

Annual report of the
Electoral Commission
Te Kaitiaki Take Kōwhiri

for the year ended 30 June 2014

The Honourable Minister of Justice

We 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 2013 to 30 June 2014.



Hon Sir Hugh Williams QC
CHAIR



Jane Huria CNZM
Deputy Chair



Robert Peden
Chief Electoral Officer

November 2014

Electoral Commission

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Introduction

The financial year under review, 2013/14¹, was a particularly busy one for the Electoral Commission (the Commission). In addition to planning and preparing for the conduct of the 2014 general election the Commission:

- completed the delivery of the Maori Electoral Option in July 2013;
- completed the delivery of the Ikaroa-Rawhiti By-election held on 29 June 2013;
- undertook through its provider, NZ Post Ltd, the enrolment update campaign for the 2013 local elections;
- delivered the Christchurch East By-election held on 30 November 2013;
- developed and used a new “in-house” vote processing system to successfully conduct a Citizens Initiated Referendum on the sale of state owned assets held by postal vote from mid-November through to early December 2013;
- provided administrative and secretarial support to the Representation Commission (of which the Chief Electoral Officer is a member) in its redistribution of the boundaries for the 2014 and 2017 elections;
- provided policy and legislative advice to the Minister and the Justice and Electoral Committee on law reform proposals affecting the 2014 election;
- reviewed and improved its cyber security and privacy policies and practices;
- launched through its provider, NZ Post Ltd, the enrolment update campaign for the 2014 election from 23 June 2014;
- issued its initial decision on 6 June 2014 for the allocation of time and money for the broadcast of election programmes, having given effect to the requirements of the legislation including consultation with eligible parties;
- expanded its international assistance and, in particular, its support to the Fijian Electoral Office under the New Zealand Aid Programme; and
- progressed its Voter Participation Strategy developed in 2012/13.

The Commission’s small core of 25 permanent staff carried a very large workload throughout the year and particularly in the first 6 months of the 2014 calendar year. The additional electoral events in 2013 meant that some of the work that would otherwise have been completed in 2013 on preparations for the 2014 election had to be deferred. This was significantly exacerbated by amendments to the Electoral Act not being enacted until March 2014, very late in the Commission’s planning cycle. Until the legislation was enacted, the Commission had no certainty about the rules under which it would be conducting the election. The final form of the legislation required major changes to the Commission’s operations (including the abandonment of the Commission’s EasyVote Express proposal). The late legislative policy work also added significantly to the load of the Commission’s policy team who, as is now usual at this time, were also dealing with a large volume of requests for guidance and advisory opinions.

During this period the Commission developed a new telephone dictation service for blind and vision impaired voters, a new facility for overseas voters to be able to return their voting papers by uploading them to the Commission’s website, and its information programme to promote enrolment and voting. Enrolment Services staff worked very hard around the country to give effect to the new electoral boundaries and to begin the drive to enrol all those eligible to vote.

¹ The Commission notes that the comments in this annual report need to be read in the light that a General Election was held 3 months after the financial year end.

The Commission's small communications and education team were further stretched by the preparatory work required to promote a nationwide discussion on valuing our vote in the build up to the election, as anticipated by the Voter Participation Strategy. This included convening a highly successful conference held at Parliament in May on the subject.

That the Commission was well-placed at the end of the 2013/14 year to deliver the 2014 election and that the importance of enrolling and voting was already beginning to be discussed in the media and by the public is a tremendous credit to the very hard work, stamina and commitment of the staff.

In addition to preparing for the 2014 election, the Commission put considerable thought into developing its strategy for the 2017 and 2020 electoral cycles. These plans are set out in the Commission's current Statement of Intent (2014-2017) and Statement of Performance Expectations tabled along with this Annual Report.

As we say in the Statement of Intent, in our view, New Zealand is now at a point where significant investment is required to ensure our country's democracy remains healthy and its electoral administration fit for purpose. Democracy is not something New Zealanders should take for granted. The values and culture that underpin it need to be learned and nurtured. As New Zealand society changes and diversifies there is a growing need for citizenship education and engagement. And as New Zealanders' expectations to be able to access government services online continue to grow so will their expectations to be able to vote online grow more insistent.



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 on a reciprocal basis or as part of the New Zealand Aid Programme.

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
- participating on 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 Board comprises three members - The Chair, the Hon Sir Hugh Williams QC, Ms Jane Huria CNZM Deputy Chair, and Robert Peden, Chief Electoral Officer

Independent Role

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 census 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 to:

- 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, testing, and improving 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 18,500 temporary electorate staff, conduct of the election and preparation of the post-election review

The Electoral Commission must also be ready to conduct an early election, by-elections and referenda as and when required.

The Commission operates year round with a small core team of 25 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

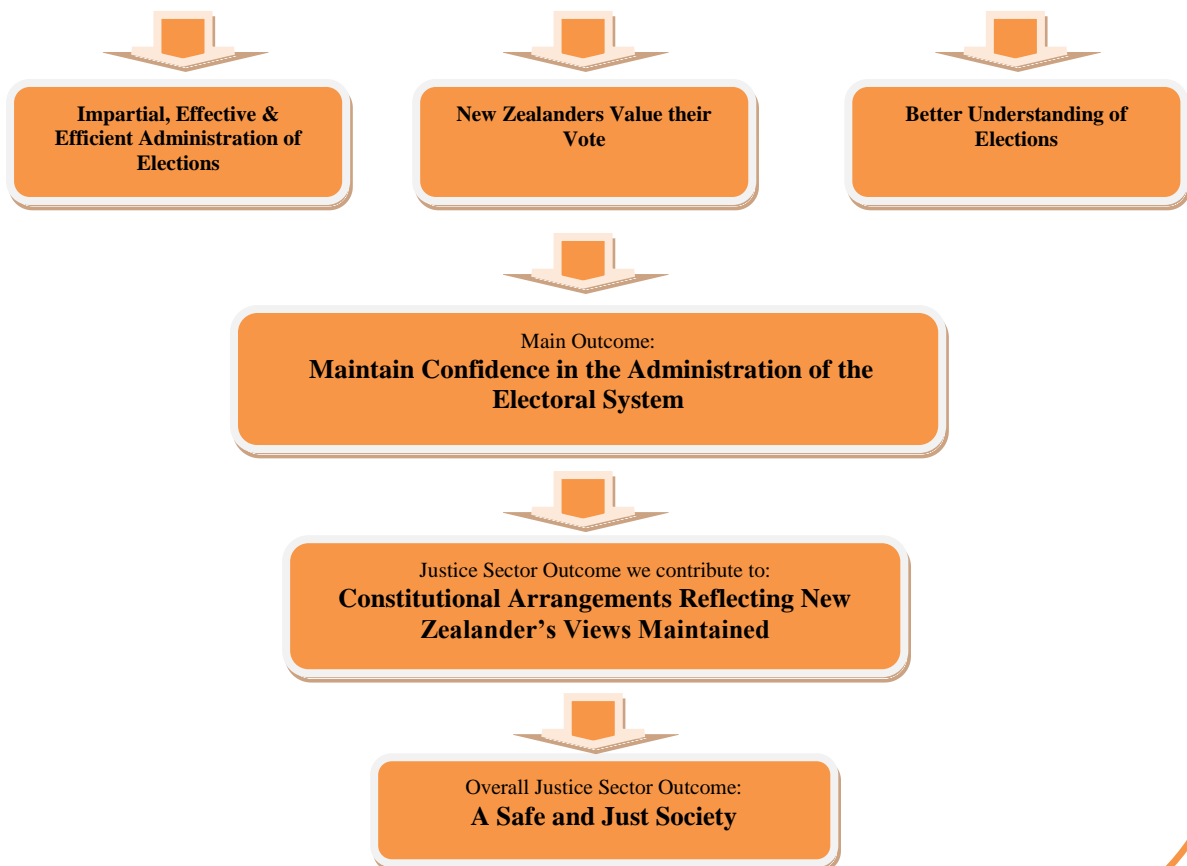
The Justice Sector has an aspirational outcome that all New Zealanders should expect to live in a safe and just society. To that end the justice system itself should be underpinned by effective constitutional arrangements. The Commission is part of the Justice Sector so has a role to play in achieving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

The framework on the next page summarises our services, the results or impacts they will deliver and how these contribute towards Government priorities for the Justice Sector.

Electoral Commission Outcome Framework

Electoral Commission Outputs:

- compiling and maintaining the electoral rolls
- preparation and conduct of general elections, by-elections and referenda
- allocating government time and money to registered political parties for radio and television broadcasting
- promoting public awareness of electoral matters through education and information programmes
- providing advice to the Minister and the House on electoral matters
- 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



Outcome and Impacts – Service Delivery 2014/15

Performance against our main 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 review of the 2014 General Election. Our target 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 three contributing elements, the related 2013/14 service delivery, and progress on initiatives designed to enable us to meet the performance standard in 2014/15:

Impact: <i>New Zealanders value their vote</i>			
Election Year Indicator/s:	2014 General Election Target	2011 General Election Achievement	Measurement Method
Percentage of eligible New Zealanders enrolled on election day	90.5 – 92.5%	93.7%	Performance data will be recorded by the Commission and reported in the post-event report
Percentage of eligible New Zealanders voting in the General Election	69.6 - 75.0%	69.6%	
Percentage of 18 to 24 year olds enrolled	75.0 – 80.0%	77.9%	

Compiling and maintaining electoral rolls

As at 30 June 2014 89.2% of the estimated voting age population was enrolled. During the year Enrolment Services processed 570,803 applications for enrolment (371,618 last year) and 1,013,739 updates to electoral information (616,389 last year).

In addition to the regular maintenance of the rolls the Commission completed the Māori Electoral Option which ran from 25 March to 24 July 2013. While open, 45,939 Māori 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 2013 Census of Population and Dwellings data were used by the Representation Commission in early 2014 to determine the number of General electorates (increased by 1) and Māori electorates (unchanged) and to revise the electorate boundaries for the next five years.

Improved systems and processes

During the year the Commission introduced full online enrolment with electors having the option of enrolling online using RealMe (the Government’s secure online identity verification service).

It also developed and tested ready for use at the 2014 General Election:

- an overseas vote upload system to enable overseas voters to return completed voting papers by uploading them to a secure website.
- a telephone dictation voting service to allow persons who are blind, vision impaired or have another disability that prevents them from casting a secret ballot to vote in secret.

Impact: *Better Understanding of Elections*

Election Year Indicator/s:	2014 General Election Target	2011 General Election Achievement	Measurement Method
Percentage of voters who consider the voting system is easy to understand	60%	Not surveyed in 2011 due to the 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%	0.26%	Information will be gathered within one month of election day

Promoting Public Participation

The Commission published its 2014 Participation Strategy in July 2013. The strategy set out our goals for promoting participation through to the 2014 election.

It focuses on three key streams of work:

- starting a national discussion on the implications of declining voter participation
- providing public information and education resources that facilitate participation
- research on what affects participation

National Discussion on Implications of Declining Voter Participation

The Commission built and strengthened relationships with key stakeholders including state sector organisations, political parties, third parties and media around the intent of the Participation Strategy and the need to work constructively and collaboratively to address voter decline. In August 2013 the Commission convened a workshop with participants from government agencies and representatives from a range of related disciplines to discuss the strategy.

On 29 May 2014 the Commission brought together local and international leaders in voter participation to consider the barriers and behaviours that impact on civic participation at its 'Valuing our Vote: Improving Voter Turnout in New Zealand' conference.

Registrations filled up quickly and the Commission received very positive feedback from attendees. There was significant media interest in the conference with the international keynote speakers both featured on Radio New Zealand and a number of the conference presenters interviewed for a The Nation (TV3) story.

On 30 May one of the keynote speakers, from the American organisation Rock the Vote, facilitated workshops on what it takes to reconnect young people with the power of their vote, with the goal of educating and motivating organisations seeking to mobilise young voters. Representatives from a number of political parties attended.

Public Information and Education Campaign

The Commission's communications strategy for the 2014 general election was developed and delivered during this year. As well as focusing on the traditional messages of when, how and where to enrol and vote, the Commission also actively sought to address some of the primary reasons people give for not voting – that they don't feel it is relevant, that they don't think their vote is important, and that they don't know who to vote for.

To address those issues, three new initiatives were introduced:

- a pilot community engagement programme where Commission advisers worked closely with community leaders and influencers to increase community engagement with the importance of voting
- a motivational advertising campaign on the theme 'your vote is a powerful thing' targeting less-engaged audiences and communities

- part-funding of TVNZ's Vote Compass education tool developed by an international team of political scientists, which via a set of multi-choice questions helps voters place themselves within the political landscape

Civics Education Resources & Programmes

This year we took our already-popular schools resource "Your Voice, your Choice" and expanded it into new resources for younger students, and for the Maori medium curriculum. These resources enable 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.

In March this year we began preparation for the 2014 Kids Voting programme. This programme allows students to simulate the 2014 General Election; students learn about and vote for real candidates, on authentic-looking ballot papers, and compare the results of their classrooms' election with the results of the real election.

Kids Voting is designed to raise awareness among young people about New Zealand's electoral processes. Building first-hand experience of active participation by young people increases their personal understanding, belief and confidence in electoral participation.

Research on Electoral Participation

While the Commission is limited in the amount of research it can currently deliver in its own right, we continue to contribute advice, input, and some financial support to national research in this area. This year the Commission also introduced an annual academic scholarship for post-graduate research into the area of democratic participation, and planned for its regular post-election voter and non-voter survey.

Academic scholarships for 2014 were awarded to a student studying the psychological indicators of voter participation, and a student investigating the use of online tools to mobilise young voters.

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

Election Year Indicator/s:	2014 General Election Target	2011 General Election	Measurement Method
Percentage of New Zealanders who express confidence in the administration of the electoral system	90%	88%	Performance data will be recorded by the Commission and reported in the post-event report
Percentage of New Zealanders who express satisfaction with the administration of the General Election	90%	88%	

Preparation for the 2014 General Election

A key portion of the year was focused on the preparatory steps for the 20 September 2014 election. This included:

- recruiting and appointing 5 Regional Managers and 64 Returning Officers
- recruiting and appointing Human Resources and Operations Managers, and Trainers for each electorate
- beginning the recruitment of 18,500 headquarters and Election Day staff positions
- securing suitable properties for temporary electorate headquarters, advance voting places and voting places
- setting up telecommunications and ICT infrastructure in each electorate headquarters

- conducting two centralised training sessions for all field managers
- Operational Tests which involved testing key systems and processes
- planning and production of the Public Information and Education campaign, which launched on June 23
- preparations for overseas voting services: The Electoral Commission staff worked with Defence, Conservation, MFAT and other agencies to provide services for voters overseas and in remote locations. Voting services were provided at 77 overseas posts

Preparation and conduct of by-elections and referenda

In July 2013 the Commission completed the official count processes and issued the final result on 10 July for the Ikaroa-Rāwhiti by-election that had been held on 29 June 2013. Turnout at the by-election was 35.7%. 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.

On 30 November 2013 a by-election for the Christchurch East electorate was conducted. The final result was declared on 11 December. Turnout for the by-election was 41.5%. 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.

The Commission also successfully delivered the Citizens' Initiated Referendum on the sale of state owned assets between 22 November and 13 December 2013, with the final result being declared on 17 December. Turnout for the referendum was 45.1%. The results for the referendum can be viewed on the Commission's website, www.elections.org.nz.

Services to political parties, candidates and third parties

Guidance

Any person may ask the Electoral Commission to provide advice on whether, in its opinion, an advertisement constitutes an election advertisement under the law. The advisory opinion is not a binding ruling or legal advice. The opinion is the Electoral Commission's interpretation of the application of the Electoral Act 1993 in respect of the advertisement.

Through the year 330 advisory opinions were sought on 547 matters.

Registration of Political Parties and Logos

There were three Political Parties registered during the year – Focus New Zealand & logo, United Future New Zealand, and the Internet Party & logo. One party – the Libertarianz was de-registered. One registered party ACT New Zealand changed their logo. At 30 June 2014 there were 14 registered parties.

From 25 March 2014 only a registered political party can register a logo. At 30 June 2014 there were 14 registered logos in total. Last year there had been 12 logos for registered parties, and 37 registered logos for unregistered parties.

Full details of registered parties and logos are available to view on the Elections website.

Supervision of Returns of Election Expenses and Donations

After a general election or by-election all electorate candidates are required to file a return of candidate donations and expenses with the Electoral Commission. Candidate returns include amounts disclosed for donations including anonymous donations and overseas donations, and election expenses for newspaper advertising, radio and television advertising, internet advertising, and other forms of advertising.

During the year returns were required and were received from the candidates in the 29 June 2013 Ikaroa-Rāwhiti, and the 30 November 2014 Christchurch East by-elections.

All returns are available to view and download on the Commission's website, www.elections.org.nz.

Party returns of election expenses are only filed after an election and so there were no party returns of expenses during the year.

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.

One party, the Liberterianz party, was deregistered during the year. The remaining registered parties filed annual declarations and provided information about their membership processes for 2014.

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 each year. 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.

A party donation is a donation of money, goods or services that is made to a party and includes:

- goods or services paid for by others that have a reasonable market value greater than \$1,500 (but not a donor's own labour),
- discounted goods or services (where the reasonable market value is greater than \$1,500), the difference between the contract or agreed price and the reasonable market value of those goods or services is a donation,
- the amount of any payment in excess of reasonable market value for goods or services provided by the party, or
- credit offered at terms more favourable than the commercial terms and conditions prevailing at the time.

All parties have filed returns and copies of these are available on the Commission's website, www.elections.org.nz.

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. Twenty-one returns for donations exceeding \$30,000 were received from parties in the reporting period. A table of the returns filed is available on the Commission's website, www.elections.org.nz.

Returns of Loans to Registered Political Parties Exceeding \$30,000

New requirements apply to all loans entered into from the commencement date of the Electoral Amendment Act 2014 (25 March 2014). Parties are required to make immediate disclosure within 10 working days of receipt to the Electoral Commission of every loan entered into that:

- Has a loan amount exceeding \$30,000; or
- When aggregated with other loan amounts provided by the same lender in the last 12 months, exceeds \$30,000 (section 214F of the Electoral Act).

There were no returns filed for loans exceeding \$30,000 in the 2013-14 year.

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 the amount and recipient of each donation protected from disclosure received and paid out. The donations received during the year are detailed in the tables below and a full history is available on the Commission's website.

Donations Protected from Disclosure Received in the year:

Received:	Amount:	Paid to Party	Returned to Donor	Paid to Crown
September 2013 Quarter End	Nil	Nil	Nil	Nil
December 2013 Quarter End	Nil	Nil	Nil	Nil
March 2014 Quarter End	\$86,700	\$86,700	Nil	Nil
June 2014 Quarter End	\$139,350	\$139,350	Nil	Nil

Donations Protected from Disclosure Paid Out in the year:

Party Paid to:	Date Paid Out:	Amount:
ACT New Zealand	26 March 2014	\$43,350
The New Zealand National Party	26 March 2014	\$43,350
The New Zealand National Party	30 May 2014	\$86,350
Conservative Party	30 May 2014	\$10,000
ACT New Zealand	27 June 2014	\$43,000

Policy Advice

The Commission provides policy advice to the Minister, the House, and Government Departments and Agencies. During the year this included the following:

July to October 2013	November 2013 - February 2014	March - June 2014
Draft ministerial responses on the Maori Electoral Option and the Ikaroa-Rāwhiti By-election	Draft ministerial responses on the asset sales referendum and e-voting	The Independent Monitoring Mechanism (IMM) of the Convention on the Rights of Persons with Disabilities (the Disability Convention) – Human Rights Commission
A parliamentary question on the application of the Electronic Transactions Act to the Electoral Act	A draft Cabinet paper on the future of the Census	Regulations Review Committee questions re the Electoral Regulations 1996
A draft Cabinet paper regarding e-voting at local body elections	The State Services Commission guidelines for election year.	Electoral Main Rolls Closing Order 2014
The Electoral Amendment Bill 2013	The Electoral Amendment Bill 2013	Online Voting at Local Body Elections Cabinet Paper
The citizens initiated referendum on asset sales	The Electoral Amendment Regulations 2014	Draft ministerial response re easy-vote cards
The Christchurch East By-election	Possible referendum on the NZ Flag	Electoral (Expenditure Limits) Order 2014
Representation Commission	The citizens initiated referendum on asset sales	
Preparations for the 2014 general election	The Christchurch East By-election	
Fiji elections	Representation Commission	
Commission's Participation strategy	Commission's Participation strategy	

International Assistance

In association with MFAT under the New Zealand Aid Programme, the Commission deployed Technical Advisors to Fiji to assist Fijian electoral authorities with preparations for Fiji's 17 September 2014 parliamentary election.

The Commission also provided briefings through the year on New Zealand electoral administration to delegations from the United Kingdom, Australia, Myanmar, Poland and Lesotho, and participated in meetings of the 'Pacific Island, Australia and New Zealand Electoral Administration Network' (PIANZEA).

Organisational Health and Capability

Operational Highlights

Organisational Health and Capability Evaluation

The Commission undertook an assessment of its Organisational health and capability during 2013/14. Six major recommendations for improvement were identified. One, to improve our activity around fostering and improving stakeholder relationships has been addressed during the year.

A second, the introduction of an annual staff engagement survey was implemented in April 2014. The results of the first survey confirmed the finding of our health and capability assessment, and gratifyingly established that the Commission has a very high level of staff engagement and enablement of 86% against international benchmarks of 66% and 65% respectively.

The other recommended initiatives, listed below will be progressively addressed and rolled out over the next two years:

- Introduction of an enhanced career development framework
- Implementation of a formal succession programme
- Introduction of competency modelling with a learning development programme to identify knowledge gaps and training needs for staff
- Development of strategic recruitment options

2014-2021 Strategic Planning

Reporting requirements under the Crown Entries Act changed this year. The Statement of Intent became two documents – A statement of Intent focused on strategy and a Statement of Expectations focused on performance. The Commission chose to look beyond the required minimum of four years by covering the current 2014 General Election year and the next two electoral cycles taking us to 2021.

Copies of the Commission's 2014-2021 Statement of Intent and 2014-2021 Statement of Expectations are available from the elections website.

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.

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:

- voters are able to update their enrolment data on-line, and now can undertake full on-line enrolment, using the new government Identity Verification Service "RealMe"
- overseas voters are able to return their voting papers by uploading them to the Commission's website (following the promulgation in April 2014 of regulations to authorise this).

Functional Leadership

The Government has created a range of Functional Leadership roles to drive performance across the state services. The resulting programmes applicable to the Commission's business:

- the Commission has revised and strengthened its ICT practices in accordance with the requirements of the Government Chief 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.

Treaty of Waitangi

We recognise that the Treaty of Waitangi is a founding document of government in New Zealand, and established the country as a nation. We aim to support the Crown in its Treaty of Waitangi relationship, while delivering our services in ways that enable equitable outcomes for Māori.

Financial Position

During the year the Commission received additional funding in order to conduct the Christchurch East by-election and the Citizens Initiated Referenda on the sale of state owned assets. Additional funding was also provided by MFAT, under the New Zealand Aid Programme, for the assistance provided to the Fiji electoral authorities through the year. In total the Commission received \$10.370m for additional work carried out in the year.

The net result for the year was a surplus of \$1.040m against a budgeted deficit of \$1.967m. The key contributor to this outcome was the reduced expenditure on the conduct of the referendum on the sale of state owned assets as a result of the lower than budgeted turnout.

The Commission had reserves of \$12m (\$11m last year) at 30 June the majority of which is to be applied to the conduct of the 20 September 2014 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 where the workload is fairly spread.

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.

Remuneration, recognition and conditions

The Commission operates a transparent remuneration system, benchmarked against comparators in appropriate sectors. Other conditions include a 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; there is active engagement by all staff and regular status reporting to the Board.

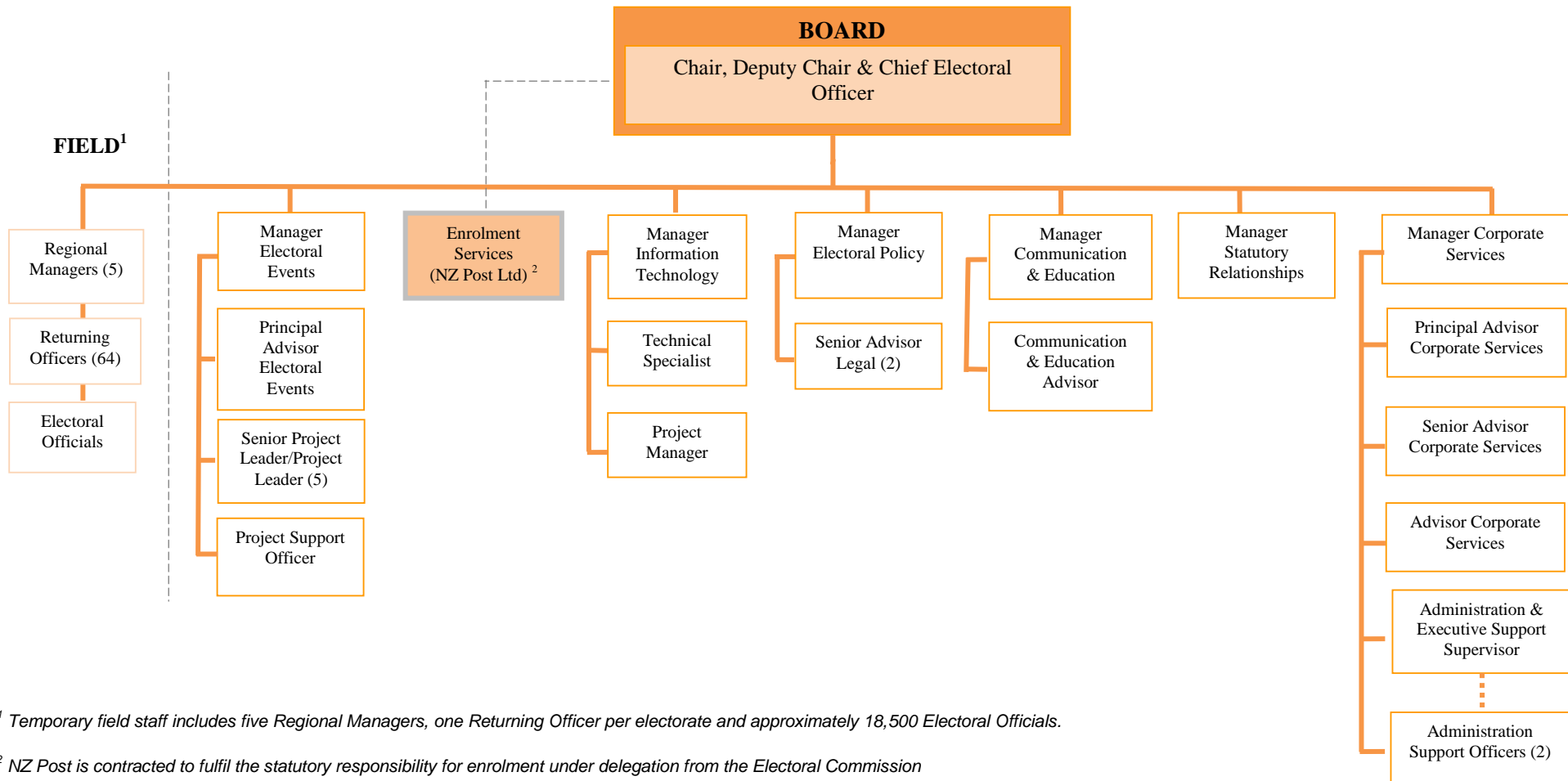
Other provisions for staff well-being include:

- 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 2014

<i>Staff Numbers:</i> Permanent Staff: 25 Vacancies: Nil	<i>Gender:</i> Female: 52% Male: 48%
<i>Age Profile:</i> <30 years: 12% 30-39 Years: 20% 40-49 years: 40% 50-59 years: 16% >60 years: 12%	<i>Length of Service with the Commission and its predecessors:</i> <3 years: 24% 3-10 years: 56% >10 years: 20%
<i>Ethnicity:</i> NZ European: 84% Pacific: 8% Māori: 8%	<i>Disability:</i> Yes: Nil No: 100%
<i>Staff Turnover:</i> 2013/14: Nil 2012/13: 8% 2011/12: 5% 2010/11: Nil	

Organisation Structure



¹ Temporary field staff includes five Regional Managers, one Returning Officer per electorate and approximately 18,500 Electoral Officials.

² NZ Post is 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 conduct of Christchurch East By-election, and the postal vote on the Citizens Initiated Referendum on the sale of state owned assets.

The Commission had one output class in the year, for the provision of electoral services. A summary of expenditure by output and associated revenues is provided in the table below.

The variance between the forecast (disclosed in our 2013/14 Statement of Intent) and actuals for the year is the result of the two events initiated after the start of the financial year. Firstly the Christchurch East By-election on 30 November 2013, and secondly the conduct of the postal vote on the Citizens Initiated Referendum on the sale of state owned assets between 22 November and 13 December 2013.

Output expenditure	2013/14 Actuals	2013/14 Forecast
Output Class – Provision of Electoral Services		
Output Area - On-Going Activities:	\$5.828m	\$5.649m
Output 1: Promoting public awareness of electoral matters through education and information programmes		
Output 2: Making 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		
Output 3: Providing advice to the Minister and the House on electoral matters, including those referred to the Electoral Commission		
Output Area – Conduct Of Electoral Events:	\$16.399m	\$8.270m
Output 4: Preparations for, and conduct of, Referenda, By-Elections and General Elections		
Output Area - Producing And Maintaining Rolls:	\$16.501m	\$17.150m
Output 5: Compiling and maintaining electoral rolls		
Total Expenditure by Output	\$38.728m	\$31.069m
Revenue		
Crown Revenue	\$38.747m	\$28.878m
Interest Revenue	\$ 0.455m	\$ 0.184m
Other Revenue	\$ 0.566m	\$ 0.040m
Total Revenue	\$39.768m	\$29.102m
Surplus to / (Shortfall from) Current Reserves	\$1.040m	(\$1.967m)

Output 1: Promoting public awareness of electoral matters through education and information programmes

Result/Measure	Performance Target		Achievement 2013/14
	This Year	Actual Last Year	
Description During 2013/14 initiate the key elements of the Electoral Commission strategy plan for promoting participation in parliamentary elections			
Quantity Measures			
Number of editorials and features during the year in New Zealand media (TV, Radio, Press) on voter participation	15	N/A	There were 38 editorials and features in print, television and radio
Quality Measures			
Targeted stakeholders identified in the strategy respond positively to the strategy and engage with the Commission to assist with promoting participation	100% of targeted stakeholders	N/A	All targeted stakeholders identified in the strategy were engaged and responded positively to the Commission's strategy
Timeliness Measures			
Timetable for the rollout of the components of the strategy is met	Achieved	N/A	All milestone dates for the roll-out were met. The key deliverable had been the successful hosting of the 29 May Conference on Participation

Output 2: 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 Target		Achievement 2013/14
	This Year	Actual Last Year	
Description Promote statutory compliance of parties, candidates and third parties with electoral law by the provision of guidance, advisory opinions and review of statutory returns.			
Quantity Measures			
All returns are filed by due dates	100%	N/A	Of the returns due during the year 2 candidates for the Ikaroa-Rāwhiti by-election and 1 for the Christchurch East by-election filed late returns
Requests and complaints received are processed	100%	100% target achieved	All requests and complaints received have been processed during the year The Commission issued advisory opinions in response to all 330 requests received during the year regarding 547 matters.
Quality Measures			
Feedback received on advisory opinions indicates satisfaction with the standard of the response	Satisfactory or better	Satisfactory or better target achieved	Those who requested advisory opinions were surveyed as to their satisfaction with the opinions provided. 94% of those replying indicated satisfaction with the standard of response
Timeliness Measures			
Response time for follow-up action on statutory returns where non-compliance is established.	5 working days	5 working day target achieved	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 2014
Response time to requests for advisory opinions	5 working days	5 working day target achieved	The average response time for requests for advisory opinions was 3.3 days. Responses to 8 requests took longer than the 5 day target.

Output 3: Advice to the Minister and the House on electoral matters referred to the Electoral Commission

Result/Measure	Performance Target		Achievement 2013/14
	This Year	Actual Last Year	
Description			
Independent and accurate advice is provided as and when requested on legislative or policy proposals to internal standards and in a timely manner			
Quantity Measures			
All requests for policy advice are acknowledged and scheduled into the work programme	100%	100% target achieved	All requests for policy advice were acknowledged and scheduled into the work programme
Quality Measures			
Advice does not require further clarification	100%	100% target achieved	No further clarification was sought on the advice provided
Timeliness Measures			
Advice provided in the timeframe requested	100%	100% target achieved	The Minister's and Ministry's timeframes were met

Output 4: Preparations for and conduct of General Elections, by-elections, and referenda

Result/Measure	Performance Target		Achievement 2013/14
	This Year	Actual Last Year	
Description			
Preparations for and conduct of one-off electoral events (by-elections and referenda) as and when notified			
Quantity Measures			
Electoral events are conducted as and when required	Achieved	Achieved	The Citizens Initiated Referendum on the sale of state-owned assets was successfully completed on Friday 13 December 2013 The Christchurch East By-election was successfully held on Saturday 30 November 2013
Quality Measures			
Conducted in accordance with the provisions of the Electoral Act 1993 and other legislation enacted for the purposes	Achieved	Achieved	The referendum was conducted in accordance with the Citizens Initiated Referenda Act 1993 The By-election was conducted in accordance with the Electoral Act 1993
Timeliness Measures			
Availability of results on election day:			CIR results were provided within targeted timeframes with preliminary results available in the evening of Friday 13 December 2013, and final results available at noon Tuesday 17 December 2013. Christchurch East By-election results were available within the targeted timelines; <ul style="list-style-type: none"> Advanced Voting results were available at 7:07pm on the day of the by-election The preliminary results were available at 8:16pm on the day of the by-election Official results were announced 11 days after the by-election - on Wednesday 11 December 2013
• Advance Voting Results	7:30pm	7:30pm target achieved	
• 50% of Voting Place Results	9:00pm	9:00pm target achieved	
• 100% of Voting Place Results	10:00pm	10:00pm target achieved	
Availability of Official Results	11 Days After	11 day deadline achieved	
Declaration of List Members to vacancies after notification	3 Days after	3 Day deadline achieved	Two declarations of List Members to vacancies were made in the period. Both declarations were made within the required three days of the notifications of a vacancy. The declarations were for: Joanne Hayes, 22 January 2014, National Party Kelvin Davis, 23 May 2014, NZ Labour Party

Output 5: Compiling and maintaining electoral rolls

Result/Measure	Performance Target		Achievement 2013/14
	This Year	Actual Last Year	
Description			
Promoting awareness of the requirement to enrol, keep enrolment details up-to-date, process applications for enrolment, and update elector details on a daily basis.			
Quantity Measures			
Applications for enrolment in year 2 of the 3 year General Election cycle	300,000	371,618	570,803, 190% of target
Updates to elector information processed	1,000,000	616,389	1,013,739, 101% of target
Quality Measures			
% of accuracy as advised by electors	100%	99.996%	Accuracy was 99.994%. Sampling indicated a processing error rate 1 for every 8191 updates
Timeliness Measures			
Applications and changes are processed on receipt	100%	N/A	All applications and changes were processed on receipt and confirmations mailed out by the following Tuesday.
Confirmations are prepared and mailed by the following Tuesday	100%	N/A	

Financial Statements

Electoral Commission Statement of Comprehensive Income For The Year Ended 30 June 2014

2013 Actual \$000		Notes	2014 Actual \$000	2014 Budget \$000
REVENUE				
26,347	Crown Revenue	1	38,747	28,878
368	Interest Received		455	184
118	Other Revenue		566	40
26,833	Total Revenue		39,768	29,102
EXPENDITURE				
2,737	Personnel and Board Fees	2	5,011	4,100
19,096	Operating Costs	3	33,594	26,852
81	Depreciation and Amortisation Expense	6,7	77	57
50	Audit Fees		46	60
21,964	Total Expenditure		38,728	31,069
4,869	TOTAL COMPREHENSIVE INCOME		1,040	(1,967)

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

Electoral Commission
Statement of Financial Position
As at 30 June 2014

2013 Actual \$000		Notes	2014 Actual \$000	2014 Budget \$000
CURRENT ASSETS				
10,438	Cash and cash equivalents	4	14,789	7,015
-	Debtors and Other Receivables	5	198	75
942	Prepayments		495	-
11,380	Total Current Assets		15,482	7,090
NON-CURRENT ASSETS				
121	Property, Plant and Equipment	6	241	299
10	Intangible Assets	7	5	-
169	Prepayments		127	-
300	Total Non-Current Assets		373	299
11,680	TOTAL ASSETS		15,855	7,431
CURRENT LIABILITIES				
-	Revenue received in advance		1,024	-
249	Creditors and Other Payables	8	2,202	400
301	Employee Entitlements	9	452	169
550	Total Current Liabilities		3,678	569
NON-CURRENT LIABILITIES				
44	Employee Entitlements	9	51	33
44	Total Non-Current Liabilities		51	33
594	TOTAL LIABILITIES		3,729	602
11,086	NET ASSETS		12,126	6,787

Electoral Commission
Statement of Changes in Equity
For the Year Ended 30 June 2014

2013 Actual \$000		Notes	2014 Actual \$000	2014 Budget \$000
6,217	PUBLIC EQUITY AT START OF YEAR		11,086	8,754
4,869	Comprehensive Income for Year		1,040	(1,967)
11,086	PUBLIC EQUITY AT END OF YEAR		12,126	6,787

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 2014

2013		Notes	2014	2014
Actual			Actual	Budget
\$000			\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES				
26,347	Revenue from Crown		38,747	28,878
368	Interest received		455	184
118	Receipts from other revenue		566	40
(2,647)	Payments to Employees		(4,752)	(4,034)
(17,416)	Payments to Suppliers		(30,473)	(26,575)
6,770	Net cash flow from operating activities	10	4,543	(1,507)
CASH FLOWS FROM INVESTING ACTIVITIES				
(141)	Purchase of property, plant and equipment		(192)	(50)
-	Purchase of intangible assets		-	-
(141)	Net cash flows from investing activities		(192)	(50)
CASH FLOWS FROM FINANCE ACTIVITIES				
-	Capital contributions		-	-
-	Net cash flows from investing activities		-	-
6,629	Net increase/(decrease) in cash and cash equivalents		4,351	(1,557)
3,809	Cash and cash equivalents at beginning of year		10,438	8,752
10,438	CASH AND CASH EQUIVALENTS HELD AT YEAR END	4	14,789	7,015

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 2014

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 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 2014, and were approved by the Board on 31 October 2014.

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 2013-2016, 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 2014

1. Revenue from Crown

	2014	2013
	Actual	Actual
	\$000	\$000
For the provision of the following Services;		
Core services of the Electoral Commission	14,686	5,976
Maintenance of the Electoral Rolls	14,192	14,192
Conduct of the Citizens Initiated Referendum - Asset Sales	9,000	-
Conduct of the Christchurch East By-Election	869	-
Conduct of the Ikaroa-Rāwhiti By-Election	-	879
Undertaking the Māori Electoral Option	-	5,300
Total Revenue from the Crown	38,747	26,347

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	4,514	2,382
Increase/(decrease) in employee entitlements	158	90
Employer contributions to defined benefit plans	127	69
Other personnel costs	212	196
Total personnel costs	5,011	2,737

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

3. Operating Costs

Enrolment Services	18,565	15,525
Specialist Services	3,630	1,493
Postage & Courier Charges	2,008	18
Rent including other temporary premises	1,926	501
Advertising and Publicity	1,747	146
Information, Communications & Technology	1,607	708
Printing	1,257	90
Travel	930	118
Stationery/Supplies	661	13
Minor Assets	570	31
Other	453	319
Storage/Freight	240	134
Total Operating costs	33,594	19,096

4. Cash and cash equivalents

Investment Account	12,089	9,695
Operating Account	2,222	736
Electorate Bank Accounts	478	7
Total cash and cash equivalents	14,789	10,438

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

Debtors and other Receivables	1	-
GST receivable from Inland Revenue	197	-
Total Debtors and other receivables	198	-

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:

	Computer Hardware \$000	Office Equipment \$000	Furniture & Fittings \$000	Total \$000
Cost or Valuation				
Balance at 1 Jul 2012	12	7	-	19
Additions	141	-	-	141
Disposals	-	-	-	-
Balance at 30 Jun 2013	153	7	-	160
Balance at 1 Jul 2013	153	7	-	160
Additions	100	-	92	192
Disposals	-	-	-	-
Balance at 30 Jun 2014	253	7	92	352
Accumulated Depreciation				
Balance at 1 Jul 2012	8	2	-	10
Depreciation Expense	28	1	-	29
Balance 30 Jun 2013	36	3	-	39
Balance at 1 Jul 2013	36	3	-	39
Depreciation Expense	70	1	1	72
Balance 30 Jun 2014	106	4	1	111
Carrying Amount				
At 1 July 2012	4	5	-	9
At 1 July 2013	117	4	-	121
At 1 July 2014	147	3	91	241

7. Intangible Assets

Movements for each class of intangible asset are as follows:

	Acquired Software \$000	Total \$000
Cost or Valuation		
Balance at 1 July 2012	154	154
Additions	-	-
Disposals	-	-
Balance at 30 June 2013	154	154
Balance at 1 Jul 2013	154	154
Additions	-	-
Disposals	-	-
Balance at 30 June 2014	154	154
Accumulated Depreciation		
Balance 1 July 2012	92	92
Amortisation Expense	52	52
Balance at 30 Jun 2013	144	144
Balance at 1 July 2013	144	144
Amortisation Expense	5	5
Balance 30 Jun 2014	149	149
Carrying Amount		
At 1 July 2012	62	62
At 1 July 2013	10	10
At 1 July 2013	5	5

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

	2014 Actual \$000	2013 Actual \$000
Creditors	394	64
Accrued expenses	1,808	90
GST payable to Inland Revenue	-	95
Total creditors and other payables	2,202	249

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	197	103
Annual leave	245	191
Long Service leave	10	7
Retiring leave	-	-

Total current portion

452	301
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Non-current portion

Long Service leave	24	19
Retiring leave	27	25

Total non-current portion

51	44
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Total employee entitlements

503	345
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10. Reconciliation of net surplus/ (deficit) to net cash flow from operating activities

Net surplus/(deficit)	1,040	4,869
Add/(Less) non-cash items		
Depreciation and amortisation expense	77	81
Transfer of reserve held by Enrolment Services 30 June 2012	-	2,856
Total non-cash items	77	2,937
Add/(less) movements in financial position items		
(Increase)/decrease in prepayments	489	(1,111)
(Increase)/decrease in GST refund	(293)	169
Increase/(decrease) in creditors and other payables	3,021	(184)
Increase/(decrease) in employee entitlements	209	90
Net movement in working capital	3,426	(1,036)
Net cash flow from operating activities	4,543	6,770

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:

	2014 Actual \$000	2013 Actual \$000
Less than one year	3,312	454
Later than one year and not later than five years	1,575	1,800
Later than five years	-	225
Total non-cancellable operating leases	4,887	2,479

Operating lease commitments relate to Levels 3-4 and 9-10 of 34-42 Manners Street with the current lease expiring 30 November 2018, and leases for electorate headquarters around the country leased for the 2014 General Election.

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 (2013 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 \$38.747m (\$26.347m in 2012/13) for specific purposes set out in its founding legislations and the scope of the relevant government appropriations.

The Electoral Commission also received \$0.040m (\$0.075m in 2012/13) from Te Puni Kōkiri for services provided for, and \$0.047 million (\$0.043 in 2012/13) from the Office of the Clerk for costs relating to the validating the petition for a Citizens Initiated Referendum on asset sales.

The Electoral Commission also paid NZ Post Limited \$2.360m for postal services and \$19.074m for the supply of enrolment services of which \$18.565m was for 2013/14 services and \$0.509m of prepayments for 2014/15. In the previous year payments for enrolment services totalled \$16.645m with \$15.525m for services in 2012/13, \$0.900m of prepayments of services for 2013/14, \$0.211m for the provision of IT equipment to Enrolment Services, and \$0.009m for other services.

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 2014 totalled \$1.181m (2013 \$0.49m). These purchases included the purchase of electricity from Genesis and Meridian, air travel from Air New Zealand and transactions with government Ministries, Departments and Crown Entities.

Key management personnel

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

Key management personnel compensation

	2014 Actual \$000	2013 Actual \$000
Salaries and other short-term employee benefits	1,179	1,108
Total Key Personnel Compensation	1,179	1,108

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:

	2014	2013
\$100,000 – \$109,999	2	2
\$110,000 - \$119,999	4	3
\$120,000 - \$129,999	2	2
\$130,000 - \$139,999	2	1
\$140,000 - \$149,999	1	-
\$160,000 - \$169,999	1	-
\$190,000 - \$199,999	-	1
	12	9

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	40	60
Deputy Chair Jane Huria CNZM	18	23
Board Member & Chief Electoral Officer Robert Peden	295	279
Total Board Member Remuneration	353	362

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:

Loans and receivables		
Cash and cash equivalents	14,789	10,438
Debtors and other receivables	198	900
Loan to Enrolment Services	622	211
Total loans and receivables	15,609	11,549
Financial liabilities		
Creditors and other payables	2,202	249
Total financial liabilities	2,202	249

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:

	2014 Actual \$000	2013 Actual \$000
Loans and receivables		
Cash and cash equivalents	14,789	10,438
Debtors and other receivables	198	-
Prepayments	622	1,111
Total loans and receivables	15,609	11,549

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 2014.

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 2013-2016 (SOI). The key variances to budget are outlined below:

Revenue, \$10.666m favourable due to;

- additional Crown funding of \$9.869m to conduct the unbudgeted 2013 Citizens Initiated Referendum on the sale of state-owned assets and the November 2014 Christchurch East by-election, and
- reimbursements of \$0.477m for the deployment in association with MFAT of Technical Advisors to Fiji to assist Fijian authorities with preparations for Fiji's 2014 parliamentary election.

Expenditure - \$7,659m unfavourable due to;

- 2013/14 costs related to the conduct of the unbudgeted Citizens Initiated Referendum (\$6.136m) and the Christchurch East by-election (\$0.757m), and
- Expenses of \$0.477m related to the technical assistance provided in association with MFAT to Fiji to assist Fijian authorities with preparations for Fiji's 2014 parliamentary election.

Net Result - \$3.007m favourable due to;

- The net underspend of \$2.864m on the conduct of the 2014 Citizens Initiated Referendum. This was in part due to the lower than budgeted number of postal votes and partly efficiencies resulting from the use of the postal referendum management system. This system, developed in 2012/13, enabled the scanning of postal voting returns to be undertaken in-house.

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 2014 are not included in the Commission's own financial statements. Movements in this account during the year ended 30 June 2014 were as follows:

	2014 Actual \$000	2013 Actual \$000
Election candidate deposits trust account		
Balance 1 July 2013	4	85
Fees received	2	2
Fees refunded	-	(83)
Balance at 30 June 2014	6	4

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 2014.

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 2014

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 24 to 38, that comprise the statement of financial position as at 30 June 2014, 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 20 to 23 and the report about outcomes on pages 10 to 15.

Opinion

In our opinion:

- the financial statements of the Commission on pages 24 to 38:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Commission's:
 - financial position as at 30 June 2014; and
 - financial performance and cash flows for the year ended on that date.
- the non-financial performance information of the Commission on pages 20 to 23 and 10 to 15:
 - 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 2014, 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 31 October 2014. 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
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On behalf of the Auditor-General
Wellington, New Zealand

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ISSN: 1177-9551 (Online)

Websites

Information on elections:

www.elections.org.nz

Information on election results:

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