

PRIVACY COMMISSIONER

Statement of Performance Expectations
1 July 2024 to 30 June 2025



Statement of Performance Expectations

1 July 2024 to 30 June 2025

Presented to the House of Representatives pursuant to section 149 of the Crown Entities Act 2004.



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Introduction by the Privacy Commissioner

Safeguarding personal information benefits all of New Zealand. For our people, protecting privacy reduces the privacy harms that may result, whether they are financial, reputational or emotional.

For our companies and government agencies, soundly managing personal information enables the flow of goods and services through building the trust of customers and clients. For our society, privacy is a foundation underpinning the trust in the institutions of our democracy.

The vision of my Office is to ensure that privacy is a core focus for all agencies in order to protect the privacy of individuals, enable agencies to achieve their own objectives, and safeguard a free and democratic society. By having privacy regarded in much the same way as health and safety or good financial reporting, I believe we will achieve the best privacy outcomes for our country.

The challenges before us are significant. We operate in a dynamic environment – the volume of privacy harms being experienced is increasing and new technologies are being developed every day. We are also a small Office that faces real constraints on what it can achieve in a year. For the 2024/25 year we will be applying retained funds to cover a significant deficit, but our funding situation will prove increasingly difficult in future years.


While achieving our vision will not be easy, this Statement of Performance Expectations represents another step towards implementing our strategy as set out in the Statement of Intent. For 2024/25 we have set ourselves three key areas of strategic focus:

- Continuing to build our strengthened Compliance and Enforcement function
- Delivering on our regulatory stewardship responsibilities
- Ensuring the Privacy Act is fit-for-purpose in the digital age

The vision of my Office is to ensure that privacy is a core focus for all agencies in order to protect the privacy of individuals, enable agencies to achieve their own objectives, and safeguard a free and democratic society.

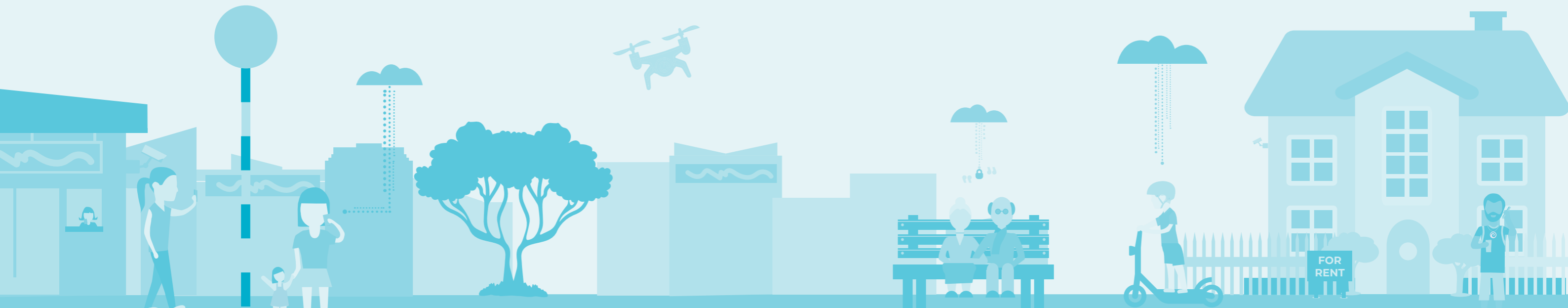
These areas of strategic focus will build upon our achievements for 2023/24. In this past year we made significant progress towards strengthening our Compliance and Enforcement function and shifting our Policy and Advocacy function to being more proactive.

Looking forward, as we continue with our strategy I expect further changes that will enable us to best play our part in ensuring that New Zealanders can have trust and confidence in the way their personal information is protected and cared for, for the benefit of all.



Michael Webster
Privacy Commissioner

30 June 2024



Alignment with the Statement of Intent

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

The Statement of Intent was updated for the period July 2023 to June 2027. This updated strategy maintained the five output class areas (known as functions) and values of the Office. The new strategy significantly changed the vision and objectives the Office was pursuing, focusing the Office on ensuring that privacy is a core focus for agencies, similar to how much of health and safety and good financial reporting is regarded.

The diagram on the next page sets out the high-level strategy.

As also outlined in the Statement of Intent, the work of our Office contributes to the broader Ministry of Justice priorities for the justice sector. These priorities are to:

- Bring the strength of communities into courts and tribunals
- Reduce the harm experienced by victims and their whānau
- Steward our policy and regulatory systems
- Improve access and experiences for participants in courts and tribunals, and
- Play a leading role to deliver an integrated, sector-wide response

This Statement of Performance Expectations provides further detail on the functions with a focus on what the Office will do to deliver on its vision and objectives. It also sets out how the Office's performance in each functional area will be assessed for the year to 30 June 2025.

Our Statement of Intent sets out how the Office's longer-term performance will be assessed. In particular, it sets out a number of Objective level performance targets which in turn will enable the Office to assess overall performance against system outcomes. These have not been set out again in this document but can be read in the Statement of Intent.¹

Measuring the Office's impact in the context and nature of our work is complex. The Office's role is generally collaborative and challenging, and the ultimate results of our work are often long-term and incrementally achieved. Quantitative performance measures will include both direct observations (e.g. results of surveys) and measures which rely on data as an indicator that our objectives are being achieved. The Office's Annual Report will report against both the functional level targets, as set out in this document, and also these longer-term targets to illustrate to readers what impact the Office is having.

The Statement of Performance Expectations responds to the expectations as set out in the Annual Letter of Expectations 2024/25 and sets the strategic direction and work programme for the year ahead.

Figure 1: Strategic Framework



1. <https://www.privacy.org.nz/publications/corporate-reports/statement-of-intent-2023-2027/>

Operating environment

The strategic direction of the Office has been established to help us succeed in the dynamic environment we operate in.

There are a range of broad challenges that we face:

- Privacy is highly contextual, where there is no one size fits all
- The impact and importance of privacy varies, with some people more vulnerable to serious harm and in greater need of assistance
- The agencies we regulate are many and varied, with our regulated sector extending to nearly the entire public, private and not-for-profit sectors
- Technology is rapidly changing, and this is introducing new and novel privacy risks that need to be managed, and
- Privacy is increasingly important, with countries increasingly viewing data as 'the new oil'.

In addition to these significant challenges, we are also mindful that the Privacy Act is in need of significant modernisation.

We also must respond to rising expectations relating to the Treaty of Waitangi / Te Tiriti o Waitangi:

- We will be increasingly expected to have a strong understanding and capabilities related to Te Tiriti, tikanga Māori and Te Ao Māori
- We will be expected to respond to ensure we realise the value Mātauranga Māori can bring to our thinking
- Te Tiriti principle of active protection will mean that we must ensure awareness of privacy rights and confidence to exercise them
- Co-design and co-delivery between Māori organisations and the public sector is increasingly expected, and
- Rapid technological advances are increasingly raising questions and challenges for privacy and the protection of taonga, of tapu, and of mana.

Key areas of strategic focus for the 2024/25 year

The Privacy Commissioner is shifting the focus of the Office to ensuring that privacy is a core focus for agencies. Consistent with the Office's vision and objectives, there are three key areas of strategic focus for the 2024/25 year:

1

Continuing to build our strengthened Compliance and Enforcement function

During the past year the Office allocated additional resources and revised the policies and procedures of the Compliance and Enforcement function. For the 2024/25 year the Office will build upon these gains, including through extending its use of data analytics and international cooperation.

The objective is for the Office to promptly use all of its compliance powers in accordance with the Compliance and Regulatory Action Framework. The prompt use of our powers will in turn increase compliance with the Privacy Act and build sector-wide competency.

2

Delivering on our regulatory stewardship responsibilities

During the past year the Office made significant progress in shifting the Policy and Advocacy functions towards proactive work. This included progressing a review of children's privacy and exploring a potential Code of Practice for biometric technologies.

Building on these achievements, in 2024/25 the Office will emphasise its regulatory stewardship responsibilities through preparing and promulgating new and updated guidance and Codes of Practice under the Privacy Act.

3

Ensuring the Privacy Act is fit-for-purpose in the digital age

The Office will focus on the advice it provides to the Minister of Justice on amendments to the Privacy Act. This includes supporting the Privacy Amendment Bill that is before Parliament that, if passed, will expand the

notification requirements under the Privacy Act. The Office will also increase its advocacy for a specific set of amendments to ensure that New Zealand does not fall behind global privacy regulatory approaches.

Summary of Output Revenue and Expenses for 2024/25

The Privacy Commissioner receives funding through an appropriation within Vote Justice. The appropriation is within the Non-Departmental Output Expenses; Services from the Privacy Commissioner and provides an appropriation as noted above in the new baseline.

The baseline funding in 2024/25 is \$7.64m after a reduction of 6.5% of funding from the Ministry of Justice. This is expected to remain consistent across 2025/26 and out years.

The scope of this appropriation is limited to privacy issues relating to the collection and disclosure of personal information and the privacy of individuals. It is intended to achieve the efficient and effective provision of services by the Privacy Commissioner.

The Privacy Commissioner has committed through the appropriation to provide five functions in 2024/25.

Output operating statements: 2024/25

Function Description	Revenue		Expenses	Surplus
	Revenue Crown \$000	Revenue Other \$000	Total Expenses \$000	Surplus / (Deficit) \$000
Communication and Education	1,368	64	1,522	(90)
Compliance and Enforcement	1,642	6	1,823	(175)
Policy and Advice	1,873	65	2,081	(143)
Investigation and Dispute Resolution	1,756	7	1,950	(187)
Strategy and Insights	1,001	4	1,113	(108)
Total Output Classes	7,640	146	8,489	(703)

Capital expenditure

Provision of \$50k has been included in 2024/25 budget. No significant one-off costs are expected in the 2024/25 year. The budget includes provision for costs associated with office furniture or computer hardware if required.

Deficit and cash reserves

The Office has built up cash reserves over previous years and intends to use these to fund the deficit that is being predicted for 2024/25.

Risks

The Office has a Critical Operational Risks Management Plan which is formally reviewed by the Senior Leadership Team on a quarterly basis. The plan currently identifies nine high level risks that the Office has identified as being important and sets out both current and additional mitigations that it intends to implement. The Office is currently undertaking an internal review of how it identifies, categorises, manages and reports on risks.

Risks are currently allocated out to specific senior management across the Office, and specific updates are also reviewed by both the Legislative Compliance Working Group and the Health, Safety and Wellbeing Committee, both of which are made up of staff from across the different Office functions.

One of the key risks, in the medium term, is financial sustainability. Whilst the Office's current cash reserves will enable the budgeted deficit to be funded (as noted above) in the 2024/25 year, the Senior Leadership Team will be ensuring additional savings are identified in advance of the 2025/26 year. Regulatory Failure has also been identified as a critical risk for the past few years, particularly given the increasing volumes of breaches and complaints.

Other risks include Natural Disasters, Health and Wellbeing, and Retention and Recruitment of staff. All risks will continue to be monitored and mitigations identified as necessary.

The 5 functions include the following outputs:

Function	Outputs
 <p>Strategy and Insights</p>	<ul style="list-style-type: none"> • Better use of intelligence obtained from our activities across the Office to identify domestic trends and emerging strategic issues • International insights on emerging privacy issues • Understanding new trends globally and prioritising delivery of services accordingly • Monitoring the success of new initiatives and strategies introduced.
 <p>Communication and Education</p>	<ul style="list-style-type: none"> • Guidance and education to empower New Zealanders to exercise their privacy rights and agencies on their responsibilities and obligations under the Privacy Act • Improving digital services channels, including the website and education and guidance tools • Commenting on issues of public and media interest • Engagement focused on understanding those parts of society more vulnerable to serious privacy harm
 <p>Compliance and Enforcement</p>	<ul style="list-style-type: none"> • Receiving mandatory breach notifications and following up with agencies on those likely to cause serious harm • Proactively identifying and investigating systemic issues for possible intervention • Issuing guidance to agencies and, where necessary, compliance orders to address systemic issues • Applying the Compliance and Regulatory Action Framework, with an emphasis on prompt action.
 <p>Policy and Advocacy</p>	<ul style="list-style-type: none"> • Providing clear expectations for agencies, whether through information, guidance or Codes of Practice • Providing advice to the government on emerging and new legislation, applying the principles of necessity and proportionality • Supporting responsible information sharing including the facilitation of AISAs with individual agencies to assist them to operate more effectively and efficiently • Treaty and Te Ao Māori analysis incorporated in policy work as necessary.
 <p>Investigations and Dispute Resolution</p>	<ul style="list-style-type: none"> • Investigating privacy complaints made under the Privacy Act and referring appropriate complaints to the Director of Human Rights Proceedings for consideration • Taking a dispute resolution approach where possible and focusing on settlement • Issuing access directions determinations where appropriate • Continuing the emphasis on prompt action.

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

The comparative results have been taken from the 2022/23 Annual Report and the 2023/24 Statement of Performance Expectations. Where the comment in the previous year column states “n/a”, this indicates that the target was new for the 2023/24 year and was therefore not reported against in the 2022/23 Annual Report. All new measures have been indicated as such.

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

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

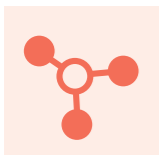
Many of the measures for output performance set out below will also be used to assess the Office's progress against the four objectives identified earlier. This has not been summarised in this document but the Statement of Intent sets this out, along with the direction of travel expected over the four years from 1 July 2023, in the section “Our Objectives”.

Basis of Preparation

PBE FRS 48 is the relevant reporting standard and establishes generally accepted accounting practice and high-level requirements for reporting on service performance. This standard has been applied when collating the Forecast Service Performance measures for 2024/25. Specifically, a detailed review of the suite of measures was carried out by the Management and Senior Leadership Team to ensure that the indicators aligned to the functions and priorities of the Office. The review was performed in detail for the Appropriations with a focus on ensuring that the measures were specific, achievable, measurable, relevant and timely.

Overall, performance measures have remained fairly consistent with those included in the prior year's expectation document. There have been some changes to rewording of a measure within Communications and Engagement, based on the current environment and fiscal savings. Other changes include amending targets to ensure these remain reasonable and achievable, as indicated in the tables below.

A new Team (Capability and Guidance) was set up to support the five functions in 2023/24. No external KPIs have been identified for this area in 2024/25 but work is being undertaken to identify measures that can be reported on internally prior to being included in 2025/26.



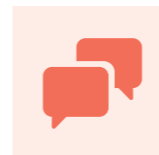
Function 1 Strategy and Insights

What this activity covers

We promote better prioritisation and decision making through analysing enquiries, complaints, privacy breaches and other information we receive. We develop and maintain an understanding of the impact of technological developments on privacy. We monitor the success of our strategies and initiatives.

How performance will be measured

Measure	Expectation 2024/25	Expectation 2023/24	Previous year 2022/23	How it will be measured
Conduct 2 assessments a year to gauge the privacy maturity or attitudes of agencies or individuals.	2	2	N/A – measure introduced in 2023/24	Copies of assessments conducted will be retained in the document management system.



Function 2 Communication and Education

What this activity covers

We inform people about their privacy rights. We promote privacy understanding and competence, using media, opinion writing, events and conferences and stakeholder engagement. We produce material and resources to inform, guide and educate.

How performance will be measured

Measure	Expectation 2024/25	Expectation 2023/24	Previous year 2022/23	How it will be measured
Education module completions as a percentage of education module registrations in the year.	75%	75%	79%	Reporting from on-line education tool.
Respond to all public enquiries within 5 working days.	95%	95%	99% ²	Evidence retained in the document management system.
Content improvements made to digital service channels. ³	Achieved	Achieved	N/A – measure introduced in 2023/24	Evidence of improvements made.

2. This comparative is the result within 5 working days. The actual reported result in the 2022/23 Annual Report was 95% responded to within 2 working days.

3. This measure has been reworded from the prior year. "Significant" has been replaced with "Content".



Function 3 Compliance and Enforcement Activities

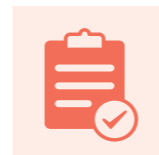
What this activity covers

We identify and assess systemic issues using the right tools to get the best privacy outcomes for New Zealanders. We undertake monitoring and compliance activities to ensure compliance with the Privacy Act and prosecute offenders if required.

How performance will be measured

Measure	Expectation 2024/25	Expectation 2023/24	Previous year 2022/23	How it will be measured
Notified privacy breaches that are likely to cause serious harm, are followed up with the notifying agency within 10 working days of risk assessment.	85%	100%	75% ⁴	Evidence retained in the document management system.
The percentage of externally reviewed compliance investigations that are rated as 3.5 out of 5 or better for quality.	85% ⁵	90%	100%	Evidenced by report prepared by an independent evaluator.
Incoming compliance issues are risk assessed on allocation to determine the appropriate response activity.	90%	100%	96% ⁶	Evidence retained in the document management system.

4. This was a new measure in 2023/24 and was not reported in the 2022/23 Annual Report. This comparative is for part of the 2022/23 year, from when the KPI was established.
5. All targets have been reviewed and updated where necessary based on expectations for 2024/25. This was a new measure in 2023/24. A review was undertaken of the prior year files to provide the comparative as shown above.
6. This was a new measure in 2023/24. The comparative relates to a part year result for 2022/23 following establishment of the new measure.



Function 4 Policy and Advocacy

What this activity covers

We develop interventions such as guidance and Codes of Practice so that our expectations as regulator are clear. We provide advice on the privacy implications of policies being developed by Government. We advocate for privacy positive outcomes.

How performance will be measured

Measure	Expectation 2024/25	Expectation 2023/24	Previous year 2022/23	How it will be measured
The percentage of externally reviewed policy files that are rated as 3.5 out of 5 or better for quality. ⁷	85%	85%	80%	Evidenced by report prepared by independent evaluator.
Undertake 2 projects relevant to setting privacy standards, expectations or guidance in the privacy system.	Achieved	Achieved	N/A – measure introduced in 2023/24	Evidence retained in the document management system.
All externally reviewed policy files appropriately incorporate Treaty and Te Ao Māori analysis as necessary.	85% ⁸	100%	10% ⁹	Evidenced by report prepared by independent evaluator.

7. Policy files includes the following: policy files, Codes files and information sharing files.
8. Targets have been reviewed for this measure based on an expectation for 2024/25.
9. This was a new measure in 2023/24, however the external review of 2023 policy files did include this analysis in order to provide a comparative. It noted that 1 out of the 10 files reviewed had included Te Ao Māori analysis as necessary.

Prospective Financial Statements



Function 5 Investigations and Dispute Resolution

What this activity covers

We use dispute resolution techniques for individual complaints and undertake full investigations where necessary and appropriate. Where we can, we encourage the settlement of a complaint. We refer serious cases to the Director of Human Rights Proceedings to consider bringing to the Human Rights Review Tribunal.

How performance will be measured

Measure	Expectation 2024/25	Expectation 2023/24	Previous year 2022/23	How it will be measured
The percentage of notified complaints files closed by settlement between the parties.	50%	50%	69%	Evidence retained in the document management system.
The percentage of externally reviewed complaints investigations that are rated as 3.5 out of 5 or better for quality.	85%	90%	100%	Evidenced by report prepared by independent evaluator.
The percentage of complaints closed during the year that were less than 6 months old at closure.	85%	85%	82% ¹⁰	Evidence retained in the document management system.

10. The Annual Report 2022/23 reported 49% for this measure as it only related to complaint "files". The KPI was amended in 2023/24 to also include fast resolve complaints. The 82% includes all complaints closed in the 2022/23 year.

Prospective Statement of Comprehensive Revenue and Expenses

for year ended 30 June

	Budget 2024/25 \$000	Forecast 2023/24 \$000	Actual 2022/23 \$000
Crown revenue	7,640	8,171	7,392
Other revenue/seminars	116	149	149
Interest income	30	99	70
Total Operating Revenue	7,786	8,419	7,611
Marketing	119	75	51
Audit fees	53	51	64
Depreciation and Amortisation	85	200	273
Rental expenses	551	497	432
Operating expenses	1,381	1,663	1,280
Staff expenses	6,300	6,114	5,360
Total expenses	8,489	8,599	7,460
Total Comprehensive Income	(703)	(180)	151

Prospective Statement of Changes in Equity

for year ended 30 June

	Budget 2024/25 \$000	Forecast 2023/24 \$000	Actual 2022/23 \$000
Public equity as at 1 July	2,417	2,597	2,446
Total Comprehensive Income	(703)	(180)	151
Total recognised revenues and expenses for the period	(703)	(180)	151
Public equity as at 30 June	1,714	2,417	2,597

Prospective Statement of Financial Position

for year ended 30 June

	Budget 2024/25 \$000	Forecast 2023/24 \$000	Actual 2022/23 \$000
PUBLIC EQUITY			
General funds	1,714	2,417	2,597
Total public equity	1,714	2,417	2,597
REPRESENTED BY: ASSETS			
Current assets			
Cash and cash equivalents	1,808	2,389	2,388
Debtors and other Receivables	33	58	83
Prepayments	114	145	144
Total current assets	1,955	2,592	2,615
Non-current assets			
Property, plant and equipment	174	219	305
Intangible assets	24	13	91
Capital Work in progress	-	-	-
Total non-current assets	198	232	396
Total assets	2,153	2,824	3,011
LESS: LIABILITIES			
Current liabilities			
Creditors and other Payables	164	150	158
Employee entitlements	270	253	247
Total current liabilities	434	403	405
Non-current liabilities	4	4	9
Total liabilities	438	408	414
NET ASSETS	1,714	2,417	2,597

Statement of underlying assumptions

Prospective Statement of Cash Flows for year ended 30 June

	Budget 2024/25 \$000	Forecast 2023/24 \$000	Actual 2022/23 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash provided from:			
Supply of outputs to the Crown	7,640	8,171	7,392
Revenues from services provided	116	173	129
Interest received	30	99	70
Cash applied to:			
Payments to suppliers	2,065	2,298	1,810
Payments to employees	6,282	6,108	5,361
Net Goods and Services Tax	(30)	(1)	5
Net cash flows from operating activities	(531)	38	415
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Sale of Fixed Assets and Intangibles	-	-	-
Cash applied to:			
Purchase of Fixed Assets and Intangibles	50	37	34
Net cash flows from investing activities	(50)	(37)	(34)
Net increase (decrease) in cash held	(581)	1	380
Plus opening cash	2,389	2,388	2,008
Closing cash balance	1,808	2,389	2,008
Represented by: Cash and bank	1,808	2,389	2,388
Closing cash balance	1,808	2,389	2,388

Significant assumption

The opening position of the forecasted statements is based on the unaudited results of the year ended 30 June 2024. The actual results for April, May and June 2024 are unavailable and therefore the balance as at 30 June 2024 has been estimated using the forecast figures as at 31 March 2024.

Revenue from the Crown

The budget has been set based on a reduction of operating grant from the Ministry of Justice by 6.5%.

Other grants

The budget has been prepared on the basis that funding from the Department of Internal Affairs will continue as in previous years.

Other assumptions

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

Staffing levels

The budget reflects staffing levels of FTEs to meet the work programme. The actual FTEs that are needed may end up being different. The budget also includes a vacancy lag amount taking into account the average time that roles remain vacant prior to being filled.

Nature of prospective financial statements

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

Statement of accounting policies

Reporting entity

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

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

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

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

The financial statements for the Privacy Commissioner are for the year ended 30 June and are approved by the Commissioner prior to issue. The financial statements cannot be altered after they have been authorised for issue.

Basis of preparation

The financial statements of the Privacy Commissioner are prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice ("NZ GAAP").

The financial statements comply with PBE FRS 42, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Significant accounting policies

The following, particular accounting policies which materially affect the measurement of comprehensive income and financial position will be applied:

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Revenue from the Crown

The Privacy Commissioner is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of the Privacy Commissioner meeting its objectives as specified in the Statement of Intent and this Statement of Performance Expectations.

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

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

Other grants

Non-government grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation the grants are initially recorded as grants received in advance and recognised as revenue when the conditions of the grant are satisfied.

Interest

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

Provision of services

Revenue derived through the provision of services to third parties is treated as exchange revenue and recognised in proportion to the stage of completion at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed.

Goods and Services Tax (GST)

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

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

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

Income tax

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

Property, plant and equipment

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

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

Depreciation

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

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

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

Additions

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

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

Intangible assets

Software

Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use the specific software and only when the licence covers a period of over 2 years.

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

Website costs

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

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

Amortisation

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

Acquired computer software	2-4 years
Interactive tools	3 years

Software-as-a service arrangements

The IASB's Interpretations Committee issued an agenda decision during April 2021 that clarified the accounting treatment expected under International Financial Report Standards for customisation and configuration costs associated with software as a service (SAAS) arrangements.

A detailed review of previously capitalised assets assessed to be SAAS related was undertaken. There were only two assets deemed to be SAAS related. Of these, one was fully written down as at 30 June 2022. The net book value of the remaining asset as at 30 June 2023 was only \$5k.

There have been no further software capitalisations in the prior and current financial years.

Employee entitlements

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

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

Financial instruments

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



Privacy Commissioner
Te Mana Mātāpono Matatapu

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