
Annual report of the

Electoral Commission
Te Kaitiaki Take Kōwhiri

for the year ended 30 June 2008

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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30 September 2008

The Hon Annette King MP
Minister of Justice
Parliament Buildings
WELLINGTON

Dear Minister

We have the honour to provide to you this annual report of the Electoral Commission, Te Kaitiaki Take Kōwhiri, for the year ended 30 June 2008. The report has been prepared and is presented in accordance with section 151 of the Crown Entities Act 2004.

Yours sincerely



Hon Andrew McGechan
President



Dr Helena Catt
Commissioner
Chief Executive

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Part 1: Year in review

Vision

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

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

Key points

Electoral Finance Act 2007

The Electoral Finance Act 2007 (supported by amendments to the Broadcasting and Electoral Acts) made a number of significant changes to the compliance requirements on political parties and introduced compliance requirements for third parties beyond authorisation statements.

These changes have presented implementation and administrative challenges to all involved. The meanings of significant sections of the legislation are obscure. This situation has required – and will require – constant legal advice to assist with interpretation.

The commission is not confident that it will be able to reach informed positions on the interpretation of some provisions within the election period, and notes that the situation is exacerbated by the legal reality that it cannot finally determine questions of whether, for instance, an item is an election advertisement.

Registered political parties and logos

There were 18 political parties and 43 political party logos registered at the end of the year, during which four new parties registered and four parties asked to be removed from the register.

One registered political party has appointed someone its financial agent other than its secretary, who is otherwise the financial agent.

Listed third parties

There were nine third parties listed as at 30 June 2008. One listing application remained under fresh consideration at year end due to the High Court overturning a commission interpretation of the Electoral Finance Act 2007 which had been material to an earlier decision to list the applicant. This delay was affecting two other applications with potentially similar circumstances.

Donations disclosure

Seven parties were late in filing annual returns of donations, with reasons given that meant the legal threshold for reporting an offence was not met. The commission repeats its suggestion that parliament consider giving the commission the power to levy late filing fees for non-compliance with this and similar statutory requirements as an intermediate step to referral to prosecution.

Seven donations over \$20,000 (totalling \$292649.89 in favour of three parties) were reported under new provisions requiring this within 10 days of receipt.

No donors to parties or third parties used new provisions allowing them to donate via the commission, which must then protect donors' identities.

International assistance

International contact included facilitation of two internationally funded training courses in New Zealand, and sharing aspects of New Zealand's electoral experiences and administration with colleagues and visitors from Australia, Canada, United Kingdom, and United States of America.

Promotion of public awareness of electoral matters

MMP understanding tracking research revealed the highest-ever mid-cycle result correctly identifying the party vote as most important.

Qualitative research of young non-voters' political literacy, culture, behaviour, and influencers allowed five psycho-graphic segments to be discerned; each with differing information and motivation needs.

Teachers in schools and other settings were supported with new online resources and promotion of these and existing tools.

The news media was a priority for professional development with support for pre-career and working journalists, and contribution to the establishment of a scholarship for prospective press gallery journalists.

The granting of Wallace awards and scholarships to reward and influence academic and student research interests, and links with tertiary institutions generally sought to inform academic work.

An Elections New Zealand pre-election roadshow reached 14 centres and about 700 community influencers, teachers, and service providers working with individuals least likely to have the knowledge, skills or motivation to enrol, choose and vote – such as the young, Maori, migrants, or the disabled.

Election information campaign

Strategic planning was completed for the 2008 general election MMP information campaign, which will recycle 2005 materials with the addition of fresh techniques and approaches to reach young adults, and an enlarged set of 21 languages used to present core enrolling, MMP and voting information.

Uncertainty and timing of funding for this regular and non-controversial statutory function present ongoing and unnecessary planning and workload challenges to the commission.

Broadcasting allocation

Nineteen parties claimed entitlement for consideration for an allocation from \$3.2m, and state television and radio time of 72 and 30 minutes for opening and closing addresses. The commission made an initial allocation decision, to be finalised after nomination day. At 30 June 2008 one party had started proceedings seeking judicial review of the initial allocation decision.

Provision of advice on electoral matters

Electoral Commission staff provided commentary and advice as requested by the Justice and Electoral Committee of parliament as it considered the Electoral Finance Bill.

Organisation and capacity

The Elections NZ website shared by the three electoral agencies was reviewed and refreshed.

Application of the provisions of the Electoral Act 1993 and Electoral Finance Act 2007 relating to registered political parties and listed third parties

The commission is responsible for considering applications to register a political party, to register a party logo, and to list a third party, and to supervise these parties and third parties' compliance with the Electoral Act 1993 and the Electoral Finance Act 2007. To assist parties and third parties we provide clear, accessible information on how to register and de-register a party and a party logo, how to list and de-list a third party, and on the statutory obligations of registered parties and listed third parties under electoral law.

Electoral Finance Act 2007

The Electoral Finance Act 2007 (supported by amendments to the Broadcasting and Electoral Acts) made a number of significant changes to the compliance requirements on political parties and introduced compliance for third parties. These changes have presented implementation and administrative challenges to parties, candidates and third parties, and to the Electoral Commission.

Significant changes

The key changes relate to donations, election advertising and expenses, and accountability for these:

Donations to electorate candidates, political parties, and third parties

- Anonymous donations to any of these entities may not exceed \$1000. Anonymous donations larger than this can be made to a political party or third party through the Electoral Commission as a 'donation protected from disclosure'.
- Donors giving more than \$1000 (whether directly or through an intermediary) must be identified to the recipient and will be named in public returns if limits are reached:
 - to electorate candidates of more than \$1000 towards an election campaign
 - to political parties of more than \$10,000 in a calendar year
 - to third parties of more than \$5000 towards an election campaign.
- Donors may not give more than \$1000 to any recipient unless they are: living in NZ, or are NZ citizens, or registered electors, or bodies incorporated in NZ, or unincorporated bodies headquartered or having their main place of business in NZ.

Election campaign

- Definitions of election activity to be counted against expense limits changed, and a longer regulated period introduced in which advertising and expense rules apply (from 1 January in the case of a triennial election year with the election falling on or after 1 April).
- A financial agent, responsible for authorising election advertisements and financial compliance, must be appointed by each candidate, party and third party.
- Non-candidates or non-political parties ("third parties") wanting to encourage or persuade voters to vote for or against any of a candidate(s), party(ies), or type of candidate or party must put an individual's name and residential address to any election advertisement (a promoter statement).
- Any person or group wanting to spend more than \$12,000 influencing voters in this way must list with the Electoral Commission as a Third Party, may not spend more than \$120,000 in the regulated period on election activity, must appoint a financial agent (who authorises its election advertising), and are subject to financial accountability arrangements covering campaign expenses and donations. Lower limits apply if a third party campaign relates to an electorate candidate.

Election Broadcasting

- Removal of appointment of political representatives to the Electoral Commission for the broadcasting allocation process.

Implementation and administrative challenges

The new legislation was enacted on 19 December 2007 with commencement the following day, and the regulated period commencing on 1 January 2008. This meant implementation planning and process development had to begin while the shape of the final legislation was unclear. The significant changes to the Bill at select committee, and a lack of time between enactment and commencement also meant that interpretive and practical implications could not be worked through in advance of the law being in force. A lack of broad political consensus through the passage of the bill and since has resulted in difficult law delivered into a litigious environment.

On 19 December the commission hosted a meeting of party secretaries to ensure they were aware of the main elements of the revised bill, and new proposed forms for donation and election expense returns.

In the first days of 2008 the commission placed public notices in major newspapers designed to ensure members of the public and prospective third parties were aware of the main elements of the new framework and where to find out more detail.

The commission is tasked with providing a schedule of costs to be attributed to hoardings erected in commercial places that are not usually used for advertising billboards. The table was published on the Elections NZ website on 27 February 2008.

The meanings of significant sections of the legislation are obscure. This situation has required – and will require – constant legal advice to assist with interpretation.

Significant interpretative challenges considered by the commission include:

- application of the tests in the definition of “election advertisement” to a wide range of items put before it;
- whether communicating with the news media is to “publish”;
- in what circumstances a report by a third party on the policy stances of a range of parties may be considered to be an election advertisement;
- if archival material on the web relating to a previous election can be seen as an election advertisement in a current regulated period;
- what activity is included within the exemption from publishing relating to non-commercial expression of individual views on the internet;
- subtle but potentially significant definitional differences between the Electoral Finance Act 2007 and the Broadcasting Act 1989;
- the matters that commissioners could or should take into consideration when determining whether offending is so inconsequential that there is no public interest in reporting it to the police; and
- what is, and when is, a person deemed to be involved in the administration of the affairs of a political party.

Many of the above issues could not be resolved on a generic basis, with each relevant instance needing to be considered on its own facts going forward. A range of interpretative challenges will be considered during the remainder of the election period and during consideration of party election expense and donation returns in 2009. Some such challenges have already been identified in relation to election activities that are not included in expense returns, in particular which activity by members of parliament meets the “capacity as an MP” expense exemption.

Similarly, parties, candidates and third parties (listed or not) have had to come to terms with the implications of the new legislation also. It is clear that having uncertainty remaining within the

regulated period has had a chilling effect on the extent and type of participation in political and campaign activity. Participants have also been caught out with new administrative requirements, for instance for accounting for party donations exceeding \$20,000 gained through accumulation. We do acknowledge the hard work and goodwill of party secretaries and financial agents in their approach to the changed environment and in their dealings with us.

These issues are taking time, expense, and fine judgement to resolve using processes and rubrics developed to meet the new requirements and environment. We have been unable to be as fast or definitive in our actions or guidance as would be desirable. We are also (and have been), rightly, open to challenge. The commission is not confident that it will be able to reach informed positions on the interpretation of some provisions within the election period, and notes that the situation is exacerbated by the legal reality that it cannot finally determine questions of whether, for instance, an item is an election advertisement.

The commission is determined to continue to perform its functions with the impartiality and independence guaranteed by its statute and amplified by the principles of electoral administration to which we subscribe.

We are grateful that the government has responded to our requests for supplementary funding in the new financial year so that we can afford significant additional legal services (both internal and external) required with the new workload.

Complaints handling

Commission staff have been kept busy since 1 January handling inquiries and complaints relating to alleged election advertising in breach of the Electoral Finance Act 2007.

A lot of early complaints originated from political factions within the online discussion community (the "blogosphere") and related to interpretation of the election advertising exemption for expression of personal political views online. Interpretation advice accepted by the commission that the exemption could be applied to a range of online situations allowed many of these to be resolved, however some early complaints remain outstanding at year-end due to residual interpretive issues or more significant complaints or events (such as litigation) taking priority.

The most common complaint for non-online matters has been that something alleged to be an election advertisement is missing a promoter statement. In some cases the breach was remedied before formal consideration of a complaint was scheduled.

The commission has had to develop administrative and decision-making processes to ensure proper handling and due process. These have evolved with experience over the six month period since commencement as the volume and nature of complaints, and the environment surrounding them, have become apparent.

The following table lists complaints which have been considered or decided at a commission meeting, or matters which have seen formal advice issued as a result of a commission meeting.

Date	Matter	Summary
January – March 2008	Various complaints relating to online statements of political views constituting election advertising without promoter statements	After consideration of legal advice received, the commission determined that exempt online expression by individuals included that in any online format. This resolved a number of complaints concerned that views were not contained within a blog format or had multiple authors within an online environment.
6 March 2008	Promoter statements require residential address, joint statement of Chief Electoral Officer and Electoral Commission	The view of the Chief Electoral Officer and the Electoral Commission is that the law requires that election advertisements promoted by the financial agents of parties, candidates or third parties must contain a statement setting out the name of the financial agent and the full address of the place where that person usually lives.
2 April 2008	Electoral Commission decision, Labour Party, missing promoter statement	Determination that a booklet distributed on a university campus was found to be an election advertisement. There was no promoter statement. Resolved that the matter was inconsequential to the public interest so would not be referred to the police. Notice to be issued to all parties and third parties advising of need for promoter statement to be added to old materials used in the regulated period. This non-referral was later subjected to an unsuccessful judicial review in the High Court at Wellington initiated by the New Zealand National Party.
2 April 2008	Electoral Commission decision, National Party, booklet missing promoter statement	Determination that the referred item was not an election advertisement.
11 April 2008	Electoral Commission notice to parties and third parties: promoter statements	Material...that was produced before the regulated period and is published in the regulated period needs to have a promoter statement ... must contain the name and residential address of the promoter. If ... promoter other than the financial agent ... then they need written authorisation ... requirement is separate from ... whether an advertisement counts as an election expense.
12 June 2008	Electoral Commission decision 2008-06, Green Party, billboard non-compliant promoter statements	The promoter statement on a billboard in Wellington promoting the Green Party did not contain the correct address but the offence is so inconsequential to the public interest that the matter will not be reported to the Police.
12 June 2008	Electoral Commission decision 2008-07, National Party, pamphlet	National Party flyer titled "Join the conversation" does not contain a promoter statement. No contravention of the Electoral Finance Act 2007 as the flyer is not an election advertisement within the meaning of section 5 of the Act.
12 June 2008	Electoral Commission decision 2008-08, Green Party, three posters displayed in Morningside, Auckland	Posters posted on a fence in Auckland promoting the Green Party did not display promoter statements. The posters were authorised by the financial agent of the Green Party and in their original form all contained promoter statements. No offence committed because the financial agent did not wilfully contravene the Act.
12 June 2008	Electoral Commission decision 2008-09, New Zealand First, display of banners in Tauranga	Banners on a house in Tauranga promoting New Zealand First did not display promoter statements. The offence was to be reported to the Police.
30 June 2008	Notice and reminder to party secretaries and financial agents re promoter statements – inclusion and visibility	Election advertisements must contain promoter statements which are visible and reasonably legible. Financial agents and party secretaries are asked to make sure people preparing and displaying advertisements are aware of this.

Political party and party logo registration

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

There were 18 political parties registered as at 30 June 2008. During the year:

- 4 parties were registered - New World Order (N W O), New Zealand Pacific Party (NZ PACIFIC PARTY), The Family Party (Family Party), The Kiwi Party
- 1 registered party registered an abbreviation - ACT New Zealand (The ACT Party)
- 4 party registrations were cancelled at the request of the party - Destiny New Zealand, New Zealand Family Rights Protection Party, Outdoor Recreation NZ, Te Tawharau

There were 43 political party logos registered at 30 June 2008. During the year:

- 2 registered parties registered a logo - The Family Party, The Kiwi Party
- 4 registered parties registered a substitute logo – The Alliance, The New Zealand Democratic Party for Social Credit, Direct Democracy, The Green Party
- 2 non-registered parties registered a logo - New Zealand Liberal Party, No Commercial Airport at Whenuapai Airbase Party
- 1 registered logo was cancelled at the request of the party - Destiny New Zealand

Annual statutory 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. The following parties were more than a week late in filing declarations:

- | | |
|--------------------------|------------|
| • Direct Democracy Party | 8 May 2008 |
| • The Alliance | 8 May 2008 |

Financial agents

Each registered party now has to have a financial agent as well as a party secretary. As at 30 June 2008, New Zealand First had appointed a separate financial agent while for all others the party secretary was the financial agent.

Summary of activity relating to political parties 2007/08

Party Name	Abbreviation	Registration Activity	Date party registered	Date current logo registered	Publication date of party's constitution held by Commission	Date of late S71A statutory declarations due 30 April 08
ACT New Zealand	The ACT Party	registered abbreviation	17-Feb-95	13-Jun-03	Mar-02	n/a
Aotearoa Legalise Cannabis Party	[none requested]		30-May-96	12-Dec-96	Dec-03	n/a
Destiny New Zealand	Destiny NZ	logo and party registration cancelled 18-Oct-07	13-Jun-03	13-Jun-03	Apr-03	
Direct Democracy Party	[none requested]	substitute logo	20-Jun-05	13-Jul-07	undated	8-May
Jim Anderton's Progressive	Progressive		24-Jun-02	15-Jul-05	Nov-04	n/a
Libertarianz	[none requested]		11-Sep-96	09-Jul-99	Apr-98	2-May
Māori Party	[none requested]		09-Jul-04	15-Oct-04	undated	1-May
New World Order	N W O	registered party	19-May-08		Jan-08	n/a
<i>New Zealand</i> Family Rights Protection Party	New Zealand F.R.P.P.	party registration cancelled 04-Sep-07	07-Mar-05	14-Apr-05	Jan-05	
New Zealand First Party	NZ First		20-Dec-94	13-Jun-96	Nov-98	n/a
New Zealand Labour Party	Labour Party		17-Feb-95	24-Jun-02	Dec-03	1-May
NEW ZEALAND PACIFIC PARTY	NZ PACIFIC PARTY	registered party	24-Apr-08		Nov-07	n/a
OUTDOOR RECREATION NZ	ORNZ	party registration cancelled 04-Sep-07	08-Mar-02	11-Jul-03	Aug-04	
Te Tawharau	None	party registration cancelled 04-Sep-07	10-Aug-05		undated	
The Alliance	Alliance	substitute logo	17-Mar-95	02-Apr-08	Nov-03	8-May
The Family Party	Family Party	registered party and logo	17-Dec-07	02-Apr-08	Nov-07	6-May
The Greens, The Green Party of Aotearoa/New Zealand	Green Party	substitute logo	17-Aug-95	02-Apr-08	Jun-04	n/a
The Kiwi Party	[none requested]	registered party and logo	15-Feb-08	24-Apr-08	undated	n/a
The New Zealand Democratic Party for Social Credit	Democrats for social credit	substitute logo	10-Aug-95	02-Apr-08	undated	6-May
The New Zealand National Party	National Party		02-Dec-94	13-May-05	Nov-07	1-May
The Republic of New Zealand Party	RONZP		15-Jul-05	15-Jul-05	Apr-05	5-May
UNITED FUTURE NEW ZEALAND	UNITED FUTURE	substitute logo	13-Dec-01	11-Apr-07	undated	n/a

Note: none of the parties had component parties

Listed third parties

The Electoral Finance Act 2007 requires that any individual or group that is not standing for election, but plans on spending more than \$12,000 (inc GST) during the regulated period on election advertisements in respect of one or more parties must apply for listing as a third party. Listed third parties may not spend more than \$120,000 (inc GST). The listing threshold is \$1,000 (inc GST) and the spending limit is \$4,000 for a campaign concerned with an electorate candidate.

Nine third parties listed between commencement of the new law on 20 December 2007 and 30 June 2008. No third parties de-listed before 30 June 2008. Listed third parties had no reporting requirements in the year ended 30 June 2008. Details of listed (and applicant) third parties are provided on the Elections NZ website, where application requirements and forms can also be found.

One listing application of note was from the NZ Amalgamated Engineering, Printing & Manufacturing Union Inc. Mr David Farrar, noting the pending application, objected to the listing alleging ineligibility as the union was a person involved in the administration of the affairs of a political party (New Zealand Labour Party). The commission's view, which considered Crown Law advice, was that the union could not be a person so the objection failed and the union should be listed. The New Zealand National Party sought judicial review of the decision. The High Court did not prohibit listing but it did declare that the union was a person meaning the commission would have to consider the listing and objection afresh. Consideration of the EPMU application was continuing at 30 June 2008. Consideration of listing applications from two other unions affiliated to the New Zealand Labour Party was suspended until a decision was made on the EMPU application.

Commission staff have spent significant time dealing with numerous individuals and groups (potential third parties) with concerns of inquiries about the impact of the legislation on their activities, most of which is of no interest under the law. This workload appears to have been driven by the Electoral Finance Bill's initial shape which had a wider definition of election advertisements and a lower threshold to trigger the need to list as a third party, public characterisation of the final Act, and a desire to comply with the law.

Listed third parties at 30 June 2008

Anthony John Gavigan

Foundation for Economic Growth Inc

Free Speech Coalition Trust

Henry Michael Horton

New Zealand Conservative Party

New Zealand Council of Trade Unions

New Zealand Public Service Association

New Zealand Union of Students' Associations

Terrence Dell

Donation disclosure requirements of registered parties and listed third parties

Annual return by registered political parties of donations exceeding \$10,000

While the Electoral Finance Act 2007 made several changes to the donations return regime, the return for 2007 was to be filed under the previous provisions of the Electoral Act 1993 (s.214G). The secretary of each party was required to provide the commission with a return and accompanying auditors report by 30 April disclosing all donations received in the previous calendar year of more than \$10,000 in value.

Party Name	Date of late donations returns due 30 Apr 08	Total of party donations >\$10,000
ACT New Zealand	16-May	\$16,000.00
Aotearoa Legalise Cannabis Party		
Direct Democracy Party	8-May	
Jim Anderton's Progressive		
Libertarianz	2-May	
Māori Party		\$70,000.00
New Zealand First Party	16-May	-
New Zealand Labour Party		\$1,030,446.39
The Alliance	18-June	-
The Family Party		
The Greens, The Green Party of Aotearoa/New Zealand		\$181,046.23
The New Zealand Democratic Party for Social Credit	19-May	
The New Zealand National Party		\$704,100.00
The Republic of New Zealand Party	5-May	
UNITED FUTURE NEW ZEALAND		

The commission notes with disappointment that parliament did not, with the passage of the Electoral Finance Act 2007, take up its suggestion that a late filing fee be enabled to encourage better compliance with this important disclosure requirement, as a measure short of the coarser criminal provisions.

The following table lists complaints which have been considered or decided at a commission meeting, or matters which have seen formal advice issued as a result of a commission meeting.

Date	Matter	Summary
12 June – 19 August 2008 (Note: some follow year-end.)	Late duly completed annual donation return (and accompanying auditors report) from seven registered parties (named above)	Excuses given were considered reasonable so no offence believed committed, except for Democrats for Social Credit which was reported to Police.

Immediate returns of donations to registered political parties exceeding \$20,000

Under the Electoral Finance Act 2007 (s.54) every 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 report the details to the Electoral Commission within 10 working days. The commission must make this information public, and it does this on the Elections NZ website. Seven donations over \$20,000 (totalling \$292649.89 in favour of three parties) were reported to the commission between commencement of the new law on 20 December 2007 and 30 June 2008.

The following table lists complaints which have been considered or decided at a commission meeting, or matters which have seen formal advice issued as a result of a commission meeting.

Date	Matter	Summary
19 May 2008	Electoral Commission decision 2008-01, Green Party, return of party donation exceeding \$20k	Contravention of section 54 of the Electoral Finance Act 2007 by failure to file the return within 10 working days of receipt of the relevant donation. No offence committed under section 56 as there was reasonable excuse for the failure.
29 May 2008	Notice and reminder to parties – deadline for disclosure of donations exceeding \$20k	A return of party donation must be filed with the Electoral Commission within 10 working days of receiving a donation that: exceeds \$20,000; or when aggregated with all donations from the same donor in the preceding 12 months, exceeds \$20,000.

Donations protected from disclosure to parties and third parties

The Electoral Finance Act 2007 (subpart 2) introduced a new form of anonymous donation whereby neither the recipient (a registered political party or listed third party) nor the public knows the identity of the donor. Such donations must exceed \$1000, are made through the Electoral Commission, with triennial limits of how much a donor can give a single recipient and the total amount a recipient may receive in protected donations.

Information for donors, parties and third parties, about the operation of the scheme is available on the Elections NZ website, including advice which the commission has a statutory duty to provide of the limits applying to the scheme.

The following reporting is a statutory requirement:

	20 Dec '07 - 31 Mar '08	1 Apr - 30 Jun '08	Total for financial year ended 30 Jun '08
Total Amount received in protected donations	Nil	Nil	Nil
Amounts paid to any political party	Nil	Nil	Nil
Amounts paid to any third party	Nil	Nil	Nil
Amounts of money paid into a Crown bank account because unacceptable money could not be returned to donor for any reason	Nil	Nil	Nil

Responding to international requests for information and assistance

The commission continues to work with other organisations helping build democratic capacity in other nations. Requests for assistance are accepted only when external funding is provided to cover non-staff costs. The commission budgets workload to allow for staff time to be spent on these projects but does not have the funds to cover other costs. In all cases the intention is to lend staff expertise to assist others who are working on electoral management or democratic capacity building, and to build this expertise at the same time.

As part of on-going work with the Australian Electoral Commission's international branch, chief executive Dr Helena Catt co-facilitated two BRIDGE (Building Resources in Democracy, Governance and Elections) modules in Auckland: Election Observation (5-7 December 2007) and Dispute Resolution (10-12 December 2007). Participants were from electoral administrations and NGOs from across the Pacific.

Presentations to international audiences

Presentations were made to 18 international groups.

In July 2007 (14-18, 25 & 27), Communications Manager Peter Northcote delivered the following presentations to electoral organisations in Toronto (as a guest of the Province of Ontario's Democratic Renewal Secretariat), Ottawa, Edinburgh and London:

- How NZ got MMP (3)
- Assessing MMP in NZ (2)
- NZ's brand of MMP (2)
- NZ Electoral Commission's intervention logic and education programme (4)
- Maori electoral participation (1)
- Party and campaign regulation (2)

He also presented a paper and participated in a University of Surrey hosted conference exploring young adults' democratic participation online and through other electronic means.

In August 2007 Helena Catt presented to a UK Parliamentary delegation on electoral finance administration.

In January 2008 (21-22) Helena Catt presented on the New Zealand experience at a meeting of electoral administrators from Australia, Canada, New Zealand, and the United Kingdom.

In June 2008 (6) a presentation on MMP was made to American students in an OE-Studyabroad programme run by South Pacific Educational Travel.

Promotion of public awareness of electoral matters

All education work aims to provide good information for all and add targeted projects for those with lower levels of participation and understanding. Based upon research conducted by ourselves and others those with low levels of participation and/or understanding are identified as young people, Maori, and migrants. We are also aware that some people require information in different formats such as people with sight or hearing disabilities, with intellectual disability and those who have problems in reading and /or understanding English.

A key component of our approach is to work with others who can reach a large audience. Therefore we create resources, programmes and professional development on electoral matters for the education sector and the news media. We also offer prizes and scholarships that encourage work which contributes to our vision.

Research

Research is central to planning and design of the educational work. Understanding the attitudes and motivation of non-voters was the focus as there is very little research in this area either in New Zealand or internationally. We also continue to monitor understanding of core aspects of MMP, as we have done since 1994, and to encourage and reward research through the Wallace Awards and Wallace Scholarships.

Understanding of MMP

Understanding of MMP was measured in mid-2007, continuing the pattern of surveys before and after each election and mid-term. The telephone survey of 3,000 people was conducted by UMR Research in June and July 2007 and has a margin of error of 1.8%. The larger sample size meant that analysis could consider age, income and ethnicity differences that had not been possible in past surveys.

A majority of New Zealanders consider MMP easy to understand and around two-thirds know that the party vote is the more important in terms of determining the number of seats each party receives in parliament. This is the highest ever non-election year correct result for the party vote being most important, continuing a positive trend.

The clearest trend in understanding of MMP was difference between ethnic groups. Pacific Peoples are much more likely to say that they find MMP very difficult to understand (22% compared to 6% overall). Knowing that the party vote is more important in determining the make up of parliament is lower amongst Pacific Peoples (56%) and Maori (55%) than amongst Europeans/Pakeha (66%). The full report is available on the Elections NZ website.

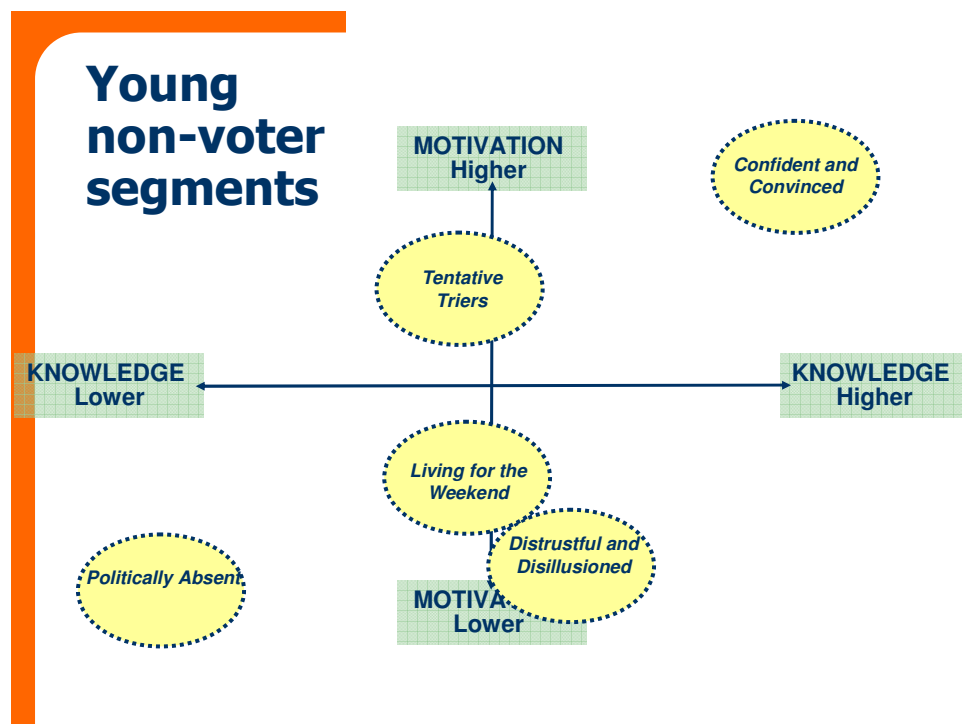
Understanding non-voters

Qualitative research was conducted by Nielsen to investigate the attitudes and motivation of young non-voters. In depth interviews were conducted with 34 young non-voters from low to medium income (\$0-70K) households. Half had been eligible to vote in two elections but had not done so in 2005 and the other half had been eligible to vote in one election and had not done so. Sample comprised: 17 Maori, 8 Pacifica, 9 NZ European; 25 in Auckland and 9 from provincial and rural Bay of Plenty; 16 males, 18 females; 14 confirmed enrolled.

Key research aims were to investigate:

- The level of political literacy amongst young non-voters
- The culture of non-voting
- How such attitudes and habits are formed and developed

The researchers considered the 34 interviews and derived five segments of non-voters based on their motivation, knowledge and attitudes towards politics and elections.



A summary of the research, which has been used extensively in education work, is available on the Elections NZ website.

Non voters were also identified within the MMP understanding monitor. There are indications that non-voting is not always a sign of being disillusioned with the system but rather that non-voters are disinterested in politics and feel disconnected. The percentage believing that who people vote for can make a difference to what happens is only one percentage point lower than for voters (69% and 70%). Just over half are interested in politics compared to three quarters of voters. On questions about MMP non voters tend towards saying they don't know rather than saying MMP is hard to understand or getting answers wrong.

Encouraging research which contributes to our vision

Part of the Commission's commitment to public awareness around electoral matters includes the promotion and funding of the Wallace Awards. These awards recognise outstanding contributions by individuals or organisations in the fields of academia, media, and education who are working towards fostering better understanding of electoral matters. Some of these awards are specific to an election and others are on an eighteen month rotation.

Wallace Awards for academic publication

- Wallace Award to Andrew Geddis for the book *Electoral Law in New Zealand: Practice and Policy*, Otago University Press, 2007
- Highly commended to Elizabeth McLeay & Jack Vowles for the article *Redefining Constituency Representation: The Roles of New Zealand MPs under MMP*, published in *Regional and Federal Studies*

Wallace Awards for research by a tertiary student

Highly commended for each of the following:

- Greg Robins, LLB Hons *Prisoner disenfranchisement*
- Claire Robinson, PhD *Advertising and the Market Orientation of Political Parties Contesting the 1999 and 2002 New Zealand General Elections*
- Geoffrey Miller, BA Hons *From Douglas to Dancing: explaining the lack of success of ACT New Zealand and evaluating its future prospects*

- Celia Sheerin, MA thesis *Political Efficacy and Youth Non-Voting: A Qualitative Investigation in the Attitudes and Experiences of Young Voters and Non-voters in New Zealand*"
Commended to Debbie Wong, Law research paper *Compulsory voting*

Wallace Scholarships

Annual Wallace scholarship are offered to encourage research by tertiary students in areas that are of relevance to our work. The topics for 2008 were:

- The political life of NZ's under-30s
- NZ's political web and 2008 general election online
- New migrant attitudes, abilities and ambitions for a political life in NZ
- The challenge of citizenship education in the new New Zealand Curriculum Framework
- Enabling or entangling? - state funding of political parties and/or regulation of election campaigns

Five scholarships were awarded for 2008:

- Alexandra Marett enrolled for a Masters thesis at University of Canterbury supervised by Dr. Alex Tan on the role of internet-based media participation in the 2008 general election.
- Bronwyn Wood enrolled for a doctorate in education at Victoria University of Wellington supervised by Joanna Kidman and Mark Sheehan. The application specifies a piece of work from the first year entitled *Action or apathy in youth of Aotearoa New Zealand?: The role of social studies education.*
- Holly Donald enrolled for a masters thesis at University of Canterbury supervised by Dr. Alex Tan entitled *The value of the vote for under-30s: Understanding the motivations of young 'principled' non-voters in New Zealand.*
- Margaret Joiner enrolled for an honours dissertation at University of Auckland supervised by Associate Professor Raymond Miller entitled *The Electoral Finance Bill: A Case Study in Public Participation?*
- Thomas Lee enrolled for a masters thesis at University of Canterbury supervised by Dr. Alex Tan entitled *A Desire for Active Citizens: The challenge of citizenship education for youths and migrants in New Zealand.*

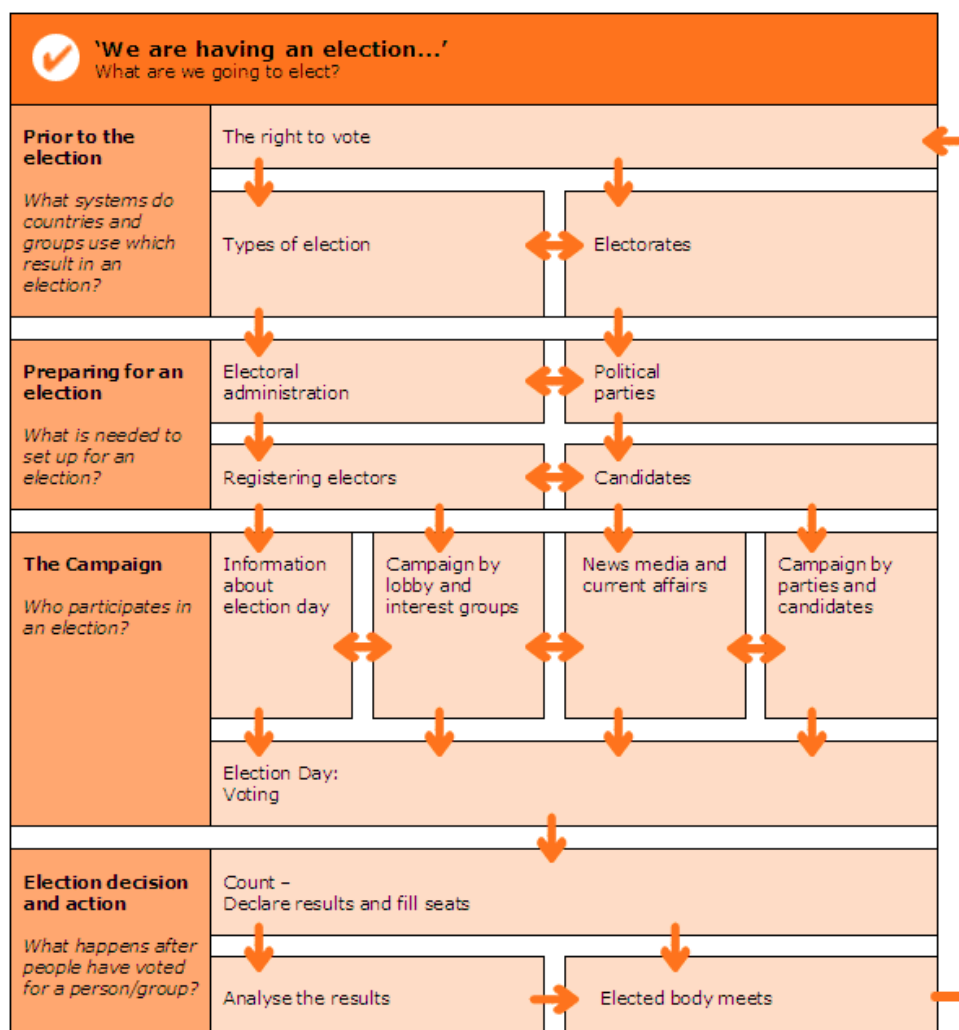
Resources for teachers

Teachers are a core target for education material because international research shows that school is one of the two places where people learn the skills of being active citizens who participate in society, including voting (the other place is at home). The new curriculum emphasises the importance of such skills with one of the core values being 'belonging and participating in society' and a greater focus within the social studies curriculum strand of how decision are made in New Zealand and the role that everyone can play.

A poster summarising eight resources for teachers was distributed via the Education Gazette and at the Soccon (social sciences teachers conference) in Auckland in October 2007. It was also distributed by registrars of electors, to teachers and other attending roadshow events, and to Kids Voting registrants.

Kids Voting gives year 9 students an election experience alongside the real general or council election. The aim is to demystify the voting process and raise awareness that voting can make a difference. Kids Voting is organised by the Growing Active Citizens Group, which is organised by Local Government New Zealand and includes a number of councils as well as the Electoral Commission. In October 2007, 83 schools and over 8,000 students took part in Kids Voting of the local elections. Over 5,500 student evaluation forms were returned. In over two-thirds of the participating classes scores increased in relation to "elections are easy to understand" and "voting makes a difference". By 30 June 2008, nearly 600 classes had registered to participate in Kids Voting to be run in conjunction with the 2008 general election. The position of Kids Voting national co-ordinator, to be hosted by the Electoral Commission, was being advertised at 30 June 2008.

Elect! – running elections for learning, helps schools run authentic elections and referendums by providing details and activity ideas for 16 components of the full election process.



Tertiary education sector

The Commission also continues to work with tertiary institutions, particularly in the fields of political science and law, but also in social policy, education, and marketing. The Commission delivers presentations to tertiary students on MMP, party regulation and electoral finance, electoral participation, and the Commission’s approaches to education and use of marketing communications.

News media

Trainee journalists studying at 11 pre-career tertiary training providers were again the other key focus with two lectures offered on the electoral systems used in New Zealand and on New Zealand’s constitutional framework and machinery of government.

New Zealand’s democracy and elections – resources for journalists was produced for the Elections NZ website. This annotated reading lists content is calibrated to new journalism unit standards. An internet-based research assignment is also available for training providers to use to consolidate electoral and machinery of government related learning and generic research skills.

The commission was pleased to support the establishment of the Templeton Scholarship by the Parliamentary Press Gallery. The scholarship recognises Ian Templeton’s 50 year membership of the gallery and will provide a professional development opportunity each year to a potential future press gallery member.

Elections New Zealand roadshow

Research shows that one of the key factors that stop people from voting is the perception that it is not easy. To help counter this view the three electoral agencies created a simple booklet called 1,2,3 that lists the basic information about each part of the voting process: enroll, understand the use of the two votes, voting. This information was targeted at those more likely to be uncertain and uncomfortable about elections, in particular youth and younger adults, migrant and established ethnic communities, the disabled, including those with learning difficulties.

The core information, plus resources demonstrating how to pass on the messages, were delivered to a range of people who work with the target audiences in an eight-week electoral education roadshow. The roadshow delivered 69 workshops to nearly 500 people in greater Auckland, Christchurch, Gisborne, Hamilton, Kaitia, Levin, Napier, New Plymouth, Pukekohe, Rotorua, Wellington, Wanganui, Wairoa, and Whangarei from May to June 2008. Sessions with support services for people with intellectual disability also made use of a DVD on voting for people with physical and intellectual disabilities created by the Chief Electoral Office

Public information campaign for the general election

Each election the commission runs an information campaign in the lead up to the election designed to help ensure voters understand MMP sufficiently to cast their votes effectively (with the best chance of contributing to the outcome wanted by the voter). Major elements are advertising (television, radio, print, online), and an insert in the EasyVote pack sent to every elector about 10 days before election day. Other commission activities complement the campaign, such as website content and media relations work during the same period, and the roadshow run at the end of the year under review (above).

The advertising campaign to run at the time of the 2008 election has been planned based on assessment of the 2005 campaign. The adverts using the orange elections character, created in 2005, and the broad media placement targets will be used again as they met expectations. Planning is underway to target young people in appropriate communication formats.

The three electoral agencies confirmed a list of 18 migrant languages joining the three official languages used to present key information about enrolling, MMP, and voting in the general election. The selection process used census and immigration data (such as numbers of first language speakers, those without any English, and demographic factors generally linked with lower enrolment and voting rates, permanent residency applications), and constitutional links where these exist.

The 'Two Ticks, Too Easy' pamphlet explaining MMP and the '123' pamphlet covering the basics on how to enrol, use MMP and vote are available in 20 languages as a .pdf file to print. There is also a video of NZ Sign Language and audio files in a range of the languages (the full set of 20 audio languages will be available by the time the election campaign starts).

As a result of Budget 2008 and supplementary government funding the commission was able to secure a total of \$1.050 million (excl GST) in the coming year (as for 2005), after an unsuccessful attempt to secure a spread of funding across the two financial years in order to better reflect where production and preparation activity falls in order to ensure readiness to support an election held anytime from six months before the last possible date. The commission is disappointed that, despite requests, funding for this statutory, non-controversial and (relative to other expenditure within Vote Justice and elsewhere) inexpensive function continues to require repeated and staff intensive application rounds in two of every three years of the cycle, rather than being provided through baseline funding. This situation was exacerbated by the unexplained disappearance of \$500,000 baseline funding for the information campaign, which had to be reinstated by supplementary funding.

Broadcasting allocation

The Electoral Commission allocates election broadcasting funds (for advertising) and time (for opening addresses and closing addresses broadcast on TVNZ - ONE and Radio NZ National) in accordance with the provisions of the Broadcasting Act 1989. Electoral law changes in late 2007 removed provisions for the appointment of political representatives to the commission for this function.

The money (\$3,211,875 incl GST) and time (72 minutes opening addresses, 30 minutes closing addresses) available for allocation are the same as in 2005.

Nineteen parties gave notice that they considered that they would qualify for a broadcasting allocation, 16 made written submissions on how the commission should apply the statutory criteria for allocation, and 11 supported this with oral presentations.

An initial allocation was published on 19 May 2008. The final allocation is made after writ and nomination days as unregistered parties are not able to contest the party vote and so are not eligible for an allocation, while parties that are registered may fail to nominate a party list.

Initial allocation decision

Parties	Monetary allocation (incl. GST)	Opening address, minutes	Closing address, minutes
Total available	\$3,211,875	72	30
Labour Party, National Party	\$1,000,000	12	6
Green Party, Māori Party, NZ First	\$240,000	8	3
The ACT Party, Progressive, UNITED FUTURE	\$100,000	4	3
Aotearoa Legalise Cannabis Party, Democrats for social credit, <i>Kotahitanga Te Manamotu Hake Tiriti o Waitangi</i> , Libertarianz*, <i>New World Order</i> , <i>New Zealand Liberals</i> , <i>Residents Action Movement</i> , <i>South Island Party</i> , The Alliance, Family Party, <i>Workers Party of New Zealand</i> (those in <i>italics</i> were not registered as at 29 April 2008, date of the preliminary allocation) * will not receive the monetary allocation as will not spend it.	\$10,000, plus a production package for the opening address worth over \$7000	1	0

Details of the process and decision, as well as parties' written submissions, are available on the Elections NZ website.

On 17 June 2008 The Alliance served the Electoral Commission with proceedings filed in the High Court at Christchurch seeking judicial review of the initial allocation. A first case management telephone conference was scheduled for 23 July 2008.

Provision of advice on electoral matters

The commission maintains 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.

In February 2008 the chief executive made a submission to the Justice and Electoral Committee inquiry into the 2007 local elections. The submission focused on education and participation matters.

The commission was appointed as an advisor to the Justice and Electoral Committee for its consideration of the Electoral Finance Bill. This involved providing commentary on public submissions on the bill and responding to committee requests for research or comment on specific matters. Departmental reports were jointly presented by Ministry of Justice officials and commission officials. Separate advice was given on a few occasions where the organisations' views or mandates differed.

Organisation and capacity

In addition to the Electoral Finance Act 2007 related comments made earlier, two further matters are reported:

Elections NZ website

The Elections NZ website (www.elections.org.nz), shared by the three electoral agencies, is the primary form of publication for Commission reports, guidance and resources. During the 2007/08 year the site has been refreshed to: improve navigation and accessibility, better integrate content for different user groups, and reflect new electoral activities. Information relating to this year's general election is being added progressively. Core information is presented in 21 languages, including in audio formats. A parallel site www.ivotenz.org.nz was developed to be promoted to younger voters with the basic information on how to enrol, vote and participate in New Zealand's democracy.

Benchmarking

A meeting in January 2008 of senior electoral administrators from Australia, Canada, New Zealand and the UK focused on election finance regimes, and provided an informal benchmarking opportunity more generally. The chief executive participated, along with the Chief Electoral Officer and National Manager of the Electoral Enrolment Centre. There appear to be no areas where our operational policies or practice falls behind that in the other countries, with our approach and philosophy generally in synch with the other three countries. We continue to watch what the others do, but there are no particular practices that we need to consider for adoption.

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 parties' returns of party donations and auditors' reports
- Registered parties' returns of donations exceeding \$20,000
- Summary information about donations protected from disclosure
- Registered parties' membership rules and candidate selection rules*
- Registered parties' returns of election expenses and auditors' reports
- Returns of constituency candidates' election expenses received by the commission from the Chief Electoral Officer*.

Records marked above with an * are available only in the office. All others can be viewed in full or summary form on the Elections New Zealand website, as well as being available in the office. It is very rare for people to come to the office asking to view the public material but web statistics noted later in the report show frequent access of the web material.

Members and employees

The Hon Andrew McGechan was appointed President of the Electoral Commission on 29 November 2007, filling the vacancy left by the untimely death of the Hon Anthony Ellis, CNZM, QC on 28 July 2007 (and as recorded in the previous annual report).

The commission welcomed Mrs Carole Cole as Office Manager in August 2007 and Ms Deidre Brookes as Statutory Relationships Manager in April 2008. Our best wishes to their respective predecessors, Mrs Lorraine Biggs and Dr Miriam Hughes.

Ms Kirsten Chambers was employed on a fixed term contract from February to July 2008 to help prepare and present the well-received Elections NZ roadshow.

Part 2: Statement of service performance and financial statements

Introduction

The statement of service performance and financial statements for the year ended 30 June 2008 follow.

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

Overall the Commission had a deficit for the year with expenditure exceeding income by \$133,231 (excluding GST).

In the 2007/2008 financial year the Electoral Commission budgeted for total operating expenditure of not more than \$851,667 (excluding GST). Actual expenditure was \$908,881. The difference is a result of costs associated with the unanticipated Electoral finance Act. Expenditures was funded by payments on behalf of the Crown from Vote: Justice and by using the Commission's cash reserves.

The Commission has used money from reserves in the past four budgets and signalled that a deficit budget was being run in order to meet education and research outcomes. Reserves are now at the minimum level required for prudent risk management.

Electoral Commission Statement of Responsibility

In the financial year ended on 30 June 2008 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.



Hon Andrew McGechan
President



Dr Helena Catt
Commissioner
Chief Executive

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 (f) ministerial directions, or (i) enforcement of natural person transactions. A disclosure is made in accordance with the Crown Entities Act 2004 s.151(j) regarding permission granted to members to act despite having an interest: On 12 June 2008 the president gave permission to the chief executive to participate in the consideration of a complaint in which a discussion between the chief executive and a party to the complaint was included in the papers before the commission meeting.

Members at 30 June 2008

Remuneration paid in 2007/08

Hon Andrew McGechan (President)	\$ 7,000
Chief Judge Joe Williams (Chief Judge of the Māori Land Court)	ex officio
Ms Belinda Clark (Secretary for Justice)	ex officio
Dr Helena Catt (Chief Executive)	\$ 144,800

Employees at 30 June 2008

Office Manager	Mrs Carole Cole
Statutory Relationships Manager	Ms Deidre Brookes
Elections NZ Roadshow Co-ordinator (fixed term)	Ms Kirsten Chambers
Communications Manager	Mr Peter Northcote

Number of employees (excl chief exec) with remuneration of \$100,000+ in 2007/08	1
Total value of cessation benefits paid to employees in 2007/08	\$ 0
Number of employees paid cessation benefits in 2007/08	0

Performance against Statement of Objectives for the year ending 30 June 2008

Please note that fuller descriptions of achievements and description of medium term objectives are contained in Part 1.

As noted in the Statement of Intent, the report does not include projected values because the items concerned are demand driven. As the Electoral Commission has no control over the demand, a rise or fall in these values is in no way a measure of the work of the Electoral Commission. For comparison the tables provide equivalent values, when available, for the previous two years.

Output class 1 - Organisation and capacity in place to support other output classes

SOI outcome for 2007/08 not achieved

2007/08 objectives	Output Measurement and achievement against it
Create review process of administrative tasks	Project cancelled to free up money and time for extra work related to passage and implementation of the Electoral Finance Act 2007.

Performance indicator specified in Table 3 of Statement of Intent:	2007/08	2006/07
Elections New Zealand website – number of page visits to key commission content		
MMP Quiz	3,502	4,269
Advanced quiz	1,130	
Two Ticks, Too Easy	7,493	5,351
MMP FAQ	3,405	3,079
MMP calculator	799	
Sainte Lague details	3,377	3,192
Hands Up resource for teachers	2,322	2,318
Elect - resource for teachers	1,359	
Paper on participation and citizenship education	1,212	1,951
Glossary	5,048	5,488
History of the Vote	6,523	7,427
- Right to vote	6,104	6,543
- Māori vote	3,552	3,496
- Votes for women	11,140	12,190
- History of MMP	6,764	6,034
Taking Part	1,021	
Democracy - Everyday Concepts	4,548	
Understanding of MMP	567	1,265
Māori participation bibliography	958	1,562
Efficacy bibliography	624	1,641
Briefing to Incoming Minister (2005)	1,166	1,753
Annual Report	988	1,707
Strategic Plan	754	1,366

Output class 2 - Application of the provisions of the Electoral Act relating to political parties

SOI outcome for 2007/08 not achieved

2007/08 objectives	Output Measurement and achievement against it
Create a review process of all administration relating to parties	Project cancelled to free up money and time for extra work related to passage and implementation of the Electoral Finance Act 2007.

Performance indicators specified in Table 3 of Statement of Intent	2007/08	2006/07
Number of :		
Registered political parties	18	18
Registered party logos	43	40
Referrals to the police	1	0
New applications for registration of party received	8	0
Parties registered	4	0
Party registrations cancelled	4	4
Applications for registration of logos received (new and substitute)	9	2
Logos registered by Commission (new and substitute)	4	1
Logo registrations cancelled by Commission	1	1
Donation returns received on time	11	10
Statutory declaration returns received on time	16	8

The following information is on the website. Printed copies are provided to anyone who contacts the Electoral Commission seeking this information and who does not have access to the internet.

Performance indicator specified in Table 3 of Statement of Intent:	2007/08	2006/07
Elections New Zealand website – number of page visits to key commission content		
How to register a party	2,832	2,004
Donations disclosure overview	1,368	1,654
Donations summary data	4,084	4,582
Party election expense returns 2005	1,401	1,831
Party election expense returns 1996-2002	1,012	1,271

Output class 3 - Provision of advice on electoral matters

No objective specified in SOI for 2007/08.

Performance indicator specified in Table 3 of Statement of Intent	2007/08	2006/07
Reports to Parliament and answers to parliamentary questions	6	5

Output class 4 - Responding to international requests for information and assistance
 No objective specified in SOI for 2007/08.

Performance indicators specified in Table 3 of Statement of Intent	2007/08	2006/07
Presentations to overseas groups	18	8
Requests for a presentation that were declined	0	0

Output class 5 - Promotion of public awareness of electoral matters

SOI outcome for 2007/08 achieved

2007/08 objectives	Achievement against objectives
Provide audio version of key public resources	Audio of <i>Two Ticks, Too Easy</i> and of the 123 leaflet was produced in 20 languages ready for webloading.
Create a professional development resource for trainee journalists	New Zealand's democracy and elections – resources for journalists is on the Elections NZ website
Produce a research report on non-voters	Summary of research conducted by Nielsen on website.

The following continue to be available:

- Prizes and scholarships
- Briefings on relevant research conducted by others
- Publicly available research reports on matters relating to the work of the commission
- Resources on electoral matters for journalists and trainee journalists
- Resources on electoral matters for use in schools
- Public information on MMP

Performance indicators specified in Table 3 of Statement of Intent	2007/08	2006/07
Presentations to New Zealand groups	87	45

Output class 6 - Information and education specific to the next general election

SOI outcome for 2007/08 achieved

2007/08 objectives	Achievement against objectives
Information campaign on MMP for next election is ready	The strategy and budget for the advertising campaign was approved at the commission meeting of 24 April.

A contingency public information campaign on MMP existed, based on the campaign in 2005, and would have been used if an election had been called prior to April 2008.

Output class 7 - Allocation of election broadcasting time and funds in accordance with the provisions of the Broadcasting Act 1989

SOI outcome for 2007/08 achieved

2007/08 objectives	Achievement against objectives
Preliminary allocation made	The decision was published on 19 May 2008 and is available on Elections NZ website

Cost by output class		Budget in Statement of Intent, Table 4 (as amended)			Actual		
		Budgeted revenue	Budgeted expenditure	Difference – budget exp less rev	Actual revenue	Actual expenditure	Difference – actual exp less rev
1	Organisation and capacity in place to support other output classes	108,574	108,574		78,831	78,831	
2	Application of the provisions of the Electoral Act relating to political parties (and third parties)	81,763	81,763		203,278	336,509	133,231
3	Provision of advice on electoral matters	54,558	54,558		53,671	53,671	
4	Responding to international requests for information and assistance	48,905	48,905		30,479	30,479	
5	Promotion of public awareness of electoral matters	401,599	489,266	87,667	372,733	372,733	
6	Information and education specific to the next general election	45,681	45,681		11,690	11,690	
7	Allocation of election broadcasting time and funds in accordance with the provisions of the Broadcasting Act 1989	22,920	22,920		24,968	24,968	
	Total	764,000	851,667		775,650	908,881	
	Differences – Actual less Budget				11,650	57,214	

Note the table in the Statement of Intent showed opex and general accountability costs as a separate line (which accounted for over a quarter of the budget). This table shows these costs distributed between output lines based on the proportion of the overall budget that is assigned to each output class.

There is a marked difference in budget and actual due to the unanticipated roles and costs related to the Electoral Finance Act which show as an increase in costs for output class 2. Costs relate to a change in the time distribution of staff time and in other associated costs. Note that time distribution across output classes is a fair estimate. Time sheets are not used.

Statement of Financial Performance

for the year ended 30 June 2008

Actual \$		Notes	2008 Actual \$	2008 Budget \$
	Revenue			
734,000	Revenue from Crown	1	734,000	734,000
34,025	Other revenue		1,601	-
41,250	Interest income		40,049	30,000
<u>809,275</u>	Total revenue		<u>775,650</u>	<u>764,000</u>
	Expenditure			
12,680	Remuneration to auditors	2	25,280	15,000
364,234	Personnel costs	3	384,093	419,342
25,819	Depreciation – property, plant and equipment	7	26,328	30,000
1,333	Amortisation – software	8	623	-
74,866	Rent		63,718	64,000
1,090	Loss on sale of property, plant and equipment		1,024	-
6,741	Leasing		6,743	6,743
337,356	Operating costs		401,072	316,582
<u>824,119</u>	Total expenditure		<u>908,881</u>	<u>851,667</u>
<u>(14,844)</u>	Net surplus / (deficit) for the year		<u>(133,231)</u>	<u>(87,667)</u>

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

Statement of Financial Position

as at 30 June 2008

2007 Actual \$		Notes	2008 Actual \$	2008 Budget \$
	Current assets			
203,709	Cash and cash equivalents	4	230,233	304,536
248,121	Investments	5	66,669	-
27,695	Debtors and other receivables	6	32,117	-
<u>479,525</u>	Total current assets		<u>329,019</u>	<u>304,536</u>
	Non-current assets			
132,679	Property, plant & equipment	7	123,027	108,665
1,044	Intangible assets	8	729	-
<u>133,723</u>	Total non-current assets		<u>123,756</u>	<u>108,665</u>
<u>613,248</u>	Total assets		<u>452,775</u>	<u>413,201</u>
	Current liabilities			
147,861	Creditors and other payables	9	115,607	97,838
29,716	Employee entitlements	10	34,728	-
<u>177,577</u>	Total current liabilities		<u>150,335</u>	<u>97,838</u>
<u>435,671</u>	Net assets		<u>302,440</u>	<u>315,363</u>
	Public equity			
435,671	Accumulated surplus		302,440	315,363
<u>435,671</u>	Total public equity		<u>302,440</u>	<u>315,363</u>

The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these Financial Statements

Statement of Changes in Equity

for the year ended 30 June 2008

2007		2008	2008
Actual		Actual	Budget
\$		\$	\$
450,515	Public equity at start of the year	435,671	403,030
(14,844)	Surplus / (deficit) for the year	(133,231)	(87,667)
<u>(14,844)</u>	Total recognised revenues and expenses for the period	<u>(133,231)</u>	<u>(87,667)</u>
<u>435,671</u>	Public equity at end of the year	<u>302,440</u>	<u>315,363</u>

The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these Financial Statements

Statement of Cash Flows
for the year ended 30 June 2008

2007 Actual \$	Notes	2008 Actual \$	2008 Budget \$
Cash flows from operating activities			
Cash was provided from:			
734,000	Crown revenue	734,000	734,000
36,699	Interest received	39,409	30,000
31,019	Revenues from services	(1,831)	-
801,718		771,578	764,000
Cash was applied to:			
(349,118)	Payments to Members of the Commission and employees	(379,081)	(419,342)
(397,979)	Payments to suppliers	(524,112)	(402,325)
(2,467)	Net GST paid	(5,305)	-
(749,564)		(908,498)	(821,667)
52,154	Net cash flows from operating activities	12 (136,920)	(57,667)
Cash flows from investing activities			
Cash was provided from:			
2,047	Sale of property, plant and equipment	-	-
-	Sale of intangible assets	-	-
(248,121)	Receipts from sale / (acquisition) of term deposits	181,452	-
Cash was applied to:			
(137,832)	Purchase of property, plant & equipment	(17,700)	-
(850)	Purchase of intangible assets	(308)	-
(384,756)	Net cash flows from investing activities	163,444	-
(332,602)	Net increase / (decrease) in cash held	26,524	(57,667)
536,311	Plus cash at the start of the year	203,709	362,203
203,709	Cash held at the end of the year	230,233	304,536
Represented by:			
203,709	Cash and cash equivalents	230,233	304,536
203,709	Cash held at the end of the year	230,233	304,536

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.

Statement of Accounting Policies

for the year ended 30 June 2008

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 principle 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 2008, and were approved by the Electoral Commission on 22 September 2008.

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.

First year of preparation under NZ IFRS

This is the first set of financial statements prepared using NZ IFRS, and comparatives for the year ended 30 June 2007 have been restated to NZ IFRS accordingly. Reconciliations of equity and surplus/(deficit) for the year ended 30 June 2007 under NZ IFRS to the balances reported in the 30 June 2007 financial statements are detailed in note 21.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2006 for the purposes of the transition to NZ IFRS.

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.

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 earned 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.

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.

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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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.

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 2008

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 (2007 nil).

	2008	2007
	Actual	Actual
	\$	\$
2. Remuneration to auditors		
Audit of the financial statements	17,780	12,680
Audit for NZ IFRS translation	7,500	-
Total remuneration to auditors	<u>25,280</u>	<u>12,680</u>
3. Personnel costs		
Salaries and wages	379,081	349,118
Employer contributions to defined benefit plans	-	-
Increase/(decrease) in employee entitlements	10 5,012	15,116
Total personnel costs	<u>384,093</u>	<u>364,234</u>
4. Cash and cash equivalents		
Cash on hand	262	109
Cash at bank	123,142	109,406
Term deposit	106,829	94,194
Total cash and cash equivalents	<u>230,233</u>	<u>203,709</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>248,121</u>
Total investments	<u>66,669</u>	<u>248,121</u>

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

	2008	2007
	Actual	Actual
	\$	\$
6. Debtors and other receivables		
Trade debtors	6,200	3,114
Accrued interest	6,270	5,630
GST receivable	19,647	18,951
	<hr/>	<hr/>
Debtors and other receivables	32,117	27,695
	<hr/>	<hr/>

7. Property, plant and equipment

	Office equipment	Computer equipment	Furniture & fittings	Leasehold improvements	Total
	\$	\$	\$	\$	\$
Gross carrying amount					
Balance at 1 July 2006	7,160	31,989	20,946	-	60,095
Additions	2,780	2,070	20,441	114,311	139,602
Sales/transfers	(7,160)	-	(14,442)	(1,770)	(23,372)
Balance at 30 June 2007	2,780	34,059	26,945	112,541	176,325
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	2,780	40,784	26,945	112,541	183,050
Accumulated depreciation and impairment					
Balance at 1 July 2006	5,529	16,551	14,212	-	36,292
Depreciation expense	368	11,007	4,174	10,270	25,819
Sales/transfers	(5,529)	-	(12,936)	-	(18,465)
Balance at 30 June 2007	368	27,558	5,450	10,270	43,646
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	924	25,499	10,838	22,762	60,023
Net carrying amounts					
At 1 July 2006	1,631	15,438	6,734	-	23,803
At 30 June 2007 & 1 July 2007	2,412	6,501	21,495	102,271	132,679
At 30 June 2008	1,856	15,285	16,107	89,779	123,027

8. Intangible assets

	Software	Total
	\$	\$
Gross carrying amount		
Balance at 1 July 2006	3,610	3,610
Additions	850	850
Sales/transfers	-	-
Balance at 30 June 2007	<u>4,460</u>	<u>4,460</u>
Balance at 1 July 2007	4,460	4,460
Additions	308	308
Sales/transfers	-	-
Balance at 30 June 2008	<u>4,768</u>	<u>4,768</u>
Accumulated amortisation and impairment		
Balance at 1 July 2006	2,083	2,083
Amortisation expense	1,333	1,333
Disposals	-	-
Balance at 30 June 2007	<u>3,416</u>	<u>3,416</u>
Balance at 1 July 2007	3,416	3,416
Amortisation expense	623	623
Disposals	-	-
Balance at 30 June 2008	<u>4,039</u>	<u>4,039</u>
Net carrying amount		
At 1 July 2006	1,527	1,527
At 30 June 2007 & 1 July 2007	1,044	1,044
At 30 June 2008	729	729

	2008	2007
	Actual	Actual
	\$	\$
9. Creditors and other payables		
Trade creditors	12,214	62,512
Accrued expenses	36,724	18,680
Undrawn broadcast allocation	<u>66,669</u>	<u>66,669</u>
Total creditors and other payables	<u>115,607</u>	<u>147,861</u>

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 2008, \$66,669 of funds allocated for the 1996, 1999 and 2002 general election remained undrawn by parties.

	2008	2007
	Actual	Actual
	\$	\$
10. Employee entitlements		
Accrued salaries and wages	5,176	3,859
Annual leave	29,552	25,857
	<hr/>	<hr/>
Total employee entitlements	34,728	29,716
	<hr/>	<hr/>

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:

Loans and receivables

Cash and cash equivalents	230,233	203,709
Investments – term deposit	66,669	248,121
Debtors and other receivables	32,117	27,695
	<hr/>	<hr/>
Total loans and receivables	329,019	479,525
	<hr/>	<hr/>

Financial liabilities

Creditors and other payables	115,607	147,861
	<hr/>	<hr/>
Total financial liabilities	115,607	147,861
	<hr/>	<hr/>

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.

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 2008.

	Weighted average effective interest rate %	Variable interest rate bearing \$	Non interest bearing \$	Total \$
(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>

The following table details the Electoral Commission's exposure to interest rate risk as at 30 June 2007.

(i) Financial assets:				
Cash and cash equivalents				
- Cash at bank	-	-	109,406	109,406
- Term deposit	7.83	94,194	-	94,194
- Cash on hand	-	-	109	109
Investments				
- Term deposit	7.62	248,121	-	248,121
Debtors and other receivables	-	-	27,695	27,695
Total financial assets:		<u>342,315</u>	<u>137,210</u>	<u>479,525</u>
(ii) Financial liabilities:				
Creditors and other payables				
	-	-	147,861	147,861
Total financial liabilities:		<u>-</u>	<u>147,861</u>	<u>147,861</u>

Sensitivity analysis

As at 30 June 2008, if the interest rates earned on cash and cash equivalents had been 5% higher or lower, with all other variables held constant the surplus/deficit for the year would have been \$9,000 higher / \$30,000 lower (2007: \$7,500 higher / \$32,000 lower). The sensitivity is similar to 2007

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.

Maximum exposures to credit risk at reporting date are:

	2008	2007
	Actual	Actual
	\$	\$
Cash and cash equivalents	230,233	203,709
Investments – term deposit	66,669	248,121
Total	<u>296,902</u>	<u>451,830</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 (2007: 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:

	2008	2007
	Actual	Actual
	\$	\$
Net surplus / (deficit) for the year	(133,231)	(14,844)
Non cash items:		
- Amortisation	623	1,333
- Depreciation	26,328	25,819
- Loss / (profit) on property, plant and equipment	1,024	1,090
- Loss / (profit) on intangible assets	-	-
Total non cash items	<u>27,975</u>	<u>28,242</u>
Movements in net assets and liabilities		
- (Increase)/decrease in accrued interest	(640)	(4,551)
- (Increase)/decrease in trade debtors	(3,086)	7,976
- (Increase)/decrease in GST refund due	(696)	(5,209)
- Increase/(decrease) in trade creditors	(50,298)	26,328
- Increase/(decrease) in employee entitlements	5,012	15,116
- Increase/(decrease) in other accruals	<u>18,044</u>	<u>(904)</u>
Total movements in net assets and liabilities	<u>(31,664)</u>	<u>38,756</u>
Net cash inflow from operating activities	<u>(136,920)</u>	<u>52,154</u>

14. Employee remuneration

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

	2008	2007
	Actual	Actual
\$100,000 - \$109,999	1	0
\$110,000 - \$119,999	0	0
\$120,000 - \$129,999	0	0
\$130,000 - \$139,999	0	0
\$140,000 - \$149,999	1	1
\$150,000 - \$159,999	0	0

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 \$734,000 from the Crown (2007: \$734,000). There was no balance outstanding as at 30 June 2008 (2007: \$Nil).

During the year, 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 (2007: \$Nil). The balance outstanding as at 30 June 2008 was \$3,000 (2007: \$Nil). The balance of \$3,000 was paid on 1 July 2008.

16. Key management personnel compensation

Key management personnel of the Electoral commission include Dr Helena Catt, the Chief Executive, and all Commissioners. The compensation of all key management personnel is set out below:

	2008	2007
	Actual	Actual
	\$	\$
Salaries & short-term employee benefits	151,800	140,600
Post-employment benefits	-	-
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
	<hr/>	<hr/>
Total compensation	151,800	140,600

17. Commitments

(i) Capital commitments

There are no capital commitments at reporting date (2007: \$Nil).

(ii) Operating lease commitments

Commitments existed for non-cancelable operating leases as follows:

	2008	2007
	Actual	Actual
	\$	\$
Less than one year	70,200	70,200
Between one and two years	69,968	70,200
Between two and five years	133,193	198,435
Later than five years	-	5,288
	<hr/>	<hr/>
Total operating lease commitments	273,361	344,123

The Electoral Commission relocated premises during the 2007 financial year. The new lease 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 \$3,970 per annum (GST exclusive) which expires in October 2010, and a telephone system rental of \$2,774 per annum (GST exclusive) which expires in June 2010.

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

18. Contingent liabilities

There are no contingent liabilities at reporting date (2007: \$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 2008 (2007: Nil).

20. Major budget variances

	2008	2008	Variance
	Actual	Budget	
	\$	\$	\$
Net deficit for the year	(133,231)	(87,667)	(45,564)

The difference between budgeted and actual deficit is a result of the unanticipated work and related costs brought about by the Electoral Finance Act. The legislation was introduced after the start of the financial year and the associated costs started in December 2007.

21. Explanation of transition to NZ IFRS

The Electoral Commission changed its accounting policies on 1 July 2007 to comply with NZ IFRS. The transition to NZ IFRS is accounted for in accordance with NZ IFRS-1: First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards, with 1 July 2006 as the date of transition.

An explanation of how the transition from previous NZ GAAP to NZ IFRS has affected the Commission's balance sheet and income statement is set out in the following tables and the notes that accompany the tables.

Reconciliation of equity as at 1 July 2006

	Previous NZ GAAP	Effect of transition to NZ IFRS	NZ IFRS
	\$	\$	\$
Current assets			
Cash and cash equivalents	536,311	-	536,311
Debtors and other receivables	25,911	-	25,911
Total current assets	<u>562,222</u>	<u>-</u>	<u>562,222</u>
Non-current assets			
Property, plant & equipment	a) 25,330	(1,527)	23,803
Intangible assets	a) -	1,527	1,527
Total non-current assets	<u>25,330</u>	<u>-</u>	<u>25,330</u>
Total assets	<u>587,552</u>	<u>-</u>	<u>587,552</u>
Current liabilities			
Creditors and other payables	122,437	-	122,437
Employee entitlements	14,600	-	14,600
Total current liabilities	<u>137,037</u>	<u>-</u>	<u>137,037</u>
Net assets	<u>450,515</u>	<u>-</u>	<u>450,515</u>
Public equity			
Accumulated surplus	450,515	-	450,515
Total public equity	<u>450,515</u>	<u>-</u>	<u>450,515</u>

Reconciliation of equity as at 30 June 2007

	Previous NZ GAAP	Effect of transition to NZ IFRS	NZ IFRS
	\$	\$	\$
Current assets			
Cash and cash equivalents	451,830	(248,121)	203,709
Investments	-	248,121	248,121
Debtors and other receivables	27,695	-	27,695
Total current assets	<u>479,525</u>	<u>-</u>	<u>479,525</u>
Non-current assets			
Property, plant & equipment	a,b) 137,054	(4,375)	132,679
Intangible assets	b) -	1,044	1,044
Total non-current assets	<u>137,054</u>	<u>(3,331)</u>	<u>133,723</u>
Total assets	<u>616,579</u>	<u>(3,331)</u>	<u>613,248</u>
Current liabilities			
Creditors and other payables	147,861	-	147,861
Employee entitlements	29,716	-	29,716
Total current liabilities	<u>177,577</u>	<u>-</u>	<u>177,577</u>
Net assets	<u>439,002</u>	<u>(3,331)</u>	<u>435,671</u>
Public equity			
Accumulated surplus	439,002	(3,331)	435,671
Total public equity	<u>439,002</u>	<u>(3,331)</u>	<u>435,671</u>

Reconciliation of profit for the year ended 30 June 2007

	Previous NZ GAAP	Effect of transition to NZ IFRS	NZ IFRS
	\$	\$	\$
Revenue			
Revenue from Crown	734,000	-	734,000
Other revenue	34,025	-	34,025
Interest income	41,250	-	41,250
Total revenue	<u>809,275</u>	<u>-</u>	<u>809,275</u>
Expenditure			
Remuneration to Auditors	12,680	-	12,680
Personnel costs	364,234	-	364,234
Depreciation – property, plant and equipment	a,b) 27,346	(1,527)	25,819
Amortisation – software	a) -	1,333	1,333
Rent	74,866	-	74,866
Loss on sale of property, plant and equipment	1,090	-	1,090
Leasing	6,741	-	6,741
Operating costs	b) 333,831	3,525	337,356
Total expenditure	<u>820,788</u>	<u>3,331</u>	<u>824,119</u>
Net surplus / (deficit) for the year	<u>(11,513)</u>	<u>(3,331)</u>	<u>(14,844)</u>

Notes to the reconciliations of income and equity

Intangible assets & software

- a) Under previous NZ GAAP, software was recognised as part of property, plant & equipment. NZ IFRS requires software to be recognised as an intangible asset. The effect of this change is to increase intangibles and decrease property, plant & equipment. Depreciation on software is now shown as amortisation. There is no resulting effect on net deficit.
- b) On transition to NZ IFRS the Electoral Commission has elected to treat all website development costs as an expense in the period to which they relate. As a result they have reduced the net deficit by \$3,331 as follows:
- Reclassify \$3,525 of website costs from computer equipment to operating costs.
 - Reverse \$194 of depreciation charged on the asset during the year

Statement of cash flows

On transition to NZ IFRS the statement of cash flows presents short term deposits with maturities of 4 -12 months as investments and short term deposits with maturities less than 3 months are now included as part of cash and cash equivalents.

This reclassification of some term deposits has impacted on the statement of cash flows for the year ended 30 June 2007 as follows:

- The amount of cash and cash equivalents has decreased from \$451,830 to \$203,709.

There have been no other material adjustments to the statement of cash flows for the year ended 30 June 2007.

AUDIT REPORT
TO THE READERS OF
THE ELECTORAL COMMISSION'S
FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2008

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 on his behalf. 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 2008.

Unqualified Opinion

In our opinion:

- The financial statements of the Commission on pages 31 to 53:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Commission's financial position as at 30 June 2008; 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 26 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 29 September 2008, 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 2008 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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