



Electoral Commission

Te Kaitiaki Take Kōwhiri

Statement of Performance Expectations

2015/16 – 2020/21

PRESENTED TO THE MINISTER AND PUBLISHED ON THE COMMISSION'S WEBSITE
PURSUANT TO SECTION 149L OF THE CROWN ENTITIES ACT 2004
June 2015

Electoral Commission

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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 referenda, and is not subject to Ministerial direction in carrying out those functions.

This Statement of Performance Expectations has been prepared in accordance with the requirements of section 149C of the Crown Entities Act 2004. It 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 laws.

This Statement of Performance Expectations reflects and is intended to be read with the Commission's 2014/15 – 2020/21 Statement of Intent.



Hon Sir Hugh Williams QC
Chair



Jane Huria CNZM
Deputy Chair



Robert Peden
Chief Electoral Officer

Services for 2015/16 and Out Years

Work Programme

The Commission's primary output for 2015/16 will be the successful conduct of the two planned Flag Referendums, and the 2016 Local Authority elections roll update campaign starting in May 2016. The Commission will also provide advice, support and initial planning for any legislative change and process and service improvements.

In the out-years the Commission's work programme includes administration of the 2017 and 2020 General Elections, the next Māori Electoral Option in 2018 and support for the work of the Representation Commission. The work programme also includes the following subject to any required funding and related legislative change:

- progressing the Commission's strategy for promoting participation in parliamentary elections
- re-development of the Commission's core Election Management System in time for use with the 2017 General Election
- contributing as required to the electoral policy and legislative reform processes
- implementation of internal system and procedural improvements for the 2017 General Election and beyond

The Commission had indicated in its 2014/15-2020/21 Statement of Intent that we would pursue an E-Voting solution for voters at the 2017 General Election subject to funding and legislative change. The Government has since indicated that e-voting for parliamentary elections will not be a priority for 2017. The Commission will however continue to monitor overseas developments in electronic voting.

Government Funding

The Commission is funded by the Government through the Vote Justice Non-Departmental output class of Electoral Services.

The forecast for 2015/16 includes the balance of the required funding for the conduct of the two Flag Referendums planned for November 2015 and March 2016. The referendums and related funding is subject to the enabling legislation being enacted.

The out-year forecasts provided in this statement also include the yet-to-be-finalised variable component of the Commission's appropriations. For each electoral cycle the Commission prepares a business case detailing the funding required to cover the set-up and conduct of field operations (e.g. property, information systems and technology, and over 18,000 electoral officials) for the General Election, and Enrolment activity not met by historical baseline appropriations or current reserves.

The currently forecast variable funding requirements in out-years by event are summarised below.

| Electoral Commission Forecast Variable Funding Requirements | | | | | | |
|--|-----------------|----------------|-----------------|----------------|----------------|-----------------|
| | 2015/16 \$M | 2016/17 \$M | 2017/18 \$M | 2018/19 \$M | 2019/20 \$M | 2020/21 \$M |
| Flag Referendums | 14.890 | - | - | - | - | - |
| Roll update campaign for the General Election | - | - | 6.415 | - | - | 7.363 |
| Roll update campaign for Local Government Elections | - | - | - | 3.690 | - | - |
| Conduct of the General Election | - | - | 12.970 | - | 4.090 | 14.495 |
| Conduct of the Māori Electoral Option | - | - | 5.218 | 0.815 | - | - |
| Servicing the Representation Commission | - | - | 0.204 | 1.463 | - | - |
| Totals | \$14.890 | \$Nil | \$24.807 | \$5.968 | \$4.090 | \$21.858 |

Summary of Outputs and Output Expenses for 2015/16

The forecast expenses for each of the Commission's outputs, and the total forecast revenue, are provided below:

| Forecast output expenditure | 2015/16 |
|--|------------------|
| Output Class – Provision of Electoral Services | |
| Output Area - On-going Activities: | \$ 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: | \$13.327m |
| Output 5: Compiling and maintaining electoral rolls | |
| Output Area – Conduct Of Electoral Events: | \$15.010m |
| Output 6: Conduct of the Flag Referendums | |
| Total Forecast output expenditure | \$32.217m |
| Forecast revenue | |
| Crown Revenue | \$31.416m |
| Interest Revenue | \$ 0.250m |
| Total Forecast revenue | \$31.666m |
| Surplus to / (Shortfall from) Current Reserves (\$0.551m) | |

Forecast Service Performance 2015/16

Measures by outputs under each of the Commission's three impacts for this financial year are detailed in the tables below:

Impact: New Zealanders Value their Vote

Output 1 - Facilitate participation in parliamentary elections

| 2015/16 Measure | Performance Target | How it will be measured | Current Comparatives |
|---|--------------------|---|--|
| 1. Percentage of eligible New Zealanders enrolled | 92.6 – 93.5% | Performance data will be recorded by the Commission and reported annually | 92.6% (2014 GE) |
| 2. Percentage of 18 to 24 year olds enrolled | 76.5 - 80.0% | | 76.5% (2014 GE) |
| 3. Percentage of enrolled voters voting in 2015/16 By-election/s | 40.0 - 50.0% | Performance data will be recorded by the Commission and reported following each event | 46% Average over the last 6 By-elections |
| 4. Percentage of enrolled voters voting in the 2015/16 flag referendums | 60.0 - 70.0% | | 45.1% (2013 Asset Sales Referendum) |

Impact: Better Understanding of 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

| 2015/16 Measure | Performance Target | How it will be measured | Current Comparatives |
|--|--------------------|---|----------------------------|
| 1. Maximum response time to requests for advisory opinions | 5 working days | Performance data will be recorded by the Commission and reported annually | 3.3 days average (2013/14) |
| 2. Feedback received on advisory opinions indicates satisfaction or better with the standard of the response | 90% | Feedback will be gathered by survey and reported annually | 94% (2014/15) |

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

| 2015/16 Measure | Performance Target | How it will be measured | Current Comparatives |
|--|--------------------|--------------------------------------|----------------------|
| 1. Percentage of New Zealanders who express confidence in the administration of the electoral system | 90 – 95% | To be surveyed and reported annually | 69% (2014/15) |

Impact: Impartial, effective, and efficient administration of elections

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

| 2015/16 Measure | Performance Target | How it will be measured | Current Comparatives |
|---|--------------------|---|----------------------|
| 1. Advice provided does not require further clarification | 100% | Performance data will be recorded by the Commission and reported annually | 100% (2013/14) |
| 2. Advice is provided within the timeframe requested | 100% | | 100% (2013/14) |

Output 5 - Compiling and maintaining electoral rolls

| 2015/16 Measure | Performance Target | How it will be measured | Current Comparatives |
|---|--------------------|---|----------------------|
| 1. Percentage of accuracy in processing enrolment applications and notifications of changes to enrolment details held | >99% | To be measured by sample at year-end | 99.994% (2013/14) |
| 2. 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% | Performance data will be recorded by the Commission and reported annually | 100% (2013/14) |

Output 6 - Conduct of By-elections and Referendums

| 2015/16 Measure | Performance Target |
|--|--|
| 1. Release of By-election results: | <ul style="list-style-type: none"> Advance voting results published by 7:30pm Results for 50% of voting places published by 9:00pm Full preliminary count results published by 10:00pm Official results published 11 days after election day |
| 2. Release of the 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 closing of each Referendum |

Forecast Financial Statements 2015/16 – 2020/21

Statement of Forecast Comprehensive Revenue and Expense

| <i>Estimated Actual</i> 30 June 2015 | | 2015-16 Forecast | 2016-17 Forecast | 2017-18 Forecast | 2018-19 Forecast | 2019-20 Forecast | 2020-21 Forecast |
|---|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Income | | | | | | | |
| | Crown Revenue for: | | | | | | |
| 43,993 | Electoral Services - Core | 16,526 | 27,597 | 32,376 | 15,951 | 27,597 | 32,376 |
| | Electoral Services - Variable | | | 19,385 | 3,690 | 4,090 | 21,858 |
| 2,855 | Broadcasting Allocation | | | 2,855 | | | 2,855 |
| | Representation Commission | | | 204 | 1,463 | | |
| | Maori Electoral Option | | | 5,218 | 815 | | |
| 947 | By Elections | | | | | | |
| 750 | Referenda | 14,890 | | | | | |
| 1,540 | Other Income | 250 | 250 | 250 | 250 | 250 | 250 |
| 50,085 | Total Income | 31,666 | 27,847 | 60,288 | 22,169 | 31,937 | 57,339 |
| Expenditure | | | | | | | |
| 18,355 | Personnel | 4,406 | 4,041 | 17,639 | 2,463 | 4,225 | 18,445 |
| 18,049 | Operating Costs | 13,691 | 10,019 | 13,690 | 3,023 | 10,370 | 14,277 |
| 16,505 | Enrolment Services | 13,327 | 16,402 | 20,607 | 13,940 | 17,155 | 21,555 |
| 2,855 | Broadcast Funding Allocation | | | 2,855 | | | 2,855 |
| | Representation Commission Expenses | | (35) | 204 | 1,463 | | |
| | Maori Electoral Option | | | 5,218 | 662 | | |
| 99 | Depreciation | 741 | 1,049 | 1,080 | 448 | 90 | 90 |
| 60 | Audit Fee | 52 | 59 | 63 | 54 | 61 | 66 |
| 55,923 | Total Expenditure | 32,217 | 31,535 | 61,356 | 22,053 | 31,901 | 57,288 |
| (5,838) | Net Surplus/Deficit | (551) | (3,688) | (1,068) | 116 | 36 | 51 |

Statement of Forecast Changes in Equity

| <i>Estimated Actual</i> <i>30 June 2015</i> | | <i>June 2016</i> <i>Forecast</i> | <i>June 2017</i> <i>Forecast</i> | <i>June 2018</i> <i>Forecast</i> | <i>June 2019</i> <i>Forecast</i> | <i>June 2020</i> <i>Forecast</i> | <i>June 2021</i> <i>Forecast</i> |
|--|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 12,126 | Opening Balance | 6,288 | 5,737 | 2,049 | 981 | 1,097 | 1,133 |
| | Crown Capital Funding | | | | | | |
| (5,838) | Net Surplus/(Deficit) for the Year | (551) | (3,688) | (1,068) | 116 | 36 | 51 |
| 6,288 | Public Equity as at 30 June | 5,737 | 2,049 | 981 | 1,097 | 1,133 | 1,184 |

Statement of Forecast Financial Position

| <i>Estimated Actual</i> 30 June 2015 | | <i>June 2016</i> <i>Forecast</i> | <i>June 2017</i> <i>Forecast</i> | <i>June 2018</i> <i>Forecast</i> | <i>June 2019</i> <i>Forecast</i> | <i>June 2020</i> <i>Forecast</i> | <i>June 2021</i> <i>Forecast</i> |
|---|--------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Current Assets | | | | | | | |
| 6,173 | Cash & Cash Equivalents | 3,970 | 1,300 | 1,835 | 1,564 | 1,622 | 2,473 |
| 11 | Debtors | 6 | 16 | 13 | 8 | 6 | 16 |
| | Prepayment | | | | | | |
| 6,184 | Total Current Assets | 3,976 | 1,316 | 1,848 | 1,572 | 1,628 | 2,489 |
| Current Liabilities | | | | | | | |
| 631 | Creditors and other payables | 431 | 488 | 1,188 | 438 | 488 | 1,138 |
| 347 | Employee entitlements | 337 | 383 | 223 | 216 | 213 | 340 |
| 978 | Total Current Liabilities | 768 | 871 | 1,411 | 654 | 701 | 1,478 |
| 5,206 | Working Capital | 3,208 | 445 | 437 | 918 | 927 | 1,011 |
| Non-current Assets | | | | | | | |
| 1,014 | Property, Plant and Equipment | 2,513 | 1,584 | 564 | 206 | 236 | 206 |
| 127 | Prepayments | 85 | 43 | | | | |
| 1,141 | Total Non-current Assets | 2,598 | 1,627 | 564 | 206 | 236 | 206 |
| Non-current Liabilities | | | | | | | |
| 59 | Employee entitlements | 69 | 23 | 20 | 27 | 30 | 33 |
| 59 | Total Non-current Liabilities | 69 | 23 | 20 | 27 | 30 | 33 |
| 6,288 | Net Assets | 5,737 | 2,049 | 981 | 1,097 | 1,133 | 1,184 |
| Public Equity | | | | | | | |
| 6,288 | General Funds | 5,737 | 2,049 | 981 | 1,097 | 1,133 | 1,184 |
| 6,288 | Total Public Equity | 5,737 | 2,049 | 981 | 1,097 | 1,133 | 1,184 |

Statement Forecast of Cash Flows

| <i>Estimated Actual</i> 30 June 2015 | | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | <i>Forecast</i> | <i>Forecast</i> | <i>Forecast</i> | <i>Forecast</i> | <i>Forecast</i> | <i>Forecast</i> |
| Cash Flows from Operating Activities | | | | | | | |
| <i>Cash was provided from:</i> | | | | | | | |
| 48,546 | Crown | 31,416 | 27,597 | 40,653 | 18,229 | 27,597 | 35,231 |
| 439 | Interest income | 250 | 250 | 250 | 250 | 250 | 250 |
| | Unconfirmed Funding | | | 19,385 | 3,690 | 4,090 | 21,858 |
| 1,100 | Other Income | | | | | | |
| 50,085 | | 31,666 | 27,847 | 60,288 | 22,169 | 31,937 | 57,339 |
| <i>Cash was applied to:</i> | | | | | | | |
| 18,527 | Employees | 4,406 | 4,041 | 17,802 | 2,463 | 4,225 | 18,315 |
| 39,306 | Suppliers | 27,223 | 26,356 | 41,891 | 19,887 | 27,534 | 38,113 |
| 57,833 | | 31,629 | 30,397 | 59,693 | 22,350 | 31,759 | 56,428 |
| (7,748) | Net cash flow from operating activities | 37 | (2,550) | 595 | (181) | 178 | 911 |
| Cash Flows from Investing Activities | | | | | | | |
| <i>Cash was provided from:</i> | | | | | | | |
| Disposal of Fixed Assets | | | | | | | |
| <i>Cash was applied to:</i> | | | | | | | |
| 868 | Purchase of Fixed Assets | 2,240 | 120 | 60 | 90 | 120 | 60 |
| (868) | Net cash flow from investing activities | (2,240) | (120) | (60) | (90) | (120) | (60) |
| (8,616) | Net increase/(decrease) in cash held | (2,203) | (2,670) | 535 | (271) | 58 | 851 |
| 14,789 | Cash at Start of Year | 6,173 | 3,970 | 1,300 | 1,835 | 1,564 | 1,622 |
| 6,173 | Cash held at the end of the year | 3,970 | 1,300 | 1,835 | 1,564 | 1,622 | 2,473 |

Notes to and forming part of the Forecast Financial Statements

Financial declaration

In issuing these Financial Statements, the Board of the Electoral Commission is acknowledging it is responsible for the information presented, including the appropriateness of the assumptions used.

These Forecast Financial Statements are issued as at 29 May 2015 and are based on the information available at the time.

Statement of underlying assumptions

Significant assumption

The forecast financial statements are based on the underlying assumption that no by-election will be held during the period. In the event that a by-election is required to be conducted, additional funding will be sought.

Other 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.

The purpose for which these financial statements have been prepared is 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.

The Forecast Financial Statements are prepared in accordance with New Zealand Generally Accepted Accounting Practice and comply with PBE FRS 42 Prospective Financial Statements.

These financial statements are not audited.

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

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.

Statement of accounting policies

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 electoral legislation.

Basis of preparation

The prospective financial statements have been adapted to comply with New Zealand International Financial Reporting Standards. The preparation of prospective financial statements in conformity with NZ GAAP and PBE FRS 42 requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure.

The prospective financial statements have been prepared on the 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%
- Software 33%

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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