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**Annual Report of the**  
**Electoral Commission**  
*Te Kaitiaki Take Kōwhiri*  
**for the year ended**  
**30 June 2006**

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Prepared and presented in accordance with sections 198 and 152 of the Crown Entities Act 2004 and sections 41I and 44 of the Public Finance Act 1989 for presentation to the House of Representatives by the Minister of Justice.

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2 November 2006

The Hon Mark Burton  
Minister of Justice  
Parliament Buildings  
WELLINGTON

Dear Minister

We have the honour to provide to you this annual report of the Electoral Commission for the period 1 July 2005 to 30 June 2006. The report has been prepared and is presented in accordance with sections 198 and 152 of the Crown Entities Act 2004 and sections 41I and 44 of the Public Finance Act 1989.

Yours sincerely



The Hon Anthony Ellis, CNZM, QC  
President



Dr Helena Catt  
Chief Executive

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## **Part 1: Year in review**

### **Vision**

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

### **Key points**

#### ***Organisational***

All election generated obligations were delivered, with no complaint received concerning any aspect of the commission's performance of these. Commission expertise is being increasingly sought out by international and domestic bodies.

#### ***Registered political parties and logos***

Registered political parties were generally lax in meeting deadlines for the filing of statutory returns with the commission, thus compromising the transparency intended by the Electoral Act and potentially public trust. New incentives are needed to encourage compliance. One referral of a party to the police for apparent over-spending of its election expense limit was not pursued due to a lack of evidence to indicate that an offence had been committed by the party secretary.

#### ***Promotion of public awareness of electoral matters***

Filling knowledge gaps concerning electoral participation by Māori, trialling the use of direct marketing techniques to improve new-voter turnout, and the development of seven research reports or resources emphasised the commission's commitment to ensure its own policy and programmes and those of others have a sound research foundation.

Strategic citizenship and electoral education initiatives helped build new frameworks and programmes in the compulsory school sector, local government, and journalism. The general election context was used tactically in education delivered to teachers and students, journalists, and community groups.

A steady flow of international contacts and invitations underlined strong interest in both New Zealand's electoral system and the work of the commission. Growing Pacific contacts are helping build an understanding of dynamics which may impact on the electoral participation of Pacific New Zealanders.

## ***Allocation of election broadcasting time and funds***

The allocation of \$3.212 million of state funding and 102 minutes of party address time on television and radio was finalised to support registered political parties' election campaigning. The funding was paid out. Just a third of 67 broadcasters' returns received came in by the due date. Four referrals were made to the New Zealand Police of suspected offences under the Broadcasting Act, leading to one prosecution and conviction.

## ***Provision of advice on electoral matters***

Election campaign issues relating to advertising, funding, and third party activity highlighted inconsistencies and inadequacies of electoral law, some of which have been raised previously by the commission and others. Different models of state funding, a rewrite of campaigning rules, and electoral administration structure all need to be considered in a principles-based review considering factors such as equality of access to the electoral process, public information and transparency, ease of compliance and enforcement, international standards of democratic practice, and the New Zealand contexts of MMP and public management.

## ***Publicity in connection with the next general election***

The public information and education campaign for the 2005 general election exceeded its advertising targets while coming in under budget. The Elections New Zealand website was an important tool in the programme. Low MMP-related 0800 calls pointed to voter information needs being satisfied by other campaign elements. The three electoral agencies have established joint projects working towards the 2008 general election to: improve access to voting for disabled people, encourage young people to enrol using the internet and then go on to cast an informed vote, and to encourage teachers to use authentic election contests in the classroom and school life.



Montage of multi-lingual election resources

## **Organisational output**

During 2005/06 the commission intended to consolidate our position as the recognised authority for education on electoral matters and information about the electoral system, deliver election generated obligations competently and professionally, and ensure staff capacity to deal flexibly with the full range of work we cover.

The expertise of commission staff was sought out by a wide range of New Zealand and international organisations and individuals during the year with an interest in citizenship and electoral education or participation issues. Meanwhile, commission content on the Elections New Zealand website was accessed extensively.

All election generated obligations were delivered, with no complaint received concerning any aspect of the commission's performance of these.

Staff professional development needs were agreed and all staff attended at least one training programme during the year.

## **Output 1: Application of the provisions of the Electoral Act 1993 relating to political parties**

### ***Registered political parties***

A Register of Political Parties (including party logos) is kept and made available for public inspection. Involved in this process is receiving and considering applications to register or to change registration details and responding to inquiries about the register and process of registration.

There were 22 political parties registered at 30 June 2006. During the year:

- one new party was registered
- two parties changed their registered name
- one party changed its abbreviated name
- one party advised that two registered parties were no longer component parties
- one party advised that an unregistered party was no longer a component party

### ***Political party registered logos***

There were 41 political party logos registered at 30 June 2006. During the year:

- one logo was registered in conjunction with the registration of a new political party
- one logo was registered by an unregistered political party
- two registered parties registered substitute logos

## ***Returns of election expenses***

After a general election the secretary of every registered party must provide a return to the commission of party election expenses incurred in the three months immediately before polling day. The return must be on a form provided by the commission, and be accompanied by an auditor's report. The obligation applies whether or not the party contested the party vote or any electorate seat. If the party had no election expenses the secretary must still make a nil return and get an auditor's report.

The deadline to provide the return and auditor's report is 50 working days after the day the Chief Electoral Officer declares the election of list MPs. In 2005 the deadline was 19 December.

Twenty-two parties were registered and therefore obliged to provide a return of party election expenses. Just 13 were received by the due date. Just four returns were complete and acceptable when first received. The others had to be returned for clarification or correction. A common mistake was miscalculating the spending limit for that party.

Compliance with the legal requirement for returns has not been timely or accurate. Checking and chasing accurate returns is time consuming.

The following parties were late in filing the duly completed return of election expenses and accompanying audit report due 19 December 2006:

- 99MP Party, 8 February 2006
- ACT New Zealand, 24 January 2006
- Aotearoa Legalise Cannabis Party, 23 December 2005
- Destiny New Zealand, 20 January 2006
- Direct Democracy Party, 27 March 2006
- Jim Anderton's Progressive, 21 December 2005
- Libertarianz, 8 February 2006
- Māori Party, 23 December 2005
- New Zealand Family Rights Protection Party, 11 April 2006
- New Zealand First Party, 14 February 2006
- One New Zealand Party, 10 April 2006
- OUTDOOR RECREATION NEW ZEALAND, 8 February 2006
- Te Tawharau, 8 February 2006
- The Greens, The Green Party of Aotearoa/New Zealand, 27 April 2006
- The New Zealand Democratic Party for Social Credit, 20 February 2006
- The Republic of New Zealand Party, 9 February 2006
- UNITED FUTURE NEW ZEALAND, 1 February 2006
- WIN Party, not received before party registration cancelled

The New Zealand Labour Party was referred to the New Zealand Police for the investigation of an apparent overspend of its election expense limit under section 214B of the Electoral Act however the police found there was insufficient evidence that an offence had been committed by the party secretary.

The commission recommended to the Justice and Electoral Committee's inquiry into the 2005 general election that sanctions short of referral for prosecution be made available to the commission to encourage parties to plan and comply better with the election expense return requirements.

### ***Donations disclosure***

The secretary of each registered party is required to provide the commission with a return by 30 April each year disclosing all donations received in the previous calendar year of more than \$10,000 in value.

The following parties were late in filing the duly completed return of party donations and accompanying audit report due on 30 April 2006:

- 99 MP Party, 11 July 2006
- Libertarianz, 1 May 2006
- New Zealand Family Rights Protection Party, 10 July 2006
- One New Zealand Party, 22 May 2006
- Te Tawharau, 1 May 2006
- The New Zealand Democratic Party for Social Credit, 27 May 2006
- The Republic of New Zealand Party, 18 July 2006
- UNITED FUTURE NEW ZEALAND, 11 May 2006
- WIN Party, not received before party registration cancelled

The commission did not report any parties to the New Zealand Police for matters related to disclosure of party donations for the 2005 calendar year.

### ***Annual statutory declarations***

The secretary of each registered party is required to provide the commission with a statutory declaration by 30 April each year which must:

- (a) state that the party intends, at general elections,
  - (i) to submit a list of candidates under section 127; or
  - (ii) to have 1 or more constituency candidates stand for the party or for a related political party; or
  - (iii) both; and
- (b) state whether the party has at least 500 current financial members who are eligible to enrol as electors.

The following parties were late in filing declarations:

- 99MP Party, 3 August 2006
- Aotearoa Legalise Cannabis Party, 14 July 2006
- Jim Anderton's Progressive Party, 23 June 2006
- Māori Party, 1 May 2006
- New Zealand Family Rights Protection Party, 28 July 2006
- Te Tawharau, 1 May 2006
- The Alliance, 23 June 2006
- The New Zealand Democratic Party for Social Credit, 6 June 2006
- The Republic of New Zealand Party, 3 May 2006
- UNITED FUTURE NEW ZEALAND, 11 May 2006
- WIN Party, 10 July 2006



## ***Documentation available for public inspection***

The commission is required to make the following documentation available for public inspection at any time between 9am and 4pm on days that its office is open:

- The Register of Political Parties\*
- Registered logos of political parties
- Registered parties' returns of party donations and auditors' reports\*
- Registered parties' membership rules and candidate selection rules
- Registered parties' returns of election expenses and auditors' reports\*
- Returns of constituency candidates' election expenses received by the commission from the Chief Electoral Officer.

The commission's offices were open for at least the required hours on 242 working days, and for shorter hours on three days. In addition, the records marked above with an \* were provided in full or summary form on the Elections New Zealand website.

For general information relating to Output 1 activities see [www.elections.org.nz/parties.html](http://www.elections.org.nz/parties.html)



**Election print advertisement**

## Summary of activity relating to political parties

Party Name	Abbreviation	Registration Activity 2005/06	Component parties at 30 Jun 06	Date party registered	Date of registration of current logo	Donations returns due 30-Apr-06 - dated received	Total of party donations >\$10,000	Publication date of party's membership rules and candidate selection rules held by Comm.	S71A statutory declarations due 30-Apr-06: to stand at election; have 500+ members; date received	Duly completed party election expense return due 19-Dec-05 received
99 MP Party	None	(Removed from register 2006/07)	None	14-Apr-05	13-May-05	11-Jul-06	None	Undated	3-Aug-06	8-Feb-06
ACT New Zealand	None		None	17-Feb-95	13-Jun-03	27-Apr-06	\$32,200	Apr-05	27-Apr-06	24-Jan-06
Aotearoa Legalise Cannabis Party	None		None	30-May-96	12-Dec-96	28-Apr-06	None	Dec-03	14-Jul-06	23-Dec-05
Christian Heritage New Zealand	Christian Heritage NZ	(Removed from register 2006/07)	None	6-Mar-95	24-Aug-04	24-Apr-06	None	Mar-05	12-Apr-06	8-Dec-05
Destiny New Zealand	Destiny NZ		None	13-Jun-03	13-Jun-03	27-Apr-06	\$31,250	Apr-03	21-Apr-06	20-Jan-06
Direct Democracy Party	None		None	20-Jun-05	20-Jun-05	27-Apr-06	None	undated	24-Apr-06	27-Mar-06
Jim Anderson's Progressive Party	Progressive	Name change, substitute logo	None	15-Jul-05	15-Apr-02	28-Apr-06	\$60,207-80	Nov-04	23-Jun-06	21-Dec-05
Libertarianz	None		None	11-Sep-96	9-Jul-99	1-May-06	None	Apr-98	28-Apr-06	8-Feb-06
Māori Party	None		None	9-Jul-04	15-Oct-04	27-Apr-06	\$32,000	Undated	1-May-06	23-Dec-05
New Zealand Family Rights Protection Party	New Zealand F. R. P.		None	7-Mar-05	14-Apr-05	10-Jul-06	None	Jan-05	28-Jul-06	11-Apr-06
New Zealand First Party	NZ First		None	20-Dec-94	13-Jun-96	28-Apr-06	None	Nov-98	28-Apr-06	14-Feb-06
New Zealand Labour Party	Labour Party		None	17-Feb-95	24-Jun-02	27-Apr-06	\$930,977	Dec-03	27-Apr-06	19-Dec-05
One New Zealand Party	OneNZ Party	(Removed from register 2006/07)	None	8-Oct-99	14-Jun-02	22-May-06	None	Undated		10-Apr-06
OUTDOOR RECREATION NZ	ORNZ		None	8-Mar-02	11-Jul-03	24-Apr-06	None	Aug-04	27-Apr-06	8-Feb-06
Te Tairāhau	None		None	10-Aug-95	-	1-May-06	None	Undated	1-May-06	8-Feb-06
The Alliance	Alliance	Removal of component party	None	17-Mar-95	24-Jun-02	26-Apr-06	None	May-02	23-Jun-06	19-Dec-05
The Greens, The Green Party of Aotearoa New Zealand	Green Party		None	17-Aug-95	12-Mar-99	28-Apr-06	\$143,008.54	Jun-03	13-Apr-06	27-Apr-06
The New Zealand Democratic Party for Social Credit	Democrats for social credit	Name change, abbreviation change	None	10-Aug-95	12-Feb-99	27-May-06	\$32,541	Undated	6-Jun-06	20-Feb-06
The New Zealand National Party	National Party		None	2-Dec-94	13-May-05	28-Apr-06	\$1,881,733	May-03	28-Apr-06	19-Dec-05
The Republic of New Zealand Party		Party and logo registered	None	15-Jul-05	15-Jul-05	18-Jul-06	None		3-May-06	9-Feb-06
UNITED FUTURE NEW ZEALAND	UNITED FUTURE	Removal of component parties	None	13-Dec-01	2-Jun-06	11-May-06	\$27,000	Undated	11-May-06	1-Feb-06
WIN Party	WIN	(Removed from register 2006/07)	None	13-May-05	-	Not received	-	Undated	10-Jul-06	Not received

## Output 2: Promotion of public awareness of electoral matters

Education on electoral matters serves a broad purpose of maintaining public awareness of, and interest in, New Zealand's democratic processes and of delivering resources and programmes that encourage and enable civic, particularly electoral, participation. The range of activities and materials utilised recognises the range of audiences that include parties, journalists, the education sector and politicians as well as voters. It recognises the diversity of the electorate and different levels of interest and prior understanding amongst it. One part of education is to promote and facilitate study, discussion, education and communication on New Zealand electoral matters by academics, journalists and other commentators.

Objectives for 2005/06 included: planning and implementing research based projects aimed at increasing electoral participation amongst Māori, young people and Pacific peoples, and to do so utilising theories on electoral participation, in particular efficacy; providing post-election information and to consolidate the Elections New Zealand website as the primary source of information; benchmarking our education work internationally and sharing with others our resources, research, expertise and experiences.

### *Māori electoral participation research*

The Commission awarded four research contracts in April 2006 to explore aspects of Māori electoral participation and to begin to remedy the absence in New Zealand of recent, theory-based, published research that explains Māori electoral (non)engagement. Broadly, the projects seek information on three inter-related aspects of Māori electoral engagement:

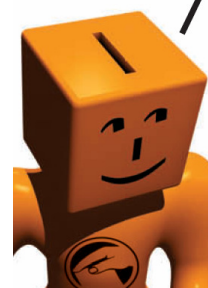
- Amongst Māori, who consistently does not vote? (socio-economic, identity, efficacy)
- Why are electoral participation levels lower amongst Māori than non-Māori?
- What are Māori attitudes towards politics, elections and representation?

The projects, due for completion in November 2006 and presentation at a conference on 8 December, are:

- He Puna Marama Trust is conducting focus group interviews of Māori in Whangārei. The team is using the problem-based methodology from education research to investigate reasons why eligible Māori voters participate or not in elections. This methodology explores causal links between research participants and the way they talk about the issue and the related actions.
- Massey University School of Māori Studies is interviewing a sub-sample from Te Hoe Nuku Roa study. Drawing and building on this Māori-led longitudinal study of Māori households, the research examines the background of those who vote and those who do not; and of those on the Māori and on the general electoral rolls. Interviews are also exploring attitudes towards voting and politics.
- Research New Zealand is conducting a literature review and annotated bibliography of work related to Māori participation and to social marketing to Māori that has been created within the public sector and may have relevance to electoral participation.
- UMR Research is undertaking quantitative analysis of existing data on Māori electoral participation seeking to understand the profile of voters and non-voters. Existing data being used includes publicly available data and data collected by UMR.

This research follows up on hypotheses and ideas raised at a hui held in November 2004 and initiated by the commission. During 2005/06 the commission also published an annotated bibliography of sources relevant to research of Māori electoral participation.

He ngāwari  
noa iho te  
whakauru  
me te pōti.



[www.elections.org.nz](http://www.elections.org.nz)

Electoral Commission PO Box 3150, Wellington, T8R-ETM0043

## ***New-voter motivation trials***

The commission ran two experiments at the 2005 general election encouraging the newly enrolled to vote through the use of direct mail and text messages to cell phones. The creation and delivery of the messages was based on political and social marketing theory and was designed by the same advertising agency that helped create the election information campaign. While no statistically significant results were obtained (meaning that a repeat of the experiment might not replicate the results), patterns of response for this sample indicated that the interventions had an impact. The highest positive impacts were amongst groups that are usually hard to motivate: Māori voters, Māori electorates and low turnout areas. However there was also a negative impact for some of these same groups who received multiple messages. The biggest lesson seemed to be that different groups of newly enrolled voters respond differently.

The commission's report of the experiments is available at [www.elections.org.nz/researchers.html](http://www.elections.org.nz/researchers.html)

**Trial motivation mailer**



## ***Research reports, resources and other publications***

Research reports, resources and other published by the commission during 2005/06 also included:

- *Now or never – electoral participation literature review.* Political Science research indicates that political participation is a learnt habit which is in decline. One strong predictor of levels of participation is efficacy, which refers to an individual's perception of their ability to know what is going on, be heard and make a difference politically. Another strong predictor is the extent to which people think an election is a real contest and therefore if it is worth voting. Participation is declining as efficacy declines, elections are seen as less competitive and people do not acquire the habit of voting let alone other forms of political participation. The most likely way to stop the decline in adult political participation is for students to acquire the habit at school. This literature review by commission chief executive Dr Helena Catt provides a basis for this diagnosis.
- *Māori and Pacific peoples' electoral participation in NZ – annotated bibliography.* The Electoral Commission commissioned Kim Summersby, a post-graduate politics student at Auckland University, to compile this annotated bibliography of publicly accessible material that talks about Māori electoral participation and publicly accessible material that talks about Pacific Island peoples' electoral participation in New Zealand. In compiling the bibliography no work was found relating primarily to Pacific Island peoples.
- *Efficacy and electoral participation – annotated bibliography.* The Electoral Commission commissioned Conor Roberts, a post-graduate politics student at Auckland University, to compile this annotated bibliography of publicly accessible material that discusses efficacy and other related theories on why people participate (or not) in elections.
- *MMP understanding – post-election monitor 2005.* The levels of understanding fitted within historic patterns. The overall trend is that over time the numbers giving wrong answers has declined. There is a recurrent cycle of the number saying that they 'don't know' decreasing immediately after each election from the number found in pre-election monitors. These results fitted the normal cyclical pattern and did not raise any immediate concerns.

- *Understanding of MMP in the 2005 NZES survey.* This analysis established a clear relationship between efficacy (a self-belief of understanding politics, the power of an individual's vote, and the ease of participation) and whether or not someone voted. This report was the first of a number of uses planned for data from the 2005 New Zealand Election Study which was conducted by Professor Jack Vowles of Auckland University with Electoral Commission sponsorship.
- *NZ Pocket Electoral Compendium.* The development of the Elections New Zealand website and the increasing public use of the internet saw the commission downsize its printed post-election compendium to a two-part pocket resource giving an overview of the electoral system and 2005 general election specific information. The smaller size meant the publication is made available free of charge. All of the information contained in previous editions remains up to date and available on the Elections New Zealand website.
- *e-news.* The commission built on last year's successful re-launch of the Elections New Zealand website with the introduction of a free electronic newsletter covering New Zealand and relevant international electoral matters. It is e-mailed to about 600 subscribers every two months.

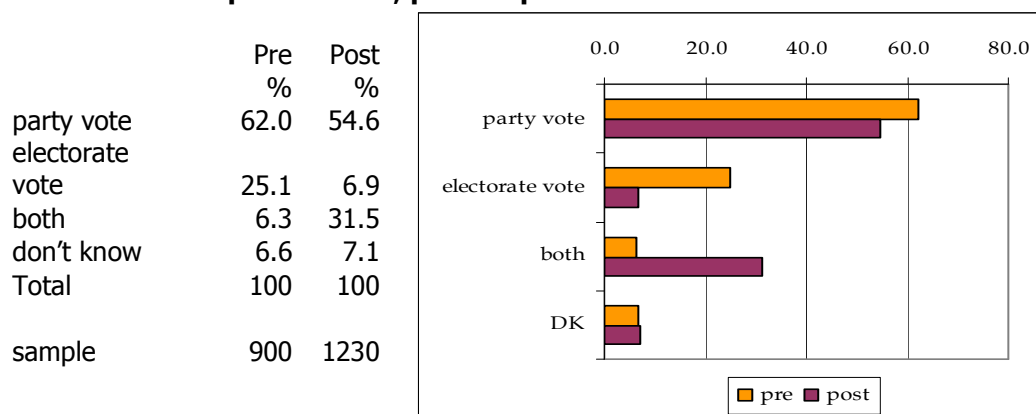
These resources can be accessed online at [www.elections.org.nz/researchers.html](http://www.elections.org.nz/researchers.html)

### Which is the most important vote?

*'From what you know and have heard, which of the two votes that you have in MMP is more important in deciding the number of MPs each party will have in parliament?*

- *The party vote,*
- *The electorate vote'*

**Table 1: Most important vote, pre and post election**



The correct answer is party vote, which was the answer of the majority of respondents after the election. However, given the role played by electorate votes in the 2005 election, with ACT and United Future New Zealand crossing threshold because of the electorate vote and Maori Party gaining more electorate MPs than their party vote allocation gave, then 'both are important' is a valid answer. The large increase in the proportion answering 'both' between the pre and post election surveys indicates a reaction to the specifics of the election campaign.

Less than a tenth did not answer the question, indicating widespread familiarity with MMP and a willingness to answer questions about it.

From **MMP understanding - post-election monitor 2005**  
[www.elections.govt.nz/mmp-understanding-post05.html](http://www.elections.govt.nz/mmp-understanding-post05.html)

## ***Promoting and delivering sound citizenship and electoral education***

The commission believes that the best citizenship education is that which gives participants skills for, and experience of, active social participation. While the learning and experiences possible through school provide an opportunity to reach the majority of the population, we also recognise that the needs of migrants need to be recognised and met, and that post-school life will be where some young adults are first motivated to participate in a national or local political or electoral event where they will need appropriate resources and means of inclusion.

Strategic initiatives to support this aim during 2005/06 included:

- Continuing involvement in the reference and working groups for the Ministry of Education-led collaborative rewriting of New Zealand Curriculum Framework (which was released in draft in July 2006).
- Introducing local government communications managers to theories of electoral engagement and best practice in citizenship education at a March 2005 forum organised by the Society of Local Government Managers.
- Developing and presenting *Now or never*, a paper on the needs for citizenship education as one means to encourage electoral participation, to Children and young people as citizens, a conference in July 2005 organised by Children's Issue Centre in Dunedin.
- Presenting a version of *Now or never* with an emphasis on teaching practice to the New Zealand Social Science Teachers' Conference in September 2005.
- Participation in the organising committee of Valuing Voices-Democratic Dialogues, a public forum in November 2005 hosted by the Auckland Regional Migrant Service. The forum was designed to identify needs and migrant-preferred means to encourage and educate for their participation in New Zealand democratic life.
- Involvement in the leadership of a Local Government New Zealand project begun in November 2005 to develop school resources for councils to adapt and promote locally to encourage active engagement in local government.
- Completion and release of a consultation draft of Your Voice! a social action resource for young people.

Other activity to support this work included:

- Presentations and workshops introducing Hands up! (the primary and intermediate level teacher resource developed by the commission in 2004/05) to teachers at three schools and in one region.
- Design and delivery of a whole-school MMP election at a school assembly of 600, and supporting teachers from four classes in using Hands up! content.
- Sponsorship of APN regional newspapers Newspapers in Education general election resource and student scrapbook competition.
- Presentations or meetings on MMP, elections and the work of the commission to two Rotary clubs, two service organisations for the elderly, a community's social services network, a public relations industry regional meeting, a Parents and First Teachers programme, and an iwi authority's trust board. These were delivered in the three months leading up to the general election. Only one request to provide a guest speaker was declined, and that was due to staff already being committed.
- A Māori Language Week mailout of MMP and election information to parents and whanau of kohanga reo and other Māori early childhood education providers.
- Working with Manukau City Council in the scoping and start-up of a project to increase young people's democratic engagement in the life of the city.
- Workshop with a campus students association on ways to encourage young people to enrol and vote.

### ***Tertiary education***

New Zealand electoral matters fight for attention among the many aspects of politics and international relations included in the teaching and research programmes of tertiary institutions. The commission works to grow relationships with departments, staff and students, and to encourage and support New Zealand focused work, including with Wallace Scholarships and Wallace Awards. The commission is also working to build relationships and encourage electorally-relevant teaching and research in other disciplines including other social sciences, law, Māori studies, Pacific studies, education, and marketing.

Eleven lectures or seminars were delivered during 2005/06 at tertiary education institutions on a variety of topics including MMP and its adoption, electoral engagement, electoral regulation and administration, broadcasting allocation, and the new-voter motivation trials. Audiences included classes in politics, law, arts, and social policy, as well as general seminars for a university politics department and on a wananga campus.

### ***Journalism education and professional development***

The news media are critical to the maintenance of a democracy, and particularly to assisting understanding of how its electoral system operates. The news media also have the opportunity to influence the general public's participation in the electoral process through the extent and nature of coverage they give to politics and electoral matters.

As well as helping working journalists, the commission continued efforts to influence how electoral matters were covered by the news media and to help with the education of trainee journalists. In 2005/06 this included presenting a seminar to chief reporters from throughout New Zealand organised by the Journalists Training Organisation, participating in a special election briefing for the press gallery, and delivery of eight lectures to tertiary journalism programmes. A special Wallace Awards competition was run for trainee journalists which is described further in the next section.

The commission was delighted with the release during the year of a new journalism skills unit standard by the Journalism Training Organisation, 'Report New Zealand news in a historical and contemporary context'. The draft standard would ensure students graduated with an understanding of civil society in New Zealand including being able to 'demonstrate knowledge of the New Zealand democratic process and the news media's role in reporting it'. Commission input helped shape the draft standard.

### ***Rewarding and encouraging others' work on electoral matters***

Wallace Awards and Wallace Scholarships aim to reward and encourage the work of others that is relevant to the commission's work. They are named after Sir John Wallace, chair of the Royal Commission into Electoral Reform and inaugural commission president.

Wallace Awards were offered in 2005 for teaching using the election context. Twenty-five entries were judged by panels of leading teachers and commission staff for evidence of excellent teaching practice, relevant and imaginative use of the election context, and the extent to which political knowledge, interest and participation was encouraged along with the the development of confident, informed and socially active students.

Wallace Awards were made to:

- Toby Durney and Christine Cummins, Correspondence School, for running an election.
- Kathy Grey, Horowhenua College, for use of the election context in social studies in a secondary school.
- Bridget Rika, Judy Herde, Jenny Casale, Cara Brittliff, Tapora Primary, for running an election in a primary school.
- Shauna O'Malley, on placement at McAuley High School, for a student teacher.

Highly Commended awards were made to:

- Lynda Araya, English Advantage Ltd, for use of the election with adult learners.
- Alfriston College for use of the election with a whole secondary school.
- Dianne Dunna, Amy Williams, Opotiki Primary School, for use of the election in a primary school.
- Deidre Senior, St Joseph's School (Oamaru), for running an election with a class.

Another special Wallace Awards competition in 2005 was offered for published election or politics reportage by trainee journalists. Forty-nine entries were received and judged by industry leaders and commission staff. A Wallace Award was made to Te Waha Nui magazine, Auckland University of Technology (AUT) students, for a portfolio of four issues.

Highly Commended awards went to (with the first three in order of merit):

- Duncan Greive, AUT, portfolio of three stories (one with input from colleagues).
- Britton Broun, AUT, portfolio of three stories (one with a co-author).
- Lisa Thompson and Michael Wright, Canterbury University, story.
- Hamish McNeilly, SIT, story; Megan Whelan, CPIT, story.
- Miles Erwin, AUT, story; Nicole Stanley, AUT, story.
- Rosie Cotter, AUT, story.

Wallace Scholarships attempt to influence and reward the design and conduct of tertiary student electoral research of significant potential value to the commission's work programme. Scholarships to support research in the 2006 academic year were awarded to:

- Kirsten Chambers, enrolled in a BA Hons (mass communication), University of Canterbury. Research report entitled 'Use of Māori media during the 2005 election campaign, with an emphasis on how it is used to encourage voting'.
- Nicky Wilson-Kelly, enrolled in a BA Hons (Political Studies), University of Canterbury. Research report which considers personal political efficacy amongst newly enrolled women, comparing those who voted and those who did not.
- Jacky Zvulun, enrolled in a Doctorate in Political Studies, Otago University. Thesis entitled 'Political participation in New Zealand local elections, under STV and FPP'.

Wallace Awards for academic research and publishing, including student work operate on an 18-month cycle. No full awards were made nor any student work recognised for the period November 2004 – April 2006, with the judges expressing concern and frustration at the relative paucity of primary research into New Zealand's electoral system during the period. Awards were made to:

- Dr Raymond Miller, University of Auckland, was highly commended for his book *Party Politics in New Zealand* (2005), Melbourne: Oxford University Press.
- Dr Richard Shaw, Massey University, was commended for his article Electoral Law Reform and the Work of the New Zealand Parliament, *Australasian Parliamentary Review*, spring 2004, vol 19, pp18-31.



## ***Sharing expertise and experiences internationally***

The commission briefed a number of overseas delegations and visitors on New Zealand's electoral framework, and administration. Staff also participated in relevant Australasian and Pacific conferences and professional development opportunities. As well as keeping current with international developments and practices, the international contact also allows the assessment of best practice and an informal benchmarking of its approach. Increased interaction with Pacific electoral administrators is also helping the commission build an understanding of cultural and political backgrounds that may impact on the participation of New Zealand voters from those countries.

Activity in 2005/06 included:

- Briefing of visitors to New Zealand including: a Spanish parliamentary delegation in July 2005, a delegation of the two houses of the Canadian parliament in August 2005, the Chairman of Commission II of the Parliament of the Republic of Indonesia in November 2005, a delegation of the Electoral Commission of Malaysia in November 2005, a representative from International IDEA (an electoral NGO) in January 2006, and a senate committee of the Czech Republic in May 2006.
- The commission briefed international observers to the September 2005 general election on the commission's strategic approach to education and some specifics of its general and election education programmes.
- The chief executive delivered a paper, *Citizenship Education*, to the Australasian Political Studies Association Conference in September 2005
- The communications manager shared the commission's ongoing and election-specific education programmes to a conference of Australasian electoral educators hosted by the Australian Capital Territory electoral commission in October 2005. He similarly briefed the Australian Electoral Commission.
- The chief executive met with the UK Electoral Commission, the Inquiry into Boundary Changes and Voting Methods in Scotland, and attended the annual dinner of the UK H.S. Chapman Society while on a private visit to the UK in November 2005.
- The chief executive was an invited guest to a conference on election campaign finance and government advertising held at the Australian National University in February 2006. She also visited the Victorian Electoral Commission and the Victorian Election Education Centre.
- An East Timorese work group on electoral law comprising members of various civil society groups, political party leaders and young people received a workshop in February 2006 from the chief executive, who was hosted by IRI (a US-based democracy NGO). A group of East Timorese members of parliament then visited New Zealand the following month to explore New Zealand's national and local electoral systems and to be briefed further on the commission's work.
- Electoral administrators from seven Pacific countries attended a BRIDGE (election management training) module in Auckland in February 2006 which was jointly hosted by the New Zealand and Australian Electoral Commissions with major funding support from AUSAID. The commission's chief executive and communications manager were participants.
- The chief executive attended a meeting of the Pacific Island, Australia and New Zealand Electoral Administrators BRIDGE Advisory Group held in Suva, Fiji, in April 2006.
- The commission regularly receives and responds to e-mail, requests for information from other jurisdictions, international electoral non-governmental organisations, and overseas researchers, academics, and others.

### **Output 3: Allocation of election broadcasting time and funds in accordance with the provisions of the Broadcasting Act 1989**

Most of the activity takes place once in each election cycle. In the year prior to an expected election, the commission follows a process of checking and consultation culminating in allocation of broadcast time and money amongst eligible political parties. The commission processes the payment of allocated money and supervises compliance with Part 6 of the Broadcasting Act 1989. In between these periods the commission responds to inquiries, maintains all systems in readiness for the next cycle and remains abreast of related debates and processes in other democracies.

#### ***Allocation process***

The commission made a preliminary allocation in the previous financial year, as described in the 2004/05 annual report. Activity during the 2005/06 was:

29 July 2005	Meeting of the Electoral Commission to consider reallocation
17 August 2005	(Writ day)
19 <sup>th</sup> and 20 <sup>th</sup> August 2005	Opening addresses broadcast
23 August 2005	(Nomination deadline)
24 August 2005	Final allocation decision released
25 August 2005	Letter to eligible parties with details of final allocation decision
16 September 2005	Closing addresses broadcast
	Payment of broadcasters' invoices approved and submitted by parties
12 December 2005	Deadline for receipt from parties of broadcasters' invoices to parties

#### ***Re-allocation***

In specified circumstances the Electoral Commission may vary the allocations made without further consultation. Such circumstances include a party: not accepting an allocation, having its registration cancelled, making a significant change in its relationships with other parties, or failing to nominate a party list.

At the time of the dissolution of parliament five parties which had received initial allocation had not registered and so were not eligible for allocation as they could not submit a party list. These parties were: Beneficiaries Party, National Front, Patriot Party, Republic Aotearoa New Zealand Party, Equal Values Party. The money that had been allocated to them was re-allocated pro-rata to the remaining parties (except for National and Labour which had been allocated a discrete pool of \$2 million in the preliminary allocation).

## ***Final allocation***

	\$	Minutes	Minutes
	(inc GST)	Open	Close
<b>Available to allocate</b>	<b>3,212,000</b>	<b>72</b>	<b>30</b>
99 MP Party	10,330	1	0
ACT	206,607	7	3
Alliance	20,661	1	0
Christian Heritage New Zealand	20,661	1	0
Democrats	10,330	1	0
Destiny New Zealand	20,661	1	0
Green Party	206,607	7	3
Labour Party	1,100,000	1 2	6
Libertarianz	20,661	1	0
Māori Party	129,129	4	3
National Party	900,000	1 2	6
<u>New Zealand F.R.P.P.</u>	10,330	1	0
NZ First	206,607	7	3
Progressive	77,478	4	3
The Republic of New Zealand Party	10,330	1	0
UNITED FUTURE	206,607	7	3

The full decision and further detail of the election broadcasting regime is available at [www.elections.org.nz/broadcaster.html](http://www.elections.org.nz/broadcaster.html)

### ***Broadcasters' return of election programmes***

After each election, every broadcaster must give the Electoral Commission a complete and accurate statement of election advertising broadcast by that broadcaster during the three months before polling day. The report must be given to the Electoral Commission no later than 10 working days after the end of the month in which an election is held, in this case Friday, 14 October 2005. The reports may, among other uses, be used for reconciliations with party broadcasting invoices received for payment and with election expense returns.

The Electoral Commission received returns from 67 broadcasters, which included all broadcasters for which party advertising invoices were paid. Just 22 of these returns were received by the due date with most of the rest a month late.

It is hard to ascertain the number of broadcasters which did not provide a return as there is no definitive list of broadcasters as defined in the Broadcasting Act. The definition of broadcaster in the Broadcasting Act means that each radio station manager is a broadcaster even though the reality for radio stations is that many are part of a network and so the station manager has little control over advertising or programmes. For instance for Classic Hits an advertisement may be booked by local sales staff just for that location (eg Classic Hits Wellington or Classic Hits Auckland) or the booking may be accepted by the Classic Hits Network or via The Radio Bureau, in either case to play on a range or all of the stations within the Classic Hits Network. The Electoral Commission will accept returns from networks on behalf of multiple broadcasters.

### ***Suspected offences***

Four suspected offences under Broadcasting Act 1989 were referred by the commission to the New Zealand Police:

- The New Zealand National Party, which disclosed to the Commission that it had booked advertising above its broadcasting allocation through treating the allocated value as GST exclusive, rather than GST inclusive, in apparent contravention of s.80(b)(ii). The police were unable to reconcile different versions of events given by the party secretary and the party's media buyer and therefore unable to reach a position to charge any person.
- Television New Zealand, which broadcast a National Party advertisement between other parties' opening addresses in apparent contravention of s.77A(4)(b). TVNZ was charged, pleaded guilty, and was fined \$2500.
- Television New Zealand and Keith Houston of Care Vets, Hamilton, for broadcast of an election advertisement advocating voting against a party in apparent contravention of s.70(2). Police decided that prosecution was not appropriate given advice given to Mr Houston's advertising agency by the Television Commercials Approvals Bureau.
- The NZ Democratic Party, which overspent its broadcasting allocation by the GST component. The police advised that no clear indication of individual culpability was evident while statutory time limits also meant the matter could not be taken further.

## **Output 4: Provision of advice on electoral matters**

Advice to the Minister of Justice and Parliament on a range of electoral matters primarily takes the form of providing reports to the Justice and Electoral Committee; and responding to Ministerial and Parliamentary questions.

### ***Electoral law review***

The commission notes that the year ended without a government announcement concerning the fundamental review of electoral law and administration recommended by the Justice and Electoral Committee following its Inquiry into the 2002 General Election, the report of which was presented to Parliament on 11 March 2004. The commission agrees that such a review is needed and it continues to recommend that one is established under parliamentary oversight. Such a review should be additional to any ad hoc changes to the law flowing from specific issues or incidents connected with the 2005 general election.

### ***2005 general election inquiry***

The commission reported to the Justice and Electoral Committee (JEC) on its general election-related work and made submissions on three broad issues where it believes improvements to the law were needed. The commission was also an advisor to the committee's inquiry into the election.

All three issues were ones that the Electoral Commission had raised with the committees of previous parties in relation to previous elections. All had been forcibly addressed in previous JEC reports of general election inquiries with recommendations made but no further action taken. Aspects of a combined electoral management body were also raised in the JEC inquiry into the 2004 local authority elections.

The three broad issues were:

- **Funding of election campaigns**

New Zealand parties receive funding from the broadcast allocation fund and parliament (for those with seats). A number of problems have been highlighted by the Controller and Auditor-General with aspects of the election campaign. In Australia and Canada parties receive state funding for their election campaign based upon, respectively, the number of votes they receive and the amount of money they spent. Decisions on party and campaign funding need to consider ideas of equality of access, public information, ease of compliance, and the needs of the MMP context.

- **Campaign rules, including issues of rule clarity.**

New Zealand campaign rules are complex and have not been adapted to the MMP context. Campaign rules became one of the news stories during and after the election, as well as the subject of civil and potential criminal proceedings. An alternative is to have one, simple definition and regime applying to election campaign material and campaigning which is applied to everyone in the election, potentially including campaigning by third parties. Decisions on campaign rules need to consider ideas of clarity, equality of access, ease of compliance and the needs of the MMP context.

- **Electoral management body structure.**

There are three agencies involved in general elections in New Zealand. Numerous problems with this situation have been recognised by the agencies and several different inquiries. A single peak elections management body is common internationally. In Australia the body is equivalent to an Independent Crown entity. In the UK the electoral management body is akin to an Officer of Parliament. Decisions on the structure of an electoral management body need to consider both democratic and public management standards.

In addition to the three broader issues, two matters specific to the 2005 general election were raised: tardy compliance for broadcaster and party election expense returns, and budget certainty and phasing for future election information campaigns.

The inquiry was continuing at 30 June 2006.

The commission's submission to the inquiry is available at [www.elections.org.nz/administration/submission-2005-election-inquiry.html](http://www.elections.org.nz/administration/submission-2005-election-inquiry.html)

### ***2004 local and district health board election inquiry***

The Justice and Electoral Committee completed and reported in August 2005 on its inquiry into the 2004 local and district health board elections. The commission was involved in examination of information and education needs associated with local authority elections, including civics education, and with exploration of the idea raised by several submitters to the inquiry of the commission taking on an information and education role in respect of local authority elections. The commission welcomed the committee's majority recommendations that the Government should fund a single agency to be responsible for education and information on all electoral systems used in New Zealand, and that the Ministry of Education should be encouraged to strengthen the place of citizenship education in the curriculum and make more teaching resources available for this purpose. The commission is disappointed that no substantive action was taken on the first of these recommendations during the year, and in time for the 2007 local elections.

## Output 5: Publicity in connection with the next general election

Voters should have the information necessary in order to cast an effective vote at a general election. Primary audience knowledge and belief objectives set for the 2005 public information campaign intended to help achieved this were:

- belief that voting with MMP is easy
- correct understanding of the roles of the two votes
- understanding that parliamentary proportionality is based on the party vote for parties crossing threshold
- belief that an individual's vote "can make a difference".

A secondary objective was correct audience understandings of the three occasions when the electorate contest may have wider ramifications (threshold, overhang, or an electorate being won by a candidate not from a party contesting the party vote).

Campaign planning was completed on the basis that the programme had to reach all voters, but with extra effort applied to reach young adults, Māori and pacific peoples who research had shown to have lower levels of understanding of MMP. We also know from academic research that personal political efficacy – the extent to which we believe that we understand politics, politics is relevant to our lives, and that we can make a difference through our participation – is a key determinant in the receipt and understanding of electoral messages. (This point was reinforced through concept testing of the MMP EasyVote insert in which message recall and comprehension was linked to participants' efficacy and not to demographic factors.)

A public information campaign was developed using the same orange "Elector" cartoon character and advertising style as used by the Electoral Enrolment Centre and the Chief Electoral Office. News media relations and monitoring were used alongside the paid campaign to try to ensure media coverage was accurate in respect of MMP.



**"It takes two ticks to vote..." – election television advertisement**

## ***Campaign elements***

Key elements of the programme included:

- an insert to the EasyVote pack that arrived in voters' mail boxes about a week before the election
- three-week intensive advertising campaign on television, radio, in newspapers and online sharing the same orange "Elector" character and general approach as used by the Electoral Enrolment Centre and Chief Electoral Office
- emphasis on reaching Māori and non-English speaking voters through Māori and ethnic media and networks
- emphasis on reaching younger voters with radio hosts primed with key chat messages to promote engagement, and with a customised execution featuring the radio or television station's personalities
- complementary public relations activities including media relations, journalism professional development, presentations to community groups, and the commission's broader education programme
- online quiz tested respondents' understanding of key aspects of MMP and promoted online information
- website content and promotion, particularly MMP basic facts, downloadable scripted PowerPoint presentation, election result calculator, teacher and student resources, etc.
- distribution of the MMP basic facts pamphlets "Two ticks? Too Easy!" in te reo Māori and 16 immigrant languages via language specific publications and community networks.



***"Parties...get seats based on their share of the party vote" – election television advertisement***



## ***Campaign highlights***

### ***Numbers***

- Advertising reach and frequency against all aged 18-49 years: TV, 850 TARPS (Total Audience Ratings Points), 1+ reach 85-90%, 2+ reach 75-80%; radio, 1+ reach 68%, average frequency 8.1. This translates to a medium-heavy weight television schedule which reached 85-90% of its intended audience at least once while 68% of the target audience were reached by the radio campaign an average of 8.1 times. The radio campaign particularly targeted youth, Māori and ethnic audiences.
- Online quiz attracted strong interest, including 45,000 quiz-takers in the final week of the election campaign
- MMP seat allocation calculator had more than 11,000 users in final week of the campaign
- Low inbound inquiries (1,890 free-phone calls and nine e-mails in period 12-18 September) suggested voter understanding of MMP was regenerated and satisfied by advertising and online content together with general news media coverage.

### ***Initiatives***

- Negotiated favourable sponsorship of NZ Herald (largest daily, Auckland and upper North Island circulation) election supplement, including giveaway promotion in new migrant communities, and supplement giveaways on tertiary campuses (first-time voters).
- Trial of outbound text messaging to inbound enrolment txters, using three groups: control (get nothing), a sample that got a series of engagement and efficacy messages, and a sample that was only message on election morning. Samples have been cross-matched to electoral roll, with analysis being finalised.
- Trial of outbound direct mail pieces targeting first time voters, using three groups: control (get nothing); election week "it's easy to do" Post-It reminder in the week before election; "it's easy to engage" bungy item two weeks before election (plus election week reminder per group two). Samples have been cross-matched to electoral roll, with analysis being finalised.
- Election day aerial banner towing throughout country (where the service was available and weather permitted) with the message "Tick Tick – it's time to get voting ;-)"

### ***Delivery***

During the 2004-05 financial year the commission completed planning and sufficient preparation of materials to ensure it could deliver a public information campaign for a 2005 general election held any time after 1 July 2005.

The commission was assisted in the design and delivery of the campaign by Young & Rubicam Advertising (Auckland) and their media company Mediaedge:CIA. Y&R, which also provides services to the Electoral Enrolment Centre and Chief Electoral Office, was appointed in May 2004 following a closed tender process.

### ***Post campaign review***

The commission met with its advertising agency following the election to review the campaign. Key points from the review:

- Creative elements met their brief of conveying messages simply and in keeping with the campaign style. No complaints or criticisms of the advertising content or approach were noted in media monitoring or received directly.

- Consideration should be given in future campaigns to a greater level of detail about threshold and overhang education, but not at the expense of basic MMP education. Also, more emphasis/rationale could be given for “every vote counts” messages.
- The commission and agency agreed that the media budget for the campaign was adequate.

Meanwhile, the three electoral agencies have established joint projects to: improve access to voting for disabled people, encourage young people to enrol using the internet and then go on to cast an informed vote, and to encourage teachers to use authentic election contests in the classroom and school life.

### **Resourcing**

The public education project for the 2002 General Election cost \$858,000 across two financial years, of which \$500,000 was provided from a triennial base-lined appropriation for the purpose and \$358,000 from operating and reserve funds. The commission was grateful to secure additional funding of \$548,444 (ex GST) in Budget 2005 which meant the commission could plan to deliver an election information campaign of a similar budget in real terms to that delivered in 2002. When taken with existing baseline provision of \$500,000 (ex GST) and a commission contribution of \$119,000 (ex GST) from reserves, the new funding meant an available budget of \$1,167,444 (ex GST). The budget excludes: staff costs (with most of the communications manager and much of the chief executive’s time in the period January – September 2005 applied to the design and delivery of the campaign; and associated public and media relations activities) and major costs of election-focused projects delivered under Output 2 and the corporate output.

The commission will need to make a budget bid in the order of \$5-600,000 on top of the base-lined \$500,000 to ensure it can deliver an adequate election information programme in conjunction with the 2008 election. This bid is likely to be made for the 2007-08 financial year to ensure that the campaign can be prepared with prudent timing.

**Table - Total spend on election Information 04/05 and 05/06**

<b>Total budget (All figures ex GST)</b>			<b>\$1,167,444.00</b>
<b>Expenditure</b>	<b>2004/05</b>	<b>2005/06</b>	<b>total</b>
advertising placement	\$2,656.00	\$823,195.47	\$825,851.47
advertising production	\$69,982.00	\$41,656.22	\$111,638.22
2 ticks insert	\$90,858.36	\$26,963.70	\$117,822.06
0800 Election		\$9,272.05	\$9,272.05
marked roll research		\$7,144.00	\$7,144.00
travel may-sept	\$3,632.09	\$8,497.19	\$12,129.28
media monitoring		\$5,000.00	\$5,000.00
other		\$12,707.70	\$12,707.70
<b>total spend</b>	<b>\$167,128.45</b>	<b>\$934,436.33</b>	<b>\$1,101,564.78</b>

The expenditure in the 2004/05 year illustrates the need for funding of the information campaign in the financial year preceding the election. The final spend was 5.6% under the available budget.

## ***Monitoring party and media coverage and comments on MMP***

Electronic, print and online media coverage was monitored throughout the campaign so that any problems could be addressed immediately. Most daily and many community newspapers ran a piece providing basic information on how MMP works. The information was usually based either on commission-supplied material or on an information piece created by New Zealand Press Association. Almost all these pieces were accurate and informative, including of overhang when it was mentioned.

The one piece of misinformation that appeared in a number of newspapers (generally in letters to the editor and reportage of candidates' views) was what allegedly happened to 'wasted votes'. The erroneous view reported was that all of the votes cast for parties which did not cross the threshold were either in fact, or effectively, redistributed to the parties which had crossed the threshold in a proportional way. We contacted the original source of this view (a non-parliamentary registered political party) and after discussion they changed their description. Where the misinformation about wasted votes was contained in a letter to the editor we sent a response and this was published. We also added information on wasted votes to our web information and changed one of the MMP quiz questions to address this issue specifically.

One area of reporting related to MMP where there is room for improvement is in the commentary accompanying the publication of an opinion poll on voting intentions. When such polls are translated into the make-up of parliament, there are still some who do not specify the assumptions that have been made about which parties will cross the threshold and how many electorate seats would be won. The latter is particularly important when there is the possibility of an overhang. Translation of polling into seats was accurate and most were using and attributing the MMP calculator on the Elections New Zealand website.

Generally the same aspects were mentioned by opinion pieces and letters to the editor which commented on MMP. Opinion pieces were a little more likely to praise the diversity in parliament and that there has been stable government. Letters were much more likely to complain about party lists and the loss of majority rule.

Throughout the election period commission staff assessed media coverage and ensured issues of MMP misrepresentation were addressed with a letter to the editor or reporter contact. We also awarded Elector Halos for 'media coverage which, in our opinion, assists in the attainment of the vision: New Zealand's electoral framework and processes are widely used, understood, trusted and valued. In the general election context this may include educative content or technical rigor concerning the electoral system, along with efforts to inform, engage and encourage participation in the electoral process.'

Halos were awarded to:

- The Dominion Post Weekend article, entitled 'Beginner's Guide to MMP'
- Nicola White, an article about government formation printed in the Otago Daily Times
- New Zealand Herald, editorial outlining the newspaper's planned election coverage through its 'Informed Choice' project
- Otago Daily Times, article 'First-timers have their say'
- MMP quiz on [www.stuff.co.nz](http://www.stuff.co.nz)
- Peter Wilson, and NZPA article 'Strategic voting rears its cunning head'

The full media monitoring report is available at [www.elections.org.nz/administration/ec-education-election05.html](http://www.elections.org.nz/administration/ec-education-election05.html)

## The Electoral Commission

### ***Statutory functions***

No legislative changes were made to the commission's statutory functions in 2005/06.

### ***Statutory disclosures***

There are no disclosures to be made in accordance with the Crown Entities Act 2004 s.151 in respect of (f) ministerial directions, (i) enforcement of natural person transactions, and (j) regarding permission granted to members to act despite having an interest.

### ***Members and employees***

#### **Appointments and departures**

The commission thanks Hon David Caygill and Mr John Isles who served as commissioners representing the Government and Opposition parties, respectively, for the broadcasting allocation process, along with Ms Sandi Beatie, who served as a commissioner ex-officio while Acting Secretary for Justice from 1 February – 1 May 2006.

#### **Members at 30 June 2006**

	Remuneration paid in 2005/06
The Hon Anthony Ellis, CNZM, QC (President)	\$ 0
Dr Helena Catt (Chief Executive)	\$ 135,512
Ms Belinda Clark (Secretary for Justice)	ex officio
Chief Judge Joe Williams (Chief Judge of the Māori Land Court)	ex officio
<b>Until 13 March 2006 - Members appointed for the purposes of the commission's jurisdiction under Part 6 of the Broadcasting Act 1989:</b>	
The Hon David Caygill, representing the Government	\$ 0
Mr John Isles, representing Opposition parties	\$ 0

#### **Employees at 30 June 2006**

Senior Legal Adviser	Mr Geoff Barnett
Communications Manager	Mr Peter Northcote
Office Manager	Mrs Lorraine Biggs
Number of employees with remuneration valued \$100,000+ in 2005/06	0
Total value of cessation benefits paid to employees in 2005/06	\$ 0
Number of employees paid cessation benefits in 2005/06	0

#### **Good employer information**

The commission has and operates human resources policies consistent with the good employer obligations of s.56 of the State Sector Act 1998. In addition to employment procedures consistent with legislation, the commission has active policies and practices for occupational safety and health, flexible working arrangements, and an Employee Assistance Programme.

## Part 2: Statement of service performance and financial statements

### Introduction

The financial statements for the year ended 30 June 2006 follow.

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

Overall the commission had a deficit for the year with expenditure exceeding income by \$2,915,982 (excluding GST).

In the 2006/2007 financial year the Electoral Commission has budgeted for total operating expenditure of not more than \$838,222 (excluding GST). These expenditures will be funded by payments on behalf of the Crown from Vote: Justice and by using all of the commission's cash reserves.

### *Statement of Responsibility*

In the financial year ended on 30 June 2006 the management of the Electoral Commission was responsible for:

- the preparation of the annual financial statements and for the judgements used herein;
- establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the commission's financial reporting.

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



The Hon Anthony Ellis, CNZM, QC  
President



Dr Helena Catt  
Chief Executive

29 September 2006

**Electoral Commission  
Performance against Statement of Objectives  
for the year ending 30 June 2006**

Please note that fuller descriptions of all output achievements are contained in Part 1.

***Organisational Objectives***

Objectives were met.

<b>2005/06 objectives</b>	<b>Achievement against objectives</b>
<p>I. Consolidate our position as the recognised authority for education on electoral matters and information about the electoral system. To be the first port of call for all those seeking information and data about the workings of MMP, the wider electoral context and related debates and practices overseas.</p>	<ul style="list-style-type: none"> <li>• The number of presentations that we were invited to make to domestic and international audiences indicates that we are recognised as an authority on electoral matters.</li> <li>• We are working with electoral agencies and academics from across the Pacific in training, network leadership and colleague roles.</li> <li>• Web usage statistics show that the information provided is being used.</li> </ul>
<p>II. During the election period, competently and professionally deliver election generated obligations and aim for delivery with the other electoral agencies that is seamless to the public. Maximise opportunities to further the strategic goals through use of the election context.</p>	<ul style="list-style-type: none"> <li>• All statutory functions related to the election were fulfilled. No complaints were received.</li> </ul>
<p>III. Ensure that we have the capacity amongst our staff to deal flexibly with the full range of work that we cover. Assess needs and organise staff training and development as required.</p>	<ul style="list-style-type: none"> <li>• All staff members have indicated their training needs and all have attended at least one course during the year</li> </ul>

## ***Output 1: Application of the provisions of the Electoral Act 1993 relating to political parties***

Objective was met.

<b>2005/06 objective</b>	<b>Achievement against objective</b>
I. Continue to respond to requests and to process applications in a professional manner that adheres to the Guiding Principles of Electoral Administration	<ul style="list-style-type: none"> <li>All applications and returns were processed within acceptable timeframes. No concerns were raised with the commission regarding its performance of these procedures.</li> </ul>

Activity	2005 /06	2004 /05	2002 /03	Quarter 2005/06			
				1st	2nd	3rd	4th
<i>Registration of parties</i>							
number of parties on Register at end of period	22	21	21	22	22	22	22
number of new applications for registration of party received		6	1				
number of parties registered by Commission	1	5	1	1			
number of registrations cancelled by Commission (s.70)	1	2	1	1			
<i>Registration of logos</i>							
number of registered logos at end of period	41	37	32	40	40	41	41
number of applications for registration of new logo received	2	8	1	1		1	
number of new logos registered by Commission	4	5		3		1	
number of applications for registration of substitute logo received	1	4	2				1
number of substitute logos registered by Commission	2	4	2	1			1
number of logo registrations cancelled by Commission (s.70A)							
<i>Disclosure of donations</i>							
number of duly completed returns of donations & audit reports received	18						18
number of reports made to Police concerning donations							
<i>Disclosure of election expenses</i>							
number of duly completed returns of election expenses & audit reports received	20	20			7	13	
number of reports made to Police concerning election expenses	1	1				1	

## **Output 2: Promotion of public awareness of electoral matters**

Objectives were met, except for IX which is an ongoing project.

<b>2005/06 objectives</b>	<b>Achievement against objectives</b>
I. Plan and implement research based projects aimed at increasing Māori electoral participation	<ul style="list-style-type: none"> <li>• Māori and Pacific electoral participation annotated bibliography has been completed and is available on the website.</li> <li>• Four providers were selected and began research projects exploring aspects of Māori participation following an open tender process.</li> <li>• Sponsorship of the NZ Election Study 2005 (NZES) ensured a statistically robust Māori sample size.</li> </ul>
II. Plan and implement research based projects aimed at increasing electoral participation amongst young people	<ul style="list-style-type: none"> <li>• Wallace Scholarships were offered and awarded on topics related to youth participation.</li> <li>• Research trials of the potential impact of direct marketing messages to newly enrolled voters was carried out in conjunction with the election.</li> <li>• A multi-disciplinary multi-tertiary education institution research team was assembled to scope a potential Marsden Fund bid for major research project exploring young adults' participation.</li> </ul>
III. Plan and implement research based projects aimed at increasing electoral participation amongst Pacific peoples	<ul style="list-style-type: none"> <li>• Māori and Pacific electoral participation annotated bibliography has been completed and is available on the website.</li> <li>• Contacts with Pacific electoral administrators in training and networking settings have helped build understanding of electoral engagement in countries of origin.</li> </ul>
IV. Plan and implement research based projects utilising theories on electoral participation, in particular efficacy	<ul style="list-style-type: none"> <li>• Efficacy and electoral participation annotated bibliography has been completed and is available on the website.</li> <li>• Analysis of sponsored efficacy questions in NZES, and its utilisation in education work.</li> </ul>
V. Provide easily accessible public information on the 2005 election after the election	<ul style="list-style-type: none"> <li>• Full information was provided on the website.</li> <li>• The New Zealand Pocket Electoral Compendium was published containing general electoral information and 2005 statistical information.</li> </ul>
VI. Maximise the value of the election in meeting our strategic goals and vision	<ul style="list-style-type: none"> <li>• Where practicable the election context was used in the design and delivery of this output.</li> </ul>
VII. Consolidate the website as the primary source of information	<ul style="list-style-type: none"> <li>• The website was the primary publishing media, and heavily promoted in communications.</li> </ul>



	<ul style="list-style-type: none"> <li>e-news was launched as a bi-monthly stakeholder electronic newsletter linking richly to new website content.</li> </ul>
VIII. Benchmark our education work internationally and share with others our resources, research, expertise and experiences	<ul style="list-style-type: none"> <li>Made presentation on our education and information work to electoral administrators from Australia, the UK and the nations of the Pacific.</li> <li>Asked to provide a case study on our education work for the international electoral administration capacity building resource created by the Australian Electoral Commission.</li> </ul>
IX. Build and maintain a tool that, over time, identifies, describes and measures audiences' electoral participation	<ul style="list-style-type: none"> <li>Questions included in NZES, which was part-funded by the commission.</li> </ul>

Activity	2005 /06	2004 /05	2002 /03	Quarter 2005/06			
				1st	2nd	3rd	4th
<i>Inquiries</i>							
number by phone or in person	390	393	554	215	67	60	48
number by email or letter	207	336	607	56	44	57	50
total	597	729	1161	271	111	117	98

**Elections New Zealand website  
- page visits to key commission content**

(There is no comparable data for earlier periods)

	3rd quarter 2005/06	4th quarter 2005/06
Number of page visits		
MMP quiz	863	2,466
Two Ticks, Too Easy	909	2,052
MMP FAQ	776	1,692
MMP calculator	31	51
Sainte Lague details	938	1,793
Hands up! resource	508	1,305
Paper on participation and citizenship education	535	1,538
Electoral compendium 2002 download	2,232	849
Glossary	1,573	4,361
History of the Vote	1,923	4,474
Right to vote	977	1,997
Māori and the vote	659	1,634
Votes for women	1,788	3,630
History of MMP	931	2,190
How to register a party	351	1,052
Donations disclosure overview	352	1,092
Donations summary data	346	2,405
Party election expense returns 2005	663	1,106
Party election expense returns 1996-2002	323	1,012
Broadcast allocation decision 2005	448	1,336

	<b>3rd quarter 2005/06</b>	<b>4th quarter 2005/06</b>
Briefing to Incoming Minister	504	1,196
Annual Report	332	1,107
Objectives 2005/06	310	975
Strategic Plan	295	1,073

***Output 3: Allocation of election broadcasting time and funds  
in accordance with the provisions of the Broadcasting Act 1989***

Objective was met.

<b>2005/06 objective</b>	<b>Achievement against objective</b>
I. Continue to carry out all aspects of the administration of these allocations in accordance with the Act and in a professional manner	<ul style="list-style-type: none"> <li>The aspects of the Broadcast Allocation process that fell in the 2005/06 financial year were the final allocation after writ day; monitoring the opening addresses and closing addresses; and paying the invoices. All aspects were carried out in an efficient and professional manner. No concerns were raised with the commission regarding its performance of these procedures.</li> </ul>

<b>Activity</b>	<b>2005 /06</b>	<b>2004 /05</b>	<b>2002 /03</b>	<b>Quarter 2005/06</b>			
				<b>1st</b>	<b>2nd</b>	<b>3rd</b>	<b>4th</b>
number of parties who have submitted any election programme accounts	21			6	15		
number of parties who have submitted accounts for at least 95% of their allocation	17			2	15		
number of election programme accounts processed	73			10	63		
number of reports made to Police concerning election broadcasting	4			2	1	1	

### **Output 4: Provision of advice on electoral matters**

Objectives were met.

<b>2005/06 objectives</b>		<b>Achievement against objectives</b>
I.	Continue to respond in a professional manner	<ul style="list-style-type: none"> <li>All requests were responded to accurately and on time.</li> </ul>
II.	Maintain a capacity to respond to questions on all election matters, including practice and debate overseas	<ul style="list-style-type: none"> <li>Keep abreast of relevant research being done in New Zealand.</li> <li>Made regular checks of international websites and newsletters for relevant material.</li> <li>Participated in relevant Australasian and Pacific conferences, including the Pacific Islands Australia and New Zealand Electoral Administrators Network.</li> </ul>
III.	Make research results available to the Minister of Justice and Parliament	<ul style="list-style-type: none"> <li>Summaries of relevant news and reports were included in e-news to assist in wider discussion of such issues.</li> <li>Details of our own research were disseminated in the same way and made available on the website.</li> <li>Minister and JEC members were informed of reports.</li> </ul>
IV.	Assist in the Justice and Electoral Committee's post election review in a professional manner, utilising research and international benchmark material	<ul style="list-style-type: none"> <li>The report to the Justice and Electoral Committee's post election review utilised material on a number of countries to provide options for change. The report was widely complimented by the committee members as being useful, interesting and easy to read.</li> <li>The commission served as an advisor to the review.</li> </ul>
V.	Maintain a capacity to participate in any fundamental review that is created in response to the recommendation of the Justice and Electoral Committee's review of the 2002 general election	<ul style="list-style-type: none"> <li>Capacity was maintained. No review was announced.</li> </ul>

Activity	2005 /06	2004 /05	2002 /03	Quarter 2005/06			
				1st	2nd	3rd	4th
total questions and reports	6	9	20		3	3	

## Output 5: Publicity in connection with the next general election

Objectives were met.

2005/06 objectives		Achievement against objectives
I.	Deliver an election information campaign that delivers credibly and cost effectively	<ul style="list-style-type: none"> <li>Delivered within budget and met targets of audience reach and frequency.</li> </ul>
II.	Ensure cohesion with activities in output 2 so that the broader education campaign supplements the specific information material for the general election	<ul style="list-style-type: none"> <li>Taken into account in planning and execution.</li> </ul>
III.	Maximise the value of the election in meeting strategic goals and vision	<ul style="list-style-type: none"> <li>Taken into account in planning and execution.</li> </ul>
IV.	Measure how many people were able to 'cast an effective vote' and the extent to which efficacy had an impact	<ul style="list-style-type: none"> <li>Funding of questions in NZES.</li> </ul>
V.	Achieve certainty in ongoing funding and timing that more closely relates to the financial realities of conducting a national information campaign	<ul style="list-style-type: none"> <li>Ongoing discussion with the Ministry of Justice on the budget process.</li> </ul>
VI.	Monitor and respond to party and media comments on MMP	<ul style="list-style-type: none"> <li>Awarded "halos" to media outlets for stories or activities which contributed to building public understanding and participation in the election.</li> <li>Monitored media coverage for MMP content and took action to correct or respond to misrepresentations.</li> </ul>



Election day advertising – newspaper entertainment pages

# **Electoral Commission Statement of Accounting Policies for the year ended 30 June 2006**

## ***Reporting entity***

These are the financial statements of the Electoral Commission, an Independent Crown Entity in terms of the Crown Entities Act 2004 and a Crown entity in the terms of the Public Finance Act 1989. The report has been prepared and is presented in accordance with sections 198 and 152 of the Crown Entities Act 2004 and sections 41I and 44 of the Public Finance Act 1989.

## ***Measurement system***

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

## ***Accounting policies***

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

### **Budget figures**

The budget figures are those approved by the Commission at the beginning of the financial year. The approved budget figures were based on an estimated opening equity position. Now that the actual opening equity position is known, some of the budget figures have been revised to reflect the actual opening position.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Commission for the preparation of the financial statements.

### **Revenue**

The Electoral Commission derives revenue through the provision of outputs to the Crown, from cost recovery for the provision of services to third parties and from investment income. Such revenue is recognised when earned and is reported in the financial period to which it relates.

### **Fixed assets**

The initial cost of a fixed asset is the value of the consideration given to acquire or create the asset and any directly attributable costs of bringing the asset to working condition for its intended use. All fixed assets are recorded at historical cost less depreciation.

### **Depreciation**

Fixed assets are depreciated at rates that will write off the cost of the assets to their estimated residual value over their useful life. The useful lives and associated depreciation rates used in the preparation of these statements are as follows:

Furniture and fittings	5 years 20% straight line
Computer equipment	3 years 33% straight line
Office equipment	5 years 20% straight line

## **Investments**

Investments are stated at the lower of cost and net realisable value. Any write-downs are recognised in the statement of financial performance in the period in which they occur.

## **Employee entitlements**

Provision is made in respect of liability for annual leave. Annual leave is expected to be settled within 12 months (or approval gained to carry forward leave) of reporting date, and is measured at nominal values on an actual entitlement basis at current rate of pay. The Electoral Commission does not provide long service leave or retirement leave.

## **Goods and Services Tax**

The financial statements are prepared on a GST exclusive basis, except accounts receivable and accounts payable which are prepared on a GST inclusive basis.

## **Taxation**

The Electoral Commission is a public authority in terms of the Income Tax Act 1994 and consequently is exempt from income tax.

## **Leases**

Operating Leases

The Electoral Commission leases office premises, a photocopier, and a telephone system. As all the risks and ownership are retained by the lessor these leases are classified as operating leases. Operating lease expenses are recognised on a systematic basis over the period of the lease.

## **Financial Instruments**

The Electoral Commission is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits and creditors. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

## **Statement of Cash Flows**

The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Statement of Financial Performance.

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

- "Cash" includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash and includes at call borrowings such as bank overdrafts, used by the entity as part of its day to day cash management.
- "Investing activities" are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.
- "Financing activities" are those activities relating to changes in equity of the entity.

## **Changes in accounting policy**

There have been no changes in accounting policies since the date of the last audited financial statements. The policies have been applied on bases consistent with other years.

**Electoral Commission  
Statement of Financial Performance  
for the year ended 30 June 2006**

<b>2006 Budget \$</b>		<b>Note</b>	<b>2006 Actual \$</b>	<b>2005 Actual \$</b>
<b>INCOME</b>				
734,000	Government Grant	1	734,000	734,222
0	Broadcasting Grant	2	0	3,212,000
1,048,444	Information Campaign		1,048,444	0
44,444	Māori Option		44,444	0
34,947	Other Income		33,374	28,127
0	Asset Recovery		2,351	0
66,000	Interest		81,359	33,758
<b>1,927,835</b>	<b>Total Income</b>		<b>1,943,972</b>	<b>4,008,107</b>
<b>EXPENDITURE</b>				
344,616	Operating Costs		229,806	401,613
12,075	Audit Fee		12,075	11,500
14,000	Depreciation	4	14,488	10,150
0	Loss on Sale of Assets		0	4,642
66,446	Rent		66,518	66,446
6,300	Leasing		6,514	6,294
2,855,861	Broadcasting Allocation	2	3,212,000	0
1,048,444	Information Campaign		917,876	0
44,444	Māori Option		20,997	0
389,699	Personnel	9	379,680	455,173
<b>4,781,885</b>	<b>Total Expenditure</b>		<b>4,859,954</b>	<b>955,818</b>
<b>(2,854,050)</b>	<b>Net Surplus (Deficit) for Year</b>		<b>(2,915,982)</b>	<b>3,052,289</b>

The accompanying accounting policies and notes form an integral part of these financial statements.

**Electoral Commission  
Statement of Movements in Equity  
for the year ended 30 June 2006**

<b>2006 Budget</b>		<b>Note</b>	<b>2006 Actual</b>	<b>2005 Actual</b>
\$			\$	\$
3,366,497	Crown Equity at start of financial year		3,366,497	314,208
(2,854,050)	Operating surplus (deficit) for the year		(2,915,982)	3,052,289
(2,854,050)	Total recognised revenues and expenses for the year		(2,915,982)	3,052,289
<u>512,447</u>	Crown Equity at the end of the financial year		<u>450,515</u>	<u>3,366,497</u>

**Electoral Commission  
Statement of Financial Position  
as at 30 June 2006**

<b>2006 Budget</b>		<b>Note</b>	<b>2006 Actual</b>	<b>2005 Actual</b>
\$			\$	\$
<b>CURRENT ASSETS</b>				
652,657	Cash at Bank	3	536,311	3,492,709
0	Sundry Debtors		1,078	7,165
0	Prepaid Expenses		11,090	0
10,587	GST Receivable		13,743	30,505
<u>663,244</u>			<u>562,222</u>	<u>3,530,379</u>
16,626	FIXED ASSETS	4	25,330	29,567
<u><b>679,870</b></u>	<b>TOTAL ASSETS</b>		<u><b>587,552</b></u>	<u><b>3,559,946</b></u>
<b>CURRENT LIABILITIES</b>				
167,423	Accounts Payable & Accruals	5	137,037	193,449
<u>512,447</u>	CROWN EQUITY		<u>450,515</u>	<u>3,366,497</u>
<u><b>679,870</b></u>	<b>TOTAL FUNDS EMPLOYED</b>		<u><b>587,552</b></u>	<u><b>3,559,946</b></u>

The accompanying accounting policies and notes form an integral part of these financial statements.



**Electoral Commission  
Statement of Cash Flows  
for the year ended 30 June 2006**

<b>2006 Budget \$</b>	<b>Note</b>	<b>2006 Actual \$</b>	<b>2005 Actual \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash was provided from:			
1,826,888		1,826,888	734,222
			0
34,947		32,942	30,805
66,000		84,900	31,338
0		11,203	(17,509)
<u>1,927,835</u>		<u>1,955,933</u>	<u>3,990,856</u>
Cash was applied to:			
389,700		375,181	453,165
1,522,326		1,317,860	408,710
2,855,861		3,212,000	0
<u>4,767,887</u>		<u>4,905,041</u>	<u>861,875</u>
<u>(2,840,052)</u>	6	<u>(2,949,108)</u>	<u>3,128,981</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
0		610	530
Cash was applied to:			
0		7,900	32,519
0		(7,290)	(31,989)
<u>(2,840,052)</u>		<u>(2,956,398)</u>	<u>3,096,992</u>
3,492,709		3,492,709	395,717
652,657		536,311	3,492,709

The accompanying accounting policies and notes form an integral part of these financial statements.

# Electoral Commission

## Notes to the Financial Statements

### for the year ended 30 June 2006

#### 1. Government Grant

Funding was received quarterly from the Ministry of Justice.

#### 2. Broadcasting Grant and Allocations

Prior to a general election, the Commission is required to allocate election broadcasting time and funds to political parties.

As at 30 June 2006, \$66,669 of funds allocated for the 1996, 1999 and 2002 general elections remained undrawn by parties (refer to Note 5).

The Commission received an allocation of \$3,212,000 in June 2005, which related to the 2005 general election. These funds were drawn by parties in the 2006 income year.

#### 3. Cash at Bank and On Hand

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Cheque Account	60,091	291,655
Broadcast Funding Account	26	0
Term Deposits	476,160	3,200,739
Petty Cash	34	315
	<hr/>	<hr/>
Total	<u>536,311</u>	<u>3,492,709</u>

#### 4. Fixed Assets

	<b>2006</b>	<b>Net</b>	<b>Depreciation</b>
	<b>Cost</b>	<b>Book</b>	<b>Expense</b>
	<b>\$</b>	<b>Value</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Computer equipment	35,598	18,633	16,965
Furniture and fittings	20,946	14,212	6,734
Office equipment	7,160	5,529	1,631
	<hr/>	<hr/>	<hr/>
	<u>63,704</u>	<u>38,374</u>	<u>25,330</u>
	<hr/>	<hr/>	<hr/>
	<u>63,704</u>	<u>38,374</u>	<u>25,330</u>

	<b>2005</b>	<b>Net</b>	<b>Depreciation</b>
	<b>Cost</b>	<b>Book</b>	<b>Expense</b>
	<b>\$</b>	<b>Value</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Computer equipment	30,249	7,494	22,755
Furniture and fittings	16,044	11,595	4,449
Office equipment	7,160	4,797	2,363
	<hr/>	<hr/>	<hr/>
	<u>53,453</u>	<u>23,886</u>	<u>29,567</u>
	<hr/>	<hr/>	<hr/>
	<u>53,453</u>	<u>23,886</u>	<u>29,567</u>

## 5. Accounts Payable and Accruals

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Trade Creditors	36,184	99,179
Accruals	19,584	17,500
Undrawn Broadcasting Allocation	66,669	66,669
Provision for employee entitlements	14,600	10,101
	<u>137,037</u>	<u>193,449</u>

## 6. Reconciliation of the Net Surplus from Operations with the Net Cash Flows from Operating Activities

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Reported Surplus (Deficit)	(2,915,982)	3,052,289
Add non-cash items:		
Depreciation	14,488	10,150
Asset Recovery	(2,351)	4,642
Profit on disposal of fixed assets	(610)	0
Total non-cash items	11,527	14,792
Add/(Less) movements in working capital items:		
Decrease / (Increase) in accounts receivable	(8,544)	312
Increase / (Decrease) in operating accounts payable	(62,995)	89,270
Increase / (Decrease) in provision for employee entitlements	4,499	(2,038)
Decrease / (Increase) in interest receivable	3,541	(2,420)
Decrease / (Increase) in GST receivable	16,762	(26,956)
Increase / (Decrease) in other accruals	2,084	3,732
Working Capital Movements (Net)	<u>(33,126)</u>	<u>61,900</u>
Net Cash Flow from Operating Activities	<u>(2,949,108)</u>	<u>3,128,981</u>

## 7. Operating Lease Commitments

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Not later than one year	81,595	72,740
Later than one year and not later than two years	70,281	22,905
Later than two years and not later than five years	205,092	5,109
Later than five years	68,832	0

The lease for premises occupied by the Electoral Commission was renewed with effect from 7 October 2003 for a term of three years. The lease ceases on 7 October 2006.

The Electoral Commission is relocating premises in the 2007 financial year. The new lease takes effect as of 1 August 2006, and has a term of 6 years. The lease expense will be \$63,456 per annum (GST exclusive), with the next rental review being in August 2009.

## 8. Contingent Liabilities

There were no contingent liabilities at balance date (2005 Nil).

## 9. Remuneration

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Remuneration paid to members of the Commission (see page 28)	135,512	130,674
Remuneration paid to employees of the Commission (see page 28)	241,547	324,366
ACC and other levies	<u>2,621</u>	<u>133</u>
Total	<u><u>379,680</u></u>	<u><u>455,173</u></u>

## 10. Related Party Transactions

The Electoral Commission is a wholly owned entity of the Crown. Revenue derived from the Crown is the Commission's main source of revenue as set out in the Statement of Financial Performance.

## 11. Financial Instruments

### a) *Credit Risk*

Financial Instruments that potentially subject the Commission to credit risk consist of Bank Balances.

### b) *Fair Values*

All Financial Instruments are recognised in the Statements of Financial Position and are stated at fair values.

### c) *Currency Risk and Interest Rate Risk*

The Commission has no exposure to currency risk and no significant interest rate exposure.

## **12. Impact of adopting New Zealand equivalents to International Financial Reporting Standards**

The Electoral Commission will be adopting NZ IFRS for the year ending 30 June 2008. The key differences identified that affect the accounts of the Electoral Commission are NZ IAS 38 Intangible Assets and NZ IAS 19 Employee Benefits. Details of the effects of these changes are detailed below.

### *NZ IAS 38 Intangible Assets*

The Electoral Commission will be required to account for any software purchases under NZ IAS 38 Intangible Assets. Software will be amortised over the useful life rather than depreciated as is current practice. The effect of this is expected to be minimal.

### *NZ IAS 19 Employee Benefits*

The Electoral Commission will be required to account for sick leave as part of the employee benefits liability. The effect of this is expected to be minimal due to the number of staff employed by the Electoral Commission.

It should be noted that the effect of the Electoral Commission adopting NZ IFRS may vary from the information presented above, and that variation may be material.

**AUDIT REPORT**  
**TO THE READERS OF**  
**ELECTORAL COMMISSION'S**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

The Auditor-General is the auditor of the Electoral Commission (the Commission). The Auditor-General has appointed me, Clare Helm, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Commission, on his behalf, for the year ended 30 June 2006.

**Unqualified opinion**

In our opinion the financial statements of the Commission on pages 30 to 45:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the Commission's financial position as at 30 June 2006;
  - the results of its operations and cash flows for the year ended on that date; and
  - its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 20 October 2006, and 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 Commissioners and the Auditor, and explain our independence.

**Basis of opinion**

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

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

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

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

Audit procedures generally include:

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

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

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

### **Responsibilities of the Commissioners and the Auditor**

The Commissioners are responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Commission as at 30 June 2006. They must also fairly reflect the results of its operations and cash flows and service performance achievements for the year ended on that date. The Commissioner's responsibilities arise from the Public Finance Act 1989 and the Electoral Act 2001.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

### **Independence**

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

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

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

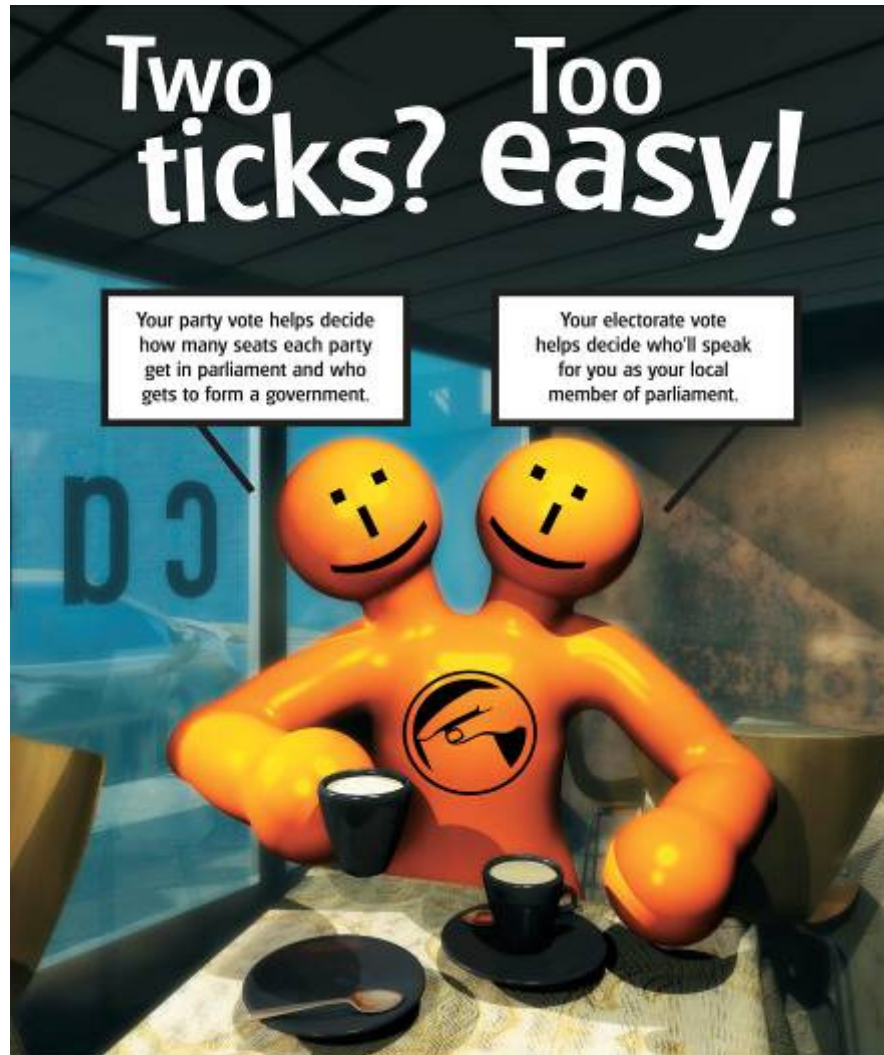
This audit report relates to the financial statements of the Electoral Commission for the year ended 30 June 2006 included on the Electoral Commission's web site. The Commissioners are responsible for the maintenance and integrity of the Electoral Commission's web site. We have not been engaged to report on the integrity of the Electoral Commission's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 20 October 2006 to confirm the information included in the audited financial statements presented on this web site.

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



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



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**Election print advertisement**

**Directory**

Street address: (From 3 October 2006) Level 5, Featherston House, Cnr Waring Taylor and Featherston Streets, Wellington

Postal address: PO Box 3050, Wellington 6140, Wellington

Telephone number: +64 4 474 0670

Facsimile number: +64 4 474 0674

Email address: [info@elections.govt.nz](mailto:info@elections.govt.nz)

Website: [www.elections.org.nz](http://www.elections.org.nz)

Accountants: Deloitte Touche Tohmatsu

Auditor: Audit New Zealand

Bankers: WestpacTrust

Solicitors: Crown Law Office

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