
Annual report of the

Electoral Commission
Te Kaitiaki Take Kōwhiri

for the year ended 30 June 2010

Prepared in accordance with section 151 of the Crown Entities Act 2004
for presentation to the House of Representatives by the Minister of Justice

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25 August 2010

The Hon Simon Power
Minister of Justice
Parliament Buildings
WELLINGTON

Dear Minister

We have the honour to provide to you the annual report of the Electoral Commission, Te Kaitiaki Take Kōwhiri, for the year ended 30 June 2010. The report has been prepared and is presented in accordance with section 151 of the Crown Entities Act 2004.

This is the final annual report of the Electoral Commission.

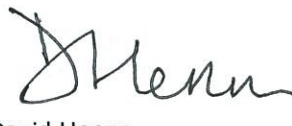
On 1 October 2010 a new Electoral Commission will take over our functions and those of the Chief Electoral Office, as provided for in the Electoral (Administration) Amendment Act 2010.

As required by that legislation a report on our activities for the 3 months ending 30 September 2010 will be included in the 2011 annual report of the new Electoral Commission.

Yours sincerely



Sir Hugh Williams
President



David Henry
Commissioner

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Vision

New Zealand's electoral framework and processes are widely used, understood, trusted and valued.

Part 1 Year in Review – Key Points

Introduction

Justice Sir Hugh Williams was appointed president of the Commission with effect from 19 October 2009. The Commission met 4 times during the year and also dealt with some matters by circulation.

The Electoral (Administration) Amendment Act 2010 was enacted in May 2010. It provides for the functions of this Commission, and those of the Chief Electoral Office, to be transferred to a new Electoral Commission on 1 October 2010. All assets and liabilities of this Commission will vest in the new Electoral Commission on that date.

This is the final annual report of this Commission. We will prepare a report for the 3 months 1 July 2010 to 30 September 2010 which, in line with the new legislation, will be included in the 2011 annual report of the new Electoral Commission.

New Strategy and Activity Groups

In the light of the proposed amalgamation of the electoral agencies we changed our strategy to focus our efforts on

- discharging our routine statutory functions without launching major new initiatives
- assisting the Ministry of Justice with the planning for the new Electoral Commission
- planning for a smooth close down of this Commission
- providing input into proposed legislation (amalgamation, the MMP referendum, and electoral finance).

The new strategy was reflected in amendments to the Statement of Intent 2009/14 and the Memorandum of Understanding 2009/10. The amendments were approved by the Minister of Justice in November 2009. Changes included a new Statement of Forecast Service Performance organised into 5 groups of activities. The groups are:-

- Activity Group 1 Compliance related to political parties
- Activity Group 2 Promotion of public awareness of electoral matters
- Activity Group 3 Provision of advice on electoral matters
- Activity Group 4 Responding to international requests for information and assistance
- Activity Group 5 Organisation and capacity in place to support other activities

Part 2 of this report reports in detail our performance against specific measures under each group of activities. What follows in this part of the report is a brief overview of the year.

Overview of the Year

Financial Position

Our changed strategy has enabled us to produce an operating surplus for the year of \$312,000 compared to a budgeted surplus of \$44, 000. The operating surplus, together with funds accumulated from previous years, will contribute to the working capital of the new Electoral Commission.

Activity Group 1: Compliance Related to Political parties

There was no general election during the year so our compliance activities were relatively limited.

Allocation of Broadcasting Time and Money

The broadcasting allocation is made in election year only. One party unsuccessfully applied for judicial review of the broadcasting allocation made to the party in 2008, and filed an appeal in the Court of Appeal. The appeal was heard in October 2009 and the party was successful in part. The Court of Appeal declared that Part 6 of the Broadcasting Act 1989 requires the Commission to allocate time for both an opening address and a closing address to every political party that qualifies for an allocation of time under the Act. The decision will be referred to the new Electoral Commission for it to consider when making broadcasting allocations in 2011.

Registration of Political Parties and Logos

There were 16 political parties and 42 political party logos registered as at 30 June 2010. During the 12 months 3 parties requested the cancellation of the registration of their party and their logo. 1 new logo was registered, and 1 application to register a logo was refused.

Table 1: Summary of Registration Activity Relating to Political Parties

Political Party Name	Abbreviation	Registration Activity 2009/2010	Date party registered
ACT New Zealand	The ACT Party		17-Feb-95
Aotearoa Legalise Cannabis Party	The ALCP		30-May-96
Jim Anderton's Progressive	Progressive		24-Jun-02
Libertarianz			11-Sep-96
Māori Party			09-Jul-04
New World Order	N W O	Registered logo	19-May-08
New Zealand First Party	NZ First		20-Dec-94
New Zealand Labour Party	Labour Party		17-Feb-95
NEW ZEALAND PACIFIC PARTY	NZ PACIFIC PARTY		24-Apr-08

RAM – Residents Action Movement	RAM	Registration of party and logo cancelled	29-July-08
The Alliance	Alliance		17-Mar-95
The Bill and Ben Party	B&B	Registration of party and logo cancelled	29-Jul-08
The Family Party	Family Party	Registration of party and logo cancelled	17-Dec-07
The Greens, The Green Party of Aotearoa/New Zealand	Green Party		17-Aug-95
The Kiwi Party	Kiwi Party		15-Feb-08
The New Zealand Democratic Party for Social Credit	Democrats for social credit		10-Aug-95
The New Zealand National Party	National Party		02-Dec-94
UNITED FUTURE NEW ZEALAND	UNITED FUTURE		13-Dec-01
Workers Party of NZ	Workers Party		3-Oct-08

Supervision of Political Parties' Statutory Compliance

Being a non-election year, parties' compliance obligations under the Electoral Act 1993 were limited to annual declarations regarding the party and to donation returns.

Annual Declarations

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. This year the Commission also requested that parties provide an explanation of the policies, systems, and records they maintain to ensure the reliability of statements concerning party membership.

With the exception of one party which at 30 June 2010 has not completed any of its statutory compliance obligations, all parties filed the annual declaration and provided information indicating they have satisfactory membership processes.

Donation Returns

The Electoral Finance Act 2007 introduced the concepts of "transmitter" (a person who merely passes a donation on to the recipient) and "contributor" (a person who contributes to a donation). The Electoral Finance Act also introduced a requirement that where a political party received a donation from an overseas person exceeding \$1,000, or an anonymous donation exceeding \$1,000, the party was required to return the excess to the donor or relinquish it to the Commission within 20 working days of receiving the donation. These new requirements were inserted into the Electoral Act when the Electoral Finance Act was repealed in 2009.

Donation returns were required to be filed in relation to the following categories:

- **political party annual returns:** donations from the same donor which either alone or in aggregate exceed \$10,000 in value, contributions to donations from the same contributor which either alone or in aggregate exceed \$10,000 in value, anonymous donations which exceed \$1,000, donations or contributions from overseas persons which exceed \$1,000, and donations protected from disclosure.
- **political party returns of donations exceeding \$20,000:** to be filed within 10 working days of receiving a donation which (either alone or in aggregate) exceeded \$20,000 from the same donor over the previous 12 month period.

Annual Return of Donations

The secretary of each registered political party was required to provide the Commission with a return and accompanying auditors' report by 30 April 2010 disclosing all donations received in the previous calendar year that came within the categories outlined above. Of the 19 parties registered in the year, 13 filed nil returns, 1 return was outstanding at 30 June 2010 and the remaining 5 parties disclosed donations as set out in Table 2.

Table 2: Political Party Annual Donation Returns	
Party name	donations >\$10,000 (\$)
ACT New Zealand	20,000
Jim Anderton's Progressive	15,000
Māori Party	11,142
New Zealand Labour Party	10,063
The Greens, The Green Party of Aotearoa/New Zealand	148,492.29

Returns of Donations to Registered Political Parties Exceeding \$20,000

Every political party that receives a donation over \$20,000 or a series of donations from the same person that total \$20,000 within the previous twelve months, must provide a return to the Commission within 10 working days of receiving the donation or the donation which takes the aggregate over \$20,000.

Table 3 lists the parties that disclosed receiving donations exceeding \$20,000.

Table 3: Political Party Returns of Donations Exceeding \$20,000		
Party name	donations >\$20,000 (\$)	Date of donation
New Zealand National Party	105,000	18 June 2010
New Zealand National Party	50,000	11 June 2010
The Greens, The Green Party of Aotearoa/New Zealand	21,000	20 October 2008 – 19 October 2009
New Zealand Labour Party	25,000	30 April 2010

Compliance Issues in relation to Returns of Donations

Table 4 lists potential contraventions in relation to donation returns considered by the Commission at its meetings during the year.

Table 4: Potential Contraventions of Donation Requirements			
Donations: potential contravention considered	Number	Belief that offence committed	Reported to police
Political party donations & annual donation returns:			
Failure to file return within the statutory timeframe	2	nil	nil
Return false in a material particular	1	nil	nil
Political party returns of donations >\$20,000:			
Failure to file return within the statutory timeframe	1	nil	nil
Totals	4	nil	nil

In these instances the Commission was of the view that, although there had been a contravention, in the particular circumstances of the case there was a reasonable excuse for the failure and no intention to file false information. Also, the parties had either requested cancellation of registration or had already taken steps to remedy the defect and were able to assure the Commission that processes had been put in place to avoid recurrence.

One party had not filed its return at 30 June 2010.

Donations Protected from Disclosure

The Electoral Act provides a route by which donors can make anonymous donations to political parties via the Commission. The Commission is required to make payments to recipients weekly, during the period between writ day and the return of the writ at any general election, and monthly at any other time.

Table 5 shows that the Commission did not receive any donations protected from disclosure during the 2009/2010 year.

Table 5: Donations Protected from Disclosure Received by the Commission					
Quarterly reports 2009/2010	1 Jul - 30 Sep 2009	1 Oct - 31 Dec 2009	1 Jan - 31 Mar 2010	1 Apr - 30 Jun 2009	Total for financial year ended 30 Jun 2010
Total Amount received in protected donations	Nil	Nil	Nil	Nil	Nil
Amount paid to any political party	Nil	Nil	Nil	Nil	Nil
Amount of money paid into a Crown bank account because unacceptable money could not be returned to donor for any reason	Nil	Nil	Nil	Nil	Nil

Activity Group 2: Promotion of Public Awareness of Electoral Matters

We worked with the other electoral agencies to produce a new integrated communications plan for the 2011 general election. That plan will be picked up by the new Electoral Commission.

Activity was otherwise mainly reactive. The website www.elections.org.nz owned by the 3 electoral agencies was overhauled during the year. It remains the main tool for the Commission to provide public information.

Table 6 sets out the usage of the website in relation to Commission matters.

Table 6: Website Usage Statistics for the 12 months ending 30 June 2010 (Activity Group Measure 2.2)			
Elections New Zealand website – number of page visits to key commission content		2009/10	2008/09
Group 1	MMP	6,901	53,528
Group 2	Taking Part	15,251	20,753
Group 3	History of the Vote	6,834	7,793
Group 4	Democracy Concepts	13,367	14,549
Group 5	Electoral Rules (incl. Broadcasting)	28,433	37,613
Group 6	Records (incl. Returns of Expenses/Donations)	37,072	70,992
Group 7	Teaching Resources	47,920	57,347
Group 8	Electoral Commission	11,272	15,321
Totals		167,050	277,896

Note- 2008/9 was an election year

Activity Group 3: Provision of Advice on Electoral Matters

The Chief Executive and the Statutory Relationships Manager have provided advice to the Minister of Justice, his Ministry and Select Committees of parliament in relation to three areas of policy:

- the Electoral (Administration) Amendment Bill
- the proposed MMP referendum
- possible changes in relation to electoral finance.

Given our total staffing (2 people plus the Chief Executive) this has been a major effort.

The Chief Executive also provided substantial input into the Ministry of Justice's planning for the start-up of the new Electoral Commission.

Activity Group 4: Responding to International Requests for Information or Assistance

Six visiting delegations were briefed during the year. The briefings covered all aspects of our parliamentary electoral system. Delegations were from Australia, Canada, Kenya, Lesotho, Tonga and Vietnam.

Activity Group 5: Organisation and Capacity in place to support other activities

Amalgamation

As noted earlier, amalgamation of the electoral agencies will commence in October 2010 when the new Electoral Commission takes over the functions of this Commission and the Chief Electoral Office.

We are working to ensure that that our institutional capacity (including information, research, documents, concepts and processes) is not lost on transfer to the new electoral agency. Close liaison has been maintained with the Chief Electoral Office and the Ministry of Justice.

Good employer

The Commission complies with its obligations to be a good employer and has specific policies to that end including an Employee Assistance Programme, a Code of Conduct and processes for recruitment and appraisal.

Good communications have been maintained with employees regarding the amalgamation of the electoral agencies, including information on the provisions in the new legislation which will allow permanent employees to move across to the new Electoral Commission on their existing terms and conditions of employment.

Additional training or secondment opportunities were also provided to permanent employees to help their transition to the new Commission.

Annex 1 – Documentation Available for Public Inspection

The Commission makes the following information available for public inspection as required by law:

- Register of political parties
- Register of logos of political parties
- Registered political parties' membership rules and candidate selection rules
- Registered political parties' annual returns of donations and auditors' reports
- Registered political parties' returns of donations exceeding \$20,000
- Registered political parties' returns of election expenses and auditors' reports
- Constituency candidates' returns of donations and election expenses, received by the Commission from the Chief Electoral Officer*
- Report on donations protected from disclosure
- Broadcaster's returns of election programme broadcasts*.

Records marked above with an * are available only in the office. All others can be viewed in full or summary form on www.elections.org.nz, as well as being available in the office. Records will be transferred to the new Electoral Commission on 1 October 2010.

Part 2 Statement of Service Performance and Financial Statements

Introduction

The statement of service performance and financial statements for the year ended 30 June 2010 follow.

For the year under review appropriations were provided by Parliament to meet the operating costs of the Commission.

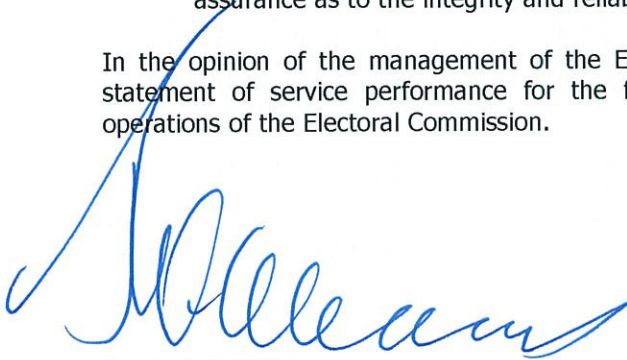
The Commission has a single output class – the provision of electoral services. The financial statements show the actual revenue for that output class compared to budget.

Statement of Responsibility

In the financial year ended on 30 June 2010 the management of the Electoral Commission was responsible for:

- the preparation of the annual financial statements, the statement of service performance and for the judgments used herein;
- establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the Commission's financial reporting.

In the opinion of the management of the Electoral Commission, the financial statements and the statement of service performance for the financial year fairly reflect the financial position and operations of the Electoral Commission.



Sir Hugh Williams
President



David Henry
Commissioner

Statutory Functions (Electoral Act 1993, Section 5)

"The principal functions of the Electoral Commission shall be—

- (a) To carry out such duties in relation to the registration of political parties and political party logos as are prescribed by Part 4 of this Act:
- (b) To supervise political parties' compliance with the financial disclosure requirements of this Act:
- (ba) To carry out such duties in relation to Parliamentary election programmes as are prescribed by Part 6 of the Broadcasting Act 1989:
- (c) To supervise political parties' and third parties' compliance with the requirements of the Electoral Finance Act 2007:
- (d) To promote public awareness of electoral matters by means of the conduct of education and information programmes or by other means:
- (e) To consider and report to the Minister or to the House of Representatives on electoral matters referred to the Electoral Commission by the Minister or the House of Representatives."

The Commission does not conduct the general election, which is a function of the Chief Electoral Office, nor enrolment of electors, which is the responsibility of the Electoral Enrolment Centre. We work in tandem with those organisations.

Statutory Disclosures

There are no disclosures to be made in accordance with the Crown Entities Act 2004 s.151 in respect of ministerial directions, or enforcement of natural person transactions.

Members and Employees

Commission Members	Remuneration paid or payable in 2009/10
President Justice Sir Hugh Williams	\$653
Chief Judge Wilson Isaac (Māori Land Court)	Nil (ex officio)
Belinda Clark (Secretary for Justice)	Nil (ex officio)
David Henry (Chief Executive and Deputy Chair)	\$ 104 073

Employees	
Office Manager	Anne Cameron
Statutory Relationships Manager	Deidre Brookes
Temporary employee (part-time)	Judith Hutton

Number of employees (excluding Chief Executive) with remuneration of \$100,000+ in 2009/10: Nil
(2008/09: 1)

Performance Against Statement of Objectives for the Year Ending 30 June 2010

The Commission's work for 2009/10 was structured under 5 groups of activities that reflect its statutory roles:

- compliance related to political parties
- promotion of public awareness of electoral matters
- provision of advice on electoral matters
- responding to international requests for information and assistance
- organisation and capacity in place to support other activities.

New performance measures within each activity group were agreed by the Minister of Justice in November 2009 as part of amendments to the Statement of Intent and Memorandum of Understanding. (Some new measures are reported from 1 January 2010 when the new management information system became available.) The changes reflected the new environment as a result of government proposals for a new Electoral Commission to assume the statutory functions of this Commission, and those of the Chief Electoral Office, with effect from 1 October 2010. Those proposals were enacted into legislation in May 2010.

Activity Group 1 Compliance related to political parties		
Activity	Measures (quantity/quality/ timeliness)	Achievement for 12 months ended 30 June 2010
1.1 Registration of political parties and logos	All applications reviewed for completeness within 14 working days of receipt and applications processed considered no later than the next Commission meeting.	Achieved. 2 applications to register determined and 2 in process, 3 requests to cancel registration determined.
1.2 Review returns of donations for the year ended 31 December 2009 due for filing 30 April 2010 and any ongoing returns of donations exceeding \$20,000 in the aggregate	All complete returns are published within 3 working days of receipt. Returns not furnished by due date and incomplete returns are subject to follow-up action within 14 working days.	Achieved. One annual return outstanding.
1.3 Review annual party declarations due 30 April 2010	All declarations are reviewed for completeness within 14 working days of receipt. Declarations not furnished by due date and incomplete declarations are subject to follow-up action within 14 working days of due date or receipt. Inquiries into eligibility for continued registration are initiated by 31 May 2010. Amendments to the published register are made within 10 working days of any relevant Commission decisions and within 5 working days for cancellations.	Achieved. Achieved. One declaration outstanding. Special review completed of integrity of party membership processes. Achieved.
1.4 Receive and pass on anonymous donations protected from disclosure	Donations and process complies with Subpart 4 of the Electoral Act 1993. Quarterly reports published on website	No protected donations received in period. Achieved.
1.5 Information on the requirements imposed on political parties by the Electoral Act and associated legislation is maintained and made publicly available to political parties	Up to date information is available on the elections website	Achieved. Updated information provided regarding annual donation returns and party membership declarations.
1.6 Requests for information by political parties on compliance is provided where appropriate	Number of requests. Request responded to in 7 working days for simple requests and 20 working days for complex requests. No justified complaints from parties regarding quality of response.	Achieved. 19 requests (excluding continuing communications) received from 1 January 2010 and completed within timeframe. No such complaints in period.

Activity Group 2 Promotion of Public Awareness of Electoral Matters

Activity	Measures (quantity/quality/timeliness)	Achievement for 12 months ended 30 June 2010
2.1 Clear and accessible public information on MMP and other electoral matters	<p>Website kept up to date in conjunction with other electoral agencies</p> <p>Website usage statistics</p> <p>Rating of website by e govt. watch</p>	<p>Achieved.</p> <p>Statistics are at Table 6 (page 10).</p> <p>No rating was sought as website redesigned in conjunction with other electoral agencies.</p>
2.2 Inquiries about electoral matters answered	<p>Number of inquiries (telephone, email, letter). Inquiries answered within 7 working days for simple inquiries and 20 working days for complex inquiries.</p> <p>No justified complaints about timeliness and quality of response</p>	<p>Achieved. 64 enquiries (excluding continuing communications) from 1 January 2010 (5 media, 46 phone, 13 email) and completed within timeframe.</p> <p>No such complaints in period.</p>
2.3 Website assessed for ease of access to key information	<p>Assessment in conjunction with other electoral agencies completed by 31 May 2010</p>	<p>Website assessed and redesigned in conjunction with other electoral agencies.</p>
2.4 New integrated communications strategy covering functions of the 3 agencies designed for 2011 general election	<p>Design by existing agencies complete by 15 December 2009 (for referral to new agency in respect of activities post 30/9/2010) Advertising agency chosen by 31 May 2010</p>	<p>New strategy agreed. Advertising agency chosen by due date.</p>
2.5 Presentations on electoral matters to domestic groups	<p>Number of presentations</p>	<p>2 presentations made.</p>
2.6 Education plan to raise awareness of electoral matters amongst young people	<p>Education plan with a focus on school-based activity developed by 15 December 2009.</p> <p>Support of Young Citizens Assembly initiative on electoral systems recognised as effective.</p>	<p>Plan incomplete and is to be picked up by new Commission. Continued input into Kids Voting initiative at local body level.</p> <p>In progress- some small seed funding proposed.</p>

Activity Group 3 Provision of Advice on electoral matters		
Activity	Measures (quantity/quality/timeliness)	Achievement for 12 months ended June 2010
3.1 Information and advice requested by Minister of Justice	<p>Information and advice provided on proposed changes to the electoral legislation including amalgamation of electoral agencies, electoral finance, and MMP referenda.</p> <p>Advice is relevant, timely and valued by the Minister.</p> <p>Information provided for oral and written questions in Parliament is relevant, timely and accurate.</p>	<p>Achieved - substantial input made in all 3 policy areas. The first Amalgamation Bill is now law. Work continues on the other electoral bills</p> <p>Achieved (per MOJ officials).</p> <p>No PQs in period but provided information for PQs directed to the Ministry.</p>
3.2 Information and advice requested by Justice and Electoral Select Committee (JESC)	<p>Advice provided is relevant, timely and valued by the Chair of the Committee</p>	<p>Formal feedback not sought. Report to JESC on Inquiry into 2008 General Election and JESC briefed as requested.</p> <p>Written and oral advice provided to JESC on Electoral Administration Bill (amalgamation of agencies) was accepted and Bill amended. Work is ongoing in conjunction with Ministry of Justice on the other Bills.</p>
3.3 Input into the amalgamation process and transition to the new agency	<p>Input into the Steering Committee and associated work is relevant, timely and valued by the Secretary for Justice.</p> <p>Assistance to the new agency in its development phase is relevant, timely and valued by the Chief Executive of the new agency.</p>	<p>Ongoing – positive feedback from Chair of Steering Committee</p> <p>Ongoing input to setting up new agency. New CE not yet appointed.</p>
3.4 External communications regarding the close down of the Commission	<p>Communications are planned and are appropriate</p> <p>Minister is kept informed under the 'no surprises' clause (MOU)</p>	<p>Communications completed with suppliers of goods and services. Future communications planned in alignment with new EC. No reports under 'no surprises' were required.</p>
3.5 Provision of information under the Official Information Act	<p>Number of requests.</p> <p>Statutory deadlines met.</p> <p>No justified complaints to the Ombudsman.</p>	<p>9 requests.</p> <p>Deadlines met.</p> <p>No complaints notified.</p>

Activity Group 4 Responding to International Requests for information and assistance		
Activity	Measures (quantity/quality/timeliness)	Achievement for the 12 months ended 30 June 2010
4.1 Provide briefings and assistance for international delegations visiting NZ to study electoral matters	Number and nature of briefings presented alone or in conjunction with other agencies. Satisfaction of overseas delegations	Briefings provided to 6 delegations - <ul style="list-style-type: none"> • Tongan (parliamentary) • Canadian (ministerial) • Vietnam (parliamentary) • Lesotho (electoral) • Kenyan (parliamentary) • Australian (academic) Good feedback from delegations and Parliamentary Services.
4.2 Assistance on electoral issues provided direct to overseas electoral agencies and others where resources permit	Expert Assistance provided. Satisfaction of recipients	No assistance provided directly but some assistance provided through intermediaries.

Activity Group 5 Organisation and Capacity in place to support other activities		
Activity	Measures (quantity/quality/timeliness)	Achievement for 8 months ended 28 February 2010
5.1 Capacity of current staff	<p>Appropriate external courses to increase expertise by 30 June 2010</p> <p>Up to date performance agreements by 15 November 2009 and formal reviews at 30 June 2010</p> <p>Extension of work experience including closer integration and joint projects with Chief Electoral Office by 30 June 2010</p> <p>Transfer of staff to new agency is in accordance with legislation by 30 September 2010</p>	<p>Office Manager – new financial system training (1) Statutory Relationships Manager (SRM) - financial course (1), legal (3)</p> <p>Front end achieved. Back end reviews due 15 July.</p> <p>SRM providing legal services at Chief Electoral Office on 0.25 FTE basis.</p> <p>In progress. EC staff provisionally placed in new agency subject to ratification by new Chief Executive.</p>
5.2 Documentation and review of Commission procedures	<p>Internal procedures for electoral finance compliance and associated issues reviewed and redesigned, by 31 March 2010.</p> <p>Other internal procedures reviewed and where appropriate redesigned by 31 May 2010.</p> <p>Review of all documentation held by Commission in preparation for amalgamation, by 31 July 2010.</p>	Achieved. The procedures and documentation will need to be revised once the new electoral laws are finalised and for integration into the new Commission.

5.3 Review of Management information	Review collection of management information to monitor this plan, including simple dictionary of definitions, by 15 December 2009	Achieved.
5.4 Data organisation	Electronic and paper records are reviewed and reorganised by 15 May 2010 in preparation for transfer to new entity.	In progress. Deadline not met.
5.5 Review of Commission commitments	Review and documentation of all contractual and other commitments of the Commission and development of action plan in preparation for amalgamation, by 30 November 2009.	Documentation complete. Connects to 5.6 and 5.7
5.6 Completion of accountability commitments at close-down	Annual report for FY 2010 and audited financial statements provided to Minister no later than 15 November 2010	Future deadline- expect to complete in September ahead of schedule. Final 3 monthly report to Minister by November 2010.
5.7 Detailed physical close-down plan	Plan successfully implemented by 30 September 2010	In progress. The project leader was unable to continue for health reasons. New arrangements being put in place.
5.8 Governance Register	Governance register drafted by 25 February 2010 in line with SSC guide Associated business management controls designed by 25 February 2010	Interest and Gift registers designed and adopted at 25 February Commission meeting. Governance manual project stopped. Effort is being redirected to assistance to new Commission. Project stopped – see above. Some interim changes made.
5.9 Briefing of new President	Briefing completed by 30 November 2009, to President's satisfaction	Achieved. Assistance being given to MOJ in relation to briefing of board of new Commission.
5.10 Amended SOI and MOU for 2009/10	Signed by Minister by 30 November 2009	Achieved.

Electoral Commission

Statement of Comprehensive Income

for the year ended 30 June 2010

2009 Actual \$		Notes	2010 Actual \$	2010 Budget \$
	Revenue			
1,284,000	Revenue from Crown	1	734,000	734,000
11,209	Other revenue		23,030	-
1,050,000	Election information		-	-
2,855,000	Broadcast funding		-	-
115,263	Interest income		38,961	31,780
<u>5,315,472</u>	Total revenue		<u>795,991</u>	<u>765,780</u>
	Expenditure			
20,229	Remuneration to auditors	2	18,162	25,000
461,996	Personnel costs	3	259,475	391,260
25,530	Depreciation	7	24,110	25,000
382	Amortisation	8	251	400
63,731	Rent		65,912	64,000
6,748	Leasing		6,794	6,000
1,037,720	Election information		-	-
2,855,610	Broadcast allocation		-	-
355,154	Operating costs		108,911	209,291
<u>4,827,100</u>	Total expenditure		<u>483,615</u>	<u>720,951</u>
<u>488,372</u>	Total comprehensive income		<u>312,376</u>	<u>44,829</u>

Explanations of significant variances against budget are detailed in note 20.

Electoral Commission

Statement of Financial Position

as at 30 June 2010

2009 Actual \$		Note	2010 Actual \$	2010 Budget \$
	Current assets			
724,172	Cash and cash equivalents	4	370,879	733,773
66,669	Investments	5	757,001	66,669
15,526	Debtors and other receivables	6	12,078	6,334
-	Prepayments		1,510	-
-	Property, plant & equipment	7	73,387	-
-	Intangible assets	8	96	-
<u>806,367</u>	Total current assets		<u>1,214,951</u>	<u>806,776</u>
	Non-current assets			
97,497	Property, plant and equipment	7	-	70,832
347	Intangible assets	8	-	74
<u>97,844</u>	Total non-current assets		<u>-</u>	<u>70,906</u>
<u>904,211</u>	Total assets		<u>1,214,951</u>	<u>877,682</u>
	Current liabilities			
97,878	Creditors and other payables	9	101,372	119,183
15,521	Employee entitlements	10	10,391	6,797
<u>113,399</u>	Total current liabilities		<u>111,763</u>	<u>125,980</u>
<u>790,812</u>	Net assets		<u>1,103,188</u>	<u>751,702</u>
	Public equity			
790,812	Accumulated surplus		1,103,188	751,702
<u>790,812</u>	Total public equity		<u>1,103,188</u>	<u>751,702</u>

The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these Financial Statements

Electoral Commission

Statement of Changes in Equity

for the year ended 30 June 2010

2009 Actual \$		2010 Actual \$	2010 Budget \$
302,440	Public equity at start of the year	790,812	706,873
488,372	Total comprehensive income for the year	312,376	44,829
<u>488,372</u>		<u>312,376</u>	<u>44,829</u>
<u>790,812</u>	Public equity at end of the year	<u>1,103,188</u>	<u>751,702</u>

Electoral Commission

Cash Flows Statement

for the year ended 30 June 2010

2009 Actual \$	Notes	2010 Actual \$	2010 Budget \$
Cash flows from operating activities			
Cash was provided from:			
1,284,000	Crown revenue	734,000	734,000
17,409	Revenues from services	18,702	-
1,050,000	Election information	-	-
2,855,000	Broadcast allocation	-	-
115,646	Interest received	39,961	31,780
9,277	Net GST paid	6,969	4,473
5,331,332		799,632	770,253
Cash was applied to:			
(481,203)	Payments to Members of the Commission and employees	(265,257)	(392,689)
(4,356,190)	Payments to suppliers	(197,336)	(325,007)
(4,837,393)		(462,593)	(717,696)
493,939	Net cash flows from operating activities	337,039	52,557
	13		
Cash flows from investing activities			
Cash was provided from:			
-	Receipts from sale / (acquisition) of term deposits	(690,332)	-
-	Net cash flows from investing activities	(690,332)	-
493,939	Net increase / (decrease) in cash held	(353,293)	52,557
230,233	Plus cash at the start of the year	724,172	681,216
724,172	Cash held at the end of the year	370,879	733,773
Represented by:			
724,172	Cash and cash equivalents	370,879	733,773
-	Investments	-	-
724,172	Cash held at the end of the year	370,879	733,773

The GST (net) component of operating activities reflects the net GST paid and received with Inland Revenue. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The receipt from sale / (acquisition) of term deposits (net) component of investing activities reflects the term deposits paid and received with Westpac Bank. The term deposits (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these Financial Statements

Electoral Commission

Statement of Accounting Policies

For the year ended 30 June 2010

Reporting Entity

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

The principal activity of the Electoral Commission is to register political parties, party logos and third parties. The Commission also encourages and conducts public education about electoral matters. The primary objective is to provide public services to the New Zealand public, as opposed to that of making a financial return.

Accordingly the Electoral Commission has designated itself as a public benefit entity for the purpose of New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS").

The financial statements for the Electoral Commission are for the year ended 30 June 2010, and were approved by the Electoral Commission on 25 August 2010.

Basis of preparation

Statement of Compliance

The financial statements of the Electoral Commission have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice ("NZ GAAP").

The financial statements comply with NZ IFRSs, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Measurement base

The financial statements have been prepared on a historical cost basis.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Electoral Commission is New Zealand dollars.

Electoral Commission

Statement of Accounting Policies

For the year ended 30 June 2010

Standards and interpretations effective in the current period

NZ IFRS 8 on operating segments which became effective for periods commencing on or after 1 January 2009 has had no impact to the disclosures in these financial statements. Also, NZ IAS 1 on presentation of financial statements, which prescribes the basis for general purpose financial statements and minimum requirements for their structure, became effective during the year to 31 March 2010 and this has resulted in minor changes in the presentation of the information, including introducing the statement of comprehensive income for the first time.

Standards or interpretations not yet effective

Various standards, amendments and interpretations have been issued by the Accounting Standards Review Board but have not been adopted by the Electoral Commission as they are not yet effective and the Electoral Commission has not chosen to early adopt them.

New and amended financial reporting standards that have not been early adopted by the Electoral Commission.

NZ IAS 24: Related Party Disclosures (revised 2009)

NZ IAS 24 was revised in November 2009 and is effective for periods commencing on or after 1 July 2011.

The amendment to the standard affected primarily the definition of a related party. Whilst the change to that definition is significant, application of the amended criteria would not have resulted in the identification of any further parties related to the Electoral Commission. The amended disclosure requirements also include related party "commitments". The existing process of identification of related party transactions within the Electoral Commission has not included a review of commitments however the frequency of such transactions occurring is likely to be low. All the other disclosures required in the amended standard are already being made by the Electoral Commission.

NZ IFRS 9: Financial Instruments – Phase 1: Classification and Measurement

NZ IFRS 9 Phase 1 was issued in November 2009 and is effective for periods commencing on or after January 2013.

The new standard simplifies the classification criteria for financial assets, compared to the current requirements of NZ IAS 39. The new standard results in a reduced number of categories of financial assets and some consequential amendments to disclosure required by NZ IAS 1 "Presentation of Financial Statements" and NZ IFRS 7 "Financial Instruments: Disclosures". The Electoral Commission would not have any transactions to disclose under the new NZ IAS 1 and NZ IFRS 7 disclosure requirements relating to a gain or loss arising on derecognition of financial assets measured at amortised cost.

Other standards amendments and interpretations to existing standards have been published and are mandatory for periods commencing on or after 1 January 2010. The Electoral Commission have not early adopted them as they are not applicable to the Electoral Commission or the interpretation of the standards as clarified by amendments was the same as already applied by the Electoral Commission.

Electoral Commission

Statement of Accounting Policies

For the year ended 30 June 2010

Significant Accounting Policies

Revenue

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

Revenue from the Crown

The Electoral Commission is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of the Electoral Commission meeting its objectives as specified in the statement of intent.

Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates.

Interest

Interest revenue is recognised using the effective interest method.

Leases

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Electoral Commission are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the statement of financial performance.

Cash and cash equivalents

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

Investments

At each balance sheet date the Electoral Commission assesses whether there is any objective evidence that an investment is impaired.

Bank deposits

Investments in bank deposits are initially measured at fair value plus transaction costs.

After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method.

For bank deposits, impairment is established when there is objective evidence that the Electoral Commission will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy, and default in payments are considered indicators that the deposit is impaired.

Debtors and other receivables

Debtors and other receivables, comprising trade debtors and accrued interest, are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

Electoral Commission

Statement of Accounting Policies

For the year ended 30 June 2010

Property, plant and equipment

Property, plant and equipment asset classes consist of office equipment, furniture and fittings, computer equipment and leasehold improvements.

Property, plant and equipment are shown at cost or valuation, less any accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Electoral Commission and the cost of the item can be measured reliably.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of comprehensive income.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Electoral Commission and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as they are incurred.

Depreciation

Depreciation is calculated on a straight-line basis on property, plant and equipment once in the location and condition necessary for its intended use so as to write off the cost or valuation of the property, plant and equipment over their expected useful life to its estimated residual value.

The following estimated rates are used in the calculation of depreciation:

Office equipment	5 years	20.0%
Furniture and fittings	5 years	20.0%
Computer equipment	3 years	33.0%
Leasehold improvements	9 years	11.1%

Intangible assets

Software acquisition

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Electoral Commission

Statement of Accounting Policies

For the year ended 30 June 2010

Intangible assets (cont)

Costs associated with the development and maintenance of the Electoral Commission's website are recognised as an expense when incurred.

Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment.

Amortisation

Amortisation is charged on a straight-line basis over the estimated useful life of the intangible asset.

The following estimated rate is used in the calculation of amortisation:

Software	3 years	33.0%
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Impairment

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Electoral Commission would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The impairment loss is recognised in the statement of comprehensive income.

Creditors and other payables

Creditors and other payables, comprising trade creditors and other accounts payable are recognised when the Electoral Commission becomes obliged to make future payments resulting from the purchase of goods and services.

Employee entitlements

Short-term employee entitlements

Provisions made in respect of employee benefits expected to be settled within 12 months of reporting date, are measured at the best estimate of the consideration required to settle the obligation using the current remuneration rate expected.

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

Electoral Commission

Statement of Accounting Policies

For the year ended 30 June 2010

Superannuation schemes

Defined contribution schemes

Obligations for contributions to Kiwisaver are accounted for as defined contribution superannuation scheme and are recognised as an expense in the statement of comprehensive income as incurred.

Good and Service Tax (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to Inland Revenue (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

The Electoral Commission is a public authority and consequently is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

Budget figures

The budget figures are derived from the statement of intent as approved by the Commission at the beginning of the financial year. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by the Electoral Commission for the preparation of the financial statements.

Cash flow statement

The cash flow statement is prepared exclusive of GST, which is consistent with the method used in the statement of comprehensive income.

Definitions of the terms used in the cash flow statement are:

“Cash” includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash and includes at call borrowings such as bank overdrafts, used by the entity as part of its day to day cash management.

“Investing activities” are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.

“Financing activities” are those activities relating to changes in equity of the entity.

“Operating activities” include all transactions and other events that are not investing or financing activities.

Electoral Commission

Statement of Accounting Policies

For the year ended 30 June 2010

Critical judgments in applying the Electoral Commission's accounting policies

In the application of NZ IFRS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Electoral Commission

Notes to the Financial Statements

For the year ended 30 June 2010

1. Revenue from Crown

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 (2009: nil).

	2010 Actual \$	2009 Actual \$
2. Remuneration to auditors		
Audit of the financial statements	18,162	20,229
Total remuneration to auditors	<u>18,162</u>	<u>20,229</u>
3. Personnel costs		
Salaries and wages	264,605	481,203
Employer contributions to defined benefit plans	-	-
Increase/(decrease) in employee entitlements	10 (5,130)	(19,207)
Total personnel costs	<u>259,475</u>	<u>461,996</u>
4. Cash and cash equivalents		
Cash on hand	300	141
Cash at bank	370,579	322,026
Term deposit	-	402,005
Total cash and cash equivalents	<u>370,879</u>	<u>724,172</u>

Term deposits classed as cash and cash equivalents have an original maturity of three months or less.

5. Investments

Term deposit	<u>757,001</u>	<u>66,669</u>
Total investments	<u>757,001</u>	<u>66,669</u>

Term deposits classed as investments have an original maturity of greater than three months but less than twelve months. Term deposits have increased as a result of a change in operating strategy as the Electoral Commission plans for its functions to be transferred to a new Electoral Commission at 1 October 2010.

Electoral Commission

Notes to the Financial Statements

For the year ended 30 June 2010

	2010 Actual \$	2009 Actual \$
6. Debtors and other receivables		
Trade debtors	4,418	-
Accrued interest	4,887	5,887
GST receivable	2,773	9,639
	<hr/>	<hr/>
Debtors and other receivables	12,078	15,526

7. Property, plant and equipment held for realisation

	Office equipment	Computer equipment	Furniture & fittings	Leasehold improvement s	Total
	\$	\$	\$	\$	\$
Gross carrying amount					
Balance at 1 July 2008	2,780	40,784	26,945	112,541	183,050
Additions	-	-	-	-	-
Sales/transfers	-	-	-	-	-
Balance at 30 June 2009	<hr/> 2,780	<hr/> 40,784	<hr/> 26,945	<hr/> 112,541	<hr/> 183,050
Balance at 1 July 2009	2,780	40,784	26,945	112,541	183,050
Additions	-	-	-	-	-
Sales/transfers	-	-	-	-	-
Balance at 30 June 2010	<hr/> 2,780	<hr/> 40,784	<hr/> 26,945	<hr/> 112,541	<hr/> 183,050
Accumulated depreciation and impairment					
Balance at 1 July 2008	924	25,499	10,838	22,762	60,023
Depreciation expense	556	7,094	5,388	12,492	25,530
Sales/transfers	-	-	-	-	-
Balance at 30 June 2009	<hr/> 1,480	<hr/> 32,593	<hr/> 16,226	<hr/> 35,254	<hr/> 85,553
Balance at 1 July 2009	1,480	32,593	16,226	35,254	85,553
Depreciation expense	556	5,992	5,070	12,492	24,110
Sales/transfers	-	-	-	-	-
Balance at 30 June 2010	<hr/> 2,036	<hr/> 38,585	<hr/> 21,296	<hr/> 47,746	<hr/> 109,663
Net carrying amounts					
At 1 July 2008	1,856	15,285	16,107	89,779	123,027
At 30 June 2009 & 1 July 2009	1,300	8,191	10,719	77,287	97,497
At 30 June 2010	744	2,199	5,649	64,795	73,387

At 30 June 2010, property, plant and equipment have been reclassified in the statement of financial position as current assets. This is due to the disestablishment of the Commission on 30 September 2010, at which time the assets will vest in the new Commission.

Electoral Commission

Notes to the Financial Statements

For the year ended 30 June 2010

8. Intangible assets held for realisation

	Software \$	Total \$
Gross carrying amount		
Balance at 1 July 2008	4,768	4,768
Additions	-	-
Sales/transfers	-	-
Balance at 30 June 2009	<u>4,768</u>	<u>4,768</u>
Balance at 1 July 2009	4,768	4,768
Additions	-	-
Sales/transfers	-	-
Balance at 30 June 2010	<u>4,768</u>	<u>4,768</u>
Accumulated amortisation and impairment		
Balance at 1 July 2008	4,039	4,039
Amortisation expense	382	382
Disposals	-	-
Balance at 30 June 2009	<u>4,421</u>	<u>4,421</u>
Balance at 1 July 2009	4,421	4,421
Amortisation expense	251	251
Disposals	-	-
Balance at 30 June 2010	<u>4,672</u>	<u>4,672</u>
Net carrying amount		
At 1 July 2008	729	729
At 30 June 2009 & 1 July 2009	347	347
At 30 June 2010	96	96

At 30 June 2010, intangible assets have been reclassified in the statement of financial position as current assets. This is due to the disestablishment of the Commission on 30 September 2010, at which time the assets will vest in the new Electoral Commission.

	2010 Actual \$	2009 Actual \$
9. Creditors and other payables		
Trade creditors	12,341	13,623
Accrued expenses	22,362	17,586
Undrawn broadcast allocation	<u>66,669</u>	<u>66,669</u>
Total creditors and other payables	<u>101,372</u>	<u>97,878</u>

Electoral Commission

Notes to the Financial Statements

For the year ended 30 June 2010

9. Creditors and other payables (cont)

The average credit period on purchases is 30 days. For the majority of trade payables no interest is charged. The Electoral Commission has a financial risk management policy in place to ensure that all payables are paid within the credit timeframe.

As at 30 June 2010, broadcasting funds of \$66,669, provided to the Commission for political advertising in the 1996, 1999 and 2002 general elections were held by the Commission.

	2010 Actual	2009 Actual
	\$	\$
10 Employee entitlements		
Accrued salaries and wages	6,003	9,462
Annual leave	4,388	6,059
Total employee entitlements	<u>10,391</u>	<u>15,521</u>

11. Financial instruments

Categories of financial assets and liabilities

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

Financial assets

Cash and cash equivalents	370,879	724,172
Investments – term deposit	757,001	66,669
Debtors and other receivables	12,078	15,526
<i>Total financial assets</i>	<u>1,139,958</u>	<u>806,367</u>

Financial liabilities

Creditors and other payables	101,372	97,878
<i>Total financial liabilities</i>	<u>101,372</u>	<u>97,878</u>

Financial risk management objectives

The Electoral Commission does not enter into or trade financial instruments for speculative purposes. The Electoral Commission's activities expose it primarily to the financial risks of interest rates.

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.

Electoral Commission

Notes to the Financial Statements

For the year ended 30 June 2010

11. Financial instruments (cont)

Cash flow interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates.

The Electoral Commission is exposed to fair value and 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 and short term deposits with high credit-rated financial institutions.

The following table details the Electoral Commission's exposure to interest rate risk as at 30 June 2010.

	Weighted average effective interest rate %	Variable interest rate bearing \$	Non interest bearing \$	Total \$
(i) Financial assets:				
Cash and cash equivalents				
- Cash at bank	-	-	75,740	75,740
- Cash on call	3.40	294,839	-	294,839
- Cash on hand	-	-	300	300
Investments				
- Term deposits	4.69	757,001	-	757,001
Debtors and other receivables	-	-	12,078	12,078
Total financial assets:		<u>1,051,840</u>	<u>88,118</u>	<u>1,139,958</u>
(ii) Financial liabilities:				
Creditors and other payables	-	-	101,372	101,372
Total financial liabilities:		<u>-</u>	<u>101,372</u>	<u>101,372</u>

The following table details the Electoral Commission's exposure to interest rate risk as at 30 June 2009.

(i) Financial assets:				
Cash and cash equivalents				
- Cash at bank	-	-	51,538	51,538
- Cash on call	3.00	270,488	-	270,488
- Term deposit	3.70	402,005	-	402,005
- Cash on hand	-	-	141	141
Investments				
- Term deposit	8.30	66,669	-	66,669
Debtors and other receivables	-	-	15,526	15,526
Total financial assets:		<u>739,162</u>	<u>67,205</u>	<u>806,367</u>
(ii) Financial liabilities:				
Creditors and other payables	-	-	97,878	97,878
Total financial liabilities:		<u>-</u>	<u>97,878</u>	<u>97,878</u>

Electoral Commission

Notes to the Financial Statements

For the year ended 30 June 2010

11. Financial instruments (cont)

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. The Electoral Commission very rarely extends credit and places its cash with high credit quality financial institutions. The credit risk is also minimised as the deposits are subject to the provisions of the Government's deposit guarantee scheme that expires in October 2010.

Maximum exposures to credit risk at reporting date are:

	2010 Actual \$	2009 Actual \$
Cash and cash equivalents	370,879	724,172
Investments – term deposit	<u>757,001</u>	<u>66,669</u>
Total	<u>1,127,880</u>	<u>790,841</u>

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. Term deposits classed in cash and cash equivalents have a maturity date of less than three months. Term deposits classed as investments have an original maturity of greater than three months but less than twelve months.

Fair value of financial instruments

The Electoral Commission considers that the carrying amount of assets and financial liabilities recorded in the financial statements approximates their fair values.

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 (2009: maturity also less than six months). The Electoral Commission has sufficient cash on hand to meet these commitments as they fall due.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Electoral Commission is not subject to currency risk as it does not participate in any such financial instruments.

Electoral Commission

Notes to the Financial Statements

For the year ended 30 June 2010

12 Capital Management

The Electoral Commission's capital is its equity, which comprises accumulated funds. Equity is represented by net assets.

The Electoral Commission is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

The Electoral Commission manages its equity as a by-product of prudently managing income, expenses, assets, liabilities, investments, and general financial dealings to ensure the Electoral Commission effectively achieves its objectives and purpose, whilst remaining a going concern.

13. Net cash flow from operating activities

Reconciliation of Statement of Comprehensive income total comprehensive income with net cash flow from operating activities:

	2010 Actual \$	2009 Actual \$
Total comprehensive income for the year	312,376	488,372
Non cash items:		
- Amortisation	251	382
- Depreciation	24,110	25,530
Total non cash items	24,361	25,912
Movements in net assets and liabilities		
- (Increase)/decrease in accrued interest	1,000	383
- (Increase)/decrease in trade debtors	(4,418)	6,200
- (Increase)/decrease in prepayments	(1,510)	-
- (Increase)/decrease in GST refund due	6,866	10,008
- Increase/(decrease) in trade creditors	(1,282)	1,409
- Increase/(decrease) in employee entitlements	(5,130)	(19,207)
- Increase/(decrease) in other accruals	4,776	(19,138)
Total movements in net assets and liabilities	302	(20,345)
Net cash inflow from operating activities	337,039	493,939

Electoral Commission

Notes to the Financial Statements

For the year ended 30 June 2010

14. Employee remuneration

Remuneration and other benefits of \$100,000 per annum or more received by employees in their capacity as employees were:

	2010 Actual	2009 Actual
\$100,000 - \$109,999	0*	1
\$110,000 - \$119,999	0	0
\$120,000 - \$129,999	0	0
\$130,000 - \$139,999	0	0
\$140,000 - \$149,999	0	1

* The Commissioner who is Chief Executive is not an employee – see section 8 of the Electoral Act 1993. The Chief Executive's remuneration is disclosed in Note 16.

15 Related party transactions

The Electoral Commission is a wholly owned entity of the Crown. The Government significantly influences the role of the Electoral Commission as well as being its major source of revenue.

The Electoral Commission has entered into a number of transactions with Government departments, Crown agencies, and state-owned entities on an arm's length basis and in the course of their normal dealings.

Where those parties are acting in the course of their normal dealings with the Electoral Commission and the transaction are at arms length, related party disclosures have not been made for transactions of this nature.

During the year, the Electoral Commission received \$734,000 from the Crown (2009: \$5,189,000). There was no balance outstanding as at 30 June 2010 (2009: \$Nil).

There were no other related party transactions for the year ended 30 June 2010 (2009: \$Nil). There was no outstanding balance as at 30 June 2010 (2009: \$Nil).

16 Key management personnel compensation

Key management personnel comprised David Henry (appointed June 2009), as the Chief Executive, and all Commissioners. Dr Helena Catt (previously Chief Executive) completed her term in May 2009. The compensation of all key management personnel is set out below:

	2010 Actual \$	2009 Actual \$
Remuneration & short-term benefits		
- Dr Helena Catt	-	148,685
- David Henry	104,073	13,300
- Other Commissioners	653	14,436
Post-employment benefits	-	-
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
Total compensation	<u>104,726</u>	<u>176,421</u>

Electoral Commission

Notes to the Financial Statements

For the year ended 30 June 2010

17 Commitments

(i) Capital commitments

There are no capital commitments at reporting date (2009: \$Nil).

(ii) Operating lease commitments

Commitments existed for non-cancellable operating leases as follows:

	2010 Actual \$	2009 Actual \$
Less than one year	16,869	70,019
Between one and two years	-	67,477
Between two and five years	-	80,472
Later than five years	-	-
Total operating lease commitments	<u>16,869</u>	<u>217,968</u>

The lease for the premises at 119-123 Featherston Street in Wellington commenced on 1 August 2006, and has a term of 6 years. The lease expense is \$75,171 per annum (GST exclusive). The lease will vest in the new Commission at 1 October 2010. The current Electoral Commission is seeking proposals to assign the lease. Any such assignment would require the approval of the new Electoral Commission.

Operating lease commitments also include a photocopier lease of \$4,020 per annum (GST exclusive) which expires in May 2014. This lease will vest in the new Electoral Commission on 1 October 2010.

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

18 Contingent liabilities

There are no contingent liabilities at reporting date (2009: \$15,000)

19 Subsequent events

Except for the disestablishment of the Commission, as detailed in Note 21, there are no events subsequent to reporting date, that the Electoral Commission is aware of, that would have a material impact on the financial statements for the period ended 30 June 2010 (2009: Nil).

Electoral Commission

Notes to the Financial Statements

For the year ended 30 June 2010

20 Major budget variances

	2010 Actual \$	2010 Budget \$	Variance \$
Total comprehensive income for the year	312,376	44,829	267,547

The operating surplus was well in excess of budget as a result of agreed changes to the Statement of Intent. These changes reflect the scheduled closedown of the Electoral Commission on 30 September 2010 (see page 5 of the Annual Report for more detail). The changes have also substantially increased Current Assets (cash and investments) at balance date.

21. Disestablishment and going concern

Parliament passed the Electoral (Administration) Amendment Act 2010 on 21 May 2010. Section 19 of the Act states: "On 1 October 2010, all assets, records, liabilities and debts of the existing Electoral Commission vest in the new Electoral Commission."

Accordingly, the going concern assumption cannot be applied in these financial statements. However, as the assets and liabilities of the Commission vest in the new Electoral Commission on 1 October 2010, they have been included in these financial statements to 30 June 2010 at their carrying value. Any assets and liabilities at 1 October 2010 will be transferred at carrying value. Any write down of assets or onerous lease provisions will then be recognised in the accounts of the new Electoral Commission.

Audit Report

To the readers of the Electoral Commission's financial statements and statement of service performance for the year ended 30 June 2010

The Auditor-General is the auditor of the Electoral Commission (the Commission). The Auditor-General has appointed me, Clare Helm, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf. The audit covers the financial statements and statement of service performance included in the annual report of the Commission for the year ended 30 June 2010.

Unqualified opinion

In our opinion:

- The financial statements of the Commission on pages 21 to 41 that are prepared on a disestablishment basis:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Commission's financial position as at 30 June 2010; and
 - the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of the Commission on pages 16 to 20:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance as amended in November 2009, in accordance with section 148 of the Crown Entities Act 2004; and
 - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the amended statement of forecast service performance.

The audit was completed on 31 August 2010, and is the date at which our opinion is expressed.

The basis of our opinion, which refers to the transfer of the functions to the new Electoral Commission and the financial statements being appropriately prepared on a disestablishment basis, is explained below. In addition, we outline the responsibilities of the Members of the Commission and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Members of the Commission;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

Transfer of functions to the new Electoral Commission

In forming our opinion, we considered the accounting policy on page 41 about the financial statements being prepared on a disestablishment basis because of the Government's decision to transfer the functions of the Commission to the new Electoral Commission.

Legislation to implement these changes was enacted on 21 May 2010 in the Electoral (Administration) Amendment Act 2010. The financial statements have therefore been prepared on a disestablishment basis.

However, there has been no change to the measurement basis used for assets and liabilities. This is because all assets and liabilities of the Commission will be transferred to, and be relevant to, the new Electoral Commission. For that reason, the only adjustment made to the financial statements because of the disestablishment basis of preparation is to reclassify assets from non-current to current. We consider the basis of the preparation of the financial statements and the related disclosures to be appropriate to the Commission's circumstances.

Responsibilities of the Members of the Commission and the Auditor

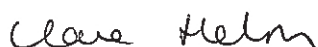
The Members of the Commission are responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Commission as at 30 June 2010 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Commission's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted in the statement of intent as amended in November 2009. The Members of the Commission's responsibilities arise from the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

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



Clare Helm
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the Electoral Commission for the year ended 30 June 2010 included on the Electoral Commission's website. The Commission is responsible for the maintenance and integrity of the Electoral Commission's website. We have not been engaged to report on the integrity of the Electoral Commission's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements as well as the related audit report dated 31 August 2010 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

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Auditor

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on behalf of the Auditor-General

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