

PRIVACY COMMISSIONER ANNUAL REPORT

2016



Privacy Commissioner
Te Mana Matapono Matatapu

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Annual Report of the Privacy Commissioner

For the year ended 30 June 2016

Presented to the House of Representatives pursuant to section 24 of the Privacy Act 1993

November 2016

THE MINISTER OF JUSTICE

I tender my report as Privacy Commissioner for the year ended 30 June 2016

A handwritten signature in black ink, appearing to read 'J Edwards', is centered on the page. The signature is fluid and cursive, with the first letter 'J' being particularly large and stylized.

John Edwards
Privacy Commissioner

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Key points

Dispute resolution

- We have worked hard to resolve complaints as quickly and fairly as we can. The effect was that 92% of our complaint files were completed within 6 months, and nearly 50% of our cases were settled.
- During the year we instituted a quarterly review of a sample of our investigation files by an external auditor. The investigation files received an average grade of 4 out of 5.

Litigation

- We referred two cases to the Director of Human Rights Proceedings for further action.
- Thirty-four complainants took proceedings in the Human Rights Review Tribunal without a referral from us.
- We intervened in a Supreme Court case, to assist the Court in its consideration of a question of law about the role of the Privacy Act in determining admissibility of evidence.

Helping agencies share information

- We supported agencies in responsible information sharing in a variety of different ways, from informal consultations on the application of the Privacy Act to ongoing work to produce formal Approved Information Sharing Agreements (AISAs).
- We engaged closely with agencies developing an AISA to help children's teams, to enable them to share information about children in need of care and protection to provide support for the family and keep children safe.
- We provided policy support to assist the Gangs Intelligence Centre to get up and running, ensuring that staff could share information as required.

Big data

- We engaged with many "big data" initiatives and supported the work of the Data Futures Partnership process. We encouraged agencies to be transparent and robust in sharing the algorithms used in big data analysis.

Privacy Week

- We hosted a visit from UN Special Rapporteur for the Right to Privacy, Professor Joe Cannataci, during Privacy Week in May 2016. Prof Cannataci delivered a keynote address at Privacy Forums in Wellington and Auckland.
- We released new UMR survey results on public perceptions of privacy.
- We marked New Zealand's first 'Right to Know Day' - a day dedicated to raising awareness of people's right to see their own personal information that agencies hold.

Better Public Services – result areas 9 & 10

- We added to our suite of online training modules – with new modules on Approved Information Sharing Agreements (AISAs) and Privacy Impact Assessments (PIAs). Uptake of the modules is steady with around 9,000 people registered across all modules, and growth of around 400 new users each month.
- We have developed an online interactive FAQ tool – AskUs – in an effort to provide high-quality and readily accessible privacy advice.
- We developed and launched ‘AboutMe’ – an online tool that helps people request their own personal information from agencies.
- We offer a facility to enable online lodgement of complaints through our website. This facility is well-used by the public.

Outreach

- We gave 98 presentations to a wide range of stakeholder groups.
- We continued our regional outreach strategy, meeting with the public and stakeholders in Christchurch, Nelson / Marlborough, Tauranga, Rotorua, Whangarei, and Gisborne.
- We received 218 media enquiries this year.
- We received 7,783 public enquiries through our 0800 number and enquiries email.

Transparency and accountability

- The Office received 148 voluntary notifications from agencies of data breaches that had occurred.
- We published the results of our first reporting pilot, sampling 10 private sector companies about government requests for customer information. We found that 11,799 requests for information had been made, of which 449 were declined (over a four-month period in mid 2015).
- We released a vulnerability disclosure policy to provide assurance to users in the event that they find a vulnerability in our computer system or website.

International

- The New Zealand Privacy Commissioner was elected as Chair of the International Conference of Data Protection and Privacy Commissioners. The Office of the Privacy Commissioner, New Zealand provides the Conference Secretariat.
- We participated in the 44th and 45th Asia Pacific Privacy Authorities (APPA) Forums in Macau and Singapore. The membership has now grown to 19 authorities stretching from Peru to Singapore.
- The Privacy Commissioner was invited to present at the OECD Ministerial Meeting in Cancun, Mexico on the topic of managing digital security and privacy risks.

Information Matching

- There are currently 54 information matching programmes in operation. No new programmes were initiated. The Office reviewed four programmes and considered they should continue without amendment.

Law changes

- The jurisdiction of the Privacy Act was widened by the Harmful Digital Communications Act. Agencies may now only use or disclose personal information which has been obtained from a publicly available publication where, in the circumstances of the case, it would not be unfair or unreasonable to do so. Previously, agencies could use or disclose any personal information that was publicly available. We amended our codes of practice to reflect this change.

Law reform

- The Office provided substantial advice to the Ministry of Justice and Parliamentary Counsel on reforming the Privacy Act and implementing the recommendations of the Law Commission in its report *Review of the Privacy Act 1993: Review of the Law of Privacy Stage 4* (NZLC 123, 2011).

Introduction

Building foundations of trust - information sharing and transparency

In 2013, the OECD recognised privacy as a “fundamental value and a condition for the free flow of data across borders.” In order to achieve this condition, nations would require “privacy enforcement authorities with the governance, resources and technical expertise necessary to exercise their powers effectively and to make decisions on an objective, impartial and consistent basis.”

This objectivity and impartiality contributes to one of the most significant aspects of the New Zealand Privacy Commissioner’s role: its statutory independence. It’s something I regard as integral in building an effective watchdog for New Zealanders and important in the freedom it grants me as a regulator. My two predecessors were highly attuned to the responsibility – as well as opportunity – that comes with independent office. That is not to say that any privacy commissioner can distance him or herself from Government objectives or lose sight of the delicate balance involved in working to affect change while maintaining public confidence.

Naming

Our ‘naming policy’ outlines the criteria we will consider when we publicly name organisations that are not complying with their privacy obligations. To date, we have used it on a small number of occasions only. In one instance, we disagreed with Immigration New Zealand’s (INZ’s) approach in recording a refugee’s age. In that case, a young man arrived in New Zealand from a failed state, without evidence of identity. When his nominated age proved untenable, on the basis of medical and other evidence, the department was initially unwilling to adjust his recorded age. His case raised concerns both about the accuracy of information that the department was relying on, and about an individual’s ability to correct information when it is wrong.

The effect was that the young man was unable to access critical social and education services because INZ’s records were inaccurate.

The issues in the case were not able to be adequately described without identifying the agency involved: <https://privacy.org.nz/INZ-case>

However, as we noted at the time, a number of agencies – not only INZ – have built robust systems and procedures to safely manage the personal information they hold. This case raises questions about how agencies respond to individuals’ specific circumstances in the context of those systems.

Big data

Many public sector agencies are using data analysis of large data sets to inform the provision of more targeted social services – and it is a development echoed in the private sector in targeting products to consumers. Although there are privacy risks in this, we have also seen some potential privacy benefits because those data sets need to be accurate, error-free and complete in order to be usable.

The Integrated Data Infrastructure and the Social Investment Unit both carry out this analysis in a structured way, with high-quality data standards to ensure that people can get value from the data sets without compromising privacy.

Throughout the year we have continued to support the forward-looking work of the Data Futures Partnership. Our key messages have emphasised the need for choice and transparency. We encourage agencies to have a clear 'opt-out' choice for individuals whose data is included in the data sets, and to be transparent about the algorithms behind the conclusions they reach.

Information Sharing

Throughout the year I have continued to reiterate messages about the importance of sharing information to protect children. It can be done under existing law. I have also said publicly that I would be very concerned if misperceptions about privacy laws are getting in the way of preventing harm to children. This need not be so. There are many layers of legal protection that allow for appropriate information sharing.

Agencies should not be concerned about breaking privacy laws when it comes to vulnerable children. They should already be sharing information and not be waiting for the law reform to take effect.

Whatever changes to law are ultimately proposed, it is essential that Ministers and others involved in preventing harm to children continue to reassure teachers, doctors, nurses, midwives, child care workers and anyone else who has information about a child at risk, that they will not be in breach of privacy laws, and cannot be subject to any liability where they notify a police officer or social worker about any child or young person who has been, or is likely to be, harmed (whether physically, emotionally, or sexually), ill-treated, abused, neglected, or deprived. My office will continue our efforts to educate agencies on this point.

Right to Know

It's an elementary but critical legal right to be able to see information that is about you. That starting point can enable individuals to exercise other rights. The information gained can clarify the reasons for agency actions and can illuminate decision making processes. The value in 2016 of a personal access right is strong, as agencies accumulate ever-richer information stores and share that data more widely. We were pleased to hold New Zealand's first 'Right to Know Day' during Privacy Week 2016 to mark the legal right to request personal information. We also launched 'AboutMe' – an online tool we developed to facilitate access requests. 'AboutMe' is available at privacy.org.nz/aboutme.

Transparency and trust

The Privacy Act says you can disclose information when it's necessary to avoid prejudice to the maintenance of the law. This places some limits on confidentiality, and is evident by the number of times government agencies seek access to private agencies' customer data.

I encourage companies to be transparent about how many requests like these they receive, and how they respond to them. This gives customers the ability to make an informed decision about who to do business with.

In order to encourage this, my office facilitated a transparency reporting pilot. We worked with 10 companies from a variety of industries between August and October last year. Our goal was to produce a report on how businesses generally responded to requests for information. The results were that there had been 11,799 requests for personal information, of which 11,349 were complied with and 449 declined.

Transparency reporting like this has been endorsed by the International Conference of Data Protection and Privacy Commissioners in a 2015 resolution.

Public opinion - Data sharing safeguards

Both our public opinion polling and recent focus group work indicate that New Zealanders are becoming more conscious of the implications of data sharing and technology changes to their privacy. There are consistently high levels of concern about information about younger New Zealanders being shared online and through social media. Approximately two-thirds (65%) of New Zealanders are concerned about privacy.

Nearly half of New Zealanders (46%) are *more concerned* about individual privacy issues over the last few years.

Respondents were asked about their attitudes to personal data being shared between organisations. A majority (62%) felt *"We should not share data as the risks to people's privacy and security outweighs the benefits"*, while 38% had a view closer to *"We should share all the data we can because it benefits the services and me."*

These results send a clear message that data sharing is a potentially divisive issue for the community, and having the right safeguards in place significantly increases people's willingness to have their data shared. A majority were willing to share data as long as *they could opt out if they chose (57%); there were strict controls on who can access the data and how it is used (59%), and data is anonymised and they couldn't be identified (61%)."*

The full survey results are available on the Office of the Privacy Commissioner's website at <https://www.privacy.org.nz/news-and-publications/surveys/>

Law reform

We have actively engaged with officials as they worked through the Privacy Law reform process during the year. There is a real need to bring the current law up to date to better respond to a range of technology and other changes in the last twenty years. We look forward to a Bill being introduced to Parliament in 2017.

Report on activities

International

There is an underlying international dimension to many aspects of information privacy. Most significant is the cross-border transfer of personal information that is now so much an ordinary daily feature of business and personal life. In addition to changes in business processes, such as outsourcing, cloud computing and off-shoring, individuals now publish, rather than just consume, content online. The internet and mobile computing technology has made it easier than ever for individuals to post information about themselves and others to the world.

Global privacy enforcement authorities need to cooperate across borders to protect against privacy threats from wherever they originate. Collaboration with counterpart authorities can lead to enhanced problem solving, creative policy solutions and more effective regulation. The Office engages with overseas counterparts in a number of ways. For example:

- international collaboration can lead to common standards to facilitate business transactions across borders in ways that protect the interests of individuals
- a company's actions in one country can affect the citizens in another. For example, in the event of a security breach, we may need to seek the cooperation of overseas enforcement authorities
- other countries may encounter privacy challenges before they affect New Zealand and we hope to gain 'advance warning' through their experience.

We engage in a variety of forums, principally:

- Asia Pacific Privacy Authorities (APPA) Forum
- International Conference of Data Protection and Privacy Commissioners (ICDPPC)
- APEC Data Privacy Subgroup (DPS)
- OECD Working Party on Security and Privacy in the Digital Economy (SPDE).

Some of the highlights of 2015/16 were:

- **International Conference of Data Protection and Privacy Commissioners:** at the 36th International Conference in 2014 the New Zealand Privacy Commissioner was elected as Chair of the Conference's Executive Committee. The Office of the Privacy Commissioner provides the Conference Secretariat. The New Zealand Commissioner was re-elected for a further and final two year term in 2015. The role as Chair and Secretariat has provided an opportunity to substantially contribute to advancing capacity building and strategic work amongst data protection authorities at international level. Significant achievements have included, for example, building a permanent conference website and implementing an International Enforcement Cooperation Arrangement.
- **Asia Pacific Privacy Authorities (APPA) Forum:** we participated in the 44th and 45th forums in Macau and Singapore. The APPA Forum is continuing to build its importance in the region and has grown by two new members: the US Federal Communications Commission and the Japanese Personal Information Protection Commission. This brings the membership to 19 authorities stretching from Peru to Singapore.
- **Global Privacy Enforcement Network (GPEN):** The network remains a key means of connecting with our international counterparts in enforcement. We participate in monthly GPEN Pacific teleconferences. A notable global GPEN initiative during the year was the GPEN Sweep involving participants from more than 15 countries and over 20 privacy enforcement authorities that used a common set of indicators to evaluate Internet of Things (IoT) devices with a focus on accountability.

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- **APEC Electronic, Commerce Steering Group for Data Privacy Subgroup:** Assistant Commissioner Blair Stewart participated in the DPS meeting held in Lima, Peru in February. He helped set up a workshop on next generation privacy issues.
 - **OECD Ministerial Meeting on the Digital Economy:** The Privacy Commissioner was invited to present at the OECD Ministerial Meeting in Cancun, Mexico on the topic of managing digital security and privacy risks. The Commissioner also presented at an associated stakeholder forum organised by the OECD Business and Industry Advisory Committee (BIAC). New Zealand's privacy law is based upon OECD guidelines and the Cancun Ministerial Declaration on the Digital Economy will inform the OECD's work programme over the coming years. For instance, we might expect to see the OECD work to develop new privacy metrics for the digital economy and encourage development of privacy strategies at national level.

Media, outreach and education

Privacy Week

Privacy Week is an annual event across the Asia-Pacific, organised by the Asia-Pacific Privacy Authorities (APPA). It is an opportunity to raise awareness of privacy and data protection themes, through a week of activity across the region.

This year had a busy programme. The main events were two privacy forums (one in Auckland, one in Wellington). These forums had presentations and panel discussions on a variety of different topics, such as security and intelligence, access requests and privacy in the media. We tailored the programme for each forum to deliver content for businesses in Auckland and government agencies in Wellington.

A highlight of this year's Privacy Week was a visit from UN Special Rapporteur for the Right to Privacy, Professor Joe Cannataci. Prof Cannataci's role is to investigate how different countries approach privacy, and regularly report back to the UN on his findings. This means he brings a significant global perspective to privacy issues.

Prof Cannataci delivered keynote addresses at our two privacy forums, as well as meeting with stakeholders and officials from a number of different agencies.

We released the results of our regular UMR survey on public perceptions of privacy; and our 'mystery consumer' report highlighting our investigation of credit reporters. We also marked Privacy Week with our first Right to Know Day – a day dedicated to raising awareness of people's right to see their own personal information that agencies hold and, in association with that, launched a new online access tool – 'AboutMe'. This tool is available at privacy.org.nz/aboutme. We were pleased to collaborate with community art workshops throughout the country, which produced a lively range of privacy-related art works.

Education

Last year, we launched our online privacy training modules, in order to train more people about privacy by removing the need to travel to an in-person training session. This year we focussed on promoting the existing modules (Privacy 101 and Health 101) and developing two new training modules: a guide to Approved Information Sharing Agreements and a guide to Privacy Impact Assessments.

Uptake of the modules is steady, with more than 9,000 people registered across all the modules (although this includes some overlap). Growth is steady too, with roughly 400 new users signing up every month. This compares with the previous record of in-person workshops of 20 people per session.

Outreach

We continued to give speeches and presentations to a wide variety of groups. These presentations are often delivered by the Commissioner, but a significant number are delivered by other staff in the office (98 presentations were provided in the year).

We also continued our regional outreach strategy, meeting with the public and stakeholders in six different regional centres across the North and South islands during the year. Upcoming visits are detailed on our website.

Information sharing to protect children and support families

We engaged with multi-agency teams in the social sector, and gave 12 presentations aimed at helping them to share information about vulnerable children using the mechanisms provided in the Privacy Act.

Media

We received 218 media enquiries this year on a wide range of topics. Data breaches were a significant theme in this year's media enquiries, with journalists seeking comment on the Ashley Madison breach as well as a number of breaches from public and private sector organisations across New Zealand. Technology such as drones and CCTV cameras also continue to drive enquiries.

Enquiries

We handled 7,783 public enquiries this year through our 0800 number and enquiries email address. We are working to enable people to easily find answers to their privacy questions. One way we are doing this is through AskUs, an interactive FAQ on our website. We developed this in the 2015/16 financial year and launched it at year end. We anticipate that AskUs will enable enquirers to readily find the information they need online whenever they need it, and over time is likely to reduce the pressure on the 0800 line. AskUs is available at privacy.org.nz/ask

CASE EXAMPLE

DHB is allowed to disclose information to CYFs

A parent brought their child to a hospital's emergency department. After examining and speaking to the child, the physician in charge referred the family to CYFs out of concern for the child's welfare. The parent later found out about this, and complained to our office.

We found that there had been no interference with the parent's privacy, as the Children, Young Persons and their Families Act 1989 protects people from "civil, criminal or disciplinary proceedings" if they disclose information in good faith to CYFs about a child who may be at risk.

Tools and resources

We developed and distributed a number of tools, resources and guidance documents through the year. One of the most notable was AboutMe, a tool that helps people request their own personal information from agencies. AboutMe, which is free to use, asks users a series of questions about the information required. It then drafts an email on their behalf, and sends it directly to the agency, together with guidance to the agency about its legal obligations. We have received positive feedback from both individuals and agencies about the way AboutMe captures all the relevant information up front and saves both parties the effort of going back and forth to clarify requests. AboutMe is available at privacy.org.nz/aboutme

Bank pays after cancelling woman's credit card

A woman's credit card was frozen by her bank because there was a bankruptcy notice on her file. The woman was not bankrupt, so she asked the bank for the information they held about her in order to clear her name and regain access to credit. After getting no response from the bank, she made a complaint to our office.

We worked with the bank to get the information for the woman, and to get it corrected. This took a significant amount of time as the file was passed around to different people in the bank. However, after several months, the bank not only corrected its records and confirmed that the woman was not bankrupt, it also gave her a substantial financial settlement as compensation.

Investigations

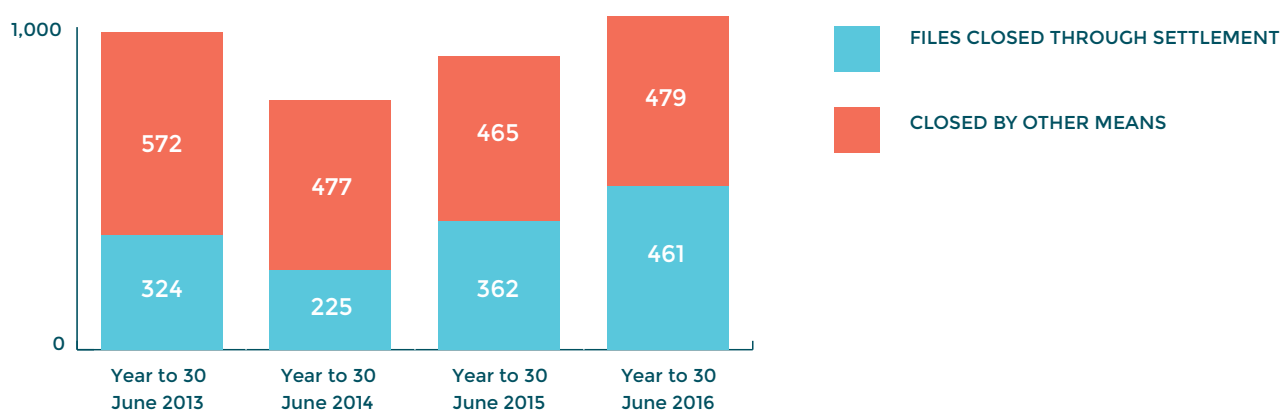
Our aim is to resolve complaints as quickly and fairly as we can. This year we built on improvements that we started last year, in an ongoing effort to improve our processes. We tried to standardise our processes while also being more active in conferences between the parties.

In the coming year, we intend to use more technology, such as video conferencing in case conferences, in an ongoing effort to resolve cases as quickly as possible.

Results

The approach we have taken during the year has delivered real results: 92% of our files are completed within 6 months, and nearly 50% of our cases were settled. These are some of the best results we have seen in these two measures.

FIG 1: FILES CLOSED THROUGH SETTLEMENT



Quality of process

In order to maintain a high level of in-house expertise, we focussed on formalising processes and procedures. We have created checklists that investigators use on their initial calls with complainants, as well as a procedures manual to ensure consistent processes.

We also implemented other measures to ensure consistency. For example, we have created a cross-office peer review system, where every piece of material is seen by at least two people. This has helped to ensure that our approach and reasoning are the same in similar cases.

CASE EXAMPLE

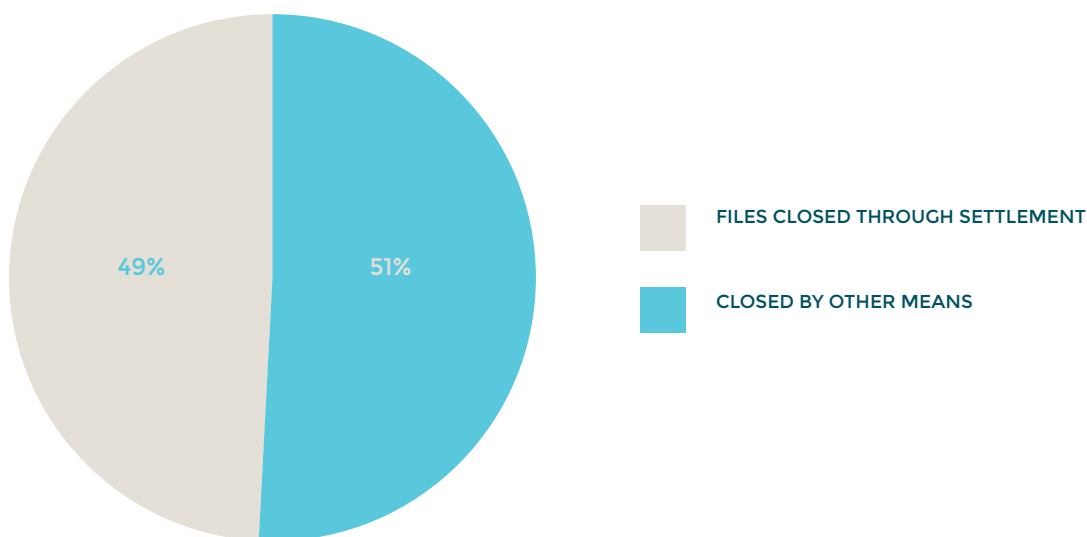
Corrections officer alerts the wrong authorities

An off-duty Corrections employee saw a managed offender at a social event. The offender had a number of dishonesty convictions. She recognised him because she had seen him three days before in her official capacity as a Corrections employee.

The man was speaking to other attendees, taking their photos and writing down their contact details. She asked the event organiser who he was. Upon hearing that he had purported to be an international expert in the field who had volunteered his services to the event, she advised the event organiser that he wasn't, but was rather a current offender, reporting to Corrections.

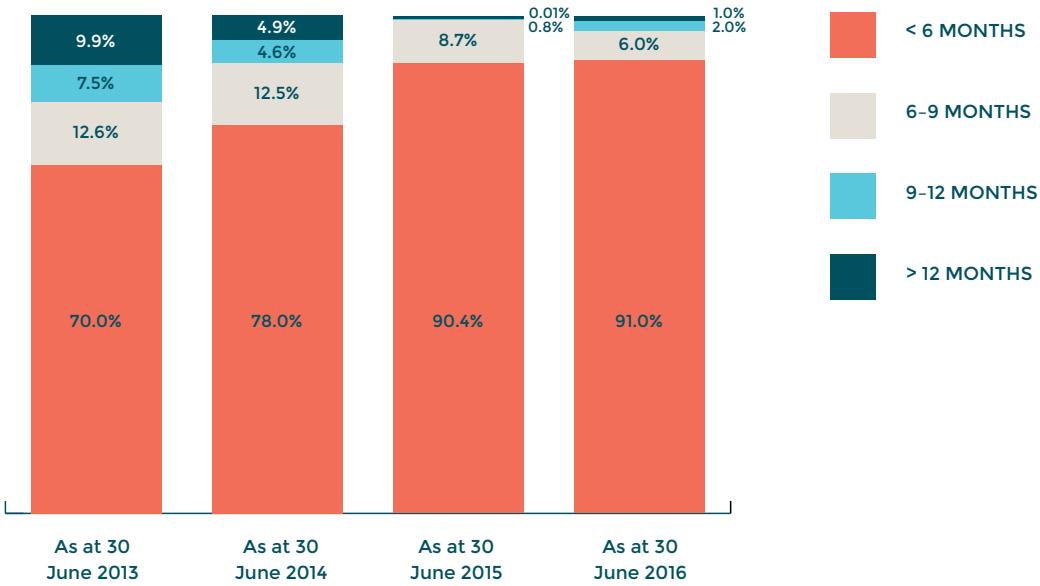
The offender made a privacy complaint. We found that she (and by connection, Corrections) disclosed information in breach of the Privacy Act, but we declined to investigate further because that breach did not cause any harm. An action is only actionable under the Privacy Act if it is an 'interference with privacy', which is a breach of an information privacy principle and harm of some description. We also noted that, had she told the Police, there would have been no privacy breach, as people are allowed to disclose information to the Police in order to assist with the maintenance of the law.

FIG 2: PERCENTAGE OF FILES CLOSED THROUGH SETTLEMENT 2016



During the year we instituted a quarterly review of a sample of our investigation files by an external auditor. The auditor's overall conclusion was that in general the standard of the files was very high, with an average grade of four out of five.

FIG 3: WORK IN PROGRESS - AGE OF FILES

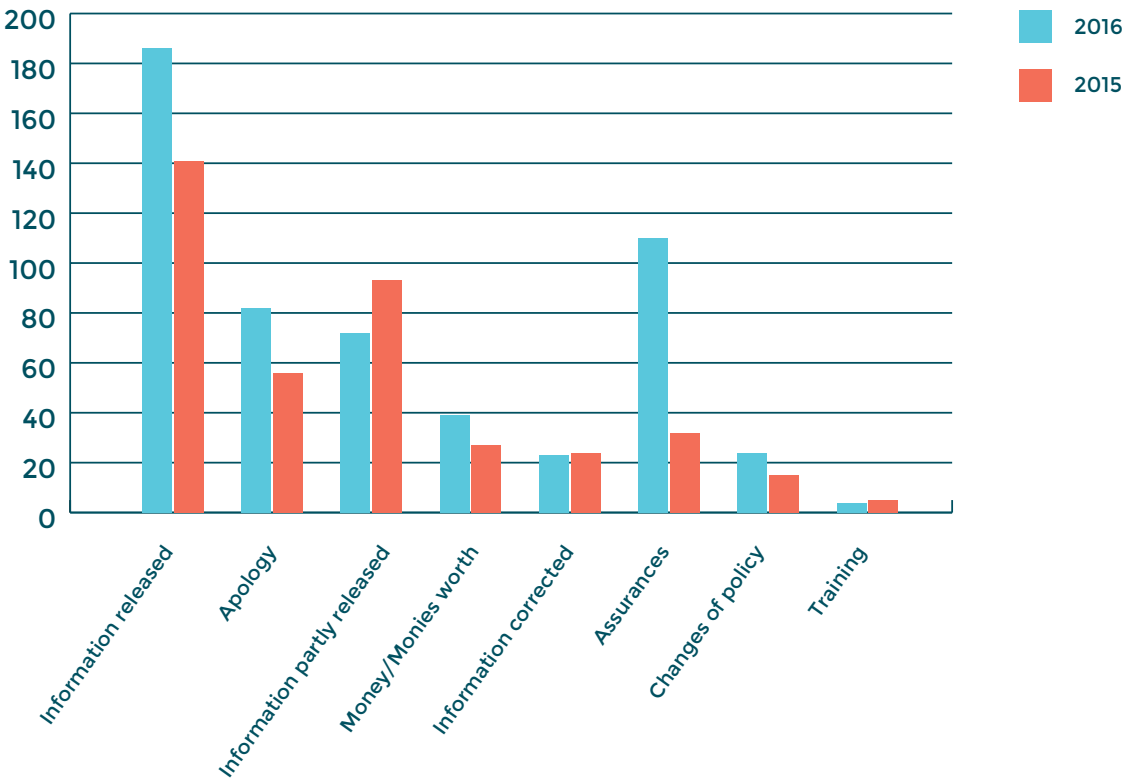


Conciliation approach

The Privacy Act allows for a flexible approach towards dispute resolution. That flexibility enables us to tailor conferences between complainants and respondents to the specific situation.

For example, we are trialling a preliminary conference approach. The goal of this conference is to set the “terms” of the investigation, and agree on what we will look into and what is out of scope. By setting these terms early, we can keep the investigation focussed on an agreed set of issues rather than getting bogged down in other aspects of the relationship between the complainant and respondent.

FIG 4: SETTLEMENT OUTCOMES



Litigation

Most complaints are resolved during the course of the investigation through some form of settlement. When cases cannot be settled, we have the option of referring the matter to the Director of Human Rights Proceedings, who may choose to take the case to the Human Rights Review Tribunal (HRRT). Complainants also have the right to take their case to the Tribunal themselves.

This year we referred two cases to the Director – the same number as the previous year. The Director is still considering one of these referrals and in the other referral the Director obtained a settlement just after the end of this reporting period. These are in addition to cases currently under consideration from previous years.

Thirty-four complainants took proceedings to the Tribunal without a referral from us. Of the cases decided by the Tribunal this year, it found an interference with privacy in six cases, and found no interference in two cases.

We also intervened in a Supreme Court case. This case was a procedural matter about the admissibility of evidence. The case involved Police gathering evidence on a suspected drug dealer by asking his energy company for information about his power consumption. The Court of Appeal had raised some points about the ability of the power company to disclose power usage to Police. The Crown appealed on that point. We intervened in a neutral way, providing context on the Privacy Act rather than taking a position.

Notable Tribunal decisions

There were a number of notable HRRT decisions this year. These decisions provide guidance on how we apply the Privacy Act. When damages were awarded, they were high, which has been the trend for HRRT damages for a couple years now.

Director of Human Rights Proceedings v Crampton

This case was notable because of the damages awarded. A student union executive committee wrote a letter to its president, criticising her performance as their employee. One of the members gave that letter to the student magazine. We referred the case to the HRRT, which awarded \$18,000 in damages to compensate for the humiliation he had caused her.

Director of Human Rights Proceedings v NZ Institute of Chartered Accountants

This case involved an accountant whose practice was reviewed by the NZ Institute of Chartered Accountants (NZICA). It widened the definition of “evaluative material.”

NZICA found that the accountant needed to make changes to his practice or lose the right to market himself as a chartered accountant. He made an access request under Principle 6 for the notes made by the reviewers. NZICA declined to share these notes based on the ‘evaluative material’ exception in the Privacy Act, which allows agencies to withhold information used ‘for the awarding of contracts, awards, scholarships, honours, or other benefits’.

The Tribunal found that this information met the criteria of ‘evaluative material,’ as the man’s ability to market himself as a chartered accountant was a ‘benefit’. This is important guidance because it has widened our definition of evaluative material to include material that is used to evaluate whether someone can hold a particular job title.

Codes of practice

The Privacy Commissioner amended three codes: the Health Information Privacy Code 1994, Telecommunications Information Privacy Code 2003 and Credit Reporting Privacy Code 2004. The amendments in all three cases were in response to amendments made to the Privacy Act 1993 by the Harmful Digital Communications Act 2015.

From July 2015, the Harmful Digital Communications Act restricted the circumstances in which agencies may use and disclose publicly available personal information. Agencies may now only use or disclose personal information which has been obtained from a publicly available publication where, in the circumstances of the case, it would not be unfair or unreasonable to do so. Previously, agencies could use or disclose any personal information that was publicly available without constraint. The same approach became a requirement in the three codes variously in October and November 2015.

The opportunity was taken in some of the code amendments to tidy up certain other minor matters where, for example, cross references to sections in other statutes needed to be updated.

At the start of the year there were six codes of practice in force.

Policy – information sharing, trust and transparency

There were two key themes in this year's policy work: helping public sector agencies share information in a privacy-safe way, and helping private sector agencies improve their transparency.

Helping agencies share information

Information sharing was a recurrent element this year, as government agencies worked on initiatives to share information with one another. We supported these agencies in a variety of different ways, from informal consultations on the application of the Privacy Act to advising agencies developing Approved Information Sharing Agreements (AISAs).

Two examples of AISAs are the Vulnerable Children's Hub and the Gangs Intelligence Centre.

The Vulnerable Children's Hub collects information about vulnerable children from Police, schools and other organisations before making contact with the families of those children. The AISA helps the Hub collect and use this information while also respecting individual privacy.

The Gangs Intelligence Centre was another initiative to enable agencies to work together. We were consulted on privacy safeguards and the AISA requirements, with a view to ensuring that staff could share information in a way that protected individual privacy.

Informal information sharing

The Government has set explicit goals of improving the way agencies work together to deliver better public services. We spent a significant time this year supporting agencies' efforts to deliver on this goal on a day-to-day basis, by using the mechanisms in the Privacy Act effectively.

This informal, consultative approach helps agencies to manage the privacy risks that can come from information sharing.

Big data

As processing power develops, agencies are analysing big data sets to inform the provision of more targeted social services. More and more agencies are looking for ways to improve their services by making better use of their data. There are benefits to be gained from this approach, along with risks that need to be addressed.

The process of analysing large data sets can have a flow-on benefit for privacy, as it requires high quality data as a starting point. To get clean and accurate data, agencies need to have robust collection and storage principles.

We have been advising agencies on their collection and storage principles. At the same time, we have encouraged agencies to give individuals clear 'opt-out' choices and to be transparent about the algorithms behind the conclusions they reach.

We have also addressed re-identification. This is when a dataset with anonymous information is cross-referenced against another dataset to de-anonymise the first data set. For example, if a list of home addresses and sale prices was to be cross-referenced against a list of names and addresses, it would be possible to match house prices to names – even though the first list was anonymous.

We advised agencies undertaking big data projects to take steps to avoid re-identification. One mechanism to do so is through differential privacy, which is when false information is randomly added to big datasets in order to make it more difficult to identify individuals, without compromising the overall results from the dataset. Another mechanism is an outright ban on cross-referencing datasets.

Two examples of public sector big data projects are the Integrated Data Infrastructure (IDI) and the Social Investment Unit (SIU).

The IDI launched after a significant amount of consultation with our office and others. The Social Investment Unit is currently in that same early phase, and we are helping to implement privacy standards that are equivalent to those in the IDI.

In order to get the most value from projects like the IDI and the SIU, agencies need to use high-quality data standards to ensure that they can extract value from the data sets without compromising individual privacy.

Transparency reporting

This year we published the results of our transparency reporting pilot. This pilot study included a sample of 10 private sector companies. We asked those companies to keep a record of the number of requests for customer information they received in any month from government agencies, such as Police and the IRD, and how many of those requests they complied with. Across the companies sampled, we found that government agencies made 11,799 requests for information, of which 449 were declined. This was in a four-month period in mid 2015. We are now working on our second transparency report, and we encourage companies to publish their own transparency reports. Some companies, such as TradeMe, Google, and Facebook already do this and transparency reporting is an increasing trend internationally.

The societal bargain to be struck is not security OR privacy. We have the opportunity to arrive at a solution where all interests that are important to New Zealanders are recognised and respected.

The ongoing challenges are to ensure there is an appropriate system of thresholds, limits, checks and balances to avoid the overuse of surveillance and to address the perception that surveillance is used more widely than necessary.

I challenge the assumption that intelligence agencies can continue to be regarded as a special case that require significant departures from the normal public sector governance and accountability model. My strong view is that the intelligence agencies should be brought more closely in line with other public sector bodies having an intelligence role, subject to any necessary exceptions.

Privacy Commissioner, Submission to the Independent Review of Intelligence and Security, August 2015

Clearing roadblocks to information sharing

In 2014, Philip John Smith escaped from prison and left New Zealand. In 2016, an independent report was released detailing how this happened. The report noted criminal justice system information sharing failures, commenting: “We do not know whether the failure to create a comprehensive system for sharing information data by those agencies charged with administering the criminal justice system is the result of departmental caution, ministerial direction, resource limitations, government priorities or various combinations thereof.”

In response to this, we issued a statement highlighting our willingness to engage with any government agencies that want to share information in order to deliver better public services.

We are currently participating in a process to help public sector agencies identify areas where they need to share information to perform their functions, as well as helping to educate them on how to remove these roadblocks.

Law reform

The Office provided substantial advice to the Ministry of Justice and Parliamentary Counsel on reforming the Privacy Act and implementing the recommendations of the Law Commission in its report *Review of the Privacy Act 1993: Review of the Law of Privacy Stage 4* (NZLC 123, 2011). This included technical advice on modernising and updating the Act, as well as advice on substantive new reforms.

We provided specific advice on:

- introducing a new privacy principle to allow for anonymous and pseudonymous transactions in appropriate circumstances
- introducing a mandatory breach notification requirement
- introducing new compliance notice and access determination powers for the Commissioner
- technical advice on appeal processes
- implementing the Law Commission’s recommendations in relation to cross-border disclosures
- future-proofing the Privacy Act in case the government wishes to adopt the APEC Cross-Border Privacy Rules at a later date
- modernising and restructuring Part 4 of the Privacy Act (information privacy requests)
- modernising and restructuring Part 8 of the Privacy Act (complaints and investigations)
- modernising Part 9 of the Privacy Act (procedural provisions)
- implementing the Law Commission’s recommendations in relation to Part 10 (information matching).

In developing our submission to the Data Futures Forum, we also provided policy advice to the Ministry of Justice on creating new controls on the re-identification of information that has been purposely de-identified.

We continue to engage with the Ministry of Justice and Parliamentary Counsel on the new Privacy Bill and look forward to release of an Exposure Draft in coming months.

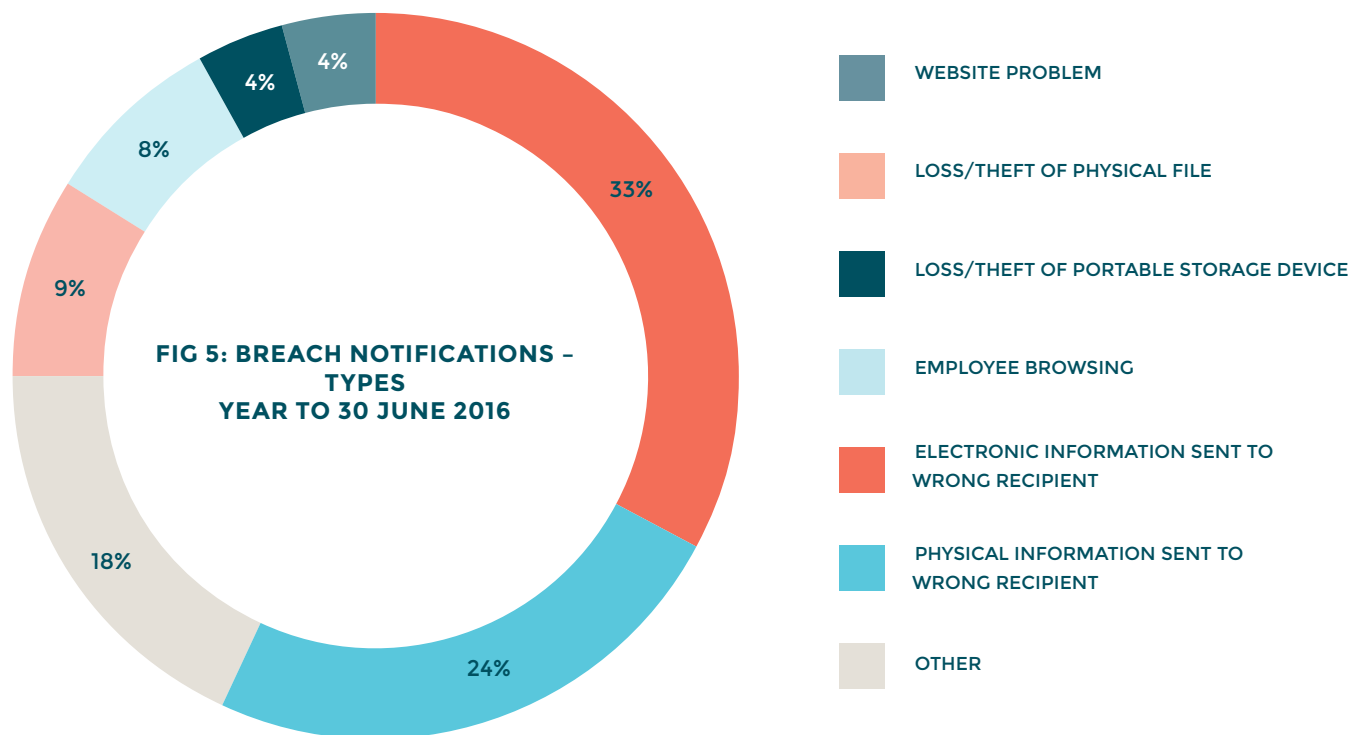
Breach notifications

We continued to receive breach notifications from a variety of public and private sector agencies. As with most years, the most common cause of a privacy breach was human error or carelessness. Breach reporting remains voluntary, so there is no way of knowing what proportion of breaches are reported to our office.

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Common types of breaches

| | 2016 | 2016 % | 2015 | 2015% |
|------------------------------------------------|------|--------|------|-------|
| WEBSITE PROBLEM | 6 | 4.1% | 10 | 8.3% |
| LOSS/THEFT OF PHYSICAL FILE | 13 | 8.8% | 20 | 16.5% |
| LOSS/THEFT OF PORTABLE STORAGE DEVICE | 6 | 4.1% | 5 | 4.1% |
| EMPLOYEE BROWSING | 12 | 8.1% | 6 | 5.0% |
| ELECTRONIC INFORMATION SENT TO WRONG RECIPIENT | 48 | 32.4% | 36 | 29.8% |
| PHYSICAL INFORMATION SENT TO WRONG RECIPIENT | 36 | 24.3% | 24 | 19.8% |
| OTHER | 27 | 18.2% | 20 | 16.5% |
| TOTAL | 148 | | 121 | |



Information Matching

Statutory review of information matching provisions

It is a requirement in the Privacy Act that the Commissioner reviews each information matching provision every five years. In these reviews, the Commissioner chooses to continue, amend or cancel a provision.

This year, the Privacy Commissioner reviewed the following four information matching provisions, and considered that they should be continued without amendment:

- Education Act 1989, section 128A (now replaced with Education Act 1989, Section 360)
- Electoral Act 1993, section 263A

-
- Social Security Act 1964, section 126A
 - Tax Administration Act 1994, section 84.

The review reports are available on our website: <https://privacy.org.nz/data-sharing/information-matching-reports-and-reviews/>.

Changes in authorised and operating programmes

Parliament passed no new information matching authorisations during the year. The BDM/IR Child Support Processing programme ceased operating on 23 June 2016. As individuals can now request an IRD number for their child as part of the birth registration process, IR no longer needs to rely on this programme to check birth details.

The BDM(Births)/MoE Student Birth Confirmation programme which was used to improve the quality of data held in the National Student Index by comparing the Index with historic birth records has ceased operation as it has completed its purpose.

There are currently 54 information matching programmes in operation (see Appendix B which includes the BDM/IR Child Support processing programme that ceased just before the year end).

Office and functions

Independence and competing interests

The Privacy Commissioner has wide ranging functions. The Commissioner must have regard to the information privacy principles in the Privacy Act and the protection of important human rights and social interests that compete with privacy.

Competing social interests include the desirability of a free flow of information and the right of government and business to achieve their objectives in an efficient way. The Commissioner must take account of New Zealand's international obligations, and consider any general international guidelines that are relevant to improved protection of individual privacy.

The Privacy Commissioner is independent of the Executive. This means the Commissioner is free from influence by the Executive when investigating complaints, including those against Ministers or their departments. Independence is also important when examining the privacy implications of proposed new laws and information matching programmes.

Reporting

The Privacy Commissioner reports to Parliament through the Minister of Justice, and is accountable as an independent Crown entity under the Crown Entities Act 2004.

Staff

The Privacy Commissioner employs staff in the Auckland and Wellington offices.

The Assistant Commissioner (Auckland) is responsible for codes of practice and international issues.

The Assistant Commissioner (Policy & Operations) has responsibility for investigations teams across both offices, enquiries, policy and technology advice and information matching work.

The Public Affairs Manager is responsible for the communications, education, publications, media and external relations functions in the Office.

The General Manager is responsible for administrative and managerial services to both offices. Administrative support staff are employed in each office.

The General Counsel is legal counsel to the Privacy Commissioner, manages litigation and gives advice in the area of investigations and Privacy Act law reform.

Auditing our performance

In order to ensure that our policy and investigations functions are delivering high-quality services, we routinely employ third-party auditors to examine a random sample of files from both teams. These files are "graded" according to a number of criteria. Both teams performed well, and more importantly, the audit processes highlighted areas to improve. We also commissioned a third-party audit of our website, which highlighted areas for improvement in the user experience.

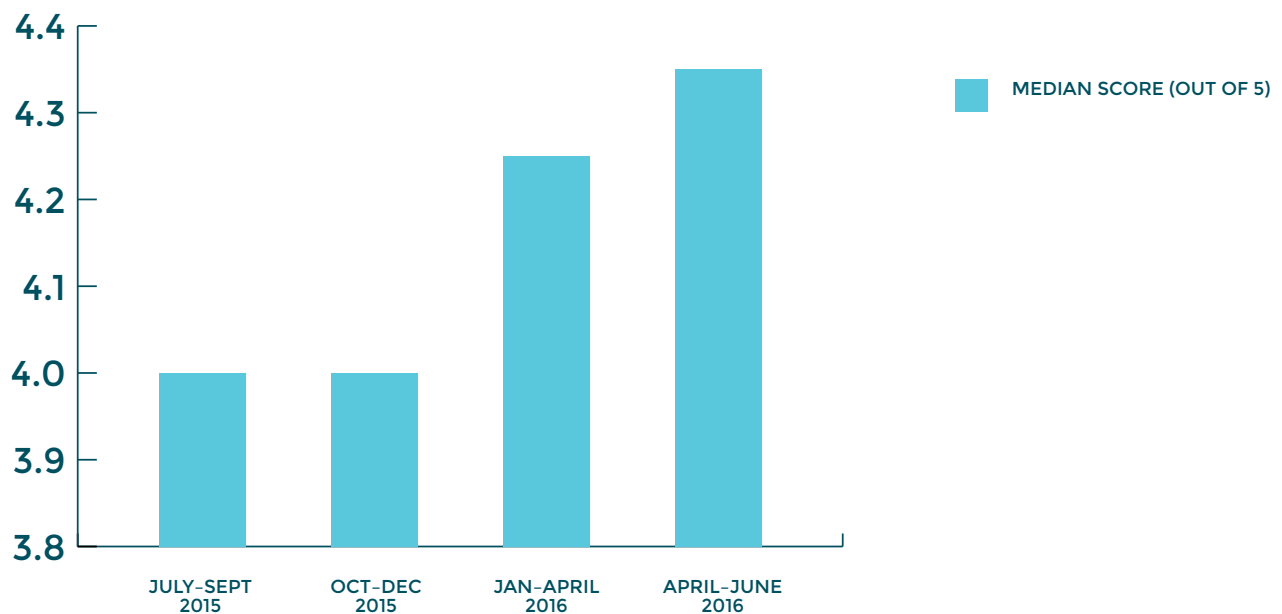
Investigations

The investigations file audit received an average grade of 4 out of 5. This was across four audits over the course of the year, with one in each quarter. There was a steady upward trend as each audit highlighted elements of our process and approach that could be improved upon.

These elements included:

- Speeding up our response time
- Making early phone contact with complainants
- More robust documentation of exactly which privacy principles we are investigating.

FIG 6: MEDIAN SCORE (OUT OF 5)



Policy audit

The advice in policy files is assessed for clarity, accuracy, analytical rigour, fitness for purpose and relevance to wider context. The auditor also assessed the quality of the working relationship with the agency involved, as well as the completeness of documentation.

This year's policy audit looked at 10 policy files, and gave each one a mark out of 5, based on the above criteria. Nine of the files were marked at 4 or higher, and of those nine, five were 4.5 or higher.

“They were very helpful – they answered queries very quickly and made plenty of resources available to meet the CAP’s needs.”

“What I can say from the meeting is that the staff were extremely helpful, the staff were well briefed and up to speed with the issues; they were friendly and very pleasant to deal with and I was left with a feeling that they were professional and approachable, that I could just pick up the phone if I needed to and discuss any concerns informally if needed.”

“The staff were very professional, understanding and friendly. They understood what we were trying to achieve and the policy and privacy issues that came with that and were really great at providing advice and reassuring us that what we were doing was appropriate within the law.”

Feedback to Auditor from Policy audit

EEO profile

We promote Equal Employment Opportunities (EEO) to ensure that our people capability practices are in line with our obligations as a good employer. We have an EEO policy that is integrated with the human resource programmes outlined in the Statement of Intent 2014 and that encourages active staff participation in all EEO matters. These are reviewed annually, together with policies on recruitment, employee development, harassment prevention and health and safety.

During the year, the main areas of focus have been:

- Developing talent regardless of gender, ethnicity, age or other demographic factor.
- Integration of new work practices which promote or enhance work life balance amongst employees, including family friendly practices.
- We maintain equitable gender-neutral remuneration policies which are tested against best industry practice.
- The Commissioner continues to place a strong emphasis on fostering a diverse workplace and inclusive culture.

| | WOMEN | | MEN | | TOTAL |
|--------------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| | FULL-TIME | PART-TIME | FULL-TIME | PART-TIME | |
| COMMISSIONER | | | 1 | | 1 |
| SENIOR MANAGERS | 3 | | 2 | | 5 |
| TEAM LEADERS/SENIOR ADVISERS | 4 | 1 | 1 | | 6 |
| INVESTIGATING OFFICERS | 5 | | 2 | | 7 |
| ADMINISTRATIVE SUPPORT | 6 | 2 | | | 8 |
| ADVISERS (TECHNOLOGY, POLICY AND COMMUNICATIONS) | 1 | | 7 | | 8 |
| ENQUIRIES OFFICERS | 2 | 1 | | | 3 |
| TOTAL | 21 | 4 | 13 | | 38 |

| | MAORI | | PACIFIC PEOPLES | | ASIAN (INCL. STH ASIAN) | | OTHER ETHNIC GROUPS | | PAKEHA/ EUROPEAN | |
|--------------------------------------------------|-----------|-----------|-----------------|-----------|-------------------------|-----------|---------------------|-----------|------------------|-----------|
| | FULL-TIME | PART-TIME | FULL-TIME | PART-TIME | FULL-TIME | PART-TIME | FULL-TIME | PART-TIME | FULL-TIME | PART-TIME |
| COMMISSIONER | | | | | | | | | 1 | |
| SENIOR MANAGERS | | | | | | | | | 5 | |
| TEAM LEADERS/SENIOR ADVISERS | | | | | 1 | | | | 4 | 1 |
| INVESTIGATING OFFICERS | | | | | | | | | 7 | |
| ADMINISTRATIVE SUPPORT | | | | | | | | | 6 | 2 |
| ADVISERS (TECHNOLOGY, POLICY AND COMMUNICATIONS) | | | | | 1 | | 1 | | 6 | |
| ENQUIRIES OFFICERS | 1 | | | | | | | | 1 | 1 |

We do not collect information on employees' age or disabilities. If a disability is brought to our attention, we would take steps to ensure that the employee has the necessary support to undertake their duties.

Recruitment policies, including advertisement, comply with the good employer expectations of the EEO Trust.

We have formal policies regarding bullying, harassment and the provision of a safe and healthy workplace.

There is an appointed harassment officer and staff have ready access to external support through our employee assistance programme.

Independent Auditor's Report

To the readers of The Privacy Commissioner's financial statements and performance information for the year ended 30 June 2016

The Auditor-General is the auditor of the Privacy Commissioner. The Auditor-General has appointed me, Athol Graham, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information for an appropriation, of the Privacy Commissioner on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Privacy Commissioner on pages 41 to 57, that comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Privacy Commissioner on pages 32 to 41.

In our opinion:

- the financial statements of the Privacy Commissioner:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2016; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.
- the performance information:
 - presents fairly, in all material respects, the Privacy Commissioner's performance for the year ended 30 June 2016, including:
 - for each class of reportable outputs:
 - its standards of performance achieved as compared with forecasts included in the statement of performance expectations for the financial year;

-
- its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure.
- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 27 October 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Privacy Commissioner and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Privacy Commissioner's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Privacy Commissioner's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Privacy Commissioner;
- the appropriateness of the reported performance information within the Privacy Commissioner's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Privacy Commissioner

The Privacy Commissioner is responsible for preparing financial statements and performance information that:

- comply with generally accepted accounting practice in New Zealand;
- present fairly the Privacy Commissioner's financial position, financial performance and cash flows; and
- present fairly the Privacy Commissioner's performance.

The Privacy Commissioner's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

The Privacy Commissioner is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Privacy Commissioner is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Privacy Commissioner.

Athol Graham
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Finance and Performance Report

FOR THE YEAR ENDED 30 JUNE 2016

STATEMENT OF RESPONSIBILITY

In terms of the Crown Entities Act 2004, the Privacy Commissioner is responsible for the preparation of the financial statements and statement of performance, and for the judgements made in them.

We are responsible for any end-of-year performance information provided by the Privacy Commissioner under section 19A of the Public Finance Act 1989.

The Privacy Commissioner has the responsibility for establishing, and has established a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and performance reporting.

In the opinion of the Privacy Commissioner, these financial statements and statement of performance fairly reflect the financial position and operations of the Privacy Commissioner for the year ended 30 June 2016.



Privacy Commissioner

J Edwards

27 October 2016



General Manager

G F Bulog

27 October 2016

STATEMENT OF PERFORMANCE

The Justice sector has an aspirational outcome that all New Zealanders should expect to live in a safe and just society. This aspiration is supported by the Office as a Justice Sector Crown Entity. While the Office of the Privacy Commissioner is an Independent Crown entity and strongly maintains such independence, the work programme that it set out in its Statement of Intent and Statement of Performance Expectations complements this aspiration and government priorities as a whole.

The Statement of Intent identified five strategic initiatives to support the Office's strategic objective of promoting and protecting individual privacy. The Statement of Performance Expectations identified four output classes to support these initiatives as illustrated below.

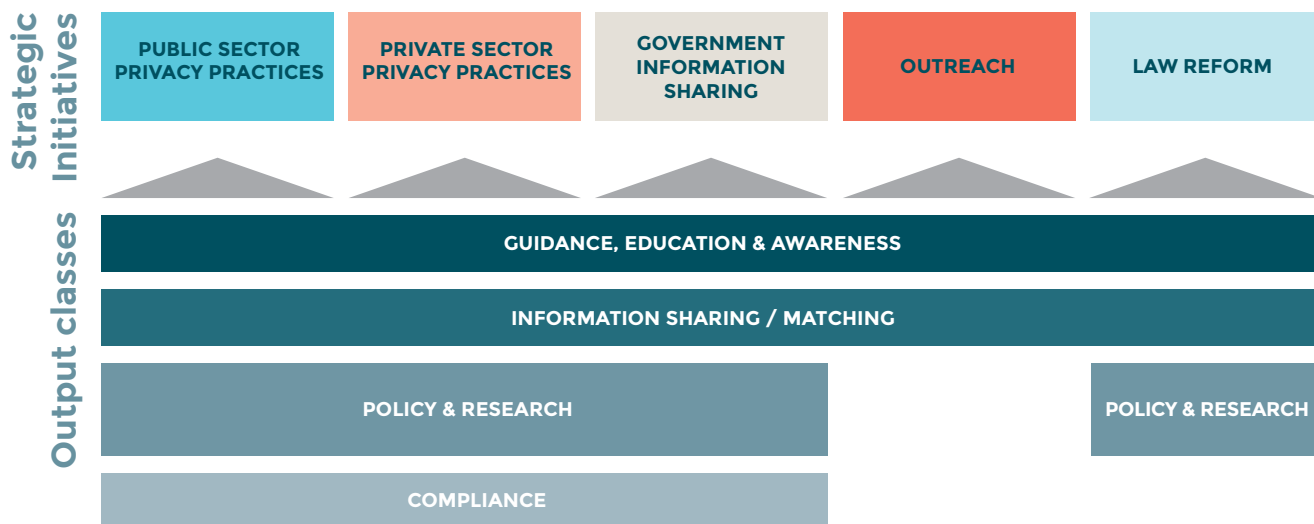


FIGURE 7: THE RELATIONSHIP BETWEEN OUTPUT CLASSES AND STRATEGIC INITIATIVES

As noted in the Statement of Intent, the overall performance was to be measured through the service outputs and the detailed targets as set out further in this document. The following sets out a high level summary of the performance made by the Office during the year against our strategic initiatives for the year to June 2016.

PERFORMANCE AGAINST STRATEGIC INTENTIONS/INITIATIVES

| STRATEGIC INITIATIVE | WHAT WE EXPECTED TO ACHIEVE BY JUNE 2016 | HOW WE HAVE PERFORMED |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Public sector privacy practices | Comprehensive privacy breach protections incorporated in public sector handling of personal information. | <p>Privacy maturity across the public sector is growing and we receive regular notifications in instances of privacy breaches. During 2015/16 the Office received notification of 148 breaches (2015: 121 breaches).</p> <p>AboutMe, a web based tool whereby an individual can request information relating to them direct from the holder of that information, was launched during the year.</p> <p>The Office has developed a suite of e-learning modules available free online.</p> |
| Private sector privacy practices | Active consultation programme with private sector organisations. | <p>The Office has delivered this in a number of ways -</p> <ul style="list-style-type: none"> Privacy Act training (e-learning module available online); Privacy Impact Assessment training (e-learning module available online); <p>Web based tools launched this year include:</p> <ul style="list-style-type: none"> Priv-o-matic (privacy statement generator); AskUs (knowledge base tool providing general guidance about privacy issues); and AboutMe (request my information tool). |
| Government information sharing | Reduced times to process information sharing proposals. | <p>We have assessed and processed information sharing proposals in a timely way and have been actively involved in new approaches to facilitate information sharing.</p> <p>An A to Z of Approved Information Sharing Agreements (e-learning module) is available online.</p> |
| Outreach | <p>Whistleblower capability on website.</p> <p>Provide complaint administration by use of an online service that complainants and respondents can check progress.</p> | <p>The website has multiple routes by which stakeholders can draw matters to the Commissioner's attention, including a new transparency and accountability section and vulnerability disclosure policy.</p> <p>The Privacy Commissioner has undertaken a series of regional visits as part of the outreach programme.</p> <p>Online complaint forms are now fully implemented and have been used for 37% of complaints received by the Office in the year to 30 June 2016.</p> <p>AboutMe (request my information tool) was implemented to facilitate access requests directly between the parties.</p> |
| Law reform | <p>Privacy Act Amendment before Parliament.</p> <p>Capacity and capability issues to support law reform are in place.</p> | <p>A new Privacy Bill is being drafted by the Parliamentary Counsel Office.</p> <p>The Privacy Commissioner's Office is engaged in detailed implementation planning to support the law reform.</p> <p>Project plans are being developed to manage the programme of impacts to the operations of the Office arising out of the law reform process.</p> |

STATEMENT SPECIFYING COMPREHENSIVE INCOME

The Privacy Commissioner agreed the following financial targets with the Minister at the beginning of the year:

| SPECIFIED COMPREHENSIVE INCOME | TARGET \$000 | ACHIEVEMENT \$000 |
|--------------------------------|-----------------|----------------------|
| Operating Grant | 4,970 | 4,970 |
| Other Revenue | 316 | 311 |
| Total Revenue | 5,286 | 5,281 |

The operating grant is received as part of the Justice Advocacy, Advice and Promotion Services Appropriation within Vote Justice. This appropriation is intended to achieve the provision of justice advocacy, advice and promotion services through funding work across a number of Crown Entities including the Privacy Commissioner.

The amount above is equal to the original appropriation and there have not been any further appropriations made in the year. The amount received by the Privacy Commissioner equates to 21.9% of the total Justice Advocacy, Advice and Promotion Services Appropriation for 2015/16. The total expenses in the year are \$5,635k as set out in the Cost of Service Statement below.

As set out in the 2015/16 Statement of Performance Expectations, the Privacy Commissioner committed to provide four output classes. The split of funds across these four output classes is set out below:-

COST OF SERVICE STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

| | ACTUAL 2016 \$000 | BUDGET 2016 \$000 | ACTUAL 2015 \$000 |
|------------------------------------------|-------------------------|-------------------------|-------------------------|
| OUTPUT CLASS 1: | | | |
| Guidance, education and awareness | | | |
| Resources employed | | | |
| Revenue | 790 | 823 | 716 |
| Expenditure | 734 | 788 | 585 |
| Net Surplus(Deficit) | 56 | 35 | 131 |
| OUTPUT CLASS 2: | | | |
| Policy and Research | | | |
| Resources employed | | | |
| Revenue | 1,911 | 1,920 | 2,048 |
| Expenditure | 2,179 | 1,838 | 1,777 |
| Net Surplus(Deficit) | (268) | 82 | 271 |
| OUTPUT CLASS 3: | | | |
| Information Sharing/Matching | | | |
| Resources employed | | | |
| Revenue | 867 | 934 | 896 |
| Expenditure | 822 | 893 | 747 |
| Net Surplus(Deficit) | 45 | 41 | 149 |
| OUTPUT CLASS 4: | | | |
| Compliance | | | |
| Resources employed | | | |
| Revenue | 1,713 | 1,609 | 1,852 |
| Expenditure | 1,900 | 1,731 | 1,762 |
| Net Surplus(Deficit) | (187) | (122) | 90 |
| TOTALS: | | | |
| Resources employed | | | |
| Revenue | 5,281 | 5,286 | 5,512 |

| | ACTUAL 2016 \$000 | BUDGET 2016 \$000 | ACTUAL 2015 \$000 |
|----------------------|-------------------------|-------------------------|-------------------------|
| Expenditure | 5,635 | 5,250 | 4,871 |
| Net Surplus(Deficit) | (354) | 36 | 641 |

Note: Output class 3 was re-named in the drafting of the 2015/16 Statement of Performance Expectations. This output class was previously known as “Better Public Services” which included the services related to Information Sharing and Matching.

The following tables set out assessment of the Office’s performance against the targets as set out in the Statement of Performance Expectations. They reflect the original Justice Advocacy, Advice and Promotion services appropriation as well as changes included in the supplementary appropriation. The following grading system has been used:

| CRITERIA | RATING |
|-----------------------|------------------------|
| On target or better | Achieved |
| < 5% away from target | Substantially achieved |
| >5% away from target | Not achieved |

OUTPUT CLASS 1: GUIDANCE, EDUCATION AND AWARENESS

Why is this important?

Privacy is best protected when society consistently attaches value to it as a right, and works to ensure that it is respected. Achieving this requires people to be aware of their rights; to have an ability to assert those rights and to be able to seek redress when those rights have been compromised. Organisations, businesses and individuals need to have clear information in order to recognise and protect those rights through their activities.

There is an increasing public awareness of privacy and privacy rights as a general issue. The Office has experienced a trend of increasing numbers of enquiries and complaints over the past five years. As awareness of privacy increases, the public’s understanding becomes more sophisticated; this placed further demand on the Office for perspectives and guidance on privacy issues.

Outreach is a major focus for the Office and includes a suite of online training programmes, public seminars, presentations and an active communications programme, including a programme of regional visits. During the 2015/16 year, the Office has developed further online training modules, which can be accessed at any time, without charge. In addition, in May and June 2016, the Office launched two new interactive online tools – AboutMe and AskUs. These new tools will help to extend the outreach potential for the Office.

Output Measures

| Quantity | | | |
|-------------------------------------------------------------------------|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| MEASURE | ESTIMATE | ACHIEVED 2015/16 | ACHIEVED 2014/15 |
| Number of people completing education modules on the new on-line system | 2,500 | Substantially achieved 2,414 people have completed the Health 101, Privacy 101 and PIA on-line modules to date. (Completion has been assessed as those who have completed the post course quiz.) There have been a total of 8,797 registrations for these 3 modules. In addition, there have been 111 registrations for the AISA modules. | Not reported – new measure |
| Presentations at conferences / seminars | 45 | Achieved 98 | 96 |
| Public enquiries received and answered | 7,000 ¹ | Achieved 7,783 | 8,372 |
| Media enquiries received and answered | 250 | Not achieved 218 This represents the number of media enquiries received by the office during the year. This is a demand driven measure. | 273 |

¹ This target was included within the Justice Advocacy, Advice and Promotion Services appropriation and was the same as the SPE target.

| Quality | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| MEASURE | ESTIMATE | ACHIEVED 2015/16 | ACHIEVED 2014/15 |
| Evaluations following online training indicate increased understanding by the participant in 80% of evaluations. | 80% | Not achieved Currently 45% have increased their understanding in the Health 101, Privacy 101 and PIA modules. A further 24% scored 100% in the tests both before and after completion of the course. The test results act as a proxy measure for increased understanding by participants. It is not intended to represent a pass/fail achievement. The Office expects that in a number of instances there would be only marginal differences between the score achieved in the test before and after completion of the course. | Not reported - new measure |
| Website contains up-to-date copies of all privacy codes and commentary, all formal statutory reports of the Privacy Commissioner, all current published guidance from the Privacy Commissioner, and additional resources to support compliance with the Act. | Achieved | Achieved | Achieved |
| The office engages with a wide range of stakeholders both nationally and internationally. | Achieved | Achieved. The Office runs a programme of regional outreach visits; is readily accessible to media; is active on social media; runs a well-used public enquiry line and online help; leads and engages in a number of international privacy organisations and forums. | Not reported - new measure |
| The "ease of use" of the website is assessed and improvements considered as a result of comments received. | Achieved | Achieved. During the year, an external entity conducted user experience (UX) testing of the website for ease of use and navigation. Recommendations are being considered and actioned as appropriate. | Not reported - new measure |

| Timeliness | | | |
|--------------------------------------------------------------------------------------|-------------------|------------------------------|------------------------|
| MEASURE | ESTIMATE | ACHIEVED 2015/16 | ACHIEVED 2014/15 |
| Respond to all enquiries within 1 working day. | 100% ² | Substantially achieved - 96% | 99% [^] |
| Guidance materials are produced within agreed timelines as set out in the work plan. | Achieved | Achieved | Substantially achieved |

OUTPUT CLASS 2: POLICY AND RESEARCH

Why is this important?

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

[^] The prior year reported result was against a target of 0800 number queries only. The current year result is for all enquiries from members of the public.

² This target was included within the Justice Advocacy, Advice and Promotion Services appropriation and was the same as the SPE target.

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

Output Measures

| Quantity | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| MEASURE | ESTIMATE | ACHIEVED 2015/16 | ACHIEVED 2014/15 |
| New policy files opened during the year | 80 ³ | Achieved - 230 (This includes both external agency initiatives (208) as well as Office initiatives (22 files)) The increase in both the target and the prior year result is mainly due to a change in internal file management practices within the Office. | 114 |
| Identifiable progress in international efforts in which we are actively engaged to work towards a more sustainable platform for cross border cooperation. | Achieved | Achieved During the year, the Office, as Secretariat to the ICDPPC, launched the Global Cross Border Cooperation Arrangement and processed new participants. | Achieved. |
| Cross-border enforcement laws and practices in place | Achieved | In progress. Awaiting government progress on law reform in this area which is outside the control of the Office. | Achieved. |

| Quality | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| MEASURE | ESTIMATE | ACHIEVED 2015/16 | ACHIEVED 2014/15 |
| Survey of recipients of policy advice indicate that at least 80% are satisfied with the service they received from the Privacy Commissioner. | 80% ⁴ | Achieved - 90% This represents all the respondents to the Annual stakeholder survey who had dealt with the office in relation to Policy work. This survey is an on-line survey (SurveyMonkey) run by the Office. | 96% ⁵ |
| Our participation in the law reform process is valued by the Ministry of Justice. | Achieved | Achieved Based on feedback the Office has received from the Ministry of Justice. | Achieved |
| An external review of a sample of advice provided on policy files rates 85% as 3.5 out of 5 or better on the quality of analysis, focus on important issues, clear communications and good working relationships. | 85% ⁶ | Achieved 90% An independent auditor was engaged to perform a review of 10 files (including 2 Information Matching files) selected at random. The files were rated for quality and completeness. Of the 10 files selected, 90% were rated as 3.5 or better for quality alone. Of the 10 files selected 40% were rated as 3.5 or better for completeness of information. If these scores were to be combined 80% would have rated as 3.5 or better for quality and completeness. | Not reported - new measure |

3 This target was included within the Justice Advocacy, Advice and Promotion Services appropriation and was the same as the SPE target.

4 This target was included within the Justice Advocacy, Advice and Promotion Services appropriation and was the same as the SPE target.

5 The prior year survey split the policy related work into two different categories whereas the current year survey simplified this to only include one category to capture all policy related work. The prior year result only included those respondents who had dealt with the Office in relation to policy advice. In order to be comparable to the current year result, if both policy advice and policy development results had been included in the 2014/15 reporting the result would have been 91%.

6 This target was included within the Justice Advocacy, Advice and Promotion Services appropriation and was the same as the SPE target.

| Timeliness | | | |
|---------------------------------------------------------------------------------------------|----------|------------------|----------------------------|
| MEASURE | ESTIMATE | ACHIEVED 2015/16 | ACHIEVED 2014/15 |
| Advice on proposals provided within agreed timeframes. | 90% | Achieved - 99% | 100% |
| Requests for input into the law reform is made available within agreed timeframes. | 90% | Achieved - 100% | 100% |
| % of reports provided in a timely manner to the Select Committee as per Act/Cabinet Manual. | 100% | Achieved - 100% | Not reported - new measure |

OUTPUT CLASS 3: INFORMATION SHARING/MATCHING

Why is this important?

Trust in government is a cornerstone of Better Public Services, and is an asset to business that, once lost, is difficult to regain.

The recent public attitude survey, undertaken on behalf of the Office by UMR Research in early 2016, reported decreased levels of concern about the way government and health organisations are sharing information. However, a significant proportion of people were of the opinion that data should not be shared if the risks to privacy outweighed the benefits. The survey highlighted the importance of ensuring that the right safeguards are in place where data sharing is concerned.

Securing personal data has become a greater challenge. Individuals are exposed to increased potential harms including the risk of identity theft. Data breach notification is an increasingly important element of the Office, along with raising awareness of the need to have effective information risk management strategies in place across organisations that collect, share or use personal information.

Output Measures

| Quantity | | | |
|---------------------------------------------------------|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| MEASURE | ESTIMATE | ACHIEVED 2015/16 | ACHIEVED 2014/15 |
| Information matching programmes monitored | 55 ⁷ | Achieved - 56 There are 54 current programmes and 2 that ceased during the year. | 57 |
| New information sharing or matching programmes assessed | 5 ⁸ | Not achieved One new Information Sharing programme was consulted on under S96(O) of the Privacy Act during the year. This is lower than the target as workload is driven by Government Agencies and they did not present as many Information Sharing Programmes to the Office as anticipated. | 1 |

7 This target was included within the Justice Advocacy, Advice and Promotion Services appropriation and was the same as the SPE target.

8 This target was included within the Justice Advocacy, Advice and Promotion Services appropriation and was the same as the SPE target.

| Quality | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| MEASURE | ESTIMATE | ACHIEVED 2015/16 | ACHIEVED 2014/15 |
| All statutory obligations (including timeliness) to report on information matching met | 100% | Not achieved There were two information matching reports due during the year under s106. The first met all statutory requirements, including timeliness. The second met all statutory requirements except timeliness. It was completed by the end of the financial year, but not within the 5 year period required by the Act. S105 reporting is included within the Annual Report as required. | 100% |
| All information matching programmes that are assessed to be non-compliant are discussed with the relevant agencies and recommendations made where necessary. | 100% | Achieved - 100% | Not reported - new measure |
| Recipients' satisfaction with the service they received from the Office is rated as "satisfactory" or better in 80% of responses to a survey of recipients receiving information matching/sharing advice in the period. | 80% | Achieved - 93% | Not reported - new measure |
| 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 ⁹ | Achieved We developed and released a tailored online learning programme on AISAs. This is free to use. We have also undertaken the opportunity to provide in-person training on AISAs in the course of our wider presentation and outreach programme. The number of formal presentations over the course of the year that have provided some guidance in relation to information sharing has been 12. | Not reported - new measure |

| Timeliness | | | |
|---------------------------------------------------------------------------------------------------|-----------------|-------------------------|-------------------------|
| MEASURE | ESTIMATE | ACHIEVED 2015/16 | ACHIEVED 2014/15 |
| Requests for advice on information sharing agreements are made available within agreed timelines. | 100% | 100% | 94% |

OUTPUT CLASS 4: COMPLIANCE

Why is this important?

Personal data is increasingly a core asset for modern business operations and is essential to effective government administration and the delivery of services. The growing value of personal data increases the risk that data will be used in ways that neither the organisation nor the individual anticipated when the data was collected.

⁹ This target was included within the Justice Advocacy, Advice and Promotion Services appropriation and was the same as the SPE target

Through a process of private and public sector consultation the Office develops codes to either modify the information privacy principles or prescribe how the information privacy principles are to be applied or complied with in a particular industry or context.

To effectively address growing concerns or queries from New Zealanders, the Office provides an independent responsive complaints and investigation process.

Output Measures

| Quantity | | | |
|-------------------------------------------------------------------------------------------------------------------------|-------------------|------------------------------------------------------------------------------------------------------------------------|----------------------------|
| MEASURE | ESTIMATE | ACHIEVED 2015/16 | ACHIEVED 2014/15 |
| Number of complaints received | 800 ¹⁰ | Achieved - 969 new complaints received | 835 |
| Increasing use of the online system for registering of complaints (to be measured as a % of total complaints received). | 10% | Achieved - 37% A total of 358 complaints were submitted through the Office website during the year to 30 June 2016. | Not reported - new measure |

| Quality | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| MEASURE | ESTIMATE | ACHIEVED 2015/16 | ACHIEVED 2014/15 |
| Complainants' and respondents' satisfaction with the complaints handling process rated as "satisfactory" or better in 80% of responses to a survey of complaints received and closed in the preceding period. | 80% ¹¹ | Not achieved - the overall satisfaction rating for the year was 52%. There were a total of 302 responses to the survey which is pretty consistent with the prior year (293 responses). 36% of complainants and 78% of respondents reported being satisfied with the overall quality of the service being provided. This compares to 29% of complainants and 84% of respondents in 2015. The survey was undertaken by an external consultant in 2016 compared to an in-house process in previous years. | 53% |
| Of the complaints processed, an increasing % are closed by settlement between the parties | 35% ¹² | Achieved - 49% | 44% |
| Amendments to codes of practice meet all statutory requirements | 100% | Achieved - 100% | Achieved |
| An external review of a sample of complaints investigations rates 85% as 3.5 out of 5 or better on the legal analysis, correctness of the legal conclusions, soundness of the investigative procedure and timeliness of response | 85% ¹³ | Achieved - 94% | 57% ¹⁴ |

10 This target was included within the Justice Advocacy, Advice and Promotion Services appropriation and was the same as the SPE target

11 This target was included within the Justice Advocacy, Advice and Promotion Services appropriation and was the same as the SPE target

12 This target was included within the Justice Advocacy, Advice and Promotion Services appropriation and was the same as the SPE target

13 This target was included within the Justice Advocacy, Advice and Promotion Services appropriation and was the same as the SPE target

14 The prior year target was slightly lower than the current year - 70% rated 3.5 out of 5 or better.

| Timelines | | | |
|----------------------------------------------------------------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| MEASURE | ESTIMATE | ACHIEVED 2015/16 | ACHIEVED 2014/15 |
| % of files greater than 6 months old at the year end | 10% ¹⁵ | Achieved - 8.7% This is a significant achievement for the Office. Whilst this was not formally reported in 2014/15, the comparative would have been 9.6% and in 2013/14 the result was 23%. | Not reported - new measure |
| Review of the operation of Credit Reporting Code substantially progressed. | Achieved | Not achieved In progress with the public phase due to commence in the first quarter of the 2016/17 financial year. | Commenced |

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2016

Reporting entity

These are the financial statements of the Privacy Commissioner, 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.

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

The Privacy Commissioner's primary objective is to provide public services to the NZ public, as opposed to that of making a financial return. Accordingly, the Privacy Commissioner has designated itself as a public benefit entity for financial reporting purposes.

The financial statements for the Privacy Commissioner are for the year ended 30 June 2016, and were approved by the Commissioner on 27 October 2016. The financial statements cannot be altered after they have been authorised for issue.

Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of Compliance

The financial statements of the Privacy Commissioner have been 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 have been prepared in accordance with Tier 2 PBE accounting standards. The Tier 2 criteria have been met as expenditure is less than \$30m and the Privacy Commissioner is not publicly accountable (as defined in XRB A1 Accounting Standards Framework).

These financial statements comply with PBE accounting standards.

Measurement base

The financial statements have been prepared on a historical cost basis.

Functional and presentation currency

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

Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate.

¹⁵ This target was included within the Justice Advocacy, Advice and Promotion Services appropriation and was the same as the SPE target

Significant accounting policies that do not relate to specific notes are outlined below.

Budget figures

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

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

Cost allocation

The Privacy Commissioner has determined the costs of outputs using a cost allocation system as outlined below.

Direct Costs are those costs directly attributed to an output. These costs are therefore charged directly to the outputs.

Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific output. Personnel costs are charged based on % of time spent in relation to each output area. Other indirect costs are allocated based on the proportion of staff costs for each output area.

There have been no substantial changes to the cost allocation methodology since the date of the last audited financial statements.

Goods and services tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income tax

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

Financial instruments

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

Critical accounting estimates and assumptions

In preparing these financial statements the Privacy Commissioner has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Useful lives and residual values of property, plant and equipment – refer to Note 9
- Useful lives of software assets – refer to Note 10

Critical judgements in applying the Privacy Commissioner's accounting policies

Management has exercised the following critical judgements in applying the Privacy Commissioner's accounting policies for the period ended 30 June 2016:

- Lease classification – Refer Note 4
- Non-Government Grants – Refer Note 2
- Grant Expenditure – Refer Note 4

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

FOR THE YEAR ENDED 30 JUNE 2016

| | NOTE | ACTUAL 2016 \$000 | BUDGET 2016 \$000 | ACTUAL 2015 \$000 |
|-------------------------------------------------|--------|-------------------------|-------------------------|-------------------------|
| Revenue | | | | |
| Crown Revenue | 2 | 4,970 | 4,970 | 5,170 |
| Other Revenue | 2 | 311 | 316 | 342 |
| Total Income | | 5,281 | 5,286 | 5,512 |
| Expenditure | | | | |
| Promotion | 4 | 98 | 120 | 109 |
| Audit fees | | 29 | 29 | 28 |
| Depreciation and amortisation | 4,9,10 | 183 | 192 | 144 |
| Rental expense | | 400 | 438 | 383 |
| Operating expenses | | 825 | 763 | 669 |
| Contract services | | 298 | 156 | 250 |
| Staff expenses | 3 | 3,802 | 3,552 | 3,288 |
| Total expenditure | | 5,635 | 5,250 | 4,871 |
| Surplus/(deficit) | | (354) | 36 | 641 |
| Other comprehensive revenue and expenses | | - | - | - |
| Total comprehensive revenue and expenses | | (354) | 36 | 641 |

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

| | NOTE | ACTUAL 2016 \$000 | BUDGET 2016 \$000 | ACTUAL 2015 \$000 |
|-------------------------------------------------------|------|-------------------------|-------------------------|-------------------------|
| Total equity at the start of the year | | 1,397 | 1,240 | 756 |
| Total comprehensive revenue and expenses for the year | | (354) | 36 | 641 |
| Total equity at the end of the year | 5 | 1,043 | 1,276 | 1,397 |

Explanations of major variances are provided in Note 1

The accompanying notes and accounting policies form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

| | NOTE | ACTUAL 2016 \$000 | BUDGET 2016 \$000 | ACTUAL 2015 \$000 |
|--------------------------------------|------|-------------------------|-------------------------|-------------------------|
| Public equity | | | | |
| General funds | 5 | 1,043 | 1,276 | 1,397 |
| Total public equity | | 1,043 | 1,276 | 1,397 |
| Current assets | | | | |
| Cash & cash equivalents | 6 | 885 | 840 | 1,052 |
| Receivables | 7 | 42 | 42 | 173 |
| Inventory | 8 | 22 | 11 | 23 |
| Prepayments | 7 | 29 | 12 | 17 |
| Total Current Assets | | 978 | 905 | 1,265 |
| Non-current assets | | | | |
| Property, plant & equipment | 9 | 419 | 720 | 539 |
| Intangible assets | 10 | 164 | | 37 |
| Total non-current assets | | 583 | 720 | 576 |
| Total assets | | 1,561 | 1,625 | 1,841 |
| Current liabilities | | | | |
| Payables | 11 | 234 | 169 | 215 |
| Employee entitlements | 13 | 213 | 180 | 138 |
| Total current liabilities | | 447 | 349 | 353 |
| Non-current liabilities | | | | |
| Lease incentive | 12 | 71 | - | 91 |
| Total non-current liabilities | | 71 | - | 91 |
| Total liabilities | | 518 | 349 | 444 |
| Net assets | | 1,043 | 1,276 | 1,397 |

The accompanying notes and accounting policies form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

| | ACTUAL 2016 \$000 | BUDGET 2016 \$000 | ACTUAL 2015 \$000 |
|----------------------------------------------------------|-------------------------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Cash was provided from: | | | |
| Receipts from the Crown | 4,970 | 4,970 | 5,376 |
| Receipts from other revenue | 263 | 278 | 69 |
| Interest received | 49 | 55 | 67 |
| Cash was applied to: | | | |
| Payment to suppliers | 1,648 | 1,492 | 1,144 |
| Payments to employees | 3,727 | 3,534 | 3,521 |
| Net goods and services tax | (10) | 105 | 71 |
| Net cash flows from operating activities | (83) | 172 | 776 |
| Cash flows from investing activities | | | |
| Cash was applied to: | | | |
| Purchase of property plant and equipment and intangibles | 84 | 240 | 522 |
| Net cash flows from investing activities | | | |
| Net increase (decrease) in cash held | (167) | (68) | 254 |
| Plus opening cash | 1,052 | 908 | 798 |
| Closing cash balance | 885 | 840 | 1,052 |
| Cash and bank | 885 | 840 | 1,052 |
| Closing cash balance | 885 | 840 | 1,052 |

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes and accounting policies form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanations for significant variations from the Privacy Commissioner's budgeted figures in the statement of performance expectations are as follows:

Statement of comprehensive income

The year-end reported deficit of \$354k is significantly different to the budgeted surplus of \$36k. This is primarily due to the following:

Operating expenses (up \$62k on budget)

There has been increased expenditure against budget in the areas of computer maintenance and license costs. These costs accounted for \$54k of the increase.

Staff expenses (up \$250k on budget)

The majority of this overspend is as a result of four new positions that were established to meet work demands and maintain service levels. Three of these were for fixed term contracts with only two extending past the year end.

Some savings were also made in this area due to higher than expected staff turnover resulting in vacancies for short periods of time.

In addition, there has been an increase in the annual leave liability of \$42k from the prior year which has also impacted.

Contract services (up \$142k on budget)

Contracted services were required to maintain service levels impacted by staff turnover (as noted above) in addition to the development and delivery of Better Public Services through a number of projects.

NOTE 2: REVENUE

Accounting policy

The specific accounting policies for significant revenue items are explained below:

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 arrangements.

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 conditions of the grant are satisfied.

Interest

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

Sale of publications

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

Rental income

Lease receipts under an operating sub-lease are recognised as revenue on a straight-line basis over the lease term.

Provision of services

Revenue derived through the provision of services to third parties is treated as exchange revenue and recognised in proportion to the stage of completion at the balance sheet date.

Critical judgements in applying accounting policies

Non-government grants

The Privacy Commissioner must exercise judgement when recognising grant income to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract. In the current year, no new grants have been awarded.

Crown revenue

The Privacy Commissioner has been provided with funding from the Crown for specific purposes of the Privacy Commissioner as set out in its founding legislation and the scope of the relevant government appropriations. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government funding (2015: \$nil).

Other revenue breakdown

| | ACTUAL 2016 \$000 | ACTUAL 2015 \$000 |
|----------------------------------------|-------------------------|-------------------------|
| Other grants received | 206 | 206 |
| Rental income from property sub-leases | 10 | 25 |
| Privacy Forum | 34 | - |
| Seminars & Workshops | 12 | 43 |
| Interest revenue | 49 | 68 |
| Other | - | - |
| Total other revenue | 311 | 342 |

In the prior year, interest revenue was shown separately on the face of the Statement of Comprehensive Revenue and Expenses. This has now been combined within 'other revenue' as shown in the note above. Total revenue has remained un-changed.

NOTE 3: STAFF EXPENSES

Accounting Policy

Superannuation schemes

Defined contribution schemes

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

Breakdown of staff costs and further information

| | ACTUAL 2016 \$000 | ACTUAL 2015 \$000 |
|------------------------------------------------------|-------------------------|-------------------------|
| Salaries and wages | 3,590 | 3,040 |
| Employer contributions to defined contribution plans | 105 | 86 |
| Other Staff expenses | 32 | 146 |
| Increase/(decrease) in employee entitlements | 75 | 16 |
| Total Staff Expenses | 3,802 | 3,288 |

The prior year note included recruitment costs and staff development costs within 'other staff expenses'. In the 2016 year, these costs are now included within 'operating expenses' on the face of the Statement of Comprehensive Revenue and Expenses to ensure consistency with the budget figures for 2016. The total of these costs was \$124k for the 2015 year.

Employees' Remuneration

The Office of the Privacy Commissioner is a Crown Entity, and is required to disclose certain remuneration information in their annual reports. The information reported is the number of employees receiving total remuneration of \$100,000 or more per annum. In compliance, the table below has been produced, which is in \$10,000 bands to preserve the privacy of individuals.

| TOTAL REMUNERATION AND BENEFITS | NUMBER OF EMPLOYEES | |
|---------------------------------|---------------------|-------------|
| | ACTUAL 2016 | ACTUAL 2015 |
| \$100,000 - \$109,999 | 1 | 2 |
| \$110,000 - \$119,999 | 2 | |
| \$120,000 - \$129,999 | | 1 |
| \$130,000 - \$139,999 | 1 | |
| \$140,000 - \$149,999 | | |
| \$150,000 - \$159,999 | | 1 |
| \$160,000 - \$169,999 | 1 | 1 |
| \$170,000 - \$179,999 | | 1 |
| \$180,000-\$189,999 | 1 | |
| \$190,000-\$199,999 | 1 | |
| \$300,000-\$309,999 | | 1 |
| \$310,000-\$319,999 | 1 | |
| TOTAL | 8 | 7 |

No redundancy payments were made in the year. (2015: \$Nil)

The Privacy Commissioner's insurance policy covers public liability of \$10 million and professional indemnity insurance of \$1,000,000.

Commissioner's total remuneration

In accordance with the disclosure requirements of Section 152 (1) (a) of the Crown Entities Act 2004, the total remuneration includes all benefits paid during the period 1 July 2015 to 30 June 2016.

| NAME | POSITION | AMOUNT 2016 | AMOUNT 2015 |
|--------------|----------------------|-------------|-------------|
| John Edwards | Privacy Commissioner | 318,603 | 300,700 |

NOTE 4: OTHER EXPENSES

Accounting policy

Operating leases

Operating lease expenses are recognised on a straight-line basis over the term of the lease.

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.

Funded travel

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

Critical judgements in applying accounting policies

Grant expenditure

During the 2016 year, the Privacy Commissioner approved 4 discretionary grants under the Privacy Good Research Fund with the aim of stimulating privacy related research by external entities. The conditions included milestones and specific requirements. The Office of the Privacy Commissioner has accounted for the related grant expense when evidence of meeting these milestones has been received from the recipient. Not all of the research was completed within the 2016 year. A total of \$64k was expensed in relation to these grants in 2016.

Lease classification

Determining whether a lease is to be treated as an operating lease or a finance lease requires some judgement. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases.

Other expenses and further information

The total comprehensive revenue and expenses is after charging for the following significant expenses:

| | ACTUAL 2016 \$000 | ACTUAL 2015 \$000 |
|--------------------------------------------|-------------------------|-------------------------|
| Fees paid to auditors: | | |
| External audit - Current Year | 29 | 28 |
| Promotion costs: | | |
| Website development expenses | 44 | 91 |
| Publications | 0 | - |
| Privacy Forum | 35 | 6 |
| Other marketing expenses | 19 | 12 |
| Total promotion expenses | 98 | 109 |
| Depreciation and amortisation: | | |
| Furniture & Fittings | 73 | 43 |
| Computer Equipment | 58 | 62 |
| Office Equipment | 10 | 12 |
| Intangibles | 42 | 27 |
| Total depreciation and amortisation | 183 | 144 |
| Rental expense on operating leases | 400 | 383 |
| Contract Services | 298 | 250 |
| Other operating expenses: | | |
| Computer maintenance/licenses | 156 | 146 |
| Staff travel | 145 | 160 |
| Staff Development | 72 | - |
| Loss on disposal of assets | 14 | 16 |
| Grant expenditure | 64 | - |
| Research related | 20 | - |
| Recruitment | 70 | - |
| Litigation | 27 | 41 |
| Utilities | 82 | 103 |
| Other | 175 | 203 |
| Total other operating expenses | 825 | 669 |

In the prior year staff development costs and recruitment were included within 'other staff expenses'. See note 3.

Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable leases are as follows:

| | ACTUAL 2016 \$000 | ACTUAL 2015 \$000 |
|---------------------------------------------------|-------------------------|-------------------------|
| Not later than one year | 370 | 365 |
| Later than one year and not later than five years | 1,157 | 1,346 |
| Later than five years | 0 | 159 |
| Total non-cancellable operating leases | 1,527 | 1,870 |

At balance date the Privacy Commissioner had not entered into any other non-cancellable contracts.

The Privacy Commissioner leases two properties, one in Wellington and the other in Auckland. During the prior year the Wellington office moved floors and a new 6 year lease was entered into. A lease incentive was offered as part of the negotiation. See note 12 for further information. The property in Auckland was sublet in part up until December 2015, due to it being surplus to requirements. Notice was given to the current tenants and this space is now utilised by the Office. The lease on the Auckland premises will expire on 31 July 2019.

The Privacy Commissioner does not have the option to purchase the asset at the end of the lease term.

NOTE 5: GENERAL FUNDS

| | ACTUAL 2016 \$000 | ACTUAL 2015 \$000 |
|-------------------------|-------------------------|-------------------------|
| Opening balance | 1,397 | 756 |
| Net (deficit) / surplus | (354) | 641 |
| Closing balance | 1,043 | 1,397 |

NOTE 6: CASH AND CASH EQUIVALENTS

Accounting Policy

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

| | ACTUAL 2016 \$000 | ACTUAL 2015 \$000 |
|----------------------------------------|-------------------------|-------------------------|
| Cash on hand and at bank | 9 | 86 |
| Cash equivalents - on call account | 876 | 966 |
| Total cash and cash equivalents | 885 | 1,052 |

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

NOTE 7: RECEIVABLES

Accounting Policy

Short term debtors and receivables are recorded at their face value, less any provisions for impairment.

A receivable is considered impaired when there is evidence that the Privacy Commissioner will not be able to collect the amount due according to the terms of the receivable. Significant financial difficulties, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

| | ACTUAL 2016 \$000 | ACTUAL 2015 \$000 |
|--------------|-------------------------|-------------------------|
| Receivables | 42 | 173 |
| Prepayments | 30 | 17 |
| Total | 72 | 190 |

Total receivables comprise:

| | | |
|------------------------------------------------------------------|-----------|------------|
| Receivable in relation to lease incentive (exchange transaction) | - | 120 |
| GST receivable (exchange transaction) | 41 | 52 |
| Other receivables (non-exchange) | 1 | 1 |
| | 42 | 173 |

The carrying value of receivables approximates their fair value.

The carrying amount of receivables that would otherwise be past due, but not impaired, whose terms have been renegotiated is \$NIL (2015: \$NIL).

NOTE 8: INVENTORIES

Accounting Policy

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.

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

| | ACTUAL 2016 \$000 | ACTUAL 2015 \$000 |
|------------------------------------|----------------------------------|----------------------------------|
| Publications held for sale | 3 | 9 |
| Publications held for distribution | 19 | 14 |
| Total Inventories | 22 | 23 |

No inventories are pledged as security for liabilities (2015: \$NIL).

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

Accounting policy

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.

Revaluations

The Privacy Commissioner has not performed any revaluations of property, plant or equipment.

Depreciation

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

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

| | |
|-------------------------------|-------------|
| FURNITURE AND FITTINGS | 5 - 7 years |
| COMPUTER EQUIPMENT | 4 years |
| OFFICE EQUIPMENT | 5 years |

Additions

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

Where an asset is acquired through a non-exchange transaction (at no cost), or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Privacy Commissioner and the cost of the item can be measured reliably.

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

Disposals

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

Impairment of property, plant and equipment

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

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

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

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

Critical accounting estimates and assumptions

Estimating useful lives and residual values of property, plant and equipment

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

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

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

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

The Privacy Commissioner has not made significant changes to past assumptions concerning useful lives and residual values.

Breakdown of property, plant and equipment and further information

| | FURNITURE AND FITTINGS \$000 | COMPUTER EQUIPMENT \$000 | OFFICE EQUIPMENT \$000 | TOTAL \$000 |
|-----------------------------------------------------------|------------------------------------|--------------------------------|------------------------------|----------------|
| Cost | | | | |
| Balance at 1 July 2014 | 416 | 258 | 88 | 762 |
| Additions | 419 | 94 | 9 | 522 |
| Disposals | (120) | (47) | (38) | (205) |
| Balance at 30 June 2015 | 715 | 305 | 59 | 1,079 |
| Balance at 1 July 2015 | 715 | 305 | 59 | 1,079 |
| Additions | 1 | 20 | 0 | 21 |
| Disposals | (1) | (5) | 0 | (6) |
| Balance at 30 June 2016 | 715 | 320 | 59 | 1,094 |
| Accumulated depreciation and impairment losses | | | | |
| Balance at 1 July 2014 | 388 | 170 | 54 | 612 |
| Depreciation expense | 43 | 62 | 12 | 117 |
| Disposals | (108) | (47) | (34) | (189) |
| Balance at 30 June 2015 | 323 | 185 | 32 | 540 |
| Balance at 1 July 2015 | 323 | 185 | 32 | 540 |
| Depreciation expense | 73 | 58 | 10 | 141 |
| Elimination on disposal | (1) | (5) | - | (6) |
| Balance at 30 June 2016 | 395 | 238 | 42 | 675 |
| Carrying amounts | | | | |
| At 1 July 2015 | 392 | 120 | 27 | 539 |
| At 30 June 2016 | 320 | 82 | 17 | 419 |

Capital commitments

The Privacy Commissioner has capital commitments of \$nil for the year 2015/16 (2015: \$NIL).

NOTE 10: INTANGIBLE ASSETS

Accounting policy

Software acquisition

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

Staff training costs are recognised as an expense when incurred.

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

Website costs

Costs that are directly associated with the 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 as incurred.

Amortisation

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

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

| | | |
|----------------------------|-----------|---------|
| Acquired computer software | 2-4 years | 50%-25% |
| Interactive Tools | 3 Years | 33.3% |

The software is amortised over the length of the license. Some of these only have a 2 year life.

Impairment

Refer to the policy for impairment of property, plant and equipment in Note 9. The same approach applies to the impairment of intangible assets.

Critical accounting estimates and assumptions

Estimating useful lives of software assets

The Office's interactive website tools mainly comprise two interactive databases that went live in mid-2016. Both tools were developed by an external provider. These tools have a finite life, which requires the Office to estimate the useful life of the assets.

In assessing the useful lives of these tools, a number of factors are considered, including:

- The effect of technological change on systems and platforms; and
- The expected timeframe for the development of replacement systems and platforms.

An incorrect estimate of the useful lives of these assets will affect the amortisation expense recognised in the surplus or deficit, and the carrying amount of the assets in the statement of financial position.

Taking the above into account the Office has estimated a useful life of 3 years for these interactive tools and there are currently no indicators that the period of use of the tools will be materially different.

Movements for each class of intangible asset are as follows:

| | ACQUIRED SOFTWARE 2016 \$000 | INTERACTIVE TOOLS 2016 \$000 | TOTAL \$'000 |
|-------------------------------------------------------|------------------------------------|------------------------------------|-----------------|
| Cost | | | |
| Balance at 1 July 2014 | 106 | - | 106 |
| Additions | - | - | - |
| Balance at 30 June 2015 | 106 | - | 106 |
| Balance at 1 July 2015 | 106 | - | 106 |
| Additions | 36 | 147 | 183 |
| Disposals | (34) | - | (34) |
| Balance at 30 June 2016 | 108 | 147 | 255 |
| Accumulated amortisation and impairment losses | | | |
| Balance at 1 July 2014 | 42 | - | 42 |
| Amortisation expense | 27 | - | 27 |
| Balance at 30 June 2015 | 69 | - | 69 |
| Balance at 1 July 2015 | 69 | - | 69 |
| Amortisation expense | 31 | 11 | 42 |
| Disposals | (20) | - | (20) |
| Balance at 30 June 2016 | 80 | 11 | 91 |
| Carrying amounts | | | |
| At 1 July 2014 | 64 | - | 64 |
| At 30 June and 1 July 2015 | 37 | - | 37 |
| At 30 June 2016 | 28 | 136 | 164 |

There are no restrictions over the title of the Privacy Commissioner's intangible assets, nor are any intangible assets pledged as security for liabilities.

Capital commitments

The Privacy Commissioner has capital commitments of \$16K for the development of interactive tools (2015: \$NIL).

NOTE 11: PAYABLES

Accounting policy

Creditors and other payables are recorded at the amount payable.

Breakdown of payables

| | ACTUAL 2016 \$000 | ACTUAL 2015 \$000 |
|-------------------------------------------------|-------------------------|-------------------------|
| Payables under exchange transactions | | |
| Creditors | 115 | 110 |
| Accrued expenses | 99 | 85 |
| Lease incentive | 20 | 20 |
| Total payables under exchange transactions | 234 | 215 |
| Payables under non-exchange transactions | | |
| Other payables (GST) | 0 | 0 |
| Total payables under non-exchange transactions | 0 | 0 |
| Total creditors and other payables | 234 | 215 |

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

NOTE 12: NON-CURRENT LIABILITIES

| | ACTUAL 2016 \$000 | ACTUAL 2015 \$000 |
|-------------------------------|-------------------------|-------------------------|
| Lease incentive | 71 | 91 |
| Total non-current liabilities | 71 | 91 |

Lease incentive for the Wellington office at level 8, 109-111 Featherston Street for the period 23 February 2015 to 22 February 2021 (6 year lease).

NOTE 13: EMPLOYEE ENTITLEMENTS

Accounting policy

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

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

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

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

Breakdown of employee entitlements

| | ACTUAL 2016 \$000 | ACTUAL 2015 \$000 |
|---------------------------------------------------|-------------------------|-------------------------|
| Current employee entitlements are represented by: | | |
| Accrued salaries and wages | 60 | 27 |
| Annual leave | 153 | 111 |
| Total current portion | 213 | 138 |
| Current | 213 | 138 |
| Non-current | - | - |
| Total employee entitlements | 213 | 138 |

NOTE 14: CONTINGENCIES

Quantifiable contingent liabilities are as follows:

The Privacy Commissioner is subject to a "make good" clause in its lease contracts for the Auckland and Wellington offices. This clause, if invoked, would require the Privacy Commissioner to remove all leasehold improvements, and leave the premises in a state not dissimilar to that received at the time of moving into the premises. At balance date, the Privacy Commissioner's intention into the foreseeable future is to continue leasing the premises. The likelihood of this clause being invoked is unknown, as is the cost to fulfil the clause.

In relation to the Privacy Good Research Fund, the Privacy Commissioner has a contingent liability of \$16k (2015:NIL). Future payment in relation to 3 grants is contingent on the receipt of progress reports after the year end.

Other than that stated above, there are no known contingencies existing at balance date (2015: \$nil).

NOTE 15: RELATED PARTY INFORMATION

The Privacy Commissioner is a wholly owned entity of the Crown. The Government significantly influences the role of the Privacy Commissioner as well as being its major source of revenue.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Privacy Commissioner would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, Government departments and Crown entities) are not disclosed as related parties transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

There were no other related party transactions.

Key management personnel compensation

| | ACTUAL 2016 \$000 | ACTUAL 2015 \$000 |
|-------------------------------------------------------|-------------------------|-------------------------|
| Total salaries and other short-term employee benefits | 1,057 | 1,060 |
| Full-time equivalent members | 5.5 | 5.9 |

Key management personnel include all Senior Managers and the Privacy Commissioner who together comprise the Senior Leadership Team (SLT). There have been some changes in the composition of the SLT during the year with some members leaving and new members joining but the number of overall members has remained relatively constant.

NOTE 16: POST BALANCE DATE EVENTS

There are no adjusting events after balance date of such importance that non-disclosure would affect the ability of the users of the financial report to make proper evaluations and decisions.

NOTE 17: FINANCIAL INSTRUMENTS**17A Financial instrument categories**

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

| | 2016 \$000 | 2015 \$000 |
|------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| FINANCIAL ASSETS | | |
| Loans and Receivables | | |
| Cash and cash equivalents | 885 | 1,052 |
| Receivables (excluding prepayments and taxes receivables) | 1 | 122 |
| Total loans and receivables | 886 | 1,174 |
| FINANCIAL LIABILITIES | | |
| Financial liabilities at amortised cost | | |
| Payables (excluding income in advance, taxes payable, grants received subject to conditions and lease incentive) | 214 | 195 |
| Total financial liabilities at amortised cost | 214 | 195 |

Appendix A – Processes and Services

Investigations

Our investigations team forms the regulatory side of the Office's functions. The team receives privacy complaints from individuals (complainants) about agencies (respondents). These complaints can be about a number of different issues, such as an improper disclosure of information, improper collection, or refusal to reveal or amend the information agencies hold about individuals.

Agencies are usually not liable for privacy breaches unless the complainant can demonstrate an 'interference with privacy'. This is a privacy breach that causes harm – such as negative physical, emotional or financial effects from the breach. However, a complainant does not have to demonstrate harm in cases involving access or correction of information.

During the course of an investigation we determine the following:

- Whether a situation is covered under the Privacy Act
- Whether the respondent agency is responsible
- The level of harm caused by the breach

We try to reach a settlement of the complaint at every point in the process.

When there has been an interference with privacy and the two parties cannot settle the case, we have the option of referring a case to the Director of Human Rights Proceedings, who may choose to bring a case in front of the Human Rights Review Tribunal. We do not always refer cases. We will be likely to refer particularly serious cases, or cases where there are new matters of law that need to be decided by the courts.

If we choose not to refer a case to the Director, or the Director chooses not to take a case that we refer, the complainant still has the option of taking the respondent to the Tribunal on his/her own. A complainant cannot bring a case until our office has investigated their complaint.

During the course of an investigation we can compel agencies to produce documents, and we can compel agencies to meet with complainants. We cannot compel complainants or respondents to accept settlement terms and we cannot award damages. However, our views and findings are taken seriously.

Policy

Our policy team provides advice for a range of organisations on the privacy risks of various initiatives. We also offer advice to help organisations mitigate privacy risks.

Our advice is sometimes solicited from agencies that are looking to amend internal policy, and we sometimes proactively provide advice on upcoming legislation. This is generally in the form of submissions to Select Committees, but we also provide input into Cabinet Papers and may brief Cabinet in person.

A significant portion of our policy work involves Approved Information Sharing Agreements (AISAs). These are agreements between government agencies that allow them to share information with one another. We consult on these agreements and highlight potential risks, much like we do for other policy projects.

Finally, we engage with the private sector to consult on a variety of projects, such as privacy impact assessments. This is a growing area as more private sector organisations manage their privacy risk by engaging with our team early in technology deployment projects.

Information matching

Information matching involves the comparison of one set of records with another, generally to find records in both sets that belong to the same person.

Information matching raises a number of privacy issues, such as the potential to disclose incorrect or out of date information or the potential to ‘automate away’ human judgement. For this reason, the Privacy Act regulates information matching in the public sector.

One of the Commissioner’s functions is to require government departments to report on their operation of authorised information matching programmes and, in turn, report to Parliament with an outline of each programme and an assessment of each programme’s compliance with the Privacy Act.

Communications and outreach

Our communications team works to raise privacy awareness. We work through a significant number of channels, producing material such as:

- Speeches and presentations for the Commissioner
- Media releases and advisories
- Blog posts and social media updates
- Case notes
- Our fortnightly newsletter

We also produce guidance to assist with the objective of “making privacy easy.” A key component of this guidance is our online training. We have worked with education experts to build online courses about various aspects of privacy. This is in addition to written guidance.

Finally, we respond to enquiries – both from journalists in traditional media and from the public in social media.

Appendix B – information matching programme compliance

How we assess programme compliance

Our assessment of a matching programme’s compliance is based on the information provided to us by agencies as part of regular reporting, and any other issues drawn to our attention during the reporting period. From time to time we will actively seek more detailed evidence of compliance with particular rules.

We describe programmes’ compliance in the following manner. There are three levels:

- **Compliant:** where the evidence we have been provided indicates that the programme complies with the information matching rules.
- **Not compliant – minor technical issues:** where reporting has identified practices that are not compliant with the information matching rules, but genuine efforts have been made to implement a compliant programme, and the risks to individual privacy are low.
- **Not compliant – substantive issues:** where reporting has identified practices that are not compliant with the information matching rules or other provisions of the Privacy Act that cannot be considered minor technical issues.

| ACCIDENT COMPENSATION ACT 2001, S.246 | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| | COMPLIANCE |
| <p>1. IR/ACC Levies and Compensation</p> <p>To identify ACC levy payers, and to calculate and collect premiums and residual claims levies.</p> <p>IR disclosure to ACC: For self-employed people, IR provides ACC with the full name, contact details, date of birth, IR number and earnings information. For employers, IR provides ACC with the name, address, IR number, and total employee earnings.</p> | ✓ |
| ACCIDENT COMPENSATION ACT 2001, S.280(2) | |
| | COMPLIANCE |
| <p>2. Corrections/ACC Prisoners</p> <p>To ensure that prisoners do not continue to receive earnings-related accident compensation payments.</p> <p>Corrections disclosure to ACC: Corrections provides ACC with the surname, given names, date of birth, gender, date received in prison and any aliases of all people newly admitted to prison.</p> | ✓ |
| ACCIDENT COMPENSATION ACT 2001, S.281 | |
| | COMPLIANCE |
| <p>3. ACC/MSD Benefit Eligibility</p> <p>To identify individuals whose MSD entitlement may have changed because they are receiving ACC payments, and to assist MSD in the recovery of outstanding debts.</p> <p>ACC disclosure to MSD: ACC selects individuals who have either:</p> <p>claims where there has been no payment made to the claimant for six weeks (in case MSD needs to adjust its payments to make up any shortfall)</p> <p>current claims that have continued for 2 months since the first payment, or</p> <p>current claims that have continued for one year since the first payment.</p> <p>For these people, ACC provides MSD with the full name (including aliases), date of birth, address, IRD number, ACC claimant identifier, payment start/end dates and payment amounts.</p> | ✓ |

| BIRTHS, DEATHS AND MARRIAGES ACT 1995, S.78A | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| | COMPLIANCE |
| <p>4. BDM(Births)/IR Newborns Tax Number</p> <p>To enable birth information to be confirmed in order to allocate an IRD number to a new-born child.</p> <p>BDM disclosure to IR: The information includes the child's full name, sex, citizenship status and birth registration number. Additionally, the full name, address and date of birth of both mother and father are provided.</p> | ✓ |
| <p>5. BDM (Births)/MoH NHI and Mortality Register</p> <p>To verify and update information on the National Health Index (NHI) and to compile mortality statistics.</p> <p>BDM disclosure to MoH: BDM provides child's names, gender, birth date, birth place, ethnicity, and parents' names, occupations, birth dates, birth places, address(es) and ethnicities. BDM also indicate whether the baby was stillborn.</p> | ✓ |
| <p>6. BDM/MSD Identity Verification</p> <p>To confirm the validity of birth certificates used by clients when applying for financial assistance, and to verify that clients are not on the NZ Deaths Register.</p> <p>BDM disclosure to MSD: BDM provides birth and death information for the 90 years prior to the extraction date.</p> <p>The birth details include the full name, gender, birth date and place, birth registration number and full name of both mother and father. The death details include the full name, gender, birth date, death date, home address, death registration number and spouse's full name.</p> | ✓ |
| <p>7. BDM (Deaths)/GSF Eligibility</p> <p>To identify members or beneficiaries of the Government Superannuation Fund (GSF) who have died.</p> <p>BDM disclosure to GSF: BDM provides information from the Deaths Register covering the 12 weeks prior to the extraction date. The information includes full name at birth, full name at death, gender, birth date, death date, place of birth, and number of years lived in New Zealand (if not born in New Zealand).</p> | ✓ |
| <p>8. BDM(Deaths)/INZ Deceased Temporary Visa Holders</p> <p>To identify and remove or update the records of people who are deceased from the Immigration New Zealand (INZ) database of overstayers and temporary permit holders.</p> <p>BDM disclosure to INZ: BDM provides information from the Deaths Register covering the six months prior to the extract date. The information includes full name at birth, full name at death, gender, birth date, death date, country of birth, and number of years lived in New Zealand.</p> | ✓ |
| <p>9. BDM (Deaths)/MoH NHI and Mortality Register</p> <p>To verify and update information on the National Health Index and to compile mortality statistics.</p> <p>BDM disclosure to MoH: BDM provides full names (including names at birth) address, occupation, ethnicity and gender, date and place of birth, date and place of death, and cause(s) of death.</p> | ✓ |
| <p>10. BDM (Deaths)/MSD Deceased Persons</p> <p>To identify current clients who have died so that MSD can stop making payments in a timely manner.</p> <p>BDM disclosure to MSD: BDM provides death information for the week prior to the extraction date. The death details include the full name, gender, birth date, death date, home address, death registration number and spouse's full name.</p> | ✓ |
| <p>11. BDM (Deaths)/NPF Eligibility</p> <p>To identify members or beneficiaries of the National Provident Fund (NPF) who have died.</p> <p>BDM disclosure to NPF: BDM provides information from the Deaths Register covering the 12 weeks prior to the extraction date. The information includes full name at birth, full name at death, gender, birth date, death date, place of birth, and number of years lived in New Zealand (if not born in New Zealand).</p> | ✓ |
| <p>12. BDM (Deaths)/NZTA Deceased Drivers Licence Holders</p> <p>To improve the quality and integrity of data held on the Driver Licence Register by identifying licence holders who have died.</p> <p>BDM disclosure to NZTA: BDM provides death information for the fortnight prior to the extract date. The death details include the full name (current and at birth), gender, date and place of birth, date of death, home address and death registration number.</p> | ✓ |

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| <p>13. BDM(Marriages)/MSD Married Persons</p> <p>To identify current clients who have married so that MSD can update client records and reassess their eligibility for benefits and allowances.</p> <p>BDM disclosure to MSD: BDM provides marriage information covering the week prior to the extraction date. The marriage details include the full names of each spouse (including name at birth if different from current name), their birth dates and addresses, and registration and marriage dates.</p> | ✓ |
| <p>14. BDM/DIA(C) Citizenship Application Processing</p> <p>To verify a parent's citizenship status if required for determining an applicant's eligibility for New Zealand citizenship.</p> <p>BDM disclosure to Citizenship (DIA): Possible matches from the Births, Deaths, and Marriages (relationships) databases are displayed to citizenship staff as they process each application. These details include full name, gender, birth date, birthplace and parents' full names.</p> | ✓ |
| <p>15. BDM/DIA(P) Passport Eligibility</p> <p>To verify, by comparing details with the Births, Deaths and Marriages registers, whether a person is eligible for a passport, and to detect fraudulent applications.</p> <p>BDM disclosure to Passports (DIA): Possible matches from the Births, Deaths and Marriages (relationships) databases are displayed to Passports staff as they process each application. The details displayed include full name, gender and date of birth.</p> | ✓ |
| <p>16. BDM/IR Child Support Processing</p> <p>To allocate IRD numbers to individuals within the child support scheme, in particular qualifying and dependent children by confirming their birth details.</p> <p>BDM disclosure to IR: BDM provides birth information covering the period from 1 April 1994 to the extraction date. The birth details include the full name, date and place of birth, birth registration number and full name and date of birth of both mother and father.</p> | ✓ |
| <p>17. BDM/MSD Overseas Born Name Change</p> <p>To verify a client's eligibility or continuing eligibility to a benefit where a client has legally changed their name in New Zealand and not informed MSD. The programme is also used to identify debtors and suspected benefit fraud.</p> <p>BDM disclosure to MSD: BDM provides name change records from January 2009 to the extract date. The name change details include the full name at birth, former full name, new full name, birth date, residential address, and country of birth.</p> | ✓ |
| CITIZENSHIP ACT 1977, S.26A | |
| COMPLIANCE | |
| <p>18. Citizenship/BDM Citizenship by Birth Processing</p> <p>To enable the Registrar-General to determine the citizenship-by-birth status of a person born in New Zealand on or after 1 January 2006, for the purpose of recording the person's citizenship status on his or her birth registration entry.</p> <p>BDM disclosure to Citizenship: For birth registration applications, when no parental birth record can be found, a request is transferred electronically to the citizenship unit to be manually checked against the relevant citizenship records. The information supplied includes the child's date of birth, parent's full names and birth details.</p> <p>Citizenship disclosure to BDM: Citizenship responds to these requests by stating either the type of qualifying record found or that qualifying records were not found.</p> | ✓ |
| <p>19. Citizenship/DIA(P) Passport Eligibility</p> <p>To verify a person's eligibility to hold a New Zealand passport from citizenship register information.</p> <p>Citizenship (DIA) disclosure to Passports (DIA): Possible matches from the Citizenship database are displayed to Passports staff as they process each application. The possible matches may involve one or more records. The details displayed include full name, date of birth, country of birth and the date that citizenship was granted.</p> | ✓ |
| <p>20. Citizenship/INZ Entitlement to Reside</p> <p>To remove from the Immigration New Zealand (INZ) overstayer records the names of people who have been granted New Zealand citizenship.</p> <p>Citizenship disclosure to INZ: Citizenship provides information from the Citizenship Register about people who have been granted citizenship. Each record includes full name, gender, date of birth, country of birth and citizenship person number.</p> | ✓ |

| CORRECTIONS ACT 2004, S.180 | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| | COMPLIANCE |
| <p>21. Corrections/MSD Prisoners</p> <p>To detect people who are receiving income support payments while imprisoned, and to assist MSD in the recovery of outstanding debts.</p> <p>Corrections disclosure to MSD: Each day, Corrections sends MSD details about all prisoners who are received, on muster or released from prison. Details disclosed include the full name (including aliases), date of birth, prisoner unique identifier and prison location, along with incarceration date, parole eligibility date and statutory release date.</p> | ✓ |
| CORRECTIONS ACT 2004, S.181 | |
| | COMPLIANCE |
| <p>22. Corrections/INZ Prisoners</p> <p>To identify prisoners who fall within the deportation provisions of the Immigration Act 2009 as a result of their criminal convictions, or are subject to deportation because their visa to be in New Zealand has expired.</p> <p>Corrections disclosure to INZ: Corrections discloses information about all newly admitted prisoners. Each prisoner record includes full name (and known aliases), date and place of birth, gender, prisoner unique identifier, and name of the prison facility. Each prisoner's offence and sentence information is also included.</p> <p>INZ disclosure to Corrections: For prisoners who are subject to removal or deportation orders, and who have no further means of challenging those orders, INZ discloses the full name, date and place of birth, gender, citizenship, prisoner unique identifier, immigration status and details of removal action that INZ intends to take.</p> | ✓ |
| CUSTOMS AND EXCISE ACT 1996, S.280 | |
| | COMPLIANCE |
| <p>23. Customs/IR Child Support Alerts</p> <p>To identify parents in serious default of their child support liabilities who leave for or return from overseas so that IR can take steps to recover the outstanding debt.</p> <p>IR disclosure to Customs: IR provides Customs with the full name, date of birth, and IRD number of parents in serious default of their child support liabilities.</p> <p>Customs disclosure to IR: Customs provides IR with the person's arrival card information. This includes the full name, date of birth, and date, time and direction of travel including New Zealand port and prime overseas port (last port of call for arrivals and first port of call for departures).</p> | ✓ |
| <p>24. Customs/IR Student Loan Interest</p> <p>To detect student loan borrowers who leave for, or return from, overseas so that IR can administer the student loan scheme and its interest-free conditions.</p> <p>IR disclosure to Customs: IR provides Customs with the full name, date of birth, and IRD number for student loan borrowers who have a loan of more than \$20.</p> <p>Customs disclosure to IR: For possible matches to borrowers, Customs provides the full name, date of birth, IRD number and date, time and direction of travel.</p> | ✓ |
| <p>25. Customs/Justice Fines Defaulters Alerts</p> <p>To improve the enforcement of fines by identifying serious fines defaulters as they cross New Zealand borders, and to increase voluntary compliance through publicity about the programme targeted at travellers.</p> <p>Justice disclosure to Customs: Justice provides Customs with the full name, date of birth, gender and Justice unique identifier number of serious fines defaulters for inclusion on Customs' 'silent alerts' or 'interception alerts' lists.</p> <p>Customs disclosure to Justice: For each alert triggered, Customs supplies the full name, date of birth, gender, nationality and presented passport number, along with details about the intended or just completed travel.</p> | ✓ |
| <p>26. Customs/MSD Arrivals and Departures</p> <p>To identify current clients who leave for, or return from, overseas while receiving income support payments, and to assist MSD in the recovery of outstanding debts.</p> <p>Customs disclosure to MSD: Customs provides arrival and departure information covering the week prior to the extract date. Each travel movement record includes the traveller's full name, date of birth, gender, travel document number, country code and flight details.</p> | ✓ |

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| <p>27. Customs/IR Student Loan Alerts</p> <p>To identify overseas based borrowers in serious default of their student loan repayment obligations who leave for, or return from, overseas so that IR can take steps to recover the outstanding debt.</p> <p>IR disclosure to Customs: IR provides Customs with the full name, date of birth, and IRD number of borrowers in serious default of their student loan obligations.</p> <p>Customs disclosure to IR: Customs provides IR with the person's arrival card information. This includes the full name, date of birth, and date, time and direction of travel including New Zealand port and prime overseas port (last port of call for arrivals and first port of call for departures).</p> | ✓ |
| CUSTOMS AND EXCISE ACT 1996, S.280B | |
| COMPLIANCE | |
| <p>28. Customs/MSD Periods of Residence</p> <p>To enable MSD to confirm periods of residence in New Zealand or overseas to determine eligibility for any benefit.</p> <p>Customs disclosure to MSD: Customs provides MSD access to its CusMod system for verification of departure and arrival dates.</p> | ✓ |
| EDUCATION ACT 1989, S.226A AND S.238B | |
| COMPLIANCE | |
| <p>29. Educational Institutions/MSD (Study Link) Loans and Allowances</p> <p>To verify student enrolment information to confirm entitlement to allowances and loans.</p> <p>MSD StudyLink disclosure to educational institutions: When requesting verification of student course enrolments, MSD StudyLink provides the educational institution the student's full name, date of birth, MSD client number and student ID number.</p> <p>Educational institutions' disclosure to MSD StudyLink: The educational institutions return to MSD StudyLink the student's enrolled name, date of birth, MSD client number, student ID number and study details.</p> | ✓ |
| EDUCATION ACT 1989, S.307D | |
| COMPLIANCE | |
| <p>30. MoE/MSD (Study Link) Results of Study</p> <p>To determine eligibility for student loans and/or allowance by verifying students' study results.</p> <p>MSD StudyLink disclosure to MoE: StudyLink provides MoE with the student's name(s) (in abbreviated form), date of birth, IRD number, first known study start, end date (date of request), known education provider(s) used by this student and student ID number.</p> <p>MoE disclosure to MSD StudyLink: MoE returns to StudyLink information showing all providers and courses used by the student, course dates, course equivalent full-time student rating and course completion code.</p> | ✓ |
| EDUCATION ACT 1989, S.360 | |
| COMPLIANCE | |
| <p>31. MoE/Education Council Registration</p> <p>To ensure teachers are correctly registered (Education Council) and paid correctly (Ministry of Education).</p> <p>MoE disclosure to Education Council: MoE provides full names, date of birth, gender, address, school(s) employed at, number of ½ days worked, registration number (if known), and MoE employee number.</p> <p>Education Council disclosure to MoE: The Education Council provides full names, date of birth, gender, address, registration number, registration expiry date, registration classification and MoE employee number (if confirmed).</p> | ✓ |
| ELECTORAL ACT 1993, S.263A | |
| COMPLIANCE | |
| <p>32. INZ/EC Unqualified Voters</p> <p>To identify, from immigration records, those on the electoral roll who appear not to meet New Zealand residence requirements, so their names may be removed from the roll.</p> <p>INZ disclosure to EC: Immigration New Zealand provides full names (including aliases), date of birth, address and permit expiry date. The type of permit can be identified because five separate files are received, each relating to a different permit type.</p> | ✓ |

| ELECTORAL ACT 1993, S.263B | |
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| | COMPLIANCE |
| <p>33. Citizenship/EC Unenrolled Voters</p> <p>To compare the citizenship register with the electoral roll so that people who are qualified to vote but have not enrolled may be invited to enrol.</p> <p>DIA Citizenship disclosure to Electoral Commission: Citizenship provides full name, date of birth and residential address of new citizens aged 17 years and over (by grant or by descent).</p> | ✓ |
| <p>34. NZTA(Vehicle Registration)/EC Unenrolled Voters</p> <p>To compare the motor vehicle register with the electoral roll to:</p> <ul style="list-style-type: none"> • identify people who are qualified to vote but have not enrolled so that they may be invited to enrol • update the addresses of people whose names are already on the roll. <p>NZTA disclosure to EC: NZTA provides full names, dates of birth and addresses of individuals aged 17 and over who registered a vehicle or updated their details in the period covered by the extraction. The 'Owner ID' reference number is also included to identify any multiple records for the same person.</p> | ✓ |
| <p>35. MSD/EC Unenrolled Voters</p> <p>To compare MSD's beneficiary and student databases with the electoral roll to:</p> <p>identify beneficiaries and students who are qualified to vote but who have not enrolled so that they may be invited to enrol</p> <p>update the addresses of people whose names are already on the roll.</p> <p>MSD disclosure to Electoral Commission: MSD provides full name, date of birth and address of all individuals aged 17 years or older for whom new records have been created or where key data (surname, given name or address) has changed, provided these records have not been flagged as confidential.</p> | ✓ |
| <p>36. NZTA(Driver Licence)/EC Unenrolled Voters</p> <p>To compare the driver licence register with the electoral roll to:</p> <p>identify people who are qualified to vote but have not enrolled, so that they may be invited to enrol</p> <p>update the addresses of people whose names are already on the roll.</p> <p>NZTA disclosure to Electoral Commission: NZTA provides the full name, date of birth and address of driver licence holders aged 17 and over whose records have not been marked confidential.</p> | ✓ |
| <p>37. DIA(Passports)/EC Unenrolled Voters</p> <p>To compare passport records with the electoral roll to:</p> <p>identify people who are qualified to vote but have not enrolled so that they may be invited to enrol</p> <p>update the addresses of people whose names are already on the roll.</p> <p>DIA (Passports) disclosure to Electoral Commission: Passports provides full name, date of birth and residential address of passport holders aged 17 years and over.</p> | ✓ |
| ELECTRONIC IDENTITY VERIFICATION ACT 2012, S.39 | |
| | COMPLIANCE |
| <p>38. DIA Identity Verification Service (IVS)</p> <p>To verify identity information provided by an applicant in support of their application for issuance, renewal, amendment, or cancellation of an Electronic Identity Credential (EIC), or to keep the core information contained in an EIC accurate and up to date.</p> <p>Births disclosure to IVS: Child's names, gender, birth date and birth place and country, citizenship by birth status, marriage date, registration number, mother's names, father's names, since died indicator and still born indicator.</p> <p>Deaths disclosure to IVS: Names, gender, date of birth, place of birth, date of death, place of death and age at death.</p> <p>Marriages disclosure to IVS: Names, date of birth, date of marriage, registration number, country of birth, gender, place of marriage, spouse's names.</p> <p>Citizenship disclosure to IVS: Names, gender, birth date, birth place, photograph, citizenship person identifier, citizenship certificate number, certificate type and certificate status.</p> <p>Passports disclosure to IVS: Names, gender, date of birth, place of birth, photograph, passport person identifier, passport number, date passport issued, date passport expired and passport status.</p> <p>Immigration disclosure to IVS: Whether a match is found, client ID number and any of the pre-defined set of identity related alerts.</p> | ✓ |

| IMMIGRATION ACT 2009, S.295 | |
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| | COMPLIANCE |
| <p>39. INZ/Justice Fines Defaulters Tracing</p> <p>To enable the Ministry of Justice to locate people who have outstanding fines in order to enforce payment.</p> <p>Justice disclosure to INZ: Justice sends INZ details of serious fines defaulters who have triggered a 'silent' alert as part of the linked Customs/Justice Fines Defaulters Alerts Programme. Each record includes the full name, date of birth, gender, passport number, Justice unique identifier number and flight information of the fines defaulter.</p> <p>INZ disclosure to Justice: INZ supplies information contained on the arrival and departure card, which includes full name, date of birth, gender, passport number, nationality, occupation, New Zealand address and date of expected return to New Zealand (in the case of a departing traveller).</p> | ✓ |
| IMMIGRATION ACT 2009, S.300 | |
| | COMPLIANCE |
| <p>40. INZ/MoH Publicly Funded Health Eligibility</p> <p>To enable MoH to determine an individual's: eligibility for access to publicly funded health and disability support services; or liability to pay for publicly funded health and disability support services received</p> <p>MoH disclosure to INZ: MoH sends names, date of birth and NHI number to INZ for matching.</p> <p>INZ disclosure to MoH: INZ provides names, gender, birth date, nationality, visa or permit type and start and expiry dates, and dates the person entered or left New Zealand. INZ may also disclose details of a parent or guardian of a young person.</p> | ✓ |
| MOTOR VEHICLE SALES ACT 2003, S.120 AND S.121 | |
| | COMPLIANCE |
| <p>41. Customs/MBIE Motor Vehicle Traders Importers</p> <p>To identify people who have imported more than three motor vehicles in a 12 month period and are not registered as motor vehicle traders.</p> <p>Customs disclosure to MBIE: Customs provides MBIE with the full name, address, contact numbers and a Customs unique identifier of all individuals or entities that have imported more than three vehicles within the previous 12 months.</p> | ✓ |
| MOTOR VEHICLE SALES ACT 2003, S.122 AND S.123 | |
| | COMPLIANCE |
| <p>42. NZTA/MBIE Motor Vehicle Traders Sellers</p> <p>To identify people who have sold more than six motor vehicles in a 12-month period and are not registered as motor vehicle traders.</p> <p>NZTA disclosure to MBIE: NZTA provides MBIE with the full name, date of birth and address of all individuals or entities who have sold more than six vehicles in a 12-month period.</p> <p>MBIE disclosure to NZTA: MBIE provides NZTA with the full name, date of birth, address and trader unique identifier of new motor vehicle traders so that these traders are excluded from future programme runs.</p> | ✓ |
| SOCIAL SECURITY ACT 1964, S.126A | |
| | COMPLIANCE |
| <p>43. MSD/Justice Fines Defaulters Tracing</p> <p>To enable the Ministry of Justice to locate people who have outstanding fines in order to enforce payment.</p> <p>Justice disclosure to MSD: Justice selects fines defaulters for whom it has been unable to find a current address from other sources (including the IR/Justice Fines Defaulters Tracing Programme), and sends the full name, date of birth and a data matching reference number to MSD.</p> <p>MSD disclosure to Justice: For matched records, MSD returns the last known residential address, postal address, residential, cell-phone and work phone numbers, and the unique identifier originally provided by Justice.</p> | ✓ |

| SOCIAL SECURITY ACT 1964, S.126AC | |
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| | COMPLIANCE |
| <p>44. Justice/MSD Warrants to Arrest</p> <p>To enable MSD to suspend or reduce the benefits of people who have an outstanding warrant to arrest for criminal proceedings.</p> <p>Justice disclosure to MSD: Justice provides MSD with the full name (and alias details), date of birth, address, Justice unique identifier and warrant to arrest details.</p> | ✓ |
| SOCIAL WELFARE (RECIPROCITY AGREEMENTS, AND NEW ZEALAND ARTIFICIAL LIMB SERVICE) ACT 1990, SS.19C AND 19D AND SOCIAL WELFARE (RECIPROCITY WITH AUSTRALIA) ORDER 2002, ARTICLE 18 | |
| | COMPLIANCE |
| <p>45. Centrelink/MSD Change in Circumstances</p> <p>For MSD and Centrelink (the Australian Government agency administering social welfare payments) to exchange benefit and pension applications, and changes of client information.</p> <p>Centrelink disclosure to MSD: When Australian social welfare records are updated for people noted as having New Zealand social welfare records, Centrelink automatically sends an update to MSD including the full name, marital status, address, bank account, benefit status, residency status, income change, MSD client number and Australian Customer Reference Number.</p> <p>MSD disclosure to Centrelink: MSD automatically sends the same fields of information to Centrelink when New Zealand social welfare records are updated, if the person is noted as having an Australian social welfare record.</p> | ✓ |
| SOCIAL WELFARE (RECIPROCITY AGREEMENTS, AND NEW ZEALAND ARTIFICIAL LIMB SERVICE) ACT 1990, SS.19C AND 19D AND SOCIAL WELFARE (RECIPROCITY WITH MALTA) ORDER 2013 | |
| | COMPLIANCE |
| <p>46. Malta/MSD Social Welfare Reciprocity</p> <p>To enable the transfer of applications for benefits and pensions, and advice of changes in circumstances, between New Zealand and Malta.</p> <p>Malta disclosure to MSD: includes full name, date of birth, marital status, address, entitlement information and Maltese Identity Card and Social Security numbers.</p> <p>MSD disclosure to Malta: includes full name, date of birth, marital status, address, entitlement information and New Zealand Client Number.</p> | ✓ |
| SOCIAL WELFARE (RECIPROCITY AGREEMENTS, AND NEW ZEALAND ARTIFICIAL LIMB SERVICE) ACT 1990, SS.19C AND 19D AND SOCIAL WELFARE (RECIPROCITY WITH THE NETHERLANDS) ORDER 2003, ARTICLE 216 | |
| | COMPLIANCE |
| <p>47. Netherlands/MSD Change in Circumstances</p> <p>To enable the transfer of applications for benefits and pensions, and advice of changes in circumstances, between New Zealand and the Netherlands.</p> <p>MSD disclosure to Netherlands: MSD forwards the appropriate application forms to the Netherlands Sociale Verzekeringsbank (SVB). The forms include details such as the full names, dates of birth, addresses and MSD client reference numbers.</p> <p>Netherlands disclosure to MSD: SVB responds with the SVB reference number.</p> | ✓ |
| <p>48. Netherlands/MSD General Adjustment</p> <p>To enable the processing of general adjustments to benefit rates for individuals receiving pensions from both New Zealand and the Netherlands.</p> <p>MSD disclosure to Netherlands: For MSD clients in receipt of both New Zealand and Netherlands pensions, MSD provides the Netherlands Sociale Verzekeringsbank (SVB) with the changed superannuation payment information, the MSD client reference number and the Netherlands unique identifier.</p> <p>Netherlands disclosure to MSD: SVB advises adjustments to payment rates and the 'holiday pay' bonus.</p> | ✓ |

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| <p>49. IR/MSD(Netherlands) Tax Information</p> <p>To enable income information about New Zealand-resident clients of the Netherlands government insurance agencies to be passed to the Netherlands for income testing.</p> <p>IR disclosure to Netherlands: For New Zealand-resident clients of the Netherlands government insurance agencies, IR provides the individual's contact details and income information to the Netherlands Sociale Verzekeringsbank (social insurance) or Uitvoeringsinstituut Werknemers Verzekeringen (employee insurance). MSD acts as liaison, forwarding requests to IR and forwarding the response to the Netherlands.</p> | ✓ |
| TAX ADMINISTRATION ACT 1994, S.82 | |
| COMPLIANCE | |
| <p>50. IR/MSD Commencement Cessation Benefits</p> <p>To identify individuals receiving a benefit and working at the same time.</p> <p>MSD disclosure to IR: Each record includes the surname, first initial, date of birth, IRD number, MSD client number, and benefit date information.</p> <p>IR disclosure to MSD: For the matched records, IR returns the employee's full name, date of birth, monthly gross income details, trading as name(s), MSD client number, IRD number, employer's name, address, email and phone contact details, and employment commencement and cessation dates.</p> | ✓ |
| <p>51. IR/MSD Commencement Cessation Students</p> <p>To identify individuals receiving a student allowance and working at the same time.</p> <p>MSD disclosure to IR: Each record includes the surname, first initial, date of birth, IRD number, MSD client number, and allowance date information.</p> <p>IR disclosure to MSD: For the matched records, IR provides MSD with the employee's full name, date of birth, IRD number, MSD client number, employer's name, address, email and phone contact details, and employment commencement and cessation dates.</p> | ✓ |
| TAX ADMINISTRATION ACT 1994, S.83 | |
| COMPLIANCE | |
| <p>52. IR/MSD Community Services Card</p> <p>To identify people who qualify for a Community Services Card (CSC) based on their level of income and number of children.</p> <p>IR disclosure to MSD: For individual taxpayers who have received Working for Families Tax Credits, (WffTC) IR provides MSD with the full name, address, annual income and IRD number of the primary carer (and partner, if any), the number of children in their care and dates of birth, and the annual amount of WffTC.</p> | ✓ |
| TAX ADMINISTRATION ACT 1994, S.84 | |
| COMPLIANCE | |
| <p>53. MSD/IR Working for Families Tax Credits Double Payment</p> <p>To identify individuals who have wrongly received Working for Families Tax Credits (WffTC) from both MSD and IR.</p> <p>IR disclosure to MSD: IR provides MSD with the full name, date of birth, address and IRD number of people (and their spouse, if applicable) who are receiving WffTC payments.</p> <p>MSD disclosure to IR: For the matched records, MSD supplies the IRD number, the date that tax credits payments started and the amount paid.</p> | ✓ |
| TAX ADMINISTRATION ACT 1994, S.85 | |
| COMPLIANCE | |
| <p>54. IR/Justice Fines Defaulters Tracing</p> <p>To enable the Ministry of Justice to locate people who have outstanding fines in order to enforce payment.</p> <p>Justice disclosure to IR: Justice selects fines defaulters for whom it has been unable to find a current address, and sends the full name, date of birth, and a data matching reference number to IR.</p> <p>IR disclosure to Justice: For matched records, IR supplies the current address and all known telephone numbers for the person, the name, address, and contact numbers of the person's employer or employers, and the unique identifier originally provided by Justice.</p> | ✓ |

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| <p>55. MSD/IR Working for Families Tax Credits Administration</p> <p>To inform IR of beneficiaries who have ceased or commenced paid employment so that IR can stop or start paying Working for Families Tax Credits (WfFTC).</p> <p>MSD disclosure to IR: MSD selects clients with children in their care who have had a 'trigger event' relating to the cessation or commencement of employment (i.e. a benefit has been granted, resumed, cancelled or suspended).</p> <p>MSD sends full name, date of birth, income and benefit payment information, and MSD and IRD client numbers for both the primary carer and his or her partner. In addition, MSD provides the primary carer's bank account number, address and contact details. Details of each child's full name and date of birth are also included.</p> <p>Minor technical issue: The letter that IR sends individuals about suspension of WfFTC payments does not fully meet the notice requirements in section 103(1B) of the Act as it does not advise individuals that they have 5 working days to challenge the suspension.</p> <p>When we reported on this issue last year we were satisfied with the measures that IR has in place to address instances of incorrectly ceased entitlements. We monitor this programme and continue to be satisfied with the safeguards in place.</p> | X |
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Online transfer approvals

The Privacy Act prohibits the transfer of information by online computer connections except with the Commissioner's approval. We grant approvals subject to conditions designed to ensure that agencies put in place appropriate safeguards to protect the data.

The practice of the Office has usually involved granting first-time approvals for 12 months. Based on evidence of safe operation in that first period, and verified by a satisfactory audit report, subsequent approvals are typically issued for a three-year term.

| USER AGENCY PROGRAMME NAME APPROVAL DATE | REASON | GROUNDS |
|-----------------------------------------------------------|-------------------------|---------------------------------------------------|
| ACC | | |
| Compensation and Levies 16 December 2015 | Efficiency and security | Satisfactory audit result |
| DIA - IDENTITY VERIFICATION SERVICE | | |
| Identity verification (Immigration) 30 May 2016 | Efficiency and security | Satisfactory audit result |
| INLAND REVENUE | | |
| Child support and student loans 28 September 2015 | Efficiency and security | Audit issues resolved |
| Working for families 18 April 2016 | Efficiency and security | Satisfactory audit result |
| Newborns tax number 9 June 2016 | Efficiency and security | Audit issues resolved or scheduled for completion |
| MINISTRY OF BUSINESS INNOVATION AND EMPLOYMENT | | |
| Motor Vehicle Traders Importers 15 June 2016 | Efficiency and security | Audit issues resolved |
| Motor Vehicle Traders Sellers 15 June 2016 | Efficiency and security | Audit issues resolved |
| MINISTRY OF JUSTICE | | |
| Fines Defaulters Tracing (MSD) 28 August 2015 | Efficiency and security | Timely delivery of data |
| Fines Defaulters Tracing (Immigration) 26 January 2016 | Efficiency and security | Satisfactory audit result |

| MINISTRY OF SOCIAL DEVELOPMENT | | |
|------------------------------------------------------------|-------------------------|---------------------------|
| Commencement Cessation 28 October 2015 | Efficiency and security | Satisfactory audit result |
| Benefit Eligibility 20 November 2015 | Efficiency and security | Satisfactory audit result |
| Arrivals and Departures (query access) 16 December 2015 | Efficiency and security | Satisfactory audit result |
| NEW ZEALAND TRANSPORT AGENCY | | |
| Deceased Drivers 29 October 2015 | Efficiency and security | Timely delivery of data |

