



Privacy Commissioner
Te Mana Matapono Matatapu

Statement of Performance Expectations

1 July 2016 – 30 June 2017

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

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ISSN 2230-4290 (Print)
ISSN 2230-4304 (On-line)

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Introduction

The Office has undertaken a number of new initiatives to expand our influence and efficacy in the last 18 months. These have seen very encouraging results across all Output Classes.

Our decision to align our strategic initiatives with Better Public Services result areas has provided a focus for the commitment of our resources and will continue to guide our priorities for the 2016/17 financial year.

This has led us to prioritise work associated with supporting vulnerable children in general, and Child Protection Teams in particular. We recognise Government's desire to improve the provision of public services by safer, proportionate and effective information sharing and see this as a significant focus for our work for the foreseeable future.

We have applied Better Public Service objectives to our own operating models, making it easier for the public to interact with the Office online. For example, we are continuing our investment in online training modules for a far greater reach than we were able to achieve with a focus on "in person" training. We have enabled secure online complaint and breach notification, and a "privacy statement generator" targeted at small to medium enterprises. We are launching two further online products to facilitate compliance with legal requirements.

The first is a tool to allow individuals to make targeted requests for their personal information, in a way which minimises the compliance burden on agencies, and allows our Office to deliver assistance to those agencies at the time the request is received, rather than after the fact, through the complaint process. This tool is called AboutMe.

The second is a significant investment in an online knowledge base, which will deliver practical assistance drawn from our extensive database of complaints and enquiries. I am hopeful that, over time, many of the needs of the 8,000 callers we receive to our 0800 number will be able to be met via this online interface. The tool will also act as a resource for other agencies in dealing with privacy related matters.

These initiatives will not substitute for face to face interactions with a wide range of communities, and I intend to continue our "regional outreach" programme, by visiting provincial and other centres on a monthly basis. These visits are extremely well received and typically take in meetings with the local authority and DHB, significant local enterprises, and a public event usually hosted by a Chamber of Commerce, Law Society Branch, or Community Law Centre.

The Office encourages innovation in our core business. As a result we have transformed our complaints and dispute resolution processes to dramatically reduce processing times for complaints, and outcomes for complainants and respondents. We will continue this process of improvement and innovation.

We remain committed to contributing to the modernisation of the law, and working with officials on the long awaited law reform and continue to retain committed capacity to ensure we are able to respond in a timely way.



John Edwards
Privacy Commissioner

30 June 2016

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 identifies five strategic initiatives:

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

The Statement of Performance Expectations establishes four output classes which support the strategic initiatives of the Privacy Commissioner as shown in figure one. Further detail in relation to the actions associated with each initiative is set out in the Statement of Intent covering the period 1 June 2014 to 30 June 2018. In addition to reporting progress against the specific output classes, the Office will report on progress against the Strategic Initiatives within the Annual Report.

Strategic Initiatives



Output Classes



Figure One: The relationship between Output Classes and Strategic Initiatives

The output classes span the strategic initiatives and significant aspects support Better Public Services (BPS). In particular, the oversight of information sharing / matching programmes by the Office aims to provide the public with a high level of comfort that such sharing of personal information is being handled appropriately.

The Privacy Commissioner will provide a leadership role in facilitating the legitimate use of information through a better understanding within the public sector of what is, and what is not, permitted under the Privacy Act 1993. He acknowledges the important role

played by his Office improving the provision of public services by safer, proportionate and effective information sharing practices.

Over the past year the Office has successfully implemented a suite of online education and guidance modules as well as an online mechanism to lodge complaints. Both of these initiatives support BPS by making the services more readily accessible. An online tool to request personal information – AboutMe – was recently launched. A programme is currently underway to further develop additional online modules as well as an interactive FAQ tool.

The output classes 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

Split of Funding in Budget 2017

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			
	2015/16	2016/17	2017/18	2018/19 and out years
1. Existing work	0.826	0.826	0.826	0.826
2. Better Public Services	0.644	0.644	0.644	0.644
3. Information Sharing Initiatives	0.252	0.252	0.252	0.252
Total Increase	1.722	1.722	1.722	1.722
2013/14 Baseline	3.248	3.248	3.248	3.248
New Baseline	4.970	4.970	4.970	4.970

Summary of Output Revenue and Expenses for 2016/17

The Privacy Commissioner receives funding through an appropriation within Vote Justice. The appropriation is within the Non-Departmental Output Expenses; Justice Advocacy, Advice and Promotion Services and provides an appropriation of \$4.970m. The Privacy Commissioner has committed through the appropriation to provide four output classes in 2016/17.

Output operating statements: 2016/17

Output Class Description	REVENUE		EXPENSES	SURPLUS
	Revenue Crown \$000	Revenue Other \$000	Total Expenses \$000	Surplus / (Deficit) \$000
Guidance, education and awareness	740	18	689	69
Information sharing / matching	641	5	539	107
Policy and research	1,907	181	2,147	(59)
Compliance	1,682	17	1,874	(175)
TOTAL OUTPUT CLASSES	4,970	221	5,249	(58)

Capital expenditure

Provision of \$145k has been included in 2016/17 to meet the needs of our programme of computer and software replacement and to meet additional capital expenditure as required, including capitalisation of proposed interactive online modules. The capital expenditure is provided from accumulated depreciation and accumulated funds.

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 or planned at this stage.

Outputs

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• Guidance and online training for Privacy Impact Assessments• Delivery of performance information on our website• An interactive online enquiries service – Knowledge Base• Education for policy staff in the public sector• Guidance and training on the prevention and/or management of a data breach
Information sharing/matching	<ul style="list-style-type: none">• Online training modules for Approved Information Sharing Agreements (AISAs)• Facilitation of AISAs with individual agencies to assist them to operate more effectively and efficiently
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• Implementation of the Technology Strategy across the private and public sectors• Support for privacy related research through the Privacy Good Research Fund
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• Emphasis on reducing time between receipt and closure of complaints• Introduction of new compliance measurement techniques• Introduction of a new 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 2016/17

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 2014/15 Annual Report. Where the comment in the previous year column states “n/a”, this indicates that the target was new for the 2015/16 year and was therefore not reported against in the 2014/15 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

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. The Office produces a range of guidance and other resource material.

During the 2015/16 year, the website was increasingly used to provide such services online and this is expected to continue and increase during 2016/17.

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

Measure	Expectation 2016/17	Previous year 2014/15	How it will be measured
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Guidance, education and awareness: Quantity

Number of people completing education modules on the new online system*	2,500	N/A	Reporting from online education tool
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Measure	Expectation 2016/17	Previous year 2014/15	How it will be measured
Presentations at conferences / seminars	90	96	Evidence retained in the document management system
Public enquiries received and answered *	7,500	8,372	Evidence retained in the document management system and report provided through contact centre reporting software
Media enquiries received and answered *	250	273	Records of media enquiries available in 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.*

Guidance, education and awareness: Quality

Evaluations following online training indicate increased understanding by the participant in 80% of evaluations	80%	N/A	Online post course tests completed by attendees
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	N/A	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%	New	Report of survey available for review

Measure	Expectation 2016/17	Previous year 2014/15	How it will be measured
Provide advice and training to key stakeholders regarding information sharing to provide an understanding across the public sector of how information can be shared to achieve results and minimise risks, including the use of technology	Achieved	N/A	Evidenced by information held within the document management system and feedback received back on training, guidance and collaborative activities provided

Guidance, education and awareness: Timeliness

Respond to all enquiries within 1 working day	100%	99%^	Evidence retained in the document management system
Guidance materials are produced within agreed timelines as set out in the work plan	Achieved	Substantially achieved	Assessment against the timelines as set in the work plan

^ The prior year reported result was against a target of "0800 line enquiries only".

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 2016/17	Previous year 2014/15	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:* - Proposals involving the use of personal information or other privacy issues, received for	100	NEW	Evidence retained in the document management system
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Measure	Expectation 2016/17	Previous year 2014/15	How it will be measured
<ul style="list-style-type: none"> consultation or advice from the public and private sectors;¹ - Submissions and other formal reports, including submissions to select committees;² and - Office projects, including research projects. 	15		
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%	96%	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	Report of survey of Ministry of Justice available for review
The percentage of externally reviewed policy files that are rated 3.5 out of 5 or better for quality	85%	N/A	Evidenced by externally produced report

Policy and research: Timeliness

The percentage of policy files where advice was delivered within agreed timeframes	100%	100%^	Evidence retained in the document management system
Requests for input into law reform are made available within agreed timelines	90%	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.

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.

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.

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

Measure	Expectation 2016/17	Previous year 2014/15	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	56	57	Evidence retained in the document management system
The number of new Approved Information Sharing Agreements received for consultation under s96(O) of the Privacy Act	2	1	Evidence retained in the document management system
The number of formal reports produced that relate to information sharing or information matching programmes, under sections 96O, 96P, 96X or 106 of the Privacy Act	8	NEW	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	NEW	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%	N/A	Annual survey of recipients of information sharing and matching advice from the Privacy Commissioner
The percentage of externally reviewed information sharing and	85%	NEW	External review of quality of information sharing and

Measure	Expectation 2016/17	Previous year 2014/15	How it will be measured
matching files that are rated as 3.5 out of 5 or better for quality			matching files

Information sharing/ matching: Timeliness

The percentage of information sharing and matching files where advice was delivered within agreed timeframes	100%	94%^	Evidence retained in the document management system
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[^] The way this target was measured in 2014/15 differs from the way it will be measured in future. The 2014/15 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. Up to March 2016 approximately 35% of complaints were being 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 2016/17	Previous year 2014/15	How it will be measured
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Compliance: Quantity

Number of complaints received *	900	835	Evidence retained in the document management system
Number of data breach notifications received *	100	NEW	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.

Measure	Expectation 2016/17	Previous year 2014/15	How it will be measured
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Compliance: Quality

The percentage of complainants' and respondents' who rate their satisfaction with the complaints handling process as "satisfactory" or better	65% ³	53%	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%	44%	Evidence retained in the document management system
Amendments to Codes of Practice meet all statutory requirements	100%	Achieved	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%	57%	Evidenced by report prepared by independent evaluator

Compliance: Timeliness

The percentage of open files greater than 6 months old at the year end	10%	N/A	Audit of document management system
Review of the operation of the Credit Reporting Privacy Code substantially progressed	Achieved	Commenced	Copy of reports available in the document management system

³ This target has been reduced from 80%. This has been assessed as a more realistic target given the nature of the work being undertaken and experience from previous years. The Office is currently trialling a new complaints satisfaction methodology for the year to 30 June 2016 with the aim of enhancing the validity of the results.

Prospective Financial Statements

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

Estimated actual for 2015/16 \$000		Budget 2016/17 \$000	Budget 2017/18 \$000	Budget 2018/19 \$000	Budget 2019/20 \$000
4,970	Crown revenue	4,970	4,970	4,970	4,970
235	Other revenue/seminars	173	173	173	173
45	Interest income	48	48	48	48
5,250	Total Operating Revenue	5,191	5,191	5,191	5,191
77	Marketing	68	68	68	68
29	Audit fees	29	29	29	29
183	Depreciation and Amortisation	222	222	222	222
407	Rental expenses	410	422	428	428
1,064	Operating expenses	794	789	784	784
3,699	Staff expenses	3,726	3,660	3,660	3,660
5,459	Total expenses	5,249	5,190	5,191	5,191
(209)	Total Comprehensive Income	(58)	1	-	-

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE

Estimated actual for 2015/16 \$000		Budget 2016/17 \$000	Budget 2017/18 \$000	Budget 2018/19 \$000	Budget 2019/20 \$000
1,397	Public equity as at 1 July	1,188	1,130	1,131	1,131
(209)	Total Comprehensive Income	(58)	1	-	-
	Total recognised revenues And expenses for the period	1,130	1,131	1,131	1,131
1,188	Public equity as at 30 June	1,130	1,131	1,131	1,131

**PROSPECTIVE STATEMENT OF
FINANCIAL POSITION**

FOR YEAR ENDED 30 JUNE

Estimated actual for 2015/16 \$000		Budget 2016/17 \$000	Budget 2017/18 \$000	Budget 2018/19 \$000	Budget 2019/20 \$000
1,188	Public equity General funds	1,130	1,131	1,131	1,131
1,188	Total public equity	1,130	1,131	1,131	1,131
	Represented by:				
	Assets				
	Current assets				
1,081	Cash and cash equivalents	1,080	1,163	1,245	1,207
49	Debtors and other Receivables	44	44	44	44
6	Prepayments	12	12	12	12
23	Inventory	23	23	23	23
1,159	Total current assets	1,159	1,262	1,324	1,286
	Non-current assets				
489	Property, plant and equipment Intangible assets	412	292	212	233
489	Total non-current assets	412	292	212	233
1,648	Total assets	1,571	1,554	1,536	1,519
	Less: Liabilities				
	Current liabilities				
164	Creditors and other Payables	163	163	163	163
225	Employee entitlements	225	225	225	225
389	Total current liabilities	388	388	388	388
71	Non-current liabilities	53	35	17	-
460	Total liabilities	441	423	405	388
1,188	NET ASSETS	1,130	1,131	1,131	1,131

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

Estimated actual for 2015/16 \$000		Budget 2016/17 \$000	Budget 2017/18 \$000	Budget 2018/19 \$000	Budget 2019/20 \$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
229	Revenues from services provided	173	173	173	173
45	Interest received	48	48	48	48
	Cash applied to:				
1,555	Payments to suppliers	1,325	1,332	1,333	1,333
3,711	Payments to employees	3,726	3,660	3,660	3,660
(29)	Net Goods and Services Tax	(4)	(4)	(4)	(4)
7	Net cash flows from operating activities	144	203	202	202
	Cash Flows from Investing Activities				
	Cash was provided from:				
	Cash applied to:				
(22)	Purchase of Property Plant and equipment	145	120	120	240
	Purchase of Intangible Assets				
22	Net cash flows from investing activities	(145)	(120)	(120)	(240)
28	Net increase (decrease) in cash held	(1)	83	82	(38)
1,052	Plus opening cash	1,081	1,080	1,163	1,245
1,081	Closing cash balance	1,080	1,163	1,245	1,207
1,081	Represented by: Cash and bank	1,080	1,163	1,245	1,207
1,081	Closing cash balance	1,080	1,163	1,245	1,207

Statement of underlying assumptions

Significant assumption

The opening position of the forecasted statements is based on un-audited results for 2015/16. The actual results for March, April, May and June 2016 are unavailable and therefore the balance as at 30 June 2016 has been estimated using the forecast figures as at 28 February 2016.

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.

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.

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.

Operating leases

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

Goods and Services Tax (GST)

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

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

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

Income Tax

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

Inventories

Inventories held for distribution, or consumption in the provision of services, that are not issued on a commercial basis are measured at 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, leasehold improvements, furniture and office equipment.

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

Depreciation

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

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

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

Additions

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

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

Employee entitlements

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

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

Financial instruments

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