



Privacy Commissioner  
Te Mana Mātāpono Matatapu

# STATEMENT OF PERFORMANCE EXPECTATIONS

1 JULY 2022 TO 30 JUNE 2023

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

Personal information is both more valuable and more vulnerable than ever before. Digital technology powered by personal information underpins many of the products and services we benefit from in everyday life. The huge processing power of algorithms has transformed healthcare including finding cures for formerly incurable diseases. Digital technology can give individuals control over their own data. However, these same technologies have the power to cause harm where personal information is not cared for as the taonga it is. When personal information is misused and citizens find their trust in those holding their information is misplaced, it harms not just those individuals and entities, but the potential for future beneficial innovation. Privacy protections, as an enabler of trusted data use, are critical to mitigating harms and securing the benefits of digital innovation.

It is within this context that the Office of the Privacy Commissioner continues to shift gears. Empowered by the Privacy Act 2020 we are moving from being reactive and complaints-driven to proactive and risk-based. From a focus purely on individual harm to identifying systemic privacy issues at the agency, sector and population level and intervening early. This includes a proactive focus on areas undergoing significant reform - like Health - to ensure good privacy design is baked into the system changes.

And we are learning as we evolve.

We are continuing to embed Te Ao Māori perspectives into our work putting in place foundations and cultural capability that will enable us to engage and partner well with Māori to understand how we can best support their aspirations.

Our rental sector compliance programme – our first proactive intervention under the Privacy Act 2020 - is beginning to both deliver positive systemic change within the industry and provide lessons about what it means to be an effective modern privacy regulator. This includes the need to:

- listen to and understand the regulated sector at a deep level - including what is motivating their behaviours
- Provide clarity and certainty for organisations about our expectations and for individuals about their rights and test these approaches with the sector to ensure their workability.
- Use a variety of channels to raise awareness and communicate compliance expectations
- Tailor the compliance and monitoring strategy to the agency/sector and make the sector aware of the approach and timing.
- Enforce non-compliance in line with expectations
- Build sector capability by supporting key stakeholder bodies.
- Partner with other regulators to extend our leverage.

Building on these lessons, the Office will continue to refine our operating model to get the most of our new functions and additional powers. We are focusing on ensuring we have the systems, prioritisation tools and partnerships that will enable us to best play our part in ensuring that New Zealanders can have trust and confidence in the way their personal information is used and cared for, for the benefit of all.



Liz MacPherson

**Deputy Privacy Commissioner (Acting Privacy Commissioner)**

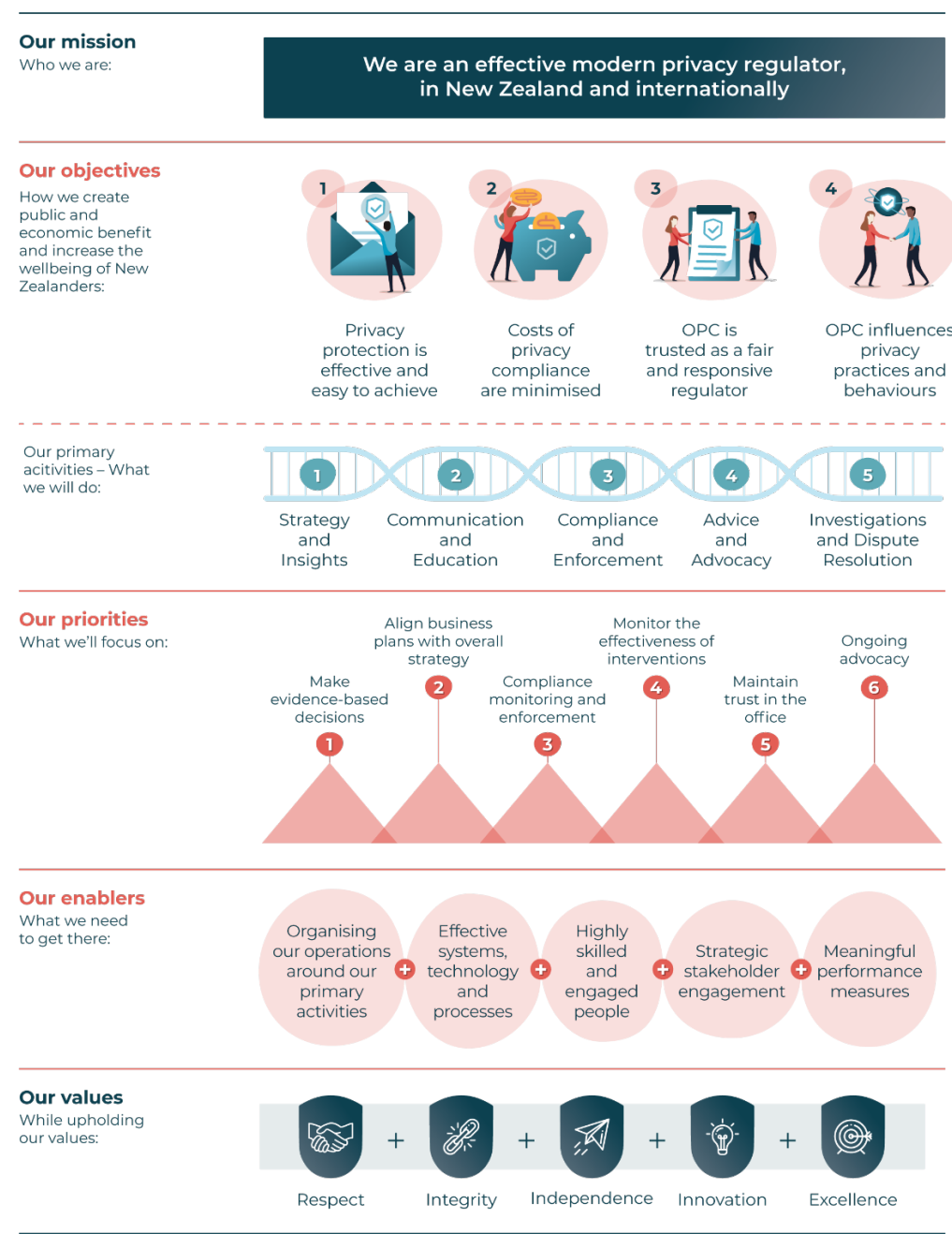
28 June 2022

## 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 well as the Living Standards Framework and Wider Government Priorities as provided in the Statement of Intent.

The current Statement of Intent covers 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 resulted in five 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 five 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 2023

In addition, this Statement of Performance Expectations summarises some key priority areas that have been identified for the coming year. A strategic assessment against these priority areas and the overarching objectives will be carried out and reported on in the Annual Report.

The Statement of Performance Expectations aligns with expectations as set out in the Annual Letter of Expectations 2022/23 and sets the strategic direction and work programme for the year ahead.

## Split of Funding in Budget 2023

Following the transition period, and subsequent enactment of the Privacy Act 2020 on 1 December 2020, the Office received additional baseline funding in Budget 2020 of \$1.116m in the 2020/21 year and a further \$0.116m (a total increase from 2020 of \$1.232m) from the 2021/22 year onwards.

This additional funding is summarised as follows:

| Areas                              | \$m          | \$m                   |
|------------------------------------|--------------|-----------------------|
|                                    | 2021/2022    | 2022/23 and out years |
| <b>Total Increase from 2020/21</b> | <b>0.116</b> | <b>0.116</b>          |
|                                    |              |                       |
| <b>Funding baseline 2020/21</b>    | <b>7.276</b> | <b>7.276</b>          |
|                                    |              |                       |
| <b>New Baseline</b>                | <b>7.392</b> | <b>7.392</b>          |

## Summary of Output Revenue and Expenses for 2022/23

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 2022/23.

### Output operating statements: 2022/23

| Output Class Description             | REVENUE                |                        | EXPENSES                | SURPLUS                      |
|--------------------------------------|------------------------|------------------------|-------------------------|------------------------------|
|                                      | Revenue Crown<br>\$000 | Revenue Other<br>\$000 | Total Expenses<br>\$000 | Surplus / (Deficit)<br>\$000 |
| Communication and Education          | 1,042                  | -                      | 1,091                   | (49)                         |
| Enforcement Activities               | 1,666                  | 54                     | 1,688                   | 32                           |
| Advice and Advocacy                  | 1,440                  | 54                     | 1,462                   | 32                           |
| Investigation and Dispute Resolution | 1,812                  | 34                     | 1,829                   | 17                           |
| Strategy and Insights                | 1,432                  | 21                     | 1,479                   | (26)                         |
| <b>TOTAL OUTPUT CLASSES</b>          | <b>7,392</b>           | <b>163</b>             | <b>7,549</b>            | <b>6</b>                     |

### Capital expenditure

Provision of \$150k has been included in 2022/23 budget. The largest capital expense item being budgeted for is an upgrade to the Office's information management system.

### Risks

#### *Covid-19*

The impact of the COVID-19 emergency on the ability of the Office to deliver its key services has been limited. As reported in the 2020/21 Annual Report, staff were able to work from home and continue service delivery across the Office.

Some expenditure areas have been impacted as a result of COVID-19, most notably travel costs, both domestically and internationally, as well as staff development costs. We have estimated that some of these impacts will continue into the 2022/23 year (particularly in

relation to travel where the budgeted spend has been slightly reduced from previous years).


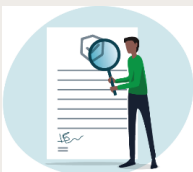

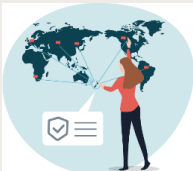

Due to the unpredictable nature of COVID-19, the Office is not in a position to determine the long-term impacts of the pandemic on either its financial or non-financial performance with confidence. This will be regularly monitored.

## 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><br>                   | <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>• Monitoring the success of new initiatives and strategies introduced</li> </ul> |
| <b>Communication and Education</b><br>            | <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 education and guidance tools</li> <li>• Provision of an effective, informative enquiries service both online (Ask-Us) and through the enquiries line</li> <li>• Focus on multi-cultural and Maori engagement</li> </ul>                                    |
| <b>Enforcement Activities</b><br>                | <ul style="list-style-type: none"> <li>• Management of mandatory breach notifications</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><br>                   | <ul style="list-style-type: none"> <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> <li>• Supporting responsible information sharing including the facilitation of AISAs with individual agencies to assist them to operate more effectively and efficiently</li> </ul>   |
| <b>Investigations and Dispute Resolution</b><br> | <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 2022/23 year

As set out in the Statement of Intent, the Privacy Commissioner continues to focus on individual harm while trying to identify 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.

The Office continues its work on two strategic priorities chosen in early 2021 after an initial analysis of themes from business intelligence sources as well as internal cross office discussions<sup>1</sup>. These strategic priorities are:

- **Rental sector — collection, use and retention of personal information**  
There are many situations where personal information is over collected, used and retained in the residential tenancies market. While landlords and property managers have a legitimate need to collect and use personal information, the Office wants to see a balance where landlords have sufficient information while not being overly intrusive. In 2021/22 the Office issued guidance for tenants and landlords. The focus in the coming year is to implement our rental sector compliance monitoring programme to ensure that landlords and property managers are meeting their obligations under the Privacy Act.
- **Embedding Te Ao Māori perspectives into our work**  
The Office is required to have regard to cultural perspectives on privacy and to fulfil our Treaty of Waitangi obligations. This strategic priority will ensure we are building our cultural capabilities and engaging with Māori to understand how we can best support their aspirations. Over the next year we will continue putting in place the foundations to enable us to partner well with Māori organisations and ensure that we are serving Māori well.

A key priority of the Office remains the continual development of our operating model to get the most out of our new functions and additional powers in the Privacy Act 2020. As a small Office with very broad coverage, the ongoing development of our systems, prioritisation tools and partnerships is necessary to ensure our efforts are delivering the biggest possible impact on the privacy outcomes of groups that have historically low levels of privacy awareness. Success will see OPC working flexibly and transparently with other agencies and regulators to maximise our influence so that individuals can be confident that their privacy is protected.

In accordance with the Statement of Intent, these strategic priorities aim to deliver effective privacy protections that are easy for agencies to achieve, and to maximise the influence of the Office. The Office will also be mindful to minimise the cost of privacy compliance and maintain the trust in the Office as a fair and responsive regulator by taking a balanced regulatory approach as set out in our Compliance and Regulatory Action Framework

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<sup>1</sup> In 2021/2022 a review returned a third strategic priority to business-as-usual status. This priority related to the performance of public sector agencies with access requests they received under Information Privacy Principle 6 of the Privacy Act.

## Forecast Service Performance 2022/23

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.

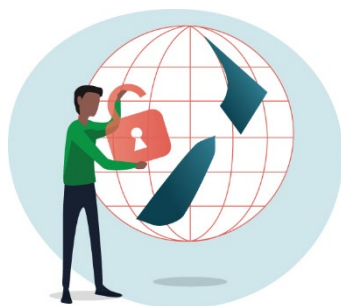
The comparative results have been taken from the 2020/21 Annual Report and the 2021/22 Statement of Performance Expectations. Where the comment in the previous year column states “n/a”, this indicates that the target was new for the 2021/22 year and was therefore not reported against in the 2020/21 Annual 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



### What this activity covers

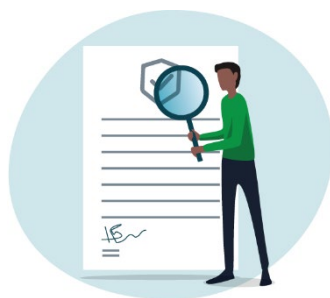
Understanding trends and technological developments that will be relevant in the future. Using evidence based on all inputs, including complaints, media, breach reporting, enquiries, international regulators or website analytics, to prioritise work and make decisions. Monitor success of strategies and 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 2022/23 | Expectation 2021/22 | Previous year 2020/21 | How it will be measured  |
|--|---------------------|---------------------|-----------------------|--|
| Number of cross-office priorities focussed on globally identified privacy trends or systematic issues. | 4                   | 4                   | 5 <sup>2</sup>        | Business plans of the teams will reference strategic priorities that are informed by international trends. |
| Number of published “Insights” Reports on trends that the office is seeing.                            | 3                   | 3                   | n/a                   | Copies of the reports will be retained in the document management system.                                  |

<sup>2</sup> This measure has been re-worded from “Work is focussed on...” to “Number of cross office priorities is focussed on...”.

## Primary Activity 2 - Communication and Education



### What this activity covers

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 2022/23 | Expectation 2021/22 | Previous year 2020/21 | How it will be measured                              |
|---|---------------------|---------------------|-----------------------|--|
| Education module completions as a percentage of education module registrations in the year. | 75%                 | 75%                 | n/a                   | Reporting from on-line education tool.               |
| Percentage of media enquiries that are responded to within 2 working days.                  | 100%                | 100%                | n/a                   | Evidence retained in the document management system. |
| Respond to all enquiries within 2 working days.   | 95%                 | 95%                 | 90%                   | Evidence retained in the document management system  |

## Primary Activity 3 – Enforcement Activities



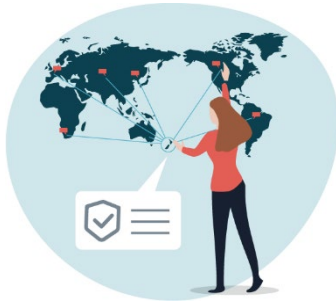
### What this activity covers

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 2022/23 | Expectation 2021/22 | Previous year 2020/21 | How it will be measured                                   |
|---|---------------------|---------------------|-----------------------|---|
| The percentage of data breach notifications received through NotifyUs that are triaged within 1 working day.                        | 95%                 | 95%                 | n/a                   | Evidence retained in the document management system.      |
| The percentage of externally reviewed compliance notices and Access Directions issued that meet quality review standards.           | 100%                | 100%                | n/a                   | Evidenced by report prepared by an independent evaluator. |
| The percentage of information matching files reviewed within the mandatory 5-year period as required under S184 of the Privacy Act. | 100%                | 100%                | n/a                   | Evidence retained in the document management system.      |

## Primary Activity 4 – Advice and Advocacy



### What this activity covers

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 2022/23 | Expectation 2021/22 | Previous year 2020/21 | How it will be measured  |
|--|---------------------|---------------------|-----------------------|--|
| The percentage of externally reviewed policy and information sharing files that are rated as 3.5 out of 5 or better for quality.   | 85%                 | 85%                 | 85% <sup>3</sup>      | Evidenced by report prepared by independent evaluator.                                       |
| The Commissioner actively contributes on advice, guidelines and directions by international institutions and guiding bodies, relating to the advancement of privacy rights, where it is in New Zealand's interest to do so. <sup>4</sup> | Achieved            | Achieved            | n/a                   | Evidenced by related papers and keynote speeches retained in the document management system. |

<sup>3</sup> The result in the prior year, also included information matching files but these only formed a small percentage of the files reviewed overall.

<sup>4</sup> The wording of this measure has been slightly tweaked to include the words “where it is in New Zealand’s interest to do so”.

## Primary Activity 5 – Investigations and Dispute Resolution



### What this activity covers

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 2022/23 | Expectation 2021/22 | Previous year 2020/21 | How it will be measured                               |
|--|---------------------|---------------------|-----------------------|---|
| The percentage of notified complaints files closed by settlement between the parties                                 | 40%                 | 40%                 | 65%                   | Evidence retained in the document management system   |
| The percentage of externally reviewed complaints investigations that are rated as 3.5 out of 5 or better for quality | 90%                 | 90%                 | 97.5%                 | Evidenced by report prepared by independent evaluator |
| The percentage of complaint files closed during the year that were less than 6 months old at closure.                | 85%                 | 85%                 | n/a <sup>5</sup>      | Evidence retained in the document management system   |

<sup>5</sup> This was a new measure in 2021/22. As a comparison, the % of files closed that were less than 6 months old during the 2020/21 year was 79%.

## Prospective Financial Statements

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

|                                   | Budget<br>2022/23<br>\$000 | Forecast<br>2021/22<br>\$000 | Actual<br>2020/21<br>\$000 |
|-----------------------------------|----------------------------|------------------------------|----------------------------|
| Crown revenue                     | 7,392                      | 7,392                        | 7,276                      |
| Other revenue/seminars            | 161                        | 362                          | 258                        |
| Interest income                   | 2                          | 2                            | 11                         |
| <b>Total Operating Revenue</b>    | <b>7,555</b>               | <b>7,756</b>                 | <b>7,535</b>               |
| Marketing                         | 130                        | 133                          | 580                        |
| Audit fees                        | 35                         | 34                           | 33                         |
| Depreciation and Amortisation     | 312                        | 319                          | 235                        |
| Rental expenses                   | 436                        | 430                          | 450                        |
| Operating expenses                | 1,208                      | 1,179                        | 1,603                      |
| Staff expenses                    | 5,428                      | 4,932                        | 4,149                      |
| <b>Total expenses</b>             | <b>7,549</b>               | <b>7,027</b>                 | <b>7,050</b>               |
| <b>Total Comprehensive Income</b> | <b>6</b>                   | <b>729</b>                   | <b>485</b>                 |

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

|  | Budget<br>2022/23<br>\$000 | Forecast<br>2021/22<br>\$000 | Actual<br>2020/21<br>\$000 |
|--|----------------------------|------------------------------|----------------------------|
| <b>Public equity as at 1 July</b>                                | <b>2,310</b>               | <b>1,581</b>                 | <b>1,096</b>               |
| Total Comprehensive Income                                       | 6                          | 729                          | 485                        |
| <b>Total recognised revenues<br/>And expenses for the period</b> | <b>6</b>                   | <b>729</b>                   | <b>485</b>                 |
| <b>Public equity as at 30 June</b>                               | <b>2,316</b>               | <b>2,310</b>                 | <b>1,581</b>               |



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

|                                  | <b>Budget<br/>2022/23<br/>\$000</b> | <b>Forecast<br/>2021/22<br/>\$000</b> | <b>Actual<br/>2020/21<br/>\$000</b> |
|----------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
| <b>Public equity</b>             |                                     |                                       |                                     |
| General funds                    | 2,316                               | 2,310                                 | 1,581                               |
| <b>Total public equity</b>       | <b>2,316</b>                        | <b>2,310</b>                          | <b>1,581</b>                        |
| Represented by:                  |                                     |                                       |                                     |
| <b>Assets</b>                    |                                     |                                       |                                     |
| <b>Current assets</b>            |                                     |                                       |                                     |
| Cash and cash equivalents        | 2,048                               | 1,801                                 | 1,272                               |
| Debtors and other Receivables    | 29                                  | 80                                    | 80                                  |
| Prepayments                      | 100                                 | 100                                   | 115                                 |
| Inventory                        | -                                   | -                                     | -                                   |
| <b>Total current assets</b>      | <b>2,177</b>                        | <b>1,981</b>                          | <b>1,467</b>                        |
| <b>Non-current assets</b>        |                                     |                                       |                                     |
| Property, plant and equipment    | 217                                 | 296                                   | 293                                 |
| Intangible assets                | 343                                 | 426                                   | 333                                 |
| Capital Work in progress         | -                                   | -                                     | 115                                 |
| <b>Total non-current assets</b>  | <b>560</b>                          | <b>722</b>                            | <b>741</b>                          |
| <b>Total assets</b>              | <b>2,737</b>                        | <b>2,703</b>                          | <b>2,208</b>                        |
| <b>Less: Liabilities</b>         |                                     |                                       |                                     |
| <b>Current liabilities</b>       |                                     |                                       |                                     |
| Creditors and other Payables     | 150                                 | 129                                   | 205                                 |
| Employee entitlements            | 260                                 | 247                                   | 400                                 |
| <b>Total current liabilities</b> | <b>410</b>                          | <b>376</b>                            | <b>605</b>                          |
| Non-current liabilities          | 11                                  | 17                                    | 22                                  |
| <b>Total liabilities</b>         | <b>421</b>                          | <b>393</b>                            | <b>627</b>                          |
| <b>NET ASSETS</b>                | <b>2,316</b>                        | <b>2,310</b>                          | <b>1,581</b>                        |

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

|   | <b>Budget<br/>2021/22<br/>\$000</b> | <b>Forecast<br/>2021/22<br/>\$000</b> | <b>Actual<br/>2020/21<br/>\$000</b> |
|---|-------------------------------------|---------------------------------------|-------------------------------------|
| <b>Cash Flows from operating activities</b>     |                                     |                                       |                                     |
| Cash provided from:                             | 7,392                               | 7,392                                 | 7,276                               |
| Supply of outputs to the Crown                  |                                     |                                       |                                     |
| Revenues from services provided                 | 166                                 | 357                                   | 394                                 |
| Interest received                               | 2                                   | 2                                     | 1                                   |
| Cash applied to:                                |                                     |                                       |                                     |
| Payments to suppliers                           | 1,794                               | 1,802                                 | 2,743                               |
| Payments to employees                           | 5,415                               | 5,085                                 | 4,067                               |
| Net Goods and Services Tax                      | (46)                                | 5                                     | 30                                  |
| <b>Net cash flows from operating activities</b> | <b>397</b>                          | <b>859</b>                            | <b>831</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        | 150                                 | 330                                   | 652                                 |
| <b>Net cash flows from investing activities</b> | <b>(150)</b>                        | <b>(330)</b>                          | <b>652</b>                          |
| Net increase (decrease) in cash held            | <b>247</b>                          | 529                                   | 179                                 |
| Plus opening cash                               | <b>1,801</b>                        | 1,272                                 | 1,093                               |
| <b>Closing cash balance</b>                     | <b>2,048</b>                        | <b>1,801</b>                          | <b>1,272</b>                        |
| Represented by: Cash and bank                   | 2,048                               | 1,801                                 | 1,272                               |
| <b>Closing cash balance</b>                     | <b>2,048</b>                        | <b>1,801</b>                          | <b>1,272</b>                        |

## Statement of underlying assumptions

### Significant assumption

The opening position of the forecasted statements is based on unaudited results for 2021/22. The actual results for March, April, May and June 2022 are unavailable and therefore the balance as at 30 June 2022 have been estimated using the forecast figures as at 31 December 2021 (the date of the last quarterly report).

### Other assumptions

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

As noted on page six and seven, some assumptions have been made in relation to the impact of COVID-19 on certain expenditure lines. No further significant assumptions have been made concerning the future.

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

#### *Software-as-a service arrangements*

The IASB's Interpretations Committee issued an agenda decision during April 2021 that clarified the accounting treatment expected under International Financial Report Standards for customisation and configuration costs associated with software as a service (SAAS) arrangements. The Office is still assessing how the principles of the decision should be applied to its SAAS arrangements. The budget currently does not reflect any changes in past treatment relating to such arrangements.

### 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 Intent and 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.

### **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.

## **Intangible assets**

### *Software*

Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use the specific software.

### *Website costs*

Costs that are directly associated with development of interactive aspects of the Office's website are capitalised when they are ready for use.

Costs associated with general maintenance and development of non-interactive aspects of the Office's website are recognised as an expense when incurred.

### Amortisation

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

|                            |           |
|----------------------------|-----------|
| Acquired computer software | 2-4 years |
| Interactive Tools          | 3 years   |

## **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 and annual leave earned, but not yet taken at balance date.

## **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.