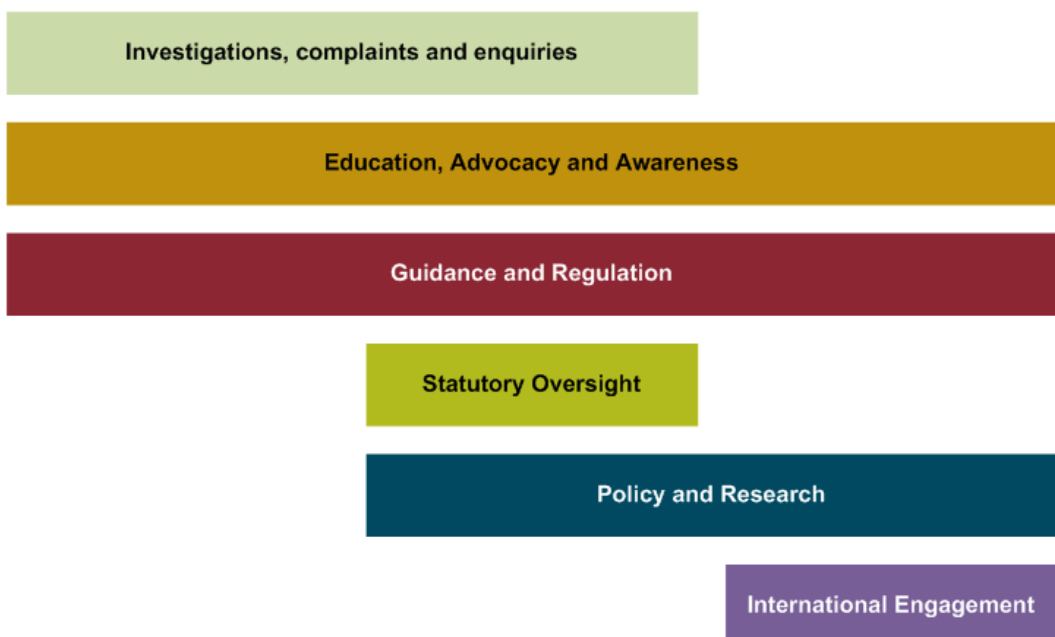
### Outcomes



### Impacts



### Outputs



## LINKAGES

The effective uptake of many new technologies has been shown by research to be supported by robust and effective privacy protections and standards. In particular the work of the Office promotes public confidence and trust in the protection of personal information.

Trust means having faith or confidence in something or someone. It is at the core of the relationship between business and customer, government and citizen. With the rapid evolution of technology, trust remains critical. If individuals and organisations are to take advantage of the benefits arising from technological developments, they must have confidence in their reliability and safety.

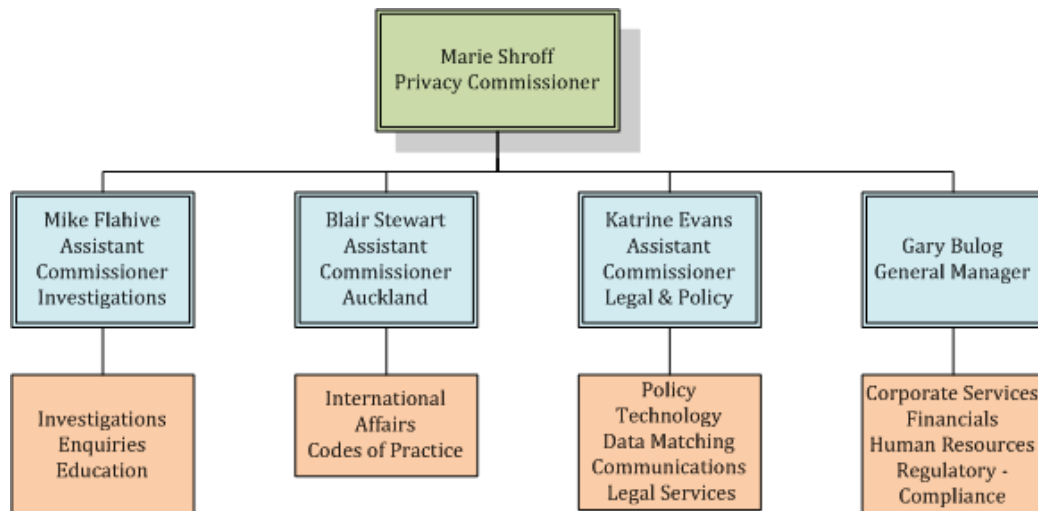
The work of the Office complements the government priority of 'Better Public Services,' particular 'Result Targets' 9 and 10, (improving interaction with government). The success of the initiative is dependent upon maintaining public confidence in government systems, and the management of individuals' personal information is essential to a successful interaction. Without the public's confidence, work to increase online access to government services and to make appropriate use of information across government will be affected. Equally, for the private sector and business community to prosper, individuals need to have trust in the institutions that hold their personal information.

Maintaining the independence of the Privacy Commissioner is an important element in providing the assurance that there are protections and means of recourse for individuals. Recognition that an independent watchdog is maintaining an effective oversight on how information is used by government and private sector agencies is a fundamental requirement in a just and open society.



## ORGANISATIONAL CAPABILITY

The Office of the Privacy Commissioner is led by the Management Team comprising the Privacy Commissioner as Chief Executive, three Assistant Commissioners and the General Manager.



## CORE CAPABILITIES

The Office measures quality and satisfaction with the complaints investigation process for complainants and respondents, and reports annually on the results.

Within the resources of the Office, the Privacy Commissioner maintains relationships with international privacy jurisdictions to keep a watch on international developments which have the potential to affect individuals, businesses and the government in New Zealand.

The Office participates in many public forums and speaking engagements, monitors media reporting of privacy issues, develops education programmes from which information and feedback is received and maintains close links with privacy officer interest groups in the public and private sectors.

The Office commissions independent research to assess individual concerns, awareness and developing trends in privacy within New Zealand. Along with stakeholder input, this contributes to the identification of the work programme.

Capability	Requirements
<b>Identifying, choosing and responding to significant new issues quickly</b>	<ul style="list-style-type: none"> <li>• Identifying and analysing information to reach a view on key issues</li> <li>• Making judgements about priorities across the Office, making trade-offs and reprioritising the work programme</li> <li>• Moving resources around and re-prioritising in 'real-time'</li> <li>• Better information/knowledge and analysis of this information to enable judgements on issues to be made</li> <li>• Communicating the reasons for choices</li> </ul>
<b>Managing the volume of media enquiries, public enquiries and complaints efficiently and effectively</b>	<ul style="list-style-type: none"> <li>• Developing processes to better manage flow (efficiency)</li> <li>• Provide an 'embedded' communications programme across the Office</li> </ul>
<b>Working flexibly across functional areas</b>	<ul style="list-style-type: none"> <li>• Ensure that our knowledge and resources are used most efficiently given our size</li> <li>• Making decisive and explicit judgements about trade-offs and reprioritisation</li> </ul>
<b>Developing and maintaining relationships with partners</b>	<ul style="list-style-type: none"> <li>• Working through partners who have shared goals and can provide opportunities for greater influence over privacy issues and outcomes</li> <li>• Identifying which partners to work with to achieve greater impact</li> <li>• Established procedures and policies when working with partners</li> </ul>
<b>Influencing and persuading others</b>	<ul style="list-style-type: none"> <li>• Given that the Office is small, influence and persuasion is a critical capability required for success</li> <li>• Communicating with business through representative organisations</li> <li>• Working with international colleagues</li> <li>• Participation in significant international forums, to promote and influence privacy developments</li> </ul>
<b>Actively managing the reputation of the Office</b>	<ul style="list-style-type: none"> <li>• Inspiring trust in the work of the Office across all sectors of New Zealand society</li> <li>• Be an independent and respected watchdog</li> <li>• Responsiveness to the big emerging privacy issues</li> </ul>

## EQUAL EMPLOYMENT OPPORTUNITIES AND GOOD EMPLOYER STATEMENT

The Office has an EEO policy and is an equal opportunities employer in its recruitment, human resources and staff development practices. The Office has documented human resource policies and regularly reviews staff morale as part of management reporting.

The Office reports on the Key Employment Elements in our Office in the Annual Report.

# SERVICE PERFORMANCE MEASURES

A set of performance measures has been developed to provide a means to demonstrate both internally and externally that the Office is performing effectively in achieving the stated outcomes.

The outcomes framework of the Statement of Intent links those outcomes contained within the mission statement of the Privacy Commissioner with measurable service performance standards.

## OUTCOME 1: NEW ZEALANDERS RECOGNISE THE INDIVIDUAL AND SOCIETAL VALUE IN PROTECTING PRIVACY

### **Why is this important?**

Privacy will be best protected when a society consistently attaches value to it as a right, and works to ensure that it is respected. Achieving this end requires both that individuals are able to effectively assert their rights and obtain redress when those rights have been compromised, and that organisations and individuals have the information they need to recognise and protect those rights through their activities.

There is an increasing public awareness of privacy and privacy rights as a general issue, but this awareness remains relatively unsophisticated. The Office has experienced a trend of increasing numbers of media and public enquiries, and complaints over the past five years.

As awareness of privacy increases, this places further demand on the Office for perspectives and guidance on the key issues. Faced with resource pressures, we will require different ways of exerting influence over awareness and individual behaviour.

### **The impacts we seek**

- Individuals can effectively assert their privacy rights
- Individuals and organisations can easily access information about privacy

### **How will we achieve this?**

We will ensure that individuals can effectively assert their privacy rights by providing a robust and efficient complaints process. We will develop or amend privacy codes where necessary to ensure that privacy standards are effective in specific contexts such as health information or credit reporting.

We will continue to offer education opportunities so that agencies are equipped to protect individuals' privacy in their work. We will continue to provide a range of information on our website. We will take up speaking opportunities that allow us to reach audiences of particular interest, such as the health and technology sectors. We will continue to operate an enquiries line so that individuals or organisations can access specific advice on privacy issues. In some cases we will produce non-binding guidance on specific privacy issues to clarify how agencies can comply with the Privacy Act.

## How we will know when we've been successful

Impact	Individuals can effectively assert their privacy rights
Main contributing outputs	<ul style="list-style-type: none"><li>• Investigations, complaints and enquiries</li><li>• Guidance and regulation</li></ul>
Measures	<ul style="list-style-type: none"><li>• 80% of complaints are completed, settled or discontinued within nine months of receipt</li><li>• Of the complaints processed, at least 30% are closed by settlement between the parties</li></ul>

Impact	Individuals and organisations can easily access information about privacy
Main contributing outputs	<ul style="list-style-type: none"><li>• Investigations, complaints and enquiries</li><li>• Education, advocacy and awareness</li><li>• Guidance and Regulation</li></ul>
Measures	<ul style="list-style-type: none"><li>• Responses in biennial UMR survey</li><li>• Provision of effective 0800 Enquiries service</li><li>• Website provides reliable and relevant information which is legally accurate and in plain English</li></ul>

## OUTCOME 2: EXCELLENCE IN PERSONAL INFORMATION HANDLING BY GOVERNMENT AND BUSINESS

### Why is this important?

Government and business hold large amounts of New Zealanders' personal information. Evidence from the Office's own research, and from analysis of the complaints it receives, provides stark evidence that some agencies continue to make basic and avoidable mistakes in handling personal information. While there are some organisations that have very good privacy practices, a high standard of privacy practice is by no means universal. Poor privacy practices and information handling by government and business is a major threat to New Zealanders' privacy.

### The impacts we seek

- Agencies are better able to manage harm arising from a privacy breach.
- Privacy by design is widely applied by business and government.
- Provision of public services has minimal adverse impact on New Zealanders' privacy.

### How we will achieve this?

We will continue to provide a voluntary reporting mechanism for agencies to report data breaches. We will work with government agencies to follow up from major privacy breaches in government agencies during 2011 and 2012 and to ensure that lessons are learned and embedded in future practice.

Many of the lessons learned from major privacy breaches have reinforced the need for agencies to take a privacy by design approach. We will work with government with the aim of embedding this approach across government. We will look at how lessons about governance and privacy by design can be shared more widely with the private sector.

We will continue to provide oversight of a variety of processes in line with the responsibilities conferred on us by a range of statutes. Oversight of information sharing agreements under 2013 amendments to the Privacy Act will be a particular focus. We will be using our statutory role in overseeing these agreements to encourage agencies to undertake a privacy by design approach.

We will provide advice to agencies on legislative changes that have privacy impacts, particularly where these conflict with the privacy principles. We will make submissions to select committees on privacy issues of particular importance. We will continue to be accessible to business to assist with privacy protection.

### How we will know when we've been successful?

Impact	Agencies are better able to manage harm arising from a privacy breach
Main contributing outputs	<ul style="list-style-type: none"><li>• Education, Advocacy and Awareness</li><li>• Guidance and regulation</li></ul>
Measures	<ul style="list-style-type: none"><li>• Agencies that have significant data breaches act consistently with the Office's breach notification guidelines</li><li>• Participation in inter-agency forums</li><li>• Interaction with the media, and responding to media requests</li></ul>

Impact	Privacy by design is widely applied by business and government
Main contributing outputs	<ul style="list-style-type: none"><li>• Education, advocacy and awareness</li><li>• Guidance and Regulation</li><li>• Statutory Oversight</li><li>• Policy and Research</li></ul>
Measures	<ul style="list-style-type: none"><li>• By 2015 government agencies that are significant holders of personal information have in place comprehensive privacy policies and mechanisms to ensure compliance with them</li><li>• Major cross-government initiatives adopt privacy by design principles in risk management</li></ul>

<b>Impact</b>	<b>Provision of public services has minimal adverse impact on New Zealanders' privacy</b>
<b>Main contributing outputs</b>	<ul style="list-style-type: none"> <li>• Statutory Oversight</li> <li>• Policy and Research</li> </ul>
<b>Measures</b>	<ul style="list-style-type: none"> <li>• The Office is able to achieve substantive improvement on an increasing number of proposals on which our advice is sought</li> <li>• An increasing proportion of proposals on which the Office is consulted require no improvement</li> </ul>

### OUTCOME 3: NEW ZEALANDERS RECOGNISE AND REACT TO THE CHANGING PRIVACY DEMANDS OF THE ELECTRONIC AGE

#### Why is this important?

Technological change and the future application of technology is not predictable, and the rapid pace of change is well-recognised.

Often new technologies and applications are developed and put into use before analysing privacy implications. Existing regulatory frameworks were not established with the IT revolution fully in mind. The pace of change poses a real challenge for maintaining the relevance of the regulatory framework in privacy knowledge and practice.

There is an expectation that the Office of the Privacy Commissioner in its role as a privacy watchdog is able to quickly develop a view on the privacy implications of new technology and its use. For the Office to remain credible and effective over time it needs to be very good at scanning emerging developments, selecting the issues that require a proactive response, and moving quickly to develop the appropriate response.

A distinct feature of the emerging digital environment is the globalisation of information flows and information collection via the internet. International cooperation has become essential to protecting New Zealanders' privacy effectively. Conversely, New Zealand businesses' own ability to engage in the global information economy relies on a regulatory regime and approach that are consistent with those in other countries.

#### The impacts we seek

- Businesses, government and individuals are able to take advantage of new technologies while respecting privacy.
- The Privacy Act is recognised as meeting the requirements of our trading partners.
- Cross-border enforcement laws and practices are in place.

### How will we achieve this?

We will monitor technological developments that have the potential to impact on privacy. We will develop guidance or policy positions on those issues that pose particular risks to New Zealanders' privacy, or where uncertainty is discouraging businesses from taking up new technology. We will engage with the New Zealand ICT industry to maintain awareness of privacy issues and their relevance for the digital economy.

We will engage in global and regional privacy forums in order to support international cooperation on privacy enforcement, and the interoperability of privacy laws in different countries. We will cooperate with privacy regulators in other countries on issues of mutual interest.

<b>Impact</b>	<b>Businesses, government and individuals are able to take advantage of new technologies while respecting privacy.</b>
<b>Main contributing outputs</b>	<ul style="list-style-type: none"><li>• Education, awareness and advocacy</li><li>• Guidance and regulation</li><li>• Policy and research</li><li>• International engagement</li></ul>
<b>Measures</b>	<ul style="list-style-type: none"><li>• Regular surveys of attitudes to privacy show increasing confidence in New Zealanders' management of their own privacy in the digital environment</li><li>• We will evaluate or review major activities in order to assess their impact on the behaviour of businesses and individuals</li></ul>

<b>Impact</b>	<b>Increased consistency in privacy laws across trading partners</b>
<b>Main contributing outputs</b>	<ul style="list-style-type: none"><li>• International engagement</li></ul>
<b>Measures</b>	<ul style="list-style-type: none"><li>• Progress is made in international efforts to develop consistency in privacy laws across trading partners</li></ul>

<b>Impact</b>	<b>Cross-border enforcement laws and practices in place</b>
<b>Main contributing outputs</b>	<ul style="list-style-type: none"><li>• International engagement</li></ul>
<b>Measures</b>	<ul style="list-style-type: none"><li>• Progress is made in international efforts to develop cross-border enforcement mechanisms</li></ul>



## OUTPUT MEASURES

### *Investigations, complaints and enquiries*

Measure	Estimate	2012/13	2011/12
<b>Investigations, complaints and enquiries: Quantity</b>			
Estimated number of enquiries received and answered	5,000 - 7,000	8,000	8,468
Number of complaints received	800 – 1,000	900	1,142
Number of current complaints processed to completion or settled or discontinued	800 – 1,000	900	1,026
<b>Investigations, complaints and enquiries: Quality</b>			
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%	76%
Of the complaints processed, 30% are closed by settlement between the parties	Achieved (30%)	Achieved (30%)	Achieved (30.3%)
In 80% of the complaints closed we demonstrate personal contact, either by phone or in person, with one or more of the parties	80%	80%	81%
An external review of a sample of complaints investigations rates 70% as 4 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%	New
<b>Investigations, complaints and enquiries: Timeliness</b>			
80% of complaints are completed, settled or discontinued within nine months of receipt	80%	85%	95%
Respond to 90% of 0800 line enquiries within one working day	90%	90%	96%
Respond to 70% of phone enquiries live	70%	70%	New

*Education, advocacy and awareness*

Measure	Estimate	2012/13	2011/12
<b>Education, advocacy and awareness: Quantity</b>			
Education workshops delivered	30 - 40	35	47
Presentations at conferences / seminars	30 - 40	35	46
Media enquiries received	250 - 300	280	295
Comprehensive privacy website maintained	Achieved	Achieved	Achieved
<b>Education, advocacy and awareness: Quality</b>			
Evaluations show that the expectations of 90% of attendees at workshops were either met or exceeded for quality of presentations	90%	95%	100%
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 Office, and additional resources to support compliance with the Privacy Act.	Achieved	Achieved	New
<b>Education, advocacy and awareness: Timeliness</b>			
90% of media enquiries are recorded, and responded to if required within agreed deadlines	Achieved	Achieved	New

*Guidance and regulation*

Measure	Estimate	2012/13	2011/12
<b>Guidance and regulation: Quantity</b>			
Major pieces of guidance produced	1	1	New
Reviews or updates of Codes published	2	2	New
<b>Guidance and regulation: Quality</b>			
Qualitative evaluation or review of major pieces of guidance	1	New	New
Amendments to Codes of Practice meet all statutory requirements	100%	100%	New

## Statutory Oversight

Measure	Estimate	2012/13	2011/12
<b>Statutory Oversight: Quantity</b>			
Information matching programmes monitored	52	52	50
New information sharing or matching programmes assessed	5-20	10	New
International information sharing agreements reviewed	4 - 8	5	New
Applications under other statutory consultation responsibilities	10 - 20	10	New
<b>Statutory Oversight: Quality</b>			
All statutory obligations to report on information matching met	100%	100%	New
<b>Statutory Oversight: Timeliness</b>			
Statutory timelines for reporting on information matching met	100%	100%	New
Percentage of responses to requests to review information sharing agreements provided within agreed timeframes	90%	90%	New
Percentage of responses to requests to review international information sharing agreements provided within agreed timeframes	95%	95%	New

## *Policy and Research*

Measure	Estimate	2012/13	2011/12
<b>Policy and Research: Quantity</b>			
New policy files opened during the year	60 - 100	100	115
<b>Policy and Research: Quality</b>			
Independent assessment of a representative sample of advice provided on policy files rates 70% as 4 out of 5 or better	70%	New	New
<b>Policy and Research: Timeliness</b>			
Advice on proposals provided within agreed timeframes	90%	90%	New

## *International*

Measure	Estimate	2012/13	2011/12
<b>International: Quantity</b>			
International forums engaged in	4	4	6
<b>International: Quality</b>			
Our goals are progressed by international forums	Achieved	Achieved	New
Our participation in forums is valued by partners	Achieved	Achieved	Achieved

### Significant Assumption

The performance measures for 2012/13 are based on un-audited results. The actual results for April, May and June 2013 are unavailable, and therefore, the results as at June 2013 have been estimated using forecast figures.

# FINANCIAL FORECAST STATEMENTS

## FORECAST STATEMENT OF COMPREHENSIVE INCOME

FOR YEAR ENDED 30 JUNE

	2013/14 \$000	2014/15 \$000	2015/16 \$000
Crown revenue	3,248	3,248	3,248
Other revenue/seminars	260	260	260
Interest income	40	40	25
<b>Total Operating Revenue</b>	<b>3,548</b>	<b>3,548</b>	<b>3,533</b>
Marketing	53	53	53
Audit fees	20	20	20
Depreciation and Amortisation	150	150	150
Rental expenses	420	420	420
Operating expenses	420	420	420
Staff expenses	2,500	2,500	2,500
<b>Total expenses</b>	<b>3,563</b>	<b>3,563</b>	<b>3,563</b>
<b>Total Comprehensive Income</b>	<b>(15)</b>	<b>(15)</b>	<b>(30)</b>

## FORECAST STATEMENT OF MOVEMENTS IN EQUITY

FOR YEAR ENDED 30 JUNE

	2013/14 \$000	2014/15 \$000	2015/16 \$000
<b>Public equity as at 1 July</b>	<b>418</b>	<b>403</b>	<b>388</b>
Total Comprehensive Income	(15)	(15)	(30)
<b>Total recognised revenues And expenses for the period</b>	<b>(15)</b>	<b>(15)</b>	<b>(30)</b>
<b>Public equity as at 30 June</b>	<b>403</b>	<b>388</b>	<b>358</b>

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

	2013/14 \$000	2014/15 \$000	2015/16 \$000
<b>Public equity</b>			
General funds	403	388	358
<b>Total public equity</b>	<b>403</b>	<b>388</b>	<b>358</b>
Represented by:			
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	367	367	378
Debtors and other Receivables	75	75	75
Prepayments	8	8	8
Inventory	4	4	4
<b>Total current assets</b>	<b>454</b>	<b>454</b>	<b>465</b>
<b>Non-current assets</b>			
Property, plant and equipment	161	161	121
Intangible assets	0	0	0
<b>Total non-current assets</b>	<b>161</b>	<b>161</b>	<b>121</b>
<b>Total assets</b>	<b>615</b>	<b>615</b>	<b>586</b>
<b>Less: Liabilities</b>			
<b>Current liabilities</b>			
Creditors and other Payables	131	131	117
Employee entitlements	80	80	80
<b>Total current liabilities</b>	<b>211</b>	<b>211</b>	<b>197</b>
<b>Total liabilities</b>	<b>211</b>	<b>211</b>	<b>197</b>
<b>NET ASSETS</b>	<b>404</b>	<b>404</b>	<b>389</b>

**FORECAST STATEMENT OF  
CASH FLOWS**

FOR YEAR ENDED 30 JUNE

	<b>2013/14 \$000</b>	<b>2014/15 \$000</b>	<b>2015/16 \$000</b>
<b>Cash Flows from operating activities</b>			
Cash provided from:			
Supply of outputs to the Crown	3,248	3,248	3,148
Revenues from services provided	260	260	260
Interest received	40	40	40
Cash applied to:			
Payments to suppliers	913	913	913
Payments to employees	2,500	2,500	2,500
Net Goods and Services Tax	14	14	14
<b>Net cash flows from operating activities</b>	<b>121</b>	<b>121</b>	<b>121</b>
<b>Cash Flows from Investing Activities</b>			
Cash was provided from:			
Cash applied to:			
Purchase of Property Plant and equipment	110	110	110
Purchase of Intangible Assets	0	0	0
<b>Net cash flows from investing activities</b>	<b>(110)</b>	<b>(110)</b>	<b>(110)</b>
Net increase (decrease) in cash held	(15)	(15)	(30)
Plus opening cash	357	342	327
<b>Closing cash balance</b>	<b>342</b>	<b>327</b>	<b>297</b>
Represented by: Cash and bank	367	327	378
<b>Closing cash balance</b>	<b>342</b>	<b>327</b>	<b>297</b>

## STATEMENT OF FORECAST SERVICE PERFORMANCE

The Privacy Commissioner has committed to provide six output classes in 2013/14 that meet the requirements of the Minister of Justice in terms of their description, quantity, timeliness and costs.

### OUTPUT OPERATING STATEMENTS: 2013/14

Output Class Description	REVENUE			EXPENSES	SURPLUS
	Revenue Crown \$000	Revenue Other \$000	Capital Contribution \$000	Total Expenses \$000	Surplus / (Deficit) \$000
Investigations, complaints and enquiries	1,000	92	0	1,097	(5)
Education, advocacy and awareness	660	61	0	724	(3)
Guidance and regulation	340	31	0	373	(2)
Statutory oversight	308	28	0	337	(1)
Policy and research	579	54	0	636	(3)
International	361	33	0	396	(2)
<b>TOTAL OUTPUT CLASSES</b>	<b>3,248</b>	<b>300</b>	<b>0</b>	<b>3,563</b>	<b>(15)</b>

We are expecting no significant capital contributions in the 2013/14 year, as covered by this Statement of Intent.

## STATEMENT OF UNDERLYING ASSUMPTIONS

### SIGNIFICANT ASSUMPTION

The opening position of the forecasted statements is based on un-audited results for 2012/13. The actual results for March, April, May and June 2013 are unavailable, and therefore, the balance as at June 2013 has been estimated using forecast figures.

### OTHER ASSUMPTIONS

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

All revenue and expenditure will remain constant over the three years covered by these 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 FORECASTED FINANCIAL STATEMENTS

The forecasted financial statements have been prepared as a best efforts indication of the Office 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.

The financial statements have been prepared in accordance with the Public Finance Act 1989.

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**

#### **Statement of compliance**

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.

### **Measurement base**

The financial statements are prepared on a historical cost basis.

### **Functional and presentation currency**

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of the Privacy Commissioner is New Zealand dollars.

### **Significant accounting policies**

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

## **Budget figures**

The budget figures are those approved by the Privacy Commissioner at the beginning of the financial year.

The budget figures are prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Privacy Commissioner for the preparation of the financial statements.

## **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 intent.

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

### Other grants

Non-government grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation the grants are initially recorded as grants received in advance, and recognised as revenue when conditions of the grant are satisfied.

### 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.

### Sale of publications

Sales of publications are recognised when the product is sold to the customer.

### 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.

## **Funded Travel**

The Commissioner and staff of the Office from time to time undertake travel at the request and cost of other agencies. These costs are not reflected in the Annual Report.

## **Leases**

### 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.

Commitments and contingencies are disclosed exclusive of GST.

### **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.

### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks both domestic and international, other short-term, highly liquid investments, with original maturities of three months or less and bank overdrafts.

### **Debtors and other receivables**

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Privacy Commissioner will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due).

### **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. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

The replacement cost of the economic benefits or service potential of inventory held for distribution reflects any obsolescence or any other impairment.

Inventories held for sale or use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the weighted average cost method.

The write-down from cost to current replacement cost or net realisable value is recognised in the statement of comprehensive income in the period when the write-down occurs.

### **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.

### Revaluations

The Privacy Commissioner may perform revaluations of property, plant or equipment.

### 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.

### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of comprehensive income.

### Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised 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.

The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as they are incurred.

## **Intangible assets**

### **Software acquisition**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and maintenance of the Privacy Commissioner's website are recognised as an expense when incurred.

### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in statement of comprehensive income.

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

Acquired computer software	4 years	25%
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### **Impairment of non-financial assets**

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Privacy Commissioner would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount.

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of comprehensive income.

### **Creditors and other payables**

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

### **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, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Privacy Commissioner recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date to the extent the Privacy Commissioner anticipates it will be used by staff to cover those future absences.

The Privacy Commissioner recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

### **Superannuation schemes**

#### **Defined contribution schemes**

Obligations for contributors to KiwiSaver and the National Provident Fund are accounted for as defined contribution superannuation scheme and are recognised as an expense in the statement of comprehensive income as incurred.

#### **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.

#### **Statement of cash flows**

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Privacy Commissioner invests as part of its day-to-day cash management.

Operating activities include all activities other than investing and financing activities. The cash inflows include all receipts from the sale of goods and services and other sources of revenue that support the Privacy Commissioner's operating activities. Cash outflows include payments made to employees, suppliers and for taxes.

Investing activities are those activities relating to the acquisition and disposal of current and non-current securities and any other non-current assets.

The Privacy Commissioner invests funds from time to time in short term investment accounts with the National Bank of New Zealand under standard terms and conditions.

The Privacy Commissioner receives income from government grant and some other income is received from government departments, the sale of publications and a programme of seminars and workshops undertaken.

#### **Critical accounting estimates and assumptions**

In preparing these financial statements the Privacy Commissioner will make estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated

and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### Property, plant and equipment useful lives and residual value

At each balance date the Privacy Commissioner reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Privacy Commissioner to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Privacy Commissioner, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact the depreciation expense recognised in the statement of comprehensive income, and carrying amount of the asset in the statement of financial position.

The Privacy Commissioner minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programs;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

#### **Critical judgements in applying the Privacy Commissioner's accounting policies**

Management exercise the following critical judgements in applying the Privacy Commissioner's accounting policies for the financial year:

##### Leases classification

Determining whether a lease agreement is a finance or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Privacy Commissioner.

##### Non-government grants

The Privacy Commissioner must exercise judgement when recognising grant income to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract.

#### **Changes in accounting policies**

There have been no changes in accounting policies during the financial year.

All policies have been applied on a basis consistent with previous years.