



Annual report of the
Electoral Commission
Te Kaitiaki Take Kōwhiri

for the year ended 30 June 2016

The Honourable Minister of Justice

We have the honour of providing to you for presentation to the Parliament the Annual Report of the Electoral Commission, Te Kaitiaki Take Kōwhiri, pursuant to section 150(3) of the Crown Entities Act 2004.

This report covers the period 1 July 2015 to 30 June 2016.



Hon Sir Hugh Williams QC
Chair



Robert Peden
Chief Electoral Officer

November 2016

Electoral Commission

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Introduction

The Commission's focus during the year under review has been on improving participation in our democracy and on determining new ways to deliver services that better meet the changing needs and expectations of voters.

Following feedback from voters, political parties and election workers after the 2014 general election, the Electoral Commission decided to conduct a review of the services it provides to voters. The review has identified ways to simplify, modernise and better integrate enrolment and voting services and to increase our capacity to encourage enrolment and voting in the community.

We recognise that most people now expect to engage in services using simple, end-to-end transactions that they can access online, at a time and place convenient to them. To this end, the Commission has recommended to Parliament ways to help modernise the services it provides to the public.

We also recognise that while most New Zealanders need little more than a prompt in order to participate in elections, an increasing number of people face additional barriers to participation. During the year we briefed the Minister of Justice and the Justice and Electoral Committee on the Commission's continuing concerns about declining voter participation and called for the promotion of higher voter participation in elections to be made a whole-of-Government priority with multi-party support. In its response to the Justice and Electoral Committee report on the 2014 election, the Government is encouraging government agencies to work with the Commission to promote enrolment and voting.

A number of recommendations arising out of the review require amendments to electoral legislation in order to be implemented. We presented our findings from the review to the Minister of Justice and the Justice and Electoral Committee in October 2015. Many of our proposals have found support in the Committee's recommendations in its report into the conduct of the 2014 election. Legislative amendments are expected to be enacted in time for improvements to be in place for the 2017 general election.

In pursuit of our strategy to simplify and modernise services and to further free up staff and resources to engage with the public about enrolment and voting, we took the major step in October last year to end our contract of delegation with NZ Post Ltd for the delivery of enrolment services and to bring these services in-house. The new structure came into being on 1 July this year with most enrolment services staff opting to transfer from NZ Post to the Commission. This has seen the Commission go from an organisation of 30 permanent staff located in our Wellington office to 100 staff (46 in Wellington and 54 in the regions).

During the year we successfully delivered the 2015 and 2016 New Zealand flag referendums. In our report to Ministers following the referendums we identified ways to improve the conduct of future postal referendums including improvements to enrolment, overseas voting, vote issuing, and voter education. Of particular note were recommendations calling for (1) full enrolment update campaigns to be undertaken for postal referendums if it has been more than six months since the last update campaign and (2) comprehensive voter education campaigns on how to vote in referendums using voting systems other than first-past-the-post.

As the financial year drew to a close we began our enrolment update campaign for the 2016 local elections with 3.167m enrolment update forms, printed with each elector's personal enrolment details, delivered by post by 30 June. The campaign finished on Friday 12 August with 331,728 update forms processed.

The Commission has also continued to participate and contribute on electoral matters internationally. In the main this has been under the auspices of MFAT and the New Zealand Aid programme, with the Commission continuing to provide ongoing technical assistance and support to the Bougainville, Papua New Guinea and Fijian electoral agencies.

Service Delivery 2015/16

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 by way of enrolment and voting easy
- deliver timely and accurate results
- are open to public, judicial and parliamentary scrutiny
- continually improve our processes, procedures and services.

Information about the Commission including purpose, statutory objectives and operating structure can be found at page 15.

Outlined below is our performance over the year against the three key impacts that contribute to our main outcome of maintaining confidence in the administration of the electoral system:

Key Impact 1: New Zealanders value their vote

Comparative	2015/16 Measure	Actual	Target
92.6% (2014 GE)	Percentage of eligible New Zealanders enrolled at year-end	90.2%	92.6 – 93.5%
76.5% (2014 GE)	Percentage of 18 to 24 year olds enrolled at year-end	67.7%	76.5 – 80.0%
45.1% (2013 Asset Sales Referendum)	Percentage of enrolled voters voting in the 2015/16 Flag Referendums	58.28% (Average across the two referendums)	60.0 – 70.0%

Promoting voter participation

The Commission, for the reasons documented in its statutory report on the 2014 general election, is gravely concerned about the implications of declining voter participation for New Zealand's Parliamentary democracy. The estimated number of people not enrolled as a percentage of the total estimated eligible voting age population has been rising at each election and in 2008, 2011, and 2014 was 4.7%, 6.3% and 7.4% respectively.

Enrolment statistics by age group confirm that falling engagement is not limited to 18-24 year olds. The age group in which participation is falling is widening. At the last three general elections enrolment rates have dropped for all age groups between 18 and 39 year olds. The trend appears to show that enrolment and voting is a habit which needs to be formed young and, if it is not, non-engagement persists as one ages

The changes in percentages may appear small but represent a growing number of people who are eligible to vote but are not enrolling. In 2014 this figure was estimated to be 250,700 people. Turnout at the 2014 election was 72.14% of those estimated to be eligible to enrol, the second-lowest since the adoption of universal suffrage in 1893. Turnout at the 2011 election, as we stated at the time, was the lowest at 69.57%.

We briefed the Minister of Justice and the Justice and Electoral Committee on the Commission's concerns and called for the promotion of high voter participation in elections to be made a whole-of-Government priority with multi-party support. The Commission also sought additional funding to expand its voter participation programme for the 2017 election. While additional funding was not forthcoming, the Commission was pleased to see in its response to the Justice and Electoral Committee's report on the 2014 election that the Government will encourage government agencies to work with the Commission to promote enrolment and voting.

In the meantime, the Commission continued its work to strengthen relationships across Government and in the community to establish networks and channels to promote enrolment and voting including, for example a memorandum of understanding reached with Pacific Futures (the whanau ora provider for Pacific peoples in New Zealand), and preparing to brief all public service Chief Executives in September 2016 on the role their organisations can play in promoting participation. In addition Te Puni Kokiri has been given funding to promote Maori participation and the Commission has indicated its willingness to share its expertise with Te Puni Kokiri to support that effort.

Review of enrolment and voting services

As foreshadowed in our statutory report on the 2014 election, the Commission undertook a wide-ranging review of how we can simplify, modernise and integrate the delivery of enrolment and voting services to better meet the changing needs and expectations of voters and free up staff and resources to increase our capacity to encourage enrolment and voting in the community. We reported the findings of the review to the Minister of Justice and the Justice and Electoral Committee in October 2015. Our conclusions included proposals to amend the electoral legislation to modernise the administration of enrolment and voting services, to enable the Commission to use different channels to communicate with voters, to make enrolling easier and to facilitate enrolment in advance voting places for 2017 and possibly in voting places generally after 2017. Many of these proposals have found support in the select committee's recommendations in its report on its Inquiry into the 2014 general election and will hopefully be enacted in time to be implemented for 2017.

Enrolment levels

This was the first non-Parliamentary election year in which the Commission adopted an enrolment performance measure: the rationale being to demonstrate our progress towards the performance measure in the Parliamentary election year. The target adopted was the same as that for a Parliamentary election year.

There are a number of reasons in practice why we are unable to maintain our enrolment targets in a non-election year, the principal ones being the absence of both full update campaigns¹ and the motivation for electors to enrol or update their details that an election provides. Over 400,000 electors move every year. In the absence of a general election these electors are much less likely to be motivated to notify us of their new address. This results in them being removed from the roll and going on to the dormant roll.

At year end, 90.2% of eligible New Zealanders were enrolled which was down 2.4% from what it was at the 2014 general election. There were 192,919 (5.5%) previously enrolled New Zealanders on the dormant roll² rather than the general roll.

¹ A full update campaign consists of the Commission mailing a personalised letter to each enrolled elector accompanied by a full advertising campaign across multiple channels encouraging people to enrol and update their details.

² Electors on the dormant roll are not included in the number of eligible enrolled electors.

The roll – June 2016:

	No.	%
The Estimated Voting Age Population as at 30 June 2016:	3,496,850	
Number of the eligible voting population enrolled	3,152,801	90.2%
Number of the eligible voting population on the dormant roll (Gone No Address)	192,919	5.5%
Electors enrolled who have identified themselves as Māori (On either the Māori or the General Roll)	443,935	14.1%
Electors enrolled on the Māori Roll	238,921	7.6%
Electors enrolled with an activated RealMe logon account	206,505	6.6%
Electors enrolled using their RealMe identity verified account	6,254	0.2%

The referendums on the New Zealand Flag might have provided an opportunity to grow the roll. However, the absence of a full enrolment update campaign prior to the voting period for the first referendum, and the fact that people had to be enrolled before the start of the voting period to take part, meant that there were a very large number of voting packs (over 119,000) returned gone no address (GNA) across both referendums. In effect, in the absence of a full enrolment update campaign aimed at encouraging new enrolments and updates, exercises like postal referendums are roll cleansing exercises.

For the first referendum, 69,438 voting packs were returned GNA or around 2.2% of voters on the referendum roll. For the second referendum, 49,720 voting packs were returned or around 1.6% of voters on the referendum roll. By comparison, at the general election, following a full update campaign, just 0.4% of EasyVote packs were returned GNA.

Our enrolment update campaign for the 2016 local elections began on 27 June with 3.167m enrolment update forms, printed with each elector's personal enrolment details, delivered by post by 30 June. The campaign finished on Friday 12 August with 331,728 update forms processed and 53,938 voters who could not be located and were removed from the roll.

These results reflect the outcomes of previous campaigns. As with the recent postal referendums campaigns, the local authority campaigns are effectively only roll cleansing exercises; we write to each elector but without significantly increasing the level of accompanying advertising, there is little to encourage voters we have lost contact with to update their details, or to foster new enrolments.

The next opportunity to significantly grow the roll will be the enrolment update campaign for the 2017 election.

The use of RealMe for enrolment purposes remains disappointingly low. The number of people enrolled using their RealMe verified identity account is just 6,254 or 0.2% of those enrolled. It seems that eligible electors still do not find RealMe a convenient digital channel to access enrolment services.

The Commission identified viable and secure alternatives for digital identity confirmation to enable easy online enrolment and update in real-time and sought support through the Justice and Electoral Select Committee for this, but there appeared to be a preference instead for RealMe to remain the sole option.

Key Impact 2: Impartial, Effective & Efficient Administration of Elections

2015 Actual	2016 Measure	2016 Actual	2016 Target
Not Applicable	Timeliness of the results of Flag Referendums 1 & 2: <ul style="list-style-type: none">• Preliminary Results by 8:30pm on the last day• Official Results by 5pm on the second workday following	Achieved	Achieved

Conduct of referendums

In October 2014, Cabinet decided to hold postal referendums on the New Zealand flag in November 2015 and in early 2016.

The Commission was responsible for the delivery of both referendums. These were conducted smoothly and within budget, with all statutory deadlines being met.

Conducting two nation-wide postal referendums in quick succession was a major logistical exercise for the Commission. The period between the Cabinet decision to hold the referendums and the close of the preliminary roll for the first referendum was just 11 months, and the first and second flag referendums were held within four months of each other. The Commission's systems development and testing and other preparations were challenging due to the short timeframes, the fact each referendum was to be conducted using a different voting system, that preparations needed to precede the finalisation of the legislation, and that there were late changes, including a change from 4 to 5 flags, to the form of the first voting paper. However, these challenges were all successfully managed.

The preliminary results for the first referendum were reported after the close of voting on 11 December 2015 and the official results were declared on 15 December 2015. 3,170,726 voting papers were posted to enrolled voters and 1,546,734 votes were returned (a 48.78% turnout).

The preliminary results for the second referendum were reported after the close of voting on 24 March 2015 and the official results were declared on 30 March 2016. 3,158,576 voting papers were posted to enrolled voters and 2,140,895 votes were returned (a 67.80% turnout).

The Commission identified and referred to Police a case of potential theft of 188 voting papers in seven interconnected streets in the Lower Hutt area. The matter is still being considered by Police and we await their determinations.

We reported on our successful delivery of the 2015 and 2016 New Zealand flag referenda to Ministers in May 2016. In the report we identified ways to improve the conduct of future postal referendums including recommendations regarding enrolment, overseas voting, vote issuing, and voter education. Of particular note were the recommendations calling for (1) full enrolment update campaigns to be undertaken for postal referendums if it has been more than six months since the last update campaign and (2) comprehensive voter education campaigns on how to vote to be conducted for referendums using voting systems other than first-past-the-post.

Both the report and the full results for the referendums can be viewed on the Commission's website, www.elections.org.nz.

Compiling and maintaining electoral rolls

During the year Enrolment Services processed 428,340 applications for enrolment (159% of the number forecast) and 657,629 updates to voter's information (132% of the number forecast).

On June 27 the local elections enrolment campaign commenced. 3.167m enrolment update forms were printed with each elector's personal enrolment details, for delivery by New Zealand Post over three days. The campaign finished on Friday 12 August after which elector data was provided to local councils to enable them to prepare voting papers for their triennial elections.

Filling of list vacancies

During the year, the Commission filled two list vacancies arising from the resignation of members. Russel Norman was replaced by Marama Davidson on 2 November 2015 and Tim Groser was replaced by Maureen Pugh on 21 December 2015.

Policy Advice and development

The Commission provides policy advice to the Minister, the House, and Government Departments and Agencies. Throughout the policy and legislative processes for the two flag referendums, the Commission worked with officials from the Ministry of Justice and Department of Prime Minister and Cabinet to provide the government and select committee with advice on the operational implications of proposals. The Commission also worked closely with Justice Officials to provide information and advice to support the Justice and Electoral Select Committee's Inquiry into the 2014 general election and to assist with the development of the Electoral Amendment Bill introduced in September 2016.

During the year this also included the following:

- The Department of Internal Affairs report-back cabinet paper on territorial authorities interested in trialling online voting in the 2016 local elections.
- The Statistics NZ report on electoral options under different models of a transformed census
- Report to the Minister on the internal review of enrolment and voting services
- The Electoral (Expenditure Limit) Order 2015 (No 2)
- Briefing to the Minister on Section 199A of the Electoral Act 1993 (regarding litigation about publishing false statements to influence voters)

During the year, the Commission appealed to the Court of Appeal seeking to clarify the meaning of "election advertisement" for the purposes of the Electoral Act following two decisions of the High Court relating to the 2014 campaign that appeared to take different approaches to the legal interpretation of its meaning. The Commission also sought to clarify the meaning of "election programme" under the Broadcasting Act. At the time of writing, the Court of Appeal decision is still awaited. In the same year, the Commission also appeared in the High Court to respond to litigation by a party against the Commission's view of the meaning of section 199A of the Electoral Act 1993. The Court found against the approach taken by the Commission. Subsequently, amendments are proposed to section 199A in the Electoral Amendment Bill 2016.

Key Impact 3: Better Understanding of Elections

2015 Actual	2014 General Election	2016 Actual	2016 Target
Measure			
69%	Percentage of voters who express confidence in the administration of the electoral system	67%	90 - 95%

Confidence in the administration of the electoral system

Our targeted confidence level of 90-95% is based on the level we consistently achieved in the Voter and Non-Voter surveys conducted immediately following previous General Elections.

2014/15 was the first year that a range of questions had been asked about confidence in the administration of the New Zealand electoral system independently of a General Election. In our second annual survey this year we found that confidence was again below 70%.

The 2015/16 annual survey was conducted in May 2016 with a sample of 750 New Zealanders aged 18 and over. 67% of those surveyed expressed confidence in the Commission conducting impartial and fair elections. A further 24% were neutral or unsure, while 9% expressed little or no confidence. In 2014/15 the split had been 69%, 22%, 9%.

New Zealanders were again also asked if they had confidence votes were counted fairly and accurately. 78% of those surveyed expressed confidence votes were counted fairly and accurately,

15% were neutral or unsure and 7% said they were not confident. In 2014/15 the split had been 83%, 11%, 6%.

Those showing the greatest confidence were in the main aged 30+, of European descent, in work or retired, university qualified, or with household incomes above \$50,000. Conversely those indicating no confidence (9%) were most represented by those aged 18-29, those of Pacific Island or Maori descent, students and homemakers or those with a household income of less than \$50,000.

The top 5 reasons identified for not having confidence (9% of those surveyed) were largely related to matters outside the Commission's control and indicate the difficulty of finding a confidence measure that focuses on the Commission's performance. The top 5 reasons were:

- Don't know enough about it - 20%
- Believe that nothing is perfect – 19%
- Don't trust politicians or government – 16%
- A high chance of corruption – 10%
- The system is biased/unfair – 10%

The results of the surveys are included in our ongoing work on lifting participation and the measures the Commission hopes to implement in the next cycle and beyond.

Services to political parties, candidates and third parties

Guidance

Any person may ask the Commission to provide advice. These are principally 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 Commission's interpretation of the application of the Electoral Act 1993 in respect of the advertisement.

Through the financial year 39 advisory opinions were sought and responded to on 47 matters.

Registration of Political Parties & Logos

The Commission prepared and published an updated guide to Party Registration (Party Registration Handbook) in January 2016. This booklet explains the process for registering a political party and logo, amending party names and logos as well as explaining the ongoing obligations of registered parties. This booklet also outlines a number of important statutory requirements that a registered party must undertake in order to comply with the Electoral Act to maintain its status as a registered party.

During the fiscal year two Political Parties had their registration cancelled at their request – Focus New Zealand Party and NZ Independent Coalition Party. One variation to a registered logo, for the New Zealand Labour Party, was approved.

Full details of registered parties and logos are available to view on the Elections website, www.elections.org.nz.

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 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 there were no by-elections held so no returns were required to be filed.

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

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.

There are currently 13 Political Parties registered, all of whom have completed their 30 April 2016 statutory declaration.

Annual Return of Donations and Loans 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 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.

A change to the Electoral Act means that from 25 March 2014 parties were also required to disclose party loans. Money lent by a registered bank at a commercial interest rate does not have to be disclosed. The categories of loans are:

- Loans exceeding \$15,000 entered into during the year (from 25 March 2014)
- Disclosure of the number and amount of other party loans entered into between \$1,500 and \$15,000.

Copies of the party returns 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. Six 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

Every registered political party that receives a loan exceeding \$30,000 or series of loans from the same lender within the previous 12 months that exceeds \$30,000 must provide a return to the Commission within 10 working days of receipt of the loan or the loan which takes the aggregate over \$30,000. No returns of loans exceeding \$30,000 were received in the reporting period.

Details of past returns filed are available on the Commission's website, www.elections.org.nz.

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 \$297,520 per party. The maximum a donor can give to a party is 15% of the per-party limit, currently \$44,628 per donor to the same party.

No donations protected from disclosure were received by the Commission or distributed in the financial year to 30 June 2016 (2015: \$Nil).

Details of past donations received are available on the Commission's website, www.elections.org.nz.

International Assistance

In association with the Ministry of Foreign Affairs and Trade, under the New Zealand Aid Programme, the Commission deployed Technical Advisors to Fiji and the Autonomous Region of Bougainville to provide technical assistance to the Fijian electoral authorities and the Bougainville Electoral Commission.

Organisational Health and Capability

Health and Capability Review

The Commission undertook an assessment of its Organisational Health and Capability in the 2013/14 year during which six major recommendations for improvement were identified. Three recommendations had been implemented before the start of the year and three were targeted for completion in the 2015/16 year. These were the:

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

Our work in this area in 2015/16 determined that a People Strategy needs to be developed which will take into account capability, leadership, engagement and culture. This is currently underway and is set to be finalised in 2016/17.

Strategic Initiatives

There were four strategic initiatives started and/or progressed during the year. The first was promoting voter participation as discussed earlier in this report.

The second was the ongoing re-development of our core software system – the Election Management System (EMS). Development of the new system commenced in May 2015 and the project remains on track to be completed within budget and before our December 2016 cut-off for system changes.

The third initiative undertaken was a review of enrolment and voting services as discussed earlier in this report.

The fourth and larger initiative was to bring Enrolment Services in-house. In further pursuit of our strategy to simplify and integrate the delivery of enrolment and voting services and free up staff and resources to engage in the community, we decided in October 2015 to end our contract of delegation with NZ Post Ltd for the delivery of enrolment services and to bring these in-house. The new structure came into being on 1 July 2016 with most enrolment services staff opting to transfer from NZ Post to the Commission. This has seen us go from an organisation of 30 permanent staff located in our Wellington office to 100 staff (46 in Wellington and 54 in the regions).

The transition process ran over 9 months and cost \$1.365m to undertake. The project cost and related increases in ongoing charges from NZ Post will be offset over the next two years by the saving in management fees previously paid to NZ Post. The restructure will generate savings that can be applied to improving our service delivery and engagement in future Parliamentary cycles.

Financial Position

We received additional funding through the year from the New Zealand Ministry of Foreign Affairs and Trade, under the New Zealand Aid Programme to provide the assistance to the Fiji and Bougainville electoral authorities. In total the Commission received and spent \$0.582m on the assistance work.

The net result for the year was a deficit of \$1.058m against a budgeted deficit of \$0.551m. The key contributor to this outcome was the expense of bringing the NZ Post enrolment services in-house, partially offset by savings in enrolment and voting operations in the year.

The Commission had reserves of \$5.2m at 30 June (\$6.3m last year) the majority of which is to be applied to the forecast deficit in the post-election year of 2018/19.

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 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 hour's policy and a comprehensive flexible working policy which balances the needs of the individual with the needs of the organisation and the teams. The Commission provides workplace facilities and access that supports 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.

Bullying and harassment prevention

The Commission is committed to providing a safe working environment free from bullying and harassment for all employees. The Commission reviewed and updated its bullying and harassment policy during the year. The policy clearly sets out its expectations of behaviour in the workplace and provides processes for the organisation and staff to be able 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 as well as optional stand-up workstations

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.

Treaty of Waitangi

We recognise that the Treaty of Waitangi is a founding document of government in New Zealand, helping establish 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.

Workforce Profile as at 30 June 2016

		2016	2015	2014	2013	2012	2011
Staff Numbers:	Staff Positions:	30	27	25	25	24	24
	Vacancies:	Nil	2	Nil	1	3	3
	Workforce:	30	25	25	24	21	21
Gender:	Female:	53%	52%	52%	50%	57%	62%
	Male:	47%	48%	48%	50%	43%	38%
Age Profile:	<30 years:	-	-	12%	8%	5%	10%
	30-39 Years:	33%	28%	20%	21%	23%	24%
	40-49 years:	43%	44%	40%	42%	38%	33%
	50-59 years:	10%	12%	16%	21%	24%	28%
	>60 years:	13%	16%	12%	8%	10%	5%
Length of Service with the Commission and its predecessors:	<3 years:	30%	28%	24%	50%	33%	43%
	3-10 years:	47%	48%	56%	42%	52%	47%
	>10 years:	23%	24%	20%	8%	15%	10%
Ethnicity:	NZ European:	80%	80%	84%	84%	90%	85%
	Māori:	9%	12%	8%	8%	5%	10%
	Pacific:	7%	4%	8%	8%	5%	5%
	Asian:	3%	4%	Nil	Nil	Nil	Nil
Staff with Disability:		Nil	Nil	Nil	Nil	Nil	Nil
Staff Turnover:	Percentage:	Nil	12%	Nil	8%	5%	Nil
	Number:	-	3	-	2	1	-

About the Electoral Commission

Purpose

The Commission is responsible for maintaining the electoral rolls, administering parliamentary elections and referendums, 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 as part of the Ministry of Foreign Affairs and Trade 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 current 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 referendums
- 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 established as an independent Crown entity on 1 October 2010 from its predecessor agencies, the former Chief Electoral Office and Electoral Commission. The second stage of reform to establish a single electoral agency was completed on 1 July 2012 with the transfer of statutory responsibility for the enrolment functions from the Chief Registrar of Electors (the Chief Executive of NZ Post Ltd).

During this last year the Commission decided to bring the delivery of enrolment services, which had been carried out by NZ Post under contract and statutory delegation from the Commission, in-house. Integration work concluded on 30 June 2016 and all NZ Post staff who had elected to transition to the Commission became Commission employees as of 1 July 2016.

The Board

The Board comprises three members. During the year under review the members were the Chair, Hon Sir Hugh Williams QC, Ms Jane Huria CNZM Deputy Chair, and Robert Peden, Chief Electoral Officer and Chief Executive. The terms of two members, the Deputy Chair and the Chief Executive expired during 2015 but both remained in office under section 32 of the Crown Entities Act 2004. The Minister of Justice arranged for advertisements calling for applications of interest to be the next Chief Executive to be published in late April 2016. In August 2016 the Deputy Chair resigned with effect from 30 September 2016

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.

Our Operating Structure

The level of activity and funding for electoral events varies annually due to the three-yearly cycle for general elections, five-yearly census cycles underpinning the Māori Electoral Option and work of the Representation Commission, and stand-alone events such as referendums, by-elections, and the appointment of list members if a current member vacates office.

A usual three year cycle breaks down into:

- in the year following a general election: reporting on the 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 next election
- the third year putting in place the temporary infrastructure and systems, and recruiting and training upwards of 15,000 people for advance voting and election day tasks, and 4,500 to undertake electorate headquarters work pre and post-election.

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

The Commission operates with a small core team. At the end of 2015/16 there were 30 permanent staff in its Wellington National Office. As of 1 July 2016 the number of permanent staff at National Office went from 30 to 46 as Enrolment Services staff joined the Commission.

Electoral rolls were maintained during the year by Enrolment Services, a division of NZ Post, by delegation from the Commission. In addition to compiling and maintaining the electoral rolls year round for use at general elections, by-elections, referendums, and local authority elections, Enrolment Services also ran update campaigns before each major electoral event. Enrolment Services operated with a permanent office team of 16 staff and a permanent field structure of 24 Registrars of Electors and 30 Deputy Registrars of Electors.

The Commission does not maintain a permanent field structure to undertake parliamentary elections due to the cost. Returning Officers and electorate staff are recruited and trained, and the infrastructure that supports them established anew, for each election, by-election and referendum.

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 main contribution towards these ends is to maintain confidence in the administration of the electoral system.

The framework below summarises our services, the results or impacts they 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
- promoting compliance with electoral laws

Impartial, Effective & Efficient Administration of Elections

New Zealanders Value their Vote

Better Understanding of Elections

Main Outcome:
Maintain Confidence in the Administration of the Electoral System

Justice Sector Outcome we contribute to:
Constitutional Arrangements Reflecting New Zealander's Views Maintained

Overall Justice Sector Outcome:
A Safe and Just Society

Statement of Performance

For the year under review appropriations were provided by Parliament to meet the operating costs of the Commission and the conduct of the 2015/16 Flag Referendums.

The Commission received appropriations under the single output class of 'provision of electoral services' in the year. A summary of expenditure by output and associated revenues is provided in the table below. A summary of the key variances against budget is provided in Note 16 on page 33.

The Electoral Services appropriation is limited to funding services relating to the administration of parliamentary elections and referendums; services relating to the maintenance of electoral rolls, including all activities required to register electors and produce electoral rolls as required by law; servicing the work of the Representation Commission; and provision of advice, reports and public education on electoral matters

The International assistance work the Commission undertakes in association with the Ministry of Foreign Affairs and Trade is funded separately under the New Zealand Aid Programme.

Output expenditure	2015/16 Actual	2015/16 Forecast
Output Class – Provision of Electoral Services		
Output Area - On-Going Activities:	\$6.585m	\$3.880m
Output 1: Facilitate participation in parliamentary elections		
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: Promoting public awareness of electoral matters through education and information programmes		
Output 4: Providing advice to the Minister and the House on electoral matters, including those referred to the Electoral Commission		
Output Area - Producing And Maintaining Rolls:	\$12.874m	\$13.327m
Output 5: Compiling and maintaining electoral rolls		
Output Area – Conduct Of Electoral Events:	\$13.903m	\$15.010m
Output 6: Conduct of the Flag Referendums		
Total Expenditure by Output	\$33.362m	\$32.217m
Revenue		
Crown Revenue³	\$31.416m	\$31.416m
Other Revenue	\$ 0.888m	\$ 0.250m
Total Revenue	\$32.304m	\$31.666m
Surplus to / (Shortfall from) Current Reserves	(\$1.058m)	(\$0.551m)

³ The Crown Revenue received by the Electoral Commission equals the actual appropriation provided under the Vote Justice output class 'Provision of Electoral Services'.

Our 2015/16 non-financial performance measures are outlined below. Additional detail on our performance against our key outcome and impacts can be found on pages 6 -11.

Output 1 - Facilitate participation in parliamentary elections

2015/16 Measure	Performance		Current Status
	Target	Comparative	
Percentage of eligible New Zealanders enrolled*	92.6–93.5%	92.6% (2014 GE)	X 90.16% as at 30 June 2016
Percentage of 18 to 24 year olds enrolled	76.5-80.0%	76.5% (2014 GE)	X 67.72% as at 30 June 2016
Percentage of enrolled voters voting in 2015/16 By-elections	40.0-50.0%	46% Average over the last 6 By-elections	No By-elections in 2015/16
Percentage of enrolled voters voting in the 2015/16 flag referendums	60.0-70.0%	45.1% (2013 Asset Sales Referendum)	X 48.78% of voters voted in Referendum 1. ✓ 67.78% of voters voted in Referendum 2.

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

2015/16 Measure	Performance		Current Status
	Target	Comparative	
Maximum response time to requests for advisory opinions*	5 working days	2.49 days average (2014/15)	✓ For the full year there were 39 requests. The maximum response time for an opinion was 5 days. The average response time was 2.1 days.
Feedback received on advisory opinions indicates satisfaction or better with the standard of the response	90%	84% (2014/15)	✓ Those who requested advisory opinions were surveyed as to their satisfaction with the opinions provided. The average across the key measures of timeliness, ease to understand and adequately addressing the question was 90%.

Output 3 Promoting public awareness of electoral matters through education and information programmes

2015/16 Measure	Performance		Current Status
	Target	Comparative	
Percentage of New Zealanders who express confidence in the administration of the electoral system*	90-95%	69% (May 2015)	X 67% of New Zealanders surveyed expressed confidence in the Electoral Commission's administration of the electoral system while a further 18% (22% in 2015) were neutral or unsure. 9% (unchanged from 2015) expressed little confidence.

* This measure is included in the Electoral Services non-department appropriation for Vote Justice for 2015/16.

Output 4 - Providing advice to the Minister and the House on electoral matters, including those referred to the Electoral Commission

2015/16 Measure	Performance		Current Status
	Target	Comparative	
Advice provided does not require further clarification	100%	100% (2014/15)	✓ Further clarification was not required on the advice provided.
Advice is provided within the timeframe requested*	100%	100% (2014/15)	✓ The Minister's and Ministry's timeframes were met on the advice requested.

Output 5 - Compiling and maintaining electoral rolls

2015/16 Measure	Performance		Current Status
	Target	Comparative	
Percentage of accuracy in processing enrolment applications and notifications of changes to enrolment details held	>99%	99.991% (2014/15)	✓ 99.992% accuracy was achieved. Sampling indicated a processing error rate of 1 per 11,884 updates.
Applications and changes received in any given week are processed on receipt and confirmations (excepting changes to honorifics and occupation) prepared and mailed by the following Tuesday	>99%	100% (2014/15)	✓ 100% year to date.

Output 6 - Conduct of by-elections and referendums

2015/16 Measure	Performance Targets	Current Status
Release of by-election results:	<ul style="list-style-type: none"> Advance Voting published by 7:30pm Results for 50% of voting places published by 9:00pm Full preliminary results published by 10:00pm* Official results published 11 days after election day 	There were no by-elections held during the year
Release of flag referendum results:	<ul style="list-style-type: none"> Preliminary results published by 8:30pm on the last day of each referendum* Official results published by 5pm on the second workday following the close of each referendum 	<ul style="list-style-type: none"> ✓ Preliminary results of both Flag Referendums were published by 8:30pm on the last day of each referendum ✓ Official results of both Flag Referendums were published by 5pm on the second workday following the close of the referendums.

* This measure is included in the Electoral Services non-department appropriation for Vote Justice for 2015/16.

**Electoral Commission
Statement of Comprehensive Revenue and Expense
For The Year Ended 30 June 2016**

2015 Actual \$000		Notes	2016 Actual \$000	2016 Budget \$000
REVENUE				
45,690	Funding from Crown	2	31,416	31,416
2,829	Funding from Crown – Broadcasting Allocation	2	-	-
497	Interest Received		306	250
1,168	International Aid Programme		582	-
50,184	Total Revenue		32,304	31,666
EXPENDITURE				
18,530	Personnel and Board Fees	3	4,522	4,406
34,494	Operating Costs	4	28,635	27,018
2,829	Broadcasting Allocation		-	-
104	Depreciation and Amortisation Expense	7,8	140	741
64	Audit Fees		65	52
56,021	Total Expenditure		33,362	32,217
(5,837)	Surplus/(Deficit)		(1,058)	(551)
-	Other Comprehensive Revenue and Expense		-	-
(5,837)	TOTAL COMPREHENSIVE REVENUE AND EXPENSE		(1,058)	(551)

Explanations of significant variances against budget are detailed in note 15.

Electoral Commission
Statement of Financial Position
As at 30 June 2016

2015 Actual \$000		Notes	2016 Actual \$000	2016 Budget \$000
CURRENT ASSETS				
6,260	Cash and cash equivalents	5	4,670	3,970
250	Debtors and Other Receivables	6	792	6
226	Prepayments		-	-
6,736	Total Current Assets		5,462	3,976
NON-CURRENT ASSETS				
261	Property, Plant and Equipment	7	434	2,513
703	Work in Progress	8	2,326	-
127	Prepayments		85	85
1,091	Total Non-Current Assets		2,845	2,598
7,827	TOTAL ASSETS		8,307	6,574
CURRENT LIABILITIES				
502	Revenue received in advance		863	-
707	Creditors and Other Payables	9	1,844	431
270	Employee Entitlements	10	312	337
1,479	Total Current Liabilities		3,019	768
NON-CURRENT LIABILITIES				
59	Employee Entitlements	10	57	69
59	Total Non-Current Liabilities		57	69
1,538	TOTAL LIABILITIES		3,076	837
6,289	NET ASSETS		5,231	5,737

Electoral Commission
Statement of Changes in Equity
For the Year Ended 30 June 2016

2015 Actual \$000		Notes	2016 Actual \$000	2016 Budget \$000
12,126	PUBLIC EQUITY AT START OF YEAR		6,289	6,288
(5,837)	Comprehensive Revenue and Expense		(1,058)	(551)
6,289	PUBLIC EQUITY AT END OF YEAR		5,231	5,737

Electoral Commission
Statement of Cash Flows
For the Year Ended 30 June 2016

2015 Actual \$000		Notes	2016 Actual \$000	2016 Budget \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
48,519	Receipts from Crown		31,416	31,416
497	Interest received		306	250
646	Receipts from other revenue		943	-
(18,668)	Payments to Employees		(4,546)	(4,406)
(38,917)	Payments to Suppliers		(27,925)	(27,223)
(7,923)	Net cash flow from operating activities		194	37
CASH FLOWS FROM INVESTING ACTIVITIES				
(119)	Purchase of property, plant and equipment		(286)	-
(487)	Purchase of intangible assets		(1,498)	(2,240)
(606)	Net cash flows from investing activities		(1,784)	(2,240)
CASH FLOWS FROM FINANCE ACTIVITIES				
-	Capital contributions		-	-
-	Net cash flows from investing activities		-	-
(8,529)	Net increase/(decrease) in cash and cash equivalents		(1,590)	(2,203)
14,789	Cash and cash equivalents at beginning of year		6,260	6,173
6,260	CASH AND CASH EQUIVALENTS HELD AT YEAR END	5	4,670	3,970

Reconciliation of net surplus/ (deficit) to net cash flow from operating activities

	2016 Actual \$000	2015 Actual \$000
Net surplus/(deficit)	(1,058)	(5,837)
Add/(Less) non-cash items		
Depreciation and amortisation expense	140	104
Total non-cash items	140	104
Add/(less) movements in financial position items		
(Increase)/decrease in debtors and prepayments	306	188
(Increase)/decrease in GST refund	11	29
Increase/(decrease) in creditors and other payables	755	(2,233)
Increase/(decrease) in employee entitlements	40	(174)
Net movement in working capital	1,112	(2,190)
Net cash flow from operating activities	194	(7,923)

Electoral Commission

Notes to the financial statements

1. Statement of accounting policies

Reporting Entity

The Electoral Commission is a Crown entity defined by the Crown Entities Act 2004, and is domiciled and operates in New Zealand. The relevant legislation governing the Electoral Commission's operations includes the Electoral Act 1993, the Crown Entities Act 2004, the New Zealand Flag Referendums Act 2015, and the Referenda (Postal Voting) Act 2000. 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."

The Electoral Commission has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements for the Electoral Commission are for the year ended 30 June 2016, and were approved by the Board on 28 October 2016.

Basis of preparation

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

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 generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE accounting standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Changes in accounting policies

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

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.

Budget figures

The budget figures are derived from the statement of performance expectations 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 Board in preparing these 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 assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

- Useful lives and residual values of property, plant and equipment – refer Note 7
- Useful lives of software assets – refer Note 8
- Retirement and long service leave – refer to Note 10

2. Revenue

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

Funding from the Crown

The Electoral Commission is primarily funded from the Crown. This funding is restricted in its use for the purpose of the Electoral Commission meeting the objectives specified in the Electoral Act 1993 and the scope of the relevant appropriations of the funder.

There are no conditions attached to the funding and it is recognised as revenue at the point of receipts. The Electoral Commission revenue is non-exchange revenue. The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

Breakdown of revenue

	2016 Actual \$000	2015 Actual \$000
Core services of the Electoral Commission	16,526	43,993
Election Broadcasting (Parliamentary Legislative Authority)	-	2,829
Conduct of the Northland By-Election	-	947
Conduct of the Government Initiated Referendum – Flag	14,890	750
Total Revenue from the Crown	31,416	48,519

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.

3. Personnel Costs

Defined Contribution schemes

Employer contribution to KiwiSaver, the Government Superannuation Fund, and the State Sector Retirement Saving Scheme are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Breakdown of personnel costs

	2016 Actual \$000	2015 Actual \$000
Salaries and wages	4,289	18,160
Increase/(decrease) in employee entitlements	(21)	(174)
Employer contributions to defined benefit plans	123	218
Other personnel costs	131	326
Total personnel costs	4,522	18,530

Employee Remuneration

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

	2016	2015
\$100,000 – \$109,999	3	3
\$110,000 - \$119,999	1	2
\$120,000 - \$129,999	4	3
\$130,000 - \$139,999	-	1
\$140,000 - \$149,999	1	2
\$150,000 - \$159,999	2	1
\$160,000 - \$169,999	1	-
\$170,000 - \$179,000	1	1
	13	13

Board Members Remuneration

Board members are paid at the rate set by the Remuneration Authority. The total value of remuneration paid or payable to each Board member during the year was:

Chair Hon Sir Hugh Williams QC	50	57
Deputy Chair Jane Huria CNZM	8	10
Board Member & Chief Electoral Officer Robert Peden	320	315
Total Board Member Remuneration	378	382

4. Other expenses

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Breakdown of other expenses

Enrolment Services	13,348	16,342
Specialist Services	1,324	1,247
Postage & Courier Charges	4,750	199
Rent including other temporary premises	611	4,115
Advertising and Publicity	3,860	5,286
Information, Communications & Technology	823	1,086
Printing	1,059	1,459
Travel	313	854
Stationery/Supplies	40	419
Minor Assets	37	75
Other	2,217	2,938
Storage/Freight	253	474
Total Operating costs	28,635	34,494

Operating leases as lessee

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

	2016 Actual \$000	2015 Actual \$000
Less than one year	964	598
Later than one year and not later than five years	1,242	1,195
Later than five years	-	-
Total non-cancellable operating leases	2,206	1,793

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 21 Registrar of Electors Offices.

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

5. Cash and cash equivalents

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

Breakdown of cash and cash equivalents

Investment Account	4,175	6,038
Operating Account	495	222
Electorate Bank Accounts	-	-
Total cash and cash equivalents	4,670	6,260

Cash held includes unspent Ministry of Foreign Affairs funding received of \$0.863m (2015 \$0.502m) for international assistance work with Pacific Island States and is subject to restrictions. The restrictions specify how the grant is required to be spent in providing the specified deliverables.

6. Receivables

Short-term receivables are recorded at their face value, less any provision for impairment.

A receivable is considered impaired when there is evidence that the Electoral Commission will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

Breakdown of receivables

Debtors and other Receivables	634	81
GST receivable from Inland Revenue	158	169
Total Debtors and other receivables	792	250

The carrying value of receivables approximates their fair value, all value from Non-Exchange transactions.

The ageing profile of receivables at year end is detailed below:

	2016			2015		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not past due	792	-	792	169	-	169
Past due 1-30 days	-	-	-	3	-	3
Past due 31-60 days	-	-	-	78	-	78
Past due 61-90 days	-	-	-	-	-	-
Past due over 90 days	-	-	-	-	-	-
Total	792	-	792	250	-	250

7. 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.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

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 reported net in the surplus or deficit. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to general funds.

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 provided on a straight-line basis on all property, plant, and equipment at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of property, plant, and equipment have been estimated as follows:

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%

Non-cash-generating assets

Property, plant, and equipment and intangible assets held at cost 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 service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

Breakdown of 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 2014	253	7	92	352
Additions	59	31	29	119
Disposals	-	-	-	-
Balance at 30 Jun 2015	312	38	121	471
Balance at 1 Jul 2015	312	38	121	471
Additions	126	170	17	313
Disposals	-	-	-	-
Balance at 30 Jun 2016	438	208	138	784
Accumulated Depreciation				
Balance at 1 Jul 2014	106	4	1	111
Depreciation Expense	85	3	11	99
Balance 30 Jun 2015	191	7	12	210
Balance at 1 Jul 2015	191	7	12	210
Depreciation Expense	104	23	13	140
Balance 30 Jun 2016	295	30	25	350
Carrying Amount				
At 1 July 2014	147	3	91	241
At 1 July 2015	121	31	109	261
At 1 July 2016	143	178	113	434

There are no restrictions over the title of the Electoral Commission's property, plant and equipment nor is there any property, plant or equipment pledged as security for liabilities.

8. 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.

Cost associated with development and maintenance of the Electoral Commission's website is 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%

Breakdown of intangible assets

Movements for each class of intangible asset are as follows:

	Acquired Software \$000	Work in Progress \$000	Total \$000
Cost or Valuation			
Balance at 1 July 2014	154	-	154
Additions	-	703	703
Disposals	-	-	-
Balance at 30 June 2015	154	703	857
Balance at 1 Jul 2015	154	703	857
Additions	-	1,623	1,623
Disposals	-	-	-
Balance at 30 June 2016	154	2,326	2,480
Accumulated Depreciation			
Balance 1 July 2014	149	-	149
Amortisation Expense	5	-	5
Balance at 30 Jun 2015	154	-	154
Balance at 1 July 2015	-	-	-
Amortisation Expense	-	-	-
Balance 30 Jun 2016	154	-	154
Carrying Amount			
At 1 July 2014	5	-	5
At 1 July 2015	-	-	703
At 1 July 2016	-	2,326	2,326

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.

Work in progress

Election Management System and FMIS upgrade in the course of development is \$2.326m (2015 \$0.703m). No other asset classes have assets in the course of development.

Capital Commitments

Capital commitments for intangible assets at 30 June 2016 total \$0.163m for the redevelopment of the Election Management System (2015: \$3.000m).

9. Payables and deferred revenue

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

Breakdown of payables and deferred revenue

	2016 Actual \$000	2015 Actual \$000
Payables and deferred revenue under exchange transactions		
Creditors	564	-
Accrued expenses	1,280	707
Revenue in Advance (Funding received subject to conditions)	863	502
Total payables and deferred revenue	2,707	1,209

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, all value are from Exchange transactions.

10. Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

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

Long-term employee entitlements

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

Breakdown of employee entitlements

	2016 Actual \$000	2015 Actual \$000
Current portion		
Accrued salaries and wages	24	-
Annual leave	286	266
Long Service Leave	2	4
Total current portion	312	270
Non-current portion		
Long Service leave	26	30
Retiring leave	31	29
Total non-current portion	57	59
Total employee entitlements	369	329

11. Contingencies

There were no contingent liabilities at reporting date (2015 Nil).

12. Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- Retained earnings
- Accumulated surplus/ (deficit)

Breakdown of equity

	2016 Actual \$000	2015 Actual \$000
Accumulated surplus/(deficit)		
Balance at 1 July	6,290	12,127
Surplus/(deficit) for the year	(1,058)	(5,837)
Balance at 30 June	5,232	6,290
Total equity	5,232	6,290

13. Related party transactions

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

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

Key management personnel

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

Key management personnel compensation

Board Members		
Remuneration	378	382
Full-time equivalent members	1.2	1.2
Management Team		
Remuneration	919	883
Full-time equivalent members	6	6
Total Key Personnel Compensation	1,297	1,265

The full-time equivalent for Board members has been determined based on the frequency and length of Board meetings and the estimated time Board members prepare for meetings.

An analysis of Board member remuneration is provided in Note 3.

14. Financial instruments

Financial instrument categories

Loans and receivables		
Cash and cash equivalents	4,670	6,260
Debtors and other receivables	792	476
Loan to Enrolment Services	85	127
Total loans and receivables	5,547	6,863
Financial liabilities		
Creditors and other payables	1,844	707
Total financial liabilities	1,844	707

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.

Cash flow interest risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments issued at variable interest rates expose the Electoral Commission to cash flow interest rate risk.

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:

	2016 Actual \$000	2015 Actual \$000
Loans and receivables		
Cash and cash equivalents	4,670	6,260
Debtors and other receivables	590	250
Prepayments	85	353
Total loans and receivables	5,547	6,863

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.

15. Events after Balance Date

The Commission's contract of delegation with NZ Post Ltd for the delivery of enrolment services was rescinded on 30 June 2016. Effective 1 July the Commission became responsible for all enrolment services, the field structure and those enrolment staff that opted to transfer to the Commission.

16. Explanation of major variances against budget

Comparative budget values are sourced from the forecast financial statements shown in the Commission's Statement of Performance Expectations 2015-2021 (SPE). The key variances to budget are outlined below:

Revenue - \$0.638m favourable against budget as a result of;

- \$0.582m in funding for the deployment in association with MFAT of Technical Advisors to Fiji and Bougainville to assist both authorities with preparations for parliamentary elections
- an additional \$0.056m in interest income for the year.

Expenditure - \$1.145m unfavourable against budget as a result of;

- expenditure of \$1.365m on the transition of the NZPost Enrolment Services operations and staff into the Commission. The integration project was approved in October 2015 with an agreed completion date of 30 June 2016. This expenditure included the reimbursement of NZPost for project costs of \$1.122m and Commission costs of \$0.243m
- additional expenditure on core Voting services in the year of \$0.758m
- \$0.582m on deployments in association with MFAT of Technical Advisors to Fiji and Bougainville to assist both authorities with preparations for parliamentary elections. This expenditure is fully funded from the New Zealand Aid Programme.
- an underspend in the year on core Enrolment Services of \$0.453m
- an underspend on the conduct of the Flag Referendums of \$1.107m

17. 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 political parties contesting By-Elections and Parliamentary Elections. Movements in this account during the year ended 30 June 2016 were as follows:

	2016 Actual \$000	2015 Actual \$000
Election candidate deposits trust account		
Balance 1 July 2015	88	6
Fees received		180
Fees refunded	64	98
Balance at 30 June 2016	24	88

Statement of Responsibility

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

The Board is responsible for any end-of-year performance information provided by the Electoral Commission under section 19A of the Public Finance Act 1989.

The Board 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 year ended 30 June 2016.

Signed on behalf of the Board:



Hon Sir Hugh Williams QC
Chair
28 October 2016



Robert Peden
Chief Electoral Officer

Independent Auditor's Report

To the readers of The Electoral Commission financial statements and non-financial performance information for the year ended 30 June 2016

The Auditor-General is the auditor of the Electoral Commission (the Commission). The Auditor-General has appointed me, Chrissie Murray, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including performance information for an appropriation, of the Commission on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Commission on pages 21 to 34, that comprise the statement of financial position as at 30 June 2016, the statement of comprehensive revenue and expenses, 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 performance of the Commission on pages 5 to 11 and 18 to 20.

In our opinion:

- the financial statements of the Commission:
 - Present fairly, in all material respects:
 - its financial position as at 30 June 2016;
 - its financial performance and cash flows for the year end; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Tier 1 Public Benefit Entity Reporting Standards.
- the performance information:
 - presents fairly, in all material respects, the Commission's performance for the year ended 30 June 2016, including:
 - for each class of reportable outputs:
 - its standards of performance achieved as compared with forecasts included in the statement of performance expectations for the financial year.
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
 - what has been achieved with the appropriation;
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 28 October 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the 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 the performance information are free from material misstatement.

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

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

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

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

Responsibilities of the Board

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

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

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

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

Responsibilities of the Auditor

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

Independence

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

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



Chrissie Murray

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

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on behalf of the Auditor-General

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ISSN: 1177-9551 (Online)

Websites

Information on elections:

www.elections.org.nz

Information on election results:

www.electionresults.govt.nz

