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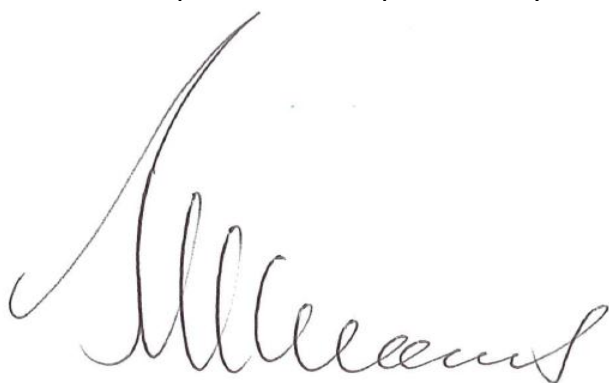
Annual report of the  
**Electoral Commission**  
*Te Kaitiaki Take Kōwhiri*  
for the year ended 30 June 2012

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To: The Honourable Minister of Justice

I have the honour to present to Parliament the Annual Report of the Electoral Commission, Te Kaitiaki Take Kōwhiri, pursuant to the provisions of the Crown Entities Act 2004.

This report covers the period 1 July 2011 to 30 June 2012.

A handwritten signature in black ink, appearing to read 'H Williams', written in a cursive style.

**Hon Sir Hugh Williams QC**  
CHAIR, ELECTORAL COMMISSION

November 2012

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**Electoral Commission**

Level 9  
17-21 Whitmore Street  
PO Box 3220  
Wellington  
New Zealand

Phone +64 4 495 0030  
Fax: +64 4 495 0031  
Email: [enquiries@elections.govt.nz](mailto:enquiries@elections.govt.nz)

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## Introduction

The 2011/12 year was the most administratively challenging for electoral administration since 1999, with both a General Election and the referendum on New Zealand's voting system being held at the same time – 26 November 2011.

Detailed in this Annual Report are both the financial results of the year and a measure of our success in discharging our responsibility to administer the New Zealand Electoral system effectively and efficiently. In particular we are justifiably proud of our work to impartially inform and educate New Zealanders on the referendum on the voting system. Feedback on the information and education campaign is documented in this report as is survey data on the overall electoral activity in the last year.

Just as important though are the steps we are now undertaking to prepare for future general elections. The Commission has identified three areas that warrant particular attention in the coming electoral cycle and beyond:

- **Promoting Participation**

A key measure of participation is voter turnout. This is at the heart of a healthy democracy and a measure of the value New Zealanders place on that democracy and their vote.

New Zealand turnout percentages have been declining steeply since the 1980s and at best we are now only slightly above the international average. In the 2011 General Election overall turnout as a percentage of those eligible to enrol fell 6% from 2008 (from 75.73% to 69.57%). The last time there was a similarly large drop was between the 1999 election and the early mid-winter election in 2002 when turnout fell 5% (from 77.19% to 72.49%). Turnout in 2005 was 77.05%.

Promoting participation to reverse the downward trend is therefore a key objective for the Commission to be achieved over the next 9-12 years. Although not something we can achieve alone, we can and will champion voter participation and lead efforts to halt and reverse the decline.

- **Process Improvement**

The New Zealand voting system is highly accessible and trusted by voters. In 2011 88% (2008 - 85%) of New Zealanders were satisfied or very satisfied with the electoral process surrounding the General Election. Unlike most countries in the world, you can vote in New Zealand elections at any voting place, in advance or from overseas. However, paradoxically the administrative systems required to make it easy for voters are complicated to administer and rely on over 18,000 temporary staff. The Commission intends to look at whether its systems can be simplified to improve the voting experience, reduce the number of temporary staff required, and streamline administrative processes whilst retaining accessibility, accuracy, and public trust. This will include looking for ways to utilise technology to improve electoral processes.

- **Improving Access for Overseas Voters**

The numbers voting from overseas in 2011 fell by 35%, in part we suspect because of the difficulty in locating and using fax machines. E-voting solutions are not an option for 2014 because of funding constraints. Email is insufficiently secure. The Commission will explore the feasibility (and affordability) of developing a secure online system that will enable overseas voters to upload their voting papers to a secure elections server through the elections website in 2014. Amendments to the electoral regulations would be required.

As this report is published the Commission is well down the path of planning for the 2014 General Election and in particular managing the following key challenges over the balance of this fiscal year, 2012/13:

- The review of the MMP electoral system and report to the Minister of Justice by 31 October 2012 in accordance with the Electoral Referendum Act 2010;
- Assuming our statutory responsibility for enrolment from 1 July 2012 in accordance with the Electoral (Administration) Amendment Act 2011;
- Preparing for the conduct of the 2013 Māori Electoral Option;
- Providing administrative support to the Representation Commission as it prepares to convene in October 2013 to determine the number and size of electorates for the 2014 and 2017 elections;
- Providing independent, high quality advice on proposed or desirable changes to the electoral laws;
- Developing strategies to promote participation in Parliamentary elections, particularly through civics education; and
- Being ready to conduct by-elections and citizens initiated referenda should they be required.

We are looking forward to tackling these challenges whilst continuing to maintain public confidence in the administration of our electoral laws.



## About the Electoral Commission

### Legislation

The Electoral Commission operates under the mandate of two key pieces of legislation: The Electoral Act 1993; and the Crown Entities Act 2004.

The Electoral Act 1993 defines the objective of the Electoral Commission as:

*"... to administer the electoral system impartially, efficiently, effectively, and in a way that-*

- (a) facilitates participation in parliamentary democracy; and*
- (b) promotes understanding of the electoral system; and*
- (c) maintains confidence in the administration of the electoral system."*

The statutory functions of the Electoral Commission are defined by law and in summary comprise:

- the preparation and conduct of general elections, by-elections and referenda
- allocating free time and government monies to registered political parties for radio and television broadcasting
- promoting public awareness of electoral matters through education and information programmes
- advice to the Minister and the House on electoral matters referred to the Commission
- making available information to assist political parties, candidates, and third parties to meet their statutory obligations in respect of electoral matters administered by the Commission
- compiling and maintaining electoral rolls (from 1 July 2012)

### Establishment

The Electoral Commission was created by the Electoral (Administration) Amendment Act 2010. From 1 October 2010 the Act brought together the functions of the Chief Electoral Office, which was responsible for conducting elections and administering electoral laws relating to candidates, and the former Electoral Commission, which was responsible for public education and administering electoral laws relating to political parties.

The second stage of administrative reform took place on 1 July 2012 under the Electoral (Administration) Amendment Act 2011, when the Chief Registrar of Electors' functions undertaken by New Zealand Post Limited through the Electoral Enrolment Centre were transferred to the Commission. The enrolment services functions will continue to be provided by New Zealand Post Limited under contract to, and statutory delegation from, the Commission.

### The Board

The Chair of the Board, the Hon Sir Hugh Williams QC, and Robert Peden the Chief Executive, were appointed to the Board on 25 August 2010 by the Governor-General following a Motion of the House of Representatives. Mr Peden is also the Chief Electoral Officer. The appointment of Ms Jane Huria to the third position of Deputy Chair was made in July 2011.

### Independent Role

The Board assumed its statutory functions under the electoral laws on 1 October 2010. As an independent Crown entity under the Crown Entities Act 2004 the Commission is subject to the normal accountability requirements. However the Commission is not subject to ministerial direction in discharging its electoral functions and must act independently.

## Operating Framework

### Our Vision

#### New Zealanders trust, value and take part in parliamentary elections

### Our Operating Structure

The level of activity and funding for electoral events varies annually due to the three-yearly cycles for general elections, five-yearly cycles for the Māori Electoral Option and work of the Representation Commission, and stand-alone events such as referenda and by-elections.

A three year general electoral cycle consists of:

- participating in parliamentary reviews and identifying operational changes and improvements, including any proposals for legislative reform in year one.
- implementation of any legislative changes and designing, building and testing the systems and processes to be used at the next general election, and the recruitment of Regional Managers and Returning Officers in year two.
- putting in place the temporary infrastructure and systems, and recruiting and training the temporary field staff in readiness for delivering the election in the third year.

The Electoral Commission is also required to be prepared to conduct an early election, and/or by-elections and referenda as and when required.

During the last electoral cycle, 2009-2011 inclusive, there were four by-elections and a citizens initiated referendum in addition to a government initiated referendum on the New Zealand voting system conducted with the 2011 General Election.

The Commission operates year round with a small core team, averaging 24 full time equivalents, in its Wellington National Office. The Commission does not have a permanent field structure to undertake parliamentary elections. Returning Officers and their electorate staff are recruited and trained, and the infrastructure that supports them established anew for each election, by-election and referendum.

During the 2011/12 year the Commission employed staff on fixed term contracts to manage the regions (5), to be Returning Officers (70), to staff the electorate headquarters for three months (6,299) and to assist on the day of the General Election and referendum (19,866). In total 23,225 people were employed to deliver the 2011 General Election and referendum on the voting system.

### Equal Employment Opportunities

The Commission promotes Equal Employment Opportunities (EEO) to ensure that its people capability practices are in line with its obligations as a 'good employer'. The Commission's EEO policy is an integral part of the organisational health and capability component of the Commission's Statement of Intent for 2012/15, and the Commission actively seeks and encourages staff participation in all EEO related matters.

The Commission's activities against the seven key elements of being a 'good employer' are summarised below.

Key Element	Commission Policy/Activity
<i>Leadership, accountability and culture</i>	committed leadership to equality and diversity within the Commission
<i>Recruitment, selection and induction</i>	robust recruitment and selection processes for both permanent and temporary staff positions structured and detailed induction for all new staff both in the field and at National Office
<i>Employee development, promotion and exit</i>	personal development for permanent and long term staff equal access to development and promotion opportunities exit interviews for all leaving permanent and long term staff
<i>Flexibility and work design</i>	organisation-wide flexible working programme
<i>Remuneration, recognition and conditions</i>	transparent, equitable and gender-neutral job evaluation practices
<i>Harassment and bullying prevention</i>	accessible employee code of conduct and relevant policies
<i>Safe and healthy environment</i>	strong focus on employee health, safety and wellbeing through provision of support services including employee assistance programme

## The Year in Review

### Financial Position

The Commission ended the year with a deficit of \$1.256m against an expected deficit of \$0.470m.

The Commission benefited from additional interest income through the period and marginally lower than expected expenditure on the election and referendum. However, this only partially offset the unfunded cost of the MMP review which the Commission was statutorily required to initiate after the referendum. The review is due for completion and presentation to the Minister in October 2012.

Excluding the cost of the MMP review the Commission was \$0.455m favourably ahead of budget for the year.

Total revenue for the year was \$39.093m of which \$38.696m was from government appropriations. Government appropriations in the 2012/13 year, the first in the next three year cycle, are \$5.976m.

### Service Performance

#### *Preparations for and conduct of the general election and referendum*

The Commission's key objective in conducting the 2011 General Election and referendum on the voting system was to ensure public confidence in the administration of elections was maintained. We believe that meant that in delivering the 2011 General Election and referendum we would have:

- (a) Delivered voters the same level of service in polling places they received in 2008;
- (b) Achieved the same reporting times for parliamentary preliminary results that it achieved in 2008 (that is, 100% of advance vote results in by 8.30pm, 50% of polling places reported by 10.00pm and the remainder by 11.30pm);
- (c) Provided a good indication of the referendum result on election night (that is, 100% of referendum advance vote results reported by 8.30pm).

To deliver the same level of service to voters as in 2008, despite the additional task of delivering a referendum with a general election, substantially more election day staff (around 5,000) were required, as was additional training, supplies and space in polling places. This greater scale increased the complexity of managing the election. However, the streamlined process for issuing referendum papers, the use of colour to guide staff and voters through the two processes, the decision not to count referendum papers in polling places on election night, and the additional staff, training and resources had their desired effect.

Voter survey results showed 88% of voters were satisfied (35%) or very satisfied (53%) with the information they received before the election, the voting process and their voting experience. The vast majority of voters considered the time spent in the polling place reasonable (98%), found the parliamentary (94%) and referendum papers (83%) straightforward, and were satisfied with the timeliness of the results (87%). Voters were very satisfied (93%+) with the location and layout of polling places and the politeness, efficiency and knowledge of electoral staff. These results were on par with those for 2008.

#### *Services to electors and voters*

The Commission completed its review of the 2011 General Election and referendum in early 2012, which included independent surveys of voters and non-voters. The Commission's report on the 2011 General Election and referendum was provided to the Minister of Justice in April 2012 and tabled in the House of Representatives on 2 May 2012 in accordance with Section 8(1) of the Electoral Act 1993. Both the report on the election and the surveys are available on the Elections website.



As well as reporting on the election and referendum and services to voters and others the report also identified a range of areas for administrative improvement and made a number of recommendations that have legislative implications.

The Justice and Electoral Committee commenced their inquiry into the 2011 General Election and referendum on 8 March 2012. The Commission's report has been provided to the Committee and the Commission has appeared both as a witness to the inquiry and as an advisor to the Committee. Indications are that the Committee's inquiry is likely to conclude in the second half of 2012.

### *Information for Voters*

Voters had a lot of information to cope with in the five weeks between the conclusion of the rugby world cup and election day. The electoral agencies needed to convey information to voters about enrolment, about how to vote in the general election and referendum, and about the questions, the different voting systems and the implications of the referendum. At the same time, parties, candidates and third parties had their own messages to convey.

The Commission spent around \$3.5 million in mass media advertising on the referendum in the five weeks before election day. This amount was required because of the sheer volume of information that had to be conveyed. In the same period it spent \$900,000 promoting its general election messages.

The Commission's primary communication channel remained the EasyVote information pack delivered to 3 million electors in the eight days before election day. The pack contained all the information needed by voters – party lists, electorate candidates, advance voting and polling places, the EasyVote card, contact details, plus a guide to voting in the referendum on the voting system.

The Electoral Commission and Electoral Enrolment Centre worked closely together to ensure a consistent and integrated approach to information, advertising and outreach activity for the 2011 General Election and referendum on the voting system. Elements of our outreach and education programmes and the outcomes are outlined below.

#### *Information for voters with disabilities*

A new DVD and facilitation guide was developed for people with intellectual disabilities to enable their caregivers to deliver information on voting, how to enrol and how to vote. These were developed and distributed in consultation with the organisations IHC and People First.

Plain English booklet and poster resources 'The Easy Guide to Voting' were developed for persons with learning difficulties and low literacy, and distributed widely.

Key publications were made available in accessible formats for the vision-impaired, in consultation with the Royal New Zealand Foundation for the Blind. Information about voting was produced in a variety of formats including braille, audio, screen-reader and large print, as well as on the RNZFB's Telephone Information Service.

Brochures and information about accessible polling places were distributed to disability groups throughout the country and articles were provided for newsletters and publications to reinforce the advance voting message.

A DVD in New Zealand sign language was produced in consultation with Deaf Aotearoa and National Foundation for the Deaf, which explained both the enrolment and voting processes in NZSL, captions and audio. The referendum DVD was also provided in captioned format. It was distributed via Deaf Aotearoa, National Foundation for the Deaf, Hearing Associations nationwide, and on request.

Existing audio-visual material was made available on the internet for download including TV and radio advertising in captioned and storyboard format.

60% of voters with a disability recalled specific disability targeted electoral information. 79% of non-voters with a disability knew when and where they could vote.

### Information for Māori

Core information brochures and media releases about key milestones were translated into Te Reo Māori.

This information was available through Registrars of Electors and electoral field workers, Returning Officers and provided to organisations such as Te Puni Kōkiri, Citizens' Advice Bureaux and Māori Health providers, Māori trusts, and Party secretaries.

The Electoral Commission's bilingual advertising was broadcast on Māori Television and iwi radio. The Returning Officer for Waiariki was available for media interviews in Māori, and the Chief Electoral Officer carried out a number of interviews with iwi radio.

Māori Community Liaison Coordinators worked directly with iwi groups and communities to educate Māori about the referendum.

The animated referendum video clips on each voting system were available with Māori voiceovers, and the DVD was subtitled.

The Commission's 'Candidate Handbook – 2011 General Election and Referendum' was also made available in te reo Māori.

Voter opinion surveys after the 2011 General Election suggest these initiatives were effective for those who participate. Māori voters report similar voting experiences as non-Māori. For example satisfaction levels with the polling place, queuing times and service are very similar to non-Māori. Māori usage of the EasyVote card was at 88% (84% in 2008) compared to 86% generally. In relation to the timeliness of results 87% (85% in 2008) were satisfied compared to 84% generally.

### Information for ethnic communities

The core brochure "Voting in the 2011 General Election and Referendum – the easy way!" was redesigned and available in 18 languages.

The resources were also available through election field workers, Returning Officers, community organisations and other outreach contacts.

Advertising with tailored messages was placed in targeted ethnic media including print publications, TV, radio and online in Chinese, Tongan, Korean and Samoan.

Audio recordings of this material in each language were available on the Elections website, and on ethnic websites.

### Information for young voters

The youth-focussed website [www.ivotenz.co.nz](http://www.ivotenz.co.nz) was disestablished in May 2011, after receiving fewer than 1000 visitors over the previous 12 months.

Effort was redirected to a strong Facebook presence at [www.facebook.com/ivotenz](http://www.facebook.com/ivotenz) to appeal to younger voters. The Facebook site, which included the ability to start the enrolment process online, had 10,600 'likes' in the week before the election. During November, an average of 200,000 people per week saw a message from or to the IVoteNZ Facebook page. The Commission's Facebook presence was 'hosted' by Orange Guy, who answered individual queries and comments and shared information with visitors. This enabled a more personal, direct relationship with voters.

Partnerships with youth-focused broadcasters were developed, resulting in targeted advertising using popular musicians as spokespeople. These spokespeople were chosen based on their influence on young voters, and represented a variety of genres and styles.

The core message of the advertising material developed through these partnerships was motivational. The clips featured musicians describing the things important to them, and how using their vote is important.

This motivational advertising ran on youth-focused television stations Juice and Four, on radio stations including Mai FM, Flava, the Edge, ZM, and the Rock, and on the websites of all the partners.

Radio hosts on partner stations also delivered voting messages in their ad-libs, directing listeners to the station websites. Each website featured links to online enrolment and information about the referendum and election.

Mainstream channels TV2 and TV3 also ran channel-branded motivational advertising in the lead-up to the election, encouraging viewers to enrol and vote.

Post-election surveying of young enrollers and non-enrollers showed that this motivational advertising was engaging and persuasive for young voters. This research also showed a demand for more instructional messaging around how to vote under MMP.

Expansion of this motivational and instructional advertising will be explored for the 2014 General Election.

### Kids Voting

The Electoral Commission took full responsibility for the delivery of the 2011 Kids Voting programme. In addition to the practical Kids Voting parallel election activity, the Commission developed new curriculum-linked learning units that supported both the Kids Voting programme and the civics requirements of the Y10 social studies curriculum.

In 2011, 340 schools, which included 1933 classes and 46,659 students, registered to take part. This compares with 2008 registration of 152 schools, 917 classes and 24,675 students.

Teacher evaluation shows that 93% of teachers thought the programme met its objectives, and 94% would participate again. 90% thought the resource supported their ability to teach social studies in the classroom.

100% of teachers thought that the programme increased their students' knowledge and understanding of elections (81% either absolutely or significantly) and 81% of teachers thought that the programme increased their own understanding of elections.



### *Referendum information and education programme*

The Commission believes the referendum information and education campaign was very successful. Multiple surveys were undertaken through the period to assess the impact of the campaign. Post-election voter surveys showed that 93% of voters were aware of the referendum and 81% of these voters felt very confident or fairly confident to make a decision. In our first survey in May 2011 only 45% of registered electors knew the referendum was on and only 28% felt confident to participate.

Knowledge of the key messages also increased substantially during the campaign. For example, at the time of the election 53% of registered electors knew that if there was a vote to keep MMP then an independent review of MMP would be held, compared to only 2% being aware of this in May.

The Commission adopted a two stage approach to this one-off programme. Stage one, from May to mid-October, raised general awareness about the referendum and provided comprehensive information for those who wished to engage early on with the subject matter. Stage two, from mid-October, delivered the key messages to all voters through mass media channels and directed those who wanted more information to the referendum website or freephone information service. The Commission engaged with major media to encourage and assist them to report accurately on the referendum.

Every registered elector received information about the referendum in their enrolment update pack in early June. Every household received a more detailed brochure in mid-October and every registered elector received the same information in their EasyVote pack a week before election day.

Comprehensive information about the voting systems was published by the Commission in all major newspapers in the week before election day. People who wanted more information were encouraged to go to the Commission's referendum website or to call the freephone number.

### *Enquiries and Complaints*

The Commission investigated in excess of 600 complaints prior to election day regarding the election and referendum. 92 of these involved alleged breaches of the electoral legislation that required follow-up investigation. 14 of those complaints have subsequently been referred to Police including two broadcasting breaches and 12 breaches involving other advertising.

As is usually the case, the Commission received a large number of queries and complaints about compliance with the election day rules (280 complaints and 26 information requests). The Commission referred 11 election day incidents to Police.

The Commission has referred to Police 63 cases of personation under section 215 of the Electoral Act and section 27 of the Electoral Referendum Act.

The Commission also received 38 complaints regarding the administration of the election and voting services. All of these matters were satisfactorily resolved. None of the complaints received involved any breach of statutory requirements by electoral officials.

### *Services to political parties, candidates and third parties*

#### *Guidance*

From 1 January 2011, the Commission was required to provide advisory opinions on whether any particular advertisement is an 'election advertisement' for the purposes of the Electoral Act (section 204I of the Act). The Commission received 718 requests for advisory opinions prior to the 2011 General Election. These covered 1099 separate advertisements including broadcasts, signage, newspaper advertisements, stationery, flyers, publications, telephone scripts, and websites.

Requests were answered within an average of less than six working days. More than 50% of requests were received in the seven week period prior to the start of the regulated period on 26 August 2011. Approximately 90% of requests were from members of Parliament; 7% were from third party promoters; and just 3% from the public and the media.

The Commission surveyed persons who requested advisory opinions to get feedback. 71% found advisory opinions easy to understand and 73% said they adequately addressed their questions.

On the basis of our experience in 2011, we have good information on the demand patterns for advisory opinions which will be useful for planning for 2014.

#### *Registration of Political Parties and Logos*

During the financial year one new party was registered (Conservative Party, 6 October 2011), and following the election the Commission deregistered, at their request, three parties: New Citizen Party, the Kiwi Party and the Jim Anderton's Progressive party. As at 30 June 2012 there were 13 registered parties.

During the year the Commission also registered seven logos, varied one, and cancelled one on request.

As at 30 June 2012 there were 13 logos for registered parties and 35 logos for unregistered parties.

#### *Supervision of Returns of Election Expenses and Donations*

Sixteen parties were required to lodge returns of party expenses for the 2011 General Election by 19 March 2012, including three parties that did not contest the election. One of these, Jim Anderton's Progressive Party, the registration of which was cancelled on 9 March 2012, did not file a return. This failure to file was not referred to the Police because the party had not contested the election and had deregistered by the time the return was due. Copies of party election expense returns and accompanying audit reports are available on the Elections website.

In all 453 electorate candidates were required to lodge returns of election expenses and donations for the 2011 General Election by 26 March 2012. 447 were filed and are available to view on the Elections website. The Commission referred nine candidates to the Police who had not filed their returns by the due date, three of which subsequently filed their returns. Six remain outstanding.

The Commission has received returns from two registered promoters who spent more than \$100,000 on election advertisements and one registered promoter who spent more than \$100,000 on referendum advertisements published during the regulated period published. Copies of these returns are available on the Elections website.

#### *Annual Declarations by Registered Political Parties*

The secretary of each registered party is required to provide the Commission with a statutory declaration by 30 April each year that the party intends to contest general elections and has at least 500 current financial members who are eligible to enrol as electors.

All registered parties have filed annual declarations and provided information about their membership processes for 2012.

#### *Annual Return of Donations by Registered Political Parties*

Sixteen parties were required to provide the Commission with annual donation returns and accompanying auditors' report by 30 April 2012, including three parties that did not contest the election. The returns must disclose all donations received in the previous calendar year in a wide ranging number of categories, including disclosing every donor or contributor who has donated over \$15,000 during the year, every anonymous or overseas donation over \$1,500 and any payments from the Electoral Commission of donations protected from disclosure.

All parties have filed returns and copies of these are available on the Elections website.

#### *Returns of Donations to Registered Political Parties Exceeding \$30,000*

Every registered political party that receives a donation over \$30,000 or a series of donations from the same person within the previous twelve months that exceeds \$30,000 (this was increased from \$20,000 on 1 January 2011), must provide a return to the Commission within 10 working days of receiving the donation or the donation which takes the aggregate over \$30,000. A table of the returns filed is available on the Elections website.

### *Donations Protected from Disclosure*

The Electoral Act provides a mechanism for donors to make donations exceeding \$1,500 to political parties via the Commission without their identity being disclosed to either the public or the recipient parties. The maximum a party can receive per electoral cycle is 10% of the maximum election expenses allowable, currently \$286,000 per party. The maximum a donor can give to a party is 15% of the per-party limit, currently \$42,900 per donor to the same party.

With limited exceptions, it is an offence for any person to disclose any details about donations protected from disclosure. The Commission is required to make payments to recipients weekly, during the period between writ day and the return of the writ at any general election, and monthly at any other time.

Donations received and paid out by the Commission in the reporting period are summarised in the tables below:

<b>Received:</b>	<b>Amount:</b>	<b>Paid to Party</b>	<b>Returned to Donor</b>	<b>Paid to Crown</b>
<b>September 2011 Quarter End</b>	\$83,460	\$83,460	Nil	Nil
<b>December 2011 Quarter End</b>	\$87,225	\$87,225	Nil	Nil
<b>March 2012 Quarter End</b>	Nil	Nil	Nil	Nil
<b>June 2012 Quarter End</b>	Nil	Nil	Nil	Nil

<b>Party Paid to:</b>	<b>Date Paid Out:</b>	<b>Amount:</b>
The New Zealand National Party	04-Aug-11	\$41,730
ACT New Zealand	04-Aug-11	\$41,730
<b>September 2011 Quarter End</b>		<b>\$83,460</b>
The New Zealand National Party	03-Nov-11	\$27,225
ACT New Zealand	17-Nov-11	\$20,000
The New Zealand National Party	28-Nov-11	\$40,000
<b>December 2011 Quarter End</b>		<b>\$87,225</b>

### *Allocation of broadcasting monies and supervision*

The Commission is required under Part 6 of the Broadcasting Act to allocate time made available by Television New Zealand and Radio New Zealand, and money made available by Parliament to enable political parties to broadcast election programmes during the election period for a general election ('the broadcasting allocation').

The amount of money appropriated by Parliament to enable political parties to fund their broadcasting of election programmes for the 2011 election was \$3,283,250 (including GST). This was the same amount as was available at the 2005 and 2008 General Elections.

The Commission published the broadcasting allocations for the 2011 General Election on 1 June 2011.

At the time final allocations were confirmed on 3 November 2011 four parties were deemed ineligible and the allocation was varied accordingly.

Actual payments were made on presentation of supplier invoices authorised by the parties concerned.

Following the election two referrals were made to the NZ Police regarding political party broadcasting:

1. that were made outside the election period and
2. exceeded the party's broadcasting allocation money.

The table below shows the monetary allocations and actual payments made.

<b>2011 General Election Broadcasting Allocation</b>			
	<b>Initial Monetary allocation  (GST Incl)</b>	<b>Final Allocation 3 November 2011  (GST Incl)</b>	<b>Actual Payments Made  (GST Incl)</b>
<b>New Zealand Labour Party (Labour Party)</b>	\$1,150,000	\$1,179,600	\$1,179,599.91
<b>The New Zealand National Party (National Party)</b>	\$1,150,000	\$1,179,600	\$1,179,463.19
<b>The Green Party of Aotearoa/New Zealand (Green Party)</b>	\$300,000	\$307,200	\$306,213.19
<b>ACT New Zealand (ACT Party)</b>	\$160,000	\$163,200	\$163,200.00
<b>Māori Party</b>	\$160,000	\$163,200	\$149,149.25
<b>New Zealand First (NZ First)</b>	\$100,000	\$102,000	\$101,775.40
<b>United Future New Zealand (United Future)</b>	\$100,000	\$102,000	\$99,506.43
<b>The Alliance (Alliance)</b>	\$20,000	\$20,800	\$18,314.90
<b>Aotearoa Legalise Cannabis Party (ALCP)</b>	\$20,000	\$20,800	\$20,800.00
<b>Conservative Party (frmly Coalition of New Zealanders)</b>	\$20,000	\$20,800	\$19,532.76
<b>Libertarianz</b>	\$20,000	\$20,800	\$20,626.17
<b>The Kiwi Party (Kiwi Party)</b>	\$20,000	\$-	\$-
<b>New Zealand Sovereignty Party</b>	\$20,000	\$-	\$-
<b>Pirate Party of New Zealand</b>	\$20,000	\$-	\$-
<b>World Peace Party</b>	\$20,000	\$-	\$-
<b>Radio New Zealand (RNZ)*</b>	\$3,250	\$3,250	\$3,250.00
<b>Unapplied Balance returned to Crown</b>			\$21,818.80
<b>Total Allocated/Applied</b>	<b>\$3,283,250</b>	<b>\$3,283,250</b>	<b>\$3,283,250.00</b>

\* Allocated to RNZ in accordance with section 77A(5) of the Broadcasting Act 1989



## Performance against Our Main Impact Measures

On establishment 1 October 2010 the Commission had targeted six measures focused on achieving three key impacts in the 2011 electoral cycle. These are linked to our primary goal of contributing to the shared outcomes of the Justice sector. These are outlined in the table below along with our achievement against those measures.

Result/Measure	Performance Forecast 2011/12	Performance Achieved 2011/12	
<b>Key Impact: <i>Reduced Barriers to Participation</i></b>			
<b>Impact Indicators:</b>			
1A - % of voters satisfied with voting experience	90.0%	88%	88% represents an improvement on 2008 (85%) but not to the level we had targeted. The Commission has identified, as a priority process improvement as detailed in the Commission's 2013-2015 SOI
1B - % of non-voters identifying administrative barriers to participation as the reason for not voting	5% or less	2%	The Commission's strategy detailed in our 2013-15 SOI is to promote participation which takes the Commission beyond reducing barriers to participation
1C - % of secretaries of registered political parties satisfied with the service provided	95%	98.8%	Parties and Candidates were surveyed after the 2011 General Election
1D - % of candidates satisfied with the service provided	90%	93.6%	
<b>Key Impact: <i>Better Understanding of Elections</i></b>			
<b>Impact Indicators:</b>			
2A - % of voters who consider MMP is easy to understand	60%	-	Not surveyed in 2011 due to the linkage with the referendum on the voting system
2B - Rate of informal voting as a % of total votes cast resulting from voter error in marking the ballot paper	0.25%	0.26%	This result given is for the General Election
<b>Key Impact: <i>Public Confidence Maintained</i></b>			
<b>Impact Indicator:</b>			
3A - % of the public who are confident or very confident in the administration of the parliamentary elections and referenda	85%	-	Not surveyed in 2011 due to the linkage with the referendum on the voting system

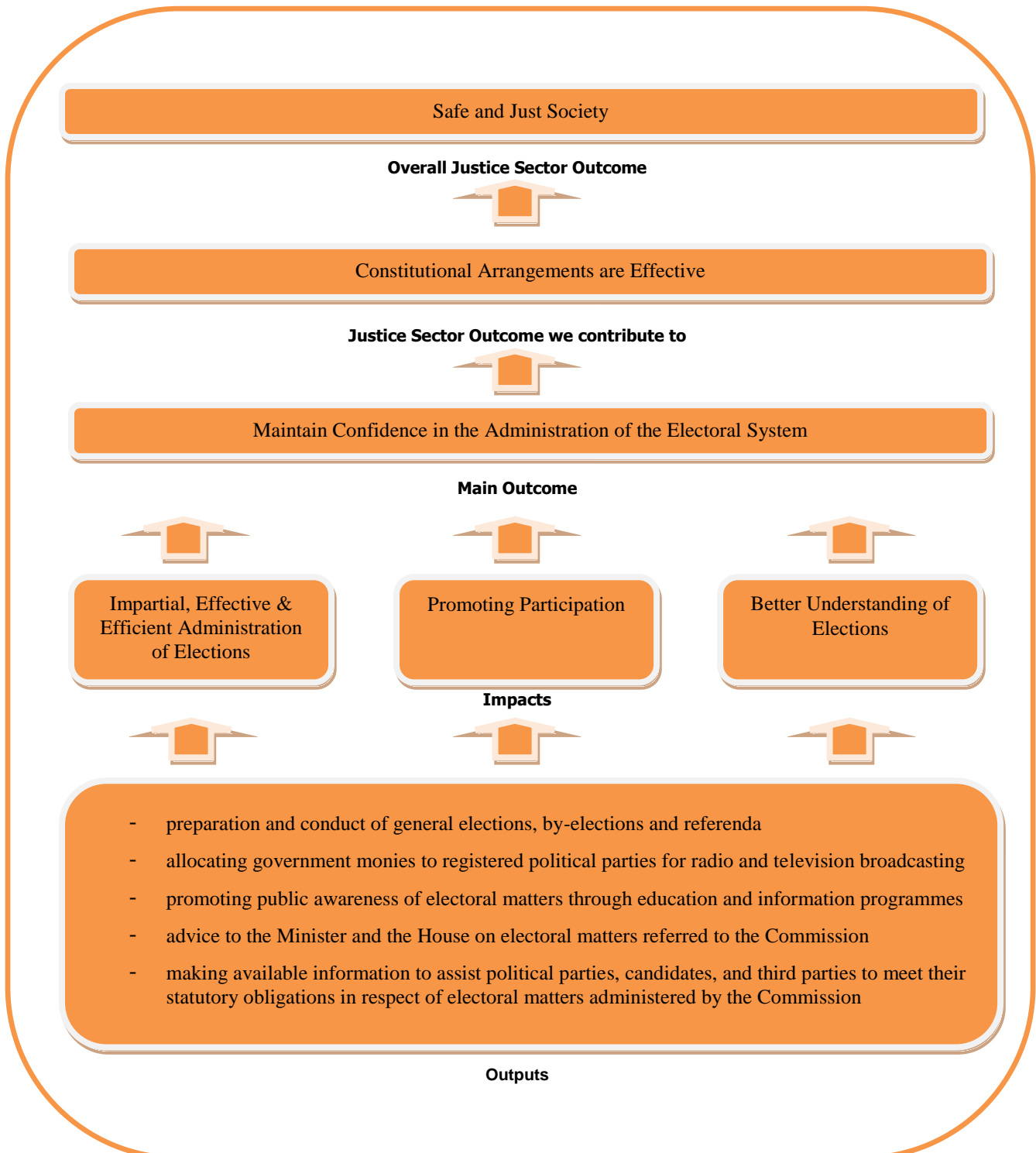


## Our Current Outcomes Framework

Our outcomes framework for future elections reflects a change in focus and the addition of the electoral enrolment operations that became part of our statutory responsibility from 1 July 2012. The resulting impacts were also revised.

Of particular note is the Commission's move toward promoting participation. This is a significant shift in focus from reducing barriers to participation and will require increased public education and collaboration with others in government and the community.

The Commission's new framework is below.



## Statement of Service Performance

For the year under review appropriations were provided by Parliament to meet the operating costs of the Commission and for the conduct of the 2011 General Elections and the Referendum on the New Zealand Electoral System.

The Commission had a single output class for the provision of electoral services. The actual revenue and expenses compared with the budget set at the start of the year are presented in the financial statements.

### *Output 1: Preparations for and conduct of the general election and referendum*

PERFORMANCE MEASURES AND STANDARDS			
Description	Quality	Timeliness	Achievement
2011 Election conducted on 26 November 2011.	Election is conducted in accordance with the provisions of the Electoral Act 1993.	Statutory deadlines are met.	The election was conducted in accordance with the provisions of the Electoral Act 1993.  All statutory deadlines were met.  The Commission's report on the election and referendum was completed and published in April 2012.
		100% of advance votes results are released by 8.30pm on election night.	96% of advance polling places were released by 8:30pm. The results for the last advance polling place were released at 10:03pm.
		50% of polling place results released by 10.00pm on election night.	93% of polling place results were released by 10pm.
		100% of polling place results released by 11.30pm on election night.	With the exception of one of the 2655 polling places, results were released by 11:30 pm, the final result was released at 11:58pm.
		Official results of election are declared 14 days after the day of election – 2pm Saturday 10 December.	Achieved. Official results for the General Election were declared on Saturday 10 December 2pm.

### Output 2: Preparations for and conduct of referenda

PERFORMANCE MEASURES AND STANDARDS			
Description	Quality	Timeliness	Achievement
2011 Referendum is conducted on 26 November 2011.	Referendum is conducted in accordance with the provisions of the Electoral Referendum Act 2010.	Statutory deadlines are met.	The referendum was conducted in accordance with the provisions of the Electoral Referendum Act 2010.  All statutory deadlines were met.
		100% of advance votes results are released by 8.30pm on election night.	95% of advance polling place results were released by 8:30pm. The results for the last advance polling place were released at 11:10pm.
		Official results of referendum are declared 14 days after the day of election – 2pm Saturday 10 December.	Achieved. Official results for the referendum were declared on Saturday 10 December 2pm.

### Output 3: Conduct of by-elections and filling of list vacancies

PERFORMANCE MEASURES AND STANDARDS			
Description	Quality	Timeliness	Achievement
By-elections are conducted where required.	By- election is conducted in accordance with the provisions of the Electoral Act 1993.	Statutory deadlines are met.  100% of advance votes results are released by 7.30pm on by-election day.  50% of polling place results released by 9.00pm on election night.  100% of polling place results released by 10.00pm on election night.  Official results of by-election are declared 12 days after the day of by-election.	No By-Elections were called in the period.  Statutory returns for the Te Tai Tokerau by election held during the last reporting period on 25 June 2011 were completed as required by 30 September 2011.
Declare election of list members to vacancies.	Declaration of list members to vacancies is in accordance with the provisions of the Electoral Act 1993.	Declaration published within three working days of notification of vacancy.	No list vacancies were notified in the period.

**Output 4: Services to political parties, candidates and third parties**

<b>PERFORMANCE MEASURES AND STANDARDS</b>			
<b>Description</b>	<b>Quality</b>	<b>Timeliness</b>	<b>Achievement</b>
Promote Statutory compliance of Parties, Candidates and third parties.	<p>Guidance material has been assessed as legally accurate and is readily available to the public.</p> <p>Statutory returns reviewed for compliance.</p> <p>Other guidance to be provided to individual parties, candidates or third parties on request to internal standards and in a timely manner.</p>	<p>Statutory compliance is reviewed and follow up action, as required, is taken within five working days of non-compliance being established.</p>	<p>A Media Guide was published in August 2011.</p> <p>All returns were reviewed and follow-up action, if required was taken within 5 days of non-compliance being established.</p> <p>All registered parties have filed annual declarations and provided information about their membership processes for 2012.</p> <p>The Commission surveyed those persons who requested advisory opinions to get feedback. Internal standards were met with 71% finding advisory opinions easy to understand and 73% said they adequately addressed their questions.</p> <p>Requests were answered in a timely manner with opinions issued in under 6 working days on average.</p>
Donations protected from disclosure are processed.	Processing complies with the Electoral Act 1993.	Table of statutory information published every 3 months.	All donations received were paid out in accordance with the Act. Quarterly reports were published on the Elections website and an annual summary published in the 2012 Annual Report.

### Output 5: Services to electors and voters

PERFORMANCE MEASURES AND STANDARDS			
Description	Quality	Timeliness	Achievement
Comprehensive referendum public education campaign.	Information is clear, accurate and readily available to the public.	Comprehensive referendum public education campaign is implemented.	<p>Implemented as planned in the lead-up to the Election and Referendum.</p> <p>Multiple surveys were undertaken to assess the impact of the campaign. Post-election voter surveys showed that 93% of voters were aware of the referendum and 81% of these voters felt very confident or fairly confident to make a decision. In the first survey in May 2011 only 45% of registered electors knew the referendum was on and only 28% felt confident to participate.</p>

### Output 6: Allocation of broadcasting monies and supervision

PERFORMANCE MEASURES AND STANDARDS			
Description	Quality	Timeliness	Achievement
Allocations of broadcasting time and monies to registered political parties.	The Commission complies with the statutory requirements in the allocation of broadcasting funding to political parties.		<p>The allocation decision was published on 1 June 2011 and a final allocation confirmed on 3 November 2011 by the Board.</p> <p>Two referrals were made to the NZ Police regarding political party broadcasting:</p> <ul style="list-style-type: none"> <li>• a broadcast outside the election period, and</li> <li>• for arranging for the broadcast of election programmes that exceeded the party's broadcasting allocation money.</li> </ul> <p>No action was taken by the Police and the six month time limit on prosecutions being initiated has now passed.</p>

### Output 7: Policy Advice on electoral laws

PERFORMANCE MEASURES AND STANDARDS			
Description	Quality	Timeliness	Achievement
Accurate advice is provided as required on electoral matters.	Independent and accurate information and advice is provided on legislative or policy proposals to internal standards and in a timely manner	Responses provided in the time frame requested	<p>The Commission has provided independent and accurate information and advice to agencies on the following matters to the required standard and timeframe:</p> <ul style="list-style-type: none"> <li>• Provision of a resource pack to the Chief District Court Judge re judicial recounts.</li> <li>• Pre-election briefing paper prepared for the Minister on s195 - adjournment of polling in an emergency.</li> <li>• Comments on E-Voting to the Department of Internal Affairs.</li> <li>• Comments on a Cabinet paper on Electoral Regulations for Ministry of Justice.</li> <li>• Advice to MFAT on the United Nations resolution on disabilities.</li> <li>• Advice to Statistics New Zealand on the census timetable and on 'Transforming the Census' issues and Cabinet papers.</li> <li>• Advice to Department of Internal Affairs on Parliamentary election donation rules.</li> <li>• Comment to Ministry of Justice on the regulatory scanning project.</li> </ul>

### Output 8: Services to the Representation Commission

PERFORMANCE MEASURES AND STANDARDS			
Description	Quality	Timeliness	Achievement
<p>The work of the Representation Commission begins with the provision of census information from Statistics New Zealand and Land Information New Zealand. The Population and Dwelling Census originally scheduled for March 2011 is now scheduled to take place on Tuesday, 5 March 2013, with the work of the Representation Commission to follow.</p>			

**Electoral Commission  
Statement of Comprehensive Income  
For The Year Ended 30 June 2012**

<b>2011 Actual \$000</b>		<b>Notes</b>	<b>2012 Actual \$000</b>	<b>2012 Budget \$000</b>
<b>REVENUE</b>				
14,558	Crown Revenue	1	35,860	35,860
-	Crown Revenue – Election Broadcasting	1	2,836	2,855
146	Interest Received		396	268
39	Other Revenue		1	-
<b>14,743</b>	<b>Total Revenue</b>		<b>39,093</b>	<b>38,983</b>
<b>EXPENDITURE</b>				
2,865	Personnel and Board Fees	2	19,889	18,905
-	Election Broadcasting Allocation		2,836	2,855
8,792	Operating Costs	3	17,519	17,582
51	Depreciation and Amortisation Expense	6,7	51	61
65	Audit Fees		54	50
<b>11,773</b>	<b>Total Expenditure</b>		<b>40,349</b>	<b>39,453</b>
<b>2,970</b>	<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(1,256)</b>	<b>(470)</b>

Explanations of significant variances against budget are detailed in note 19.

2011 Comparative figures are for the 9 month period 1 October 2010 to 30 June 2011.

**Electoral Commission**  
**Statement of Financial Position**  
**As at 30 June 2012**

<b>2011 Actual \$000</b>		<b>Notes</b>	<b>2012 Actual \$000</b>	<b>2012 Budget \$000</b>
<b>CURRENT ASSETS</b>				
5,434	Cash and cash equivalents	4	3,809	3,728
465	Debtors and Other Receivables	5	74	-
122	Prepayments		-	-
<b>6,021</b>	<b>Total Current Assets</b>		<b>3,883</b>	<b>3,728</b>
<b>NON-CURRENT ASSETS</b>				
14	Property, Plant and Equipment	6	9	82
92	Intangible Assets	7	62	-
<b>106</b>	<b>Total Non-Current Assets</b>		<b>71</b>	<b>82</b>
<b>6,127</b>	<b>TOTAL ASSETS</b>		<b>3,954</b>	<b>3,810</b>
<b>CURRENT LIABILITIES</b>				
1,205	Creditors and Other Payables	8	338	548
295	Employee Entitlements	9	224	70
<b>1,500</b>	<b>Total Current Liabilities</b>		<b>562</b>	<b>618</b>
<b>NON-CURRENT LIABILITIES</b>				
10	Employee Entitlements	9	31	30
<b>10</b>	<b>Total Non-Current Liabilities</b>		<b>31</b>	<b>30</b>
<b>1,510</b>	<b>TOTAL LIABILITIES</b>		<b>593</b>	<b>648</b>
<b>4,617</b>	<b>NET ASSETS</b>		<b>3,361</b>	<b>3,162</b>

The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these Financial Statements.



**Electoral Commission  
Statement of Changes in Equity  
For the Year Ended 30 June 2012**

<b>2011 Actual \$000</b>		<b>Notes</b>	<b>2012 Actual \$000</b>	<b>2012 Budget \$000</b>
-	<b>PUBLIC EQUITY AT START OF YEAR</b>		<b>4,617</b>	<b>3,632</b>
1,647	Capital Contribution from Crown		-	-
2,970	Comprehensive Income for Year		(1,256)	(470)
<b>4,617</b>	<b>PUBLIC EQUITY AT END OF YEAR</b>		<b>3,361</b>	<b>3,162</b>

The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these Financial Statements.

**Electoral Commission  
Cash Flow Statement  
For the Year Ended 30 June 2012**

<b>2011 Actual \$000</b>		<b>Notes</b>	<b>2012 Actual \$000</b>	<b>2012 Budget \$000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
14,558	Revenue from Crown		38,715	38,715
146	Interest received		396	268
39	Receipts from other revenue		1	-
(2,400)	Payments to Employees		(19,957)	(18,905)
(8,126)	Payments to Suppliers		(20,764)	(22,081)
<b>4,217</b>	<b>Net cash flow from operating activities</b>	10	<b>(1,609)</b>	<b>(2,003)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
-	Purchase of property, plant and equipment		-	-
-	Purchase of intangible assets		(16)	(29)
-	<b>Net cash flows from investing activities</b>		<b>(16)</b>	<b>(29)</b>
<b>CASH FLOWS FROM FINANCE ACTIVITIES</b>				
1,217	Capital contributions		-	-
<b>1,217</b>	<b>Net cash flows from investing activities</b>		<b>-</b>	<b>-</b>
5,434	<b>Net increase/(decrease) in cash and cash equivalents</b>		(1,625)	(2,032)
-	<b>Cash and cash equivalents at beginning of year</b>		5,434	5,760
<b>5,434</b>	<b>CASH AND CASH EQUIVALENTS HELD AT YEAR END</b>	4	<b>3,809</b>	<b>3,728</b>

The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these Financial Statements.

## Statement of Accounting Policies

For the year ended 30 June 2012

### Reporting Entity

The Electoral Commission is a Crown entity defined by the Crown Entities Act 2004, and is domiciled in New Zealand. As such, the Electoral Commission's ultimate parent is the New Zealand Crown.

The Commission's functions and responsibilities are set out in the Electoral Act 1993 and subsequent amendments.

The Commission's statutory purpose is:

*" to administer the electoral system impartially, efficiently, effectively, and in a way that –  
(a) facilitates participation in parliamentary democracy; and  
(b) promotes understanding of the electoral system; and  
(c) maintains confidence in the administration of the electoral system."*

Accordingly, the Electoral Commission has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRIS).

The financial statements for Electoral Commission are for the twelve months ended 30 June 2012, and were approved by the Board on 29 October 2012.

### Basis of preparation

#### *Statement of Compliance*

The financial statements of the Electoral Commission 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 comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### *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 Electoral Commission is New Zealand dollars.

#### *Changes in accounting policies*

There have been no changes in accounting policies during the financial year.

#### *Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Electoral Commission*

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Electoral Commission is classified as a Tier 2 reporting entity and it will be required to apply partial Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or

after 1 July 2014. This means Electoral Commission expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, Electoral Commission is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

## **Significant Accounting Policies**

The following accounting policies, which materially affect the measurement of financial performance and financial position, have been applied.

### ***Revenue***

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

#### *Revenue from the Crown*

The Electoral Commission is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of the Electoral Commission meeting its objectives as specified in the Statement of Intent.

Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates.

#### *Interest*

Interest revenue is recognised using the effective interest method.

### ***Leases***

#### *Operating leases*

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Electoral Commission are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the statement of financial performance.

### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand, cash in banks and other short-term highly liquid investments with original maturities of three months or less.

### ***Property, plant and equipment***

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

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

### *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 Electoral Commission 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.

### *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.

### *Subsequent costs*

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 Electoral Commission 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 income as they are incurred.

### *Depreciation*

Depreciation is calculated on a straight-line basis on property, plant and equipment once in the location and condition necessary for its intended use so as to write off the cost or valuation of the property, plant and equipment over their expected useful life to its estimated residual value.

The following estimated rates are used in the calculation of depreciation:

Office equipment	5 years	20.0%
Furniture and fittings	5 years	20.0%
Leasehold improvements	9 years	11.1%
Computer equipment	3 years	33.3%

### ***Intangible assets***

#### *Software acquisition and development*

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

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

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

Costs associated with development and maintenance of the Electoral Commission's website are recognised as an expense when 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 financial year is recognised in the surplus or deficit.

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

Acquired Computer Software	3 years	33.3%
Developed Computer Software	3 years	33.3%

### ***Impairment of property, plant, equipment, and intangible assets***

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 Electoral Commission 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. The impairment loss is recognised in the statement of comprehensive income.

### ***Creditors and other payables***

Short-term creditors and other payables are recorded at their face value.

### ***Employee entitlements***

#### *Short-term employee entitlements*

Provisions made in respect of employee benefits expected to be settled within 12 months of reporting date are measured at the best estimate of the consideration required to settle the obligation using the current remuneration rate expected.

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

#### *Long-term employee entitlements*

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on probability basis. The calculations are based on future entitlements accruing to staff, based on years of service, years to entitlement, and contractual entitlement information.

#### *Presentation of employee entitlements*

Annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

### ***Superannuation schemes***

Obligations for contributions to Kiwisaver and the Government Superannuation Fund are accounted for as defined contribution superannuation schemes and are recognised as an expense in the statement of comprehensive income as incurred.

### ***Good and Service Tax (GST)***

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to Inland Revenue (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 as part of payments to suppliers in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

### ***Income Tax***

The Electoral Commission is a public authority and consequently is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

### ***Budget figures***

The budget figures are derived from the Statement of Intent 2011-2014, as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Electoral Commission for the preparation of the financial statements.

### ***Critical accounting estimates and assumptions***

In preparing these financial statements the Electoral Commission has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements 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.

## Notes to the Financial Statements

For the year ended 30 June 2012

### 1. Revenue from Crown

	<b>2012 Actual \$000</b>	<b>2011 Actual \$000</b>
Provision of Services from the Electoral Commission	35,681	14,558
Provision of Services - Broadcasting PLA	2,836	-
Provision of Services for the Representation Commission	179	-
<b>Total Revenue from the Crown</b>	<b>38,696</b>	<b>14,558</b>

The Electoral Commission has been provided with funding from the Crown for the specific purpose of the Electoral Commission 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 the government funding.

### 2. Personnel Costs

Salaries and wages	19,244	2,672
Employer contributions to defined benefit plans	127	34
Increase/(decrease) in employee entitlements	(50)	98
Other personnel costs	568	61
<b>Total personnel costs</b>	<b>19,889</b>	<b>2,865</b>

Employer contributions to defined contribution plans include contributions to Kiwisaver and the Government Superannuation Fund.

### 3. Operating Costs

Rent – Temporary Premises	4,196	2,137
Specialist Services	2,573	2,262
Printing	1,824	990
Advertising and Publicity	4,724	564
Information, Communications & Technology	880	550
Loss on disposal of assets	-	445
Electorate Equipment	80	334
Storage/Freight	838	320
Stationery/Supplies	157	292
Travel	893	231
Other	1,354	667
<b>Total Operating costs</b>	<b>17,519</b>	<b>8,792</b>

### 4. Cash and cash equivalents

Operating Account	295	689
Investment Account	3,514	4,235
Electorate Bank Accounts	-	510
<b>Total cash and cash equivalents</b>	<b>3,809</b>	<b>5,434</b>

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

### 5. Debtors and other receivables

GST receivable from Inland Revenue	74	465
<b>Total cash and cash equivalents</b>	<b>74</b>	<b>465</b>

The carrying value of receivables approximates their fair value.

The 2011 comparatives figure for debtors has been adjusted by \$465K due to a transfer of the GST receivable previously classified under payables. The net impact of the change is nil with an offsetting increase in payables and receivables of \$465K for the previous year (Refer note 8).



## 6. Property, Plant and Equipment

Movements for each class of property, plant, and equipment are as follows:

	Computer Hardware \$000	Office Equipment \$000	Furniture & Fittings \$000	Leasehold Improvements \$000	Total \$000
<b>Cost or Valuation</b>					
Balance at 1 Oct 2010	12	7	35	410	464
Additions	-	-	-	-	-
Disposals	-	-	(35)	(410)	(445)
<b>Balance at 30 Jun 2011</b>	<b>12</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>19</b>
Balance at 1 Jul 2011	12	7	-	-	19
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
<b>Balance at 30 Jun 2012</b>	<b>12</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>19</b>
<b>Accumulated Depreciation</b>					
Balance 1 Oct 2010	-	-	-	-	-
Depreciation Expense	4	1	-	-	5
<b>Balance at 30 Jun 2011</b>	<b>4</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>5</b>
Balance at 1 Jul 2011	4	1	-	-	5
Depreciation Expense	4	1	-	-	5
<b>Balance 30 Jun 2012</b>	<b>8</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>10</b>
<b>Carrying Amount</b>					
At 1 Oct 2010	12	7	35	410	464
At 1 Jul 2011	8	6	-	-	14
<b>At 1 Jul 2012</b>	<b>4</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>9</b>

## 7. Intangible Assets

Movements for each class of intangible asset are as follows:

	Acquired Software \$000	Total \$000
<b>Cost or Valuation</b>		
Balance at 1 Oct 2010	138	138
Additions	-	-
Disposals	-	-
<b>Balance at 30 Jun 2011</b>	<b>138</b>	<b>138</b>
Balance at 1 Jul 2011	138	138
Additions	16	16
Disposals	-	-
<b>Balance at 30 Jun 2012</b>	<b>154</b>	<b>154</b>
<b>Accumulated Depreciation</b>		
Balance 1 Oct 2010	-	-
Amortisation Expense	46	46
<b>Balance at 30 Jun 2011</b>	<b>46</b>	<b>46</b>
Balance at 1 Jul 2011	46	46
Amortisation Expense	46	46
<b>Balance 30 Jun 2012</b>	<b>92</b>	<b>92</b>
<b>Carrying Amount</b>		
At 1 Oct 2010	138	138
At 1 Jul 2011	92	92
<b>At 1 Jul 2012</b>	<b>62</b>	<b>62</b>

There are no restrictions over the title of the Electoral Commission's intangible assets nor are there any intangible assets pledged as security for liabilities.

## 8. Creditors and Other Payables

	<b>2012 Actual \$000</b>	<b>2011 Actual \$000</b>
Creditors	122	483
Accrued expenses	216	722
GST payable to Inland Revenue	-	-
<b>Total cash and cash equivalents</b>	<b>338</b>	<b>1,205</b>

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 approximate their fair value.

The 2011 comparative figure for creditors and other payables has been adjusted by \$465K due to a transfer of the GST receivable previously classified under payables. The net impact of the change is nil with an offsetting increase in both payables and receivables of \$465K for the previous year (Refer note 5).

## 9. Employee Entitlements

### Current portion

Accrued salaries and wages	12	130
Annual leave	200	136
Long Service leave	12	12
Retiring leave	-	17

### Total current portion

<b>224</b>	<b>295</b>
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### Non-current portion

Long Service leave	9	6
Retiring leave	22	4

### Total non-current portion

<b>31</b>	<b>10</b>
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### Total employee entitlements

<b>255</b>	<b>305</b>
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## 10. Reconciliation of net surplus/ (deficit) to net cash flow from operating activities

<b>Net surplus/(deficit)</b>	<b>(1,256)</b>	<b>2,970</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation expense	51	51
Property, plant and equipment asset write-down	-	445
<b>Total non-cash items</b>	<b>51</b>	<b>496</b>
<b>Add/(less) movements in financial position items</b>		
(Increase)/decrease in prepayments	122	(122)
(Increase)/decrease in GST refund	391	(465)
(Increase)/decrease in trade balance for old EC	-	(172)
Increase/(decrease) in creditors and other payables	(867)	1,205
Increase/(decrease) in employee entitlements	(50)	305
<b>Net movement in working capital</b>	<b>(404)</b>	<b>751</b>
<b>Net cash flow from operating activities</b>	<b>(1,609)</b>	<b>4,217</b>

## 11. Capital Commitments and operating leases

### (i) Capital commitments

There were no capital commitments at reporting date.

### (ii) Operating leases

Commitments existed for non-cancellable operating leases as follows:

	<b>2012 Actual \$000</b>	<b>2011 Actual \$000</b>
Less than one year	249	3,329
Later than one year and not later than five years	3	253
<b>Total non-cancellable operating leases</b>	<b>252</b>	<b>3,582</b>

Operating lease commitments relate to Levels 6-9, 17 Whitmore Street with the current lease expiring 31 December 2012.

Operating lease commitments also include a photocopier lease of \$4,020 per annum (GST exclusive) which expires in May 2014.

The Electoral Commission does not have the option to purchase the leased assets at the expiry of the lease periods.

## 12. Contingencies

There were no contingent liabilities at reporting date.

## 13. Related party transactions

The Electoral Commission is a wholly owned entity of the Crown.

### *Significant transactions with government-related entities*

The Electoral Commission has been provided with \$38.715 million (2011 \$14.558 million) for specific purposes set out in its founding legislation and the scope of the relevant government appropriations.

### *Collectively, but not individually, significant transactions with government-related entities*

In conducting its activities, the Electoral Commission is required to pay various taxes and levies (such as GST, PAYE, and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. The Electoral Commission is exempt from paying income tax.

The Electoral Commission also purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities for the year ended 30 June 2012 totalled \$1.2 million (2011 \$0.7 million). These purchases included the purchase of electricity from Meridian, air travel from Air New Zealand, postal services from New Zealand Post and transactions with government Ministries and Departments.

### *Key management personnel*

The following transactions were entered into during the year with key management personnel:

- There were close family members of key management personnel among the 24,000 New Zealanders engaged to assist with the conduct of the November 2011 General Election and referendum on the voting system. The terms and conditions of those arrangements were no more favourable than the Electoral Commission would have adopted if there were no relationship to key management personnel.

### Key management personnel compensation

	2012 Actual	2011 Actual (9 Mths)
	\$000	\$000
Salaries and other short-term employee benefits	1,062	690
<b>Total Key Personnel Compensation</b>	<b>1,062</b>	<b>690</b>

Key management personnel include the three members of the Board including the Chief Electoral Officer, and the six members of the Management Team

### 14. Employee Remuneration

Remuneration and other benefits of \$100,000 or more paid or payable to employees for the year were:

	2012 Actual	2011 Actual (9 Mths)
\$100,000 – \$109,999	4	-
\$110,000 - \$119,999	1	-
\$120,000 - \$129,999	2	-
\$140,000 - \$149,999	1	-

### 15. Board Members Remuneration

The total value of remuneration paid or payable to each Board member during the year was:

	2012 Actual	2011 Actual (9 Mths)
	\$000	\$000
Chair Hon Sir Hugh Williams QC	87	28
Deputy Chair Jane Huria	33	-
Board Member & Chief Electoral Officer Robert Peden	226	166
<b>Total Board Member Remuneration</b>	<b>346</b>	<b>194</b>

### 16. Financial instruments

#### Financial instrument categories

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	2012 Actual	2011 Actual
	\$000	\$000
<b>Loans and receivables</b>		
Cash and cash equivalents	3,809	5,434
Debtors and other receivables	74	465
<b>Total loans and receivables</b>	<b>3,883</b>	<b>5,899</b>
<b>Financial liabilities</b>		
Creditors and other payables	338	1,205
<b>Total financial liabilities</b>	<b>338</b>	<b>1,205</b>

### **Financial instrument risks**

The Electoral Commission's activities expose it to the financial instrument risks of market, credit, and liquidity risk. The Electoral Commission's policy is to minimise exposure from financial instruments, and to not enter any transaction of a speculative nature.

#### *Market Risk - Fair value interest rate risk*

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Electoral Commission is exposed to cash flow interest rate risk as it has bank accounts and short term deposits at floating interest rates. The Electoral Commission manages its interest risk by investing in on-call deposits with high credit-rated financial institutions.

#### *Credit risk management*

Credit risk is the risk that a third party will default on its obligation to the Electoral Commission, causing the Electoral Commission to incur a loss.

Financial instruments which potentially subject the entity to credit risk principally consist of bank balances, comprising cash on hand and term deposits.

Maximum exposures to credit risk at reporting date are:

	<b>2012 Actual \$000</b>	<b>2011 Actual \$000</b>
<b>Loans and receivables</b>		
Cash and cash equivalents	3,809	5,434
Debtors and other receivables	74	465
<b>Total loans and receivables</b>	<b>3,883</b>	<b>5,899</b>

No collateral is held on the above amounts. There is no maturity date on the current bank balances as these represent cash held in transactional and cash management accounts.

#### *Liquidity risk*

Liquidity risk is the risk that the Electoral Commission will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

All of the Electoral Commission's commitments owing at balance date, comprising trade and other payables, have a contractual maturity of less than six months. The Electoral Commission has sufficient cash on hand to meet these commitments as they fall due.

### **17. Subsequent events**

There are no events subsequent to reporting date, that the Electoral Commission is aware of, that would have a material impact on the financial statements for the period ended 30 June 2012.

## 18. Capital management

The Electoral Commission's capital is its equity, which comprises accumulated funds. Equity is represented by net assets.

The Electoral Commission is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

The Electoral Commission manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure the Electoral Commission effectively achieves its objectives and purpose, whilst remaining a going concern.

## 19. Major budget variances

Comparative budget values are sourced from the forecast financial statements shown in the Commission's Statement of Intent 2011-2014 (SOI).

There was one major variance from the Electoral Commissions budgeted figures. An explanation for this is provided below.

### *Expenditure, \$0.896m unfavourable;*

Following the outcome of the Referendum on the New Zealand Electoral System the Electoral Commission began, as required, a review of the existing Mixed Member Proportional system. The review was additional to the 2011/12 budgeted activity, and forecast to cost \$1.6m in total. The Electoral Commission is funding the review out of its reserves.

By the end of the financial year the Electoral Commission had expended \$1.241m on the review, offset by savings of \$0.345m in election year activity leading to the net negative variance in expenditure of (\$0.896m).

A further \$0.314m is forecast to be spent on the review in the 2012/13 financial year, with the review required to be complete and submitted to the Minister of Justice by 31 October 2012.

## 20. Trust Monies

The Trust Account for Nomination Deposits was administered on behalf of the Crown under Part VII of the Public Finance Act 1989. This trust account holds deposits received by individual nominees and electoral parties contesting By-Elections and Parliamentary Elections. The transactions through this account and their balances as at 30 June 2012 are not included in the Commission's own financial statements. Movements in this account during the year ended 30 June 2012 were as follows:

	<b>2012 Actual \$000</b>	<b>2011 Actual \$000</b>
<b>Election candidate deposits trust account</b>		
<b>Balance 1 July</b>	6	
Fees received	151	7
Fees refunded	72	1
<b>Balance at 30 June</b>	<b>85</b>	<b>6</b>

**Statement of Responsibility**

The Board is responsible for the preparation of the Electoral Commission’s financial statements and statement of service performance, and the judgements made in them.

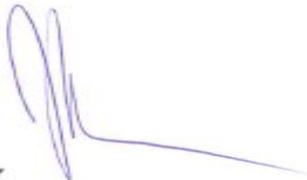
The Board of the Electoral Commission has the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board’s opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of the Electoral Commission for the twelve months ended 30 June 2012.

Signed on behalf of the Board:



Hon Sir Hugh Williams QC  
Chair



Jane Huria  
Deputy Chair



Robert Peden  
Chief Electoral Officer

## Independent Auditor's Report

### To the readers of Electoral Commission financial statements and statement of service performance for the year ended 30 June 2012

The Auditor-General is the auditor of the Electoral Commission (the Commission). The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the Commission on her behalf.

We have audited:

- the financial statements of the Commission on pages 23 to 38, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Commission on pages 18 to 22.

### Opinion

In our opinion:

- the financial statements of the Commission on pages 23 to 38:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Commission's:
    - financial position as at 30 June 2012; and
    - financial performance and cash flows for the year ended on that date.
- the statement of service performance of the Commission on pages 18 to 22:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects, for each class of outputs for the nine months ended 30 June 2012, the Commission's:
    - service performance compared with the forecasts in the statement of forecast service performance for the financial year; and
    - actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

Our audit was completed on 29 October 2012. 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 Board and our responsibilities, and we 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 statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. 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 statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Commission's preparation of the financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control 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 Commission'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 Board;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

## **Responsibilities of the Board**

The Board is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Commission's financial position, financial performance and cash flows; and
- fairly reflect its service performance.

The Board is also responsible for such internal control as is determined necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Electoral (Administration) Amendment Act 2010.

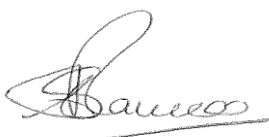
## **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

## **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

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

A handwritten signature in black ink, appearing to read 'Clint Ramoo', with a horizontal line underneath.

Clint Ramoo  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand



## Directory

### **Auditor**

Audit New Zealand  
on behalf of the Auditor-General

### **Bankers**

Westpac

### **Solicitors**

Crown Law Office

### ***Address and Contacts***

Level 9  
17-21 Whitmore Street  
PO Box 3220  
Wellington 6140  
New Zealand

Telephone (04) 495 0030  
Facsimile (04) 495 0031  
Email [enquiries@elections.govt.nz](mailto:enquiries@elections.govt.nz)

ISSN: 1177-956X (Print)  
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### **Websites**

Information on elections:

[www.elections.org.nz](http://www.elections.org.nz)

Information on the MMP Review:

[www.mmpreview.org.nz](http://www.mmpreview.org.nz)

Information on election results:

[www.electionresults.govt.nz](http://www.electionresults.govt.nz)

