

# **ELECTORAL COMMISSION ANNUAL REPORT**

Te Kaitiaki Take Kōwhiri  
Te Pūrongo ā Tau

**FOR THE YEAR ENDED  
30 JUNE 2018**



# To Hon Minister of Justice

It is a pleasure to provide to you, for presentation to Parliament, the 2018 Annual Report of the Electoral Commission, Te Kaitiaki Take Kōwhiri, pursuant to section 150(3) of the Crown Entities Act 2004.



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# Introduction from the Board

This Annual Report covers the Commission's achievements against objectives from our 2016/17 – 2020/21 Statement of Intent and the performance measures and budget set out in our 2017/18 Statement of Performance Expectations.

This was a busy year for the Electoral Commission with three key events; the 2017 General Election, the Māori Electoral Option and the Northcote by-election.

The 2017 General Election was the first in nearly 40 years to be held where all aspects of the administration of the election were handled by one agency. In 2016 the Commission took the maintenance of the electoral roll into its structure and grew from 26 to over 100 permanent staff, many of whom came from Enrolment Services, NZ Post. This created significant improvement opportunities for our services to customers and we will continue to capitalise on these opportunities in future.

Another highlight of the Election was the turnout of enrolled electors – at 79.8% it was the highest since 2005.

Conduct of such a large scale event is not easy and involves many people and many steps including:

- maintenance of the integrity of systems and processes so that people have trust and confidence in the work of the Commission and the results
- training and supporting our people
- understanding, informing, engaging, and educating our customers about the value of taking part
- building and maintaining partnerships with businesses, community groups and other government agencies who can help increase participation.

In April this year the Commission provided a report on the conduct of the election. This reported on the key features of the election and identified particular areas to be considered for future elections, including potential legislative changes.

The 2017 General Election dominated much of the Commission's activities in the financial year, and consequently, significant portions of this Annual Report overlap with what was said in the report on the General Election.

While the Commission was still conducting the election, planning and preparations were underway for the 2018 Māori Electoral Option. The campaign ran from April until August 2018, after year-end. Key to the success of this campaign was engagement with communities dispersed throughout New Zealand.

A by-election was held in the Northcote electorate on 9 June 2018. For the first time at an election, more votes were cast in the advance voting period than on election day. This is a significant shift and means we need to plan on advance voting being as high as 60-65% in future elections.



In the 2017 General Election and the Northcote by-election we provided a full service of enrolment and voting in all advance voting places. This was a new initiative only possible because of the integration of Enrolment Services in 2016.

In the later part of the financial year we began planning for the likelihood that we will be required to deliver more than one referendum either with or prior to the 2020 election.

Planning for the 2020 general election has also begun and this Annual Report should be considered alongside our current Statement of Intent published in May and covering the years 2018/2019 – 2023/2024.

Finally we would like to take this opportunity to thank all of our people and partners who helped make this year a success. In particular, we want to thank the staff of the Electoral Commission for their devotion to a strong democracy. Without them the smooth delivery of our services and a healthy democracy would not be possible.



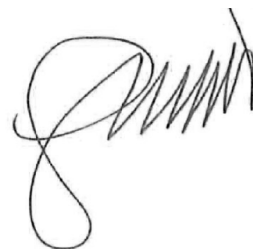
**Hon Sir Hugh Williams QC**

Chair



**Kristy McDonald QC**

Deputy Chair



**Alicia Wright**

Chief Electoral Officer

November 2018

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# THE ELECTORAL COMMISSION

The Commission, an Independent Crown Entity, is responsible for administering parliamentary elections and referendums, and encouraging participation in parliamentary democracy.

We promote compliance with electoral laws, maintain the electoral rolls, manage the registration of political parties, the allocation of money for the broadcasting of election programmes, conduct the Māori Electoral Option, supply information for the Māori Affiliation Service, service the work of the Representation Commission, provide advice, advisory opinions, services to political parties, candidates and voters, reports and public education on electoral matters.

We work with and through communities to inform, engage, and educate New Zealanders about the value of taking part in the electoral system.

We also help build capacity in the electoral agencies of other countries as part of the Ministry of Foreign Affairs and Trade Aid Programme.



# **SERVICE DELIVERY AND STATEMENT OF PERFORMANCE**

# What we aim to achieve

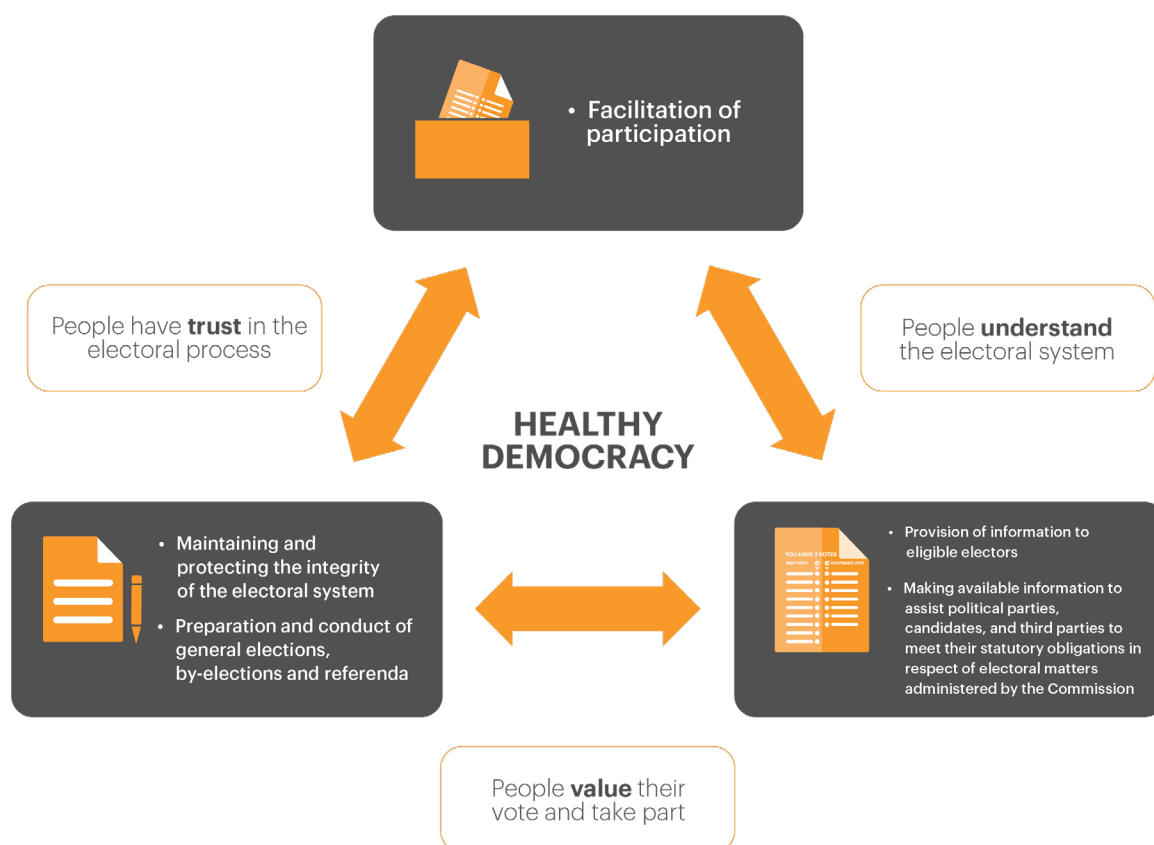
The Electoral Commission, Te Kaitiaki Take Kōwhiri, is the independent steward of the parliamentary electoral process in New Zealand. The accuracy of the roll, secrecy of the ballot, and security of our systems and materials (both cyber and physical) all contribute to the acceptance of an election outcome as legitimate and to widespread trust in the electoral system.

The framework below summarises our services, the results and impacts to be delivered and how these contribute towards Government priorities.

The Commission plays a key role in maintaining a healthy democracy where people:

- Have trust in the electoral process
- Understand the electoral system
- Value their vote and take part

Our performance against these goals is detailed on pages 4 to 21.





# What we delivered in the financial year 2017/18

## The 2017 General Election

The primary focus of the year was the 2017 General Election. Below are some of the key achievements for this event. A full account of the Election and the Commission's recommendations for the future can be found in our report on the 2017 Election, which can be accessed through our website: [www.elections.org.nz](http://www.elections.org.nz).

### The Roll

The Enrolment Update Campaign for the general election commenced on 26 June 2017, with the delivery of 3.15 million personalised letters over a four day period.

There was a marked upswing in enrolment before the September election. By Writ Day, 23 August 2017, the date at which the rolls used in voting places were closed for printing, the roll had grown to 3,167,252 electors or 88.72% of the estimated eligible voting age population. The roll increased by 130,000 in the month after Writ Day which is a 65% increase from 2014.

By election day, 3.3 million electors were enrolled to vote, which was 92.4% of estimated eligible voting age population, and matched the 2014 enrolment rate of 92.6%.

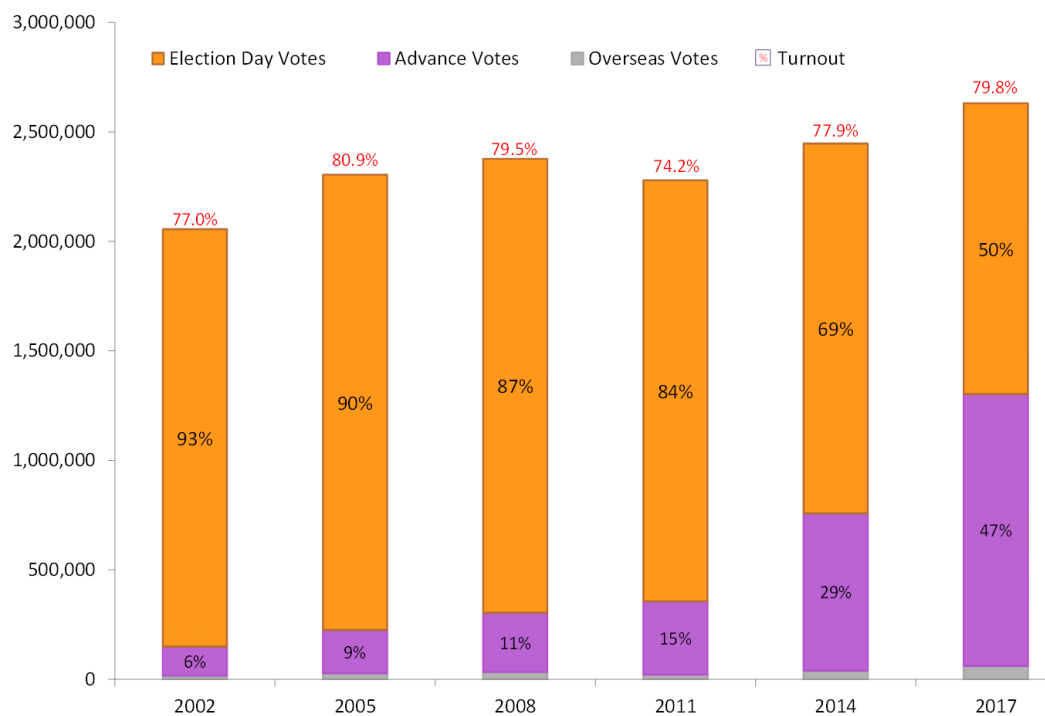
### The Election

79.8% of enrolled electors voted in the 2017 General Election, representing the highest turnout of enrolled electors since 2005 with 2.6 million voters.

Advance voting increased substantially going from 29% of votes in 2014 to 47% in 2017. The growth in advance voting was anticipated and advance voting services had been increased. There were 485 advance voting places and 2,378 election day voting places compared with 295 advance voting places and 2,568 election day voting places in 2014. 87% of electors were within 2 km of an election day voting place.

The following graph shows turnout over recent elections and how the proportion of election day, advance, and overseas votes has changed.

**Graph 1: Comparison of election day, advance votes, and overseas votes in past general elections**



The number of overseas votes increased by 52% from 40,132 in 2014 to 61,524 in 2017, with most voters who were overseas using the online download and upload service to receive and return their ballot papers.

There was a 6.5% increase in enrolled 18-24 year olds who voted and 52,000 more voters under the age of 30 voted than in 2014. It is encouraging that more young voters who were enrolled went on to cast their vote in the 2017 election, but engaging and motivating people in this age group to enrol and vote is an ongoing challenge.

## The Official Count

Electoral officials counted more than 2,180,000 votes as part of the preliminary count on election day.

In 2017, there was a 35% increase in the number of special votes - 446,287 special votes compared with 331,005 in 2014. Returning Officers compare all the electoral rolls used to issue votes for their electorate to create the 71 master rolls, a complete record of people who voted which is made available for public inspection at each office of the Registrar of Electors.

In 2017, scrutiny involved scanning more than 15,000 certified rolls and nearly three million roll pages. If a voter appears to have voted more than once, a dual vote investigation is required and cases may be referred to Police.

All advance and election day ordinary votes counted on election day were counted by hand a second time and balanced. Special votes where eligibility was established were then counted.

At the end of the official count process, the Commission declared the official results for the General Election in the Gazette on 7 October 2017. On 12 October the Commission returned the Writ, formally allocated the list seats, and declared elected the list members by publishing a notice in the Gazette.

## **The Report**

The Commission's report on the delivery of the 2017 General Election was presented to Parliament on 18 April 2018.

The report provided the opportunity to report on the 2017 General Election and to advise on emerging issues that need to be considered for future elections.

Recommendations include:

- streamlining the special vote process to reduce the impact of the growth of special votes on the timeliness of election results,
- providing a more accessible online enrolment option to reduce late enrolment, and
- removing restrictions on voting place locations.

The Commission has already begun a programme of work on operational priorities for enrolment and the delivery of the 2020 General Election. We will be working closely with the Ministry of Justice, Ministers, Parliament and other agencies where legislative changes are required.

# Enhanced Services to Customers

Our customers are all those people who can participate in New Zealand's electoral system – this is almost everyone in New Zealand who is 18 years or older. In 2017 this was approximately 3.5m people. They included candidates who wanted to stand and parties who wanted to register.

We put our customers at the centre of all we do and a key objective for the year was to make it as easy for as many people as possible to participate in the election and vote. The change in demand and service delivery is outlined in the following section.

## 2017 General Election

### Public information and education campaign

We undertook an extensive public education campaign to engage and motivate New Zealanders to participate in the election.

Advertising across a range of media in multiple languages provided information about how, when and where to enrol and vote. More targeted advertising was created for harder to reach audiences including Māori, Pasifika, recent migrants and young voters. Partnerships with media outlets and social media influencers enabled the development of content specific to their audiences, delivering motivational messages in their own style and language.

A dynamic online microsite aimed at hard-to-reach voters [www.ivotenz.org.nz](http://www.ivotenz.org.nz) was set up in addition to our main website [www.elections.org.nz](http://www.elections.org.nz). The microsite provided a destination for specific audiences reached through the Commission's online and social media campaigns. Users were directed to a version of the site that was customised to them and provided simple, easy to understand information on enrolling and voting.

The Commission also took the step of sending out 94,000 texts to those formerly on the roll but who had moved and not updated their details. Just under 43,000 recipients subsequently updated their details as a result. The initiative significantly reduced those on the dormant roll.

### Greater community engagement

The integration of enrolment services into the Commission allowed a more co-ordinated approach to community engagement targeting hard to reach groups. There was an emphasis on face-to-face conversations not just about being enrolled, but about the importance of voting.

Ten community engagement advisers were employed along with 32 youth coordinators and advocates to connect directly with communities less likely to enrol and vote including youth, Māori, Pasifika and culturally and linguistically diverse communities.



This included a youth advocate programme which was successfully trialled during the 2015 Northland by-election and, with support from Te Puni Kōkiri, was extended for the 2017 election to Northland, South Auckland, Hamilton, Rotorua and Gisborne. The youth advocates attended 246 events, meeting face-to-face with Māori voters aged 18-29 years, and enrolled 3,429 first time voters.

### **Better enrolment services in voting places**

In 2017, we provided a comprehensive enrolment service in advance voting places to assist voters with enrolment questions and to enrol. A big help with that service was tablets in all advance voting places containing the Writ Day electoral roll information for all of New Zealand.

85,000 people accessed enrolment services at advance voting places, including 53,000 new or reactivated enrolments.

### **Voting place locations**

In line with our objective of making advance voting more accessible, wherever possible advance voting places were established where people live and work. We focused on using spaces in highly visible and high traffic areas, such as shopping centres, supermarkets, libraries, community centres, schools, universities, polytechnics, wānanga and marae. We also provided mobile voting services in remote locations, Corrections facilities, hospitals and rest homes.

We worked closely with New Zealand Defence Force, Department of Conservation, Ministry of Foreign Affairs and Trade and other agencies to provide services for voters in remote locations.

For 2017, regulatory changes enabled voters on vessels, offshore installations in New Zealand, or on remote offshore islands administered by the Department of Conservation to receive and return their voting papers electronically or access telephone dictation services.

### **Making voting services accessible**

A telephone dictation voting service is provided for electors who are blind, partially blind or have a physical disability that means they are unable to mark their ballot paper without assistance. 586 people voted used the service in 2017.

We also exceeded the statutory voting place accessibility requirements in the 2017 General Election by having 1,649 fully accessible voting places and 854 voting places accessible with assistance.

### **Improved services to Māori voters**

Turnout as a percentage of enrolled electors in the Māori electorates (66.7%) was the highest it has been since 2005 (67.1%).

For 2017 we had more bilingual signage and an increase from 9.5% to 10.9% of staff of Māori descent appointed to work at the election. The number of voting services staff with te reo Māori as a spoken language was 658. Our te reo Māori speakers were well received.

As part of our commitment to improved services to Māori, we have begun a series of kōrero with Māori across New Zealand to better understand the experience of Māori at each stage of the voting process for the 2017 General Election.

We will incorporate the learnings from these kōrero into the planning and development of services for the 2020 General Election and beyond. It is also expected the kōrero will assist in developing informal networks of champions who will encourage communities to participate by enrolling, voting and perhaps working in the 2020 General Election.

### **Targeted resources for specific audiences**

We produced information about enrolling and voting in 27 languages, including Te Reo Māori and New Zealand Sign Language. We worked with the disability sector to disseminate information in accessible formats including Easy Read, plain English, New Zealand Sign Language, Braille, Large Print, audio, eText, and captioning.

### **Tackling barriers to voting**

One of the major barriers to voting is that electors do not know who to vote for. We supported the 'On the Fence', 'Policy' and 'Vote Compass' online tools to address this barrier. These online tools took electors through a series of questions to establish which party's policies most aligned with their own views and assisted voters making their decision. Around 700,000 electors visited these sites including over 7,000 people that clicked through to enrol from 'On the Fence' and 'Vote Compass' to our website.

### **Schools based education**

Our Kids Voting programme was the most successful ever held. 148,014 students from 832 schools were involved in holding mock elections compared with 78,000 students from 556 schools in 2014. 97% of teachers agreed that the programme increased their students' personal understanding, belief and confidence in electoral participation and 97% of teachers would participate in Kids Voting again.

### **Working with partners**

Our approach to increasing participation relies heavily on partners who can help us better engage with communities and get information and services to voters. Partnerships are critical to the successful delivery of our services. To effectively deliver our service in 2017, we developed new, and deepened existing, public and private partnerships.

We worked with Foodstuffs North Island Limited and Scentre Group (Westfield) to provide voting services in supermarkets for the first time and to increase our presence in shopping malls.

The Commission entered into a Memorandum of Understanding (MOU) with Te Puni Kōkiri to cooperate on community engagement initiatives to increase Māori participation, including funding for additional community engagement advisers and youth advocates.

A 2016 Memorandum of Understanding with Pacific Whānau Ora agency Pasifika Futures was invaluable for extending our reach into Pacific communities. We trained more than 40 Pasifika Futures staff members who worked directly with 2,000 high priority families in Auckland, Hamilton, Wellington and Christchurch to provide enrolment and voting information, and assist people to complete enrolment forms. The partnership also boosted engagement with church, community and youth groups.

Other partnering successes included the Auckland Regional Migrant Services Trust and the Chinese New Settlers Services Trust reaching Asian, Indian and new migrant and refugee communities in Auckland, and public sector agencies assistance to help find suitable properties for electorate headquarters.



## Celebrating success

The enhanced services provided for the 2017 General Election were based on an operating model centred on the needs and expectations of voters. We have increasingly moved towards this voter-centred model as we look to halt the decline in voter participation and increase turnout in elections.

The transformational nature of our work in the lead up to the General Election was recognised by the wider public service in the July 2018 Deloitte IPANZ awards.

The Commission won the Excellence in Improving Public Value through Business Transformation category of the Deloitte IPANZ Public Sector Excellence Awards 2018 for our work on the 2017 General Election.



From left to right, Fiona Ross (Chief Operating Officer Corporate and Shared Services, The Treasury), Erin Temu (Acting Regional Manager Enrolment, Electoral Commission), Alicia Wright (Chief Electoral Officer, Electoral Commission) and Allison McPherson (Senior Project Leader, Electoral Commission) in the Deloitte IPANZ Public Sector Excellence Awards 2018.

Also during the year one of our print partners - Format Print - received three Pride in Print Awards for the work they did on the special declaration forms and envelopes for last year's general election. It was recognised as a complex print job that managed to deal to both privacy issues and the need for voter anonymity.

## By-elections, Referendums & the Māori Electoral Option

### Northcote By-election

The Northcote by-election, conducted on 9 June 2018, went smoothly and to time. The Writ was returned on schedule on Tuesday 26 June and the new Member of Parliament was sworn in on Wednesday 27 June.

21,012 votes were cast, a 44% turnout. This is the third highest turnout for by-elections since 2010, behind the Northland (65%) and Mana (55%) by-elections. For the first time at an election, more votes were cast in the advance voting period (57% of total votes) than on election-day. The advance voting places (AVPs) that took the most votes were located at The Warehouse (Birkenhead) and Glenfield Mall.

There were 144 overseas votes, exceeding the 86 votes for the Mt Albert (2017) by-election that was the previous highest overseas voting in a by-election.

Our Community Liaison staff also worked in advance voting places, bringing with them their enrolment and engagement expertise to build on the voting service experience. The enrolment and community engagement campaign ran over nine weeks and was focussed on promoting the importance of enrolling and voting across the Commission's target communities (Māori, Pacific, Youth and culturally and linguistically diverse) and directing people to AVPs.

## **Māori Electoral Option**

The 2018 Māori Electoral Option ran from 3 April to 2 August 2018 and was a chance for Māori to choose to be on the Māori roll or general roll.

The Electoral Commission conducted an extensive four month public information and community engagement campaign for the 2018 Māori Electoral Option. Research during the campaign showed the Commission was successful in raising levels of awareness that the Option was taking place and understanding of how to take part.

The public education campaign included television commercials using the sand art of Marcus Winter, radio and online advertising, a dedicated Māori Electoral Option website and media engagement. An information pack in English and te reo Māori including a letter and a brochure was mailed out to 477,000 enrolled voters of Māori descent. Videos explaining the Option and the implications of people's roll choice were developed with media personalities. The videos were promoted through social media and were featured on the Option website.

On the ground, community engagement teams ran a kanohi ki te kanohi (face-to-face) campaign across the country with an emphasis on areas of high Māori population. Community groups were contracted to carry out the engagement in more isolated areas that were harder to reach. The engagement teams attended approximately 3,000 gatherings during the Option period.

Most Māori who were enrolled to vote chose to stay on the roll they were already on and there was a small change in the proportion of voters on each roll. At the end of the Māori Electoral Option, 52.4% of Māori voters were on the Māori roll and 47.6% were on the general roll, compared with 52.8% and 47.2% respectively at the start of the Option period.

## **Parliamentary boundary review and the Representation Commission**

The next review of parliamentary boundaries is scheduled to be undertaken by the Representation Commission in 2019. The Electoral Commission, together with Statistics NZ and Land Information New Zealand, is responsible for supporting the work of the Representation Commission. The three agencies started to jointly plan for the 2019 boundary review in the second half of 2017 and is continuing with preparations. The boundaries fixed in 2019 will apply for the 2020 and 2023 general elections.

## **Planning for Referendum(s)**

A Referendum Development Project was initiated in the last quarter of the year due to the increased likelihood that the Commission will be required to deliver one or more referendums prior to and/or concurrently with the 2020 General Election. Early planning is essential to ensure that the conduct of the 2020 General Election is not adversely impacted.





# Our People

The successful delivery of our services at an election or referendum is highly dependent on the skills, experience, judgement and integrity of the staff. During a General Election we recruit and train over 16,000 temporary staff.

This process takes a huge amount of effort to plan for and deliver, including the logistics of delivering resources and materials to the recruited staff in every part of New Zealand.

We worked to understand and meet the needs of an increasingly diverse voting population by recruiting staff who represent the community. In 2017, 5% of our staff identified as Pacifica, 3% as Chinese and 4% Indian. 91% of Asian, 95% of Pasifika and 88% of young voters reported high levels of overall satisfaction with the voting process in a survey of voters after the election.

## Workforce Profile - Permanent Staff as at 30 June 2018

		2018	2017
<b>Staff numbers</b>	Staff	100	98
	Vacancies	9	4
	Perm. Workforce	109	102
<b>Gender</b>	Female	70%	71%
	Male	30%	29%
<b>Age profile</b>	<30 years	6%	7%
	30-39 Years	13%	12%
	40-49 years	28%	33%
	50-59 years	33%	30%
	>60 years	20%	18%
<b>Length of service with the Commission and its predecessors</b>	<3 years	35%	24%
	3-10 years	35%	40%
	>10 years	30%	36%
<b>Ethnicity</b>	NZ European	77%	74%
	Māori	11%	8%
	Pacific	7%	6%
	Asian	5%	5%
	Other	-%	6%
<b>Staff with disability</b>		Nil	Nil
<b>Staff turnover</b>			
<b>Elected redundancy related to 2016 integration of Enrolment Services</b>	Percentage	-	5%
	Number	-	5
<b>Other</b>	Percentage	12%	6%
	Number	13	6

## Equal Employment Opportunities and Good Employer Responsibility

An inclusive culture is fundamental to ensuring our diverse workforce can develop and thrive. We are committed to being a good employer and an employer of choice. We value our diverse workforce, our inclusive culture and our commitment to equality. We promote Equal Employment Opportunities through our practices relating to the recruitment and selection, development, management, and retention of our people.

### Leadership, accountability and culture

We are 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

Our recruitment and selection processes are impartial, transparent with vacancies advertised widely through diverse networks. We operate a comprehensive induction process with review points to ensure that induction training needs have been met.

### Employee development, promotion and exit

Equal access for all staff is provided 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

A core hours policy is in place allowing for flexible working hours which balances the needs of the individual with the needs of the organisation and the teams. We also provide workplace facilities and access that supports disabled staff and visitors.

### Remuneration, recognition and conditions

A transparent remuneration system is in place, 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

We are committed to providing a safe working environment free from bullying and harassment for all employees. We have maintained anti-harassment, anti-discrimination and anti-bullying policies and continued to have zero tolerance of harassment and bullying.



## Safe and healthy environment

We are also committed to providing a safe and healthy environment for staff. Our health and safety policy is operated with 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

During the year we progressed activity already underway to enhance our performance and build our capability. This work is summarized in the table below.

PRODUCTIVITY DRIVER	ACTIONS FOR 2016/17 AND BEYOND	RESULTS
Investing in our people capability	<ul style="list-style-type: none"> <li>• Annual review of our capability to ensure it is fit-for-purpose</li> <li>• 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</li> <li>• Introduce cultural knowledge and diversity training</li> <li>• Ensure we maintain a relevant and appropriate retention and remuneration programme for high performing staff</li> </ul>	<p>Significant achievements in the period were:</p> <ul style="list-style-type: none"> <li>• training all 16,000+ staff who worked at the 2017 General Election</li> <li>• an extensive review of our Capability at National Office. The Commission is now implementing the key findings as time and funding permit.</li> <li>• introduction of Tikanga and Te Reo Māori Training for staff</li> <li>• a review of our procurement policy and procedures. The resulting recommendations are currently being implemented and will be completed in 2018/19</li> <li>• annual review of staff remuneration</li> </ul>
	<p>Performance expectation: annual staff turnover at 6% or less</p>	<p>Thirteen staff (12%) left during the year – 6 from the Regions and 7 at National Office, one of which was a retirement.</p> <p>Exit interviews were conducted for all leaving staff and the feedback has been noted and will be combined with the feedback from the annual staff engagement survey when conducted.</p>

PRODUCTIVITY DRIVER	ACTIONS FOR 2016/17 AND BEYOND	RESULTS
Leadership and management capability	<ul style="list-style-type: none"> <li>Fully implement a leadership and management development programme to build individual and collective leadership and management capability</li> </ul>	This has been carried over to 2018/19.
	<ul style="list-style-type: none"> <li>Annual Board self-assessment and development programme</li> <li>Annual staff engagement survey</li> </ul>	
	Performance expectation: annual engagement survey results for effectiveness equal or better than the previous year	The timing of the annual survey was reviewed and it was decided that it would be undertaken in July/August 2018. The results will be reported in 2019.
Organisational design and organising work efficiently and effectively	<ul style="list-style-type: none"> <li>Develop a People Strategy, to which all people-related systems, policies, processes and frameworks will align.</li> <li>Updated induction programme for National Office and Field operations</li> <li>Continue with the implementation of an updated organisation design and performance and accountability mechanisms</li> <li>Continue to support flexible work practices</li> </ul>	This is a work in progress. An updated induction programme was implemented and an updated organisation design was progressed during the year and expected to be completed during 2018/19
Leveraging technology and systems development	<ul style="list-style-type: none"> <li>Develop our capability to offer online services (e.g. enrolment, field staff training and public education)</li> </ul>	This is a work in progress – with precedence in the year given to the conduct of the General Election. This will be progressed in 2018/19 as planning for the 2020 General Election is undertaken including determining the associated initiatives that will progressed during the next three years
	<ul style="list-style-type: none"> <li>Maintain a robust and functional ICT</li> </ul>	The redevelopment of the Commission's core Election Management System was completed in 2017. The re-developed system was used successfully in the September 2017 General Election.



# Performance Measures

In the preceeding sections we outlined our success during the year in the preparation for and conduct of the 2017 General Election, the Northcote By-election, and the Māori Electoral Option.

Below is summarised our success against the performance measures established in the Statement of Intent and the Statement of Performance Expectations for the year.

The measures are grouped around our three key impacts of:

- New Zealanders value their vote,
- better understanding of elections, and
- impartial, effective and efficient administration of elections and referendums.

In our Statement of Intent, in addition to the more immediate targets for the 2017 General Election, the Commission was also aiming to lift participation rates by 2020. In particular we aimed for:

- Overall enrolment at 95% by 2020,
- Enrolment levels for 18 to 24 year olds at 85% by 2020, and
- The level of enrolled voters voting at 80% by 2020.

While these three targets were noted at the time as aspirational, the Commission achieved material progress towards them during the year. Most of the targets for 2017/18 year were achieved or exceeded. These achievements will be built upon with a revised focus on service delivery and digitisation for 2020 and 2023, subject to funding and legislative changes.

An update on our goals and targets for the next 6 years can be found in our 2018/19 – 2023/24 Statement of Intent published in May of this year.

Our performance for the 2017/18 year is shown below for six result areas (outputs), grouped by key impact.

## Key impact 1: New Zealanders value their vote

### Output 1 - Facilitating participation in parliamentary elections

2017/18 MEASURE	PERFORMANCE		2017/18 RESULT
	Target	Comparative	
Percentage of eligible New Zealanders enrolled at the time of the 2017 General Election*	92.6-93.5%	92.6% (2014 General Election)	92.4% as at the General Election
Percentage of 18 to 24 year olds enrolled at the time of the 2017 General Election	76.5-80.0%	76.5% (2014 General Election)	72.3% as at the General Election
Percentage of those eligible to enrol voting in the 2017 General Election	72.0-75.0%	72.1% (2014 General Election)	74% at the General Election
Percentage of enrolled voters voting in 2017/18 By-election/s	40.0-50.0%	34.25% Average for the last 2 By-elections	44% at the Northcote By-election
Percentage of enrolled voters voting in any 2017/18 Referendum	60.0-70.0%	58.3% Average for the last 2 Referendums	N/A this year

\* This measure is included in the Electoral Services non-department appropriation for Vote Justice for 2017/18.

**Key impact 2: Better understanding of elections****Output 2 - Information to assist political parties, candidates, and third parties meet their statutory obligations**

2017/18 MEASURE	PERFORMANCE		2017/18 RESULT
	Target	Comparative	
Maximum response time to requests for advisory opinions*	5 working days	2.02 days average (2016/17)	The average response time during the year was 1.78 days. There were 301 requests covering 378 items. 147 requests were responded to on the same day, 148 requests were responded to within 5 days. 6 took longer than the target of 5 days.
Feedback received on advisory opinions indicates satisfaction or better with the standard of the response	90%	95% (2016/17)	Achieved 98% Being the average across the key measures surveyed of timeliness, ease to understand and adequately addressing the question.

\* This measure is included in the Electoral Services non-department appropriation for Vote Justice for 2017/18.

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

2017/18 MEASURE	PERFORMANCE		2017/18 RESULT
	Target	Comparative	
Percentage of New Zealanders who express confidence in the administration of the electoral system*	90-95%	87% (May 2017)	Achieved 95% Being the confidence expressed in both the fairness and impartiality of the conduct of the general election by voters surveyed in the post election Voter and Non-Voter Survey, October 2017.

\* This measure is included in the Electoral Services non-department appropriation for Vote Justice for 2017/18.

### Key impact 3: Impartial, effective & efficient administration of elections

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

2017/18 MEASURE	PERFORMANCE		2017/18 RESULT
	Target	Comparative	
Advice provided does not require further clarification	100%	100% (2016/17)	<p>Further clarification was not required on the advice provided to-date.</p> <p>Advice has been provided on the following matters since the start of the fiscal year:</p> <ul style="list-style-type: none"> <li>• 1 June 2018 - Advice on Referendums conducted during this parliamentary term</li> <li>• 5 December 2017 – Commission briefing for the incoming Minister (BIM)</li> <li>• 22 September 2017 – On the numbers of people in 2014 whose votes were disallowed because they died before polling day</li> <li>• 17 July 2017 On EC plans for managing an emergency that affects the election</li> </ul>
Advice is provided within the timeframe requested*	100%	100% (2016/17)	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 2017/18.

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

2017/18 MEASURE	PERFORMANCE		2017/18 RESULT
	Target	Comparative	
Percentage of accuracy in processing enrolment applications and notifications of changes to enrolment details held	>99%	99.944% (2016/17)	99.954% accuracy was achieved. Sampling indicated a processing error rate of 1 per 2,200 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% for the year

\*The percentage is based on the analysis of two months of returned confirmations.

**Output 6 - Conduct of Electoral Events**

2017/18 MEASURE	PERFORMANCE	2017/18 RESULT
	<b>Target</b>	
		<b>General Election – 23 September 2017</b>
Release of General Election results	<p>On the day of the Election</p> <ul style="list-style-type: none"> <li>• 100% of Advance Voting results released by 8:30pm</li> <li>• 50% of Voting Place results by 10:00pm</li> <li>• 100% of Voting Place results by 11:30pm*</li> </ul> <p>Official results published within 14 days of the Election</p>	<ul style="list-style-type: none"> <li>• 82% of advanced voting results were released online by 8:30pm. The remaining results were released by 12:54am on 24 September 2017</li> <li>• 50% of preliminary count was completed/online by 9:14pm</li> <li>• 98.4% of preliminary count was completed/online by 11:30pm. All results were released by 12:54am on 24 September 2017</li> <li>• Official Results were published at 2pm on 7 October 2017, 14 days after the election as required</li> </ul>
		<b>Northcote – 9 June 2018</b>
Release of by-election results	<p>On the day of the Election</p> <ul style="list-style-type: none"> <li>• Advance Voting results published by 7:30pm</li> <li>• Results of 50% of voting places published by 9:00pm</li> <li>• Full preliminary results published by 10:00pm*</li> </ul> <p>Official results published within 11 days of the election</p>	<ul style="list-style-type: none"> <li>• All advanced voting results were online at 7:18pm</li> <li>• 50% of preliminary count of all votes completed/online at 7:07pm</li> <li>• 100% of the preliminary count completed/online 8:45pm</li> <li>• Official Results published on 20 June 2018, 11 days after the election as required</li> </ul>
Release of referendum results	<ul style="list-style-type: none"> <li>• Preliminary results published by 8:30pm on the last day of the Referenda voting period</li> <li>• Official results published by 5pm on the second workday following the closing of the Referendum</li> </ul>	N/A in 2017/18
New Zealanders satisfaction with the administration of the General Election	90%      92% (2014)	<p>Achieved 95%</p> <p>Being the confidence expressed in both the fairness and impartiality of the conduct of the general election by voters surveyed in the post election Voter and Non-Voter Survey, October 2017.</p>

\* This measure is included in the Electoral Services non-department appropriation for Vote Justice for 2017/18.



## Financial Sustainability

Appropriations were provided by Parliament under the output class of 'provision of electoral services' for the operating costs of the Commission, the conduct of the 2017 General Election, the conduct of the Northcote By-election, and the Māori Electoral Option, and under 'broadcasting allocation' for the allocation of money to political parties for Broadcasting.

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

A summary of expenditure by output and associated revenues is provided in the following table. A summary of the key variances against budget is provided in Note 16 in the Financial Statements section.

The net result for the year was a deficit of \$0.550m against a forecast deficit of \$0.332m.

A funding bid for budget 2018 was submitted for the 2020 electoral cycle to address a significant shortfall and requested that baseline funding be increased. We received variable funding only for 2018/19. As a result a bid will be submitted later this year to cover the unfunded core legislative functions in 2019/20 and 2020/21, enhancements to our cyber security measures, and the costs of planning for referendum(s).

Also as flagged in our recently published SOI we will be seeking additional investment for initiatives intended to harness the benefits of technology and process changes required to maintain our service levels in 2020 and beyond in the face of changing voter expectations and behaviour, including the significant growth in advance voting.

We received additional funding through the year from the New Zealand Ministry of Foreign Affairs and Trade, under the New Zealand Aid Programme to provide assistance to the Fiji, Bougainville and Papua New Guinea electoral authorities. In total the Commission received and spent \$1.819m on the assistance work.

Our expenditure by the six outputs during the year is summarised on the next page.

**Output expenditure 2017/2018**

	2017/18 ACTUAL	2017/18 FORECAST
<b>OUTPUT CLASS - PROVISION OF ELECTORAL SERVICES</b>		
Output area - On-Going Activities	\$9.127m	\$9.331m
<b>Output 1:</b> Facilitate participation in parliamentary elections		
<b>Output 2:</b> 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		
<b>Output 3:</b> Promoting public awareness of electoral matters through education and information programmes		
<b>Output 4:</b> Providing advice to the Minister and the House on electoral matters, including those referred to the Commission		
Output Area - Producing And Maintaining Rolls	\$11.710m	\$11.062m
<b>Output 5:</b> Compiling and maintaining electoral rolls		
Output Area – Conduct Of Electoral Events		
<b>Output 6:</b> Conduct of 2017 General Election	\$34.833m	\$33.082m
Conduct of the 2018 Māori Electoral Option (to 30 June 2018)	\$4.225m	\$4.686m
Conduct of the Northcote By-election	\$0.646m	\$-
Support the work of the Representation Commission	\$0.128m	\$0.270m
Output Class – Broadcasting Allocation		
The allocation of available broadcasting allocation funding to eligible Political Parties	\$3.377m	\$3.605m
<b>TOTAL EXPENDITURE BY OUTPUT</b>	<b>\$64.046m</b>	<b>\$62.036m</b>
<b>REVENUE</b>		
<b>CROWN REVENUE<sup>1</sup></b>	<b>\$62.024m</b>	<b>\$61.354m</b>
<b>OTHER REVENUE</b>	<b>\$ 1.472m</b>	<b>\$ 0.350m</b>
<b>Total Revenue</b>	<b>\$63.496m</b>	<b>\$61.704m</b>
<b>Operating Deficit</b>	<b>\$(0.550m)</b>	<b>\$(0.332m)</b>
<b>OTHER ACTIVITY</b>		
International Assistance expenditure		
International Assistance to the Pacific Nations in association with the Ministry of Foreign Affairs and Trade	\$1.819m	\$1.655m
International Assistance revenue		
International Assistance to the Pacific Nations in association with the Ministry of Foreign Affairs and Trade	\$1.819m	\$1.655m
<b>Net Result including International Assistance</b>	<b>\$(0.550m)</b>	<b>\$(0.332m)</b>

<sup>1</sup> The Crown Revenue received by the Electoral Commission equals the actual appropriation provided under the Vote Justice output class 'Provision of Electoral Services'.



# **FINANCIAL STATEMENTS**

## Statement of Comprehensive Revenue and Expense

For The Year Ended 30 June 2018

2017			2018	2018	2019
Actual			Actual	Unaudited Budget	Unaudited forecast
\$000		Notes	\$000	\$000	\$000
<b>REVENUE</b>					
33,928	Funding from Crown	2	58,647	57,759	24,200
-	Funding from Crown – Broadcasting Allocation	2	3,377	3,605	-
209	Interest Received		238	200	250
121	Other Income		1,234	150	150
1,393	International Aid Programme		1,819	1,655	1,825
<b>35,651</b>	<b>Total Revenue</b>		<b>65,315</b>	<b>63,359</b>	<b>26,425</b>
<b>EXPENDITURE</b>					
11,619	Personnel and Board Fees	3	29,381	25,761	10,285
21,533	Operating Costs	4	32,612	33,834	13,703
-	Broadcasting Allocation		3,377	3,605	-
231	Depreciation and Amortisation Expense	8,9	421	417	419
67	Audit Fees		74	74	67
<b>33,470</b>	<b>Total Expenditure</b>		<b>65,865</b>	<b>63,691</b>	<b>24,474</b>
<b>2,181</b>	<b>Surplus/(Deficit)</b>		<b>(550)</b>	<b>(332)</b>	<b>1,951</b>
-	<b>Other Comprehensive Revenue and Expense</b>		-	-	-
<b>2,181</b>	<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>		<b>(550)</b>	<b>(332)</b>	<b>1,951</b>

Explanations of significant variances against budget are detailed in note 16.

## Statement of Financial Position

As at 30 June 2018

2017			2018	2018	2019
Actual			Actual	Unaudited	Unaudited Forecast
\$000	Notes		\$000	\$000	\$000
<b>CURRENT ASSETS</b>					
11,467	Cash and cash equivalents	5	8,850	1,529	5,422
648	Debtors and Other Receivables	6	269	16	16
133	Prepayments		2	-	-
-	Inventories	7	298		325
<b>12,248</b>	<b>Total Current Assets</b>		<b>9,419</b>	<b>1,545</b>	<b>5,763</b>
<b>NON-CURRENT ASSETS</b>					
433	Property, Plant and Equipment	8	323	2,846	2,514
2,417	Intangible Assets / Work in Progress	9	2,160	-	-
-	Prepayments		-	-	-
<b>2,850</b>	<b>Total Non-Current Assets</b>		<b>2,483</b>	<b>2,846</b>	<b>2,514</b>
<b>15,098</b>	<b>TOTAL ASSETS</b>		<b>11,902</b>	<b>4,391</b>	<b>8,277</b>
<b>CURRENT LIABILITIES</b>					
2,916	Revenue received in advance	10	2,074	-	388
3,793	Creditors and Other Payables	10	1,698	431	431
887	Employee Entitlements	11	1,201	383	383
<b>7,596</b>	<b>Total Current Liabilities</b>		<b>4,973</b>	<b>814</b>	<b>1,202</b>
<b>NON-CURRENT LIABILITIES</b>					
90	Employee Entitlements	11	67	69	27
<b>90</b>	<b>Total Non-Current Liabilities</b>		<b>67</b>	<b>69</b>	<b>27</b>
<b>7,686</b>	<b>TOTAL LIABILITIES</b>		<b>5,040</b>	<b>883</b>	<b>1,229</b>
<b>7,412</b>	<b>NET ASSETS</b>		<b>6,862</b>	<b>3,508</b>	<b>7,048</b>

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

**Statement of Changes in Equity**

For the Year Ended 30 June 2018

2017		2018	2018	2019
Actual		Actual	Unaudited	Unaudited forecast
\$000	Notes	\$000	\$000	\$000
<b>5,231</b>	<b>PUBLIC EQUITY AT START OF YEAR</b>	<b>7,412</b>	<b>3,840</b>	<b>5,097</b>
2,181	Comprehensive Revenue and Expense	(550)	(332)	1,951
<b>7,412</b>	<b>PUBLIC EQUITY AT END OF YEAR</b>	<b>6,862</b>	<b>3,508</b>	<b>7,048</b>

**Statement of Cash Flows**

For the Year Ended 30 June 2018

2017		2018	2018	2019
Actual		Actual	Unaudited	Unaudited forecast
\$000	Notes	\$000	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
33,928	Receipts from Crown	62,024	61,354	24,200
209	Interest received	238	200	250
3,550	Receipts from other revenue	2,171	905	3,467
(10,860)	Payments to Employees	(29,067)	(25,761)	(10,121)
(19,717)	Payments to Suppliers	(37,929)	(37,840)	(17,122)
<b>7,110</b>	<b>Net cash flow from operating activities</b>	<b>(2,563)</b>	<b>(1,142)</b>	<b>674</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
7	Receipts from sale of property, plant and equipment	-	-	-
(161)	Purchase of property, plant and equipment	(54)	(120)	(60)
(159)	Purchase of intangible assets	-	-	-
<b>(313)</b>	<b>Net cash flows from investing activities</b>	<b>(54)</b>	<b>(120)</b>	<b>(60)</b>
<b>CASH FLOWS FROM FINANCE ACTIVITIES</b>				
-	Capital contributions	-	-	-
-	<b>Net cash flows from investing activities</b>	-	-	-
6,797	Net increase/(decrease) in cash and cash equivalents	(2,617)	(1,262)	614
4,670	Cash and cash equivalents at beginning of year	11,467	2,791	4,808
<b>11,467</b>	<b>CASH AND CASH EQUIVALENTS HELD AT YEAR END</b>	<b>5</b>	<b>8,850</b>	<b>5,422</b>

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

	2018	2017
	Actual	Actual
	\$000	\$000
<b>Net surplus/(deficit)</b>	<b>(550)</b>	<b>2,181</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation expense	421	231
<b>Total non-cash items</b>	<b>421</b>	<b>231</b>
<b>Add/(less) movements in financial position items</b>		
(Increase)/decrease in debtors and prepayments	102	(9)
(Increase)/decrease in inventories	(297)	0
(Increase)/decrease in GST refund	408	(485)
Increase/(decrease) in creditors and other payables	(2,938)	4,585
Increase/(decrease) in employee entitlements	291	607
<b>Net movement in working capital</b>	<b>(2,434)</b>	<b>4,698</b>
<b>Net cash flow from operating activities</b>	<b>(2,563)</b>	<b>7,110</b>

## 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.

2017		2018
Actual		Actual
\$000		\$000
<b>Operating leases as lessee</b>		
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:		
4,614	Not later than one year	834
757	Later than one and not later than five years	197
-	Later than five years	-
<b>5,371</b>	<b>Total non-cancellable operating lease commitments</b>	<b>1,031</b>
<b>5,371</b>	<b>Total commitments</b>	<b>1,031</b>

## Statement of Contingent Liabilities and Contingent Assets

For the Year Ended 30 June 2018

There were no contingent liabilities or contingent assets at reporting date (2017 Nil).

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







## 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 Broadcasting Act 1989, the New Zealand Flag Referendums Act 2015 while applicable, 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 parliamentary 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 2018, and were approved by the Board on 31 October 2018.

#### 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:

- Useful lives and residual values of property, plant and equipment – see Note 8.
- Assessing the useful lives of software – see Note 9.
- Measuring long service leave and retirement gratuities – see Note 11.

## **Budget and forecast figures**

The 2018 budget figures are for the year ended 30 June 2018 and were published in the 2017/18 Statement of Performance Expectations. They are consistent with the Commission's best estimate financial forecast information submitted to the Minister of Justice for the year ending 2017/18.

The 2019 forecast figures are for the year ended 30 June 2019, which are consistent with the best estimate financial forecast information submitted to the Ministry of Justice in the Statement of Performance Expectations for the year ending 2018/19.

The forecast financial statements have been prepared as required by the Public Finance Act 1989 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 2019 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 2018.

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 2019 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 2018/19 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 2018, were as follows:

- The Commission's activities and output expectations will remain substantially the same as the previous year focusing on the General Election 2020.
- 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 2017/18 was used as the opening position for the 2018/19 forecasts.

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

The actual financial results achieved for 30 June 2019 are likely to vary from the forecast information presented, and the variations may be material.

## 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 other relevant acts, 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

	2018	2017
	Actual	Actual
	\$000	\$000
Core services of the Electoral Commission	57,749	32,239
Election Broadcasting (Parliamentary Legislative Authority)	3,377	-
Conduct of the Mt Roskill By-Election	-	860
Conduct of the Mt Albert By-Election	-	829
Conduct of the Northcote By-Election	898	-
<b>Total Revenue from the Crown</b>	<b>62,024</b>	<b>33,928</b>

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

	2018	2017
	Actual	Actual
	\$000	\$000
Salaries and wages	28,508	10,844
Increase/(decrease) in employee entitlements	291	87
Employer contributions to defined benefit plans	445	266
Other personnel costs	137	422
<b>Total personnel costs</b>	<b>29,381</b>	<b>11,619</b>

#### Employee Remuneration

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

	2018	2017
\$100,000 - \$109,999	3	3
\$110,000 - \$119,999	2	-
\$120,000 - \$129,999	4	5
\$130,000 - \$139,999	2	4
\$140,000 - \$149,999	-	2
\$150,000 - \$159,999	3	2
\$160,000 - \$169,999	2	1
\$170,000 - \$179,999	1	-
\$180,000 - \$189,999	-	1
\$190,000 - \$199,999	1	-
	<b>18</b>	<b>18</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:

	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$000</b>	<b>\$000</b>
Chair Hon Sir Hugh Williams QC	51	51
Deputy Chair Kristy McDonald QC	15	12
Deputy Chair Jane Huria CNZM (to September 2016)	-	3
Chief Executive, Chief Electoral Officer and Board Member Alicia Wright	306	140
Board Member & Chief Electoral Officer Robert Peden (to December 2016)	-	162
<b>Total Board Members' Remuneration</b>	<b>372</b>	<b>368</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

	2018	2017
	Actual	Actual
	\$000	\$000
Enrolment Services	727	572
Specialist Services	5,904	4,916
Postage & Courier Charges	3,223	2,373
Rent including other temporary premises	5,325	3,527
Advertising and Publicity	8,012	2,711
Information, Communications & Technology	1,746	1,326
Printing	2,490	2,057
Travel	1,979	1,125
Stationery/Supplies	384	1,026
Minor Assets	86	388
Other	1,511	1,129
Storage/Freight	1,225	403
<b>Total Operating costs</b>	<b>32,612</b>	<b>21,553</b>

## 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

	2018	2017
	Actual	Actual
	\$000	\$000
Investment Account	6,391	9,426
Operating Account	2,453	1,577
<b>Electorate Bank Accounts</b>	<b>6</b>	<b>464</b>
<b>Total cash and cash equivalents</b>	<b>8,850</b>	<b>11,467</b>

Cash held includes unspent Ministry of Foreign Affairs funding received of \$2.074m (2017 \$1.966m) for international assistance work with Pacific Island States and is subject to restrictions. The restrictions specify how the funding 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

	2018	2017
	Actual	Actual
	\$000	\$000
Debtors and other Receivables	34	5
GST receivable from Inland Revenue	235	643
<b>Total Debtors and other receivables</b>	<b>269</b>	<b>648</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:

	2018			2017		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Not past due	266	-	266	647	-	647
Past due 1-30 days	-	-	-	-	-	-
Past due 31-60 days	1	-	1	-	-	-
Past due 61-90 days	-	-	-	-	-	-
Past due over 90 days	2	-	2	1	-	1
<b>Total</b>	<b>269</b>	<b>-</b>	<b>269</b>	<b>648</b>	<b>-</b>	<b>648</b>

## 7. Inventories

### Accounting policy

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

Commercial: measured at the lower of cost and net realisable value.

Non-commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first-in-first out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first.

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



Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Any write-down from cost to net realisable value or for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the year of the write-down.

### Breakdown of inventories and further information

<b>Actual</b>		<b>Actual</b>
<b>2017</b>		<b>2018</b>
<b>\$000</b>		<b>\$000</b>
-	Held for distribution inventories	
-	Inventories held for use in the provision of goods and services	286
-	Commercial inventories	
-	Publications held for sales	12
-	<b>Total inventories</b>	<b>298</b>

The write-down of inventories during the year was \$0 (2017 \$nil). There have been no reversals of write-downs (2017 \$nil).

No inventory is pledged as security for liabilities (2017 \$nil). However, some inventories are subject to retention of title clauses.

## 8. 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 Revenue and Expense as they are incurred.

## 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 asset's 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 \$000	OFFICE EQUIPMENT \$000	FURNITURE & FITTINGS \$000	TOTAL \$000
<b>Cost or Valuation</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>
Balance at 1 Jul 2017	526	242	177	945
Additions	50	4	-	54
Disposals	-	-	-	-
<b>Balance at 30 Jun 2018</b>	<b>576</b>	<b>246</b>	<b>177</b>	<b>999</b>
<b>Accumulated Depreciation</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>
Balance at 1 Jul 2017	395	73	44	512
Depreciation Expense	97	47	19	164
<b>Balance 30 Jun 2018</b>	<b>492</b>	<b>120</b>	<b>63</b>	<b>676</b>
<b>Carrying Amount</b>				
At 1 July 2016	143	178	113	434
At 1 July 2017	131	169	133	433
<b>At 1 July 2018</b>	<b>83</b>	<b>126</b>	<b>114</b>	<b>323</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.

## 9. 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 8. 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 license 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	WORK IN PROGRESS	TOTAL
	\$000	\$000	\$000
<b>Cost or Valuation</b>			
Balance at 1 July 2016	154	2,326	2,480
Additions	2,485	159	2,644
Disposals	-	(2,485)	(2,485)
<b>Balance at 30 June 2017</b>	<b>2,639</b>	<b>-</b>	<b>2,639</b>
Balance at 1 Jul 2017	2,639	-	2,639
Additions	-	-	-
Transfers	-	-	-
<b>Balance at 30 June 2018</b>	<b>2,639</b>	<b>-</b>	<b>2,639</b>
<b>Accumulated Depreciation</b>			
Balance 1 July 2016	154	-	154
Amortisation Expense	68	-	68
<b>Balance at 30 Jun 2017</b>	<b>222</b>	<b>-</b>	<b>222</b>
Balance at 1 July 2017	222	-	222
Amortisation Expense	257	-	257
<b>Balance 30 Jun 2018</b>	<b>479</b>	<b>-</b>	<b>479</b>
<b>Carrying Amount</b>			
At 1 July 2016	-	2,326	2,326
At 1 July 2017	2,417	-	2,417
<b>At 1 July 2018</b>	<b>2,160</b>	<b>-</b>	<b>2,160</b>

## Material Intangible Assets

The Commission holds one material intangible asset – The Election Management System software that was redeveloped between 2015 and June 2017. The current value of this asset is \$2.2m with a remaining amortization period of 9 years.

## 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.

## 10. Payables and deferred revenue

### Accounting policy

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

### Breakdown of payables and deferred revenue

	2018	2017
	Actual	Actual
	\$000	\$000
<b>Payables and deferred revenue under exchange transactions</b>		
Creditors	267	2,215
Accrued expenses	1,431	1,578
Revenue in Advance (Funding received subject to conditions)	2,074	2,916
<b>Total payables and deferred revenue</b>	<b>3,772</b>	<b>6,709</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.

## 11. 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

	2018	2017
	Actual	Actual
	\$000	\$000
<b>Current portion</b>		
Accrued salaries and wages	259	196
Annual leave	891	625
Long Service Leave	51	66
<b>Total current portion</b>	<b>1,201</b>	<b>887</b>
<b>Non-current portion</b>		
Long Service leave	67	56
Retiring leave	-	34
<b>Total non-current portion</b>	<b>67</b>	<b>90</b>
<b>Total employee entitlements</b>	<b>1,268</b>	<b>977</b>

## 12. 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)

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

**Breakdown of equity**

	2018	2017
	Actual	Actual
	\$000	\$000
<b>Accumulated surplus/(deficit)</b>		
Balance at 1 July	7,412	5,231
Surplus/(deficit) for the year	(550)	2,181
Balance at 30 June	6,862	7,412
<b>Total equity</b>	<b>6,862</b>	<b>7,412</b>

**13. 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**

	2018	2017
	Actual	Actual
	\$000	\$000
<b>Chair and Deputy Chair of the Board</b>		
Remuneration	66	66
Full-time equivalent members	0.2	0.2
<b>Management Team including CEO (&amp; Board Member)</b>		
Remuneration - Managers and Chief Executive	1,449	1,412
Full-time equivalent members	7	8
<b>Total Key Personnel Compensation</b>	<b>1,515</b>	<b>1,478</b>



The full-time equivalent for Board members has been determined based on time spent at Board meetings and in preparing for meetings.

Compensation for the Chief Electoral Officer/Chief Executive who is also a Board member is for this year (including the comparatives) included with the Management Team.

A breakdown of individual Board member remuneration is provided in Note 3.

## 14. Financial instruments

### Financial instrument categories

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

	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$000</b>	<b>\$000</b>
<b>Loans and receivables</b>		
Cash and cash equivalents	8,850	11,467
Debtors and other receivables	271	648
Loan to Enrolment Services	-	-
<b>Total loans and receivables</b>	<b>9,121</b>	<b>12,115</b>
<b>Financial liabilities</b>		
Creditors and other payables	4,973	3,793
<b>Total financial liabilities</b>	<b>4,973</b>	<b>3,793</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.

Maximum exposures to credit risk at reporting date are:

	2018	2017
	Actual	Actual
	\$000	\$000
<b>Loans and receivables</b>		
Cash and cash equivalents	8,850	11,467
Debtors and other receivables	269	648
Prepayments	2	133
<b>Total loans and receivables</b>	<b>9,121</b>	<b>12,248</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.

## 15. Events after balance date

There have been no significant events after balance date.

## 16. 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 2017-2022 (SPE). The key variances to budget are outlined below:

### Revenue - \$1.956m favourable against budget in the main is the result of;

- \$0.950m in funding for the election social marketing programme and increasing Māori participation in electoral processes from Te Puni Kōkiri.
- \$0.898m in funding for the Northcote By-Election.

### Expenditure - \$2.174m unfavourable against budget as a result of;

- \$0.950m spent on the election social marketing programme and increasing Māori participation in electoral processes using funding provided by Te Puni Kōkiri.
- \$0.646m spent on the Northcote By-elections. This was fully funded by additional funding from the Government
- \$0.500 additional spend on supplies, property and resourcing for the Election.

## 17. 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 2018 were as follows:

	2018	2017
	Actual	Actual
	\$000	\$000
<b>Election candidate deposits trust account</b>		
<b>Balance 1 July 2017</b>	7	24
Fees received	158	6
Fees refunded	(85)	(23)
<b>Balance at 30 June 2018</b>	<b>80</b>	<b>7</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 2018.

Signed by the Board:



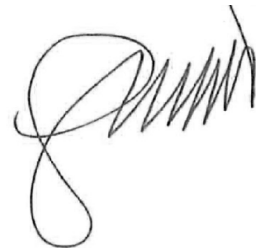
**Hon Sir Hugh Williams QC**

Chair



**Kristy McDonald QC**

Deputy Chair



**Alicia Wright**

Chief Electoral Officer

31 October 2018





# **INDEPENDENT AUDITOR'S REPORT**

## To the readers of the Electoral Commission's financial statements and performance information for the year ended 30 June 2018

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 23 to 46, that comprise the statement of financial position as at 30 June 2018, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows, for the year ended on that date and notes to the financial statements including a summary of significant accounting policies; and other explanatory information; and
- the performance information of the Commission on pages 16 to 19, and 21.

In our opinion:

- the financial statements of the Commission on pages 23 to 46:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2018; 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; and
- the performance information on pages 16 to 19, and 21:
  - presents fairly, in all material respects, the Commission's performance for the year ended 30 June 2018, 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; and
    - 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
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 31 October 2018. 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 in the Introduction and on pages 1 to 15 and 20, 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.



### 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

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BANK OF NEW ZEALAND

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ISSN: 1177-956X (PRINT)  
ISSN: 1177-9551 (ONLINE)



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