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Annual report of the

**Electoral Commission**  
*Te Kaitiaki Take Kōwhiri*

for the year ended 30 June 2011

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Prepared in accordance with section 151 of the Crown Entities Act 2004 and section 31 of the Electoral (Administration) Act 2010 for presentation to the House of Representatives by the Minister of Justice

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ELECTORAL COMMISSION  
Te Kaitiaki Take Kōwhiri

18 October 2011

The Hon Simon Power  
Minister of Justice  
Parliament Buildings  
WELLINGTON

Dear Minister

It is our honour to provide you with the annual report of the Electoral Commission, Te Kaitiaki Take Kōwhiri, for the period 1 October 2010 to 30 June 2011, covering the first nine months of the new Electoral Commission's operations.

The report has been prepared and is presented in accordance with section 151 of the Crown Entities Act 2004.

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

As required by Section 31 of that legislation, activities for the former Electoral Commission for the 3 months ending 30 September 2010 are included as an appendix to this annual report.

Yours sincerely

A handwritten signature in black ink, appearing to read "Hugh Williams". The signature is fluid and cursive, with a long, sweeping underline.

Hon Sir Hugh Williams QC  
Chair

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## Vision

**Maintain public confidence in the administration of electoral laws.**

## Part 1 Year in Review – Key Points

### Introduction

The Electoral Commission has been created by the Electoral (Administration) Act 2010. From 1 October 2010 the Act brought together the functions of the Chief Electoral Office, which was responsible for conducting elections and administering electoral laws relating to candidates, and the former Electoral Commission, which was responsible for public education and administering electoral laws relating to political parties.

The second stage of administrative reform will take place on 1 July 2012 when the Chief Registrar of Electors' functions are to be transferred to the Commission. After the transfer the expectation is that the Electoral Enrolment Centre will continue to provide enrolment services under contract of delegation to the Commission.

### The Board

The Chair of the Board, the Hon Sir Hugh Williams QC, and the Chief Electoral Officer, Robert Peden, were appointed to the Board on 25 August 2010 by the Governor-General, following a Motion of the House of Representatives. Mr Peden is also the Chief Executive. The appointment of Ms Jane Huria to the third position of Deputy Chair was made after year-end.

The Board assumed its statutory functions under the electoral laws on 1 October 2010. As an independent Crown entity under the Crown Entities Act 2004 the Commission is subject to the normal accountability requirements in relation to the Minister of Justice. However the Commission is not subject to ministerial direction in discharging its electoral functions and must act independently.

### Overview of the Year:

### Financial Position

The Commission ended the year with a surplus of \$2.970m, resulting primarily from the early announcement of a November election date. The announcement gave certainty to election planning through the middle of the year and a number of key procurement activities were able to be re-scheduled to best fit with the confirmed date. The majority of the surplus will be applied in the first half of the new year in the lead up to the 26 November General Election and Referendum on the Voting System.

Total Crown Revenue of \$14.558m for the nine months to 30 June included additional funding of \$1.550m received during the period for the conduct of the Mana, Botany, and Te Tai Tokerau by-elections, and \$1.258m being the residual Chief Electoral Office funding for the period from July to September transferred to the Commission in May 2011.

## **Output 1: Preparations for and conduct of the general election and referendum**

This was a pre-election year with a focus on preparation for the upcoming 26 November 2011 General Election and Referendum on the Voting System. As at 30 June all processes and systems for the delivering of the election and referendum had been designed, built and tested, Returning Officers had been appointed to the 63 General and 7 Maori Electorates, Electorate Headquarters secured (with the exception of Christchurch), and potential polling places identified.

## **Output 2: Preparations for and conduct of referenda**

There were no stand-alone referenda during the period covered by this annual report.

## **Output 3: Conduct of by-elections and filling of list vacancies**

Three by-elections were conducted by the Electoral Commission through the period:

- Mana - 20 November 2010
- Botany - 5 March 2011, and
- Te Tai Tokerau - 25 June 2011.

One list vacancy was notified to the Commission on 6 April and was filled on the same day.

All statutory deadlines and performance measures were met.

## **Output 4: Services to political parties, candidates and third parties**

### **Guidance**

The Electoral (Finance Reform and Advance Voting) Bill was passed on 20 December and came into force on 1 January 2011. The first edition of guidance material for parties, candidates and third parties was published on 25 February 2011, the second on 1 July 2011. Guidance material for Members of Parliament on election advertising rules was published 8 June.

Included in the bill was a new statutory requirement for the Commission to provide advisory opinions on whether advertisements are election advertisements (s204I). As at 30 June the Commission had received 97 requests, with most responded to within three days. The Commission continues to receive numerous requests involving significant staff time.

### **Registration of Political Parties and Logos**

During the preceding nine months two new parties were registered, and two parties requested the cancellation of the registration of their party, one of which also requested the cancellation of their logo, and two new substitute logos were registered. There were 15 political parties and 43 political party logos registered as at 30 June 2011.

### **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 membership, and 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 whether it has at least 500 current financial members who are eligible to enrol as electors.

All but one party had filed the annual declaration and provided information indicating they have satisfactory membership processes. Follow-up action was being taken regarding one party.

## **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 2 May 2011 disclosing all donations received in the previous calendar year which exceeded \$10,000 in value, or a series of donations from the same donor which in aggregate exceeded \$10,000 in value, contributions to donations from the same contributor which either alone or in aggregate exceeded \$10,000 in value, anonymous donations which exceeded \$1,000, donations or contributions from overseas persons which exceed \$1,000, and donations protected from disclosure.

Of 16 parties required to file returns by 2 May 2011 five parties filed completed returns, eight filed nil returns, and three failed to file. Of the three parties that failed to file, one immediately requested deregistration while the other two were reported to the Police for failing to file a return within the statutory deadline. Of these two one subsequently filed a return while the second was de-registered at its request.

Six parties disclosed donations as set out in Table 1.

<b>Table 1: Political Party Annual Donation Returns</b>	
<b>Party name</b>	<b>donations &gt;\$10,000 (\$)</b>
ACT New Zealand	19,000.00
Jim Anderton's Progressive	13,000.00
Māori Party	10,171.50
New Zealand Labour Party	56,720.00
The Greens, The Green Party of Aotearoa/New Zealand	136,786.64
The New Zealand National Party	397,820.50

## **Returns of Donations for the 2010 Calendar year to Registered Political Parties Exceeding \$20,000**

Under the statutory regime in place up to 31 December 2010 every political party that received a donation over \$20,000 or a series of donations from the same person within the previous twelve months that totalled \$20,000, had to provide a return to the Commission within 10 working days of receiving the donation or the donation which took the aggregate over \$20,000.

Table 2 lists the parties that disclosed receiving donations exceeding \$20,000.

<b>Table 2: Political Party Returns of Donations Exceeding \$20,000 in the 2010 Calendar Year</b>			
<b>Party name</b>	<b>Donations &gt;\$20,000 (\$)</b>	<b>Date of Donation</b>	<b>Date of Return</b>
New Zealand National Party	25,000	24 November 2010	24 November 2010
New Zealand National Party	50,000	30 July 2010	30 July 2010
New Zealand National Party	150,000	30 July 2010	30 July 2010

## **Returns of Donations to Registered Political Parties Exceeding \$30,000 since 1 January 2011**

Under the Electoral (Finance Reform and Advance Voting) Amendment Act 2010 that came into force on 1 January 2011, every political party that receives a donation over \$30,000 or a series of donations from the same person within the previous twelve months that totalled \$30,000, must provide a return

to the Commission within 10 working days of receiving the donation or the donation which takes the aggregate over \$30,000.

One party filed a return shortly after the statutory deadline. An explanation was sought and was provided by the party. The Commission decided to take no further action.

Table 3 lists the parties that disclosed receiving donations exceeding \$30,000.

<b>Table 3: Political Party Returns of Donations Exceeding \$30,000 since 1 January 2011</b>			
<b>Party name</b>	<b>Donations &gt;\$30,000 (\$)</b>	<b>Date of Donation</b>	<b>Date of Return</b>
ACT New Zealand	52,335	21 March & 13 June 2011	6 July 2011
New Zealand National Party	100,000	31 May 2011	8 June 2011
ACT New Zealand	100,520	12 May 2010 to 20 May 2011	30 May 2011

### ***Donations Protected from Disclosure***

The Electoral Act provides a mechanism for donors to make donations exceeding \$1,500 to political parties via the Commission and without their identity being disclosed to either the public or the recipient parties. With limited exceptions, it is an offence for any person to disclose any details about donations protected from disclosure. The Commission is required to make payments to recipients weekly, during the period between writ day and the return of the writ at any general election, and monthly at any other time.

Two donations were received and paid out by the Commission in the reporting period.

## **Output 5: Services to electors and voters**

A disability action plan was developed and published 1 April 2011. Also developed over the last nine months were two comprehensive public information and education campaigns; firstly for EasyVote and secondly for the Referendum on the Voting System being held with the election this year.

### **The Referendum Information Campaign**

The Commission launched its information and education programme for the 2011 Referendum on the Voting System on 30 May.

With the Rugby World Cup in mind, the Commission's programme is being delivered in two phases. The first phase, from late May until early October, is about raising awareness that the Referendum is on, and presenting information face-to-face through a series of meetings with community groups.

The second phase, starting on 9 October and running until Election Day, will be about engaging voters through a comprehensive advertising campaign across television, radio, print and online which explains the two questions, the options, and the implications of the Referendum.

All registered electors were sent information in June about the Referendum. A more detailed brochure will be delivered to every household in October and, in November, every enrolled elector will receive the same brochure in their EasyVote information pack.

The Commission's website, [www.elections.org.nz](http://www.elections.org.nz) has comprehensive information and resources on the Referendum. The site includes simple animated videos about each of the voting systems being presented in the Referendum, which can be viewed online or downloaded. Members of the public



without access to the internet are able to contact our free phone service 0800 36 76 56 for more information.

### **Outreach Strategies**

As part of the overall 2011 General Election Electoral Communications Strategy, the Electoral Commission and Electoral Enrolment Centre share outreach strategies targeted at specific audiences.

There is a particular emphasis on those who are traditionally hard to reach with electoral information.

The objectives of the outreach strategy include:

- contributing to improved engagement in electoral matters and participation by each of the targeted audience in electoral events, and.
- raise awareness of electoral matters including how to take part and to make it as easy as possible for them to do so.

Individual strategies developed and implemented during the last nine months include:

- Electoral Agencies Outreach to Māori - Strategy 2011
- Electoral Agencies Outreach to Ethnic Communities – Strategy 2011
- Electoral Agencies Outreach to Pacific Peoples - Strategy 2011
- Electoral Agencies Outreach to Youth – Strategy 2011

### **Māori**

Māori have a choice, at the time of first registering as an elector and thereafter following each census, of registering on the Māori electoral roll and voting in the Maori electorates or registering on the general roll and voting in the general electorates. To reduce barriers for Māori we:

- provide information in te reo Māori in our key communications, including the EasyVote pack
- work closely with Registrars of Electors in the face to face outreach programmes that encourage Māori to enrol and vote
- ensure that those voting on the Māori roll get the same level of services as those voting on the general roll
- integrate counting of votes for Māori electorates with the counting of votes for general electorates, so that there are no undue delays with reporting results for Māori electorates.

Voter opinion surveys after the 2008 general election suggest these initiatives are effective for those who participate. Māori voters have similar voting experiences as others. For example their satisfaction levels with the polling place, queuing times and service are very similar. Their usage of the EasyVote card is at 84% compared to 88% generally. In relation to the timeliness of results 85% are satisfied compared to 90% generally.

### **Maintaining Confidence in the Administration of the Electoral System**

We have referred twelve complaints to the New Zealand Police in the nine months to 30 June. Three related to advertising in the Mana By-election, six related to dual voting in the Botany By-election, and one related to advertising in the Botany By-election. These ten all remain open.

A further two related to a failure to file an annual donation return which were subsequently resolved and withdrawn.

## Output 6: Allocation of broadcasting monies and supervision

The Commission is required under Part 6 of the Broadcasting Act to allocate time made available by TVNZ and RNZ and money made available by Parliament to enable political parties to broadcast election programmes during the election period for a general election ('the broadcasting allocation'). Section 75(1) of the Act specifies a party is only eligible for the broadcasting allocation if:

- (a) the party was registered on the Register of Political Parties at the time of the dissolution or expiry of Parliament for that election, and
- (b) the party has given notice to the Commission that the party considers itself to be qualified for an allocation by the date required by the Commission.

The Commission is required to advertise in the Gazette in the year in which Parliament is due to expire the date by which parties must give notice of their eligibility for an allocation of broadcasting time and money. For the 2011 broadcasting allocation the deadline was 17 March 2011 and fifteen parties gave the required notice.

The allocation for the 2011 General Election was announced on 1 June. Table 4 shows the distribution of the total funding pool.

<b>Table 4: Broadcasting Allocation 2011</b>			
	<b>Monetary allocation (inclusive of GST)</b>	<b>Time allocation of opening addresses (in minutes)</b>	<b>Time allocation for closing addresses (in minutes)</b>
<b>New Zealand Labour Party (Labour Party)</b>	\$1,150,000	20	16
<b>The New Zealand National Party (National Party)</b>	\$1,150,000	20	16
<b>The Green Party of Aotearoa/New Zealand (Green Party)</b>	\$300,000	8	7
<b>ACT New Zealand (ACT Party)</b>	\$160,000	5	4
<b>Māori Party</b>	\$160,000	5	4
<b>New Zealand First (NZ First)</b>	\$100,000	3	2.5
<b>United Future New Zealand (United Future)</b>	\$100,000	3	2.5
<b>The Alliance (Alliance)</b>	\$20,000	1	1
<b>Aotearoa Legalise Cannabis Party (ALCP)</b>	\$20,000	1	1
<b>Coalition of New Zealanders</b>	\$20,000	1	1
<b>The Kiwi Party (Kiwi Party)</b>	\$20,000	1	1
<b>Libertarianz</b>	\$20,000	1	1
<b>New Zealand Sovereignty Party</b>	\$20,000	1	1
<b>Pirate Party of New Zealand</b>	\$20,000	1	1
<b>World Peace Party</b>	\$20,000	1	1
<b>Radio New Zealand (RNZ)*</b>	\$3,250	-	-
<b>Total allocated</b>	\$3,283,250	72	60
<b>Total available</b>	\$3,283,250	72	60

\* Allocated to RNZ in accordance with section 77A(5) of the Broadcasting Act 1989

In specified circumstances the Commission can vary the allocations made without further consultation. Such circumstances include for example,

- a party ceasing to be registered or, as the case may be, failing to be registered by the time of the dissolution or expiry of Parliament.
- a party failing to submit a list of candidates pursuant to section 127 of the Electoral Act
- the relationship of the party with any other political party changing significantly.

### **Output 7: Policy Advice on electoral law**

The Commission was appointed as adviser to the Electoral Legislation Committee through the parliamentary stages of the Electoral (Finance Reform and Advance Voting) Amendment Act and the Electoral Referendum Act. Both Acts were passed on 20 December 2010 and came into force 1 January 2011.

The Commission provided advice to Ministry of Justice officials on the initial briefing paper for the select committee on the Electoral (Administration) Amendment Bill (No. 2).

The Commission has provided advice/assistance/comment to agencies on the following matters:

- Draft Order in Council and Cabinet Paper relating to the inflation adjustment of the party election expenditure limit effective 1 July 2011 under section 266A
- Advice to State Services Commission on the draft publication 'State Servants, Political Parties and Elections: Guidance for the 2011 Election Period'
- Advice to Statistics NZ on the Census options Cabinet paper
- Comments to Treasury on the Spending Cap (People's Veto) Bill - Cabinet paper & draft bill
- Comments to Ministry of Justice re the future of the Census and electoral implications

### **Output 8: Services to the Representation Commission**

The work of the Representation Commission was to begin in the 2012 financial year with the provision of information from Statistics New Zealand and Land Information New Zealand. The 2011 Census was deferred following the 22 February Christchurch earthquake. The next Census is now scheduled to be held in March 2013.

The Representation Commission is now expected to convene to consider boundary decisions in late 2013

## Annex 1 – Documentation for Public Inspection

The Electoral 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 for the 2010 calendar year
- Registered political parties' returns of donations exceeding \$30,000 from 1 January 2011
- Registered political parties' returns of election expenses and auditors' reports
- Constituency candidates' returns of donations and election expenses
- Report on donations protected from disclosure
- Broadcasting Allocation Decision 2011
- Broadcaster's returns of election programme broadcasts\*.

Records marked above with an \* are available only in the office. All others can also be viewed in full or summary form on [www.elections.org.nz](http://www.elections.org.nz).



## Part 2 Statement of Service Performance and Financial Statements

### Introduction

The statement of service performance and financial statements for the nine months ended 30 June 2011 follow.

For the nine months 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

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

The Board of the Electoral Commission has the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board's opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of the Electoral Commission for the nine months ended 30 June 2011.

Signed on behalf of the Board:



Hon Sir Hugh Williams QC  
Chair



Robert Peden  
Chief Electoral Officer

## Statutory Objective and Functions (Electoral Act 1993, Section 5)

The Electoral Act defines the objective of the Electoral Commission as:

"... to administer the electoral system impartially, efficiently, effectively, and in a way that-

- (a) facilitates participation in parliamentary democracy; and
- (b) promotes understanding of the electoral system; and
- (c) maintains confidence in the administration of the electoral system."

The statutory functions of the Electoral Commission are defined by law and in summary comprise-

- the preparation for, and conduct of, general elections, by-elections and referenda
- services to candidates, political parties and third parties
- services to electors and voters
- allocating government monies and broadcasting time to registered political parties for radio and television broadcasting
- promoting compliance with the electoral laws
- promoting public awareness of electoral matters through education and information programmes
- advice to the Minister and the House on electoral matters referred to the Commission.

The Commission does not conduct the enrolment of electors, which is the responsibility of the Electoral Enrolment Centre.

## Statutory Disclosures

There are no disclosures to be made in accordance with the Crown Entities Act 2004 s.151 in respect of ministerial directions, enforcement of natural person transactions, indemnity provided to members, insurance effected for members or staff, or conflicts of interest.

## Members and Employees

The compensation of the Chief Electoral Officer and Board members is set out below:

Commission Members	Remuneration paid or payable in the nine months to 2010/11
Chair Hon Sir Hugh Williams QC	\$28,098
Board Member & Chief Electoral Officer Robert Peden	\$165,813

No employees of the Commission received remuneration and other benefits of \$100,000 or more in their capacity as employees, for the period 1 October 2010 to 30 June.

## Good Employer

The Commission promotes Equal Employment Opportunities (EEO) to ensure that its people capability practices are in line with its obligations as a 'good employer'. Given the newness of the Commission its policy is under ongoing development. The current policy is based on that of the Ministry of Justice and the former Electoral Commission and is an integral part of the organisational health and capability component of the Commission's Statement of Intent for 2011/14, encouraging active staff participation in all EEO related matters.

The Commission has 23 permanent FTE staff all located at its National Office in Wellington.

The Commission's activities against the seven key elements of being a 'good employer' are summarised below.

***Leadership, accountability and culture.***

- committed leadership to equality and diversity within the Commission

***Recruitment, induction and selection***

- robust recruitment and selection processes

***Employee development, promotion and exit***

- personal development for all staff
- equal access to development and promotion opportunities

***Flexibility and work design***

- organisation-wide flexible working programme
- provision of a parent room

***Remuneration, recognition and conditions***

- transparent, equitable and gender-neutral job evaluation practices

***Harassment and bullying prevention***

- accessible employee code of conduct and relevant policies

***Safe and healthy environment***

- strong focus on employee health, safety and wellbeing through provision of support services including employee assistance programme

## Statement of Service Performance for the Nine Months Ending 30 June 2011

The Commission's work for 2010/11 was structured under eight outputs that reflect its statutory roles:

- Preparation for and conduct of the General Election
- Preparation for and conduct of referenda
- Preparation for and conduct of by-elections and filling list vacancies
- Services to Political parties, candidates and third parties
- Services to electors and voters
- Allocation of broadcasting monies and supervision
- Policy advice on electoral laws
- Services to the Representation Commission

Performance measures within each output were agreed by the Minister of Justice in November 2010 as part of our initial Statement of Intent and Memorandum of Understanding. They reflected the new environment as a result of government proposals, enacted in May 2010, for a new Electoral Commission to assume the statutory functions of the former Commission, and those of the Chief Electoral Office, with effect from 1 October 2010.

<b>Output 1 Preparation for and conduct of the general election and referendum</b>		
<b>Output</b>	<b>Measures (quantity/quality/ timeliness)</b>	<b>Achievement for 9 months ended 30 June 2011</b>
Processes to support the conduct of the 2011 general election and referendum are developed.	Processes have been reviewed for legislative compliance and are successfully tested.  All vote issuing and counting processes are tested.  Processes frozen by 31 December 2010.	Processes, documentation, and systems were reviewed and fully tested with processes then frozen at the end of May 2011.  The delay of 5 months in freezing the systems was a result of the resources being re-directed to running the Mana (November 2010) and Botany (March 2011) by-elections.
Key field managers are appointed and receive intensive training on the administration of the 2011 general election and referendum.	Returning Officers and their immediate management team receive training to the satisfaction of the recipients.  All Returning Officers will receive at least two formal training sessions.  All Managers will receive at least one formal training session.  Returning Officers appointed by 30 November 2010.  Managers appointed by 31 May 2011.  All Returning Officers and Managers trained by 30 June 2011.	All Returning Officer appointments were made by 30 November.  The first of two formal training sessions for ROs was undertaken in January/ February 2011. The second is scheduled for August  Recruitment of HQ Managers started on March 2011 and was completed in May 2011.  The announcement of the election date allowed the June training of field managers to be moved back to August. This was to enable staff to be trained as close as possible to when they will put their training into effect.



		All field managers training will be complete by 31 August.
<p>Polling places and advance voting facilities to be used for the election and referendum are identified.</p>	<p>Polling places and advance voting facilities descriptions are accurately captured.</p> <p>Polling places and advance voting facilities are correctly rated for access by voters with disabilities in accordance with standards set by the Barrier Free NZ Trust.</p> <p>Approximately 2,600 polling places are identified for use in New Zealand.</p> <p>Approximately 260 advance voting facilities are identified for use in New Zealand.</p> <p>Possible polling places and advance voting facilities are identified and assessed by June 2011</p>	<p>Potential polling places and advance voting facilities were identified and inspected by 30 June, apart from a few in Christchurch which are currently being investigated.</p> <p>The checklist applied by Returning Officers had been approved by Barrier Free NZ.</p>
<p>Facilities to support the work of the Returning Officer are established.</p>	<p>Properties for temporary electorate headquarters of approximate 600sqm per electorate are leased. Where practical, headquarters will be co-located with one or more other electorates and/or use suitable space available from within the state sector.</p> <p>ICT services are installed ready for use.</p> <p>Headquarters for 70 electorates to be established.</p> <p>All headquarters secured and set up by 31 May 2011.</p>	<p>With the exception of the Christchurch region, all Headquarters were secured and set up by 31 May.</p> <p>The original Christchurch HQ secured in October 2010 was no longer viable following the February earthquake, but potential replacement and backup locations were identified and negotiations entered to secure these.</p> <p>The roll-out of ICT equipment to electorate headquarters was completed with the exception of Christchurch, with those seven electorates expected to be secured and set up by mid September.</p>
<p>Facilities to provide voting to overseas voters are identified.</p>	<p>Agreement is reached with agencies that will provide overseas voting facilities.</p> <p>Systems to support the issuing of votes to overseas voters are frozen by 31 Dec 2010.</p> <p>Overseas Returning Officers are appointed by 30 June 2011.</p>	<p>EC worked with MFAT to determine which facilities will be provided to overseas voters.</p> <p>Changes to the system enabling overseas voters to download voting papers and ECs internal management system are now frozen. Both systems were successfully used for the Botany and Te Tai Tokerau by-elections.</p> <p>75% of the 77 appointments of Overseas Returning Officers were completed by 30 June 2011. Appointments were made to the remaining positions in July 2011.</p>

<b>Output 2 Preparation for and conduct of referenda</b>		
<b>Output</b>	<b>Measures (quantity/quality/ timeliness)</b>	<b>Achievement for 9 months ended 30 June 2011</b>
<p>The 2011 referendum will be held with the 2011 general election. Preparations for and conduct of the referendum are fully integrated into the processes for the general election. Consequently, the performance measures and standards in Output 1 apply to Output 2 also.</p> <p>In the event a standalone referendum is to be held in an electoral cycle, appropriate performance measures and standards will be developed.</p>		<p>There were no stand alone Referenda during the period.</p>

<b>Output 3 Conduct of by-elections and filling of list vacancies</b>		
<b>Output</b>	<b>Measures (quantity/quality/ timeliness)</b>	<b>Achievement for 9 months ended 30 June 2011</b>
<p>By-elections are conducted where required.</p>	<p>By- election is conducted in accordance with the provisions of the Electoral Act 1993.</p> <p>Statutory deadlines are met.</p> <p>100% of advance votes results are released by 7.30pm on by-election day.</p> <p>50% of polling place results released by 9.00pm on election night.</p> <p>100% of polling place results released by 10.00pm on election night.</p> <p>Official results of by-election are declared 12 days after the day of by-election.</p>	<p>The Mana by-election (20 November 2010), the Botany by-election (5 March 2011), and the Te Tai Tokerau by-election (25 June 2011) were successfully delivered with all statutory deadlines and performance measures met.</p> <p>Statutory returns for the Te Tai Tokerau by-election are due 30 September 2011.</p>
<p>Declare election of list members to vacancies.</p>	<p>Declaration of list members to vacancies is in accordance with the provisions of the Electoral Act 1993.</p> <p>Declaration published within three working days of notification of vacancy.</p>	<p>One vacancy arose during the period being reported on. The notice of a vacancy was gazetted on 6 April, and the declaration of a list member to fill the vacancy was published on the same day.</p>

### Output 4 Services to Political parties, candidates and third parties

Output	Measures (quantity/quality/ timeliness)	Achievement for 9 months ended 30 June 2011
Services for the registration and cancellation of political parties and logos.	<p>Political parties and logos are registered or cancelled in compliance with legislation.</p> <p>Information about the registration and cancellation process is readily available to the public.</p> <p>No justified complaints from parties regarding the quality of response.</p> <p>A completeness review will be undertaken within 10 days of receipt of application for registration or cancellation.</p> <p>Political parties and logos will be registered or cancelled at the next most practicable Board meeting, or by Board resolution, following the public notification period.</p>	<p>Two new Parties were registered, three Parties were de-registered, and substitute Logos were registered for two Parties. All well within targeted timelines.</p> <p>Full information about registration and cancellation is available through the Elections website.</p> <p>No complaints were received in the period.</p>
Candidate, party and third party guidance is made available to assist with their compliance with electoral and campaigning rules.	<p>Guidance material has been assessed as legally accurate and is readily available to the public.</p> <p>Other guidance to be provided to individual parties, candidates or third parties on request to internal standards and in a timely manner.</p> <p>No justified complaints regarding the quality of response.</p> <p>Guidance material will be available within two months of new legislation being enacted.</p>	<p>The Electoral (Finance Reform and Advance Voting) Bill was passed on 20 December 2010 and enacted 1 January 2011.</p> <p>The first edition of guidance material for parties, candidates and third parties was published on 25 February 2011, the second on 1 July 2011.</p> <p>Guidance material for Members of Parliament on election advertising rules was published 8 June.</p> <p>As at 30 June the Commission had issued 97 Advisory Opinions in accordance with s204I.</p>
Promote party compliance with legislation.	<p>Review returns of donations for the year ended 31 December 2010 due for filing 30 April 2011.</p> <p>All complete returns published within three working days of receipt.</p> <p>Follow up action as required within 15 working days of receipt or failure to furnish.</p> <p>Review any returns of donations exceeding the maximum (\$20,000 before 1 Jan11, \$30,000 after) in the aggregate.</p> <p>All returns published within 3 working days of receipt.</p> <p>Follow up action as required with 15</p>	<p>Annual Party Donation returns were due 2 May 2011. 13 returns were filed on time, 1 late. The returns have been checked and are available for public inspection.</p> <p>Two Parties failed to file returns and were referred to the Police. One of those Parties has now been de-registered at their request, while the second subsequently filed a return.</p> <p>All returns of Donations were reviewed and no breaches of the rules found.</p> <p>All Declarations have been</p>

	<p>working days of receipt.</p> <p>Review annual party declarations of membership due 30 April 2011.</p> <p>All declarations are reviewed for completeness within 15 working days of receipt.</p> <p>Declarations not furnished by the due date and incomplete returns are subject to follow-up action within 15 working days.</p> <p>Inquiries into eligibility for continued registration are initiated by 31 May 2011.</p> <p>Amendments to the published register are made within 10 working days of any relevant Board decisions.</p>	<p>received and reviewed. Follow-up action was being taken with one party as at 30 June.</p>
<p>Donations protected from disclosure are processed.</p>	<p>Processing complies with the Electoral Act 1993.</p> <p>Table of statutory information published every 3 months</p>	<p>Two donations were received this year and have been paid out.</p> <p>The December and March Quarterly Reports were published and are available on our website.</p>

<b>Output 5 Services to electors and voters</b>		
<b>Output</b>	<b>Measures (quantity/quality/ timeliness)</b>	<b>Achievement for 9 months ended 30 June 2011</b>
<p>Plans and resources for a comprehensive EasyVote public education campaign are developed.</p>	<p>Information is clear, accurate and readily available to the public.</p> <p>Campaign will be ready to implement by May 2011.</p>	<p>The Campaign has been prepared and will be launched two weeks out from the day of the General Election.</p>
<p>Strategy plans and resources for a comprehensive referendum public education campaign are developed.</p>	<p>Information is clear, accurate and readily available to the public.</p> <p>Campaign will be ready to implement by May 2011.</p>	<p>The Campaign (Stage 1) was launched in May 2011.</p>
<p>A disability action plan is developed.</p>	<p>The action plan takes account of feedback from consultation and clearly describes any proposed initiatives to improve access to election services at the 2011 election and referendum.</p> <p>The completed disability action plan will be published in February 2011.</p>	<p>The action plan was published on 1 April 2011. Copies are available through our website.</p>

### Output 6 Allocation of broadcasting monies and supervision

Output	Measures (quantity/quality/ timeliness)	Achievement for 9 months ended 30 June 2011
Broadcasting monies are allocated to registered political parties only in election year. Performance measures and standards will be contained in the Forecast Statement of Service Performance for the year ended 30 June 2012.		The Broadcasting allocation decision of the Commission was published on 1 June 2011

### Output 7 Policy advice on electoral laws

Output	Measures (quantity/quality/ timeliness)	Achievement for 9 months ended 30 June 2011
Accurate advice is provided as required on electoral matters.	<p>Independent and accurate information and advice is provided to the Minister and the Ministry of Justice to support consideration of Electoral (Finance and Advance Voting) Amendment Bill, Electoral Referendum Bill, and the second stage of electoral agency reform to internal standards and in a timely manner.</p> <p>Independent and accurate information and advice is provided on other legislative or policy proposals to internal standards and in a timely manner.</p>	<p>The Commission was appointed as an advisor to the Electoral Legislation Committee through parliamentary stages of the Electoral (Finance Reform and Advance Voting) Amendment Act and the Electoral Referendum Act. Both Acts were passed on 20 December 2010 and came into force 1 January 2011.</p> <p>Advice provided to Ministry of Justice officials on the initial briefing paper for the select committee on the Electoral (Administration) Amendment Bill (No. 2).</p> <p>The Commission has provided advice to other agencies on the following matters:</p> <ul style="list-style-type: none"> <li>• Draft Order in Council and Cabinet Paper relating to the inflation adjustment of the party election expenditure limit effective 1 July 2011 under section 266A</li> <li>• Advice to State Services Commission on the draft publication 'State Servants, Political Parties and Elections: Guidance for the 2011 Election Period'</li> <li>• Advice to Statistics NZ on the Census options Cabinet paper</li> <li>• Comments to Treasury on the Spending Cap (People's Veto) Bill - Cabinet paper</li> </ul>

### Output 8 Services to the Representation Commission

<b>Output</b>	<b>Measures (quantity/quality/ timeliness)</b>	<b>Achievement for 9 months ended 30 June 2011</b>
<p>The work of the Representation Commission begins in the 2012 financial year with the provision of information from Statistics New Zealand and Land Information New Zealand. Appropriate performance measures and standards will be contained in the Forecast Statement of Service Performance for the year ended 30 June 2012.</p>		<p>The 2011 Census was called off following the 22 February Christchurch earthquake. The next Census will now be held in March 2013.</p>

## Electoral Commission

### Statement of Comprehensive Income

for the nine months ended 30 June 2011

	Notes	2011 Actual \$000	2011 Budget \$000
<b>Revenue</b>			
Revenue from Crown	1	14,558	11,750
Interest		146	15
Other revenue		39	7
<b>Total revenue</b>		<b>14,743</b>	<b>11,772</b>
<b>Expenditure</b>			
Personnel costs	2	2,865	3,173
Depreciation and amortisation expense	5,6	51	106
Remuneration to auditors		65	50
Operating costs	3	8,792	8,421
<b>Total expenditure</b>		<b>11,773</b>	<b>11,750</b>
<b>Total comprehensive income</b>		<b>2,970</b>	<b>22</b>

Explanations of significant variances against budget are detailed in note 18.

## Electoral Commission

### Statement of Financial Position

as at 30 June 2011

		<b>2011 Actual \$000</b>	<b>2011 Budget \$000</b>
<b>Current Assets</b>	<b>Note</b>		
Cash and cash equivalents	4	5,434	1,475
Investments		-	305
Debtors and other receivables		-	4
Prepayments		122	6
<b>Total current assets</b>		<b>5,556</b>	<b>1,790</b>
<b>Non-current assets</b>			
Property, plant and equipment	5	14	567
Intangible assets	6	92	-
<b>Total non-current assets</b>		<b>106</b>	<b>567</b>
<b>Total assets</b>		<b>5,662</b>	<b>2,357</b>
<b>Current Liabilities</b>			
Creditors and other payables	7	740	420
Employee entitlements	8	295	41
<b>Total current liabilities</b>		<b>1,035</b>	<b>461</b>
<b>Non-current liabilities</b>			
Employee entitlements		10	211
<b>Total non-current liabilities</b>		<b>10</b>	<b>211</b>
<b>Total Liabilities</b>		<b>1,045</b>	<b>672</b>
<b>Net assets</b>		<b>4,617</b>	<b>1,685</b>
<b>Public equity</b>			
Accumulated surplus		4,617	1,685
<b>Total public equity</b>		<b>4,617</b>	<b>1,685</b>

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 2011

	<b>2011 Actual \$000</b>	<b>2011 Budget \$000</b>
<b>Public equity at start of the year</b>	-	-
Start-up capital transferred from Crown	1,647	1,663
Total comprehensive income for the year	2,970	22
<b>Public equity at end of the year</b>	<b><u>4,617</u></b>	<b><u>1,685</u></b>

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

## Electoral Commission

### Cash Flows Statement

for the year ended 30 June 2011

	Notes	2011 Actual \$000	2011 Budget \$000
<b>Cash flows from operating activities</b>			
Crown revenue		14,558	11,750
Interest received		146	9
Receipts from other revenue		39	4
Payments to Employees		(2,400)	(3,153)
Payments to Suppliers		(8,126)	(8,071)
<i>Net cash flow from operating activities</i>	11	<u>4,217</u>	<u>539</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		-	(25)
<i>Net cash flows from investing activities</i>		<u>-</u>	<u>(25)</u>
Net increase/(decrease) in cash held		4,217	514
Plus			
Cash at start of year		-	-
Cash portion of start-up capital from Crown		1,217	1,266
Cash and cash equivalents held at the end of the year		<u>5,434</u>	<u>1,780</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 Accounting Policies**

For the year ended 30 June 2011

#### **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 Commission's functions and responsibilities are set out in the Electoral Act 1993 and subsequent amendments.

The Commission's statutory purpose is:

*" to administer the electoral system impartially, efficiently, effectively, and in a way that –*  
*(a) facilitates participation in parliamentary democracy; and*  
*(b) promotes understanding of the electoral system; and*  
*(c) maintains confidence in the administration of the electoral system."*

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

The financial statements for Electoral Commission are for the nine months ended 30 June 2011, and were approved by the Board on 18 October 2011.

#### **Basis of preparation**

##### ***Statement of Compliance***

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

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

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

##### ***Measurement base***

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

##### ***Functional and presentation currency***

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Electoral Commission is New Zealand dollars.

#### **Standards or interpretations not yet effective**

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to Electoral Commission, are:

- NZ IAS 24: Related Party Disclosures (revised 2009). 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 will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2014. The Electoral Commission has not yet assessed the effect of the new standard and expects it will not be adopted early.

## **Significant Accounting Policies**

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

### ***Revenue***

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

#### *Revenue from the Crown*

The Electoral Commission is primarily funded through revenue received from the Crown, 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.

### ***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%
Leasehold improvements	9 years	11.1%
Computer equipment	3 years	33.0%

### ***Intangible assets***

#### *Software acquisition and development*

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

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

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

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

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.

*Long-term employee entitlements*

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on probability basis. The calculations are based on:

- future entitlements accruing to staff, based on years of service, years to entitlement, and contractual entitlement information.

### ***Superannuation schemes***

#### *Defined contribution schemes*

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

### ***Good and Service Tax (GST)***

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

### ***Income Tax***

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

### ***Budget figures***

The budget figures are derived from the statement of intent as approved by the Commission at the beginning of operations. 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.

### **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 2011

#### 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.

	<b>2011 Actual \$000</b>
<b>2. Personnel costs</b>	
Salaries and wages	2,672
Employer contributions to defined benefit plans	34
Increase/(decrease) in employee entitlements	159
<b>Total personnel costs</b>	<b>2,865</b>

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

#### 3. Operating costs

Rent – other temporary premises	2,137
Specialist Services	2,262
Printing	990
Advertising and Publicity	564
Information, Communications & Technology	550
Loss on disposal of assets	445
Electorate Equipment	334
Storage/Freight	320
Stationery/Supplies	292
Travel	231
Other	667
<b>Total Operating costs</b>	<b>8,792</b>

#### 4. Cash and cash equivalents

Cash at bank	5,434
<b>Total cash and cash equivalents</b>	<b>5,434</b>

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

## 5. Property, plant and equipment

Movements for each class of property, plant and equipment are as follows:

	Office equipment	Computer equipment	Furniture & fittings	Leasehold improvement	Total
	\$000	\$000	\$000	\$000	\$000
<b>Gross carrying amount</b>					
Balance at 1 October 2010	7	12	35	410	464
Additions	-	-	-	-	-
Disposals	-	-	35	410	445
Balance at 30 June 2011	7	12	-	-	19
<b>Accumulated depreciation and impairment</b>					
Balance at 1 October 2010	-	-	-	-	-
Depreciation expense	1	4	-	-	5
Elimination on disposal	-	-	-	-	-
Balance at 30 June 2011	1	4	-	-	5
<b>Net carrying amounts</b>					
At 1 October 2010	7	12	35	410	464
At 30 June 2011	6	8	-	-	14

On 1 October 2010 the Electoral Commission was vested with the leasehold improvements and furniture of Chief Electoral Office, level 3, Vogel Centre, and the disestablished Electoral Commission.

The Commission moved its National Office operations to its fully furnished Whitmore Street location in December 2010. The leasehold improvements and furniture at the Vogel Centre were written off.

**6. Intangible assets held for realisation**

	<b>Software \$000</b>	<b>Total \$000</b>
<b>Gross carrying amount</b>		
Balance at 1 October 2010	138	138
Additions	-	-
Sales/transfers	-	-
Balance at 30 June 2011	<u>138</u>	<u>138</u>
<b>Accumulated amortisation and impairment</b>		
Balance at 30 September 2010	-	-
Amortisation expense	46	46
Disposals	-	-
Balance at 30 June 2011	<u>92</u>	<u>92</u>
<b>Net carrying amount</b>		
At 30 September & 1 October 2010	138	138
At 30 June 2011	92	92

	<b>2011 Actual \$000</b>
<b>7. Creditors and other payables</b>	
Trade creditors	483
Accrued expenses	722
GST receivable	(465)
<b>Total creditors and other payables</b>	<u>740</u>

The average credit period on purchases is 30 days. For the majority of trade payables no interest is charged.

	<b>2011 Actual \$000</b>
<b>8. Employee entitlements</b>	
<b>Current portion</b>	
Accrued salaries and wages	130
Annual leave	136
Retirement and long service leave	29
Total current portion	<u>295</u>
<b>Non-current portion</b>	
Retirement and long service leave	10
Total non-current portion	<u>10</u>
<b>Total employee entitlements</b>	<u><b>305</b></u>

## 9. 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:

#### ***Loans and Receivables***

Cash and cash equivalents	5,434
<b><i>Total loans and receivables</i></b>	<u><b>5,434</b></u>

#### ***Financial Liabilities measured at amortised cost***

Creditors and other payables	740
<b><i>Total financial liabilities measured at amortised cost</i></b>	<u><b>740</b></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.

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 deposits with high credit-rated financial institutions.

The following table details the Electoral Commission's exposure to interest rate risk as at 30 June 2011.

	<b>Weighted average effective interest rate %</b>	<b>Variable interest rate bearing \$000</b>	<b>Non interest bearing \$000</b>	<b>Total \$000</b>
<b>(i) Loans and Receivables:</b>				
Cash and cash equivalents				
- Cash at bank	1.65	689	509	1,198
- Cash on call	3.10	4,236	-	4,236
- Cash on hand	-	-	-	-
<b>Total loans and receivables:</b>		<b>4,925</b>	<b>509</b>	<b>5,434</b>
<b>(ii) Financial liabilities measured at amortised cost:</b>				
Creditors and other payables				
	-	-	740	740
<b>Total financial liabilities measured at amortised cost:</b>		<b>-</b>	<b>740</b>	<b>740</b>

#### *Credit risk management*

Credit risk is the risk that a third party will default on its obligation to the Electoral Commission, causing the Electoral Commission to incur a loss.

Financial instruments which potentially subject the entity to credit risk principally consist of bank balances, comprising cash on hand and term deposits.

Maximum exposures to credit risk at reporting date are:

	<b>2011 \$000</b>
Cash and cash equivalents	5,434
<b>Total</b>	<b>5,434</b>

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.

#### *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. 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.

**10. 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.

**11. Net cash flow from operating activities**

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

	<b>2011 Actual \$000</b>
<b>Total comprehensive income for the year</b>	<b>\$2,970</b>
<b>Non cash items:</b>	
- Amortisation	46
- Depreciation	5
- Loss on Sale	445
<b>Total non cash items</b>	<b>496</b>
<b>Movements in net assets and liabilities</b>	
- (Increase)/decrease in prepayments	(122)
- (Increase)/decrease in GST refund due	(465)
- Increase/(decrease) in trade balances for old EC	(172)
- Increase/(decrease) in trade creditors	483
- Increase/(decrease) in employee entitlements	305
- Increase/(decrease) in other payables	722
<b>Total movements in net assets and liabilities</b>	<b>751</b>
<b>Net cash inflow from operating activities</b>	<b>\$4,217</b>

## 12. Employee remuneration

There were no employees of the Commission that received remuneration and other benefits of \$100,000 or more in their capacity as employees, for the period 1 October 2010 to 30 June 2011

## 13. Related party transactions

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

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 transactions are at arms length, related party disclosures have not been made for transactions of this nature.

The Electoral Commission has entered into two transactions with Government departments that are on better than commercial terms; The Inland Revenue department has provided space for the Otaki Electorate headquarters in their Porirua Offices in return for the re-imbusement of operating costs only. Secondly the Ministry of Education has provided space for both the Rimutaka and Hutt South Electorate Headquarters on the CIT Campus, Upper Hutt at a nominal rent.

During the year, the Electoral Commission received \$14,558,000 from the Crown. There was no balance outstanding as at 30 June 2011.

There were no other related party transactions for the year ended 30 June 2011. There was no outstanding balance as at 30 June 2011.

## 14. Key management personnel compensation

The compensation of the Chief Electoral Officer and other Board members, being the key management personnel of the Commission, is set out below:

	<b>2011 Actual \$</b>
Board fees	28,098
Chief Electoral Officer	<u>165,813</u>
<b>Total compensation</b>	<b><u>\$193,911</u></b>

## 15. Commitments

### (i) Capital commitments

There are no capital commitments at reporting date.

### (ii) Operating lease commitments

Commitments existed for non-cancellable operating leases as follows:

	<b>2011 Actual \$000</b>
Less than one year	3,329
Between one and two years	249
Between two and five years	4
Later than five years	-
<b>Total operating lease commitments</b>	<b>3,582</b>

Operating lease commitments relate to Level 9, 17 Whitmore Street and 56 electorate headquarters around New Zealand. The Electoral Commission secured Christchurch headquarters for the 7 remaining electorates after the reporting period.

Operating lease commitments also include a photocopier lease of \$4,020 per annum (GST exclusive) which expires in May 2014.

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

## **16. Contingent liabilities**

There are no contingent liabilities at reporting date.

## **17. Subsequent events**

There are no events subsequent to reporting date, that the Electoral Commission is aware of, that would have a material impact on the financial statements for the period ended 30 June 2011.

## **18. Major budget variances**

Comparative budget values are sourced from the forecast financial statements shown in the Commission's Statement of Intent 2010-2013 (SOI).

Explanations of significant budget variances have been provided. These are as follows:

### **Statement of Comprehensive Income**

#### **Revenue**

##### **1. Government appropriations, \$2.808m favourable**

Revenue from the Crown includes one-off funding of \$1.550m received for the conduct of the Mana, Botany, and Te Tai Tokerau by-elections, and \$1.258m being the residual Chief Electoral Office funding for the period from July to September 2010 that was transferred to the Commission in May 2011

##### **2. Total Comprehensive Income, \$2.948m favourable**

\$1.7m of the variance is due to a re-scheduling of procurement activity and training to later in the year, due to the early announcement of a date for the General Election of 26 November. The balance of \$1.258m relates to the residual Chief Electoral Office funding for the period from July to September 2010 that was transferred to the Commission in May 2011.



## Independent Auditor's Report

### To the readers of Electoral Commission's Financial Statements and Statement of Service Performance for the period ended 30 June 2011

The Auditor-General is the auditor of the Electoral Commission (the Commission). The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the Commission on her behalf.

We have audited:

- the financial statements of the Commission on pages 23 to 40, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the nine months ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Commission on pages 16 to 22.

### Opinion

In our opinion:

- the financial statements of the Commission on pages 23 to 40.
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Commission's:
    - financial position as at 30 June 2011; and
    - financial performance and cash flows for the nine months ended on that date.
- the statement of service performance of the Commission on pages 16 to 22:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects, for each class of outputs for the nine months ended 30 June 2011, the Commission's
    - service performance compared with the forecasts in the statement of forecast service performance for the nine months; and
    - actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the nine months.

Our audit was completed on 18 October 2011. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and we explain our independence.

### Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we

comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

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.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Commission's preparation of the financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

## **Responsibilities of the Board**

The Board is responsible for preparing financial statements and a statement of service performance that:

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

The Board is also responsible for such internal control as is determined necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Electoral (Administration) Amendment Act 2010.

## **Responsibilities of the Auditor**

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

## **Independence**

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

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

## **Matters relating to the electronic presentation of the audited financial statements**

This audit report relates to the financial statements of the Electoral Commission (the Commission) for the year ended 30 June 2011 included on the Commission's website. The Board is responsible for the maintenance and integrity of the Commission's website. We have not been engaged to report on the integrity of the 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 18 October 2011 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.



Clint Ramoo  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

## Directory

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**Appendix 1 – Report of the former Electoral Commission for the three months ended 30 September 2010**



Report of the  
**Electoral Commission**  
*Te Kaitiaki Take Kōwhiri*  
for the 3 months ended 30  
September 2010

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15 October 2010



The Hon Simon Power  
Minister of Justice  
Parliament Buildings  
WELLINGTON

Dear Minister

This is the report of the former Electoral Commission, Te Kaitiaki Take Kōwhiri, for the period 1 July 2010 to 30 September 2010, being the final 3 months of its existence. The report is made in accordance with the Memorandum of Understanding applicable to the period.

The new Electoral Commission is required to include this information in its 2011 Annual Report (section 31 of the Electoral (Administration) Act 2010). The information is required to be that which would have been provided by the outgoing Commission had it prepared an annual report. Accordingly we have drafted this report in the same format as an annual report, which will enable the new Commission to include it *en bloc* in its 2011 Annual Report should it so wish.

Yours sincerely



Hon Sir Hugh Williams QC  
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 The Part Year in Review – Key Points

### Introduction

This report covers the final 3 months of the Commission's activities. From 1 October 2010 our functions, assets and liabilities are assumed through operation of law by the new Electoral Commission.

### Activities

During the 3 month period we:

- Discharged our routine statutory functions without launching major new initiatives
- assisted the Ministry of Justice with the planning for the new Electoral Commission
- implemented the close down of this Commission
- provided input in conjunction with the Ministry of Justice on proposed legislation (the MMP referendum and electoral finance).

The Statement of Intent 2009/14 and the Memorandum of Understanding 2009/10 applied through to 30 September. The activity groups applicable for reporting purposes were:

- 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 final 3 months.

## Overview of the Part- Year

### Financial Position

The operating surplus for the 3 months was \$50 121. This is consistent with the operating surplus for the full year ended 30 June 2010 of \$312 376 and is attributable to the activities described earlier. The surplus, together with funds accumulated from previous years, increased cash on hand at 30 September which in turn helped fund the working capital of the new Electoral Commission. In total \$1,153,309 net equity (assets minus liabilities) was transferred to the new Commission.

### Activity Group 1: Compliance Related to Political parties

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

#### Registration of Political Parties and Logos

No political party or logo was registered during the period. The registration of one party was cancelled at its request. One application for registration was being reviewed at 30 September 2010 and the registration processes will be completed by the new Electoral Commission.

#### Supervision of Political Parties' Statutory Compliance

One outstanding return of donations for the year ended 31 December 2009 remained outstanding. The party's registration was cancelled at its request so the matter has not been referred to the police.

#### 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.

One party has not completed the annual declaration due 30 April 2010. The party's registration was cancelled at its request so the matter has not been referred to the police.

#### Donation Returns

Political parties are required to furnish within 10 days donations from the same donor of more than \$20 000 or aggregating more than \$20 000 in the previous 12 months. Two returns were furnished in the period and are published on the Elections website [www.elections.org.nz](http://www.elections.org.nz).

## Donations Protected from Disclosure

The Electoral Act provides a route by which donors can make anonymous donations to political parties via the Commission. No donations were received during the 3 month period.

### Activity Group 2: Promotion of Public Awareness of Electoral Matters

Activity was mainly reactive. The website [www.elections.org.nz](http://www.elections.org.nz) owned by the 3 electoral agencies remained the main tool for the Commission to provide public information.

Table 1 sets out the usage of the website in relation to Commission matters.

Table 1: Website Usage Statistics for the 3 months ending 30 June 2010 (Activity Group Measure 2.2)			
Elections New Zealand website – number of page visits to key commission content		2009/10	3 months to Sept 2010
Group 1	MMP	6,901	1610
Group 2	Taking Part	15,251	773
Group 3	History of the Vote	6,834	1042
Group 4	Democracy Concepts	13,367	560
Group 5	Electoral Rules (incl. Broadcasting)	28,433	6703
Group 6	Records (incl. Returns of Expenses/Donations)	37,072	1352
Group 7	Teaching Resources	47,920	7488
Group 8	Electoral Commission	11,272	881
<b>Totals</b>		<b>167,050</b>	<b>20409</b>

### 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 the Select Committee in relation to:

- the proposed MMP referendum
- possible changes in relation to electoral finance.

They also provided input into the Ministry of Justice's work setting up of the new Electoral Commission. Since the appointment of the Board of the new Commission they have provided assistance directly to the new Commission.

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

There were no requests in the period.

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

##### ***Amalgamation***

The outgoing Commission's close down plan has been implemented in alignment with the close down plan of the Chief Electoral Office and the start-up plan of the new Commission. The close down has gone smoothly overall.

An agreement has been entered into for the assignment of the outgoing Commission's leased premises, and the sale of most of its assets with a possession date of 1 November 2010.

##### ***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 allow permanent employees to move across to the new Electoral Commission on their existing terms and conditions of employment. Both permanent staff moved to the new Commission on 1 October 2010.

Additional training or secondment opportunities continued during the period for those 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 of the new Electoral Commission. All others can be viewed in full or summary form on [www.elections.org.nz](http://www.elections.org.nz), as well as being available in that office. Records are being transferred to the control of the new Electoral Commission with effect from 1 October 2010.

## Part 2 Statement of Service Performance and Financial Statements

### Introduction

The statement of service performance and financial statements for the 3 months ended 30 September 2010 follow.

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

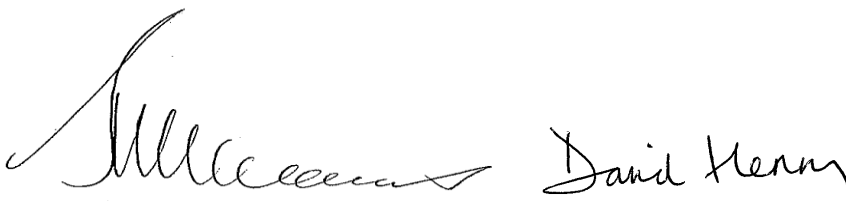
The Commission has a single output class – the provision of electoral services. The financial statements show the actual revenue for that output class compared to budget.

### Statement of Responsibility

In the 3 months ended 30 September 2010 the management of the Electoral Commission was responsible for:

- the preparation of the part-year 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 part-year fairly reflect the financial position and operations of the Electoral Commission.



Hon Sir Hugh Williams QC  
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."*

These functions have now been assumed by the new Electoral Commission with effect from 1 October 2010. See section 5 of the Electoral Act 1993.

## Statutory Disclosures

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

## Members and Employees

Commission Members	Remuneration paid or payable for the 3 months to 30 September 2010
Hon Sir Hugh Williams QC (President)	\$652.50
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)	\$31,421.25



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 reporting period: Nil (2009/10: Nil)

### **Performance Against Statement of Objectives for the 3 months ended 30 September 2010**

The Commission's work for the period continued 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 for 2009/10 by the Minister of Justice in November 2009 as part of amendments to the Statement of Intent and Memorandum of Understanding. The Minister agreed to extend these measures to 30 September 2010.

## Statement of Forecast Service Performance – Report for 3 months ended 30 September 2010

*Note- the statement of forecast service performance covered the 15 month period 1 July 2009 to 30 September 2010. Thus there are a number of measures which are not applicable to the final 3 month period, having been reported in the Annual Report for the year ended 30 June 2010. Those measures are marked "See 2010 annual report".*

### *Activity Group 1 Compliance related to political parties*

<b>Activity</b>	<b>Measures (quantity/quality/ timeliness)</b>	<b>Achievement for 3 months ended 30 September 2010</b>
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. 1 application to cancel registration of party and logo received.
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.
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.	See 2010 annual report.  See 2010 annual report.  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.
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. 5 requests (excluding continuing communications) received in period and completed within timeframe.  No such complaints in period.

*Activity Group 2 Promotion of Public Awareness of Electoral Matters*

<b>Activity</b>	<b>Measures (quantity/quality/timeliness)</b>	<b>Achievement for 3 months ended 30 September 2010</b>
2.1 Clear and accessible public information on MMP and other electoral matters.	Website kept up to date in conjunction with other electoral agencies.  Website usage statistics.  Rating of website by e govt. Watch.	Achieved.  Statistics are at Table 1.  See 2010 annual report.
2.2 Inquiries about electoral matters answered.	Number of inquiries (telephone, email, letter). Inquiries answered within 7 working days for simple inquiries and 20 working days for complex inquiries.  No justified complaints about timeliness and quality of response	Achieved. 19 enquiries (excluding continuing communications) in period (3 media, 13 phone, 3 email) and completed within timeframe.  No such complaints in period.
2.3 Website assessed for ease of access to key information.	Assessment in conjunction with other electoral agencies completed by 31 May 2010.	See 2010 annual report.
2.4 New integrated communications strategy covering functions of the 3 agencies designed for 2011 general election.	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.	See 2010 annual report.
2.5 Presentations on electoral matters to domestic groups	Number of presentations.	One presentation made in period.
2.6 Education plan to raise awareness of electoral matters amongst young people.	Education plan with a focus on school-based activity developed by 15 December 2009.  Support of Young Citizens Assembly initiative on electoral systems recognised as effective.	See 2010 annual report.  Transferred to new Commission.

*Activity Group 3 Provision of Advice on electoral matters*

<b>Activity</b>	<b>Measures (quantity/quality/timeliness)</b>	<b>Achievement for 3months ended September 2010</b>
3.1 Information and advice requested by Minister of Justice.	Information and advice provided on proposed changes to the electoral legislation including amalgamation of electoral agencies, electoral finance, and MMP referenda. Advice is relevant, timely and valued by the Minister. Information provided for oral and written questions in Parliament is relevant, timely and accurate.	Input continued during period into Electoral Finance and MMP referendum bills.  Achieved (per MOJ officials).  No PQs in period.
3.2 Information and advice requested by Justice and Electoral Select Committee (JESC).	Advice provided is relevant, timely and valued by the Chair of the Committee.	See 2010 annual report.
3.3 Input into the amalgamation process and transition to the new agency.	Input into the Steering Committee and associated work is relevant, timely and valued by the Secretary for Justice.  Assistance to the new agency in its development phase is relevant, timely and valued by the Chief Executive of the new agency.	Achieved - CE has continued to assist with MOJ project and has positive feedback from Chair of Steering Committee. Old Commission close down plan implemented.  Achieved. Direct assistance to new Board and Chief Executive on a range of issues including assistance with governance manual, SOI and MOU.
3.4 External communications regarding the close down of the Commission.	Communications are planned and are appropriate.  Minister is kept informed under the 'no surprises' clause (MOU).	Communications completed with suppliers of goods and services. Other communications with stakeholders aligned with new Electoral Commission.  One special report under clause.
3.5 Provision of information under the Official Information Act.	Number of requests. Statutory deadlines met. No justified complaints to the Ombudsman.	1 request. Deadlines met.  No complaints notified.

*Activity Group 4 Responding to International Requests for information and assistance*

<b>Activity</b>	<b>Measures (quantity/quality/timeliness)</b>	<b>Achievement for the 3 months ended 30 September 2010</b>
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.	No briefings in period.
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 in period.

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

<b>Activity</b>	<b>Measures (quantity/quality/timeliness)</b>	<b>Achievement for 3 months ended 30 September 2010</b>
5.1 Capacity of current staff.	Appropriate external courses to increase expertise by 30 June 2010. Up to date performance agreements by 15 November 2009 and formal reviews at 30 June 2010. Extension of work experience including closer integration and joint projects with Chief Electoral Office by 30 June 2010. Transfer of staff to new agency is in accordance with legislation by 30 September 2010.	See 2010 annual report. See 2010 annual report. See 2010 annual report. Has continued in period. Achieved.
5.2 Documentation and review of Commission procedures.	Internal procedures for electoral finance compliance and associated issues reviewed and redesigned, by 31 March 2010. Other internal procedures reviewed and where appropriate redesigned by 31 May 2010. Review of all documentation held by Commission in preparation for amalgamation, by 31 July 2010.	See 2010 annual report. See 2010 annual report. Achieved.
5.3 Review of Management information.	Review collection of management information to monitor this plan, including simple dictionary of definitions, by 15 December 2009.	See 2010 annual report.
5.4 Data organisation.	Electronic and paper records are reviewed and reorganised by 15 May 2010 in preparation for transfer to new entity.	See 2010 annual report. Records ready for transfer at 30 September.
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.	See 2010 annual report.
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.	Achieved. Report provided 8 September and tabled by Minister 15 September.
5.7 Detailed physical close-down plan.	Plan successfully implemented by 30 September 2010.	Achieved.
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.	See 2010 annual report. See 2010 annual report.
5.9 Briefing of new President.	Briefing completed by 30 November 2009, to President's satisfaction.	See 2010 annual report.
5.10 Amended SOI and MOU for 2009/10.	Signed by Minister by 30 November 2009.	See 2010 annual report.

## Electoral Commission

### Statement of Comprehensive Income

for the three months ended 30 September 2010

<b>30 June 2010 12 Months Actual \$</b>		<b>Notes</b>	<b>30 Sept 2010 3 Months Actual \$</b>	<b>30 Sept 2010 3 Months Budget \$</b>
	<b>Revenue</b>			
734,000	Revenue from Crown	1	183,500	183,500
23,030	Other revenue		-	-
38,961	Interest income		12,438	12,000
<b>795,991</b>	<b>Total revenue</b>		<b>195,938</b>	<b>195,500</b>
	<b>Expenditure</b>			
18,162	Remuneration to auditors	2	5,000	-
259,475	Personnel costs	3	79,667	65,544
24,110	Depreciation	7	5,992	6,250
251	Amortisation	8	25	96
65,912	Rent		18,793	19,500
6,794	Leasing		1,699	2,001
108,911	Operating costs		34,641	35,802
<b>483,615</b>	<b>Total expenditure</b>		<b>145,817</b>	<b>129,193</b>
<b>312,376</b>	<b>Total comprehensive income</b>		<b>50,121</b>	<b>66,307</b>

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

## Electoral Commission

### Statement of Financial Position

as at 30 September 2010

30 June 2010 12 Months Actual \$		Note	30 Sept 2010 3 Months Actual \$	30 Sept 2010 3 Months Budget \$
	<b>Current assets</b>			
370,879	Cash and cash equivalents	4	853,245	948,852
757,001	Investments	5	253,151	253,151
12,078	Debtors and other receivables	6	6,934	11,693
1,510	Prepayments		-	1,510
-	Rent payment in advance for new Commission		7,204	-
73,387	Property, plant & equipment	7	67,395	67,137
96	Intangible assets	8	71	-
<b>1,214,951</b>	<b>Total current assets</b>		<b>1,188,000</b>	<b>1,282,343</b>
	<b>Current liabilities</b>			
101,372	Creditors and other payables	9	25,476	102,457
10,391	Employee entitlements	10	9,215	10,391
<b>111,763</b>	<b>Total current liabilities</b>		<b>34,691</b>	<b>112,848</b>
<b>1,103,188</b>	<b>Net assets</b>		<b>1,153,309</b>	<b>1,169,495</b>
	<b>Public equity</b>			
1,103,188	Accumulated surplus		1,153,309	1,169,495
<b>1,103,188</b>	<b>Total public equity</b>		<b>1,153,309</b>	<b>1,169,495</b>

**Electoral Commission**

**Statement of Changes in Equity**

for the three months ended 30 September 2010

<b>30 June 2010 12 Months Actual \$</b>		<b>30 Sept 2010 3 Months Actual \$</b>	<b>30 Sept 2010 3 Months Budget \$</b>
<b>790,812</b>	<b>Public equity at start of the year</b>	<b>1,103,188</b>	<b>1,103,188</b>
312,376	Total comprehensive income for the year	50,121	66,307
<u>312,376</u>		<u>50,121</u>	<u>66,307</u>
<b><u>1,103,188</u></b>	<b>Public equity at end of the year</b>	<b><u>1,153,309</u></b>	<b><u>1,169,495</u></b>



## Electoral Commission

### Cash Flows Statement

for the three months ended 30 September 2010

30 June 2010 12 Months Actual \$	Notes	30 Sept 2010 3 Months Actual \$	30 Sept 2010 3 Months Budget \$
<b>Cash flows from operating activities</b>			
<b>Cash was provided from:</b>			
734,000	Crown revenue	183,500	183,500
18,702	Revenues from services	-	-
39,961	Interest received	13,097	12,000
6,969	Net GST paid	1,087	506
799,632		197,684	196,006
<b>Cash was applied to:</b>			
(265,257)	Payments to Members of the Commission and employees	(77,411)	(65,544)
(197,336)	Payments to suppliers	(75,088)	(56,339)
-	Repayment of broadcast funding	(66,669)	-
(462,593)		(219,168)	(121,883)
<b>337,039</b>	<b>Net cash flows from operating activities</b>	<b>(21,484)</b>	<b>74,123</b>
<b>Cash flows from investing activities</b>			
<b>Cash was provided from:</b>			
(690,332)	Receipts from sale / (acquisition) of term deposits	503,850	-
<b>(690,332)</b>	<b>Net cash flows from investing activities</b>	<b>503,850</b>	<b>-</b>
(353,293)	<b>Net increase / (decrease) in cash held</b>	482,366	74,123
724,172	Plus cash at the start of the year	370,879	370,879
<b>370,879</b>	<b>Cash held at the end of the year</b>	<b>853,245</b>	<b>445,002</b>
<b>Represented by:</b>			
370,879	Cash and cash equivalents	853,245	445,002
-	Investments	-	-
<b>370,879</b>	<b>Cash held at the end of the year</b>	<b>853,245</b>	<b>445,002</b>

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.

## **Electoral Commission**

### **Statement of Accounting Policies**

For the three months ended 30 September 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 three months ended 30 September 2010, and were approved by the Electoral Commission on 15 October 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 three months ended 30 September 2010

#### **Standards and interpretations effective in the current period**

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 30 June 2010 and this 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 three months ended 30 September 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 three months ended 30 September 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 three months ended 30 September 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 three months ended 30 September 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 were approved by the Commission at the beginning of the financial year. The Commission was not required to prepare a statement of intent for the three months to 30 September 2010. 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 three months ended 30 September 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 three months ended 30 September 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 (2010: nil).

	<b>30 Sept 2010</b>	<b>30 June 2010</b>
	<b>3 Months Actual</b>	<b>12 Months Actual</b>
	<b>\$</b>	<b>\$</b>
<b>2. Remuneration to auditors</b>		
Audit of the financial statements	5,000	18,162
<b>Total remuneration to auditors</b>	<u>5,000</u>	<u>18,162</u>
<b>3. Personnel costs</b>		
Salaries and wages	80,843	264,605
Increase/(decrease) in employee entitlements	10 (1,176)	(5,130)
<b>Total personnel costs</b>	<u>79,667</u>	<u>259,475</u>
<b>4. Cash and cash equivalents</b>		
Cash on hand	-	300
Cash at bank	853,245	370,579
<b>Total cash and cash equivalents</b>	<u>853,245</u>	<u>370,879</u>
Term deposits classed as cash and cash equivalents have an original maturity of three months or less.		
<b>5. Investments</b>		
Term deposit	253,151	757,001
<b>Total investments</b>	<u>253,151</u>	<u>757,001</u>
Term deposits classed as investments have an original maturity of greater than three months but less than twelve months. On 30 September 2010 the Commission held one term deposit which is due to mature on the 24 <sup>th</sup> of October 2010. The proceeds will accrue to the benefit of the new Commission.		
<b>6. Debtors and other receivables</b>		
Trade debtors	1,008	4,418
Accrued interest	4,228	4,887
GST receivable	1,698	2,773
<b>Debtors and other receivables</b>	<u>6,934</u>	<u>12,078</u>

## Electoral Commission

### Notes to the Financial Statements

For the three months ended 30 September 2010

#### 7. Property, plant and equipment held for realisation

	Office equipment	Computer equipment	Furniture & fittings	Leasehold improvement s	Total
	\$	\$	\$	\$	\$
<b>Gross carrying amount</b>					
Balance at 1 July 2009	2,780	40,784	26,945	112,541	183,050
Additions	-	-	-	-	-
Sales/transfers	-	-	-	-	-
Balance at 30 June 2010	2,780	40,784	26,945	112,541	183,050
Balance at 1 July 2010	2,780	40,784	26,945	112,541	183,050
Additions	-	-	-	-	-
Sales/transfers	-	-	-	-	-
Balance at 30 September 2010	2,780	40,784	26,945	112,541	183,050
<b>Accumulated depreciation and impairment</b>					
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	2,036	38,585	21,296	47,746	109,663
Balance at 1 July 2010	2,036	38,585	21,296	47,746	109,663
Depreciation expense	139	1,461	1,268	3,124	5,992
Sales/transfers	-	-	-	-	-
Balance at 30 September 2010	2,175	40,046	22,564	50,870	115,655
<b>Net carrying amounts</b>					
At 1 July 2009	1,300	8,191	10,719	77,287	97,497
At 30 June 2010 & 1 July 2010	744	2,199	5,649	64,795	73,387
At 30 September 2010	605	738	4,381	61,671	67,395

At 30 June 2010, property, plant and equipment were reclassified in the statement of financial position as current assets. On disestablishment at 30 September 2010 the assets will vest in the new Electoral Commission.

## Electoral Commission

### Notes to the Financial Statements

For the three months ended 30 September 2010

#### 8. Intangible assets held for realisation

	<b>Software \$</b>	<b>Total \$</b>
<b>Gross carrying amount</b>		
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>
Balance at 1 July 2010	4,768	4,768
Additions	-	-
Sales/transfers	-	-
Balance at 30 September 2010	<u>4,768</u>	<u>4,768</u>
<b>Accumulated amortisation and impairment</b>		
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>
Balance at 1 July 2010	4,672	4,672
Amortisation expense	25	25
Disposals	-	-
Balance at 30 September 2010	<u>4,697</u>	<u>4,697</u>
<b>Net carrying amount</b>		
At 1 July 2009	347	347
At 30 June 2010 & 1 July 2010	96	96
At 30 September 2010	71	71

At 30 June 2010, intangible assets were been reclassified in the statement of financial position as current assets. On disestablishment at 30 September 2010 the assets will vest in the new Electoral Commission.

	<b>30 Sept 2010 3 Months Actual \$</b>	<b>30 June 2010 12 Months Actual \$</b>
<b>9. Creditors and other payables</b>		
Trade creditors	7,846	12,341
Accrued expenses	17,630	22,362
Undrawn broadcast allocation	-	66,669
<b>Total creditors and other payables</b>	<u>25,476</u>	<u>101,372</u>

## Electoral Commission

### Notes to the Financial Statements

For the three months ended 30 September 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. The unpaid broadcast allocation was repaid to Treasury on 25 August 2010.

	<b>30 Sept 2010</b>	<b>30 June 2010</b>
	<b>3 Months Actual</b>	<b>12 Months Actual</b>
	<b>\$</b>	<b>\$</b>
<b>10. Employee entitlements</b>		
Accrued salaries and wages	2,921	6,003
Annual leave	6,294	4,388
<b>Total employee entitlements</b>	<u>9,215</u>	<u>10,391</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	853,245	370,879
Investments – term deposit	253,151	757,001
Debtors and other receivables	6,934	12,078
<b><i>Total financial assets</i></b>	<u>1,113,330</u>	<u>1,139,958</u>

##### ***Financial liabilities***

Creditors and other payables	25,476	101,372
<b><i>Total financial liabilities</i></b>	<u>25,476</u>	<u>101,372</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 three months ended 30 September 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 September 2010.

	Weighted average effective interest rate %	Variable interest rate bearing \$	Non interest bearing \$	Total \$
<b>(i) Financial assets:</b>				
Cash and cash equivalents				
- Cash at bank	-	-	853,245	853,245
- Cash on call	-	-	-	-
- Cash on hand	-	-	-	-
Investments				
- Term deposits	4.80	253,151	-	253,151
Debtors and other receivables	-	-	6,934	6,934
<b>Total financial assets:</b>		<u>253,151</u>	<u>860,179</u>	<u>1,113,330</u>
<b>(ii) Financial liabilities:</b>				
Creditors and other payables	-	-	25,476	25,476
<b>Total financial liabilities:</b>		<u>-</u>	<u>25,476</u>	<u>25,476</u>

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

<b>(i) Financial assets:</b>				
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 deposit	4.69	757,001	-	757,001
Debtors and other receivables	-	-	12,078	12,078
<b>Total financial assets:</b>		<u>1,051,840</u>	<u>88,118</u>	<u>1,139,958</u>
<b>(ii) Financial liabilities:</b>				
Creditors and other payables	-	-	101,372	101,372
<b>Total financial liabilities:</b>		<u>-</u>	<u>101,372</u>	<u>101,372</u>

## Electoral Commission

### Notes to the Financial Statements

For the three months ended 30 September 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 consist of a term deposit. 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:

	<b>30 Sept 2010 3 Months Actual \$</b>	<b>30 June 2010 12 Months Actual \$</b>
Cash and cash equivalents	853,245	370,879
Investments – term deposit	<u>253,151</u>	<u>757,001</u>
Total	<u>1,106,396</u>	<u>1,127,880</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 (2010: 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 three months ended 30 September 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:*

	<b>30 Sept 2010 3 Months Actual \$</b>	<b>30 June 2010 12 Months Actual \$</b>
Total comprehensive income for the year	50,121	312,376
Non cash items:		
- Amortisation	25	251
- Depreciation	5992	24,110
Total non cash items	6,017	24,361
Movements in net assets and liabilities		
- (Increase)/decrease in accrued interest	659	1,000
- (Increase)/decrease in trade debtors	(197)	(4,418)
- (Increase)/decrease in prepayments	(5,694)	(1,510)
- (Increase)/decrease in GST refund due	1,075	6,866
- Increase/(decrease) in trade creditors	(4,495)	(1,282)
- Increase/(decrease) in employee entitlements	(1,176)	(5,130)
- Increase/(decrease) in other accruals	(1,125)	4,776
- Increase/(decrease) in broadcast funding	(66,669)	-
Total movements in net assets and liabilities	(77,622)	302
Net cash inflow from operating activities	(21,484)	337,039

## Electoral Commission

### Notes to the Financial Statements

For the three months ended 30 September 2010

#### 14. Employee remuneration

No employee, in their capacity as an employee, received remuneration and other benefits of \$100,000 or more during the three months to 30 September 2010 (2010: \$nil).

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 three months, the Electoral Commission received \$183,500 from the Crown (2010: \$734,000). There was no balance outstanding as at 30 September 2010 (2010: \$Nil).

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

#### 16. Key management personnel compensation

Key management personnel are David Henry as the Chief Executive, and all Commissioners. The compensation of all key management personnel is set out below:

	<b>30 Sept 2010 3 Months Actual \$</b>	<b>30 June 2010 12 Months Actual \$</b>
Remuneration & short-term benefits		
- David Henry	31,421	104,073
- Other Commissioners	653	653
Total compensation	<u>32,074</u>	<u>104,726</u>

There were no post-employment benefits, other long term employee benefits or termination benefits received by key management personnel during the three months to 30 September 2010 (2010: \$nil)



## Electoral Commission

### Notes to the Financial Statements

For the three months ended 30 September 2010

#### 17. Commitments

##### (i) Capital commitments

There are no capital commitments at reporting date (2010: \$Nil).

##### (ii) Operating lease commitments

Commitments existed for non-cancellable operating leases as follows:

	<b>30 Sept 2010 3 Months Actual \$</b>	<b>30 June 2010 12 Months Actual \$</b>
Less than one year	-	16,869
<b>Total operating lease commitments</b>	<u>-</u>	<u>16,869</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. At 30 September 2010 the current Electoral Commission has entered into an agreement to assign the lease with effect from 1 November 2010.

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 (2010: nil)

#### 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 September 2010 (2010: Nil).

#### 20. Major budget variances

##### *Personnel costs:*

Personnel costs were overspent by \$14,000 during the three month period. This was due mainly to

- a) The need to employ temporary staff to assist with the close-down of the Commission and
- b) Work done by Electoral Commission staff for the Chief Electoral Office which was not billed.

## **Electoral Commission**

### **Notes to the Financial Statements**

For the three months ended 30 September 2010

#### **20. Major budget variances (cont.)**

##### *Cash and cash equivalents:*

Cash and cash equivalents are \$95,000 lower than expected. This is largely a result of the repayment of \$66,669 of broadcasting funds that were provided to the Commission for political advertising in prior elections but not used at the time. The over spend on personnel costs has also contributed to this variance, as has the prepaid rent for October of \$7,200 which was not included in the budget figures.

##### *Creditors and other payables:*

Creditors and other payables are \$82,000 lower than expected. This is also largely the result of the repayment of the \$66,669 of broadcasting funds which were expected to remain as a current liability. All PAYE owed by the Commission was paid before 30 September 2010 meaning that there is no PAYE payable recorded in the financial statements, and this has also contributed to the variance.

#### **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, these financial statements have not been prepared on a going concern basis. 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 September 2010 at their carrying value. All assets and liabilities in these financial statements will be transferred at carrying value. Therefore there has not been any adjustment to their carrying values in these financial statements.

## Independent Auditor's Report

### To the readers of Electoral Commission's Financial Statements and Statement of Service Performance for the three months ended 30 September 2010

The Auditor-General is the auditor of Electoral Commission (the Commission). The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the Commission on her behalf.

We have audited:

- the financial statements of the Commission on pages 16 to 36, that comprise the statement of financial position as at 30 September 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the three months ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Commission on pages 12 to 15.

#### Opinion

In our opinion:

- the financial statements of the Commission on pages 16 to 36, 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 September 2010; and
    - financial performance and cash flows for the three months ended on that date.
- the statement of service performance of the Commission on pages 12 to 15:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects, for each class of outputs for the three months ended 30 September 2010, the Commission's
    - service performance compared with the forecasts in the statement of forecast service performance for the three months ended 30 September 2010; and
    - actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the three months.

#### ***Emphasis of Matter – The financial statements are appropriately prepared on a disestablishment basis***

Without modifying our opinion, we draw attention to the disclosure in note 21 on page 36 about the financial statements being prepared on a disestablishment basis. We consider the disestablishment basis to be appropriate as the Electoral (Administration) Amendment Act 2010 dissolved the Electoral

Commission from 30 September 2010 and vested the assets and liabilities in the new Electoral Commission.

Our audit was completed on 18 October 2011. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and we explain our independence.

### **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

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.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Commission's preparation of the financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### **Responsibilities of the Board**

The Board is responsible for preparing financial statements and a statement of service performance that:

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

The Board is also responsible for such internal control as is determined necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

The Board's responsibilities arise from the Crown Entities Act 2004.

### **Responsibilities of the Auditor**

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

### **Independence**

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

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

### **Matters relating to the electronic presentation of the audited financial statements**

This audit report relates to the financial statements of the Electoral Commission (the Commission) for the year ended 30 June 2011 included on the Commission's website. The Board is responsible for the maintenance and integrity of the Commission's website. We have not been engaged to report on the integrity of the 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 18 October 2011 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.



Clint Ramoo  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

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