

2019/2020

Statement of Performance Expectations

Electoral Commission
Te Kaitiaki Take Kōwhiri



To be presented to the Minister of Justice and published on the Commission's website pursuant to section 149 of the Crown Entities Act 2004.

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Introduction

The Commission is an independent Crown Entity under the Crown Entities Act 2004 responsible for administering all aspects of parliamentary elections and referendums. It is independent of Ministerial direction other than giving effect to directions to support a whole of government approach as required under s107 of the Crown Entities Act 2004.

This Statement of Performance Expectations has been prepared in accordance with the requirements of section 149C of the Crown Entities Act 2004. The document was prepared for submission largely by the previous Board.

The Statement of Performance Expectations outlines how we will contribute over the next year and beyond to New Zealand's democracy by impartially, efficiently and effectively administering the Parliamentary electoral system.

This Statement of Performance Expectations reflects and is intended to be read with the Commission's 2019/2020 – 2023/24 Statement of Intent.



Marie Shroff
Chair



Jane Meares
Deputy Chair



Alicia Wright
Chief Electoral Officer



Overview

The Electoral Commission is funded through the Estimates of Appropriations for the Government of New Zealand which is the Government-level budget (found at www.treasury.govt.nz/budget). The funding is included under Vote Justice – Justice Sector – Electoral Services.

Scope of Appropriation

This 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 the provision of advice, reports and public education on electoral matters.

What is intended to be achieved with this Appropriation

This appropriation is intended to achieve the efficient running of New Zealand's parliamentary elections and referendums. While each by-election and referendum is separately funded, the funding is attributed to this appropriation.

Funding

The forecast financial information in this document is based on estimates of future revenue from the Crown. However, the Commission is reliant on seeking funding through the annual Budget cycle for its core costs.

Functions

The statutory objective of the Commission is to administer the electoral system impartially, efficiently, effectively, and in a way that:

- facilitates participation in parliamentary democracy;

- promotes understanding of the electoral system; and
- maintains confidence in the administration of the electoral system.

To fulfil its objectives the Commission:

- is impartial, acts in accordance with law, and maintains its independence;
- is committed to protecting electors' privacy;
- supports the rights of voters to vote without undue influence and in secret;
- undertakes community engagement to promote participation in elections, particularly in communities that have lower rates of participation;
- works with community groups and schools to promote understanding of MMP and how to participate;
- works to reduce barriers to participation, both for voters and for parties and candidates;
- maintains a comprehensive and accurate elector roll;
- delivers timely and accurate election results;
- is open to public, judicial and parliamentary scrutiny.

Activities

The activities of the Commission in this reporting period comprise:

- registering electors and maintaining the electoral rolls, including supplying the rolls to local authorities for the 2019 and 2022 local authority elections
- promoting public awareness of electoral matters including the conduct of education and information programmes
- conducting the 2020 and 2023 General Elections, including the allocation of broadcasting funding
- conducting by-elections and referendums as and when required
- administering compliance with electoral laws by making available information, including advisory opinions, to assist political parties, candidates, and third parties to meet their statutory obligations with respect to electoral matters
- supporting the boundary review process to be undertaken by the Representation Commission in 2019/20 and implementing any required changes to electorates
- registering political parties and party logos
- considering and reporting to the Minister and to the House on electoral matters including the provision of independent, high quality advice on proposed or desirable changes to electoral laws
- filling any list vacancies as and when they arise



Outcomes framework

The framework below summarises our services and the results or impacts they will deliver towards our main outcome of a healthy democracy.



Forecast Service Performance 2019/2020

The Commission wants New Zealanders to understand their electoral system, to have trust and confidence in our administration of their electoral laws, to find enrolling and voting easy and to take part in the electoral process.

The tables below detail the measures for each output for this financial year under the Commission's impacts. Some performance measures are only relevant at the time of a specific event such as the General Election. These have been included with the set of 2019/2020 measures to provide a fuller picture of the Commission's business.

For a number of the performance measures given below, there can be considerable "seasonal" variation. For example, the number of enrolled electors can vary significantly throughout the three-year electoral cycle. Numbers will be highest at the time of a general election. They will be lower at other times and may change suddenly at points during the year after routine roll-maintenance procedures to maintain roll accuracy. For this reason, comparisons with the most recent reporting period may be misleading, and trends across time will be more informative.

Impact: People have trust and confidence in the electoral process

Output 1 : Maintain and protect the integrity of the electoral system

Maintaining integrity in the democratic process gives New Zealanders confidence in the country's electoral administration and strengthens how New Zealand's integrity is perceived internationally.

Key elements to maintaining this confidence are:

- a. ensuring all those who are eligible to take part have the opportunity to do so (accessibility); and
 - b. ensuring there are appropriate safeguards to protect from the risk of manipulation or fraud (integrity).
- There is a need for the Commission to maintain a balance between these two elements.

The Commission wants to:

- maintain trust and confidence in the Parliamentary electoral system
- maintain its independence and impartiality, both actual and perceived
- ensure both the cyber security and physical security of its staff, property, materials, systems and information (especially the electoral roll)
- design, test and implement any changes to the system in ways that ensure continued accessibility
- prepare for and conduct well-run, risk-mitigated electoral events.



This will be achieved by:

- ensuring electoral roll integrity, security and continuous maintenance of the roll
- ensuring systems and people are secure
- providing electoral legal and policy advice
- providing assurance on party, candidate and 3rd party compliance.

We will measure our success in the following ways:

2019/2020	Performance Target 2019/2020	How it will be measured	Current Comparative
Percentage of accuracy of the electoral roll	85% or more	An independent survey of electors will be conducted annually	95% (2017 GE)
Adherence to the Commission's quality assurance practices around the integrity of the roll	100%	Reported from the enrolment system.	100%
The Commission will follow up failures by a party, candidate or third party to file an annual return of donations or a return of election expenses within 5 working days.	100%	Data will be recorded by the Commission and reported by general election	(new measure)
Allegations of breaches of the Electoral Act are acknowledged, and follow-up is initiated, within 10 working days of receipt	90%	Data will be recorded by the Commission and reported by general election	(new measure)

Output 2: Prepare and conduct well-run, risk-mitigated electoral events

The Commission works throughout the electoral cycle to prepare for scheduled electoral events and maintain readiness for responding to unscheduled events. Being ready and capable of successfully delivering an electoral event within required timeframes is a critical component of ensuing trust and confidence in New Zealand's electoral system.

Reporting on the following key milestones will provide assurance that the Commission is on track for delivery of the 2020 General Election.

2019/2020 Measure	Timeframe	How it will be measured	Commentary/Notes
GE Preparation: Key Milestones & Dates		Data will be recorded by the Commission	<p>* Timeframes for some milestones are contingent on the date of the general election.</p> <p>~ Some milestone dates are dependent on completion of the Boundary Review by the Representation Commission, or on legislation and rules being determined, or on clarification around details of the referendum(s) and may need revision.</p>
Suitably qualified and experienced people leaders appointed as Regional Managers	May 2019		
General Election 2020 Senior Officials group convened	June 2019		
Data-matches completed	2019: May, August; 2020: March, April, July, September*		
Effective local authority enrolment & community engagement campaigns are commenced	July 2019		
Initial testing and simulations completed	December 2019*		
Suitably qualified and experienced operational managers are appointed as Returning Officers	January 2020*		
First and final editions of Guidance Materials for Stakeholders (parties, candidates, media, etc) completed	February 2020, June 2020*		
Business Continuity and Disaster Recovery Plans in place	March 2020		
Parties and candidates briefed	March 2020, August 2020*		
Effective GE Enrolment update and community engagement campaign commenced	July 2020*		
IT Systems audited and accredited	July 2020		
Training for election-period workforce developed and delivery commenced	July 2020*		
Appropriate Electorate Headquarters opened	August 2020*		
Convenient advance voting and election day properties secured	August 2020*		
Final readiness testing & election night dress-rehearsal complete	August 2020*		



Impact: More people take part in the electoral process

Output 3: New Zealanders understand the electoral system

The Commission wants to facilitate high levels of participation and is implementing a range of strategies and activities to achieve this aim (refer also Outputs 1, 2 and 4). The Commission’s approach to facilitating participation includes education and engagement services to increase understanding of New Zealand’s electoral system, and encourage enrolment and voting. The Commission wants to:

- maintain high levels of enrolment and voting
- increase participation amongst Māori, youth, Pacific peoples, Asian and culturally and linguistically diverse communities
- increase awareness of how to participate, and
- improve understanding New Zealand’s electoral system

This will be achieved by:

- providing accurate and sufficient information to electors to enable them to enrol and vote
- providing accurate information to the public that supports understanding of the electoral system and New Zealand’s democracy
- actively encouraging people to enrol and vote, particularly young people and communities with traditionally lower participation, through community engagement and communication services
- review and further develop our approach to civics education, and communication with target groups.

We will measure our success in the following ways:

2019/2020	Performance Target 2019/2020	How it will be measured	Current Comparatives
Number of people enrolled (daily average for the period)	3.24m	Reported from the enrolment system.	3.29m (18/19)
Number of 18 to 24 year-olds enrolled (daily average for the period)	0.27m	Reported from the enrolment system.	0.30m (18/19)
Number of enrolled electors of Māori descent	0.46m	Data will be recorded by the Commission.	0.47m (18/19)
Provisional roll rates (17 year olds)	0.012m	Reported from the enrolment system.	0.011m (18/19)
Percentage of voters with good or excellent understanding of the key elements of the electoral system ¹		Methodology and data collection plan developed December 2019. Benchmarked in 2020.	New measure

¹ The Commission has included this measure to signal our intention to increase proactive involvement in civics education. We do not currently have a mechanism for capturing and reporting information on this topic. Our first target is to develop an approach and plan that will allow us to better understand the needs of electors in this area, and measure understanding across time.

Output 4: New Zealanders can easily and simply enrol and vote

The Commission wants to provide information and services at a place and time that is convenient and secure, and in a way that meets the needs of our customers, including candidates, parties and third parties.

It also includes developing partnerships to help us work with communities and better understand electors' needs, particularly groups with traditionally lower participation levels.

The Commission wants to:

- Provide enrolment and community engagement services that help electors take part in the electoral system
- Provide accessible voting places where people live and work
- Provide a positive voter-experience at the voting place
- Make participation and compliance easier for political parties, candidates and third parties
- Provide information technology that will make digital interactions easier for customers

We will measure our success in the following ways:

2019/2020	Performance Target 2019/2020	How it will be measured	Current Comparative
Percentage of enrolment transactions that are conducted digitally	15%	Digital transactions will be recorded and reported against total transactions	10% (2018)
Percentage of advisory opinions issued within 5 working days	95%	The receipt of requests and the date of release will be captured	95% (2018)



Summary of Outputs and Output Expenses for 2019/20

The Commission is funded by the Government through the Vote Justice Non-Departmental output class "Provision of Electoral Services". The forecast expenses for each of the Commission's outputs, and the total forecast revenue, are provided below:

2018/19 Outlook	2019/20 Forecast
\$M Forecast output expenditure	\$M
OUTPUT CLASS – PROVISION OF ELECTORAL SERVICES	
\$13.111 Output Area – Maintain and protect the integrity of the electoral system	\$20.975
Output Area - Prepare and conduct electoral events	
\$7.742 General Election and referendum	\$28.228
\$0.016 By-Election	\$0.000
\$3.272 Local Authority Election	\$5.564
\$1.055 Māori Electoral Option	\$0.000
\$0.020 Māori Affiliation Services	\$0.020
\$0.151 Representation Commission	\$1.249
\$2.213 Output Area - New Zealanders understand the electoral system	\$8.310
\$1.092 Output Area - New Zealanders can easily and simply enrol and vote	\$9.765
\$28.672 Total Forecast output expenditure	\$74.111
FORECAST REVENUE	
\$24.200 Crown revenue	\$74.111
\$0.318 Interest and Other Income	\$0.350
\$24.518 Total Forecast Revenue	\$74.461
(\$4.154) Surplus to / (Shortfall from) Current Reserves excluding International Assistance	\$0.350
International Assistance expenditure	
\$2.176 International Assistance to Pacific Nations in association with the Ministry of Foreign Affairs and Trade	\$2.250
International Assistance revenue	
\$2.176 International Assistance to Pacific Nations in association with the Ministry of Foreign Affairs and Trade	\$2.250
(\$4.154) Surplus to / (Shortfall from) Current Reserves	\$0.350

Forecast Financial Statements 2019/20-2021/22

Statement of Forecast Comprehensive Revenue and Expense

The out-year forecasts provided in the Forecast Financial Statements also include the variable component of the Commission's appropriations. The forecast financial information in this document is based on estimates of future revenue from the Crown, however the Commission is reliant on seeking funding through the annual Budget cycle for its core costs.

Estimated Actual		2019-20	2020-21	2021-22
30 June 2019		Forecast	Forecast	Forecast
\$000		\$000	\$000	\$000
Income				
Crown Revenue for:				
22,007	Electoral Services - Core	70,973	80,662	24,200
	Government Initiated Referendum	3,138	10,301	
	Broadcasting Allocation		3,605	
1,466	Representation Commission			
727	Māori Electoral Option			
24,200	Sub-Total Crown Revenue	74,111	94,568	24,200
208	Interest Income	200	250	150
110	Roll Sales	150	150	150
2,176	International Assistance	2,250	1,135	805
26,694	Total Income	76,711	96,103	25,305
Expenditure				
12,993	Personnel	16,257	35,555	7,954
13,034	Operating Costs	39,784	39,018	8,640
938	Enrolment Services	16,273	18,207	9,280
	Broadcast Funding Allocation		3,605	
151	Representation Commission Expenses	1,249		
1,055	Māori Electoral Option			
2,176	International Assistance	2,250	1,135	805
434	Depreciation	475	503	503
67	Audit Fee	73	78	73
30,848	Total Expenditure	76,361	98,101	27,255
(4,154)	Net Surplus/Deficit	350	(1,998)	(1,950)

Statement of Forecast Changes in Equity

Estimated Actual 30 June 2019		June 2020 Forecast	June 2021 Forecast	June 2022 Forecast
\$000		\$000	\$000	\$000
	Opening Balance	6,073	6,423	4,425
6,862	Crown Capital Funding			
(4,154)	Net Surplus/(Deficit) for the Year	350	(1,998)	(1,950)
2,708	Public Equity as at 30 June	6,423	4,425	2,475



Statement of Forecast Financial Position

Estimated Actual		June 2020 Forecast	June 2021 Forecast	June 2022 Forecast
30 June 2019				
\$000		\$000	\$000	\$000
	Current Assets			
2,009	Cash & Cash Equivalents	5,152	2,895	209
20	Debtors	495	275	475
350	Stock on Hand	650	475	490
	Prepayment	50	30	65
2,379	Total Current Assets	6,347	3,675	1,239
	Current Liabilities			
450	Creditors and other payables	500	200	350
1,250	Revenue in Advance	1,693	970	
383	Employee entitlements	383	375	353
2,083	Total Current Liabilities	2,576	1,545	703
296	Working Capital	3,771	2,130	536
	Non-current Assets			
2,435	Property, Plant and Equipment	2,734	2,381	2,028
	Prepayments			
2,435	Total Non-current Assets	2,734	2,381	2,028
	Non-current Liabilities			
23	Employee entitlements	82	86	89
23	Total Non-current Liabilities	82	86	89
2,708	Net Assets	6,423	4,425	2,475
	Public Equity			
2,708	General Funds	6,423	4,425	2,475
2,708	Total Public Equity	6,423	4,425	2,475

Statement Forecast of Cash Flows

Estimated Actual				
30 June 2019		2019-20 Forecast	2020-21 Forecast	2021-22 Forecast
\$000		\$000	\$000	\$000
Cash Flows from Operating Activities				
Cash was provided from:				
24,200	Crown Appropriations	74,111	94,568	24,200
208	Interest income	200	250	150
110	Roll Sales	150	150	150
1,750	International Assistance	1,135	805	1,355
26,268		75,596	95,773	25,855
Cash was applied to:				
12,131	Employees	15,384	35,551	7,935
20,591	Suppliers	64,968	62,329	20,456
32,722		80,352	97,880	28,391
(6,454)	Net cash flow from operating activities	(4,756)	(2,107)	(2,536)
Cash Flows from Investing Activities				
Cash was provided from:				
Disposal of Fixed Assets				
Cash was applied to:				
387	Purchase of Fixed Assets	400	150	150
(387)	Net cash flow from investing activities	(400)	(150)	(150)
(6,841)	Net increase/(decrease) in cash held	(5,156)	(2,257)	(2,686)
8,850	Cash at Start of Year	10,308	5,152	2,895
2,009	Cash held at the end of the year	5,152	2,895	209

Notes to and forming part of the Forecast Financial Statements

STATEMENT OF UNDERLYING ASSUMPTIONS

These Forecast Financial Statements have been prepared for the purpose of fulfilling the Commission's obligations under the Crown Entities Act 2004 to table a Statement of Performance Expectations before Parliament.

These Forecast Financial Statements have been prepared to indicate the likely financial impact of the implementation of the Commission's longer term strategic direction. The information disclosed is indicative only and may not be appropriate for any other purpose.

These Forecast Financial Statements are not audited.

The statements contain the best estimates and assumptions as to future events that are expected to occur and are likely to vary from the actual financial results achieved for the period covered and from the information presented. The variations may be material.

The underlying assumption regarding revenue is that in the event that a by-election or referendum is required to be conducted, additional funding will be obtained.

We have based our occupancy and administration costs on our historical experience. We have included all known or reasonably estimated increases or decreases in any expense category. We have not made any allowance for revaluation of fixed assets in these statements.

Depreciation and amortisation costs are based on the assumption that the Commission will replace assets including software as required.

We assume that there will be no changes to the accounting policies that would materially affect the figures represented at this time.

REPORTING ENTITY

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

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

BASIS OF PREPARATION

Statement of compliance

These forecast financial statements have been prepared for the purpose of fulfilling the Commission's obligations under the Crown Entities Act 2004, which includes the requirements to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The Forecast Financial Statements are prepared in accordance with Tier 1 PBE IPSAS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities. This includes New Zealand Reporting Standard No. 42: Prospective Financial Statements (FRS-42).

Measurement base

These forecast financial statements have been prepared on a historical cost basis.

Accounting policies

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

Revenue

The Commission derives revenue from the provision of outputs to the Crown and income from investments. Revenue from the Crown is recognised as revenue in the year in which it is appropriated and is reported in the financial period to which it relates. Other revenue is recognised in the period in which it is earned.

Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables which are stated with GST included.

Taxation

The Commission is a public authority in terms of the Income Tax Act 2004 and consequently is exempt from income tax.

Fixed assets

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.

Depreciation

Depreciation is provided on a straight line basis on all fixed assets at a rate that will write off the cost or valuation of the assets over their useful lives.

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

Office Equipment	20%
Computer Equipment	33%
Furniture & Fittings	20%
Leasehold Improvements	11%
Computer Software	33%
EMS System Software	10%

Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease expenses are recognised on a systematic basis over the period of the lease.

Financial instruments

The Commission is a party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors and creditors. All financial instruments are recognised in the prospective statement of financial position and all revenue and expenses in relation to financial instruments are recognised in the prospective statement of comprehensive income. All financial instruments are shown at their estimated fair value.

Accounts receivable

Accounts receivable are stated at their estimated realisable value after providing for doubtful and uncollectable debts.

Employee entitlements

Provision is made in respect of employee entitlements expected to be settled within 12 months of the reporting date (current liabilities) and those beyond 12 months (long-term liabilities). The entitlements are measured at the best estimate of the consideration required to settle the obligation using current remuneration rates. Employee entitlements include accrued salary and wages, unused annual and long-service leave, and accrued retirement leave.



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