

2020/2021

# Statement of Performance Expectations

Electoral Commission  
Te Kaitiaki Take Kōwhiri





To be presented to the Minister of Justice and published on the Commission's website pursuant to section 149 and 149CA of the Crown Entities Act 2004.

July 2020



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## Introduction

The Commission is an independent Crown Entity under the Crown Entities Act 2004 responsible for administering parliamentary elections and referendums. It is independent of Ministerial direction other than giving effect to directions to support a whole of government approach as required under s107 of the Crown Entities Act 2004.

This Statement of Performance Expectations has been prepared in accordance with the requirements of section 149C and 149CA of the Crown Entities Act 2004.

The Statement of Performance Expectations outlines how we will contribute over the next year and beyond to New Zealand's democracy by impartially, efficiently and effectively administering the Parliamentary electoral system. The document reflects and is intended to be read with the Commission's 2019/2020 – 2023/24 Statement of Intent.

This Statement of Performance Expectations has been prepared during the COVID-19 pandemic. Although the longer-term effects of the pandemic are not yet fully known, the documented activities and performance standards are based on our best analysis of COVID-19 impacts for delivery of the General Election in September 2020. Some of these assumptions may change as the effects of COVID-19 become clearer. Future reporting for 2020/21 will explicitly address the impact of the pandemic against performance expectations where this may be different from what was anticipated.



Marie Shroff  
Chair



Jane Meares  
Deputy Chair



Alicia Wright  
Chief Electoral Officer



## Overview

The Electoral Commission is funded through the Estimates of Appropriations for the Government of New Zealand, which is the Government-level budget (found at [www.treasury.govt.nz/budget](http://www.treasury.govt.nz/budget)). The funding is included under Vote Justice – Justice Sector – Electoral Services.

### Scope of Appropriation

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

### What is intended to be achieved with this Appropriation

This appropriation is intended to achieve the efficient running of New Zealand's parliamentary elections and referendums. While each by-election and referendum is separately funded, the funding is attributed to this appropriation.

### Funding

The forecast financial information in this document is based on estimates of future revenue from the Crown. This includes additional funding that has been requested to address delivery of services in a COVID-19 environment.

### Functions

The statutory objective of the Commission is to administer the electoral system impartially, efficiently, effectively, and in a way that:

- facilitates participation in parliamentary democracy;
- promotes understanding of the electoral system; and
- maintains confidence in the administration of the electoral system.

To fulfil its objectives the Commission:

- is impartial, acts in accordance with law, and maintains its independence;
- is committed to protecting electors' privacy;
- supports the rights of voters to vote in safety without undue influence and in secret;
- undertakes community engagement to promote participation in elections, particularly in communities that have lower rates of participation;
- works with community groups and schools to promote understanding of MMP and how to participate;
- works to reduce barriers to participation, both for voters and for parties and candidates;
- maintains a comprehensive and accurate elector roll;
- delivers timely and accurate election results;
- is open to public, judicial and parliamentary scrutiny.

## Three Year Cycle

The Commission's activities and funding for electoral events vary across a three-yearly cycle. The 2020/21 year falls in Year 3 of this cycle.

**Year 1** - In the year following a general election we review our performance and speak with communities about their experience. We determine operational priorities and policies for the new cycle, and begin the planning, design and implementation for the next election, including any proposals for legislative reform.

**Year 2** - A key focus mid-cycle is on designing, building, testing and improving the systems and processes to be used for the next general election. In this year, we also support Local Authorities with the conduct of their elections. This includes undertaking an enrolment update campaign.

**Year 3** - In the third year of the cycle, the Commission is intensively focused on implementing the temporary infrastructures and systems required for the general election. This includes:

- extensive recruitment and training of election period staff,
- securing and set-up of voting place locations throughout New Zealand,
- comprehensive awareness and education campaigns to encourage people to enrol and vote,
- and testing and simulations of key systems and processes.

We provide support and guidance to political parties, candidate and third-party promoters to help them comply with their statutory obligations.

We are also responsible for allocating Broadcasting Allocation funds to registered political parties for advertising on TV, radio and the internet during the general election period.

In every year of the cycle we work with community groups, schools and other partners to promote participation in elections and increase understanding of elections. We maintain a comprehensive and accurate electoral roll, and provide roll data to local authorities for local body elections and by-elections. We also provide advisory opinions to political parties in each year.



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### Activities 2020/21

The regular and ongoing activities of the Commission in this period comprise:

- registering electors and maintaining the electoral rolls
- promoting public awareness of electoral matters
- preparing for and conducting the General Election, including the allocation of broadcasting funding
- conducting by-elections and referendums as and when required
- administering compliance with electoral laws by making available information, including advisory opinions, to assist political parties, candidates, and third-party promoters to meet their statutory obligations with respect to electoral matters
- registering political parties and party logos
- considering and reporting to the Minister and to the House on electoral matters, including the provision of independent, high quality advice on proposed or desirable changes to electoral laws
- filling any list vacancies as and when they arise.

### GE2020 is a highly complex event

The central focus of the Commission's activities in 2020 is the successful delivery of the General Election. This is a particularly challenging electoral event for a number of reasons. For the first time voters will be able to enrol on election day, two referendums will be delivered with the General Election, and there is a high likelihood of a large increase in advance voting and special votes<sup>1</sup>. These factors have required us to develop new and enhanced processes and systems with the aim of maintaining good service levels for our voters. This will all occur within a complex international and national context that has required new approaches to physical and cybersecurity.

### COVID-19

Our aim is always to deliver the election with integrity and safety. The COVID-19 pandemic has added significant additional complexity to the Commission's work. We had completed planning for GE2020 and were well into set-up and implementation when the pandemic began. The implications of the pandemic for the delivery of one of New Zealand's largest public events are substantial and have required significant analysis and rework in a short period of time. While there is much uncertainty in how the situation will unfold in the months leading up to the election, and what impacts this may have for electors, the Commission has worked hard to consider the most likely scenarios and plan accordingly. This has included consultation and close cooperation with partners including the Ministry of Health, Ministry of Justice, State Services Commission, Department of Internal Affairs and the Ministry of Defence.

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<sup>1</sup> Special votes take longer to issue in the voting place and considerably longer to process after receipt. Increased volumes also increase staffing and space requirements.

### Operating Assumptions

Our key operating assumptions for delivery in a COVID-19 environment, with appropriate safeguards for health and safety, include:

- the date of the General Election will remain at September 19, 2020
- delivery of the General Election is feasible at Alert Level 2 (or lower) without significant impacts on integrity and safety, and without large scale legislative change
- we are designing delivery for Alert Level 2 and will deliver this design even if the Alert Level is lower<sup>[1]</sup>. If there are localised areas at higher levels, we will be able to deliver to small clusters of up to 500 voters - to a maximum of 5,000 voters nationwide - using takeaway voting
- physical voting places, with appropriate safeguards for health and safety, will remain the predominant voting mechanism at Alert Level 2
- the number of advance voting places will be increased and where we can, we will use larger venues to give voters more space. Due to space restrictions we will not use supermarkets as planned pre-COVID
- advance voting will begin two days earlier than originally planned on Saturday 5 September. More voting places will be open the weekend before election day. This will allow for voting over a longer period and reduce congestion in voting places
- we are anticipating that advance voting turn-out may be as high as 60%<sup>[2]</sup> but are preparing to accommodate an Election Day turn-out of 50% - this could be impacted if people have safety concerns
- electors who have difficulties reaching a physical voting place will be able to access voting services through the use of existing postal and takeaway methods
- we estimate that at Alert Level 1, 10,000-50,000 electors might use the postal voting channel. However, we have the capacity for up to 260,000 electors to use this method should there be an escalation in COVID-19 cases
- we are anticipating an increase in special votes compared to the 2017 General Election, because of voting in managed isolation and quarantine facilities, takeaway votes in rest homes and hospitals, postal voting, and enrolling and voting at the same time
- we will need at least 25,000 temporary staff for the election period
- additional communication messages will be required to provide information and assurances around health and safety
- an increased emphasis on digital and advertising channels (e.g. television) will be required to compensate for a reduction in face-to-face community engagement services

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<sup>[1]</sup> This is because the logistics involved in delivery of a national electoral event are complex and large scale, and changes to the approach can have significant implications for many aspects of delivery, including risks to quality, integrity and costs.

<sup>[2]</sup> Assumptions around the percentages of advance voting and election day voting turn-out add to more than 100% in order to provide coverage if advance voting is lower than anticipated



## **6 ELECTORAL COMMISSION**

### **STATEMENT OF PERFORMANCE EXPECTATIONS**

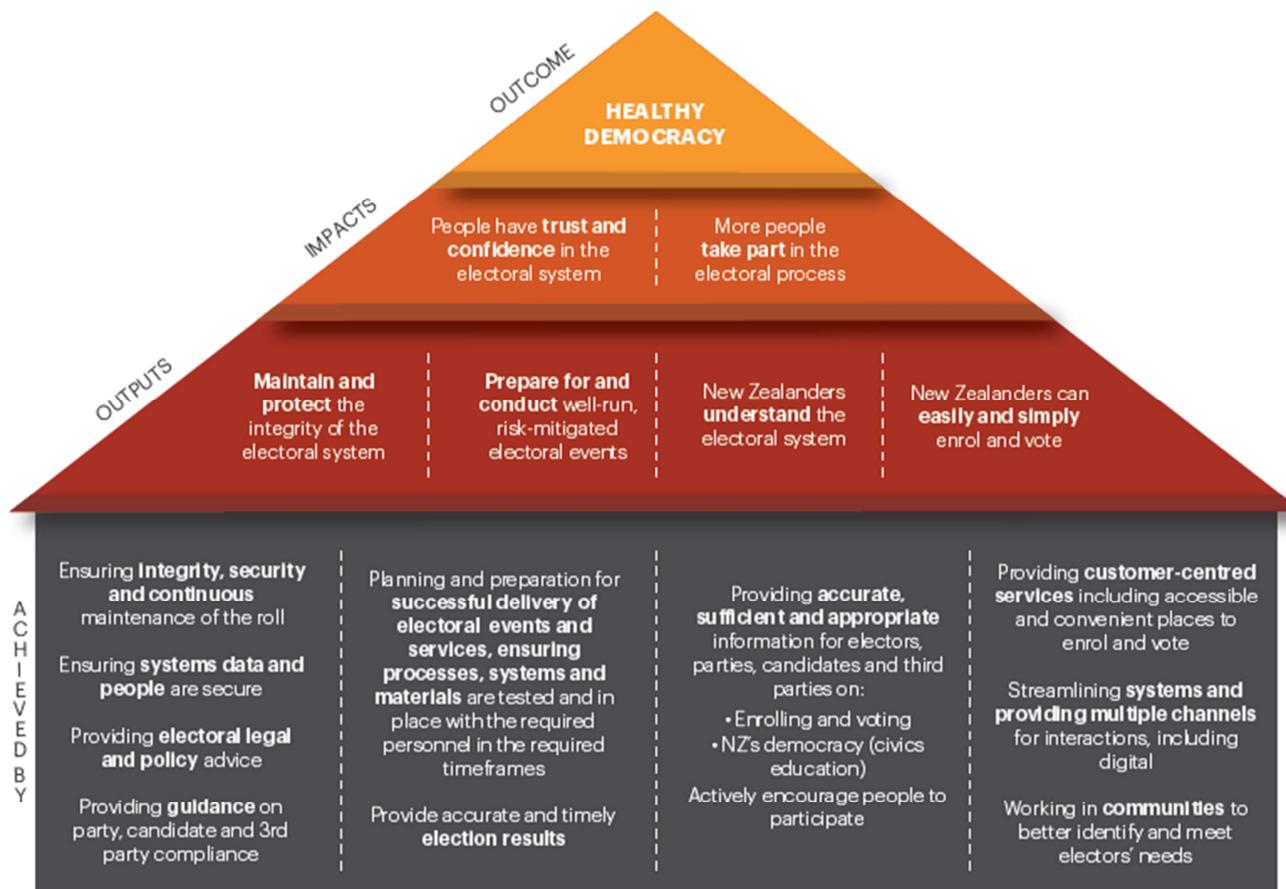
Our performance expectations for the delivery of the 2020 General Election include:

- achievement of key preparation milestones
- timely release and declaration of preliminary and official results
- delivery of the election in accordance with legislation and regulations
- delivery of comprehensive “ready to vote” awareness campaigns
- delivery of clear COVID-19 health and safety voting and messaging
- achievement of digital enrolment transaction targets
- high percentage of voters with good access to a voting place, or an appropriate alternative voting method.

## Performance framework

The Commission’s primary aim is to meet our statutory obligations under the Electoral Act 1993, Referendums Framework Act 2019, and Electoral Regulations 1996, to administer the NZ electoral system impartially, efficiently and effectively, in a manner that: facilitates participation in parliamentary democracy, promotes understanding of the electoral system and maintains confidence in the administration of the electoral system.

This diagram, from the Commission’s Statement of Intent 2019/2020 – 2023/2024, illustrates the Commission’s performance framework. The 2020/21 performance measures described here have been developed based on this framework.



## Forecast Service Performance 2020/2021

The following section outlines the Commission’s performance measures and how they relate to our output and outcome objectives. Target levels have been included with the output measures. However, there is some uncertainty around these levels given the changing COVID-19 environment. The impacts of the pandemic will be identified when reporting against these measures and indicators. This is particularly the case for elector behaviour, as factors other than Commission’s performance can affect elector turn-out rates.

For a number of the performance measures given below, there can be considerable variation over time. For example, the number of enrolled electors can vary significantly throughout the three-year electoral cycle. Numbers will be highest at the time of a general election. They will be lower at other times and may change suddenly at points during the year e.g. after routine roll-maintenance procedures to maintain roll accuracy. For this reason, comparisons with the most recent reporting period may be misleading, and trends across time may be more informative.

The Commission is moving to make more use of trend information in our reporting where this is meaningful.

### Output Measures

#### Output 1: Maintain and protect the integrity of the electoral system

The Electoral Commission works continuously to ensure that electoral processes are carried out as required under legislation and that systems are efficient, effective and secure. Activities include:

- ensuring the electoral roll is continuously updated and secure
- a formal certification and accreditation programme for all critical systems
- providing robust electoral and policy advice
- meeting our obligations regarding party, candidate and 3<sup>rd</sup> party compliance.

Maintaining the integrity of the electoral system is critical in ensuring that New Zealanders can have trust and confidence in our electoral system.

#### Measures:

	<b>Performance Target 2020/21</b>	<b>How it will be measured</b>	<b>Current Comparative</b>
<i>Adherence to the Commission’s quality assurance practices around the integrity of the roll</i>	100%	Reported from the enrolment system	100%
<i>The Commission will follow up failures by a party, candidate or third party to file any relevant return of election expenses, donations or loans within 5 working days</i>	100%	Data will be recorded by the Commission and reported by General Election	(new measure)
<i>Allegations of breaches of the Electoral Act and Referendums Framework Act are acknowledged, and follow-up is initiated, within 10 working days of receipt</i>	90%	Data will be recorded by the Commission and reported annually and by General Election	(new measure)

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### Output 2: Prepare for and conduct well-run, risk-mitigated electoral events

The Commission works throughout the electoral cycle to prepare for scheduled electoral events, as well as to maintain readiness for responding to unscheduled events such as by-elections. Successful delivery of electoral events:

- maintains trust and confidence in New Zealand's electoral system,
- meets our statutory obligation to facilitate participation.

A well-run election will ensure that New Zealanders have excellent opportunities to participate in electoral events.

#### Measures:

	Timeframe	How it will be measured
<i>*Achievement of key GE 2020 preparation milestones (2020/21):</i>		
<ul style="list-style-type: none"> <li>• IT systems interim audit and accreditation completed</li> <li>• Pre-election IT systems accreditation completed</li> <li>• Training for election-period workforce developed and delivery commenced</li> <li>• Data-matches completed</li> <li>• Parties and Candidates briefed</li> <li>• Electorate Headquarters opened</li> <li>• Advance voting and election day properties secured</li> <li>• Final readiness testing and election night dress-rehearsal complete</li> </ul>	July 2020 August 2020 July 2020 July 2020 August 2020 August 2020 August 2020 August 2020	Data will be recorded by the Commission
<b>Delivery of the General Election:</b>	<b>Performance Target</b>	<b>Data</b>
<i>Release of preliminary election results</i>	Beginning no later than 8pm on Election Day	Official release/publication date
<i>Release of preliminary referendum results</i>	2 <sup>nd</sup> October 2020	
<i>Declaration of official election and referendum results</i>	9 <sup>th</sup> October 2020	
<i>Publication of post-election review report</i>	No later than May 2021	

\* Measure included in the Commission's Estimate of Appropriations

**Output 3: Facilitate New Zealanders’ understanding of the electoral system**

The Commission has a statutory obligation to facilitate participation in New Zealand’s electoral events. Our approach to this includes education and engagement activities to increase understanding of the electoral system and how to participate. These include:

- Providing accurate and sufficient information to electors about how to enrol and vote
- Ensuring that New Zealanders understand how to participate – as an elector, a candidate, a political party or 3rd party
- Providing accurate information to the public that supports understanding of the electoral system and New Zealand’s democracy

**Measures:**

	<b>Performance Target 2020/21</b>	<b>Data</b>
<i>Delivery of GE enrolment-update and “ready to vote” awareness campaigns</i>	Achieved	Commission data
<i>Provision of election awareness information that voters find useful</i>	Achieved	Commission data and Independent survey data i.e. <i>Usefulness</i> and <i>Awareness</i> measures from the Voter/Non-Voter survey
<i>Delivery of guidance, advisories and briefings to candidates, parties and third parties</i>	Achieved	Commission data



**Output 4: Make it easy for New Zealanders to enrol, vote and participate**

The Commission wants to provide information and services at a time and place that is convenient safe and secure, and in a way that meets the needs of our customers, including candidates, parties and third parties. Ways of achieving this include:

- Ensuring people know how to take part (Output 3)
- Making it easier for people to interact with us by improving digital and public enquiries channels
- Providing accessible voting places and services
- Providing a positive voter-experience
- Providing accessible advice and information to electors, candidates, parties and third-party promoters

**Measures:**

	<b>Performance Target 2020/21</b>	<b>Data</b>	<b>Current Comparative</b>
<i>*Percentage of enrolment transactions conducted digitally</i>	<b>35%</b>	Digital transactions are monitored and reported against total transactions	15.2% (2019 Annual Report)
<i>*Percentage of advisory options issued within 5 working day</i>	<b>≥95%</b>	Data recorded by the Commission	93% (2019 Annual Report)
<i>% of electors within 5km of a voting place</i>	<b>95%</b>	Data recorded by the Commission	

\* Measure included in the Commission's Estimate of Appropriations

## Impact Indicators

The Commission believes that achieving the outputs identified above will help us achieve our key impacts:

1. That people have trust and confidence in New Zealand’s electoral system (through delivering an electoral system that is administered with integrity), and that
2. More people will take part in the electoral process (through understanding the system and how to participate, and being able to do so easily and confidently)

The Commission considers that indicators around enrolment levels and voter turn-out rates can be seen as indicators of trust and confidence as well as participation.

The data below will be reported on by the Commission as indicators, rather than direct measures of achievement of our impact goals. Elector behavior is influenced by multiple factors some of which will be outside the Commission’s ability to influence.

Indicators	Data
Turnout of enrolled electors Turnout of enrolled electors 18-24 years old Turnout of enrolled electors of Māori descent *Number of people enrolled (daily average for the period) *Number of 18 to 24 year-olds enrolled (daily average for the period) Number of enrolled electors of Māori descent  Provisional roll rates (17year olds)	<ul style="list-style-type: none"> <li>• Voter turn-out data reported by the Commission</li> <li>• Enrolment rates reported from the enrolment system</li> </ul>

\* Measure included in the Commission’s Estimate of Appropriations



## Summary of Outputs and Output Expenses for 2020/2021

The Commission is funded by the Government through the Vote Justice Non-Departmental output class “Provision of Electoral Services”. The forecast expenses for each of the Commission’s outputs, and the total forecast revenue - including additional COVID-19 related funds- are provided below:

2019/20 Outlook		2020/21 Forecast
\$000	FORECAST OUTPUT EXPENDITURE	\$000
	<b>OUTPUT CLASS-PROVISION OF ELECTORAL SERVICES</b>	
<b>18,234</b>	<i>Output Area – Maintain and protect the integrity of the electoral system</i>	<b>21,358</b>
<b>26,536</b>	<i>Output Area - Prepare and conduct electoral events:</i>	<b>56,333</b>
22,713	General Election and referendum	56,333
-	By-Election	-
2,723	Local Authority Election	-
-	Maori Electoral Option	-
-	Maori Affiliation Service	-
1,099	Representation Commission	-
<b>4,676</b>	<i>Output Area - New Zealanders understand the electoral system</i>	<b>1,946</b>
<b>16,023</b>	<i>Output Area - New Zealanders can easily and simply enrol and vote</i>	<b>58,295</b>
-	<i>Output Area - Broadcasting Allocation</i>	<b>3,605</b>
<b>65,468</b>	<b>Total Forecast output expenditure</b>	<b>141,537</b>
	<b>FORECAST REVENUE</b>	
75,518	Crown revenue	126,525
416	Interest and Other Income	340
<b>75,934</b>	<b>Total Forecast Revenue</b>	<b>126,865</b>
<b>10,466</b>	<b>Surplus to / (Shortfall from) Current Reserves excluding International Assistance</b>	<b>(14,672)</b>
3,266	International Assistance expenditure	1,225
3,266	International Assistance Revenue	1,225
<b>10,466</b>	<b>Surplus to / (Shortfall from) Current Reserves</b>	<b>(14,672)</b>

# Forecast Financial Statements 2020/2021

## Statement of Forecast Comprehensive Revenue and Expense

<i>Estimated Actual</i> 30 June 2020 \$000		<i>Forecast</i> 30 June 2021 \$000
	<b>Income</b>	
	Crown Revenue for:	
70,973	Electoral Services - Core	80,662
4,545	Government Initiated Referendum	13,553
	Broadcasting Allocation	3,605
	Funding for COVID-19 response	28,705
	Representation Commission	
	Maori Electoral Option	
	By Elections	
<hr/> <b>75,518</b>	<b>Sub-Total Crown Revenue</b>	<hr/> <b>126,525</b>
185	Interest Income	100
128	Roll Sales	150
3,266	International Assistance	1,225
103	Other Income	90
<hr/> <b>79,200</b>	<b>Total Income</b>	<hr/> <b>128,090</b>
	<b>Expenditure</b>	
25,319	Personnel	35,705
28,672	Operating Costs	80,417
9,725	Enrolment Services	21,082
	Broadcast Funding Allocation	3,605
1,099	Representation Commission Expenses	
	Maori Electoral Option	
3,266	International Assistance	1,225
580	Depreciation	650
73	Audit Fee	78
<hr/> <b>68,734</b>	<b>Total Expenditure</b>	<hr/> <b>142,762</b>
<hr/> <b>10,466</b>	<b>Net Surplus/Deficit</b>	<hr/> <b>(14,672)</b>



Statement of Forecast Changes in Equity

<i>Estimated Actual</i> <b>30 June 2020</b> \$000		<i>Forecast</i> <b>30 June 2021</b> \$000
6,860	<b>Opening Balance</b>	17,326
-	Crown Capital Funding	-
<u>10,466</u>	Net Surplus/(Deficit) for the Year	<u>(14,672)</u>
<u><b>17,326</b></u>	<b>Public Equity as at 30 June</b>	<u><b>2,654</b></u>



Statement of Forecast Financial Position

<i>Estimated Actual</i> <i>30 June 2020</i> \$000		<i>Forecast</i> <i>30 June 2021</i> \$000
	<b>Current Assets</b>	
15,627	Cash & Cash Equivalents	713
689	Debtors	275
650	Stock on Hand	350
265	Prepayment	30
<b>17,231</b>	<b>Total Current Assets</b>	<b>1,368</b>
	<b>Current Liabilities</b>	
500	Creditors and other payables	200
1,693	Revenue in Advance	350
950	Employee entitlements	750
<b>3,143</b>	<b>Total Current Liabilities</b>	<b>1,300</b>
<b>14,088</b>	<b>Working Capital</b>	<b>68</b>
	<b>Non-current Assets</b>	
3,320	Property, Plant and Equipment	2,670
-	Prepayments	-
<b>3,320</b>	<b>Total Non-current Assets</b>	<b>2,670</b>
	<b>Non-current Liabilities</b>	
82	Employee entitlements	84
<b>82</b>	<b>Total Non-current Liabilities</b>	<b>84</b>
<b>17,326</b>	<b>Net Assets</b>	<b>2,654</b>
	<b>Public Equity</b>	
17,326	General Funds	2,654
<b>17,326</b>	<b>Total Public Equity</b>	<b>2,654</b>



Statement Forecast of Cash Flows

<i>Estimated Actual</i> <b>30 June 2020</b> \$000		<i>Forecast</i> <b>30 June 2021</b> \$000
	<b>Cash Flows from Operating Activities</b>	
	<i>Cash was provided from:</i>	
75,518	Crown Appropriations	122,920
178	Interest income	100
100	Roll Sales	120
1,900	International Assistance	1,225
	Other Income	
<hr/> <b>77,696</b>		<hr/> <b>124,365</b>
	<i>Cash was applied to:</i>	
27,065	Employees	35,507
44,626	Suppliers	103,622
<hr/> <b>71,691</b>		<hr/> <b>139,129</b>
<hr/> <b>6,005</b>	<b>Net cash flow from operating activities</b>	<hr/> <b>(14,764)</b>
	<b>Cash Flows from Investing Activities</b>	
	<i>Cash was provided from:</i>	
	Disposal of Fixed Assets	
686	<i>Cash was applied to:</i>	
	Purchase of Fixed Assets	150
<hr/> <b>(686)</b>	<b>Net cash flow from investing activities</b>	<hr/> <b>(150)</b>
<hr/> <b>5,319</b>	<b>Net increase/(decrease) in cash held</b>	<hr/> <b>(14,914)</b>
10,308	Cash at Start of Year	15,627
<hr/> <b>15,627</b>	<b>Cash held at the end of the year</b>	<hr/> <b>713</b>

## Notes to and forming part of the Forecast Financial Statements

### STATEMENT OF UNDERLYING ASSUMPTIONS

These Forecast Financial Statements have been prepared for the purpose of fulfilling the Commission's obligations under the Crown Entities Act 2004 to table a Statement of Performance Expectations before Parliament.

These Forecast Financial Statements have been prepared to indicate the likely financial impact of the implementation of the Commission's longer-term strategic direction. The information disclosed is indicative only and may not be appropriate for any other purpose.

These Forecast Financial Statements are not audited.

The statements contain the best estimates and assumptions as to future events that are expected to occur and are likely to vary from the actual financial results achieved for the period covered and from the information presented. The variations may be material.

The underlying assumption regarding revenue is that where a by-election or referendum is required to be conducted, additional funding will be obtained.

We have based our occupancy and administration costs on our historical experience. We have included all known or reasonably estimated increases or decreases in any expense category. We have not made any allowance for revaluation of fixed assets in these statements.

Depreciation and amortisation costs are based on the assumption that the Commission will replace assets including software as required.

We assume that there will be no changes to the accounting policies that would materially affect the figures represented at this time.

### REPORTING ENTITY

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

The Commission's functions and responsibilities are set out in the Electoral Act 1993 and related legislation.

### BASIS OF PREPARATION

#### Statement of compliance

These forecast financial statements have been prepared for the purpose of fulfilling the Commission's obligations under the Crown Entities Act 2004, which includes the requirements to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The Forecast Financial Statements are prepared in accordance with Tier 1 PBE IPSAS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities. This includes New Zealand Reporting Standard No. 42: Prospective Financial Statements (FRS-42).

The forecast financial statements have been prepared on a going-concern basis, and the accounting policies will be applied consistently throughout the period.

#### Measurement base

These forecast financial statements have been prepared on a historical cost basis.



### Accounting policies

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

#### Revenue

The Commission derives revenue from the provision of outputs to the Crown and income from investments. Revenue from the Crown is recognised as revenue in the year in which it is appropriated and is reported in the financial period to which it relates. Other revenue is recognised in the period in which it is earned.

#### Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables which are stated with GST included.

#### Taxation

The Commission is a public authority in terms of the Income Tax Act 2004 and consequently is exempt from income tax.

#### Fixed assets

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

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

#### Depreciation

Depreciation is provided on a straight line basis on all fixed assets at a rate that will write off the cost or valuation of the assets over their useful lives.

The useful lives and associated depreciation rates of major classes have been estimated as follows:

Office Equipment	20%
Computer Equipment	33%
Furniture & Fittings	20%
Leasehold Improvements	11%
Computer Software	33%
EMS System Software	10%

#### Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease expenses are recognised on a systematic basis over the period of the lease.

#### Financial instruments

The Commission is a party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors and creditors. All financial instruments are recognised in the prospective statement of financial position and all revenue and expenses in relation to financial instruments are recognised in the prospective statement of comprehensive income. All financial instruments are shown at their estimated fair value.

#### Accounts receivable

Accounts receivable are stated at their estimated realisable value after providing for doubtful and un-collectable debts.

#### Employee entitlements

Provision is made in respect of employee entitlements expected to be settled within 12 months of the reporting date (current liabilities) and those beyond 12 months (long-term liabilities). The entitlements are measured at the best estimate of the consideration required to settle the obligation using current remuneration rates. Employee entitlements include accrued salary and wages, unused annual and long-service leave, and accrued retirement leave.



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