

STATEMENT OF PERFORMANCE EXPECTATIONS

1 JULY 2017 TO 30 JUNE 2018

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

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Introduction by the Privacy Commissioner

The challenges of being a privacy and data protection regulator in an era of rapid technological development and burgeoning data sharing are many, and that makes for interesting days. This office wears a number of statutory hats, and fulfils the roles of independent regulator and watch-dog, communicator, educator, and policy consultant, to name a few.

We are thoughtful in the ways in which we direct our resources as a small office. We seek to maximise the effect of the work we do – whether that is by partnering with others to reach a wider audience, or by re-thinking our approach to business as usual. Our dispute resolution work is one example. This office is the gatekeeper for members of the public seeking access to the Human Rights Review Tribunal with privacy disputes. We are highly conscious of the need to provide a prompt and effective service, and to ensure that New Zealanders with privacy complaints are treated fairly.

As an office with a nationwide reach, we are committed to trying to strengthen our connections with regional centres. We do this in a number of ways, including by providing free online access to resources and guidance. The introduction of live-streamed presentations, as part of our *PrivacyLive* speaker series has proved popular with stakeholders – whether in provincial towns or metropolitan centres. Face-to-face contact is important and we keep an active programme of regional visits. Our strategy will continue to evolve.

We are committed to providing a range of practical resources for stakeholders. One of the most effective has been our online interactive FAQs – AskUs. We are seeing that members of the public are turning to AskUs as a ready source of privacy guidance. We are continually growing the database of questions and answers, and can respond in a timely way to topical issues.

I hope to see the introduction of a new Privacy Act in the upcoming year. My staff will continue to working closely with officials to advance the Government bill. Reform is much anticipated and much needed.

I look forward to working towards better privacy practices and more informed decision-making in the year ahead.

A handwritten signature in blue ink, appearing to read 'John Edwards', with a stylized, flowing script.

John Edwards
Privacy Commissioner

30 June 2017

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 been reviewed and updated to cover the 4 year period from 1 July 2017. It identifies three high level outcomes, each of which is supported by a number of medium term initiatives as shown below.

Figure 1: Outcomes and Initiatives



Each of the four output classes will contribute to the three outcomes as set out in the Statement of Intent covering the period 1 July 2017 to 30 June 2021. This Statement of Performance Expectations provides further detail on the four output classes, with a focus

on the key services being delivered and how the Office's performance in each area will be assessed for the year to 30 June 2018. The progress against each of these targets, along with progress against the medium term initiatives, will be reported in the Annual Report.

Split of Funding in Budget 2018

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

Areas	\$m		
	2016/17	2017/18	2018/19 and out years
1. Existing work	0.826	0.826	0.826
2. Better Public Services	0.644	0.644	0.644
3. Information Sharing Initiatives	0.252	0.252	0.252
Total Increase	1.722	1.722	1.722
2013/14 Baseline	3.248	3.248	3.248
New Baseline	4.970	4.970	4.970

In addition to the above, as part of Budget 2014, contingency funding was allocated in response to the proposed 2014 Privacy Act reforms. It is currently expected that the Bill will be introduced to Parliament in 2018 and therefore this funding currently sits with Treasury. It will only be released once approved by Cabinet. This funding has not been included as part of the budget for the 2017/18 year, or for the three outer years as shown in the prospective financial statements on pages 17 onwards.

The output classes identified below reflect the following areas of funding:

Output class	Area of Funding
Guidance, education and awareness	Existing work, Better Public Services
Information sharing / matching	Better Public Services, Information sharing initiatives
Policy and research	Existing work, Better Public Services
Compliance	Existing work, Better Public Services

Summary of Output Revenue and Expenses for 2017/18

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 of \$4.970m. The Privacy Commissioner has committed through the appropriation to provide four output classes in 2017/18.

Output operating statements: 2017/18

Output Class Description	REVENUE		EXPENSES	SURPLUS
	Revenue Crown \$000	Revenue Other \$000	Total Expenses \$000	Surplus / (Deficit) \$000
Guidance, education and awareness	740	45	694	91
Information sharing / matching	680	3	590	93
Policy and research	1,907	92	2,168	(169)
Compliance	1,643	90	1,816	(83)
TOTAL OUTPUT CLASSES	4,970	230	5,268	(68)

Capital expenditure

Provision of \$300k has been included in 2017/18 to meet the needs of our programme of computer and software replacement, including capitalisation of proposed interactive online modules. During the 2017/18 year, the largest capital expense item being budgeted for is for server upgrades. This expenditure will be met from existing cash balances. No additional funding will be received.

Over the past couple of years there have been some significant capital contributions due to the upgrade of the accommodation in Wellington. No further plans of this nature are anticipated in the 2017/18 year but the Auckland office lease is up for renewal in 2019 and therefore additional capital expenditure may occur as a result.

Predicted deficits

A small deficit has been predicted for the 2017/18 year and deficits are also being forecast going forward. The Office intends to use its accumulated surpluses to fund these deficits over the 4-year period. The additional contingency funds being held by Treasury in relation to the Privacy Act Reforms will also aid in covering deficits, once received.

Outputs

In addition to supporting the three outcomes as set out in the Statement of Intent, the output classes support the three overall expectations for Justice Sector Crown entities:

- improving trust and confidence in your entity and the work it does
- improving services for New Zealanders, and
- improving value for money.

Measurable outputs include:

Output class	Outputs
Guidance, education and awareness	<ul style="list-style-type: none"> • Online delivery of education including assessment of learning uptake • Development and delivery of online education modules: <ul style="list-style-type: none"> - for policy staff in the public sector - on employment privacy issues - for quick and easy introduction to privacy • Delivery of performance information on our website • Continuing development of the interactive online enquiries service – Ask Us • Guidance on the prevention and/or management of a data breach
Information sharing/matching	<ul style="list-style-type: none"> • Facilitation of AISAs with individual agencies to assist them to operate more effectively and efficiently • Delivery of a Trusted Sharing Consultancy Service to help agencies better understand their information sharing needs
Policy and research	<ul style="list-style-type: none"> • Collaboration and support of the Government Chief Privacy Officer • International collaboration on emerging privacy issues • Participation in the privacy law reform process • Support for privacy related research through the Privacy Good Research Fund • Research and analysis of information held by the Office and dissemination of lessons learnt
Compliance	<ul style="list-style-type: none"> • The online lodgement of complaints and the development of best practice in this application of new service delivery technology • Continued emphasis on reducing time between receipt and closure of complaints • Provision of the interactive access tool - AboutMe

Our focus on the delivery of services through a suite of online tools will enable us to deliver effective services across New Zealand. Through the process we will develop specialist online tools and capabilities which will be freely available to other public sector agencies. Collaboration of this nature will assist in the delivery of similar services for other organisations and allow them to capitalise on the knowledge and technology that has been developed.

Forecast Service Performance 2017/18

The Privacy Commissioner has developed a set of measures within the outputs to provide a means to demonstrate both internally and externally that he is performing effectively in achieving the stated Output Classes. A brief summary of what each of the output classes is intended to achieve has also been provided.

The comparative results have been taken from the 2015/16 Annual Report. Where the comment in the previous year column states “n/a”, this indicates that the target was new for the 2016/17 year and was therefore not reported against in the 2015/16 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
< 5% away from target	Substantially achieved
>5% 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 three outcome areas identified earlier. The Office has not sought to directly link the targets below through to the Outcome areas as in many cases the work done in one output area will contribute to the Office’s progress in more than one outcome.

Output 1 - Guidance, education and awareness

One of the functions of the Privacy Commissioner is to promote individual privacy. Outreach to the public and businesses is a major focus and includes an active programme of seminars, presentations and regional outreach visits, as well as responding to enquiries from the public, media and businesses. Over the period covered by the Statement of Intent, there will be a specific focus on reaching out to diverse communities. The Office also produces a range of guidance and other resource material.

During the 2016/17 year, the website was increasingly used to provide such services online particularly through the provision of the on-line modules and Ask Us tool and this is expected to continue to increase during 2017/18.

Performance in this area will be assessed using the following key performance indicators:

Measure	Expectation 2017/18	Previous year 2015/16	How it will be measured
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Guidance, education and awareness: Quantity

Number of people completing education modules on the online system*	2,500	2,414	Reporting from online education tool
Presentations at conferences / seminars	90	98	Evidence retained in the document management system
Public enquiries received and answered *	7,500	7,783	Evidence retained in the document management system as well as website reports summarising usage of the AskUs tool.
Media enquiries received and answered *	200	218	Records of media enquiries available in document management system
Blog posts and case notes created.	90	NEW	Records of blog posts and case noted available in the document management system and website.

* 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.

Guidance, education and awareness: Quality

Website contains all current published guidance from the Privacy Commissioner, and additional resources to support compliance with the Act.	Achieved	Achieved	Review of content of website
The office actively engages with a wide range of stakeholders both nationally and internationally through our policy, dispute resolution and public affairs work.	Achieved	Achieved	Evidence of meetings, outreach work undertaken and retained on the document management system
The percentage of respondents to the annual stakeholder survey who indicate, where applicable, that the guidance materials reviewed on the website were useful and met their needs.	85%	N/A	Report of survey available for review

Measure	Expectation 2017/18	Previous year 2015/16	How it will be measured
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Guidance, education and awareness: Timeliness

Respond to all enquiries within 2 working day	100%	96% (within 1 working day)	Evidence retained in the document management system
Guidance materials are produced within agreed timelines as set out in the work plan	Achieved	Achieved	Assessment against the timelines as set in the work plan

Output 2 - Policy and Research

The Privacy Commissioner actively comments and responds on legislative, policy or administrative proposals that impact on privacy to ensure that the requirements of the Privacy Act are being taken into account. Active involvement in international fora also takes place and provides the Privacy Commissioner with the ability to identify and respond to emerging issues in a timely manner.

Performance in this area will be assessed using the following key performance indicators:

Measure	Expectation 2017/18	Previous year 2015/16	How it will be measured
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Policy and research: Quantity

The number of the following pieces of work completed during the year:*			Evidence retained in the document management system
- Proposals involving the use of personal information or other privacy issues, received for consultation or advice from the public and private sectors; ¹	100	N/A	
- Submissions and other formal reports, including submissions to select committees; ² and	15	N/A	
- Office projects, including research projects.	10	N/A	

¹ This includes draft Bills, Cabinet Papers, Privacy Impact Assessments, consultations carried out under a statutory requirement to consult with the Privacy Commissioner, and early consultations on new policy proposals.

² As well as select committee submissions, this includes reports on matters for public consultation and reports to Ministers.

Measure	Expectation 2017/18	Previous year 2015/16	How it will be measured
Identifiable progress in international efforts in which we are actively engaged to work towards more sustainable platforms for cross border co-operation	Achieved	Achieved	Description of changes from previous year based on public record

**This measure is in part demand driven and is included to provide context to the level of work undertaken in any given year.*

Policy and research: Quality

The percentage of recipients of policy advice who are satisfied with the service they received from the Privacy Commissioner	85%	90%	Survey of a sample of recipients of policy advice from the Privacy Commissioner
Our participation in the law reform process is valued by the Ministry of Justice	Achieved	Achieved	Direct feedback obtained from the Ministry of Justice
The percentage of externally reviewed policy files that are rated 3.5 out of 5 or better for quality	85%	90%	Evidenced by report prepared by independent evaluator

Policy and research: Timeliness

The percentage of policy files where advice was delivered within agreed timeframes	100%	99%^	Evidence retained in the document management system
Responses to requests for input into law reform are made available within agreed timelines	100%	100%	Report of survey available for review

^ The prior year result was against a measure worded "Advice on proposals provided within agreed timeframes". The measure has been re-worded to make it clearer.

Output 3 – Information sharing / matching

The Privacy Commissioner has statutory roles in overseeing authorised information matching programmes (Part 10 of the Privacy Act) and approved information sharing agreements (Part 9A of the Privacy Act). The Privacy Commissioner also provides advice to agencies carrying out information sharing and matching about how to meet their responsibilities under Part 9A and Part 10 respectively.

From January 2017 the Commissioner set up a new initiative to actively help agencies to better understand their information sharing needs and design business processes that address these. The "Trusted Sharing Consultancy Service" will be a priority during 2017.

Performance in this area will be assessed using the following key performance indicators:

Measure	Expectation 2017/18	Previous year 2015/16	How it will be measured
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Information sharing / matching: Quantity

The number of information matching programmes monitored under Part 10 of the Privacy Act	54	56 (54 current)	Evidence retained in the document management system
The number of new Approved Information Sharing Agreements received for consultation under s96O of the Privacy Act	2	N/A	Evidence retained in the document management system
The number of formal reports produced that relate to information sharing or information matching programmes, under sections 96P, 96X, 96O or 106 of the Privacy Act	8	N/A	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	10	N/A	Evidence retained in the document management system

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.

Information sharing/ matching: Quality

The percentage of recipients of information sharing and matching advice that are satisfied with the service they received from the Privacy Commissioner	85%	93%	Annual survey of recipients of information sharing and matching advice from the Privacy Commissioner
The percentage of externally reviewed information sharing and matching files that are rated as 3.5 out of 5 or better for quality	85%	N/A	Evidenced by report prepared by independent evaluator
The Trusted Sharing Consultancy Service, is valued by those agencies that have engaged the Office in this capacity	Achieved	NEW	Feedback obtained from agencies that have made use of the service

Information sharing/ matching: Timeliness

The percentage of information sharing and matching files where advice was delivered within agreed timeframes	100%	100%^	Evidence retained in the document management system
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[^] The way this target was measured in 2015/16 differs from the way it will be measured in future. The 2015/16 result was taken from the results of an annual survey.

Output 4 – Compliance

The provision and management of an independent, responsive, complaints and investigation process is another core function of the Office. The Office continues to transform the way in which it deals with complaints with a focus on more timely resolution. During the 2014/15 year the Office introduced an online complaints lodgement system. In the 2016/17 year to date, approximately 45% of all complaints have been lodged in this way.

In addition, the Office also reviews and amends codes of practice.

Performance in this area will be assessed using the following key performance indicators:

Measure	Expectation 2017/18	Previous year 2015/16	How it will be measured
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Compliance: Quantity

Number of complaints received *	900	969	Evidence retained in the document management system
Number of data breach notifications received *	100	N/A	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.

Compliance: Quality

The percentage of complainants' and respondents' who rate their satisfaction with the complaints handling process as "satisfactory" or better	60%	52%	Evidenced by report of the survey results. To be based on complaints closed in the preceding period
The percentage of complaints files closed by settlement between the parties	40%	49%	Evidence retained in the document management system

Measure	Expectation 2017/18	Previous year 2015/16	How it will be measured
Amendments to codes of practice meet all statutory requirements	100%	100%	Evidence of compliance with section 48(2) of the Privacy Act 1993
The percentage of externally reviewed complaints investigations that are rated as 3.5 out of 5 or better for quality	85%	94%	Evidenced by report prepared by independent evaluator

Compliance: Timeliness

The percentage of open files greater than 6 months old at the year end	10%	8.7%	Evidence retained in the document management system
Review of the operation of the Credit Reporting Privacy Code completed and actioned.	Achieved	Not Achieved [^]	Copy of reports available in the document management system

[^] The prior year result was against a measure worded "Review of the operation of Credit Reporting Privacy Code substantially progressed".

Prospective Financial Statements

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

Estimated actual for 2016/17 \$000		Budget 2017/18 \$000	Budget 2018/19 \$000	Budget 2019/20 \$000	Budget 2020/21 \$000
4,970	Crown revenue	4,970	4,970	4,970	4,970
167	Other revenue/seminars	203	173	203	173
37	Interest income	27	27	27	27
5,174	Total Operating Revenue	5,200	5,170	5,200	5,170
55	Marketing	94	64	94	64
29	Audit fees	30	30	30	30
184	Depreciation and Amortisation	223	225	225	225
408	Rental expenses	421	434	447	460
722	Operating expenses	720	670	675	682
3,700	Staff expenses	3,780	3,893	4,008	4,127
5,098	Total expenses	5,268	5,316	5,479	5,588
76	Total Comprehensive Income	(68)	(146)	(279)	(418)

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE

Estimated actual for 2016/17 \$000		Budget 2017/18 \$000	Budget 2018/19 \$000	Budget 2019/20 \$000	Budget 2020/21 \$000
1,043	Public equity as at 1 July	1,119	1,051	905	848
76	Total Comprehensive Income	(68)	(146)	(279)	(418)
76	Total recognised revenues And expenses for the period	(68)	(146)	(279)	(418)
1,119	Public equity as at 30 June	1,051	905	626	208

**PROSPECTIVE STATEMENT OF
FINANCIAL POSITION**

FOR YEAR ENDED 30 JUNE

Estimated actual for 2016/17 \$000		Budget 2017/18 \$000	Budget 2018/19 \$000	Budget 2019/20 \$000	Budget 2020/21 \$000
	Public equity				
1,119	General funds	1,051	905	626	208
1,119	Total public equity	1,051	905	626	208
	Represented by:				
	Assets				
	Current assets				
1,011	Cash and cash equivalents	848	627	461	198
	Debtors and other				
44	Receivables	43	43	43	43
28	Prepayments	25	25	25	25
23	Inventory	23	23	23	23
1,106	Total current assets	939	718	552	289
	Non-current assets				
315	Property, plant and equipment	340	443	305	178
134	Intangible assets	186	140	149	121
449	Total non-current assets	526	583	454	299
1,555	Total assets	1,465	1,301	1,006	588
	Less: Liabilities				
	Current liabilities				
	Creditors and other				
120	Payables	120	120	120	120
264	Employee entitlements	260	260	260	260
384	Total current liabilities	380	380	380	380
52	Non-current liabilities	34	16	-	-
436	Total liabilities	414	396	380	380
1,119	NET ASSETS	1,051	905	626	208

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

Estimated actual for 2016/17 \$000		Budget 2017/18 \$000	Budget 2018/19 \$000	Budget 2019/20 \$000	Budget 2020/21 \$000
	Cash Flows from operating activities				
4,970	Cash provided from: Supply of outputs to the Crown	4,970	4,970	4,970	4,970
169	Revenues from services provided	203	173	203	173
36	Interest received	27	27	27	27
	Cash applied to:				
1,347	Payments to suppliers	1,280	1,213	1,266	1,261
3,652	Payments to employees	3,784	3,893	4,008	4,127
(13)	Net Goods and Services Tax	(1)	(15)	(20)	(25)
189	Net cash flows from operating activities	137	79	(54)	(193)
	Cash Flows from Investing Activities				
	Cash was provided from:				
	Cash applied to:				
63	Purchase of Fixed Assets	300	300	112	70
(63)	Net cash flows from investing activities	(300)	(300)	(112)	(70)
126	Net increase (decrease) in cash held	(163)	(221)	(166)	(263)
885	Plus opening cash	1,011	848	627	461
1,011	Closing cash balance	848	627	461	198
1,011	Represented by: Cash and bank	848	627	461	198
1,011	Closing cash balance	848	627	461	198

Statement of underlying assumptions

Significant assumption

The opening position of the forecasted statements is based on un-audited results for 2016/17. The actual results for March, April, May and June 2017 are unavailable and therefore the balance as at 30 June 2017 has been estimated using the forecast figures as at 28 February 2017.

Other assumptions

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

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

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

Nature of prospective financial statements

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

Statement of accounting policies

Reporting entity

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

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

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

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.