



Privacy Commissioner  
Te Mana Mātāpono Matatapu

# STATEMENT OF PERFORMANCE EXPECTATIONS

1 JULY 2020 TO 30 JUNE 2021

PRESENTED TO THE HOUSE OF REPRESENTATIVES  
PURSUANT TO SECTION 149 OF THE CROWN ENTITIES ACT 2004

## CONTENTS PAGE

Introduction by the Privacy Commissioner .....	3
Alignment with the Statement of Intent.....	4
Split of Funding in Budget 2021 .....	5
Summary of Output Revenue and Expenses for 2020/21.....	6
Primary activities.....	8
Key areas of strategic focus for the 2020/21 year .....	9
Forecast Service Performance 2020/21 .....	10
Prospective Financial Statements.....	20
Statement of underlying assumptions.....	23
Statement of accounting policies .....	23

## Introduction by the Privacy Commissioner

Our mission is to be an effective, modern privacy regulator – in New Zealand and internationally. We will promote flexibility, transparency and intelligent application of our resources to maximise our responsiveness and influence and increase citizen awareness of privacy challenges. In all our interactions we guard our role as an independent regulator.

The Privacy Act 2020 gives the Privacy Commissioner a greater range of enforcement powers, including the ability to issue compliance orders, and to issue access determinations. Businesses and organisations now have clearer obligations to report to affected people when things go wrong with customer or client data.

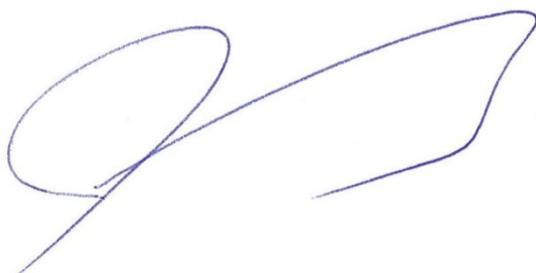
These are much needed adaptations that modernise the principle-based regulatory framework we are familiar with. The Privacy Act now extends to explicitly cover overseas businesses that engage New Zealanders' data. There are new parameters and controls on sending personal information overseas.

These changes reflect a greater focus upon systemic rather than individual threats. In practice, we will continue to work alongside government and business to ensure new developments achieve their objectives while also treating the information of citizens and customers with respect. We try to reach pragmatic and workable solutions that support the privacy interests of each of us.

It is important that the Office retains the flexibility to respond to a fast changing world, whether through new privacy invasive technologies, or rapidly emerging issues requiring new information collections such as Covid-19.

We will seek to better reflect Te Ao Māori in our work, and act to protect personal information as taonga for all New Zealanders.

We are working to refresh our operating model in the coming year. This means rethinking how we prioritise our work and will mean we develop cross-cutting capability and solutions from our operational areas. We are committed to extracting the value of our own operational data and building on intelligence gathered to better direct the use of our resources.



John Edwards  
**Privacy Commissioner**

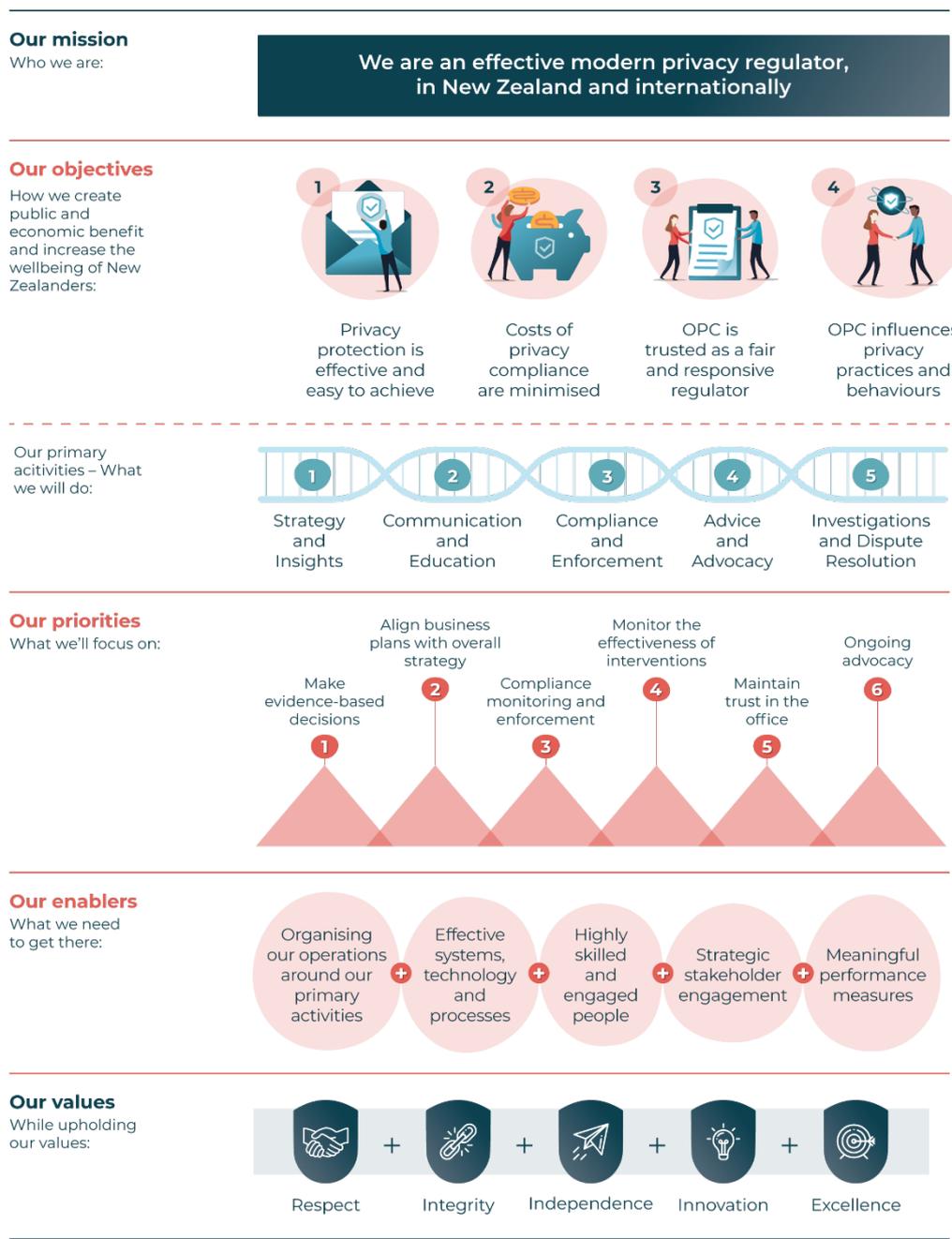
30 June 2020

## Alignment with the Statement of Intent

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

The Statement of Intent has recently been reviewed and updated to cover the period 1 July 2020 to 30 June 2024. The new and extended responsibilities of the office set out in Privacy Act 2020 provided an opportunity to change the operational and functional design of the Office. This has resulted in 5 new output class areas (known as Primary Activities) which will better align to the longer-term objectives as set out in the Statement of Intent. The following diagram sets out the high-level strategy.

**Figure 1: Objectives and Priorities**



The 5 primary activities each contribute to the four objectives identified above as set out in the Statement of Intent covering the period 1 July 2020 to 30 June 2024. This Statement of Performance Expectations provides further detail on the primary activities with a focus on what the Office will do in order to deliver on the Office’s mission. It also sets out how the Office’s performance in each area will be assessed for the year to 30 June 2021. Many of the targets identified relate to output volume measures that are demand driven and therefore outside the direct control of the Office and so these are complemented with measures of service quality. In addition, a more strategic assessment against the overarching objectives and priorities will be carried out and reported on annually in the Annual Report.

The Statement of Performance Expectations aligns with expectations as set out in Annual Letter of Expectations 2020/21 and sets the strategic direction and work programme taking into account the implications of the new Privacy Bill, as it anticipates changes to some of the functions of the Privacy Commissioner.

## Split of Funding in Budget 2021

In Budget 2014, the Privacy Commissioner received additional baseline funding of \$1.722m. 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. This funding was split over 3 areas.

In addition to the above, as part of Budget 2014, additional funding was set aside for the transition to the new Privacy Act. Changes to timeframes over the past 6 years have led to extensions being granted for this additional funding. At the time of drafting this SPE, the enactment of the Privacy Act is expected in December 2020 and the first 2 tranches of funding have already been received.

Further to the above, the office will receive additional baseline funding as a result of Budget 2021 of \$1.116m.

The total additional funding is summarised as follows: -

Areas	\$m	\$m	\$m
	2019/20	2020/2021	2021/22 and out years
<b>Total Increase</b>	<b>2.460</b>	<b>4.028</b>	<b>4.028</b>
<b>2013/14 Baseline</b>	<b>3.248</b>	<b>3.248</b>	<b>3.248</b>
<b>New Baseline</b>	<b>5.708</b>	<b>7.276</b>	<b>7.276</b>

## Summary of Output Revenue and Expenses for 2020/21

The Privacy Commissioner receives funding through an appropriation within Vote Justice. The appropriation is within the Non-Departmental Output Expenses; Services from the Privacy Commissioner and provides an appropriation as noted above in the new baseline. The scope of this appropriation is limited to privacy issues relating to the collection and disclosure of personal information and the privacy of individuals. It is intended to achieve the efficient and effective provision of services by the Privacy Commissioner.

The Privacy Commissioner has committed through the appropriation to provide five primary activities in 2020/21.

### Output operating statements: 2020/21

Output Class Description	REVENUE		EXPENSES	SURPLUS
	Revenue Crown \$000	Revenue Other \$000	Total Expenses \$000	Surplus / (Deficit) \$000
Communication and Education	865	54	937	(18)
Compliance and Enforcement	1,817	87	1,841	63
Advice and Advocacy	1,175	4	1,191	(12)
Investigation and Dispute Resolution	1,533	85	1,560	58
Strategy and Insights	1,886	6	1,955	(63)
<b>TOTAL OUTPUT CLASSES</b>	<b>7,276</b>	<b>236</b>	<b>7,484</b>	<b>28</b>

### Capital expenditure

Provision of \$255k has been included in 2020/21 budget. The largest capital expense items being budgeted for, are the potential relocation/refitting of the Wellington office when the lease comes up for renewal in February 2021 and new e-learning modules. The budgeted expenditure will be met from existing cash balances.

### Budget bid 2020/21

The Privacy Commissioner received additional capital funding in Budget 2020/21 to meet the operational requirements of the new Privacy Act.

### Risks

*Covid-19*

At the time of preparation of the Statement of Expectations the Office is not in a position to determine with confidence the long-term impacts of the Covid-19 pandemic on financial and non-financial performance within our work programme.

## Primary activities

In addition to supporting the four objectives as set out in the Statement of Intent, the primary activities also support the priorities of the Ministry of Justice:

- Support a safe and just New Zealand;
- Progress a programme of reform that improves the wellbeing of New Zealanders.

Measurable outputs include:

Primary activity	Outputs
<b>Strategy and Insights</b> 	<ul style="list-style-type: none"> <li>• Better use of intelligence obtained from our activities across the Office to identify domestic trends and emerging strategic issues</li> <li>• International collaboration on emerging privacy issues</li> <li>• Understanding new trends globally and prioritising delivery of services accordingly</li> <li>• Introduction of new initiatives and strategies based on evidence and monitoring the success of these</li> </ul>
<b>Communication and Education</b> 	<ul style="list-style-type: none"> <li>• Guidance and education on responsibilities and obligations under the new Privacy Act</li> <li>• Further development and delivery of online education modules including assessment of learning uptake</li> <li>• Provision of an effective, informative enquiries service both on-line (Ask-Us) and through the enquiries line</li> <li>• Focus on multi-cultural and Maori engagement</li> <li>• Development of a new website</li> </ul>
<b>Compliance and Enforcement</b> 	<ul style="list-style-type: none"> <li>• Facilitation of AISAs with individual agencies to assist them to operate more effectively and efficiently</li> <li>• Development and delivery of a new on-line tool for reporting of mandatory data breaches</li> <li>• Issuing of compliance orders where necessary to address systematic issues</li> <li>• Proactive identification of systematic issues and early intervention</li> </ul>
<b>Advice and Advocacy</b> 	<ul style="list-style-type: none"> <li>• Provision of an effective, informative enquiries service both on-line (Ask-Us) and over the phone</li> <li>• Review and updating of sector specific Codes</li> <li>• Provision of timely and focussed advice to the government on emerging and new legislation</li> </ul>
<b>Investigations and Dispute Resolution</b> 	<ul style="list-style-type: none"> <li>• Continued emphasis on reducing time between receipt and closure of complaints</li> <li>• Ensuring that cases are only investigated where it is appropriate and necessary</li> <li>• Issuing of access determinations where appropriate</li> </ul>

## Key areas of strategic focus for the 2020/21 year

As set out in the Statement of Intent, the Privacy Commissioner is moving from focusing on individual harm, to identifying systemic issues, being aware of potential harm and intervening early. In order to achieve this aim and deliver on our long-term plan, the Privacy Commissioner will have a strong focus on gathering and analysing data so that decisions are better informed and there is a better understanding of emerging challenges so that these can be communicated in a timely manner.

As a result of this change, the Office has the following key areas of focus for the 2020/21 year which cut across the 5 Primary Activity areas: -

- Informing the public about the changes in the new Privacy Act and updating Codes as necessary;
- Enhancing the systems used to capture data with a particular focus on an integrated complaint management system and on-line breach notification system. These will make it easier for reporting, by affected parties, through to the office as well as providing the basis for more effective and timely analysis of trends;
- Implementing of a system to monitor effectiveness and interventions;
- Developing of a maturity self-assessment tool for businesses;
- Developing a Strategy and Insights team and a Compliance team within the Office and recruiting new roles as required.

The Office's progress against these areas of focus will be reported on in the Annual Report.

## Forecast Service Performance 2020/21

The Privacy Commissioner has developed a set of measures within the Primary Activities to provide a means to demonstrate both internally and externally that he is performing effectively. A brief summary of what each of the Primary Activities is intended to achieve has also been provided.

The comparative results have been taken from the 2018/19 Annual Report and the 2019/20 Statement of Performance Expectations. Where the comment in the previous year column states “n/a”, this indicates that the target was new for the 2019/20 year and was therefore not reported against in the 2018/19 Annual Report. All new measures have been indicated as such.

Assessment of our performance against the targets identified will be based on the following grading system. This will take into account where performance may have improved but the actual target may not have been met exactly.

Criteria	Rating
On target or better	Achieved
<10% away from target	Substantially achieved
>10% away from target	Not achieved

Many of the measures for output performance set out below will also be used to assess the Office’s progress against the four objectives identified earlier. The Office has not sought to directly link the targets below through to the objectives as in many cases the work done in one primary activity will contribute to the Office’s progress in more than one objective.

## Primary Activity 1 – Strategy and Insights



### Areas of focus

Understanding trends and technological developments that will be relevant in the future. Using evidence based on all inputs, including complaints, media, breach reporting, enquiries, international regulators or website analytics, to prioritise work and make decisions. Monitor success of strategies and initiatives. Advising the Commissioner on the best way to achieve the Office’s mission as well as associated risks.

### How performance will be measured

Measure	Expectation 2020/21	Expectation 2019/20	Previous year 2018/19	How it will be measured
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#### Strategy and Insights: Quantity

Number of interventions analysed.	10	New Measure	New Measure	Information contained in document management systems.
Number of interventions considered effective.	85%	New Measure	New Measure	Information contained in document management systems.

#### Strategy and Insights: Quality and timeliness

Work is focussed on globally identified privacy trends and new emerging technologies.	5	New measure	New measure	Business plans of the teams reference strategic priorities that are informed by international trends.  A formal measure of the number of privacy trends and new emerging technologies will be reported from information contained in document management systems.
Systems for monitoring and reporting on the progress of new strategies are fit for purpose.	100%	New measure	New measure	Evidence of regular system review and development to ensure tools allow for the extraction of meaningful insights.

## Primary Activity 2 - Communication and Education



### Areas of focus

Informing people about their privacy rights. Promoting privacy understanding and competence, using media, opinion writing, events and conferences, stakeholder engagement. Producing material and resources to inform, guide and educate. Reduce the need for enforcement and dispute resolution through education.

### How performance will be measured:

Measure	Expectation 2020/21	Expectation 2019/20	Previous year 2018/19	How it will be measured
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### Communication and Education: Quantity

Number of people completing education modules on the online system*	5,000	5,000	10,326	Reporting from online education tool
Public enquiries received and answered *	8,500	8,500	7,947	Evidence retained in the document management system as well as website reports summarising usage of the AskUs tool.
Presentations at conferences / seminars	100	90	112	Evidence retained in the document management system
Percentage uptake on media comments made by the Office.	95%	New measure	New measure	Evidence retained in the document management system

\* Note that the above targets relate to output volume measures that are demand driven and therefore outside of the direct control of the Office. They are included to provide context to the level of work undertaken in any given year.

### Communication and Education: Quality and timeliness

The office actively engages in	90%	Achieved	Achieved	Achievement will be measured by evidence of meetings, and work undertaken and retained
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Measure	Expectation 2020/21	Expectation 2019/20	Previous year 2018/19	How it will be measured
and has proactively established multi-stakeholder relationships both nationally and internationally.				on the document management system.  A stakeholder survey will be undertaken to measure achievement.
Respond to all enquiries within 2 working day.	95%	95%	96%	Evidence retained in the document management system

## Primary Activity 3 – Compliance and Enforcement



### Areas of focus

Identifying and assessing systemic issues, using the right tools to get the best privacy outcomes for New Zealanders, including enforcing the Codes, managing privacy breach response, prosecution, monitoring of compliance, enforcement or policy work to ensure compliance.

### How performance will be measured

Measure	Expectation 2020/21	Expectation 2019/20	Previous year 2018/19	How it will be measured
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#### Compliance and Enforcement: Quantity

Number of data breach notifications received *	800	200	222	Evidence retained in the document management system
Compliance Notices raised where necessary *	6	New measure	New measure	Evidence retained in the document management system
The number of proposals consulted on involving information sharing or matching between government agencies, completed during the year	30	30	29	Evidence retained in the document management system

\* These measures are demand driven and are included to provide context to the level of work undertaken in any given year. The estimated figure is based on experience in other jurisdictions who have introduced similar legislative change.

## Compliance and Enforcement: Quality and timeliness

Targeted guidance is provided to Agencies and follow up reviews are undertaken where necessary.	95%	New measure	New measure	Evidence retained in the document management system.  A stakeholder survey will be undertaken to measure achievement.
Issues identified as a strategic priority result in timely and focussed action plans.	Achieved	New measure	New measure	Evidenced by review of action plans in place.
The percentage of externally reviewed policy, information sharing and information matching files that are rated as 3.5 out of 5 or better for quality. <sup>1</sup>	85%	85%	85% (expectation) 92% (actual)	Evidenced by report prepared by independent evaluator

<sup>1</sup> This was previously reported as two separate measures, one for policy files and one for information sharing/matching files. The 2017/18 comparative is therefore shown as it was reported.

## Primary Activity 4 – Advice and Advocacy



### Areas of focus

Research and analysis supports advice on privacy issues that is context aware, evidence based and clear and informed. Advice reflects diverse perspectives and recognises risks and competing interests. Effective interventions include the development of privacy codes and advice to government on changes to other legislation. Advocate for privacy positive outcomes, including privacy by design.

### How performance will be measured

Measure	Expectation 2020/21	Expectation 2019/20	Previous year 2018/19	How it will be measured
---------	---------------------	---------------------	-----------------------	-------------------------

#### Advice and Advocacy: Quantity

Number of Consultations Submissions and Office Projects completed in the year <sup>2</sup>	150	150	116	Evidence retained in the document management system
The number of formal reports produced that relate to information sharing or information matching programmes, under the Privacy Act <sup>3</sup> .	8	8	4	Evidence retained in the document management system

<sup>2</sup> This includes draft Bills, Cabinet Papers, Privacy Impact Assessments, consultations carried out under a statutory requirement to consult with the Privacy Commissioner, early consultations on new policy proposals, select committee submissions, reports to ministers and research projects. This was reported as 3 separate measures in previous years. The 2017/18 Annual Report figure has been calculated as the addition of these 3 separate measures.

<sup>3</sup> As per footnote 1.

*\* Note that the above targets relate to output volume measures that are in part demand driven and therefore outside of the direct control of the Office. They are included to provide context to the level of work undertaken in any given year.*

**Advice and Advocacy: Quality and timeliness**

Advice provided to the Government, on other legislation, has a positive impact.	90%	New Measure	New Measure	Evidenced by feedback received following advice provided the Agency responsible for the legislation or changes made to legislation as a result of our interventions.
International engagement and activities have a positive impact in the realisation of privacy rights.	100%	New Measure	New Measure	Evidenced by inclusion or acceptance of the Commissioner’s contributions into the advice, guidelines and directives by international institutions and guiding bodies that contribute to the advancement of privacy rights.

## Primary Activity 5 – Investigations and Dispute Resolution



### Areas of focus

Working with parties to achieve a fair outcome using dispute resolution techniques in the first instance. Investigating individual complaints where dispute resolution is inappropriate or unsuccessful. Declining to investigate cases where investigations are unnecessary or inappropriate. Referring serious cases to the Director of Human Rights Proceedings and issuing compliance notices and access directions.

### How performance will be measured

Measure	Expectation 2020/21	Expectation 2019/20	Previous year 2018/19	How it will be measured
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#### Investigations and Dispute Resolution: Quantity

Number of complaints received and investigated *	800	800	793	Evidence retained in the document management system
Percentage of investigations discontinued based on assessments against defined criteria. **	15%	New measure	New Measure	Evidence retained in the document management system

\* Note that the above targets relate to output volume measures that are demand driven and therefore outside of the direct control of the Office. They are included to provide context to the level of work undertaken in any given year.

\*\* The measure reflects the use of new powers under the proposed legislation to discontinue investigations based on criteria defined by the Privacy Commissioner

#### Investigations and Dispute Resolution: Quality and timeliness

The percentage of complaints files closed by settlement between the parties	40%	40%	57%	Evidence retained in the document management system
The percentage of externally reviewed complaints investigations	85%	85%	98%	Evidenced by report prepared by independent evaluator

Measure	Expectation 2020/21	Expectation 2019/20	Previous year 2018/19	How it will be measured
that are rated as 3.5 out of 5 or better for quality				
The average percentage of open files greater than 6 months old during the year.	10%	10%	13%	Evidence retained in the document management system

## Prospective Financial Statements

### PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES FOR YEAR ENDED 30 JUNE

	Budget 2020/21 \$000	Forecast 2019/20 \$000	Actual 2018/19 \$000
Crown revenue	7,276	5,708	4,970
Other revenue/seminars	212	274	221
Interest income	24	21	30
<b>Total Operating Revenue</b>	<b>7,512</b>	<b>6,004</b>	<b>5,221</b>
Marketing	209	200	120
Audit fees	33	31	32
Depreciation and Amortisation	219	228	221
Rental expenses	408	398	420
Operating expenses	1,523	1,828	1,192
Staff expenses	5,092	3,604	3,440
<b>Total expenses</b>	<b>7,484</b>	<b>6,289</b>	<b>5,425</b>
<b>Total Comprehensive Income</b>	<b>28</b>	<b>(286)</b>	<b>(204)</b>

### PROSPECTIVE STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE

	Budget 2020/21 \$000	Forecast 2019/20 \$000	Actual 2018/19 \$000
<b>Public equity as at 1 July</b>	<b>690</b>	<b>976</b>	<b>1,180</b>
Total Comprehensive Income	28	(286)	(204)
<b>Total recognised revenues And expenses for the period</b>	<b>28</b>	<b>(286)</b>	<b>(204)</b>
<b>Public equity as at 30 June</b>	<b>718</b>	<b>690</b>	<b>976</b>

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

	<b>Budget 2020/21 \$000</b>	<b>Forecast 2019/20 \$000</b>	<b>Actual 2018/19 \$000</b>
<b>Public equity</b>			
General funds	718	690	976
<b>Total public equity</b>	<b>718</b>	<b>690</b>	<b>976</b>
Represented by:			
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	502	523	840
Debtors and other Receivables	34	45	99
Prepayments	50	50	86
Inventory	15	16	16
<b>Total current assets</b>	<b>601</b>	<b>634</b>	<b>1,041</b>
<b>Non-current assets</b>			
Property, plant and equipment	237	188	285
Intangible assets	233	78	151
Capital Work in progress	-	168	-
<b>Total non-current assets</b>	<b>470</b>	<b>434</b>	<b>436</b>
<b>Total assets</b>	<b>1,071</b>	<b>1,068</b>	<b>1,477</b>
<b>Less: Liabilities</b>			
<b>Current liabilities</b>			
Creditors and other Payables	150	167	269
Employee entitlements	180	182	220
<b>Total current liabilities</b>	<b>330</b>	<b>349</b>	<b>489</b>
Non-current liabilities	<b>23</b>	<b>29</b>	<b>12</b>
<b>Total liabilities</b>	<b>353</b>	<b>378</b>	<b>501</b>
<b>NET ASSETS</b>	<b>718</b>	<b>690</b>	<b>976</b>

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

	<b>Budget 2020/21 \$000</b>	<b>Forecast 2019/20 \$000</b>	<b>Actual 2018/19 \$000</b>
<b>Cash Flows from operating activities</b>			
Cash provided from:	7,276	5,708	4,970
Supply of outputs to the Crown			
Revenues from services provided	212	272	225
Interest received	24	21	27
Cash applied to:			
Payments to suppliers	2,195	2,459	1,781
Payments to employees	5,094	3,642	3,423
Net Goods and Services Tax	(11)	(10)	(21)
<b>Net cash flows from operating activities</b>	<b>234</b>	<b>(90)</b>	<b>39</b>
<b>Cash Flows from Investing Activities</b>			
Cash was provided from:			
Sale of Fixed Assets and Intangibles	-	-	-
Cash applied to:			
Purchase of Fixed Assets and Intangibles	255	227	250
<b>Net cash flows from investing activities</b>	<b>(255)</b>	<b>(227)</b>	<b>(250)</b>
Net increase (decrease) in cash held	<b>(21)</b>	<b>(317)</b>	<b>(211)</b>
Plus opening cash	<b>523</b>	<b>840</b>	<b>1,051</b>
<b>Closing cash balance</b>	<b>502</b>	<b>523</b>	<b>840</b>
Represented by: Cash and bank	502	523	840
<b>Closing cash balance</b>	<b>502</b>	<b>523</b>	<b>840</b>

## Statement of underlying assumptions

### Significant assumption

The opening position of the forecasted statements is based on un-audited results for 2019/20. The actual results for March, April, May and June 2020 are unavailable and therefore the balance as at 30 June 2020 have been estimated using the forecast figures as at 28 February 2020.

### Other assumptions

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

As noted on page 5, some assumptions have been made regarding the timing of receipt of additional contingency funding associated with the Privacy Act reforms.

The budget reflects staffing levels of FTEs to meet the work programme. The actual FTEs that are needed may end up being different.

### Nature of prospective financial statements

The forecasted financial statements have been prepared as a best effort's 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 on 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.

The Privacy Commissioner is classified as a tier 2 reporting entity under the new International Public Sector Accounting Standards (IPSAS) as it is not publicly accountable (as defined in XRB A1 Accounting Standards Framework) and has expenditure which is less than \$30m. As a result, it is eligible to apply the Public Benefit Entity Reduced Disclosure Regime (PBE RDR).

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 PBE FRS 42, 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.

The Privacy Commissioner considers there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding agreements.

#### Other grants

Non-government grants are recognised as revenue when they become receivable unless there is an obligation in substance 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 the conditions of the grant are satisfied.

#### Interest

Interest income is recognised by accruing on a time proportion basis.

#### Provision of services

Revenue derived through the provision of services to third parties is treated as exchange revenue and 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.

## **Other expenses**

#### Grant expenditure

Discretionary grants are those grants where the Office of the Privacy Commissioner has no obligation to award the grant on receipt of the grant application. Discretionary grants with substantive conditions are expensed when the grant conditions have been satisfied.

## **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 cost.

Inventories held for sale or use in the provision 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.

### Property, plant and equipment

Property, plant and equipment asset classes consist of furniture and fittings, computer equipment and office equipment.

Property, plant and equipment are shown at cost 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 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 revenue and expenses.