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Annual report of the  
**Electoral Commission**  
Te Kaitiaki Take Kōwhiri

for the year ended 30 June 2013

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To: The Honourable Minister of Justice

I have the honour of presenting 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 2012 to 30 June 2013.

A handwritten signature in black ink, appearing to read 'H Williams', is positioned above the printed name and title.

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

November 2013

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**Electoral Commission**

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## Introduction

The Commission had a busy but rewarding year in 2012/13. Traditionally the post-election year is seen as our 'quiet' year but that was far from the case this time round. Among the many activities undertaken were:

- conducting the statutory Review of the MMP System
- integration of the Enrolment Services function (previously managed by New Zealand Post Limited)
- planning and undertaking the Māori Electoral Option
- review of operational policies, systems and practices as part of preparing for the 2014 General Election
- development of proposals for legislative reform
- initial planning and related system developments to support a possible Citizens Initiated Referendum in 2013/14
- development of the Voter Participation Strategy
- submitting to and advising the Justice and Electoral Select Committee in their inquiry into the 2011 General Election and Referendum
- planning and preparing for the work of the Representation Commission in 2013/14
- assisting the Ministry of Justice with the initial drafting of electoral legislation to effect the approved recommendations of the Justice and Electoral Select Committee, and
- conducting the Ikaroa-Rāwhiti By-election on 29 June 2013

The majority of the proposals for legislative changes made by the Commission in its report on the conduct of the 2011 General Election and Referendum were endorsed by the Justice and Electoral Select Committee. Recommendations supported by the Minister were included in amending legislation introduced on 27 August 2013 which is now progressing through the House. Where time, funding and security assurances permit, these will be incorporated into the conduct of the 2014 General Election.

Our focus for the 2013/14 year is:

- furthering the Voter Participation Strategy developed this year
- providing independent, high quality advice on proposed or desirable changes to electoral laws
- planning and preparing for the next General Election in 2014 and finding ways to improve our services
- providing administrative support to the Representation Commission as it works to determine the number and size of electorates for the 2014 and 2017 elections;
- 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

### Purpose

The Commission is responsible for maintaining the electoral rolls, administering parliamentary elections and referenda, and promoting participation in parliamentary democracy. This includes promoting compliance with electoral laws, the registration of political parties, the allocation of time and money for the broadcast of election programmes, conducting the Māori Electoral Option, supplying information for the Māori Affiliation Service, servicing the work of the Representation Commission, and the provision of advice and advisory opinions, reports and public education on electoral matters. The Commission also assists electoral agencies of other countries with their electoral events.

### Statutory Objective

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*
- (b) promotes understanding of the electoral system*
- (c) maintains confidence in the administration of the electoral system"*

### Powers of Electoral Commission

The Electoral Commission may, if it considers that it is necessary for the proper discharge of its functions:

- (a) initiate, sponsor, and carry out any studies or research
- (b) make any inquiries
- (c) consult with any persons or classes of persons
- (d) publicise, in any manner that it thinks fit, any parts of its work
- (e) provide information and advice on any matter:
  - (i) to the Minister for the Minister's consideration
  - (ii) to the Minister for presentation to the House of Representatives

## **Legislative Mandate**

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

- compiling and maintaining electoral rolls
- preparing for and conducting general elections, by-elections, and referenda
- registering political parties
- allocating government monies and broadcasting time to registered political parties for radio and television broadcasting of electoral programmes
- promoting compliance with electoral laws
- promoting public awareness of electoral matters through education and information programmes
- advising the Minister and the House on electoral matters
- making available information and providing guidance, advice and advisory opinions to assist political parties, candidates, and third parties to meet their statutory obligations in respect of electoral matters administered by the Commission
- supplying information for the Māori Affiliation Service
- conducting the five-yearly Māori electoral option and servicing the work of the Representation Commission

## **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 and third 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 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 CNZM 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

### Vision and Values

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

How we operate and deliver our mandate is guided by our vision that 'New Zealanders trust, value and take part in parliamentary elections'. New Zealanders will trust, and are more likely to value and take part in parliamentary elections if we:

- act impartially, professionally and in accordance with the law
- make participation easy
- deliver timely and accurate results
- are open to public, judicial and parliamentary scrutiny
- continually improve our processes, procedures and service

### 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.

The three yearly cycle breaks down into:

- in the year following a general election determining operational policies including any proposals for legislative reform and participating in parliamentary reviews
- the second year designing, building and testing the systems and processes to be used at the election
- the third year putting in place the temporary infrastructure and systems, and recruiting and training the temporary field force and then the conduct of the election

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

The Commission operates year round with a small core team, averaging 25 full time equivalents (permanent and fixed term staff), 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.

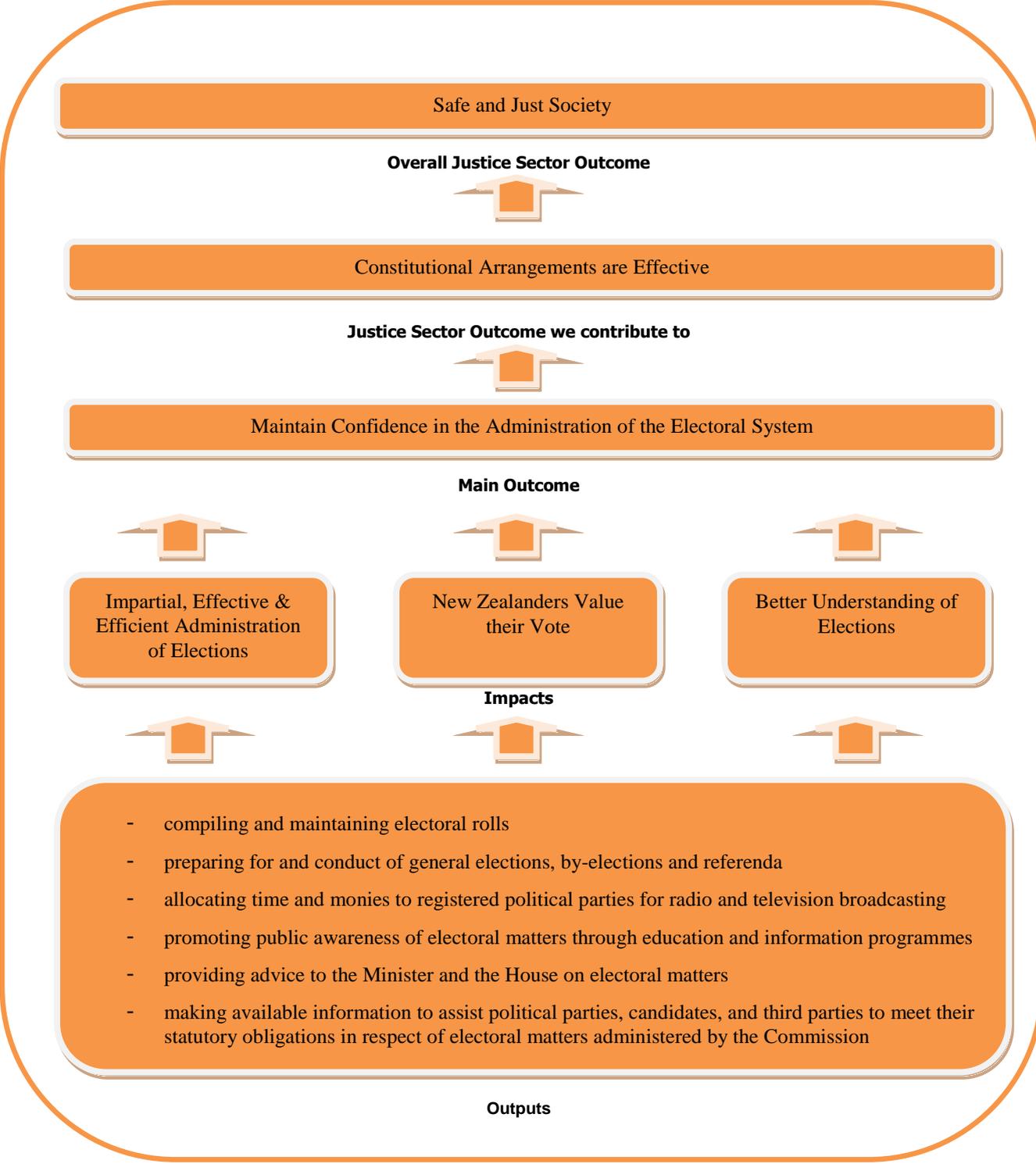
Enrolment Services of New Zealand Post Limited delivers enrolment services on behalf of the Commission. This includes compiling and maintaining the electoral rolls year round for use at general elections, by-elections, referenda, and local authority elections. Enrolment Services also has a small permanent office team, averaging 15 full time equivalents, and has a permanent field structure of 24 Registrars of Electors and 32 Deputy Registrars of Electors.

### Our Outcomes Framework

The Commission as part of the Justice Sector has a role to play in achieving the outcomes set for the sector. The Justice Sector has an aspirational outcome that all New Zealanders should expect to live in a safe and just society. To that end the justice system itself should be underpinned by effective constitutional arrangements. The Commission's main contribution towards these ends is to maintain confidence in the administration of the electoral system with a particular focus on voter participation.

The framework below summarises our service outputs, the results or impacts they will deliver and how these contribute towards Government priorities for the Justice Sector.

## Outcomes Framework



## Outcome and Impacts – Service Delivery 2012/13

Performance against our main outcome objective of maintaining confidence in the administration of the electoral system is measured at the end of each electoral cycle. The current cycle started in July 2012 and finishes in June 2015 following the conduct of the 2014 General Election.

Our main outcome indicator is that 90% of the public are confident or very confident in the administration of parliamentary elections and referenda by the Commission. This information will be gathered by survey within one month of election day.

Outlined below are the performance goals for each of our three contributing impacts, the related 2012/13 service delivery, and progress on initiatives designed to enable us to meet the performance standard in 2014/15:

### Impact: *New Zealanders value their vote*

Indicator/s:	2014/15 Standard	2011/12 Achievement	Measurement Method
% of estimated voting age population enrolled as at Parliamentary General Election Day	92.00 – 94.00%	93.7%	Information will be gathered and published along with the official results of the election
% of non-voters identifying administrative barriers to participation as the reason for not voting	2%	2%	Information will be gathered by survey within one month of election day

### Compiling and maintaining electoral rolls

As at 30 June 2013 93% of the estimated voting age population were enrolled. During the year Enrolment Services processed 371,618 applications for enrolment and 616,389 updates to electoral information.

In addition to the regular maintenance of the rolls the Commission undertook the Māori Electoral Option. This ran from 25 March to 24 July 2013 and while open, 45,939 New Zealanders of Māori descent updated their enrolment details but without changing roll type, 17,120 chose to change roll type, and there were 9,175 new Māori enrolments during this period.

The results of the Māori Electoral Option together with the Census data are used to determine the number of Māori and general electorates, and to revise the electorate boundaries; this work is carried out by the Representation Commission and will be concluded by the end of April 2014.

### Improved systems and processes

The Commission undertook extensive preparatory work during the year for major changes to its enrolment and voting processes. The changes are subject to the passing of related legislative changes but if implemented these will significantly improve services for voters in 2014. They include full online enrolment, the EasyVote Express proposal (to simplify and speed up issuing of ballot papers and reduce the time spent on special votes), and enabling overseas voters to return completed voting papers by uploading them to a secure website.

### Impact: *Better Understanding of Elections*

Indicator/s:	2014/15 Standard	2011/12 Achievement	Measurement Method
% of voters who consider the voting system is easy to understand	60% of Voters	Not surveyed in 2011 due to Referendum	Information will be gathered by survey within one month of election day
Rate of informal voting as a result of Voter error in marking the ballot paper	0.25% of total votes cast	Not reported in 2011	Information will be gathered within one month of election day

### Promoting Public Participation

The Commission published its voter participation strategy in July 2013 following consultation with academic experts, political parties and key government departments during the year. It provides for the Commission to promote a discussion in 2014 on the implications of declining voter participation and to report to the Minister of Justice and Parliament after the next election on the outcome of the discussion. The Commission has and will be talking to a wide range of individuals and groups before the end of the calendar year to lay the groundwork for the proposed discussion in 2014. A copy of the Strategy is available on the Commission's website, [www.elections.org.nz](http://www.elections.org.nz).

### Civics Education Resources

During the year the Commission undertook the planning for the 2014 enhancements to the 'Your Voice, Your Choice' resource for schools. This resource enables students to use social inquiry to explore the relationship between voting, New Zealand's system of government and issues that face local communities and electorates.

These units were first developed to support the 2011 Kids Voting election programme and now provide teachers with a stand-alone resource introducing voting and democratic processes in New Zealand.

All units are aligned with the vision, principles, values and key competencies of the New Zealand Curriculum and link to the social sciences learning area. The units are aimed at Level 5 of the curriculum, but the material is flexible for different levels. Teaching units and accompanying resources are available for download from our website, [www.elections.org.nz](http://www.elections.org.nz)

### Website Redevelopment

The Commission undertook an extensive redesign of its main [www.elections.org.nz](http://www.elections.org.nz) website in 2012 and re-launched in February 2013. The new website is designed to be user rather than agency focused. Enhancements include new sections covering the MMP system, video resources, and the expansion of resources in New Zealand Sign Language and Te Reo Māori.

### Advice to the Minister and the House on electoral matters

The primary deliverable to the Minister and the House in the year was the Commission's review of the MMP electoral system triggered by the results of the referendum on the electoral system held with the 2011 General Election.

The Review began in February 2012 and was completed and published on 29 October 2012. It cost \$1.4m and was funded from Commission reserves.

The Commission presented its final report to the Minister of Justice on 29 October with the following recommendations:

- the one electorate seat threshold should be abolished (and if it is, the provision for overhang seats should also be abolished)
- the party vote threshold should be lowered from 5% to 4% (with the Commission required by law to review how the 4% threshold is working)
- consideration be given to fixing the ratio of electorate seats to list seats at 60:40 to address concerns about declining proportionality and diversity of representation;
- political parties should continue to have responsibility for selecting and ranking candidates on their party lists but they must make a statutory declaration that they have done so in accordance with their party rules;
- dual candidacy and list MPs standing in by-elections should continue to be allowed

A copy of the full report is available on the Commission's website, [www.elections.org.nz](http://www.elections.org.nz).

### **Impact: *Impartial, Effective & Efficient Administration of Elections***

<b>Indicator/s:</b>	<b>2014/15 Standard</b>	<b>2011/12 Achievement</b>	<b>Measurement Method</b>
The % of the public who are satisfied or very satisfied in the administration of the General Election	90%	88%	Information will be gathered by survey within one month of election day

### **Preparation and conduct of elections**

A by-election for Ikaroa-Rāwhiti electorate was conducted on 29 June 2013 following the passing of Hon Parekura Horomia. The by-election presented a number of administrative challenges due to the electorate's size and widely dispersed voting population. The election was conducted out of the Wellington office of the Commission with three remote Operations Managers in each of Masterton, Napier and Gisborne assisting the Returning Officer. Turnout was 35.72% with a total of 12,149 votes. The Commission reported to the Minister of Justice on its conduct of the by-election and this report was forwarded to the Justice and Electoral Select Committee. The full results for the by-election can be viewed on the Commission's website, [www.elections.org.nz](http://www.elections.org.nz).

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

#### *Guidance*

The Commission updated its publications Candidate Handbook for By-elections, Candidate Handbook for General Elections, Party Secretary Handbook and Third Party Handbook in December 2012. Through the year advisory opinions were sought and provided on nine matters.

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

There was one change in registered parties during the year - the United Future New Zealand party was de-registered at their request on 31 May 2013. At 30 June 2013 there were 12 registered parties.

During the year one new logo was registered and the party subsequently successfully applied to vary the logo. At year-end there were 12 logos for registered parties, and 37 logos for unregistered parties.

Following year-end United Future was registered again on 13 August following an application and a period of public notification.

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

The seven candidates who contested the 29 June Ikaroa-Rāwhiti by-election are required to lodge returns of election expenses and donations by 4 October 2013. Once filed, the returns will be available to view 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.

At their request one party was deregistered during the year. The remaining registered parties filed annual declarations and provided information about their membership processes for 2013.

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

All registered parties must provide the Commission with annual donation returns and accompanying auditors' reports by 30 April 2013. The returns must disclose donations received in the previous calendar year, 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 must provide a return to the Commission within 10 working days of receiving the donation or the donations which take the aggregate over \$30,000. Three returns for donations exceeding \$30,000 were received from parties in the reporting period. 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 \$289,000 per party. The maximum a donor can give to a party is 15% of the per-party limit, currently \$43,350 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.

The Commission is required to publish quarterly on the Elections website all donations protected from disclosure received and paid out. There were no donations received and paid out by the Commission in the reporting period.

## Organisational Health and Capability

### Operational Highlights

The Chief Registrar of Electors' functions undertaken by New Zealand Post Limited through the Electoral Enrolment Centre were transferred to the Commission on 1 July 2012. The enrolment services functions continued from that point to be provided by New Zealand Post Limited under contract to, and statutory delegation from, the Commission. In this first year of the new contract we focused on bedding in the new operating arrangement, and where possible we have taken the opportunity to centralise procurement activity, minimise operational duplication and investigate opportunities for combined activity.

Improvements in our service performance systems and controls through 2011/12 resulted in the Commission receiving a 'very good' (no improvement required) up from 'Good', audit assessment from our external Auditor last year for our management control environment, and financial information systems and controls. The Commission also received an improved 'good' assessment for our Service Performance information and associated systems and controls in 2011/12 (up from "needs improvement"). Following the 2013 interim audit we had made further improvements such that the six recommendations from the 2012 audit relating to non-financial information were deemed to be resolved and cleared.

### Better Public Services

The Commission supports the government's Better Public Services change programme and participates in the programme where applicable to the Commission's business.

#### *Functional Leadership*

The Government has created three Functional Leadership roles to drive performance across the state services, with three resulting programmes:

- the Commission has revised and strengthened its ICT practices in accordance with the requirements of the Chief Government Information Officer
- the Commission has recourse to the Property Management Centre of Expertise when considering its property requirements
- the Commission actively engages in the Government Procurement Reform Programme led by the Ministry of Business, Innovation and Employment. This includes being a participating agency in All-of-Government contracts and utilising the Government Model Contracts. The Commission also actively seeks out collaborative contracts led by government agencies and joins up to the collaborative contracts where eligible to participate

#### *Result Areas*

The Government has identified ten specific results for delivering better public services. The result area applicable to the Commission's business is Result Area 10: Improving interaction with Government – New Zealanders can complete their transactions with government easily in a digital environment.

The Commission has upgraded its website to enhance user accessibility to its online services and the overall user experience. Key online services include:

- an online consultation tool was used for the review of MMP conducted by the Commission
- voters are able to update their enrolment data on-line using the i-govt login service. Work is underway to provide for full on-line enrolment, which is dependant on legislative amendment and the government implementing its new Identity Verification Service "RealMe"
- regulations have been implemented to permit the Commission to provide a facility for overseas voters to upload their voting papers via the Commission's website. Work has commenced on this initiative, which will supplement the existing means of returning voting papers from overseas: fax, mail, or via overseas posts

## **Financial Position**

During the year the Commission secured the additional funding required to conduct the 2014 General Election and to undertake the support of the Representation Commission work during 2013/14. The Commission currently has reserves of \$11m and this along with the additional funding and annual appropriations means the Commission is now adequately funded to deliver on our core statutory functions through to 2014/15.

Total revenues for this year were \$26.833m of which \$26.347m was from Government appropriations. Government appropriations in the 2013/14 year, the second in this three year electoral cycle, will be \$28.878m.

The Commission has minimal capital assets. It does however face a requirement to replace its aging core software – the Election Management System. A scoping exercise underway at the time of writing will identify what options the Commission has in terms of moving or rebuilding the system on a modern and secure platform. Funding will then be sought for the necessary development. The cost is expected to be in the order of \$2.5m and the system will need to be in place for the 2017 General Election.

## **Equal Employment Opportunities and Good Employer Responsibility**

The Commission is committed to the principles of being a good employer with policies and practices that value equity and fairness and promote the values within the seven good employer elements. The Commission actively seeks and encourages staff participation in all EEO related matters.

The Commission has a range of policies and practices in place for each of the good employer elements, which have been summarised below including a summary of our workforce profile as it was at year-end.

### *Leadership, accountability and culture*

The Commission is committed to maintaining and developing a workplace in which opportunities to develop and achieve are equally encouraged, where the benefits of a diverse workforce are recognised, and the where the workload is fairly spread.

During 2012/13 the Commission undertook a capacity review with staff and managers to assess our ability to manage the current and cyclical workloads of the Commission. As a result we recruited to three permanent positions across the organisation that had previously been filled by temporary and fixed term staff. This also led us to undertake a detailed review of our administrative support function with a resulting re-structure of the team. As a result two staff members took voluntary redundancy with exit payments made within the terms of their employment contract.

### *Recruitment, selection and induction*

The Commission has an impartial, transparent recruitment and selection process with vacancies advertised widely through diverse external networks. The Commission operates a comprehensive induction process with review points to ensure that induction training needs have been met.

### *Employee development, promotion and exit*

The Commission provides equal access to development and promotional opportunities. Annual performance reviews are undertaken with staff members each year with individual personal development plans reviewed. Permanent positions are advertised internally as a matter of course in order to facilitate opportunities for development and promotion. Exit interviews are undertaken with all staff leaving the organisation to support further organisational learning.

### *Flexibility and work design*

The Commission operates a core hours policy and a comprehensive flexible working policy which balances the needs of the individual with the needs of the organisation and the team. The Commission provides workplace facilities and access that support disabled staff and visitors. It also produces many of its materials in a variety of accessible and multi-lingual formats.

### *Remuneration, recognition and conditions*

The Commission operates a transparent remuneration system, benchmarked against comparators in appropriate sectors. Other conditions include top-up to government paid parental leave provisions, actual and reasonable sick leave for the individual and to care for their dependents, and study leave. Professional fees are paid when they are of core relevance to the person's position.

### *Harassment and bullying prevention*

The Commission is committed to providing a safe working environment free from harassment for all employees. The Commission has a harassment policy which sets out its expectations of behaviour in the workplace and provides processes for the organisation to respond promptly and appropriately to any complaints of bullying or harassment.

### *Safe and healthy environment*

The Commission is committed to providing a safe and healthy environment for its staff. The Commission has a health and safety policy and active engagement by all staff.

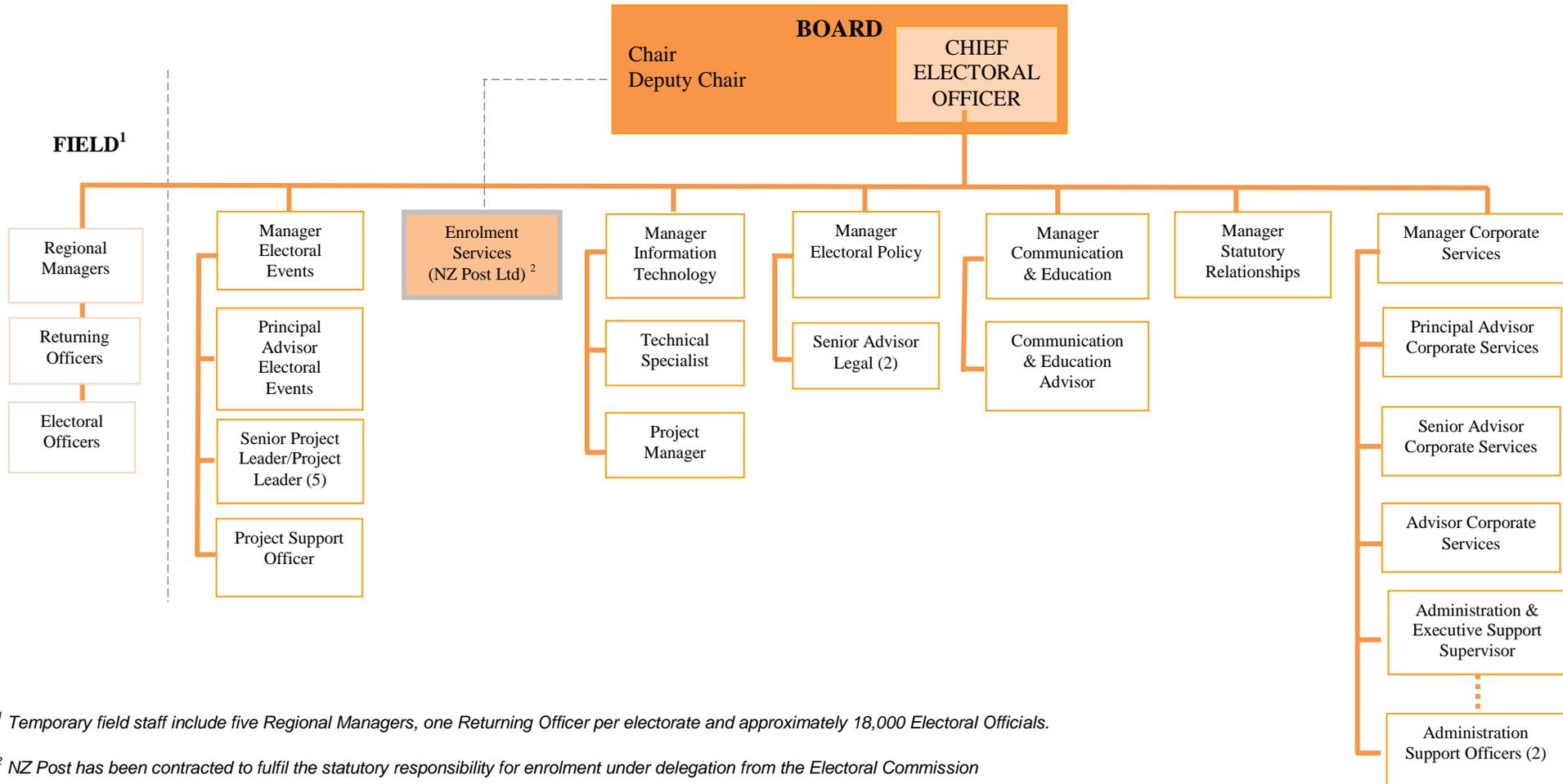
Other provisions for staff well-being include:

- Employee Assistance Programme services
- private space for reflection, rest and breastfeeding/expressing
- free flu vaccinations
- visual care provisions, covering payment for eye checks and visual equipment
- provision of workplace assessments for new or relocated staff

### *Workforce Profile as at 30 June 2013;*

<b>Staff Numbers:</b> Permanent Staff: 24 Vacancies: 1	<b>Gender:</b> Female: 50% Male: 50%
<b>Age Profile:</b> Under 30 years: 8% 30-39 Years: 21% 40-49 years: 42% 50-59 years: 21% 60 and over years: 8%	<b>Length of Service with the Commission and its predecessors:</b> Under 3 years: 12 3-10 years: 10 Over 10 years: 2
<b>Ethnicity:</b> NZ European: 84% Pacific: 8% Māori: 8%	<b>Disability:</b> Yes: Nil No: 100%
<b>Staff Turnover:</b> 2012/13: 8% (2 voluntary redundancies) 2011/12: 5% (1 resignation) 2010/11: Nil	

## Organisation Structure



<sup>1</sup> Temporary field staff include five Regional Managers, one Returning Officer per electorate and approximately 18,000 Electoral Officials.

<sup>2</sup> NZ Post has been contracted to fulfil the statutory responsibility for enrolment under delegation from the Electoral Commission



## 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 Ikaroa-Rāwhiti by-election.

The Commission had two output classes in the year; one for the provision of electoral services and one for the provision of enrolment services. The actual revenue and expenses compared with the budget set at the start of the year are presented in the financial statements.

### Output: Promoting public awareness of electoral matters through education and information programmes

Result/Measure	Performance Standard	Actual 2011/12	Achievement 2012/13
<b>Description</b>			
During 2012/13 develop an Electoral Commission strategy for promoting participation in parliamentary elections			
<b>Quantity Measures</b>			
Strategy for promoting participation is developed	Achieved	N/A	Achieved but not in the timeframe. The draft strategy was developed in the year and consultation on the draft was undertaken with key stakeholders in May and June 2013. Finalisation was delayed until early July due to the impact of the 29 June Ikaroa-Rāwhiti by-election
<b>Quality Measures</b>			
Peer review of objectives of the strategy and expected outcomes acknowledges the strategy is of an appropriate standard	Achieved	N/A	Peer review was undertaken in late June and early July and the strategy acknowledged as being of an appropriate standard
<b>Timeliness Measures</b>			
Completed and published by June 2013	Achieved	N/A	Not achieved – the strategy was published two weeks after year-end on 15 July 2013

**Output: Make available information to assist political parties, candidates, and third parties to meet their statutory obligations in respect of electoral matters administered by the Electoral Commission**

Result/Measure	Performance Standard	Actual 2011/12	Achievement 2012/13
<b>Description</b> Promote statutory compliance of parties, candidates and third parties with electoral law by the provision of guidance, advisory opinions and review of statutory returns.			
<b>Quantity Measures</b>			
All returns, requests, and complaints received are processed	100%	100%	All returns, requests and complaints received have been responded to during the year  The Commission issued advisory opinions in response to all 9 requests received from 6 requesters
<b>Quality Measures</b>			
Feedback received on advisory opinions indicates satisfaction with the standard of the response	Satisfactory or better	Satisfactory or better	The individual six requestors of advisory opinions were surveyed as to their satisfaction with the opinions provided. We received 3 replies all of which indicated satisfaction or greater with the standard of the response
<b>Timeliness Measures</b>			
Response time for follow-up action on statutory returns where non-compliance is established.	5 working days	5 working days	The Commission undertook follow-up action on all returns within 5 days where non-compliance was established  There are no outstanding incidents of non-compliance in respect of returns due on 30 April 2013
Response time to requests for advisory opinions	5 working days	5 Working days	The Commission responded to the nine requests received for advisory opinions within the 5 day target

**Output: Advice to the Minister and the House on electoral matters referred to the Electoral Commission**

Result/Measure	Performance Standard	Actual 2011/12	Achievement 2012/13
<b>Description</b> Independent and accurate advice is provided as and when requested on legislative or policy proposals to internal standards and in a timely manner			
<b>Quantity Measures</b>			
All requests for policy advice are acknowledged and scheduled into the work programme	100%	100%	We were both a witness and advisor to the Justice and Electoral Select Committee throughout the year. Advice was provided in response to questions and issues raised by the Justice and Electoral Select Committee  In the latter part of the year we worked with the Ministry of Justice on preparation of the Electoral Amendment Bill 2013. This Bill incorporates the recommended legislative changes from the Justice and Electoral Select Committee
<b>Quality Measures</b>			
Advice does not require further clarification	100%	100%	Further clarification was not required in respect of any advice provided by the Commission
<b>Timeliness Measures</b>			
Advice provided in the timeframe requested	100%	100%	The advice provided was provided within the timeframes requested

## Output: Preparing for and conduct of General Elections, by-elections, and referenda

Result/Measure	Performance Standard	Actual 2011/12	Achievement 2012/13
<b>Description</b> Preparations for and conduct of one-off electoral events (by-elections and referenda) as and when notified			
<b>Quantity Measures</b>			
Electoral events are conducted as and when required	Achieved	Achieved	There was one electoral event this year – the Ikaroa-Rāwhiti by-election held on Saturday 29 June 2013
<b>Quality Measures</b>			
Conducted in accordance with the provisions of the Electoral Act 1993 and other legislation enacted for the purposes	Achieved	Achieved	The by-election was conducted in accordance with the provisions of the Electoral Act 1993.
<b>Timeliness Measures</b>			
Availability of results on election day:			The preliminary results of the by-election were available in line with our performance targets:
<ul style="list-style-type: none"> <li>Advance Voting Results</li> </ul>	7:30pm	N/A	<ul style="list-style-type: none"> <li>Advance Votes were available at 7:08pm</li> </ul>
<ul style="list-style-type: none"> <li>50% of Voting Place Results</li> </ul>	9:00pm	N/A	<ul style="list-style-type: none"> <li>50% of Voting places by 7:50pm</li> </ul>
<ul style="list-style-type: none"> <li>100% of Voting Place Results</li> </ul>	10:00pm	N/A	<ul style="list-style-type: none"> <li>100% of voting places by 9:01pm</li> </ul>
Availability of Official Results	11 Days After	N/A	The official results were published on 10 July, 11 days after the by-election on Saturday 29 June 2013
Declaration of List Members to vacancies after notification	3 Days after	N/A	Three declarations of List Members to vacancies were made in the period. All three declarations were made within the required three days of the notifications of a vacancy. Those declarations were for: Claudette Hauiti, 28 May 2013, National Party Paul Foster-Bell, 21 May 2013, National Party Carol Beaumont, 12 March 2013, NZ Labour Party

## Output: Compiling and maintaining electoral rolls

Result/Measure	Performance Standard	Actual 2011/12	Achievement 2012/13
<b>Description</b> Promoting awareness of the requirement to enrol, keep enrolment details up-to-date, process applications for enrolment, and update of elector details on a daily basis.			
<b>Quantity Measures</b>			
Applications for enrolment processed	350,000	N/A	371,618 applications for enrolment were processed in the year
Updates to elector information processed	600,000	N/A	616,389 updates to elector information were processed in the period
Undertake the 2013 Māori Electoral Option	Achieved	N/A	The Māori Electoral Option was undertaken as required and completed as scheduled on 24 July 2013
<b>Quality Measures</b>			
% of accuracy as advised by electors	100%	N/A	Sample testing of updates established the correction rate at 1:25,000. An accuracy level of 99.996%
<b>Timeliness Measures</b>			
Produce list of electors	As and when required	N/A	List of electors were provided as required and requested: <ul style="list-style-type: none"> <li>Parliamentary roll printed Friday 26 October and was available to the public on 12 November 2012</li> <li>To Local Authorities for by-elections as requested – in total 12 times for the year</li> <li>To Ministry of Justice for Jury Rolls as requested - in total 253 times for the year</li> </ul>

**Electoral Commission  
Statement of Comprehensive Income  
For The Year Ended 30 June 2013**

<b>2012 Actual \$000</b>		<b>Notes</b>	<b>2013 Actual \$000</b>	<b>2013 Budget \$000</b>
<b>REVENUE</b>				
35,860	Crown Revenue	1	26,347	25,468
2,836	Crown Revenue – Election Broadcasting		-	-
396	Interest Received		368	147
1	Other Revenue		118	-
<b>39,093</b>	<b>Total Revenue</b>		<b>26,833</b>	<b>25,615</b>
<b>EXPENDITURE</b>				
19,889	Personnel and Board Fees	2	2,737	2,498
2,836	Election Broadcasting Allocation		-	-
17,519	Operating Costs	3	19,096	22,998
51	Depreciation and Amortisation Expense	6,7	81	55
54	Audit Fees		50	60
<b>40,349</b>	<b>Total Expenditure</b>		<b>21,964</b>	<b>25,611</b>
<b>(1,256)</b>	<b>TOTAL COMPREHENSIVE INCOME</b>		<b>4,869</b>	<b>4</b>

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

**Electoral Commission**  
**Statement of Financial Position**  
**As at 30 June 2013**

2012 Actual \$000		Notes	2013 Actual \$000	2013 Budget \$000
<b>CURRENT ASSETS</b>				
3,809	Cash and cash equivalents	4	10,438	4,001
74	Debtors and Other Receivables	5	-	-
-	Prepayments		942	-
<b>3,883</b>	<b>Total Current Assets</b>		<b>11,380</b>	<b>4,001</b>
<b>NON-CURRENT ASSETS</b>				
9	Property, Plant and Equipment	6	121	20
62	Intangible Assets	7	10	-
-	Prepayments		169	-
<b>71</b>	<b>Total Non-Current Assets</b>		<b>300</b>	<b>20</b>
<b>3,954</b>	<b>TOTAL ASSETS</b>		<b>11,680</b>	<b>4,021</b>
<b>CURRENT LIABILITIES</b>				
338	Creditors and Other Payables	8	249	400
224	Employee Entitlements	9	301	330
<b>562</b>	<b>Total Current Liabilities</b>		<b>550</b>	<b>730</b>
<b>NON-CURRENT LIABILITIES</b>				
31	Employee Entitlements	9	44	33
<b>31</b>	<b>Total Non-Current Liabilities</b>		<b>44</b>	<b>33</b>
<b>593</b>	<b>TOTAL LIABILITIES</b>		<b>594</b>	<b>763</b>
<b>3,361</b>	<b>NET ASSETS</b>		<b>11,086</b>	<b>3,258</b>

**Electoral Commission**  
**Statement of Changes in Equity**  
**For the Year Ended 30 June 2013**

2012 Actual \$000		Notes	2013 Actual \$000	2013 Budget \$000
<b>4,617</b>	<b>PUBLIC EQUITY AT START OF YEAR</b>		<b>3,361</b>	<b>3,254</b>
-	Enrolment Services Reserves		2,856	-
(1,256)	Comprehensive Income for Year		4,869	4
<b>3,361</b>	<b>PUBLIC EQUITY AT END OF YEAR</b>		<b>11,086</b>	<b>3,258</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 2013**

<b>2012 Actual \$000</b>		<b>Notes</b>	<b>2013 Actual \$000</b>	<b>2013 Budget \$000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
38,715	Revenue from Crown		26,347	25,468
396	Interest received		368	147
1	Receipts from other revenue		118	-
(19,957)	Payments to Employees		(2,647)	(2,465)
(20,764)	Payments to Suppliers		(17,416)	(23,409)
<b>(1,609)</b>	<b>Net cash flow from operating activities</b>	10	<b>6,770</b>	<b>(259)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
-	Purchase of property, plant and equipment		(141)	(20)
(16)	Purchase of intangible assets		-	-
<b>(16)</b>	<b>Net cash flows from investing activities</b>		<b>(141)</b>	<b>(20)</b>
<b>CASH FLOWS FROM FINANCE ACTIVITIES</b>				
-	Capital contributions		-	-
<b>-</b>	<b>Net cash flows from investing activities</b>		<b>-</b>	<b>-</b>
(1,625)	<b>Net increase/(decrease) in cash and cash equivalents</b>		6,629	(279)
5,434	<b>Cash and cash equivalents at beginning of year</b>		3,809	4,280
<b>3,809</b>	<b>CASH AND CASH EQUIVALENTS HELD AT YEAR END</b>	4	<b>10,438</b>	<b>4,001</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 2013

### 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 the Electoral Commission are for the twelve months ended 30 June 2013, and were approved by the Board on 24 October 2013.

### 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 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). The new standards were issued in May 2013 by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is to be for reporting periods beginning on or after 1 July 2014. This means the Electoral Commission expects to transition to the new standards in preparing its 30 June 2015 financial statements. It is expected that there will be minimal changes for the Electoral Commission.

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. It may only be used by the Electoral Commission to meet 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 income 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	20.00%
Furniture and fittings	5 years	20.00%
Leasehold improvements	9 years	11.11%
Computer equipment	3 years	33.33%

### **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	33.33%
Developed Computer Software	3 years	33.33%

### **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 2012-2015, 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 2013

### 1. Revenue from Crown

	<b>2013</b>	<b>2012</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$000</b>	<b>\$000</b>
<b>For the provision of the following Services;</b>		
Core services of the Electoral Commission	5,976	35,681
Conduct of the Ikaroa-Rāwhiti By-Election	879	-
Services for the Representation Commission	-	179
Undertaking the Māori Electoral Option	5,300	-
Maintenance of the Electoral Rolls	14,192	-
<b>Total Revenue from the Crown</b>	<b>26,347</b>	<b>35,860</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	2,382	19,244
Employer contributions to defined benefit plans	69	127
Increase/(decrease) in employee entitlements	90	(50)
Other personnel costs	196	568
<b>Total personnel costs</b>	<b>2,737</b>	<b>19,889</b>

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

### 3. Operating Costs

Rent – Temporary Premises	501	4,196
Specialist Services	1,493	2,573
Printing	90	1,824
Advertising and Publicity	146	4,724
Enrolment Services	15,525	-
Information, Communications & Technology	708	880
Electorate Equipment	31	80
Storage/Freight	134	838
Stationery/Supplies	13	157
Travel	118	893
Other	337	1,354
<b>Total Operating costs</b>	<b>19,096</b>	<b>17,519</b>

### 4. Cash and cash equivalents

Operating Account	736	295
Investment Account	9,695	3,514
Electorate Bank Accounts	7	-
<b>Total cash and cash equivalents</b>	<b>10,438</b>	<b>3,809</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
<b>Total Debtors and other receivables</b>	<b>-</b>	<b>74</b>

The carrying value of receivables approximates their fair value.

## 6. Property, Plant and Equipment

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

	<b>Computer Hardware \$000</b>	<b>Office Equipment \$000</b>	<b>Total \$000</b>
<b>Cost or Valuation</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>19</b>
Balance at 1 Jul 2012	12	7	19
Additions	141	-	141
Disposals	-	-	-
<b>Balance at 30 Jun 2013</b>	<b>153</b>	<b>7</b>	<b>160</b>
<b>Accumulated Depreciation</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>10</b>
Balance at 1 Jul 2012	8	2	10
Depreciation Expense	28	1	29
<b>Balance 30 Jun 2013</b>	<b>36</b>	<b>3</b>	<b>39</b>
<b>Carrying Amount</b>			
At 1 July 2011	8	6	14
At 1 July 2012	4	5	9
<b>At 1 July 2013</b>	<b>117</b>	<b>4</b>	<b>121</b>

## 7. Intangible Assets

Movements for each class of intangible asset are as follows:

	<b>Acquired Software \$000</b>	<b>Total \$000</b>
<b>Cost or Valuation</b>		
Balance at 1 July 2011	138	138
Additions	16	16
Disposals	-	-
<b>Balance at 30 June 2012</b>	<b>154</b>	<b>154</b>
Balance at 1 Jul 2012	154	154
Additions	-	-
Disposals	-	-
<b>Balance at 30 June 2013</b>	<b>154</b>	<b>154</b>
<b>Accumulated Depreciation</b>		
Balance 1 July 2011	46	46
Amortisation Expense	46	46
<b>Balance at 30 Jun 2012</b>	<b>92</b>	<b>92</b>
Balance at 1 July 2012	92	92
Amortisation Expense	52	52
<b>Balance 30 Jun 2013</b>	<b>144</b>	<b>144</b>
<b>Carrying Amount</b>		
At 1 July 2011	92	92
At 1 July 2012	62	62
<b>At 1 July 2013</b>	<b>10</b>	<b>10</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>2013 Actual \$000</b>	<b>2012 Actual \$000</b>
Creditors	64	122
Accrued expenses	90	216
GST payable to Inland Revenue	95	-
<b>Total creditors and other payables</b>	<b>249</b>	<b>338</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.

## 9. Employee Entitlements

### Current portion

Accrued salaries and wages	103	12
Annual leave	191	200
Long Service leave	7	12
Retiring leave	-	-

### Total current portion

<b>301</b>	<b>224</b>
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### Non-current portion

Long Service leave	19	9
Retiring leave	25	22

### Total non-current portion

<b>44</b>	<b>31</b>
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### Total employee entitlements

<b>345</b>	<b>255</b>
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## 10. Reconciliation of net surplus/ (deficit) to net cash flow from operating activities

<b>Net surplus/(deficit)</b>	<b>4,869</b>	<b>(1,256)</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation expense	81	51
Transfer of reserve held by Enrolment Services 30 June 2012	2,856	-
<b>Total non-cash items</b>	<b>2,937</b>	<b>51</b>
<b>Add/(less) movements in financial position items</b>		
(Increase)/decrease in prepayments	(1,111)	122
(Increase)/decrease in GST refund	169	391
Increase/(decrease) in creditors and other payables	(184)	(867)
Increase/(decrease) in employee entitlements	90	(50)
<b>Net movement in working capital</b>	<b>(1,036)</b>	<b>(404)</b>
<b>Net cash flow from operating activities</b>	<b>6,770</b>	<b>(1,609)</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>2013 Actual \$000</b>	<b>2012 Actual \$000</b>
Less than one year	454	249
Later than one year and not later than five years	1,800	3
Later than one year and not later than five years	225	-
<b>Total non-cancellable operating leases</b>	<b>2,479</b>	<b>252</b>

Operating lease commitments relate to Levels 3-4 and 9-10 of 34-42 Manners Street with the current lease expiring 30 November 2018.

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 (2012 Nil).

## 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 \$26.347 million (2012 \$38.715 million) for specific purposes set out in its founding legislation and the scope of the relevant government appropriations.

The Electoral Commission also received funds from vote Māori Affairs for the supply of information for the Māori Affiliation Service for \$0.075 million (Nil in 2012) and the Office of the Clerk for \$0.043 million (Nil in 2012) for the costs relating to the Citizens Initiated Referendum.

Related party transaction between the Electoral Commission and NZ Post Limited totalled \$16.673m in the year. \$16.425m was for the supply of enrolment services, \$0.009 for other services, and \$0.239m for the provision of IT equipment. The amount outstanding and included in prepayments at year end was \$ 1.111m (\$0.900m for enrolment services and \$0.211 for the provision of IT equipment).

### *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 2013 totalled \$0.49 million (2012 \$1.2 million). These purchases included the purchase of electricity from Genesis, air travel from Air New Zealand, postal services from New Zealand Post and transactions with government Ministries and Departments.

### *Key management personnel*

There were no transactions entered into during the year with key management personnel:

### *Key management personnel compensation*

	<b>2013 Actual \$000</b>	<b>2012 Actual \$000</b>
Salaries and other short-term employee benefits	1,108	1,062
<b>Total Key Personnel Compensation</b>	<b>1,108</b>	<b>1,062</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:

\$100,000 – \$109,999	2	4
\$110,000 - \$119,999	3	1
\$120,000 - \$129,999	2	2
\$130,000 - \$139,999	1	-
\$140,000 - \$149,999	-	1
\$190,000 - \$199,999	1	-

## **15. Board Members Remuneration**

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

Chair Hon Sir Hugh Williams QC	60	87
Deputy Chair Jane Huria CNZM	23	33
Board Member & Chief Electoral Officer Robert Peden	279	226
<b>Total Board Member Remuneration</b>	<b>362</b>	<b>346</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:

<b>Loans and receivables</b>		
Cash and cash equivalents	10,438	3,809
Debtors and other receivables	900	74
Loan to Enrolment Services	211	-
<b>Total loans and receivables</b>	<b>11,549</b>	<b>3,883</b>
<b>Financial liabilities</b>		
Creditors and other payables	249	338
<b>Total financial liabilities</b>	<b>249</b>	<b>338</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>2013 Actual \$000</b>	<b>2012 Actual \$000</b>
<b>Loans and receivables</b>		
Cash and cash equivalents	10,438	3,809
Debtors and other receivables	-	74
Prepayments	1,111	-
<b>Total loans and receivables</b>	<b>11,549</b>	<b>3,883</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 2013.

## 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 2012-2015 (SOI).

*Crown Revenue, \$0.879m favourable;*

Additional funding of \$0.879m was provided by the Crown for the conduct of the Ikaroa-Rāwhiti by-election held on Saturday 26 June 2013.

*Other Operating Expenditure - \$3.902m favourable;*

The favourable variance was attributable to two items; firstly \$1.221m was held over at year-end to fund the last three weeks of the Māori Electoral Option which closed on 24 July 2013. Secondly \$2.856m of the available funding for enrolment services for 2012/13 is being carried forward to, and applied in, election year 2014/15.

## 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>2013 Actual \$000</b>	<b>2012 Actual \$000</b>
<b>Election candidate deposits trust account</b>		
<b>Balance 1 July 2012</b>	85	6
Fees received	2	151
Fees refunded	(83)	(72)
<b>Balance at 30 June 2013</b>	<b>4</b>	<b>85</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 2013.

Signed on behalf of the Board:



Hon Sir Hugh Williams QC  
Chair



Jane Huria CNZM  
Deputy Chair



Robert Peden  
Chief Electoral Officer

## Independent Auditor's Report

### To the readers of Electoral Commission financial statements and non-financial performance information for the year ended 30 June 2013

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 non-financial performance information of the Commission on her behalf.

We have audited:

- the financial statements of the Commission on pages 20 to 34, that comprise the statement of financial position as at 30 June 2013, 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 non-financial performance information of the Commission that comprises the statement of service performance on pages 17 to 19 and the report about outcomes on pages 9 to 12.

### Opinion

In our opinion:

- the financial statements of the Commission on pages 20-34:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Commission's:
    - financial position as at 30 June 2013; and
    - financial performance and cash flows for the year ended on that date.
- the non-financial performance information of the Commission on pages 9 to 12 and 17 to 19:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the Commission's service performance and outcomes for the year ended 30 June 2013, including for each class of outputs:
    - its service performance compared with forecasts in the statement of forecast service performance at the start of the financial year; and
    - its 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 24 October 2013. 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 non-financial performance information are free from material misstatement.

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, 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 non-financial performance information 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 appropriateness of the reported non-financial performance information within the Commission's framework for reporting performance;
- the adequacy of all disclosures in the financial statements and non-financial performance information; and
- the overall presentation of the financial statements and non-financial performance information.

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

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 non-financial performance information 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 and outcomes.

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

The Board's responsibilities arise from the Crown Entities Act 2004 and the Electoral (Administration) Amendment Act 2011.

## **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information 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 External Reporting Board.

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

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on behalf of the Auditor-General

### **Bankers**

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### **Solicitors**

Crown Law Office

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### **Websites**

Information on elections:

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

Information on election results:

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

