

**ANNUAL REPORT OF THE  
ELECTORAL COMMISSION  
FOR THE YEAR ENDED  
30 JUNE 2017**



# The Honourable Minister of Justice

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

This report covers the period 1 July 2016 to 30 June 2017 and thus concludes three months before the 2017 General Election.



**Hon Sir Hugh Williams QC**

Chair



**Kristy McDonald QC**

Deputy Chair



**Alicia Wright**

Chief Electoral Officer

November 2017



Electoral Commission  
Level 10 34-42 Manners Street  
PO Box 3220  
Wellington  
New Zealand

Phone: +64 4 495 0030  
Fax: +64 4 495 0031  
Email: [enquiries@elections.govt.nz](mailto:enquiries@elections.govt.nz)

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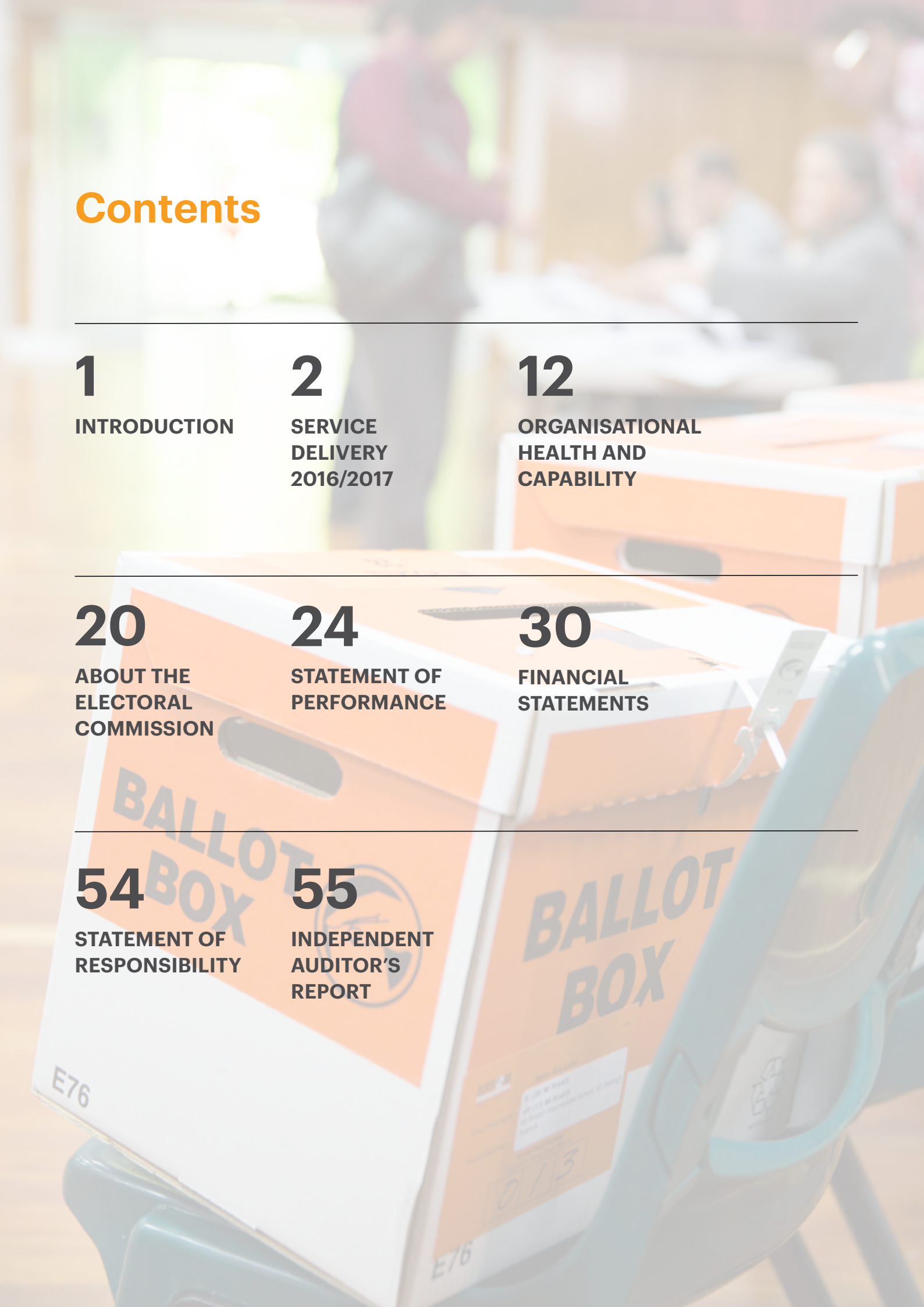
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# Introduction

The year under review, which concluded some three months prior to the 23 September General Election, saw significant change within the Electoral Commission (the 'Commission') with the integration of Enrolment Services, previously delivered under contract of delegation with NZ Post, into the Commission and the appointment of a new Chief Electoral Officer. The integration saw the organisation grow from a Wellington-based team of around 30, to a geographically dispersed organisation of around 100.

Immediately after integration, the enrolment campaign for the 2016 local authority elections was conducted, followed by the November 2016 Mt Roskill and March 2017 Mt Albert by-elections.

In March and May 2017, a number of amendments to electoral legislation came into force enabling significant changes to the delivery of our services including;

- enabling enrolment forms to be legally accepted in advance voting places
- allowing electors who immediately notify the Commission of a change of address to have their details on the electoral roll updated after they have lived there for one month
- bringing forward the start time for the early count of advance votes, and
- making significant changes to the broadcasting allocation.

The Commission's key operational focus during the 2016/17 year was on preparation for the 2017 General Election.

Voting Services developed plans to provide more advance voting services in the 2017 General Election, and to locate advance and election day voting places in more accessible locations where people live and work, including shopping malls and supermarkets.

New services offered to voters for the 2017 General Election included the delivery of enrolment and voting together at all advance voting places nationwide. The Commission also took the step of contacting up to 80,000 of those on the dormant roll by text and phone, a first for the Commission, which saw around 43,000 re-enrolments.

Enrolment Services led an expansion of the community engagement programme to include teams of youth advocates in areas of low enrolment and voter turnout.

Memorandums of understanding were signed with Te Puni Kokiri, and the whanau ora commissioning agency, Pasifika Futures, to promote understanding of enrolment and elections among Maori and Pacific voters.

In late June 2017 the enrolment update campaign for the 2017 General Election began. This included the production and delivery of 3.16 million enrolment update packs to all enrolled voters, and the launch of the Commission's advertising campaign for the 2017 General Election.

The approach taken by the Commission during the 16/17 financial year resulted in a successful General Election in September 2017 and the highest turnout of enrolled voters since 2005 (79.8%).



**SERVICE  
DELIVERY  
2016/17**



## Vision and Values

### New Zealanders trust, value and take part in parliamentary elections

How we operate and deliver our mandate is guided by our vision that 'New Zealanders trust, value and take part in parliamentary elections'. New Zealanders will trust, and are more likely to value and take part in parliamentary elections if we:

- act impartially, professionally and in accordance with the law
- make participation by way of enrolment and voting easy
- deliver timely and accurate results
- are open to public, judicial and parliamentary scrutiny
- continually improve our processes, procedures and services.

The integrity of the enrolment and voting process is critical to the maintenance of trust and confidence in the electoral system. The central system used to manage the electoral rolls enable datamatches and data quality checks to be undertaken to ensure roll accuracy. The largely manual vote issuing and counting processes mitigate the potential risks of cyber enabled interference and enable effective stakeholder and judicial supervision. The processes for compiling the official results are prescribed by law and are, for good reason, detailed and meticulous. They are in place to ensure the integrity of the process so that people can trust and have confidence in the election result.

Information about the Commission including purpose, statutory objectives and operating structure can be found at page 20.

Outlined below is our performance over the year against the three key impacts that contribute to our main outcome of maintaining confidence in the administration of the electoral system. The results reflect the position as at 30 June 2017, the end of the financial year, 11 weeks out from the General Election, and just at the start of an enrolment campaign.

#### Key impact 1: New Zealanders value their vote

30 JUNE 2017 PERFORMANCE MEASURE	30 JUNE 2017 ACTUAL	30 JUNE 2017 TARGET	PRIOR PERIOD COMPARATIVE
Percentage of eligible New Zealanders enrolled at year-end	88.4%	92.6 – 93.5%	90.2% (2015/16)
Percentage of 18 to 24 year olds enrolled at year-end	64.3%	76.5 – 80.0%	67.7% (2015/16)
Percentage of enrolled voters voting in the 2016/17 by-elections	38.46% Mt Roskill 30.00% Mt Albert	40.0 – 50.0%	46% (Average of the last 6 By-elections)

## Promoting voter participation

The legitimacy and health of Parliamentary democracy depends upon high voter participation. For this reason the steep downward trend in voter turnout at Parliamentary elections over the last 30 years is of great concern. It is in New Zealand's national interest that this trend be reversed and, in the Commission's view, needs to become a matter of Government priority with multi-party support.

The Commission reported to Parliament via the Minister of Justice following the 2014 election on the outcome at that stage of the national discussion on voter participation and proposed next steps. In line with the recommendations in that report the Commission has undertaken the following initiatives

this year in the lead-up to the 2017 General Election in order to lift participation and to maintain and grow confidence in the administration of the electoral system, including:

- A community engagement programme expanding on the successful 2014 pilot project to increase awareness and engagement amongst hard to reach communities
- Enhanced access for first time voters:
  - access to relevant, engaging content on social media
  - access to enrolment services, voting and electoral information, and reminders



Northland youth  
advocates and  
co-ordinators

- Voting Services initiatives:
  - increase in the number of Advance Voting Places (AVP)
  - consideration of placement of those premises for easy access
  - provision of enrolment at AVPs for the first time
- updated advertising and public information to achieve the same or greater awareness as previous elections.
- strengthened relationships across Government and in the community to establish networks and channels to promote enrolment and voting

### Enrolment levels

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

The Commission had a target to see enrolment at the 2014 level of 92.6% at year-end. During the year Enrolment Services processed 479,828 applications for enrolment (428,340 last year) and 798,413 updates to voter information (657,629 last year). At year-end the percentage enrolled was at 88.4% just as the election enrolment campaign got underway. A breakdown of enrolment at year-end is provided in the table below.

### The roll - June 2017

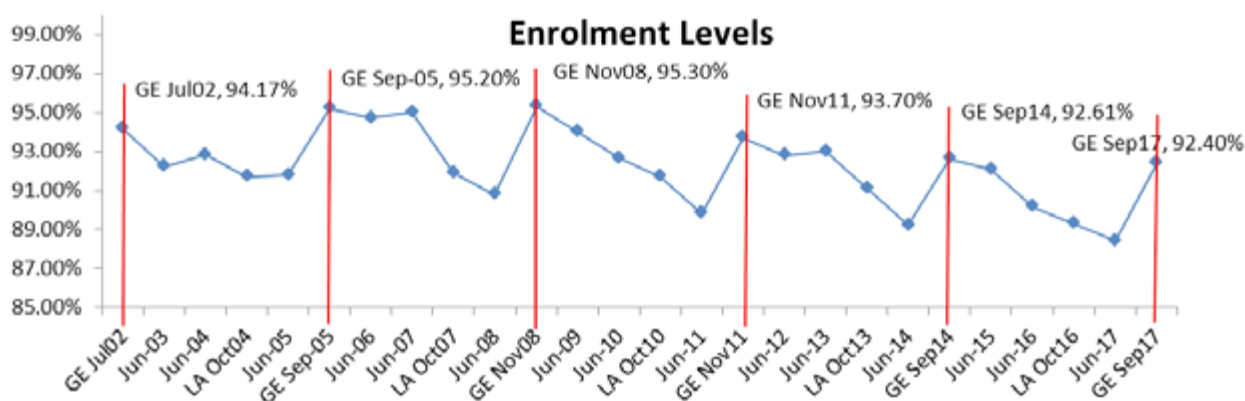
	NO.	%
<b>THE ESTIMATED VOTING AGE POPULATION AS AT 30 JUNE 2017</b>	<b>3,569,830</b>	
Number of the eligible voting population enrolled	3,155,794	88.4%
Number of the eligible voting population on the dormant roll (Gone No Address)	162,979	4.6%
Electors enrolled who have identified themselves as Māori (On either the Māori or the General Roll)	443,629	14.1%
Electors enrolled on the Māori Roll	236,866	7.5%
Electors enrolled with an activated RealMe logon account	245,596	7.8%
Electors enrolled using their RealMe identity verified account	11,181	0.4%

The Enrolment Update Campaign<sup>1</sup> for the general election commenced on the 26th June 2017, with the delivery of 3.15 million letters over a four day period by New Zealand Post. This and the participation initiatives saw a marked upswing in enrolment numbers before the September election.

Enrolment update campaigns are not conducted outside of an election year other than immediately before local authority elections which is more akin to a cleansing exercise where we see the enrolment level reduce. For example enrolment on the main roll at the

start of the 2016 Local Authority enrolment campaign was 3,152,801. On completion two months later it was 3,121,287 – a reduction of 1%.

Enrolment rates did increase significantly following year-end so that by the time of the General Election the results were almost on target. The historic pattern of enrolment levels over the last 15 years is shown in the following table, including the actual level at the time of the General Election.



## Key impact 2: impartial, effective & efficient administration of elections

30 JUNE 2017 PERFORMANCE MEASURE	30 JUNE 2017 ACTUAL	30 JUNE 2017 TARGET	PRIOR PERIOD COMPARATIVE
Timeliness of by-election results:			
• Advance Voting - published by 7:30pm	<b>Mt Roskill:</b> Achieved		
• Results for 50% of voting places - published by 9:00pm	<b>Mt Albert:</b> Achieved	Achieved	Not Applicable
• Full preliminary results - published by 10:00pm			
• Official results - published 11 days after election day			

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



Packing items  
needed to run  
the 2017 General  
Election

## Preparation for the 2017 General Election

It was a busy year for the Commission with preparations for the September 23 General Election. Key milestones included:

- identifying and securing electorate headquarters around the country, setting up each office up and establishing secure IT access
- recruiting and training 64 Returning Officers to manage the 64 General Electorates and 7 Maori Electorates who in turn:
- recruited upwards of 150 HQ Managers (HR and Operations)
- identified and secured 2,855 voting and advance voting places
- started the recruitment of approximately 15,000 advance and election day voting staff
- sourcing and delivering 130 tonnes of supplies to the electorate offices
- operational tests and dress rehearsals, in simulations of key components of the election period, including the delivery of results on election night.

## Conduct of By-elections

In December 2016 the Commission successfully completed the Mt Roskill by-election with preliminary results being delivered within expected timeframes on the night (3 December) and Official Results being published as expected on 14 December 2016. Turnout of enrolled voters was 38.46%.

In February 2017 the Commission successfully completed the Mt Albert by-election with preliminary results being delivered within expected timeframes on the night (25 February) and Official Results being published as expected on 8 March 2017. Turnout of enrolled voters was 30.00%.

We reported on our successful delivery of the By-elections to the Minister on 16 May 2017. Both By-elections proceeded smoothly and all statutory deadlines and performance measures were met.

## Filling of list vacancies

During the year, the Commission filled two list vacancies. Barry Coates was elected to Parliament from the Green Party list, following the resignation of Kevin Hague. Raymond Huo was elected to Parliament from the New Zealand Labour Party list. The vacancy arose from the resignation from Parliament of Jacinda Ardern as a list member of Parliament following her election in the Mt Albert by-election.

## Policy Advice and development

The Commission provides policy advice to the Minister, the House, and Government Departments and Agencies. The Commission worked closely with Justice Officials to provide information and advice to support the Justice and Electoral Select Committee's Inquiry into the 2014 general election and to assist with the development of the cognate bills: the Electoral Amendment Bill and the Broadcasting (Election Programmes and Election Advertising) Amendment Bill passed in March 2017.

During the year this also included:

- 20 September 2016, briefing on the electoral coding for the local authority election
- 5 September 2016, briefing note to the Prime Minister on election timetables 2017
- 16 May 2017, Commission report on Mt Roskill and Mt Albert By-elections

### Key impact 3: better understanding of elections

30 JUNE 2017 PERFORMANCE MEASURE	30 JUNE 2017 ACTUAL	30 JUNE 2017 TARGET	PRIOR PERIOD COMPARATIVE
Percentage of voters who express confidence in the administration of the electoral system	87%	90 - 95%	67%

#### Confidence in the administration of the electoral system

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

Asking an elector about their confidence in the administration of the electoral system outside election year has proven problematic. The results tend to measure people's confidence in parts of democracy other than the administration of elections.

This year the level of confidence was measured by the response to the survey question 'intention to vote' asked in the 3 yearly pre-election 'engagement in the voting process' benchmarking survey. An elector's intention to vote shows that they have confidence in the administration of the electoral system.

Those who responded 'definitely will' and 'highly likely' totalled 87% compared to 81% in 2014. This represents a material movement over the three years. The survey was undertaken before the start of the enrolment campaign for the September Election and the start of our public information campaign.

For 2017/18 the performance measure will be based again on the Voter and Non-Voter surveys conducted immediately following the 2017 General Election.

#### Services to political parties, candidates and third parties

##### Guidance

Any person may ask the Commission to provide advice. These are principally on whether, in its opinion, an advertisement constitutes an election advertisement under the law. The advisory opinion is

not a binding ruling or legal advice. The opinion is the Commission's interpretation of the application of the Electoral Act 1993 in respect of the advertisement.

Through the financial year 444 advisory opinions were sought and responded to on 791 matters.

#### Registration of Political Parties & Logos

During the fiscal year the Commission registered the Opportunities Party (TOP) and the New Zealand People's Party and approved logos for both and approved changes to logos for:

- Act New Zealand
- The New Zealand National Party,
- The Greens, The Green Party of Aotearoa, New Zealand,
- the Maori party, and
- the New Zealand First Party

Full details of registered parties and logos are available to view on the Elections website, [elections.org.nz](http://elections.org.nz).

#### Supervision of Returns of Election Expenses and Donations

After a general election or by-election all electorate candidates are required to file a return of candidate donations and expenses with the Commission. Candidate returns include amounts disclosed for donations including anonymous donations and overseas donations, and election expenses for newspaper advertising, radio and television advertising, internet advertising, and other forms of advertising.

All returns, current and past are available to view and download on the Commission's website, [elections.org.nz](http://elections.org.nz).

## **Annual Declarations by Registered Political Parties**

The secretary of each registered party is required to provide the Commission with a statutory declaration by 30 April each year that the party intends to contest general elections and has at least 500 current financial members who are eligible to enrol as electors.

There are currently 16 Political Parties registered, 13 of whom were required to and did, complete their 30 April 2017 statutory declaration.

## **Annual Return of Donations and Loans by Registered Political Parties**

All registered parties must provide the Commission with annual donation returns and accompanying auditors' reports by 30 April each year. The returns must disclose donations received in the previous calendar year, including disclosing every donor or contributor who has donated over \$15,000 during the year, every anonymous or overseas donation over \$1,500 and any payments from the Commission of donations protected from disclosure.

A party donation is a donation of money, goods or services that is made to a party and includes:

- goods or services paid for by others that have a reasonable market value greater than \$1,500 (but not a donor's own labour),
- discounted goods or services (where the reasonable market value is greater than \$1,500), the difference between the contract or agreed price and the reasonable market value of those goods or services is a donation,
- the amount of any payment in excess of reasonable market value for goods or services provided by the party, or
- credit offered at terms more favourable than the commercial terms and conditions prevailing at the time.

As part of their return, parties are also required to disclose party loans. Money lent by a registered bank at a commercial interest rate does not have to be disclosed. The categories of loans are:

- loans exceeding \$15,000 entered into during the year
- disclosure of the number and amount of other party loans entered into between \$1,500 and \$15,000.

Copies of the party returns are available on the Commission's website, [elections.org.nz](http://elections.org.nz).

## **Returns of Donations to Registered Political Parties Exceeding \$30,000**

Every registered political party that receives a donation over \$30,000 or a series of donations from the same person within the previous twelve months that exceeds \$30,000 must provide a return to the Commission within 10 working days of receiving the donation or the donations which take the aggregate over \$30,000. 21 returns for donations exceeding \$30,000 were received from parties in the reporting period.

A table of the returns filed is available on the Commission's website, [elections.org.nz](http://elections.org.nz).

## **Returns of Loans to Registered Political Parties Exceeding \$30,000**

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

Details of past returns filed are available on the Commission's website, [elections.org.nz](http://elections.org.nz).

## **Donations Protected from Disclosure**

The Electoral Act provides a mechanism for donors to make donations exceeding \$1,500 to political parties via the Commission without their identity being disclosed to either the public or the recipient parties. The maximum a party can receive per electoral cycle is 10% of the maximum election expenses allowable, currently

\$304,180 per party. The maximum a donor can give to a party is 15% of the per-party limit, currently \$45,627 per donor to the same party.

Three donations protected from disclosure were received by the Commission or distributed in the financial year to 30 June 2017 (2016: \$Nil)

Details of donations received are available on the Commission's website, [elections.org.nz](http://elections.org.nz).

### International Assistance

In association with the Ministry of Foreign Affairs and Trade, under the New Zealand Aid Programme, the Commission deployed Technical Advisors to Fiji, Bougainville, and Papua New Guinea to provide technical assistance to the Fijian, Bougainville, and Papua electoral authorities, and assisted the Papua New Guinea Electoral Commission to develop a system for the end-to-end management of its 25,000 temporary election workers.

In response to a request from the Prime Minister of Samoa and MFAT, the Commission deployed a multi-agency delegation to Samoa to undertake a needs assessment on Reviewing Electoral Boundaries In Samoa. A Needs Assessment Report has been delivered to the Samoan Prime Minister and considered by the Cabinet.



# ORGANISATIONAL HEALTH AND CAPABILITY



## Enhanced Productivity and Performance Improvement

During the period the Commission was planning to progress activity already begun to enhance our performance and build our capability. Those actions are detailed on the following page.

Integration with enrolment services effective 1 July 2016 took our permanent staff numbers from 30 to 102. As a consequence some of this work was placed on hold while the new combined structure bedded in. There were however, two associated performance expectations related to the planned actions. These and the results for the year are detailed below:

### **1. Annual staff turnover 6% or less.**

Five staff (5%) exited under a provision of the integration whereby they were able to elect redundancy up to 9 months after enrolment integration. A further 6 staff (6%) left the Commission during the year. Exit interviews were conducted for all leaving staff and the feedback has been noted and combined with the feedback from the annual staff engagement survey.

### **2. Annual engagement survey results for effectiveness (Percentage of staff fully engaged & fully enabled) equal or better than the previous year**

The results this year were also difficult to match to earlier years. The measure of effectiveness for the combined workforce was 70%. 65% of staff were engaged and 70% felt enabled. This all ranks well with other NZ and international organisations but was below our expectations. The Commission hopes to learn from the detailed analysis and work to rectify weaknesses and enhance strengths as we move beyond the September 2017 Election and into 2018.



## PRODUCTIVITY DRIVER

## ACTIONS FOR 2016/17 AND BEYOND

Investing in our people capability

Annual review of our capability to ensure it is fit-for-purpose

Continue to train and develop staff in appropriate skill areas and in line with emerging technologies and methodologies relevant to the work of the Commission

Introduce cultural knowledge and diversity training

Ensure we maintain a relevant and appropriate retention and remuneration programme for high performing staff

**(Performance expectation: annual staff turnover at 6% or less)**

Leadership and management capability

Fully implement a leadership and management development programme to build individual and collective leadership and management capability

Annual Board self-assessment and development programme

Annual staff engagement survey

**(Performance expectation: annual engagement survey results for effectiveness equal or better than the previous year)**

Organisational design and organising work efficiently and effectively

Develop a People Strategy, to which all people-related systems, policies, processes and frameworks will align.

Updated induction programme for National Office and Field operations

Continue with the implementation of an updated organisation design and performance and accountability mechanisms

Continue to support flexible work practices

Leveraging technology and systems development

Maintain a robust and functional ICT

Develop our capability to offer online services (e.g. enrolment, field staff training and public education)

## Strategic Initiatives

The Commission planned for four strategic initiatives to be progressed or completed in 2016/17 (2016/17-2020/21 Statement of Intent).

### Systems Upgrade

Re-development of the Commission's core Election Management System began in May 2015 and was completed during the year. The re-developed system, built on an open source platform came in within budget and has since been used successfully for both the Mt Roskill and Mt Albert By-elections and was ready for use in the September 2017 General Election.

### Inform and Motivate the Public

There were three strands to this initiative; an updated Public Information campaigns for 2017, expanded education programmes, and expanded community engagement programmes. The work is spread over both the 2017 and 2020 elections as we move to achieving 80% of those eligible to enrol voting at the 2020 election, 85% of 18 to 24 year olds enrolled by 2020, and 90% of voters having high trust and confidence in the Commission's administration of the electoral system

Our work on participation is detailed more fully in the service delivery section on page 2.

### Enhanced Voting and Enrolment Services

The Commission had targeted three key changes to progress during the year. These were for more user-friendly forms and enabling the Special Vote Declaration to be an application for enrolment, both of which required legislative change, and a review of advance voting services and resourcing.

While the change to the Special Vote Declaration was not progressed by the Justice and Electoral Select Committee the resulting legislation that followed the review into the conduct of the 2014 General Election effected a realigning of powers and functions in the Act to reflect the new integrated Commission, including:

- allowing electoral officials in advance voting places to be able check a voter's enrolment status by looking them up on tablets.
- allowing electoral officials in voting places to accept enrolment forms.
- allowing the Commission to make special vote declaration forms more user-friendly.
- remedying the current situation in which a person who completes a form to update their enrolment details when they move, has to redo the form after living at the address for one month. The amendment will mean that the Registrar can accept the form and complete the change when the elector has lived at the address for one month.

The review of advance voting services and resourcing due to the expected increase in advance voting and the integration of enrolment services was completed and the recommendations were acted on in preparing and conducting the September 2017 General Election.

### E-Enrolment

The aim was to progress initiatives to make it simpler for people to enrol online, to keep their details up-to-date, and receive information about electoral events.

This remains a work in progress. Currently access to online enrolment is required to be through RealMe, the Government sponsored access portal. The use of RealMe for enrolment purposes remains disappointingly low. It would appear that eligible electors are still not finding RealMe a convenient digital channel to access enrolment services.

The Commission had identified viable and secure alternatives for digital identity confirmation to enable easy online enrolment and update in real-time and did in 2016 seek support through the Justice and Electoral Select Committee for this, but there appeared to be a preference instead for RealMe to remain the sole option. The Commission will revisit this initiative following the 2017 Election.



## **Financial Position**

The net result for the year was a surplus of \$2.181m against a budgeted deficit of \$0.432m. The key contributor to this outcome was the timing of expenses on preparations for the General Election. The majority of the surplus this year carries over and will be spent in 2017/18.

The Commission received additional funding through the year from the New Zealand Ministry of Foreign Affairs and Trade, under the New Zealand Aid Programme to provide the assistance to the Fiji, Bougainville and Papua New Guinea electoral authorities. In total the Commission received and spent \$1.393m on the assistance work.

## **Equal Employment Opportunities and Good Employer Responsibility**

The Commission is committed to the principles of being a good employer with policies and practices that value equity and fairness and promote the values within the seven good employer elements. The Commission actively seeks and encourages staff participation in all EEO related matters.

The Commission has a range of policies and practices in place for each of the good employer elements, which have been summarised below including a summary of our workforce profile as it was at year-end.

### **Leadership, accountability and culture**

The Commission is committed to maintaining and developing a workplace in which opportunities to develop and achieve are equally encouraged, where the benefits of a diverse workforce are recognised, and where the workload is fairly spread.

### **Recruitment, selection and induction**

The Commission has an impartial, transparent recruitment and selection process with vacancies advertised widely through diverse external networks. The Commission operates a comprehensive induction process with review points to ensure that induction training needs have been met.

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

The Commission provides equal access to development and promotional opportunities. Annual performance reviews are undertaken with staff members with individual personal development plans reviewed. Permanent positions are advertised internally as a matter of course in order to facilitate opportunities for development and promotion. Exit interviews are undertaken with all staff leaving the organisation to support further organisational learning.

## **Flexibility and work design**

The Commission operates a core hours policy and a comprehensive flexible working policy which balances the needs of the individual with the needs of the organisation and the teams. The Commission provides workplace facilities and access that supports disabled staff and visitors.

## **Remuneration, recognition and conditions**

The Commission operates a transparent remuneration system, benchmarked against comparators in appropriate sectors. Other conditions include a top-up to government paid parental leave provisions, actual and reasonable sick leave for the individual and to care for their dependents, and study leave. Professional fees are paid when they are of core relevance to the person's position.

## **Bullying and harassment prevention**

The Commission is committed to providing a safe working environment free from bullying and harassment for all employees. The Commission reviewed and updated its bullying and harassment policy during the year. The policy clearly sets out its expectations of behaviour in the workplace and provides processes for the organisation and staff to be able to respond promptly and appropriately to any complaints of bullying or harassment.

## **Safe and healthy environment**

The Commission is committed to providing a safe and healthy environment for its staff. The Commission has a health and safety policy; there is active engagement by all staff and regular status reporting to the Board.

Other provisions for staff well-being include:

- Employee Assistance Programme services
- private space for reflection, rest and breastfeeding/expressing
- free flu vaccinations
- visual care provisions, covering payment for eye checks and visual equipment
- provision of workplace assessments for new or relocated staff as well as optional stand-up workstations

### Better Public Services

The Commission supports the government's Better Public Services change programme and participates in the programme where applicable to the Commission's business.

### Treaty of Waitangi

We recognise that the Treaty of Waitangi is a founding document of government in New Zealand, helping establish the country as a nation. We aim to support the Crown in its Treaty of Waitangi relationship, while delivering our services in ways that enable equitable outcomes for Māori.

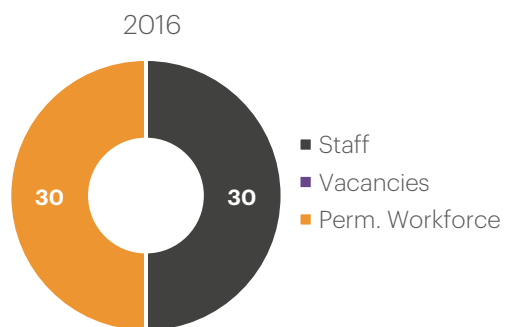
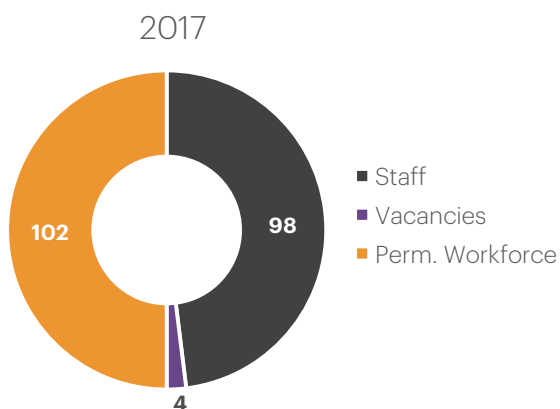


Team at Bluestar warehouse

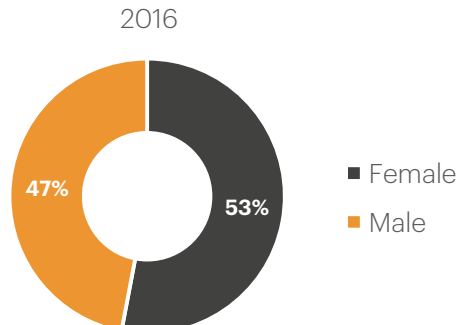
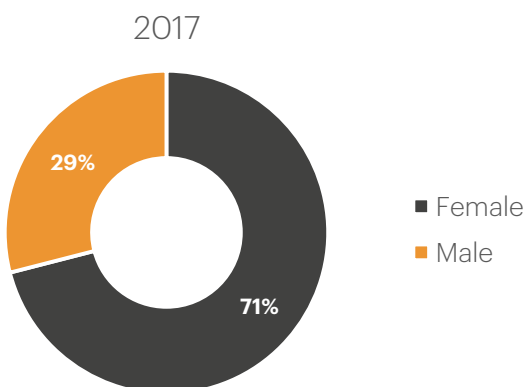
## WORKFORCE PROFILE AS AT 30 JUNE 2017

2017 figures include Enrolment Services

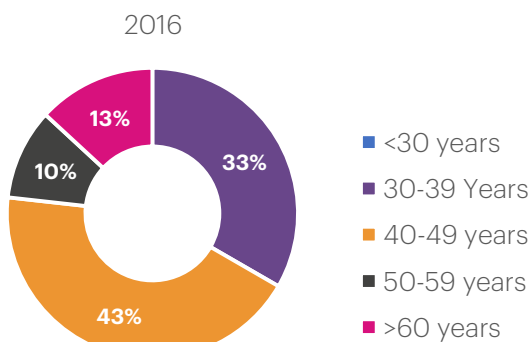
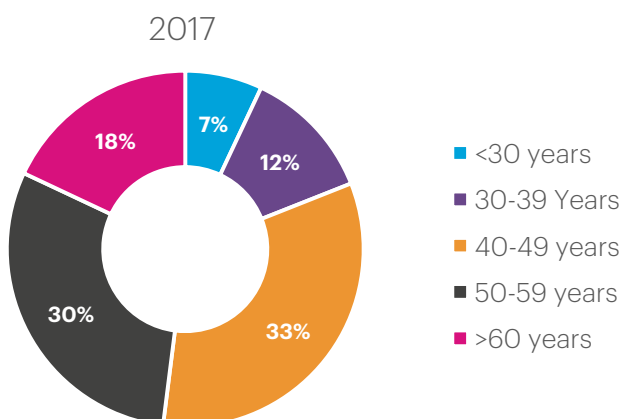
### STAFF NUMBERS



### GENDER



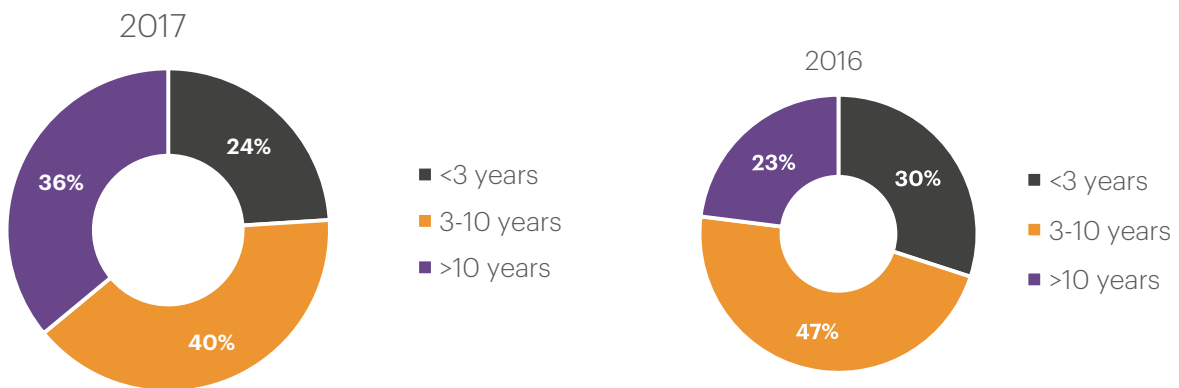
### AGE PROFILE



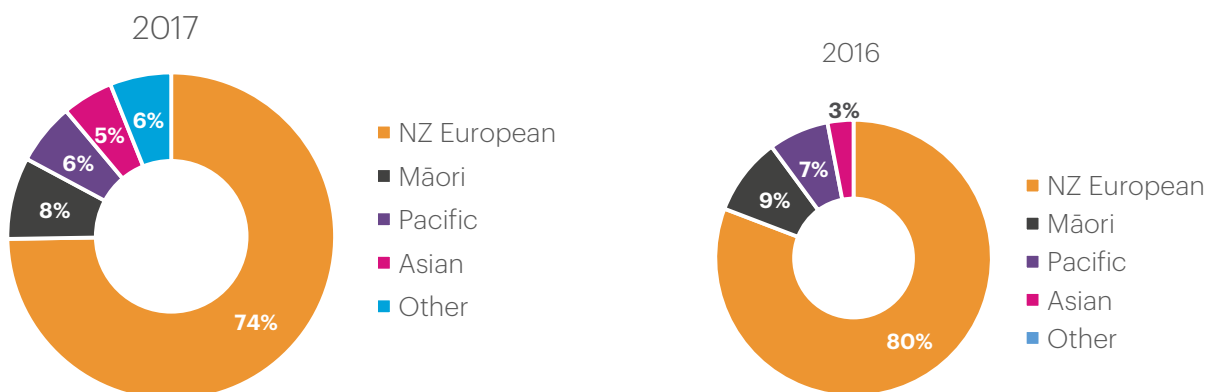
## WORKFORCE PROFILE AS AT 30 JUNE 2017

2017 figures include Enrolment Services

### LENGTH OF SERVICE WITH THE COMMISSION AND ITS PREDECESSORS



### ETHNICITY



		2017	2016
Staff with disability		Nil	Nil
Staff turnover			
• Elected Redundancy Related to 2016 Integration of Enrolment Services	Percentage:	5%	N/A
	Number:	5	-
• Other	Percentage:	6%	Nil
	Number:	6	-

## **ABOUT THE ELECTORAL COMMISSION**

The Commission is responsible for maintaining the electoral rolls, administering parliamentary elections and referendums, and promoting participation in parliamentary democracy.

This includes promoting compliance with electoral laws, the registration of political parties, the allocation of money for the broadcast of election programmes, conducting the Māori Electoral Option, supplying information for the Māori affiliation service, servicing the work of the Representation Commission, and the provision of advice and advisory opinions, reports and public education on electoral matters.

The Commission also assists electoral agencies of other countries with their electoral events as part of the Ministry of Foreign Affairs and Trade New Zealand Aid Programme.

## Statutory Objective

The Electoral Act 1993 defines the objective of the Electoral Commission as



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

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

## Powers of Electoral Commission

The Commission may, if it considers that it is necessary for the proper discharge of its functions:

- (a) initiate, sponsor, and carry out any studies or research
- (b) make any inquiries
- (c) consult with any persons or classes of persons
- (d) publicise, in any manner that it thinks fit, any parts of its work
- (e) provide information and advice on any matter:
  - (i) to the Minister for the Minister’s consideration
  - (ii) to the Minister for presentation to the House of Representatives.

## Legislative Mandate

The current statutory functions of the Commission are defined by law and in summary comprise:

- compiling and maintaining electoral rolls
- preparing for and conducting general elections, by-elections, and referendums
- registering political parties
- allocating government monies and broadcasting time to registered political parties for radio and television broadcasting of electoral programmes
- promoting compliance with electoral laws
- promoting public awareness of electoral matters through education and information programmes
- advising the Minister and the House on electoral matters
- making available information and providing guidance, advice and advisory opinions to assist political parties, candidates, and third parties to meet their statutory obligations in respect of electoral matters administered by the Commission
- supplying information for the Māori affiliation service
- conducting the five-yearly Māori electoral option and servicing the work of the Representation Commission
- participating on the Representation Commission.

## Establishment

The Commission was established as an independent Crown entity on 1 October 2010 from its predecessor agencies, the former Chief Electoral Office and Commission. The second stage of reform to establish a single electoral agency was completed on 1 July 2012 with the transfer of statutory responsibility for the enrolment functions from the Chief Registrar of Electors (the Chief Executive of NZ Post Ltd).

In the 2015/16 year the Commission decided to bring the delivery of enrolment services, which had been carried out by NZ Post under contract and statutory delegation from the Commission, in-house. Integration work concluded on 30 June 2016 and all NZ Post staff who had elected to transition became Commission employees as of 1 July 2016.

The Commission currently has 102 permanent roles and 21 regional offices around the country.

## The Board

The Board comprises three members; Alicia Wright who became the Chief Electoral Officer and a Board member replacing Robert Peden in January 2017, Kristy McDonald QC became Deputy Chair in November 2016 replacing Jane Huria CNZM, and

Sir Hugh Williams QC Chair of the Board was re-appointed for a further 18 month term in August 2017 following the expiry of his term.

### Independent Role

As an independent Crown entity under the Crown Entities Act 2004 the Commission is subject to the normal accountability requirements. However the Commission is not subject to ministerial direction in discharging its electoral functions and must act independently.

### Our Operating Structure

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

A usual three year cycle breaks down into:

- in the year following a general election: reporting on the General Election, determining operational policies including any proposals for legislative reform and participating in parliamentary reviews
- the second year designing, building, testing, and improving the systems and processes to be used at the next election
- the third year putting in place the temporary infrastructure and systems, and recruiting and training upwards of 15,000 people for advance voting and election day tasks, and to undertake electorate headquarters work pre and post-election.

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

The Commission operates with a small National Office team. At the end of 2015/16 there were 30 permanent

staff in its Wellington National Office. As of 1 July 2016 the number of permanent staff at National Office went from 30 to 46 as Enrolment Services staff joined the Commission.

Electoral rolls are maintained by Enrolment Services. In addition to compiling and maintaining the electoral rolls year round for use at general elections, by-elections, referendums, and local authority elections, Enrolment Services also run enrolment update campaigns before both local authority elections and general elections. Enrolment Services operated during the year with a permanent National Office team of 16 staff and a permanent field structure of 24 Registrars of Electors and 30 Deputy Registrars of Electors.

Other than the 54 permanent Registrars and Deputy Registrars, the Commission does not maintain a permanent field structure to conduct parliamentary elections due to the cost. Returning Officers and electorate staff are recruited and trained, and the infrastructure that supports them established anew, for each election, by-election and referendum.

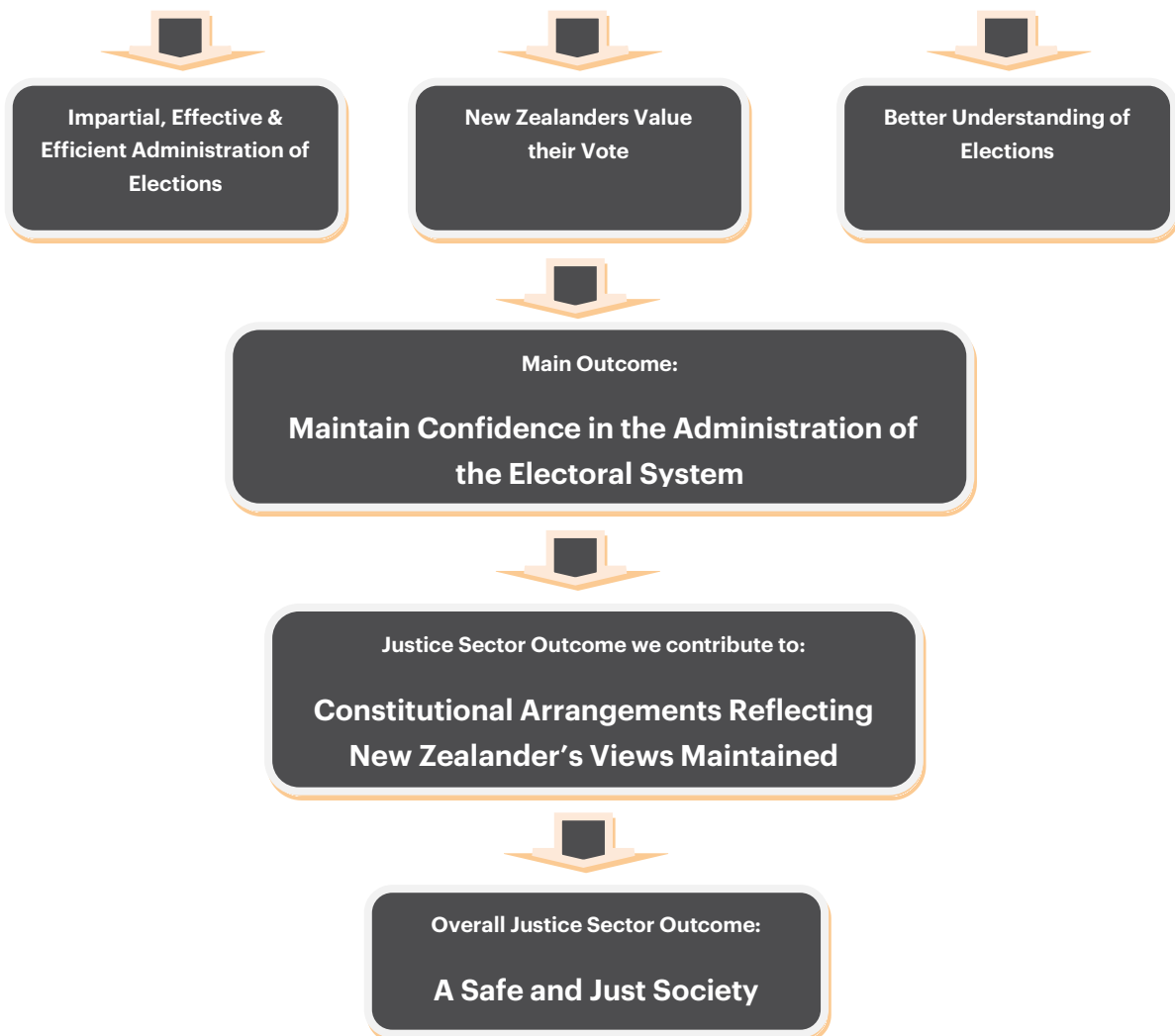
### Our Outcomes Framework

The Justice Sector has an aspirational outcome that all New Zealanders should expect to live in a safe and just society. To that end the justice system itself should be underpinned by effective constitutional arrangements. The Commission is part of the Justice Sector so has a role to play in achieving the outcomes set for the sector. The Commission's main contribution towards these ends is to maintain confidence in the administration of the electoral system.

The framework below summarises our services, the results or impacts they deliver and how these contribute towards Government priorities for the Justice Sector.

### Electoral Commission Outputs:

- compiling and maintaining the electoral rolls
- preparation and conduct of general elections, by-elections and referenda
- allocating government time and money to registered political parties for radio and television broadcasting
- promoting public awareness of electoral matters through education and information programmes
- providing advice to the Minister and the House on electoral matters
- making available information to assist political parties, candidates, and third parties to meet their statutory obligations in respect of electoral matters administered by the Commission
- promoting compliance with electoral laws



# STATEMENT OF PERFORMANCE



For the year under review appropriations were provided by Parliament to meet the operating costs of the Commission and the conduct of the Mt Roskill and Mt Albert By-elections.

The Commission received appropriations under the single output class of 'provision of electoral services' in the year. A summary of expenditure by output and associated revenues is provided in the table below. A summary of the key variances against budget is provided in Note 15 on page 51.

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

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

<b>OUTPUT EXPENDITURE</b>	<b>2016/17 ACTUAL</b>	<b>2016/17 FORECAST</b>
<b>OUTPUT CLASS - PROVISION OF ELECTORAL SERVICES</b>		
<b>Output area - On-Going Activities:</b>	<b>\$8.491m</b>	<b>\$5.827m</b>
Output 1: Facilitate participation in parliamentary election		
Output 2: Making available information to assist political parties, candidates, and third parties to meet their statutory obligations in respect of electoral matters administered by the Electoral Commission		
Output 3: Promoting public awareness of electoral matters through education and information programmes		
Output 4: Providing advice to the Minister and the House on electoral matters, including those referred to the Electoral Commission		
<b>Output Area - Producing And Maintaining Rolls:</b>	<b>\$12.827m</b>	<b>\$14.534m</b>
Output 5: Compiling and maintaining electoral rolls		
<b>Output Area – Conduct Of Electoral Events:</b>	<b>\$10.759m</b>	<b>\$12.560m</b>
Output 6: Preparation for the conduct of 2017 General Election, and conduct of the Mt Roskill and Mt Albert By-elections		
<b>International Assistance:</b>	<b>\$1.393m</b>	<b>\$Nil</b>
<b>Total Expenditure by Output</b>	<b>\$33.470m</b>	<b>\$32.921m</b>
<b>REVENUE</b>		
<b>CROWN REVENUE<sup>2</sup></b>	<b>\$33.928m</b>	<b>\$32.239m</b>
<b>OTHER REVENUE</b>	<b>\$ 1.723m</b>	<b>\$ 0.250m</b>
<b>Total Revenue</b>	<b>\$35.651m</b>	<b>\$32.489m</b>
<b>Surplus to / (Shortfall from) Current Reserves</b>	<b>\$2.181m</b>	<b>(\$0.432m)</b>

<sup>2</sup> The Crown Revenue received by the Electoral Commission equals the actual appropriation provided under the Vote Justice output class 'Provision of Electoral Services'.

Our 2015/16 non-financial performance measures are outlined below. Additional detail on our performance against our key outcome and impacts can be found on pages 2 -11.

### Output 1 - Facilitate participation in parliamentary elections

2016/17 MEASURE	PERFORMANCE		2016/17 RESULT
	Target	Comparative	
Percentage of eligible New Zealanders enrolled*	92.6-93.5%	90.2% (2015/16)	88.4% as at 30 June 2017
Percentage of 18 to 24 year olds enrolled	76.5-80.0%	67.7% (2015/16)	64.31% as at 30 June 2017
Percentage of enrolled voters voting in 2016/17 By-elections	40.0-50.0%	46% Average over the last 6 By-elections	38.46% of those enrolled voted in the Mt Roskill By-election 30.00% of those enrolled voted in the Mt Albert By-election

\* This measure is included in the Electoral Services non-department appropriation for Vote Justice for 2016/17.

### Output 2 - Making available information to assist political parties, candidates, and third parties to meet their statutory obligations in respect of electoral matters administered by the Electoral Commission

2016/17 MEASURE	PERFORMANCE		2016/17 RESULT
	Target	Comparative	
Maximum response time to requests for advisory opinions*	5 working days	2.1 days average (2015/16)	✓ The average response time during the year was 2.02 days. There were 444 requests covering 791 items. 433 requests were responded to within the 5 day target. 11 took longer.
Feedback received on advisory opinions indicates satisfaction or better with the standard of the response	90%	90% (2015/16)	✓ Those who requested advisory opinions were surveyed as to their satisfaction with the opinions provided. The average across the key measures of timeliness, ease to understand and adequately addressing the question was 95%.

\* This measure is included in the Electoral Services non-department appropriation for Vote Justice for 2016/17.

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

2016/17 MEASURE	PERFORMANCE		2016/17 RESULT
	Target	Comparative	
Percentage of New Zealanders who express confidence in the administration of the electoral system*	90-95%	69% (May 2015)	Measured this year by the response to the survey question 'intention to vote' asked in the 3 yearly pre-election engagement in the voting process benchmarking survey. Those who responded 'definitely will' and 'highly likely' totalled 87% compared to 81% in 2014.

\* This measure is included in the Electoral Services non-department appropriation for Vote Justice for 2016/17.

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

2016/17 MEASURE	PERFORMANCE		2016/17 RESULT
	Target	Comparative	
Advice provided does not require further clarification	100%	100% (2015/16)	✓ Further clarification was not required on the advice provided to-date.
Advice is provided within the timeframe requested*	100%	100% (2015/16)	✓ The Minister's and Ministry's timeframes were met on the advice requested.

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

**Output 5 - Compiling and maintaining electoral rolls**

2016/17 MEASURE	PERFORMANCE		2016/17 RESULT
	Target	Comparative	
Percentage of accuracy in processing enrolment applications and notifications of changes to enrolment details held	>99%	99.992% (2015/16)	✓ 99.944% accuracy was achieved. Sampling indicated a processing error rate of 1 per 1,800 updates.
Applications and changes received in any given week are processed on receipt and confirmations (excepting changes to honorifics and occupation) prepared and mailed by the following Tuesday	>99%	100% (2015/16)	✓ 100% year to date

## Output 6 - Conduct of by-elections and referendums

2016/17 MEASURE	PERFORMANCE TARGETS	2016/17 RESULT
Release of by-election results*		<b>Mt Roskill – 03 December 2017</b>
	<ul style="list-style-type: none"> <li>• Advance Voting published by 7:30pm</li> <li>• Results for 50% of voting places published by 9:00pm</li> <li>• Full preliminary results published by 10:00pm</li> <li>• Official results published 11 days after election day</li> </ul>	<ul style="list-style-type: none"> <li>✓ Advanced voting results online at 7:18pm</li> <li>✓ 50% of preliminary count completed/online at 8:13pm</li> <li>✓ 100% of preliminary count completed/online 8:49pm</li> <li>✓ Official Results published on 14 December 2016, 11 days after the election as required</li> </ul>
Release of referendum results (postal)		<b>Mt Albert – 25 February 2017</b>
	<ul style="list-style-type: none"> <li>• Preliminary results published by 8:30pm on the last day of each referendum</li> <li>• Official results published by 5pm on the second workday following the close of each referendum</li> </ul>	<ul style="list-style-type: none"> <li>✓ Advanced voting results online at 7:08pm</li> <li>✓ 50% of preliminary count completed/online at 7:56pm</li> <li>✓ 100% of preliminary count completed/online 8:42pm</li> <li>✓ Official Results published on 8 March 2017, 11 days after the election as required</li> </ul>
		N/A

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



7

Entrance

Intermediate  
School

arking



**VOTING**



# FINANCIAL STATEMENTS



## Statement of Comprehensive Revenue and Expense For The Year Ended 30 June 2017

2016			2017	2017	2018
Actual			Actual	Unaudited Budget	Unaudited forecast
\$000		Notes	\$000	\$000	\$000
<b>REVENUE</b>					
31,416	Funding from Crown	2	33,928	32,239	57,749
-	Funding from Crown – Broadcasting Allocation	2	-	-	3,605
306	Interest Received		209	250	350
-	Other Income		121	-	-
582	International Aid Programme		1,393	-	1,655
<b>32,304</b>	<b>Total Revenue</b>		<b>35,651</b>	<b>32,489</b>	<b>63,359</b>
<b>EXPENDITURE</b>					
4,522	Personnel and Board Fees	3	11,619	6,319	25,761
28,635	Operating Costs	4	21,553	26,212	33,834
-	Broadcasting Allocation		-	-	3,605
140	Depreciation and Amortisation Expense	7,8	231	330	417
65	Audit Fees		67	60	74
<b>33,362</b>	<b>Total Expenditure</b>		<b>33,470</b>	<b>32,921</b>	<b>63,691</b>
<b>(1,058)</b>	<b>Surplus/(Deficit)</b>		<b>2,181</b>	<b>(432)</b>	<b>(332)</b>
-	<b>Other Comprehensive Revenue and Expense</b>		-	-	-
<b>(1,058)</b>	<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>		<b>2,181</b>	<b>(432)</b>	<b>(332)</b>

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

## Statement of Financial Position As at 30 June 2017

2016			2017	2017	2018
Actual			Actual	Unaudited Budget	Unaudited Forecast
\$000	Notes		\$000	\$000	\$000
<b>CURRENT ASSETS</b>					
4,670	Cash and cash equivalents	5	11,467	2,363	1,529
792	Debtors and Other Receivables	6	648	16	16
-	Prepayments		133	-	-
<b>5,462</b>	<b>Total Current Assets</b>		<b>12,248</b>	<b>2,379</b>	<b>1,545</b>
<b>NON-CURRENT ASSETS</b>					
434	Property, Plant and Equipment	7	433	3,143	2,846
2,326	Intangible Assets / Work in Progress	8	2,417	-	-
85	Prepayments		-	-	-
<b>2,845</b>	<b>Total Non-Current Assets</b>		<b>2,850</b>	<b>3,143</b>	<b>2,846</b>
<b>8,307</b>	<b>TOTAL ASSETS</b>		<b>15,098</b>	<b>5,522</b>	<b>4,391</b>
<b>CURRENT LIABILITIES</b>					
863	Revenue received in advance	9	2,916	-	-
1,844	Creditors and Other Payables	9	3,793	431	431
312	Employee Entitlements	10	887	383	383
<b>3,019</b>	<b>Total Current Liabilities</b>		<b>7,596</b>	<b>814</b>	<b>814</b>
<b>NON-CURRENT LIABILITIES</b>					
57	Employee Entitlements	10	90	69	69
<b>57</b>	<b>Total Non-Current Liabilities</b>		<b>90</b>	<b>69</b>	<b>69</b>
<b>3,076</b>	<b>TOTAL LIABILITIES</b>		<b>7,686</b>	<b>883</b>	<b>883</b>
<b>5,231</b>	<b>NET ASSETS</b>		<b>7,412</b>	<b>4,639</b>	<b>3,508</b>

## Statement of Changes in Equity For the Year Ended 30 June 2017

2016			2017	2017	2018
Actual			Actual	Unaudited Budget	Unaudited forecast
\$000	Notes		\$000	\$000	\$000
<b>6,289</b>	<b>PUBLIC EQUITY AT START OF YEAR</b>		<b>5,231</b>	<b>5,071</b>	<b>3,840</b>
(1,058)	Comprehensive Revenue and Expense		2,181	(432)	(332)
<b>5,231</b>	<b>PUBLIC EQUITY AT END OF YEAR</b>		<b>7,412</b>	<b>4,639</b>	<b>3,508</b>

The Notes to the Financial Statements form an integral part of these Financial Statements.

## Statement of Cash Flows For the Year Ended 30 June 2017

2016			2017	2017	2018
Actual			Actual	Unaudited Budget	Unaudited forecast
\$000	Notes	\$000	\$000	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
31,416	Receipts from Crown	33,928	32,239	61,354	
306	Interest received	209	250	350	
943	Receipts from other revenue	3,550	-	-	
(4,546)	Payments to Employees	(10,860)	(6,319)	(25,761)	
(27,925)	Payments to Suppliers	(19,717)	(27,991)	(37,085)	
<b>194</b>	<b>Net cash flow from operating activities</b>	<b>7,110</b>	<b>(1,821)</b>	<b>(1,142)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
-	Receipts from sale of property, plant and equipment	7	-	-	
(286)	Purchase of property, plant and equipment	(161)	(120)	(120)	
(1,498)	Purchase of intangible assets	(159)	-	-	
<b>(1,784)</b>	<b>Net cash flows from investing activities</b>	<b>(313)</b>	<b>(120)</b>	<b>(120)</b>	
<b>CASH FLOWS FROM FINANCE ACTIVITIES</b>					
-	Capital contributions	-	-	-	
-	<b>Net cash flows from investing activities</b>	-	-	-	
(1,590)	Net increase/(decrease) in cash and cash equivalents	6,797	(1,941)	(1,262)	
6,260	Cash and cash equivalents at beginning of year	4,670	4,304	2,791	
<b>4,670</b>	<b>CASH AND CASH EQUIVALENTS HELD AT YEAR END</b>	<b>5</b>	<b>11,467</b>	<b>2,363</b>	<b>1,529</b>

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

	2017	2016
	Actual	Actual
	\$000	\$000
<b>Net surplus/(deficit)</b>	<b>2,181</b>	<b>(1,058)</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation expense	231	140
<b>Total non-cash items</b>	<b>231</b>	<b>140</b>
<b>Add/(less) movements in financial position items</b>		
(Increase)/decrease in debtors and prepayments	(9)	306
(Increase)/decrease in GST refund	(485)	11
Increase/(decrease) in creditors and other payables	4,585	755
Increase/(decrease) in employee entitlements	607	40
<b>Net movement in working capital</b>	<b>4,698</b>	<b>1,112</b>
<b>Net cash flow from operating activities</b>	<b>7,110</b>	<b>194</b>

The Notes to the Financial Statements form an integral part of these Financial Statements.

## Statement of Commitments For the Year Ended 30 June 2017

### Non-cancellable operating lease commitments

The Commission leases properties in the normal course of its business. The majority of these leases are for premises which have a non-cancellable leasing period ranging from one to three years.

The Commission's non-cancellable operating leases have varying terms, escalation clauses, and renewal rights.

2016		2017
Actual		Actual
\$000		\$000
<b>Operating leases as leasee</b>		
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:		
964	Not later than one year	4,614
1,242	Later than one and not later than five years	757
-	Later than five years	-
<b>2,206</b>	<b>Total non-cancellable operating lease commitments</b>	<b>5,371</b>
<b>2,206</b>	<b>Total commitments</b>	<b>5,371</b>

## Statement of Contingent Liabilities and Contingent Assets For the Year Ended 30 June 2017

There were no contingent liabilities at reporting date (2016 Nil).

## ELECTORAL COMMISSION NOTES TO THE FINANCIAL STATEMENTS

### 1. STATEMENT OF ACCOUNTING POLICIES

#### Reporting Entity

The Commission is a Crown entity defined by the Crown Entities Act 2004, and is domiciled and operates in New Zealand. The relevant legislation governing the Commission's operations includes the Electoral Act 1993, the Crown Entities Act 2004, the New Zealand Flag Referendums Act 2015, Broadcasting Act 1989, and the Referenda (Postal Voting) Act 2000. The 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 arliamentary democracy; and
- (b) promotes understanding of the electoral system; and
- (c) maintains confidence in the administration of the electoral system."

The Commission has designated itself as a public benefit entity (PBE) for financial reporting purposes of complying with generally accepted accounting practice.

The financial statements for the Commission are for the year ended 30 June 2017, and were approved by the Board on 31 October 2017.

#### Basis of preparation

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

#### Statement of Compliance

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

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

These financial statements comply with PBE standards.

### **Presentation currency and rounding**

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

### **Changes in accounting policies**

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

### **Summary of Significant Accounting Policies**

Significant accounting policies are included in the notes to which they related.

Significant account policies that do not relate to a specific note are outlined below.

### **Cash and cash equivalents**

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

The Commission is only permitted to expend its cash and cash equivalents within the scope and limits of its appropriations.

### **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 Commission is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

### **Critical accounting estimates and assumptions**

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in respect of:

- Assessing the useful lives of software – see Note 8.
- Measuring long service leave and retirement gratuities – see Note 10.

The Notes to the Financial Statements form an integral part of these Financial Statements.

**Budget and forecast figures**

The 2017 budget figures are for the year ended 30 June 2017 and were published in the 2016/17 Statement of Performance Expectations. They are consistent with the Commission's best estimate financial forecast information submitted to the Ministry of Justice for the year ending 2016/17.

The 2018 forecast figures are for the year ended 30 June 2018, which are consistent with the best estimate financial forecast information submitted to the Ministry of Justice for the Statement of Performance Expectations for the year ending 2017/18.

The forecast financial statements have been prepared as required by the PFA to communicate forecast financial information for accountability purposes.

The budget and forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

The 30 June 2018 forecast figures have been prepared in accordance with and comply with PBE FRS 42 Prospective Financial Statements.

The forecast financial statements were approved for issue by the Board in May 2016.

The Board is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

While the Commission regularly updates its forecast financial statement, updated forecast financial statements for the year ending 30 June 2018 will not be published.

**Significant assumptions used in preparing the forecast financial information**

The forecast figures contained in these financial statements reflect the Commission's purpose and activities and are based on a number of assumptions on what may occur during the 2017/18 year. The forecast figures have been compiled on the basis of existing government policies and ministerial expectations at the time the Estimates were finalised.

The main assumptions, which were adopted as at 31 May 2017, were as follows:

- The Commission's activities and output expectations will remain substantially the same as the previous year focusing on the General Election in September 2017.
- Personnel costs were based on 120 full-time equivalent permanent staff, and up to 18,000 temporary field staff.
- Operating costs were based on historical experience and other factors that are believed to be reasonable in the circumstances and are the Commission's best estimate of future costs that will be incurred. Remuneration rates are based on current wages and salary costs, adjusted for anticipated remuneration changes.
- Estimated year-end information for 2016/17 was used as the opening position for the 2017/18 forecasts.

The actual financial results achieved for 30 June 2018 are likely to vary from the forecast information presented, and the variations may be material.



## Critical accounting estimates and assumptions

In preparing these financial statements, the Commission has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

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

## 2. REVENUE

The specific accounting policies for significant revenue items are explained below:

### Funding from the Crown

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

Revenue from the Crown is measured based on the Commission's funding entitlement for the reporting period. The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised taken into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved prior to balance date.

There are no conditions attached to the funding and it is recognised as revenue at the point of receipts. The Commission revenue is non-exchange revenue.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

### Breakdown of revenue

	2017	2016
	Actual	Actual
	\$000	\$000
Core services of the Electoral Commission	32,239	16,526
Election Broadcasting (Parliamentary Legislative Authority)	-	-
Conduct of the Mt Roskill By-Election	860	-
Conduct of the Mt Albert By-Election	829	-
Conduct of the Government Initiated Referendum – Flag	-	14,890
<b>Total Revenue from the Crown</b>	<b>33,928</b>	<b>31,416</b>

The Notes to the Financial Statements form an integral part of these Financial Statements.

The Commission has been provided with funding from the Crown for the specific purpose of the Commission as set out in its founding legislation and the scope of the relevant government appropriations. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to the government funding.

### 3. PERSONNEL COSTS

#### Accounting policy

##### Salary and wages

Salary and wages are recognised as an expense as employees provide services.

#### Superannuation schemes

##### Defined Contribution schemes

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

#### Breakdown of personnel costs

	2017	2016
	Actual	Actual
	\$000	\$000
Salaries and wages	10,844	4,289
Increase/(decrease) in employee entitlements	87	(21)
Employer contributions to defined benefit plans	266	123
Other personnel costs	422	131
<b>Total personnel costs</b>	<b>11,619</b>	<b>4,522</b>

#### Employee Remuneration

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

	2017	2016
\$100,000 – \$109,999	3	3
\$110,000 – \$119,999	-	1
\$120,000 – \$129,999	5	4
\$130,000 – \$139,999	4	-
\$140,000 – \$149,999	2	1
\$150,000 – \$159,999	2	2
\$160,000 – \$169,999	1	1
\$170,000 – \$179,999	-	1
\$180,000 – \$189,000	1	-
<b>18</b>	<b>13</b>	

The Notes to the Financial Statements form an integral part of these Financial Statements.

## Board Members Remuneration

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

Chair Hon Sir Hugh Williams QC	51	50
Deputy Chair Kristy McDonald QC (November 2016)	12	-
Deputy Chair Jane Huria CNZM (to September 2016)	3	8
Board Member & Chief Electoral Officer Alicia Wright (January 2017)	140	-
Board Member & Chief Electoral Officer Robert Peden (to December 2016)	162	320
<b>Total Board Member Remuneration</b>	<b>368</b>	<b>378</b>

## 4. OTHER EXPENSES

### Accounting Policy

#### Operating leases

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

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

#### Other expenses

Other expenses are recognised as goods and services are received.

### Breakdown of other expenses

	<b>2017</b>	<b>2016</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$000</b>	<b>\$000</b>
Enrolment Services	572	13,348
Specialist Services	4,916	2,764
Postage & Courier Charges	2,373	4,750
Rent including other temporary premises	3,527	611
Advertising and Publicity	2,711	3,860
Information, Communications & Technology	1,326	823
Printing	2,057	1,059
Travel	1,125	313
Stationery/Supplies	1,026	40
Minor Assets	388	37
Other	1,129	777
Storage/Freight	403	253
<b>Total Operating costs</b>	<b>21,553</b>	<b>28,635</b>

The Notes to the Financial Statements form an integral part of these Financial Statements.

Reclassify the Specialist Services to \$2,764 from \$1,324 and Other expenses from \$2,217 to \$777 in 2016 year comparative to represent the actual Specialist Services expense better.

## 5. CASH AND CASH EQUIVALENTS

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

### Breakdown of cash and cash equivalents

	2017	2016
	Actual	Actual
	\$000	\$000
Investment Account	9,426	4,175
Operating Account	1,577	495
Electorate Bank Accounts	464	-
<b>Total cash and cash equivalents</b>	<b>11,467</b>	<b>4,670</b>

Cash held includes unspent Ministry of Foreign Affairs funding received of \$1.966m (2016 \$0.863m) for international assistance work with Pacific Island States and is subject to restrictions. The restrictions specify how the grant is required to be spent in providing the specified deliverables.

## 6. RECEIVABLES

### Accounting policy

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

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

### Breakdown of receivables

	2017	2016
	Actual	Actual
	\$000	\$000
Debtors and other Receivables	5	634
GST receivable from Inland Revenue	643	158
<b>Total Debtors and other receivables</b>	<b>648</b>	<b>792</b>

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

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

	2017			2016		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Not past due	647	-	647	792	-	792
Past due 1-30 days	-	-	-	-	-	-
Past due 31-60 days	-	-	-	-	-	-
Past due 61-90 days	-	-	-	-	-	-
Past due over 90 days	1	-	1	-	-	-
<b>Total</b>	<b>648</b>	<b>-</b>	<b>648</b>	<b>792</b>	<b>-</b>	<b>792</b>

## 7. PROPERTY, PLANT, AND EQUIPMENT

### Accounting policy

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.

Individual assets, or group of assets, are capitalised if their cost is greater than \$3,000.

### 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 Commission and the cost of the item can be measured reliably.

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

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

### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to general funds.

### Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the 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.

The Notes to the Financial Statements form an integral part of these Financial Statements.

**Depreciation**

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

Office equipment	5 years	20.00%
Furniture and fittings	5 years	20.00%
Leasehold improvements	9 years	11.11%
Computer equipment	3 years	33.33%

Leasehold improvements are depreciated over the shorter of the unexpired period of the lease or the estimated remaining useful lives of the improvements.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

**Impairment**

The Commission does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Non-cash-generating assets

Property, plant, and equipment held at cost that have a finite useful life are reviewed for impairment at each balance date whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

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

## Breakdown of property, plant, and equipment

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

	COMPUTER HARDWARE \$00	OFFICE EQUIPMENT \$000	FURNITURE & FITTINGS \$000	TOTAL \$000
<b>Cost or Valuation</b>				
Balance at 1 Jul 2015	312	38	121	471
Additions	126	170	17	313
Disposals	-	-	-	-
<b>Balance at 30 Jun 2016</b>	<b>438</b>	<b>208</b>	<b>138</b>	<b>784</b>
Balance at 1 Jul 2016	438	208	138	784
Additions	88	45	39	172
Disposals	-	(11)	-	(11)
<b>Balance at 30 Jun 2017</b>	<b>526</b>	<b>242</b>	<b>177</b>	<b>945</b>
<b>Accumulated Depreciation</b>				
Balance at 1 Jul 2015	191	7	12	210
Depreciation Expense	104	23	13	140
<b>Balance 30 Jun 2016</b>	<b>295</b>	<b>30</b>	<b>25</b>	<b>350</b>
Balance at 1 Jul 2016	295	30	25	350
Depreciation Expense	100	43	19	162
<b>Balance 30 Jun 2017</b>	<b>395</b>	<b>73</b>	<b>44</b>	<b>512</b>
<b>Carrying Amount</b>				
At 1 July 2015	121	31	109	261
At 1 July 2016	143	178	113	434
<b>At 1 July 2017</b>	<b>131</b>	<b>169</b>	<b>133</b>	<b>433</b>

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

## 8. INTANGIBLE ASSETS

### Accounting policy

#### Software acquisition and development

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

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

Staff training costs are recognised as an expense when incurred.

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

Cost associated with development and maintenance of the Commission's website is recognised as an expense when incurred.

### **Amortisation**

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Acquired Computer Software	3 years	33.33%
Developed Computer Software	10 years	10.00%

### **Impairment**

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

For the further details, refer to the policy for impairment of property, plants, and equipment in Note 7.

The same approach applies to the impairment of intangible assets.

## **Critical accounting estimates and assumptions**

### **Useful lives of software**

The useful life of software is determined at the time the software is acquired and brought into use and is reviewed at each reporting date for appropriateness. For computer software licenses, the useful life represents management's view of the expected period over which the Commission will receive benefits from the software, but not exceeding the licence term. For internally generated software developed by the Commission, the useful life is based on historical experience with similar systems as well as anticipation of future events that may impact the useful life, such as changes in technology.

## Breakdown of intangible assets

Movements for each class of intangible asset are as follows:

	SOFTWARE \$000	WORK IN PROGRESS \$000	TOTAL \$000
<b>Cost or Valuation</b>			
Balance at 1 July 2015	154	703	857
Additions	-	1,623	1,623
Disposals	-	-	-
<b>Balance at 30 June 2016</b>	<b>154</b>	<b>2,326</b>	<b>2,480</b>
Balance at 1 Jul 2016	154	2,326	2,480
Additions	2,485	159	2,644
Transfers	-	(2,485)	(2,485)
<b>Balance at 30 June 2017</b>	<b>2,639</b>	<b>-</b>	<b>2,639</b>
<b>Accumulated Depreciation</b>			
Balance 1 July 2015	154	-	154
Amortisation Expense	-	-	-
<b>Balance at 30 Jun 2016</b>	<b>154</b>	<b>-</b>	<b>154</b>
Balance at 1 July 2016	154	-	154
Amortisation Expense	68	-	68
<b>Balance 30 Jun 2017</b>	<b>222</b>	<b>-</b>	<b>222</b>
<b>Carrying Amount</b>			
At 1 July 2015	-	703	703
At 1 July 2016	-	2,326	2,326
<b>At 1 July 2017</b>	<b>2,417</b>	<b>-</b>	<b>2,417</b>

## Restrictions

There are no restrictions over the title of the Commission's intangible assets nor are there any intangible assets pledged as security for liabilities.

## 9. PAYABLES AND DEFERRED REVENUE

### Accounting policy

Short-term creditors and other payables are recorded at the amount payable.

### Breakdown of payables and deferred revenue

	2017	2016
	Actual	Actual
	\$000	\$000
<b>Payables and deferred revenue under exchange transactions</b>		
Creditors	2,215	564
Accrued expenses	1,578	1,280
Revenue in Advance (Funding received subject to conditions)	2,916	863
<b>Total payables and deferred revenue</b>	<b>6,709</b>	<b>2,707</b>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximate their fair value, all value are from Exchange transactions.

## 10. EMPLOYEE ENTITLEMENTS

### Accounting policy

#### Short-term employee entitlements

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

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

#### Long-term employee entitlements

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

#### Presentation of employee entitlements

Annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

### Superannuation schemes

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

### Critical accounting estimates and assumptions

#### Long service leave and retirement gratuities

The measurement of the long service leave and retirement gratuities obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions.

### Breakdown of employee entitlements

	2017	2016
	Actual	Actual
	\$000	\$000
<b>Current portion</b>		
Accrued salaries and wages	196	24
Annual leave	625	286
Long Service Leave	66	2
<b>Total current portion</b>	<b>887</b>	<b>312</b>
<b>Non-current portion</b>		
Long Service leave	56	26
Retiring leave	34	31
<b>Total non-current portion</b>	<b>90</b>	<b>57</b>
<b>Total employee entitlements</b>	<b>977</b>	<b>369</b>

## 11. EQUITY

### Accounting policy

Equity is the Crown's investment in the Commission and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- Retained earnings
- Accumulated surplus/ (deficit)

**Breakdown of equity**

	2017	2016
	Actual	Actual
	\$000	\$000
<b>Accumulated surplus/(deficit)</b>		
Balance at 1 July	5,231	6,290
Surplus/(deficit) for the year	2,181	(1,059)
Balance at 30 June	7,412	5,231
<b>Total equity</b>	<b>7,412</b>	<b>5,231</b>

**12. RELATED PARTY TRANSACTIONS**

The Commission is a wholly owned entity of the Crown.

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

**Key management personnel**

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

**Key management personnel compensation**

	2017	2016
	Actual	Actual
	\$000	\$000
<b>Board Members</b>		
Remuneration	368	378
Full-time equivalent members	1.2	1.2
<b>Management Team</b>		
Remuneration	1,110	919
Full-time equivalent members	7	6
<b>Total Key Personnel Compensation</b>	<b>1,478</b>	<b>1,297</b>

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

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

## 13. FINANCIAL INSTRUMENTS

### Financial instrument categories

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

	<b>2017</b>	<b>2016</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$000</b>	<b>\$000</b>
<b>Loans and receivables</b>		
Cash and cash equivalents	11,467	4,670
Debtors and other receivables	648	792
Loan to Enrolment Services	-	85
<b>Total loans and receivables</b>	<b>12,115</b>	<b>5,547</b>
<b>Financial liabilities</b>		
Creditors and other payables	3,793	1,844
<b>Total financial liabilities</b>	<b>3,793</b>	<b>1,844</b>

### Financial instrument risks

The Commission's activities expose it to the financial instrument risks of market, credit, and liquidity risk. The Commission's policy is to minimise exposure from financial instruments, and to not enter any transaction of a speculative nature.

### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Commission is exposed to cash flow interest rate risk as it has bank accounts and short term deposits at floating interest rates. The Commission manages its interest risk by investing in on-call deposits with high credit-rated financial institutions.

### Cash flow interest risk

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

### Credit risk management

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

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

The Notes to the Financial Statements form an integral part of these Financial Statements.

Maximum exposures to credit risk at reporting date are:

	2017	2016
	Actual	Actual
	\$000	\$000
<b>Loans and receivables</b>		
Cash and cash equivalents	11,467	4,670
Debtors and other receivables	648	792
Prepayments	133	85
<b>Total loans and receivables</b>	<b>12,248</b>	<b>5,547</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.

### Liquidity risk

Liquidity risk is the risk that the 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 Commission's commitments owing at balance date, comprising trade and other payables, have a contractual maturity of less than six months. The Commission has sufficient cash on hand to meet these commitments as they fall due.

## 14. EVENTS AFTER BALANCE DATE

There have been no significant events after balance date.

## 15. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Comparative budget values are sourced from the forecast financial statements shown in the Commission's Statement of Performance Expectations 2016-2021 (SPE). The key variances to budget are outlined below:

### Revenue - \$3.162m favourable against budget in the main is the result of;

- \$1.393m in funding for the deployment in association with MFAT of Technical Advisors to Fiji and Bougainville to assist both authorities with preparations for parliamentary elections
- \$1.689m in funding for the Mt Albert and Mt Roskill By-Election.

### Expenditure - \$0.549m unfavourable against budget as a result of;

- \$1.393m spent on deployments in association with MFAT of Technical Advisors to Fiji and Bougainville to assist both authorities with preparations for parliamentary elections. This expenditure is fully funded from the New Zealand Aid Programme.
- \$1.350m spent on the Mt Roskill and Mt Albert By-elections. This was fully funded by additional funding from the Government
- \$0.317m additional spent on core operations in the year, and

The Notes to the Financial Statements form an integral part of these Financial Statements.

- A net underspend of \$2.511m on preparations for the September 2017 General Election. The majority of this underspend is timing related and will be spent in the 2017/18 year.

## 16. TRUST MONIES

The Trust Account for Nomination Deposits was administered on behalf of the Crown under Part VII of the Public Finance Act 1989. This trust account holds deposits received by individual nominees and political parties contesting By-Elections and Parliamentary Elections. Movements in this account during the year ended 30 June 2017 were as follows:

	<b>2017</b>	<b>2016</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$000</b>	<b>\$000</b>
<b>Election candidate deposits trust account</b>		
<b>Balance 1 July 2016</b>	24	88
Fees received	6	-
Fees refunded	(23)	(64)
<b>Balance at 30 June 2017</b>	<b>7</b>	<b>24</b>



## Statement of Responsibility

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

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

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

In the Board's opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of the Electoral Commission for the year ended 30 June 2017.

Signed by the Board:



**Hon Sir Hugh Williams QC**

Chair



**Kristy McDonald QC**

Deputy Chair



**Alicia Wright**

Chief Electoral Officer

31 October 2017

# Independent Auditor's Report

## To the readers of the Electoral Commission's financial statements and performance information for the year ended 30 June 2017

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

### Opinion

We have audited:

- the financial statements of the Commission on pages 30 to 52, that comprise the statement of financial position as at 30 June 2017, the statement of comprehensive revenue and expense, statement of changes in equity, statement of cash flows, statement of commitments and statement of contingent liabilities and contingent assets for the year ended on that date and notes to the financial statements including a summary of significant accounting policies; and
- the performance information of the Commission on pages 2 to 11 and 24 to 28.

In our opinion:

- the financial statements of the Commission:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2017; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.
- the performance information:
  - presents fairly, in all material respects, the Commission's performance for the year ended 30 June 2017, including:
    - for each class of reportable outputs:
      - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
      - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
    - what has been achieved with the appropriation; and
    - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
  - complies with generally accepted accounting practice in New Zealand.



Our audit was completed on 31 October 2017. 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 relating to the financial statements and the performance information, we comment on other information, 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 Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

### **Responsibilities of the Board for the financial statements and the performance information**

The Board is responsible on behalf of the Commission for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of the Commission for assessing the Commission's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Commission, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004, Electoral Act 1993 and the Public Finance Act 1989.

### **Responsibilities of the auditor for the audit of the financial statements and the performance information**

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Commission's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the Commission's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

## Other information

The Board is responsible for the other information. The other information comprises the information included on page 1 and pages 12 to 23, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.



In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

We are independent of the Commission in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Commission.

A handwritten signature in black ink that reads "Andrew Clark". The signature is written in a cursive, flowing style.

### **Andrew Clark**

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



# Directory

## **AUDITOR**

AUDIT NEW ZEALAND  
ON BEHALF OF THE AUDITOR-GENERAL

## **BANKERS**

BANK OF NEW ZEALAND

## **SOLICITORS**

CROWN LAW OFFICE

## **ADDRESS AND CONTACTS**

LEVEL 10  
34-42 MANNERS STREET  
PO BOX 3220  
WELLINGTON 6140  
NEW ZEALAND

TELEPHONE (04) 495 0030  
FACSIMILE (04) 495 0031  
EMAIL [ENQUIRIES@ELECTIONS.GOV.T.NZ](mailto:ENQUIRIES@ELECTIONS.GOV.T.NZ)

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