
Annual report of the

Electoral Commission
Te Kaitiaki Take Kōwhiri

for the year ended 30 June 2009

Prepared in accordance with section 151 of the Crown Entities Act 2004
for presentation to the House of Representatives by the Minister of Justice

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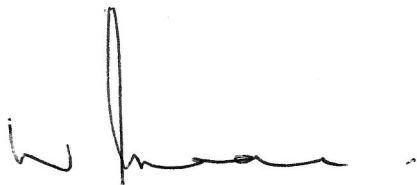
2 November 2009

The Hon Simon Power MP
Minister of Justice
Parliament Buildings
WELLINGTON

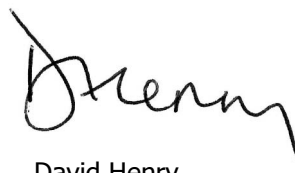
Dear Minister

We have the honour to provide to you the annual report of the Electoral Commission, Te Kaitiaki Take Kōwhiri, for the year ended 30 June 2009. The report has been prepared and is presented in accordance with section 151 of the Crown Entities Act 2004.

Yours sincerely



Wilson Isaac
Commissioner



David Henry
Commissioner

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Vision

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

We work towards this vision while adhering to these principles:

- provide good information for all, and add targeted projects for those with lower levels of participation and understanding
- partner with others and especially those who can reach a large audience
- routinely assess and improve procedures and projects
- maintain capacity to provide excellent service in all areas and in accordance with the guiding principles of electoral administration

Statutory Functions

The Electoral Commission is an independent crown entity responsible for specific electoral functions including:

- the promotion of public awareness of electoral matters
- registration of political parties and political party logos
- listing of third parties
- the allocation of broadcasting time and funding and the supervision of parliamentary election programme broadcasting
- the supervision of political parties' and third parties' compliance with electoral finance requirements including election advertising, election expenses and donations, and
- the receipt of donations protected from disclosure and the payment of those donations to the nominated political or third party.

The Commission does not conduct the general election, which is a function of the Chief Electoral Office (CEO), nor enrolment of electors, which is the responsibility of the Electoral Enrolment Centre (EEC), but works in tandem with those organisations.

Part 1 Year in Review – Key Points

Overview

The General Election was held on 8 November 2008. The Commission carried out its statutory functions in respect of the election including the provision of public information, the allocation of broadcasting time and money for political party advertising on television and radio and the administration of new law on electoral finance. The new law tested the capacity of the Commission and posed challenges also for political parties and third parties seeking to comply with it.

The Government introduced a bill into the House on 22 October 2009 which proposes to abolish the Commission and to transfer its functions, assets and liabilities to a new entity with effect from 1 October 2010. The Commission's next Statement of Intent, Business Plan, and Memorandum of Understanding with the Minister of Justice, will need to change accordingly.

In May 2009 the Chief Executive of the Commission, Dr Helena Catt, completed her term and was replaced by David Henry. The Commission records its appreciation to Dr Catt for her contribution over the last 5 years. The Commission also records its thanks to the outgoing President, the Hon Andrew McGechan, who resigned with effect from 30 June 2009.

Promotion of Public Awareness of Electoral Matters

Election Information Campaign

The bulk of the Commission's expenditure promoting public awareness of electoral matters is incurred in election year. An allocation of \$1.05million was received for the year to conduct an MMP awareness programme, the "two ticks" advertisements in the media. The aim of the Commission's programme was to reinforce or extend voters' knowledge of MMP, especially the importance of the party vote in determining the number of seats a party gains in Parliament. The key messages were incorporated in the Commission's multi-language leaflet inserted into the Easy Vote pack sent to every elector by the Chief Electoral Office.

The public information campaign also promoted the ease and relevance of taking part, with a particular focus on engaging young people with these messages. Youth-focused television and radio activity, use of online social media, bus stop and poster activity and text messaging aimed to educate about MMP, promote ease of participation and challenge complacency.

Information in 20 languages including Māori and 18 migrant languages was included in the EasyVote pack sent to all electors, in targeted media, in audio format on the elections website and in a special NZ Herald supplement.

Market research before the 2008 general election indicated that 58% of New Zealanders found MMP *easy* to understand (54% at the same period in 2005).

Ongoing Public Information and Education Campaign

In addition to the education campaign prior to the 2008 general election, the Commission conducted ongoing education work designed to build knowledge, encourage action and influence future participation. This included working with schools, teachers and students, provision of teaching and learning resources and engaging with journalism schools and students.

The Elections New Zealand website is the Commission's core channel of public education and information content. It was rated the number one public sector website by the www.e-govwatch.org.nz audit in the 2008/2009 financial year.

Registration of Political Parties and Logos

There were 19 political parties and 44 political party logos registered as at 30 June 2009. During the 12 months 3 new parties registered and 2 parties asked to be removed from the register.

Listing of Third Parties

There were 25 third parties listed as at 30 June 2009. The listing of one third party was challenged by way of judicial review. In its second decision the High Court held that the third party had been correctly listed.

Allocation of Broadcasting Time and Money

19 parties sought a share of the parliamentary allocation of \$3.2 million (GST inclusive) for election broadcasting, and for state television and radio time for opening and closing addresses. The final allocation was made on 15 October 2008 to the 15 parties eligible at that date.

One party unsuccessfully applied for judicial review of the initial allocation decision. The party has appealed to the Court of Appeal and the case is scheduled for hearing in October 2009.

Supervision of Compliance with the Electoral Finance Act 2007

The Electoral Finance Act 2007 made a number of significant changes to the compliance requirements for political parties and introduced parallel compliance obligations for third parties.

In the period 1 July 2008 to 30 June 2009 the Commission formally considered 102 potential contraventions of the electoral finance regime. In 43 instances the Commission formed the view that an offence had been committed, and it referred 16 of those to the Police.

Contraventions considered included failure to comply with the requirements for election advertisements, the payment of election expenses, the filing of returns of election expenses and the filing of donation returns.

The Commission also responded to a significant number of queries and complaints about the application of, and compliance with, the new regime.

Donations Protected from Disclosure

The Electoral Commission received \$91,000 in donations protected from disclosure and paid those donations to the three political parties nominated by the donors. No protected donations were received for listed third parties.

Provision of Advice on Electoral Matters

Electoral Commission staff provided commentary and advice to the Ministry of Justice as it worked on the repeal of the Electoral Finance Act 2007 and the transfer of the donations regime from that Act to the Electoral Act 1993. The Commission continues to work with the Ministry on the proposed reform of the electoral finance regime and on other legislative proposals. The Commission also continues to provide advice as requested directly to the Minister of Justice where appropriate and to the Justice and Electoral Select Committee. The Commission also provided input to that Committee's Inquiry into the 2008 general election.

Amalgamation of the Electoral Agencies

The Government introduced a bill into the House on 22 October 2009 which proposes to abolish the Commission and to transfer its functions, assets and liabilities to a new entity with effect from 1 October 2010. The Commission is working with Ministry of Justice officials on the implications of this change.

Part 1 Year in Review – Activity

Promotion of Public Awareness of Electoral Matters

The Commission conducted its ongoing education work which is designed to build knowledge and action and to influence future participation.

Schools

The Commission supports the citizenship focus in the school curriculum. The Commission's teaching and student resources were also promoted directly to teachers.

Information was provided through the Elections New Zealand website www.elections.org.nz and by advertising in publications such as *Newspapers in Education* - reaching 877 schools, with a 758,000 readership and the *College Herald* - reaching 253 schools, with a 252,000 readership.

Elections website

The elections website www.elections.org.nz shared by the 3 electoral agencies is the Commission's core channel for public education and information. The website was rated first amongst public service websites by e-Gov Watch.

The Commission played a leading role in maintaining the website which provides a comprehensive and accessible view of all facets of our electoral system. We also provided a website www.ivote.org.nz targeted at young voters.

Journalism presentations

Engaging with journalism students to help build knowledge about the electoral system is one strand of our ongoing education initiatives. We reached 420 journalism students in 10 tertiary education providers.

Information and Education Specific to the 2008 General Election

Activity in the first few months of the financial year focused on the November 2008 general election especially in raising awareness of how to vote effectively under MMP.

A budget of \$1.05million was specifically allocated by Parliament for this task as it is not funded within our normal baseline.

Information direct to every enrolled voter

The 2.9 million voters enrolled for the general election received the Commission's MMP information leaflet in the EasyVote information pack prepared and distributed by the Chief Electoral Office.

The leaflet included the core "Two ticks, Too easy" MMP message used for the 2005 general election. Key messages were translated into 19 languages for the leaflet, including Māori. These messages and information in NZ Sign Language were also available from the website.

Public information campaign

A three week information campaign leading up to, and including polling day aimed to reach all potential voters. The MMP advertising was largely the same as that used for the 2005 election information campaign. The three electoral agencies used the same 'orange elector' creative concepts so that their advertising has a common feel.

Messages were designed to help inform voters how to cast an effective vote -that is how to use their votes to achieve the electoral outcome they wanted.

For 2008, secondary messages encouraged participation for example by emphasising the ease of taking part.

The multimedia campaign targeted all voters aged 18 or more with extra efforts made to reach young voters, Māori voters and migrant voters.

Television, press, radio and online advertising referred the public to www.elections.org.nz for further information. Targeted online advertising also took people directly through to the MMP quiz on the elections site and the youth focussed elections site www.ivotenz.org.nz.

Penetration

Average opportunities to see/hear key messages			
	Press	TV	Radio
Target audience age groups			
18+	2.8	10.3	10.3
18-34	2.5	10.4	10.3
50+	3.1	6.4	12.6

The online MMP quiz received 17,500 visits in the six weeks prior to polling day.

Priority Audiences

TV and radio advertising and online and social media sites were used to inform and encourage 18-29 year olds to take part.

The Bebo social networking pages received 90,000 profile views and 2,400 friends.

Bus stop and street posters were used to challenge complacency about voting.

On election day text messages were sent to 38,200 people reminding them to vote and promoting the ease of taking part. Those who received the text message had a 4.7% higher turnout than those who did not receive the text message. This level of impact is large for a direct marketing initiative of its type.

Information in 18 migrant languages was distributed with the New Zealand Herald to 25,000 homes in high migrant suburbs in Auckland.

Kids Voting

The Kids Voting initiative- in which the Commission is a partner- allows Year Nine students to conduct and taking part in their own election. For 2008 a replica ballot paper was provided with the actual candidates and parties standing in the general election.

24,675 Year Nine students in 153 schools took part.

MMP Understanding

There is an established trend for understanding of MMP to increase in election year. This trend continued in 2008. Our pre-election survey found that 58 percent of New Zealanders said they found MMP *easy* to understand (54.3 percent at the same period before the 2005 general election). 67 percent knew the importance of the Party Vote – the highest pre-election result since the first MMP election (62 percent at the same period before the 2005 general election).

Registration of Political Parties and Logos

Registers of political parties and party logos are maintained by the Commission and are available for public inspection. Processes include receiving, publicly notifying, and considering applications to register or to amend details, as well as answering inquiries regarding the registers and registration processes.

There were 19 political parties registered as at 30 June 2009. During the year 3 parties were registered, 2 registered parties registered an abbreviation and 2 party registrations were cancelled at the request of the party.

There were 44 political party logos registered at 30 June 2009. During the year 5 registered parties registered a logo and 1 registered party registered a substitute logo.

Table 1 provides an overview of registration related activities of the 21 political parties registered throughout the 2008/2009 year. All 21 parties were registered at the date of the general election, and 19 contested the Party Vote.

Table 1: Summary of Registration Activity Relating to Political Parties			
Political Party Name	Abbreviation	Registration Activity 2008/2009	Date party registered
ACT New Zealand	The ACT Party		17-Feb-95
Aotearoa Legalise Cannabis Party	The ALCP	Registered abbreviation, logo & substitute logo	30-May-96
Direct Democracy Party*		Registration cancelled	20-Jun-05
Jim Anderton's Progressive	Progressive		24-Jun-02
Libertarianz			11-Sep-96
Māori Party			09-Jul-04
New World Order*	N W O		19-May-08
New Zealand First Party	NZ First		20-Dec-94
New Zealand Labour Party	Labour Party		17-Feb-95
NEW ZEALAND PACIFIC PARTY	NZ PACIFIC PARTY	Registered logo	24-Apr-08
RAM – Residents Action Movement	RAM	Registered party & logo	29-July-08
The Alliance	Alliance		17-Mar-95
The Bill and Ben Party	B&B	Registered party & logo	29-Jul-08
The Family Party	Family Party		17-Dec-07
The Greens, The Green Party of Aotearoa/New Zealand	Green Party		17-Aug-95
The Kiwi Party	Kiwi Party	Registered abbreviation	15-Feb-08
The New Zealand Democratic Party for Social Credit	Democrats for social credit		10-Aug-95
The New Zealand National Party	National Party		02-Dec-94
The Republic of New Zealand Party	RONZP	Registration cancelled	15-Jul-05
UNITED FUTURE NEW ZEALAND	UNITED FUTURE		13-Dec-01
Workers Party of NZ	Workers Party	Registered party & logo	3-Oct-08

* Did not contest the party vote at the election

Annual Declarations

The secretary of each registered party is required to provide the Commission with a statutory declaration by 30 April each year that the party intends to contest general elections and has at least 500 current financial members who are eligible to enrol as electors. All parties filed the annual declaration except for the two parties who requested that their registration be cancelled.

Registration of Third Parties

Listing of Third Parties

The Electoral Finance Act 2007 provided for certain promoters who anticipated they would incur election advertising expenses exceeding \$12,000 to apply to the Commission to be listed as a third party. During the 2008/2009 year there were 25 listed third parties.

Table 2: Summary of Listing Activity Relating to Third Parties

Third Party Name	Listing Activity 2008/2009	Date third party listed
Anthony John Gavigan		9 Jan 2008
Electoral Freedom: A Society (Unincorporated) Concerning Kiwis' Speech	Listed	9 Oct 2008
Family First NZ	Listed	9 Oct 2008
Finsec Incorporated	Listed	12 Aug 2008
Food Industry Group NZ Incorporated	Listed	19 Aug 2008
Foundation for Economic Growth Inc		9 May 2008
Free Speech Coalition Trust		9 Jan 2008
HealthCare Providers NZ Inc	Listed	12 Aug 2008
Health Cuts Hurt Inc	Listed	17 July 2008
Henry Michael Horton		22 Jan 2008
John Galt Society	Listed	15 Oct 2008
Maritime Union of New Zealand Inc	Listed	4 Aug 2008
National Distribution Union	Listed	22 Sep 2008
National Union of Public Employees Inc	Listed	17 Jul 2008
NZ Amalgamated Engineering, Printing & Manufacturing Union Inc.	Listed	28 Aug 2008
New Zealand Conservative Party		19 May 2008
New Zealand Council of Trade Unions		2 Apr 2008
New Zealand Dairy Workers Union - Te Runanga Wai U	Listed	4 Aug 2008
NZ Educational Institute Inc.	Listed	19 Aug 2008
New Zealand Meat Workers and Related Trades Union Inc	Listed	4 Aug 2008
New Zealand Public Service Association		2 Apr 2008
New Zealand Union of Students' Associations		9 May 2008
Terence Dell		20 Mar 2008
The Service and Food Workers Union Nga Ringa Tota	Listed	4 Aug 2008
Vote for the Environment	Listed	15 Oct 2008

The Commission's decisions to list NZ Amalgamated Engineering, Printing, and Manufacturing Union Inc as a third party were challenged by way of application for judicial review. In its second decision the High Court held that the union had been correctly listed.

The Electoral Finance Act was repealed in February 2009 including the provisions relating to third parties. However third parties were still required to comply with the requirements to file election expense returns and donation returns in respect of the 2008 election.

Allocation of Broadcasting Time and Money

The Electoral Commission allocates to eligible parties the time made available by TVNZ and Radio New Zealand for opening addresses and closing addresses. The Commission allocates the money made available by Parliament for party television and radio advertising during the election campaign. Part 6 of the Broadcasting Act 1989 specifies the process of the broadcast allocation. The process starts eight months before the last possible election date and the final allocation is made after nomination day.

The Commission ascertains from the Government the money that is to be allocated (\$3,211,875, GST inc.), and from TVNZ and Radio New Zealand the time available for opening addresses (72 minutes) and closing addresses (30 minutes).

The Electoral Commission must have regard to statutory criteria including the party's results at the last election, more recent measures of its public support and the need to provide a fair opportunity for it to convey its policies to the public.

Allocation Process

The initial allocation was published on 19 May 2008 after oral and written submissions by parties who considered themselves eligible for an allocation, and reported on in the Commission's 2007/2008 Annual Report. The Alliance Party disputed the allocation it received, and was unsuccessful in its application for judicial review. The Alliance has appealed and the case is scheduled for October 2009.

At the time of the dissolution of Parliament 3 parties which had received an initial allocation had not registered and thus were not eligible for allocation. On 9 October 2008 the money allocated to those parties was re-allocated to the remaining parties.

On 15 October 2008 the re-allocation decision was revised following the failure of one registered party to submit a list to contest the Party Vote. In line with the re-allocation decision of 9 October, the money (but not the time) was distributed among all the remaining eligible parties (except for Labour and National) on a pro-rata basis.

Table 3: Broadcasting Allocations to Registered Political Parties

Broadcasting allocation: Registered political parties	Opening address, minutes	Closing address, minutes	Monetary allocation (incl. GST) \$		
			Initial allocation	Re-allocation	Revised re- allocation (final)
Labour, National	12	6	1,000,000	1,000,000	1,000,000
Green Party, Māori Party, NZ First	8	3	240,000	246,605	248,889
The ACT Party, Progressive, UNITED FUTURE	4	3	100,000	102,752	103,704
Alliance, Aotearoa Legalise Cannabis Party, Democrats for Social Credit, Family Party, Libertarianz*, Residents Action Movement, Workers Party of New Zealand	1	0	10,000, plus production package	10,275, plus production package	10,370, plus production package**
New World Order	1***	0	10,000, plus production package	10,275, plus production package	nil
Kotahitanga Te Manamotu Hake Tiriti o Waitangi, New Zealand Liberals, South Island Party	1***	0	10,000, plus production package	nil	nil
Retained by Commission for generic production costs			80,000	80,000	80,000
Total available	72	30	\$3,211,875	\$3,211,875	\$3,211,875

* elected not to receive the monetary allocation

** production package for the opening address worth over \$7000

*** parties were not entitled to use the time once they became ineligible for the allocation

Only registered parties were permitted to enter into contractual commitments to use money, time and any production package that had been allocated to them. This ensured that the parties which had applied before they were registered did not use any of the allocation until they were eligible.

Radio New Zealand also set conditions in relation to opening and closing addresses. Its conditions related to statutory broadcasting requirements and production standards, and required that the radio addresses start and finish with a statement of the name of the party.

The Commission retained \$80,000 of the parliamentary allocation to pay for a production package designed to assist the minor parties to efficiently produce quality programmes and for other minor generic production costs.

Payment of the Allocation

Invoices are sent by the supplier or broadcaster to the party which then forwards them to the Electoral Commission with authorisation to pay them. The Electoral Commission pays the supplier or broadcaster directly. Invoices can only be paid if received by the Electoral Commission within 50 working days of the end of the month in which the election occurred (by 18 February 2009). Nearly half of the allocation was paid out in September, a fifth in October and a third in November. The remaining invoices, from four parties only, were received and paid during the period 1 December 2008-12 February 2009. Some \$50,152.56 (GST inc.) was not used and was returned to the Treasury.

Table 4: Use of Broadcast Allocation			
Political Party Name	Allocated by Commission \$ (GST inc)	Spent \$ (GST inc)	Unspent \$ (GST inc)
ACT New Zealand	103,704	103,704	0
Aotearoa Legalise Cannabis Party	10,370	10,283.64	86.36
Jim Anderton's Progressive	103,704	103,683.24	20.76
Libertarianz	0	0	0
Māori Party	248,889	247,021.46	1,867.54
New Zealand First Party	248,889	248,889	0
New Zealand Labour Party	1,000,000	999,073.48	926.52
RAM – Residents Action Movement	10,370	10,366.45	3.55
The Alliance	10,370	8,623.88	1,746.12
The Family Party	10,370	9,999.88	370.12
The Greens, The Green Party of Aotearoa/New Zealand	248,889	248,460.79	428.21
The New Zealand Democratic Party for Social Credit	10,370	10,365.30	4.70
The New Zealand National Party	1,000,000	998,254.34	1,745.66
UNITED FUTURE NEW ZEALAND	103,704	103,620.09	83.91
Workers Party of NZ	10,370	10,174.53	195.47
Party totals	3,119,999	3,112,520.08	7,478.92
Generic production costs	80,000	49,202.36	30,797.64
Sub-totals	3,199,999.00	3,161,722.44	38,276.56
Unallocated by Commission			11,876.00
Sum to be returned to the Crown			50,152.56

Reconciliation of broadcast funds (GST inc): \$

Appropriated by Parliament 3,211,875.00

Spent 3,161,722.44

Returned to Crown 50,152.56

Supervision of Election Programme Broadcasting

The Commission supervises compliance with the restrictions on parliamentary election programme broadcasting in accordance with Part 6 of the Broadcasting Act 1989. Compliance issues considered by the Commission at its meetings during the year are summarised in Table 5.

Table 5: Potential Contraventions of Election Programme Broadcasting Requirements			
Broadcasting: potential contravention considered	Number	Belief that offence committed	Reported to police
Prohibited election programme	4	3	3
Totals	4	3	3

If the Commission forms the belief that an offence had been committed it must report the facts to the Police.

Supervision of Political Parties' and Third Parties' Compliance with Electoral Finance requirements

The Electoral Finance Act 2007 broadened the scope of activities treated as election advertising and consequently captured as election expenses. The Act significantly modified the donations regime. The challenges posed by the new rules were set out at length in the 2007/2008 Annual Report and need little additional comment.

The Commission's capacity and the suitability of its structures to administer the new law were seriously tested. The Commission developed a template for decision-making which assisted its deliberations and published its decisions on the Elections New Zealand website. It responded to a significant number of queries and complaints about the application of, and compliance with, the new law.

Party officials were generally very co-operative in their efforts to comply with the new requirements and in responding to the Commission's queries.

One aspect of the new law was tested in the High Court. Where the Commission believes any person has committed an offence against the Electoral Finance Act, it must report the facts upon which that belief is based to the police, unless the Commission considers that the offence is so inconsequential that there is no public interest in so reporting. The High Court upheld the Commission's exercise of its discretion to not report a particular matter to the police.

Supervision of Political Party and Third Party Election Advertising

Promoters responsible for publishing an election advertisement were required to provide a statement of their name and address (a promoter statement) and, if an advertisement encouraged votes in favour of a political party, the promoter was required to first obtain the written authority of the party's financial agent.

Listed third parties had a spending limit of \$120,000. Promoters who did not list as third parties were limited to \$12,000 in total.

Compliance Issues

Table 6 lists compliance issues considered by the Commission at its meetings during the year.

Table 6: Potential Contraventions of Election Advertising Requirements			
Election advertising: potential contravention considered	Number	Belief that offence committe d	Reported to police
Political parties			
No or defective promoter statement	19	3	2*
Candidates**			
No or defective promoter statement	13	3	3
No written authority from political party	3	3	3
Listed third parties	Nil		
Promoters not listed as third parties			
No or defective promoter statement	8	3	-
No written authority from political party	2	2	2
Exceeding spending limit	2	1	1
Totals	47	15	11

* An additional case was referred to the Police for further investigation as there was insufficient information available to determine the matter

** Party advertisement aspects only (the Chief Electoral Officer is responsible for administering the Act as it applies to candidate advertisements)

Supervision of Political Parties' and Third Parties' Election Expenses and Donations

The Commission's review of the returns of election expenses and donations was more complex than in previous elections because of the Electoral Finance Act 2007 including new law relating to third parties. The Commission employed extra legal resources for that purpose.

There were some difficulties in relation to the required audit reports. The NZ Institute of Chartered Accountants identified significant challenges for auditors in relation to the auditing of party and third party returns under the 2007 Act, mainly caused by uncertainty about interpretation of the Act. The Commission and the Institute accordingly developed a representation letter which was supplied to parties to send, if they wished, to their auditors. The representation letter set out the steps the party had taken to prepare an accurate return. Most parties utilised the representation letters, which were filed on the public record with their returns and audit reports. Some parties had difficulty in locating appropriate auditors, which led to late returns. The majority of the audit reports were qualified, mostly on the basis of legal uncertainty.

Return of Election Expenses by Registered Political Parties

The financial agent of each political party was required to provide the Commission with a return and accompanying audit report within 50 working of the declaration of the election of list members, (by 2 March 2009).

The Act's definition of "election expenses" excluded any election activity that was not authorised by the party secretary or financial agent. Expenses could be apportioned between parties and candidates where the advertisement or activity related to both. Any third party election advertisement (or other activity) in support of the political party could not be apportioned and therefore the entire expense was required to be reported against both the party's election expenses and the third party's election expenses.

The 21 registered political parties filed returns disclosing election expenses as set out in Table 7.

Table 7: Political Party Election Expense Returns				
Party Name	Contested the party vote?	Number of electorate candidates	Expenditure limit (incl. GST) (\$)	Total expenditure (incl. GST) (\$)
ACT New Zealand	yes	59	2,180,000.00	1,142,087.64
Aotearoa Legalise Cannabis Party	yes	8	1,160,000.00	11,802.64
Direct Democracy Party	no	0	0.00	0.00
Jim Anderton's Progressive	yes	27	1,540,000.00	168,229.47
Libertarianz	yes	17	1,340,000.00	24,064.24
Māori Party	yes	7	1,140,000.00	222,233.85
New World Order	no	0	0.00	0.00
New Zealand First Party	yes	22	1,440,000.00	566,766.18
New Zealand Labour Party	yes	70	2,400,000.00	2,271,821.59
NEW ZEALAND PACIFIC PARTY	yes	8	1,160,000.00	129,563.71
RAM – Residents Action Movement	yes	11	1,220,000.00	12,392.70
The Alliance	yes	15	1,300,000.00	19,708.96
The Bill and Ben Party	yes	0	1,000,000.00	3,777.38
The Family Party	yes	11	1,220,000.00	87,160.65
The Greens, The Green Party of Aotearoa/New Zealand	yes	61	2,220,000.00	1,459,610.18
The Kiwi Party	yes	36	1,720,000.00	184,457.13
The New Zealand Democratic Party for Social Credit	yes	13	1,260,000.00	56,545.71
The New Zealand National Party	yes	63	2,260,000.00	2,206,835.53
The Republic of New Zealand Party	yes	6	1,120,000.00	360.00
UNITED FUTURE NEW ZEALAND	yes	51	2,020,000.00	151,519.93
Workers Party of NZ	yes	4	1,080,000.00	3,770.44

Return of Election Expenses by Listed Third Parties

The new law limited the election expenses of listed third parties to \$120,000 in total and \$4000 in respect of any electorate candidate. The financial agent of each listed third party was required to provide the Commission with a return within 70 working days of polling day (by 10 March 2009). An auditor's report was required if the expenses exceeded 25% of the maximum limits, being expenses exceeding \$1,000 in respect of any electorate candidate and \$30,000 in total. Of the 25 listed third parties, 13 filed nil returns and the remaining 12 filed returns disclosing election expenses.

Table 8: Third Party Election Expense Returns		
Third Party	Total expenditure returned (incl. GST) (\$)	Audit report required? (expenses over \$30,000)
Free Speech Coalition Trust	29,492.00	no
Henry Michael Horton	62,289.00	yes
NZ Amalgamated Engineering, Printing & Manufacturing Union Inc.	5,693.00	no
New Zealand Public Service Association	71,304.00	yes
New Zealand Council of Trade Unions	104,110.00	yes
Foundation for Economic Growth Inc	28,882.30	no
Maritime Union of New Zealand Inc	3,282.00	no
New Zealand Dairy Workers Union - Te Runanga Wai U	16,740.00	no
National Union of Public Employees Inc	1,285.00	no
Health Cuts Hurt Inc	293.00	no
New Zealand Meat Workers and Related Trades Union Inc.	8,571.00	no
Vote for the Environment	1,296.00	no

Compliance Issues

Table 9 lists compliance issues in relation to political party and third party election expenses considered by the Commission at its meetings.

Table 9: Potential Contraventions of Election Expenses Requirements			
Election expenses: potential contravention considered	Number	Belief that offence committed	Reported to police
Political party election expenses & returns:			
Failure to file return within the statutory timeframe	10	6	-
Return false in a material particular	3*	-	-
Payment of expense outside the statutory timeframe	2	2	-
Third party election expenses & returns:			
Failure to file return within the statutory timeframe	6	5	-
Totals	21	13	-

* 1 case still under consideration at 30 June 2009

As outlined earlier, some of the parties experienced difficulty engaging auditors and this contributed to delays in filing election expense returns.

Some third parties were initially unwilling to accept that, notwithstanding the repeal of the Electoral Finance Act, they were still required to file election expense returns in respect of the 2008 election.

Donation Returns

The Electoral Finance Act 2007 contained a number of new definitions in respect of donations. The Act introduced the concepts of "transmitter" (a person who merely passes a donation on to the recipient) and "contributor" (a person who contributes to a donation). The Act also introduced a requirement that where a political party or third party received a donation from an overseas person exceeding \$1,000, or an anonymous donation exceeding \$1,000, the party was required to return the excess to the donor or relinquish it to the Commission within 20 working days of receiving the donation.

Donation returns were required to be filed in relation to the following categories:

- **political party annual returns:** donations from the same donor which either alone or in aggregate exceed \$10,000 in value, contributions to donations from the same contributor which either alone or in aggregate exceed \$10,000 in value, anonymous donations which exceed \$1,000, donations or contributions from overseas persons which exceed \$1,000, and donations protected from disclosure. .
- **third party post election returns:** all donations falling into the above categories, except that for third parties the \$10,000 thresholds were reduced to \$5,000. .
- **political party returns of donations exceeding \$20,000:** to be filed within 10 working days of receiving a donation which (either alone or in aggregate) exceeded \$20,000 from the same donor over the previous 12 month period.

Annual Return of Donations by Registered Political Parties

The financial agent of each political party was required to provide the Commission with a return and accompanying auditors' report by 30 April 2009 disclosing all donations received in the previous calendar year that came within the categories outlined above. Of the 21 parties registered at the date the returns were due, 11 filed nil returns, 2 returns were outstanding at 30 June 2009 and the remaining 8 parties disclosed donations as set out in Table 10.

Table 10: Political Party Annual Donation Returns			
Party name	donations >>\$10,000 (\$)	overseas donations >\$1,000 (\$)*	donations protected from disclosure (\$)
ACT New Zealand	315,906.25		
Jim Anderton's Progressive			5,000.00
Māori Party		13,600.00	
New Zealand First Party	111,999.00	2,190.02	
New Zealand Labour Party	422,917.00	10,000.00	9,000.00
The Family Party	88,043.82		
The Greens, The Green Party of Aotearoa/New Zealand	183,962.94		
The New Zealand National Party	130,001.00		77,000.00

* Parties were entitled to retain \$1,000 and were required to relinquish the excess

There is no direct comparison possible between the donations disclosed and the election expenses returned by political parties (Table 7). Parties may have sources of income other than donations and may receive donations that are not required to be disclosed because of their quantum.

Return of Donations by Listed Third Parties

The financial agent of each third party was required to provide the Commission with a return by 10 March 2009 disclosing all donations received in relation to the 2008 election that came within the categories outlined earlier. Of the 25 listed third parties, 21 filed nil returns and the remaining 4 third parties disclosed donations of more than \$5000.

Table 11: Third Party Donation Returns	
Third party name	donations >\$5,000 (\$)
New Zealand Council of Trade Unions	100,000.00
Foundation for Economic Growth Inc	28,882.00
New Zealand Dairy Workers Union - Te Runanga Wai U	25,000.00
Vote for the Environment	7,470.00

Returns of Donations to Registered Political Parties Exceeding \$20,000

Every political party that receives a donation over \$20,000 or a series of donations from the same person that total \$20,000 within the previous twelve months, must provide a return to the Commission within 10 working days of receiving the donation or the donation which takes the aggregate over \$20,000. Table 12 lists the parties that disclosed receiving donations exceeding \$20,000.

Table 12: Political Party Returns of Donations Exceeding \$20,000

Party name	donations >\$20,000 (\$)	Date of donation
New Zealand National Party	30,000.00	27 Aug 2008
ACT New Zealand	100,000.00	26 Sept 2008
The Greens, The Green Party of Aotearoa/New Zealand	20,276.08	16 June 2008 – 9 Oct 2009
New Zealand First Party	100,000.00	28 Oct 2008
New Zealand Labour Party	25,500.00	25 Aug 2008 – 28 Oct 2008
New Zealand Labour Party	60,000.00	31 Oct 2008
New Zealand Labour Party	100,000.00	31 Oct 2008
The Family Party	41,037.00	4 Sept 2008 – 31 Oct 2008
ACT New Zealand	100,000.00	7 Nov 2008
The Family Party	36,000.00	20 Aug 2008 – 3 Dec 2008

Compliance Issues in relation to Returns of Donations

Table 13 lists potential contraventions in relation to donation returns considered by the Commission at its meetings during the year.

Table 13: Potential Contraventions of Donation Requirements

Donations: potential contravention considered	Number	Belief that offence committed	Reported to police
Political party donations & annual donation returns:			
Failure to file return within the statutory timeframe (2008 and prior years)	9*	3	1
Return false in a material particular (2008 and prior years)	3**	-	-
Failure to keep proper records of donations (2008 and prior years)	2***	-	-
Failure to relinquish excess of overseas donation within the statutory timeframe	2***	1	-
Donor failure to advise party of contributions to a donation	1***	-	-
Third party donations & returns:			
Failure to file return within the statutory timeframe	8	6	-
Political party returns of donations >\$20,000:			
Failure to file return within the statutory timeframe	4	2	1
Return false in a material particular	1	-	-
Totals	30	12	2

* 2 cases still under consideration at 30 June 2009

** In 2 cases the prosecution timeframes under the Electoral Act 1993 had lapsed therefore the Commission did not form a view about whether any offence had been committed but required the parties to correct the public record

*** 1 case still under consideration at 30 June 2009

In many instances the Commission was of the view that, although there had been a contravention, in the particular circumstances of the case there was a reasonable excuse for the failure or the matter was so inconsequential there was no public interest in reporting the facts to the Police. Often the party had already taken steps to remedy the defect and was able to assure the Commission that processes had been put in place to avoid recurrence.

Donations Protected from Disclosure

The Election Finance Act 2007 provided a route by which donors could make anonymous donations to political parties or listed third parties via the Commission. Table 14 shows the use of this facility.

Table 14: Donations Protected from Disclosure Received by the Commission

Quarterly reports 2008/2009	1 Jul - 30 Sep 2008	1 Oct - 31 Dec 2008	1 Jan - 31 Mar 2009	1 Apr - 30 Jun 2009	Total for financial year ended 30 Jun 2009
Total Amount received in protected donations	\$15,000	\$76,000	Nil	Nil	\$91,000
Amount paid to any political party	\$15,000	\$76,000	Nil	Nil	\$91,000
Amount paid to any third party	Nil	Nil	Nil	Nil	Nil
Amount of money paid into a Crown bank account because unacceptable money could not be returned to donor for any reason	Nil	Nil	Nil	Nil	Nil

The Commission is required to make payments to recipients weekly, during the period between writ day and the return of the writ at any general election, and monthly at any other time.

Table 15: Payments of Donations Protected from Disclosure

Recipient party or listed third party	Total payment	Payment date
Jim Anderton's Progressive	\$5,000	26 Sep 2008
The New Zealand National Party	\$5,000	26 Sep 2008
New Zealand Labour Party	\$5,000	26 Sep 2008
The New Zealand National Party	\$72,000	29 Oct 2008
New Zealand Labour Party	\$4,000	29 Oct 2008

Provision of Advice on Electoral Matters

The Commission seeks to maintain the capacity to respond efficiently to ministerial, parliamentary and select committee requests for information and advice on all aspects of its work and on international experience and research in relevant areas.

Electoral Commission staff provided commentary and advice to the Ministry of Justice as it prepared the repeal of the Electoral Finance Act 2007 and the transfer of the donations regime from that Act to the Electoral Act 1993.

The Commission Chief Executive and staff provided input into government policy reviews in relation to Electoral Finance, amalgamation of the electoral agencies, and any other policy issues as requested.

Shortly after year end the Commission provided a report to the Justice and Electoral Committee in relation to its Inquiry into the 2008 election.

International Assistance

The Commission provided information to a number of visiting delegations here to study the 2008 general election. Specific briefings were also provided to parliamentary delegations from Australia, East Timor and the Solomon Islands.

In the Pacific region we worked closely with the Australian Electoral Commission and network with electoral administrators across the region.

The Commission was unable to send anyone to this year's Commonwealth Workshop for electoral administrators of Australia, Canada, UK and New Zealand but hopes to do so next time given the value of the workshop.

Organisation and Capacity

As noted earlier the Government is proposing to amalgamate the electoral agencies. The Commission will therefore plan to ensure that its intellectual capacity (including information, research, documents, concepts and processes) is not lost on transfer to the new electoral agency. In the meantime the Commission will not be increasing its staff above the current two people (plus the Chief Executive) unless unexpected circumstances arise.

The Commission also intends to continue with a number of reviews the full benefits of which will be realised by the new agency. These include

- the development in conjunction with the other existing electoral agencies of an integrated communications plan covering the period up to and including the 2011 general election
- documentation and redesign of the Commission's processes for handling all returns and other interpretation and compliance matters

Obligations as a Good Employer

The Commission complies with its obligations to be a good employer and has specific policies to that end including an Employee Assistance Programme, a Code of Conduct and processes for recruitment and appraisal.

Annex 1 – Documentation Available for Public Inspection

The Commission makes the following documentation available for public inspection as required by law:

- Register of political parties
- Registered logos of political parties
- Registered political parties' membership rules and candidate selection rules*
- Registered political parties' annual returns of donations and auditors' reports
- Registered political parties' returns of donations exceeding \$20,000
- Registered political parties' returns of election expenses and auditors' reports
- List of third parties
- Listed third parties' returns of donations
- Listed third parties' returns of election expenses (and auditors' reports, where required)
- Constituency candidates' returns of donations and election expenses, received by the Commission from the Chief Electoral Officer*
- Summary information about donations protected from disclosure
- Broadcaster's returns of election programme broadcasts*.

Records marked above with an * are available only in the office. All others can be viewed in full or summary form on www.elections.org.nz, as well as being available in the office.

Part 2 Statement of Service Performance and Financial Statements

Introduction

The statement of service performance and financial statements for the year ended 30 June 2009 follow.

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

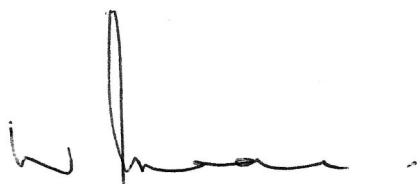
The Commission has a single output class – the provision of electoral services. The financial statements show the actual revenue for that output class compared to budget.

Statement of Responsibility

In the financial year ended on 30 June 2009 the management of the Electoral Commission was responsible for:

- the preparation of the annual financial statements, the statement of service performance and for the judgments used herein;
- establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the Commission's financial reporting.

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



Wilson Isaac
Commissioner



David Henry
Commissioner

Statutory Functions (Electoral Act 1993)

"The principal functions of the Electoral Commission shall be—

- (a) To carry out such duties in relation to the registration of political parties and political party logos as are prescribed by Part 4 of this Act:
- (b) To supervise political parties' compliance with the financial disclosure requirements of this Act:
- (ba) To carry out such duties in relation to Parliamentary election programmes as are prescribed by Part 6 of the Broadcasting Act 1989:
- (c) To supervise political parties' and third parties' compliance with the requirements of the Electoral Finance Act 2007:
- (d) To promote public awareness of electoral matters by means of the conduct of education and information programmes or by other means:
- (e) To consider and report to the Minister or to the House of Representatives on electoral matters referred to the Electoral Commission by the Minister or the House of Representatives."

Statutory Disclosures

There are no disclosures to be made in accordance with the Crown Entities Act 2004 s.151 in respect of ministerial directions, or enforcement of natural person transactions. One disclosure is made below in terms of section 152(1) (d) of the Act in respect of compensation paid to an employee in relation to cessation of employment during the year.

Members and Employees

Commission Members	Remuneration paid or payable in 2008/9
President Hon Andrew McGechan (to 30 June 2009)	\$14,436
Deputy to President Hon Ron Young 2 June to 30 June 2009	Nil
Chief Judge Wilson Isaac (Māori Land Court)	Nil (ex officio)
Ms Belinda Clark (Secretary for Justice)	Nil (ex officio)
David Henry (Chief Executive and Deputy Chair) from 2 June 09	\$ 13,300
Helena Catt (Chief Executive) to 15 May 2009	\$ 148,685

Employees	
Office Manager	Mrs Anne Cameron
Statutory Relationships Manager	Ms Deidre Brookes
Communications Manager (to 29 May 2009)	Mr Peter Northcote
Solicitor (to 30 June 2009)	Mr Graeme Edgeler

- Number of employees (excluding chief executive) with remuneration of \$100,000+ in 2008/9 1
- Total value of cessation benefits paid to employees in 2008/9 \$ 20,000
- Number of employees paid cessation benefits in 2008/9 1

Performance Against Statement of Objectives for the Year Ending 30 June 2009

The Commission's plan and programme of work for 2008-2009 was structured under seven activity areas that reflect its statutory roles:

- compliance related to political parties and to third parties
- promotion of public awareness of electoral matters
- provision of advice on electoral matters
- responding to international requests for information and assistance
- organisation and capacity in place to support other activities
- information and education specific to the next general election
- election broadcasting allocation.

Applying the intervention logic to our statutory roles, and mindful of the current context and risks, the planning of activities followed the following principles:

- provide good information to all, and add targeted projects for those with lower levels of participation and understanding
- work with others, and especially those who can reach a larger audience than we can
- routinely assess and improve all processes and outputs
- maintain capacity to provide excellent service in all functions in compliance with the Guiding Principles of Electoral Administration and the State Sector Code of Ethics

Compliance Related to Political Parties and to Third Parties

All political parties that wanted to contest the Party Vote had to be registered with the Electoral Commission. All parties that wanted to use a logo on a ballot paper had to register it with the Electoral Commission. All third parties that intended to spend more than \$12,000 on election advertising (or \$1,000 if it related to just one candidate) had to list with the Electoral Commission.

All registered parties and listed third parties have reporting obligations overseen by the Electoral Commission. The Electoral Commission has a duty to report to the police any breach of the electoral acts that it believes have occurred (with discretion in some instances).

One part of the role is receiving returns and processing applications to register and list. Equally important is providing information to help people who want to register or list and to those who want to comply with electoral and campaigning law.

Objectives	Measures	Achievements
✓ Provide clear, accessible information on how to register and de-register a party, a party logo, and on the statutory obligations of registered parties	✓ All information available on the web and usage measured in web statistics	✓ Achieved. Website contains comprehensive information including template forms for all activities (refer web statistics at Table 16)
✓ Provide clear, accessible information on how to list and de-list a third party and on the statutory obligations of listed third parties	✓ All information available on the web and usage measured in web statistics	✓ Achieved. Website contains comprehensive information including template forms for all activities (refer web statistics at Table 16)
✓ Ensure efficient, effective administrative processes are in place	✓ Number of complaints about administration of party or third party registration, listing or compliance requirements	✓ Achieved: There were no recorded complaints. The Commission met monthly and often weekly to ensure prompt decision making.

Promotion of Public Awareness of Electoral Matters

The Commission has paid particular attention to informing those who will have an impact on a far wider audience, such as journalists and teachers. We also worked to influence curricula and other policy or institutional arrangements that will encourage public awareness, knowledge, skills and participation.

Objectives	Measures	Achievements
✓ Publish an election compendium containing data from 2008 election	✓ Compendium is published	✓ Achieved in February 2009 and widely distributed
✓ Publish a report on levels of understanding of MMP before and after the election	✓ Report is published	✓ Achieved in October 2008 and April 2009

Provision of Advice on Electoral Matters

We receive requests for information either directly, or through the Ministry of Justice, to parliamentary questions and ministerial questions. We are routinely appointed as an advisor to the justice and electoral committee when it considers electoral matters. After each election the Justice and Electoral Committee conducts an inquiry into the election, and we provide a report on our work in the election to that committee.

Objectives	Measures	Achievements
✓ Write a report for the Justice and Electoral Committee's inquiry into the 2008 general election	✓ Full and clearly written report provided by due date and any further requests for advice delivered	✓ Achieved. Report was late because of change in Chief Executive but in time for committee hearings
✓ Provide input into expert panel that will review outstanding electoral issues (announced by Minister of Justice in 2007)	✓ All requests for information and advice are fulfilled in a timely manner	✓ Not Achieved (Panel disbanded by Government)

Responding to International Requests for Information and Assistance

International interest in New Zealand elections is high due to the history of its electoral system and reputation for efficient and innovative work. At each election there is a visitor programme for electoral administrators from other countries. In addition we receive a steady stream of queries from international electoral agencies and from electoral administrators elsewhere.

Objectives	Measures	Achievements
✓ Provide clear information for international election visitors	✓ Election visitors are provided with a briefing and written material on the electoral system and voter education programmes	✓ Achieved. International election visitors who were in New Zealand in the week prior to the election were briefed on both the compliance and the education work of the commission

Organisation and Capacity in Place to Support Other Activities

As a small organisation with a broad role and a three-year operational cycle, we need to be able to deal flexibly with the full range of work that we cover, meaning staff need to be able to undertake a number of different roles. We also utilise technology to ensure that we can deliver services to all in an efficient and cost effective way. We ensure that the website remains the main source of information. The website was maintained in conjunction with the other electoral agencies. Evaluation by e-Gov Watch (which assesses websites on behalf of SSC) assessed the Elections NZ website as the best in the public sector.

Objectives	Measures	Achievements
✓ Maintain a website as the main source of information relating to the election	✓ Continued increase in use of web shown is web statistics and continued decrease in number of phone, email and letter queries relating to the election	✓ Achieved in part. Continued increase in use of web (refer web statistics at Table 16) Effect on phone, email and letter queries could not be measured due to a major change in responsibilities resulting from the Electoral Finance Act 2007

Table 16: Organisation and capacity in place to support other activities

Elections New Zealand website – number of page visits to key commission content		2008/09	2007/08
Group 1	MMP	53,528	39,831
Group 2	Taking Part	20,753	Incl. in MMP figures above
Group 3	History of the Vote	7,793	41,988
Group 4	Democracy Concepts	14,549	N/A
Group 5	Electoral Rules (incl. Broadcasting)	37,613	27,963
Group 6	Records (incl. Returns of Expenses/Donations)	70,992	Incl. in Electoral Rules above
Group 7	Teaching Resources	57,347	51,942
Group 8	Electoral Commission	15,321	3,934
TOTALS		277,896	165,658

Note: Because of changes of classifications, figures are not directly comparable between years.

Information and Education Specific to the Next General Election

A distinct appropriation to be used for a public information campaign on MMP is received in the financial year in which an election falls. Every enrolled elector is sent a leaflet explaining MMP (in the three official languages plus 18 others). TV, radio and online advertising delivers core messages to target audiences based on research on levels of understanding of MMP.

Objectives	Measures	Achievements
✓ Plan, create and deliver a public information campaign on MMP run prior to the election	✓ Audience reach and frequency targets achieved within budget	✓ Achieved. Information campaign progressed as planned. A detailed report was published in April 2009.

Election Broadcasting Allocation

Prior to each election the Electoral Commission allocates to eligible parties time for opening addresses and closing addresses made available by TVNZ and Radio New Zealand, and money for broadcasting made available by Parliament.

The target was to have made an initial allocation five months prior to the last possible date for a general election (which was achieved in May 2008). Parties are only eligible for allocation if they contest the party vote so the final allocation could not be made until after the deadline for submitting party lists (14 October 2008).

Parties can use their allocation to buy advertising time on TV and radio and also if they wish for the production costs of such advertising. Each invoice is authorised by the party secretary and then sent to the Electoral Commission for payment, which must be received by the Commission no later than 50 working days after the end of the month in which the election was held (by 18 February 2009).

Objectives	Measures	Achievements
✓ Publish the final allocation decision promptly	✓ Targets for decision release met	✓ Achieved Final allocation decision published promptly on 15 October 2008
✓ Process all invoices efficiently and accurately	✓ Targets for checking and payment met	✓ Achieved

Electoral Commission

Statement of Financial Performance

for the year ended 30 June 2009

2008			2009	2009
Actual			Actual	Budget
\$		Note	\$	\$
		s		
	Revenue			
734,000	Revenue from Crown	1	1,284,000	1,284,000
1,601	Other revenue		11,209	-
-	Election information		1,050,000	1,050,000
-	Broadcast funding		2,855,000	2,855,111
40,049	Interest income		115,263	60,000
<u>775,650</u>	Total revenue		<u>5,315,472</u>	<u>5,249,111</u>
	Expenditure			
25,280	Remuneration to auditors	2	20,229	25,000
384,093	Personnel costs	3	461,996	509,270
26,328	Depreciation – property, plant and equipment	7	25,530	30,000
623	Amortisation – software	8	382	-
63,718	Rent		63,731	64,000
1,024	Loss on sale of property, plant and equipment		-	-
6,743	Leasing		6,748	6,000
-	Election information		1,037,720	1,050,000
-	Broadcast allocation		2,855,610	2,855,000
401,072	Operating costs		355,154	564,903
<u>908,881</u>	Total expenditure		<u>4,827,100</u>	<u>5,104,173</u>
<u>(133,231)</u>	Net surplus / (deficit) for the year		<u>488,372</u>	<u>144,938</u>

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

Electoral Commission

Statement of Financial Position

as at 30 June 2009

2008			2009	2009
Actual		Note	Actual	Budget
\$		s	\$	\$
	Current assets			
230,233	Cash and cash equivalents	4	724,172	551,760
66,669	Investments	5	66,669	-
32,117	Debtors and other receivables	6	15,526	-
329,019	Total current assets		806,367	551,760
	Non-current assets			
123,027	Property, plant & equipment	7	97,497	96,300
729	Intangible assets	8	347	-
123,756	Total non-current assets		97,844	96,300
452,775	Total assets		904,211	648,060
	Current liabilities			
115,607	Creditors and other payables	9	97,878	109,138
34,728	Employee entitlements	10	15,521	-
150,335	Total current liabilities		113,399	109,138
302,440	Net assets		790,812	538,922
	Public equity			
302,440	Accumulated surplus		790,812	538,922
302,440	Total public equity		790,812	538,922

Electoral Commission

Statement of Changes in Equity

for the year ended 30 June 2009

2008		2009	2009
Actual		Actual	Budget
\$		\$	\$
435,671	Public equity at start of the year	302,440	393,984
(133,231)	Surplus / (deficit) for the year	488,372	144,938
<u>(133,231)</u>	Total recognised revenues and expenses for the period	<u>488,372</u>	<u>144,938</u>
<u>302,440</u>	Public equity at end of the year	<u>790,812</u>	<u>538,922</u>

Electoral Commission

Cash Flows Statement

for the year ended 30 June 2009

2008		2009	2009
Actual		Actual	Budget
\$	Note	\$	\$
	s		
Cash flows from operating activities			
Cash was provided from:			
734,000	Crown revenue	1,284,000	1,284,000
(1,831)	Revenues from services	17,409	-
-	Election information	1,050,000	1,050,000
-	Broadcast allocation	2,855,000	2,855,111
39,409	Interest received	115,646	60,000
<u>771,578</u>		<u>5,322,055</u>	<u>5,249,111</u>
Cash was applied to:			
(379,081)	Payments to Members of the Commission and employees	(481,203)	(509,270)
(524,112)	Payments to suppliers	(4,356,190)	(4,564,903)
(5,305)	Net GST paid	9,277	-
<u>(908,498)</u>		<u>(4,828,116)</u>	<u>(5,074,173)</u>
<u>(136,920)</u>	Net cash flows from operating activities	<u>493,939</u>	<u>174,938</u>
	13		
Cash flows from investing activities			
Cash was provided from:			
-	Sale of property, plant and equipment	-	-
-	Sale of intangible assets	-	-
181,452	Receipts from sale / (acquisition) of term deposits	-	-
Cash was applied to:			
(17,700)	Purchase of property, plant & equipment	-	-
(308)	Purchase of intangible assets	-	-
<u>163,444</u>	Net cash flows from investing activities	<u>-</u>	<u>-</u>
26,524	Net increase / (decrease) in cash held	493,939	174,938
203,709	Plus cash at the start of the year	230,233	376,822
<u>230,233</u>	Cash held at the end of the year	<u>724,172</u>	<u>551,760</u>
Represented by:			
230,233	Cash and cash equivalents	724,172	551,760
<u>230,233</u>	Cash held at the end of the year	<u>724,172</u>	<u>551,760</u>

The GST (net) component of operating activities reflects the net GST paid and received with Inland Revenue. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The receipt from sale / (acquisition) of term deposits (net) component of investing activities reflects the term deposits paid and received with Westpac Bank. The term deposits (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Electoral Commission

Statement of Accounting Policies

For the year ended 30 June 2009

Reporting Entity

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

The principal activity of the Electoral Commission is to register political parties, party logos and third parties. The Commission also encourages and conducts public education about electoral matters. The primary objective is to provide public services to the New Zealand public, as opposed to that of making a financial return.

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

The financial statements for the Electoral Commission are for the year ended 30 June 2009, and were approved by the Electoral Commission on 2 November 2009.

Basis of preparation

Statement of Compliance

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

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

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

Measurement base

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

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Electoral Commission is New Zealand dollars.

Electoral Commission

Statement of Accounting Policies

For the year ended 30 June 2009

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with the Crown in its capacity as "owner". The revised standard gives the Electoral Commission the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Electoral Commission intends to adopt this standard for the year ending 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.

Significant Accounting Policies

Revenue

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

Revenue from the Crown

The Electoral Commission is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of the Electoral Commission meeting its objectives as specified in the statement of intent.

Revenue from the Crown is recognised as revenue when received and is reported in the financial period to which it relates.

Interest

Interest revenue is recognised using the effective interest method.

Leases

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Electoral Commission are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the statement of financial performance.

Cash and cash equivalents

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

Electoral Commission

Statement of Accounting Policies

For the year ended 30 June 2009

Investments

At each balance sheet date the Electoral Commission assesses whether there is any objective evidence that an investment is impaired.

Bank deposits

Investments in bank deposits are initially measured at fair value plus transaction costs.

After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method.

For bank deposits, impairment is established when there is objective evidence that the Electoral Commission will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy, and default in payments are considered indicators that the deposit is impaired.

Debtors and other receivables

Debtors and other receivables, comprising trade debtors and accrued interest, are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

Property, plant and equipment

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

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

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Electoral Commission and the cost of the item can be measured reliably.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of financial performance.

Electoral Commission

Statement of Accounting Policies

For the year ended 30 June 2009

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Electoral Commission and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of financial performance as they are incurred.

Depreciation

Depreciation is calculated on a straight-line basis on property, plant and equipment once in the location and condition necessary for its intended use so as to write off the cost or valuation of the property, plant and equipment over their expected useful life to its estimated residual value.

The following estimated rates are used in the calculation of depreciation:

Office equipment	5 years	20.0%
Furniture and fittings	5 years	20.0%
Computer equipment	3 years	33.0%
Leasehold improvements	9 years	11.1%

Intangible assets

Software acquisition

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

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

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

Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment.

Amortisation

Amortisation is charged on a straight-line basis over the estimated useful life of the intangible asset.

The following estimated rate is used in the calculation of amortisation:

Software	3 years	33.0%
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Electoral Commission

Statement of Accounting Policies

For the year ended 30 June 2009

Impairment

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Electoral Commission would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The impairment loss is recognised in the statement of financial performance.

Creditors and other payables

Creditors and other payables, comprising trade creditors and other accounts payable are recognised when the Electoral Commission becomes obliged to make future payments resulting from the purchase of goods and services.

Employee entitlements

Short-term employee entitlements

Provisions made in respect of employee benefits expected to be settled within 12 months of reporting date, are measured at the best estimate of the consideration required to settle the obligation using the current remuneration rate expected.

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

Superannuation schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation scheme and are recognised as an expense in the statement of financial performance as incurred.

Good and Service Tax (GST)

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

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

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Electoral Commission

Statement of Accounting Policies

For the year ended 30 June 2009

Income Tax

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

Budget figures

The budget figures are derived from the statement of intent as approved by the Commission at the beginning of the financial year. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by the Electoral Commission for the preparation of the financial statements.

Cash flow statement

The cash flow statement is prepared exclusive of GST, which is consistent with the method used in the statement of financial performance.

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

"Cash" includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash and includes at call borrowings such as bank overdrafts, used by the entity as part of its day to day cash management.

"Investing activities" are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.

"Financing activities" are those activities relating to changes in equity of the entity.

"Operating activities" include all transactions and other events that are not investing or financing activities.

Critical judgments in applying the Electoral Commission's accounting policies

In the application of NZ IFRS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Notes to the Financial Statements
For the year ended 30 June 2009

1. Revenue from Crown

The Electoral Commission has been provided with funding from the Crown for the specific purpose of the Electoral Commission as set out in its founding legislation and the scope of the relevant government appropriations. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to the government funding (2008: nil).

		2009 Actual \$	2008 Actual \$
2. Remuneration to auditors			
Audit of the financial statements		20,229	17,780
Audit for NZ IFRS translation		-	7,500
Total remuneration to auditors		<u>20,229</u>	<u>25,280</u>
3. Personnel costs			
Salaries and wages		481,203	379,081
Employer contributions to defined benefit plans		-	-
Increase/(decrease) in employee entitlements	10	<u>(19,207)</u>	<u>5,012</u>
Total personnel costs		<u>461,996</u>	<u>384,093</u>
4. Cash and cash equivalents			
Cash on hand		141	262
Cash at bank		322,026	123,142
Term deposit		<u>402,005</u>	<u>106,829</u>
Total cash and cash equivalents		<u>724,172</u>	<u>230,233</u>

Term deposits classed as cash and cash equivalents have an original maturity of three months or less.

5. Investments

Term deposit	<u>66,669</u>	<u>66,669</u>
Total investments	<u>66,669</u>	<u>66,669</u>

Term deposits classed as investments have an original maturity of greater than three months but less than twelve months.

	2009 Actual	2008 Actual
	\$	\$
6. Debtors and other receivables		
Trade debtors	-	6,200
Accrued interest	5,887	6,270
GST receivable	9,639	19,647
	<hr/>	<hr/>
Debtors and other receivables	15,526	32,117
	<hr/>	<hr/>

7.

Property, plant and equipment

	Office equipment	Computer equipment	Furniture & fittings	Leasehold improvements	Total
	\$	\$	\$	\$	\$
Gross carrying amount					
Balance at 1 July 2007	2,780	34,059	26,945	112,541	176,325
Additions	-	17,700	-	-	17,700
Sales/transfers	-	(10,975)	-	-	(10,975)
Balance at 30 June 2008	<hr/> 2,780	<hr/> 40,784	<hr/> 26,945	<hr/> 112,541	<hr/> 183,050
Balance at 1 July 2008	2,780	40,784	26,945	112,541	183,050
Additions	-	-	-	-	-
Sales/transfers	-	-	-	-	-
Balance at 30 June 2009	<hr/> 2,780	<hr/> 40,784	<hr/> 26,945	<hr/> 112,541	<hr/> 183,050
Accumulated depreciation and impairment					
Balance at 1 July 2007	368	27,558	5,450	10,270	43,646
Depreciation expense	556	7,892	5,388	12,492	26,328
Sales/transfers	-	(9,951)	-	-	(9,951)
Balance at 30 June 2008	<hr/> 924	<hr/> 25,499	<hr/> 10,838	<hr/> 22,762	<hr/> 60,023
Balance at 1 July 2008	924	25,499	10,838	22,762	60,023
Depreciation expense	556	7,094	5,388	12,492	25,530
Sales/transfers	-	-	-	-	-
Balance at 30 June 2009	<hr/> 1,480	<hr/> 32,593	<hr/> 16,226	<hr/> 35,254	<hr/> 85,553
Net carrying amounts					
At 1 July 2007	2,412	6,501	21,495	102,271	132,679
At 30 June 2008 & 1 July 2008	1,856	15,285	16,107	89,779	123,027
At 30 June 2009	1,300	8,191	10,719	77,287	97,497

8. Intangible assets

	Software \$	Total \$
Gross carrying amount		
Balance at 1 July 2007	4,460	4,460
Additions	308	308
Sales/transfers	-	-
Balance at 30 June 2008	4,768	4,768
Balance at 1 July 2008	4,768	4,768
Additions	-	-
Sales/transfers	-	-
Balance at 30 June 2009	4,768	4,768
Accumulated amortisation and impairment		
Balance at 1 July 2007	3,416	3,416
Amortisation expense	623	623
Disposals	-	-
Balance at 30 June 2008	4,039	4,039
Balance at 1 July 2008	4,039	4,039
Amortisation expense	382	382
Disposals	-	-
Balance at 30 June 2009	4,421	4,421
Net carrying amount		
At 1 July 2007	1,044	1,044
At 30 June 2008 & 1 July 2008	729	729
At 30 June 2009	347	347
	2009 Actual	2008 Actual
	\$	\$

9. Creditors and other payables

Trade creditors	13,623	12,214
Accrued expenses	17,586	36,724
Undrawn broadcast allocation	66,669	66,669
Total creditors and other payables	97,878	115,607

9. Creditors and other payables (cont.)

The average credit period on purchases is 30 days. For the majority of trade payables no interest is charged. The Electoral Commission has a financial risk management policy in place to ensure that all payables are paid within the credit timeframe.

As at 30 June 2009, \$66,669 of funds allocated for the 1996, 1999 and 2002 general election remained undrawn by parties.

	2009 Actual	2008 Actual
	\$	\$
10. Employee entitlements		
Accrued salaries and wages	9,462	5,176
Annual leave	6,059	29,552
Total employee entitlements	<u>15,521</u>	<u>34,728</u>

11. Financial instruments

Categories of financial assets and liabilities

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

Financial assets

Cash and cash equivalents	724,172	230,233
Investments – term deposit	66,669	66,669
Debtors and other receivables	15,526	32,117
Total financial assets	<u>806,367</u>	<u>329,019</u>

Financial liabilities

Creditors and other payables	97,878	115,607
Total financial liabilities	<u>97,878</u>	<u>115,607</u>

Financial risk management objectives

The Electoral Commission does not enter into or trade financial instruments for speculative purposes. The Electoral Commission's activities expose it primarily to the financial risks of interest rates.

Interest rate risk

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

11. Financial instruments (cont)

Cash flow interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates.

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

The following table details the Electoral Commission's exposure to interest rate risk as at 30 June 2009.

	Weighted average effective interest rate %	Variable interest rate bearing \$	Non interest bearing \$	Total \$
(i) Financial assets:				
Cash and cash equivalents				
- Cash at bank	-	-	51,538	51,538
- Cash on call	3.00	270,488	-	270,488
- Term deposit	3.70	402,005	-	402,005
- Cash on hand	-	-	141	141
Investments				
- Term deposit	8.30	66,669	-	66,669
Debtors and other receivables	-	-	15,526	15,526
Total financial assets:		<u>739,162</u>	<u>67,205</u>	<u>806,367</u>
(ii) Financial liabilities:				
Creditors and other payables	-	-	97,878	97,878
Total financial liabilities:		<u>-</u>	<u>97,878</u>	<u>97,878</u>

The following table details the Electoral Commission's exposure to interest rate risk as at 30 June 2008.

(i) Financial assets:				
Cash and cash equivalents				
- Cash at bank	-	-	123,142	123,142
- Term deposit	7.95	106,829	-	106,829
- Cash on hand	-	-	262	262
Investments				
- Term deposit	8.40	66,669	-	66,669
Debtors and other receivables	-	-	32,117	32,117
Total financial assets:		<u>173,498</u>	<u>155,521</u>	<u>329,019</u>
(ii) Financial liabilities:				
Creditors and other payables	-	-	115,607	115,607
Total financial liabilities:		<u>-</u>	<u>115,607</u>	<u>115,607</u>

11. Financial instruments (cont)

Credit risk management

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

Financial instruments which potentially subject the entity to credit risk principally consist of bank balances, comprising cash on hand and term deposits. The Electoral Commission very rarely extends credit and places its cash with high credit quality financial institutions. The credit risk is also minimised as the deposits are subject to the provisions of the Government's deposit guarantee scheme that expires in October 2010.

Maximum exposures to credit risk at reporting date are:

	2009 Actual \$	2008 Actual \$
Cash and cash equivalents	724,172	230,233
Investments – term deposit	66,669	66,669
Total	<u>790,841</u>	<u>296,902</u>

No collateral is held on the above amounts. There is no maturity date on the current bank balances as these represent cash held in transactional and cash management accounts. Term deposits classed in cash and cash equivalents have a maturity date of less than three months. Term deposits classed as investments have an original maturity of greater than three months but less than twelve months.

Fair value of financial instruments

The Electoral Commission considers that the carrying amount of assets and financial liabilities recorded in the financial statements approximates their fair values.

Liquidity risk

Liquidity risk is the risk that the Electoral Commission will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

All of the Electoral Commission's commitments owing at balance date, comprising trade and other payables, have a contractual maturity of less than six months (2008: maturity also less than six months). The Electoral Commission has sufficient cash on hand to meet these commitments as they fall due.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Electoral Commission is not subject to currency risk as it does not participate in any such financial instruments.

12. Capital Management

The Electoral Commission's capital is its equity, which comprises accumulated funds. Equity is represented by net assets.

The Electoral Commission is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

The Electoral Commission manages its equity as a by-product of prudently managing income, expenses, assets, liabilities, investments, and general financial dealings to ensure the Electoral Commission effectively achieves its objectives and purpose, whilst remaining a going concern.

13. Net cash flow from operating activities

Reconciliation of Statement of Financial Performance surplus with net cash flow from operating activities:

	2009	2008
	Actual	Actual
	\$	\$
Net surplus / (deficit) for the year	488,372	(133,231)
Non cash items:		
- Amortisation	382	623
- Depreciation	25,530	26,328
- Loss / (profit) on property, plant and equipment	-	1,024
- Loss / (profit) on intangible assets	-	-
	<hr/>	<hr/>
Total non cash items	25,912	27,975
Movements in net assets and liabilities		
- (Increase)/decrease in accrued interest	383	(640)
- (Increase)/decrease in trade debtors	6,200	(3,086)
- (Increase)/decrease in GST refund due	10,008	(696)
- Increase/(decrease) in trade creditors	1,409	(50,298)
- Increase/(decrease) in employee entitlements	(19,207)	5,012
- Increase/(decrease) in other accruals	(19,138)	18,044
	<hr/>	<hr/>
Total movements in net assets and liabilities	(20,345)	(31,664)
Net cash inflow from operating activities	<hr/> 493,939	<hr/> (136,920)

14. Employee remuneration

Remuneration and other benefits of \$100,000 per annum or more received by employees in their capacity as employees were:

	2009 Actual	2008 Actual
\$100,000 - \$109,999	1	1
\$110,000 - \$119,999	0	0
\$120,000 - \$129,999	0	0
\$130,000 - \$139,999	0	0
\$140,000 - \$149,999	1	1

15. Related party transactions

The Electoral Commission is a wholly owned entity of the Crown. The Government significantly influences the role of the Electoral Commission as well as being its major source of revenue.

The Electoral Commission has entered into a number of transactions with Government departments, Crown agencies, and state-owned entities on an arm's length basis and in the course of their normal dealings.

Where those parties are acting in the course of their normal dealings with the Electoral Commission and the transaction are at arms length, related party disclosures have not been made for transactions of this nature.

During the year, the Electoral Commission received \$5,189,000 from the Crown (2008: \$734,000). There was no balance outstanding as at 30 June 2009 (2008: \$ Nil).

There were no other related party transactions for the year ended 30 June 2009 (2008: Dr Helena Catt (Chief Executive) was to pay \$3,000 to the Electoral Commission as a reimbursement for a private component of a trip overseas). There was no outstanding balance as at 30 June 2009 (2008: \$3,000).

16. Key management personnel compensation

Key management personnel of the Electoral Commission include Dr Helena Catt (term ended May 2009) and David Henry (appointed June 2009), as the Chief Executive, and all Commissioners. The compensation of all key management personnel is set out as follows:

	2009 Actual \$	2008 Actual \$
Salaries & short-term employee benefits		
- Dr Helena Catt	148,685	144,800
- David Henry	13,300	-
- Commissioners	14,436	7,000
Post-employment benefits	-	-
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
	<hr/>	<hr/>
Total compensation	176,421	151,800

17. Commitments

(i) Capital commitments

There are no capital commitments at reporting date (2008: \$ Nil).

(ii) Operating lease commitments

Commitments existed for non-cancellable operating leases as follows:

	2009 Actual \$	2008 Actual \$
Less than one year	70,019	70,200
Between one and two years	67,477	69,968
Between two and five years	80,472	133,193
Later than five years	-	-
	<hr/>	<hr/>
Total operating lease commitments	217,968	273,361

The lease for the premises at 119-123 Featherston Street in Wellington commenced on 1 August 2006, and has a term of 6 years. The lease expense is \$63,456 per annum (GST exclusive), with the next rental review being in August 2009, at a fixed or lesser price.

Operating lease commitments also include a photocopier lease of \$4,020 per annum (GST exclusive) which expires in May 2014, and a telephone system rental of \$2,774 per annum (GST exclusive) which expires in May 2010.

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

18. Contingent liabilities

The Commission has a contingent liability estimated at a maximum of \$15,000 in respect of litigation currently before the Court of Appeal (2008: \$ Nil)

19. Subsequent events

There are no events subsequent to reporting date, that the Electoral Commission is aware of, that would have a material impact on the financial statements for the period ended 30 June 2009 (2008: Nil).

20. Going Concern

The Government introduced a Bill into the House on 22 October 2009 which proposes to abolish the Commission and to transfer its functions, assets and liabilities to a new entity with effect from 1 October 2010.

21. Major budget variances

	2009 Actual \$	2009 Budget \$	Variance \$
Net profit for the year	488,372	144,938	343,434

The main contributor to the budget variance was under expenditure on legal and other expenses associated with administration of the Electoral Act 2007 which imposed new functions on the Commission. The additional costs were difficult to estimate.

Audit Report

To the readers of the Electoral Commission's financial statements and statement of service performance for the year ended 30 June 2009

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. The audit covers the financial statements and statement of service performance included in the annual report of the Commission for the year ended 30 June 2009.

Unqualified Opinion

In our opinion:

- The financial statements of the Commission on pages 31 to 50
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Commission's financial position as at 30 June 2009; and
 - the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of the Commission on pages 27 to 30:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
 - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 2 November 2009, 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 Commission 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 and statement of service performance 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 and statement of service performance. 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 and statement of service performance. 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 Commission;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

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

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. 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 the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Commission as at 30 June 2009 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Commission's standards of delivery performance achieved and revenue earned

and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. The Commissioners' responsibilities arise from the Crown Entities Act 2004.

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

Independence

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

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



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

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