

# Annual report

NSW Electoral Commission  
2017–18

The Hon Gladys Berejiklian MP  
Premier of New South Wales  
52 Martin Place  
SYDNEY NSW 2000

31 October 2018

Dear Premier

### **Annual report of the NSW Electoral Commission**

We are pleased to submit our annual report for the financial year ended 30 June 2018.

This report is presented in accordance with the requirements of the *Annual Reports (Statutory Bodies) Act 1984* and the *Public Finance and Audit Act 1983*. It details our election operations and activities, including the conduct of the 2017 local government elections, services provided to registered clubs, statutory boards and industrial organisations, and assistance to other electoral authorities.

It also outlines our activity in regulating election funding and third-party lobbyists – including administering public funding and ensuring compliance with election funding, expenditure and disclosure requirements. We detail our management of electoral funding, disclosure and compliance, the maintenance of the NSW Register of Third-party Lobbyists, and our actions in responding to allegations about breaches of the relevant statutory obligations.

Yours sincerely,



John Schmidt  
**Electoral Commissioner**



The Hon Keith Mason AC QC  
**Chairperson, NSW Electoral Commission**

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The NSW Electoral Commission pays respect to the traditional custodians of this land and Elders past, present and future.

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# 1

## Introduction

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# Foreword by the Chairperson of the Electoral Commission



I am pleased to present the NSW Electoral Commission's annual report for 2017–18.

## Role of the Electoral Commission

Details of the collaborative roles of the three-member Electoral Commission, the Electoral Commissioner and the staff of the NSW Electoral Commission are set out in this report, along with information about action taken in the reporting year.

The Electoral Commission is continuously streamlining how its oversight activities are conducted. With statutory authority, we have delegated some functions to the Electoral Commissioner or a senior officer in the staff agency, subject to reporting back as to their exercise in the papers prepared for Electoral Commission meetings. Other matters are invariably addressed by the members of the Electoral Commission (out of session if necessary). These include approval of funding applications and the commencement of prosecutions, civil actions and administrative action pursuant to the *Election Funding, Expenditure and Disclosures Act 1981*, replaced by the *Election Funding Act 2018*. There was also the first prosecution by the Electoral Commission for a local government electoral offence.

The most important business at meetings is to receive and discuss reports about investigative activities, along with any administrative or litigious action stemming from them.

During 2017–18, the legislative framework governing election funding, expenditure and disclosures was updated and amended in detail. The Electoral Commissioner and his officers were consulted on proposals of substance, in particular Bills and draft regulations. The members of the Electoral Commission were also given opportunities to participate in this process, for which we are grateful.

## Commendation

Much of the work of the Electoral Commission tends to be taken for granted by government and the public. This is perhaps unsurprising. Yet, to those involved at the coalface, conducting elections, administering electoral rolls, and monitoring compliance with complex funding, donation and lobbying regulations are strenuous tasks that must function smoothly (on the surface) and according to strict timetables. I thank and congratulate the staff of the NSW Electoral Commission, along with my fellow members Len Scanlan and John Schmidt and my Deputy as Chairperson, the Hon Joseph Campbell QC, for their commitment, support and effort in this important public endeavour.

A handwritten signature in black ink, appearing to be 'KM', written over a horizontal line.

The Hon Keith Mason, AC QC  
Chairperson

# Report of the Electoral Commissioner



During the past 12 months, the NSW Electoral Commission has experienced intense activity across the range of our operations.

We conducted three State by-elections, eight local government by-elections, 30 commercial elections and the second tranche of local government elections for 45 local councils.

Significant changes were made to the legislative framework under which we operate. The *Electoral Act 2017* replaced the *Parliamentary Electorates and Elections Act 1912*, which had governed the conduct of New South Wales elections for more than a century. The *Electoral Funding Act 2018*, which replaced the *Election Funding, Expenditure and Disclosures Act 1981*, introduced a number of major reforms to the funding and disclosure regime for political participants in New South Wales, including new requirements for the disclosure of political donations in the six months before a State election. Amendments were also made to the *Lobbying of Government Officials Act 2011*. All this new legislation came into effect on 1 July 2018.

In June 2018, we celebrated the 175th anniversary of the first Australian parliamentary election, conducted in 1843. Today, the NSW Electoral Commission maintains and promotes an electoral system characterised by accessibility, integrity and fairness for the more than 5.2 million electors in New South Wales.

Meeting the needs of a population this large increasingly requires the use of technology, and we continue to innovate with our election products and services. Information technology is central to almost every electoral process including elections logistics, managing the electoral roll, internet and telephone voting, and counting votes to determine an election result.

As we look to the coming year, the pace of activity shows no signs of abating with preparations for the State election in March 2019 well underway. Every day I am impressed by the hard work and dedication of the NSW Electoral Commission's staff. It is a privilege to work with them, and I am grateful for their ongoing commitment to our purpose and values.

The greatest strength of our democracy is the trust placed in the electoral processes by the people of New South Wales, and the faith and good grace with which the results of our elections are accepted. I, together with everyone at the NSW Electoral Commission, remain committed to working to protect and preserve these processes.

A handwritten signature in black ink that reads "John Schmidt". The signature is written in a cursive, flowing style.

John Schmidt  
Electoral Commissioner

# 175

## years of voting in New South Wales

In June 2018, we celebrated 175 years of voting in New South Wales. On 15 June 1843, voters elected 24 members of the Legislative Council. A further 12 members were appointed by the Governor, Sir George Gipps.

The franchise for the 1843 elections did not reflect the standards we now expect in a modern democratic election. Voting was restricted to males over the age of 21, and only those males who owned property worth at least £200 or rented a house for £20 or more per year. Women, Aboriginal people and men of limited means were not entitled to vote.

All Australian citizens now have the right, and responsibility, to enrol and vote when they reach 18 years of age, regardless of gender, wealth or ethnicity.



## 1823 – 1889

**1823** – Legislative Council of five appointed members established to advise the Governor.

**1843** – Elections Branch in the Chief Secretary's Department conducts the first election of 24 representatives to the NSW Legislative Council.

**1856** – New bicameral Parliament established following a revision of the *Constitution Act 1855*.

**1889** – Payment for members of Parliament was introduced.

## 1901

Federation.

## 1893

Principle of 'one man, one vote' enshrined. Candidates limited to running in one electorate per election.

## 1902

*Women's Franchise Act 1902* gives women the right to vote in State elections.

## 1912 – 1928

**1912** – *Parliamentary Electorates and Elections Act 1912* enacted.

**1918** – *Women's Legal Status Act 1918* gives women the right to become members of the Legislative Assembly.

**1928** – The office of Electoral Commissioner established.

**1928** – Preferential voting for the Legislative Assembly introduced.

## 1962

Amendment to *Commonwealth Electoral Act* gives Indigenous Australians the right to vote in all State and Commonwealth elections.

## 1929 – 1933

**1929** – Compulsory voting introduced in New South Wales.

**1933** – Legislative Council of 60 members created by referendum. Members elected by both Houses of Parliament.

## 1978 – 1979

**1978** – Legislative Council reform reduces membership to 45 seats.

**1979** – Compulsory preferential voting system modified to allow optional preferential voting.

## 1981

*Election Funding, Expenditure and Disclosures Act 1981* enacted.

## 1991

Legislative Council reduced to 42 members.

## 1995

Fixed terms for State elections introduced. Elections to be held on the fourth Saturday in March every four years.

## 2003

Local government elections fixed to be held on the fourth Saturday in September every four years after 2004.

## 2014

Three-member Electoral Commission established.

The NSW Electoral Commission given responsibility for administering the lobbyists register.

## 2018

*Electoral Funding Act 2018* enacted, replacing the *Election Funding, Expenditure and Disclosures Act 1981*.

## 2017

Power given to the NSW Electoral Commission to investigate and prosecute offences under the *Local Government Act 1993*.

*Electoral Act 2017* enacted, replacing the *Parliamentary Electorates and Elections Act 1912*.

# 2017-18 year at a glance

**45** local government elections  
**122** contested councillor elections  
**12** contested mayoral elections



**30** commercial elections held  
**8** local government by-elections  
**3** State by-elections

We conducted elections for 45 councils, within these we conducted a total of 122 contested councillor elections and 12 contested mayoral elections



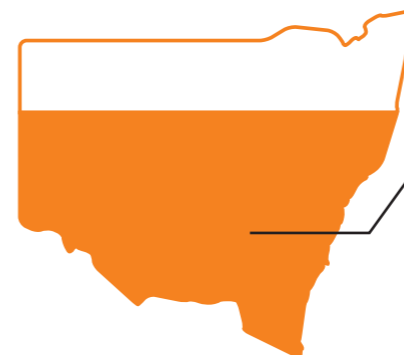
**\$12,072,512**  
 paid to candidates, MPs and political parties in public funding



**4,906**  
 disclosures of donations and expenditure processed and published



**2,586**  
 candidates, groups and third-party campaigners registered for State and local government elections



**5.2 million**  
 enrolled voters in New South Wales



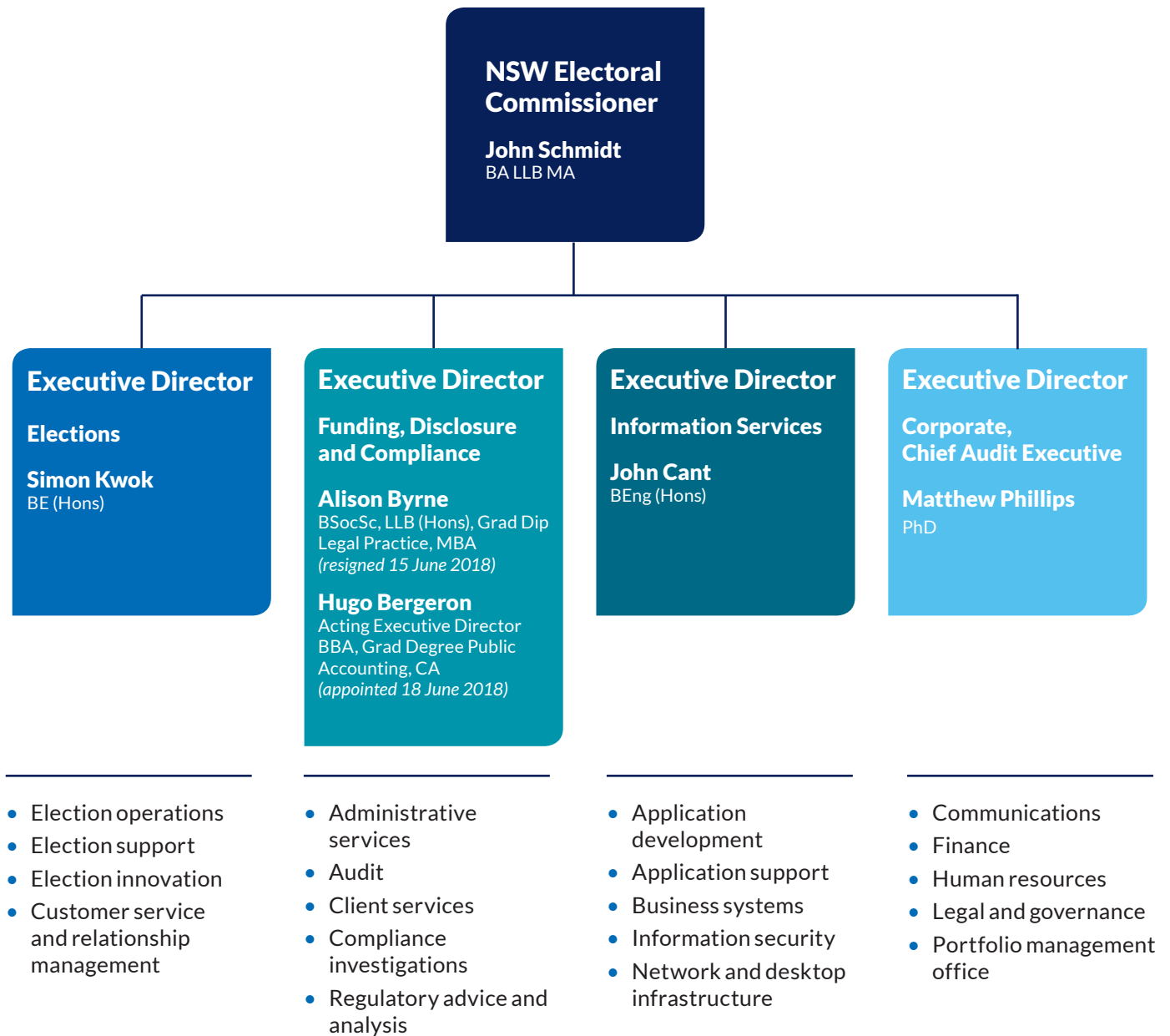
**8,830**  
 temporary staff employed by the NSW Electoral Commission for the 2017 local government elections

1927, Election rally queue, Druiitt Street, Sydney

Photo: Sam Hood, courtesy of State Library NSW

# Organisational structure

(as at 30 June 2018)



# Members of the NSW Electoral Commission



## Hon Keith Mason

AC QC BA LLB LLM

### Chairperson

Keith Mason was admitted to the New South Wales Bar in 1972 and appointed Queen's Counsel in 1981. From 1985 to 1987, and again from 1989 to 1990, he was Chairman of the NSW Law Reform Commission. Keith was Solicitor-General for NSW from 1987 to 1997, until his appointment as President of the NSW Court of Appeal in 1997. Keith retired from the Court in 2008 and is currently a Visiting Professorial Fellow at the University of New South Wales. In 2013, Keith chaired the redistribution of NSW Electoral Districts required by the *Constitution Act 1902 (NSW)*.



## Len Scanlan

BBus BA MPubAd FAICD

### Member

Len Scanlan was Auditor-General of Queensland from 1997 to 2004, during which time he was also the CEO, Queensland Audit Office. Len has since pursued a successful career as an independent consultant, which has included service on audit committees, as a non-executive director and general consulting work. Len is a Fellow of the Institute of Public Administration Australia and an Adjunct Professor at the University of Queensland.



## John Schmidt

BA LLB MA

### Electoral Commissioner

John Schmidt was appointed Electoral Commissioner for a seven-year term from 8 August 2016. From 2009 to 2014, he was the Chief Executive Officer of the Australian Transactions Reports and Analysis Centre (AUSTRAC). Previously he held senior NSW Government positions within the Department of Premier and Cabinet and the Department of Fair Trading.



## **The Hon Joseph Campbell QC**

### **Deputy to the Chairperson**

The *Parliamentary Electorates and Elections Act 1912* provides that the Governor may appoint a deputy for each member. The Hon Joseph (Joe) Campbell QC was appointed as the deputy of the Chairperson in December 2014.

Mr Campbell was a judge of the NSW Supreme Court from 2001 until his retirement in 2012, serving first as a judge in the Equity Division and then as a Justice of the Court of Appeal. Mr Campbell has held a wide range of positions, including as a Member of the Legal Profession Admission Board, and as Member and Deputy Chair of the Legal Qualifications Sub-Committee (both positions were held until 2009). In 2013, Mr Campbell was elected as a Fellow of the Australian Academy of Law and became an Adjunct Professor at the University of Sydney.

# Establishment of the NSW Electoral Commission

The *Parliamentary Electorates and Elections Act 1912* (replaced by the *Electoral Act 2017*) established a three-member independent statutory body called the NSW Electoral Commission. The Act also established the independent role of the NSW Electoral Commissioner. The statutory body and the Electoral Commissioner each has distinct but complementary statutory functions for delivering elections and regulating participation in the political process.

The Electoral Commissioner is an *ex officio* member of the NSW Electoral Commission. The Governor of New South Wales appoints two other members, one of whom is also appointed as Chairperson. The Governor may also appoint a deputy to an appointed member.

The primary responsibilities of the NSW Electoral Commission statutory body are to:

- enforce the electoral laws
- approve or decline the payment of public funds to eligible political participants
- commence prosecutions for breaches of electoral laws
- conduct and promote research into electoral matters.

The primary statutory function of the NSW Electoral Commissioner is to conduct elections in the State.

The three-member Electoral Commission and the Electoral Commissioner are supported in carrying out their statutory functions by a staff agency, also known as the NSW Electoral Commission. The NSW Electoral Commission agency is a NSW Public Service staff agency under Part 3 of Schedule 1 of the *Government Sector Employment Act 2013*.

The three-member NSW Electoral Commission provides advice to the Electoral Commissioner when requested, but cannot direct the staff agency (which is led by the Electoral Commissioner), or the conduct of elections or matters relating to the electoral roll.

References to the NSW Electoral Commission in this annual report may be to either the three-member statutory body or the Public Service staff agency, as the context requires.

**Table 1: Meetings of the three-member Electoral Commission in 2017-18**

Date	Attendees
9 August 2017	Keith Mason, Joe Campbell, Len Scanlan, John Schmidt
11 October 2017	Keith Mason, Joe Campbell, Len Scanlan, John Schmidt
13 December 2017	Keith Mason, Joe Campbell, Len Scanlan, John Schmidt
11 April 2018	Keith Mason, Joe Campbell, Len Scanlan, John Schmidt
20 June 2018	Keith Mason, Joe Campbell, Len Scanlan, John Schmidt

## What we do

The NSW Electoral Commission is responsible for conducting and regulating elections on behalf of the people of New South Wales. Our work includes:

- running independent, fair and accessible elections
- providing transparent processes and guidance to assist political participants (including candidates, parties, elected members, donors, third-party campaigners and lobbyists) to comply with their legal obligations
- publishing political donation and expenditure disclosures and registers of political parties, candidates agents, third-party campaigners and political lobbyists
- engaging with the public to make it easier for people to understand and participate in the democratic process
- investigating possible offences and enforcing breaches of electoral, funding and disclosure, and lobbying laws.

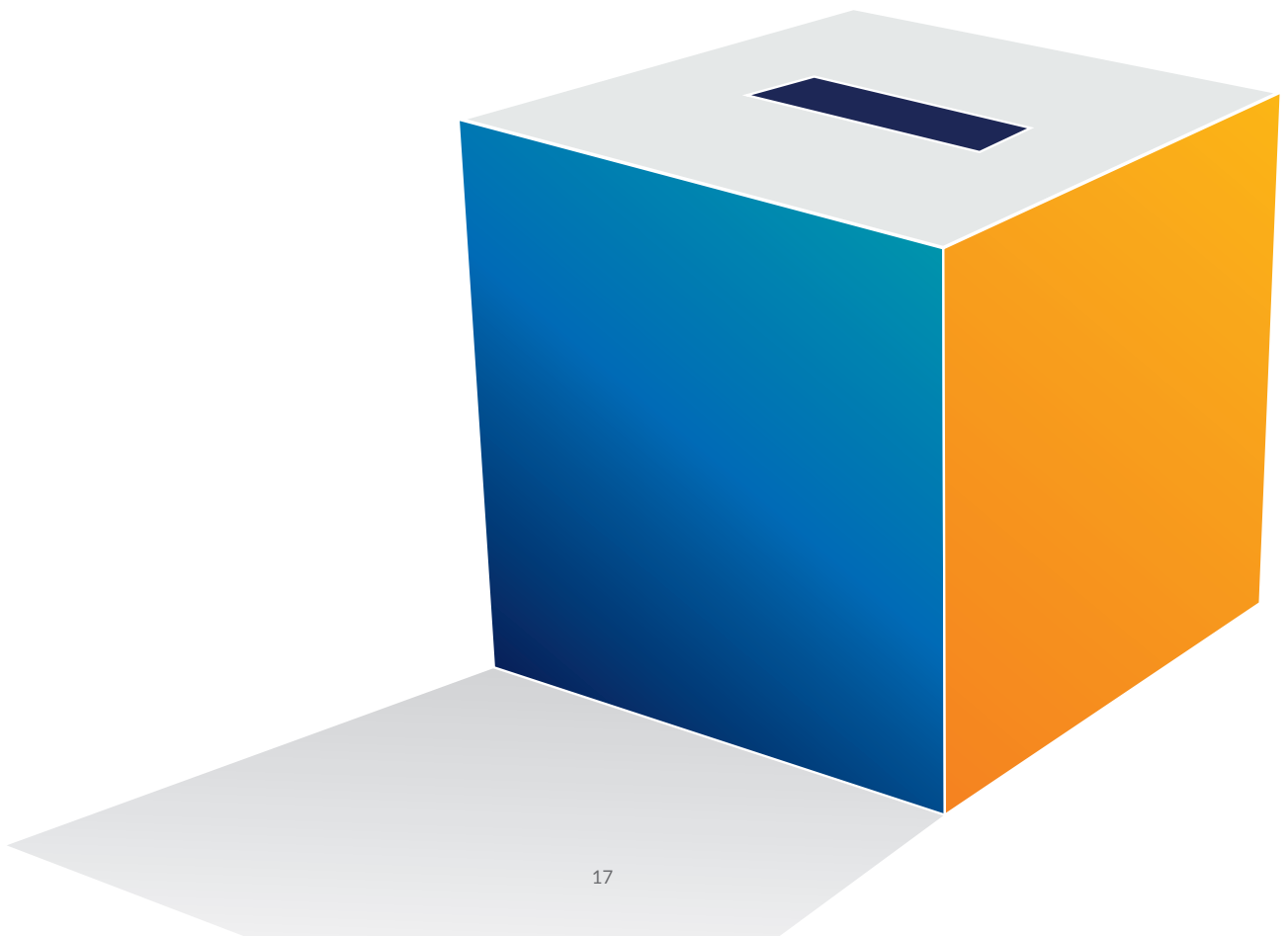
## Relationship to Parliament

The NSW Electoral Commission is required to report to Parliament on its work and activities. The Joint Standing Committee on Electoral Matters inquires into, and reports on, electoral laws and practices and the spending and public funding of political parties.

## Our legislative environment

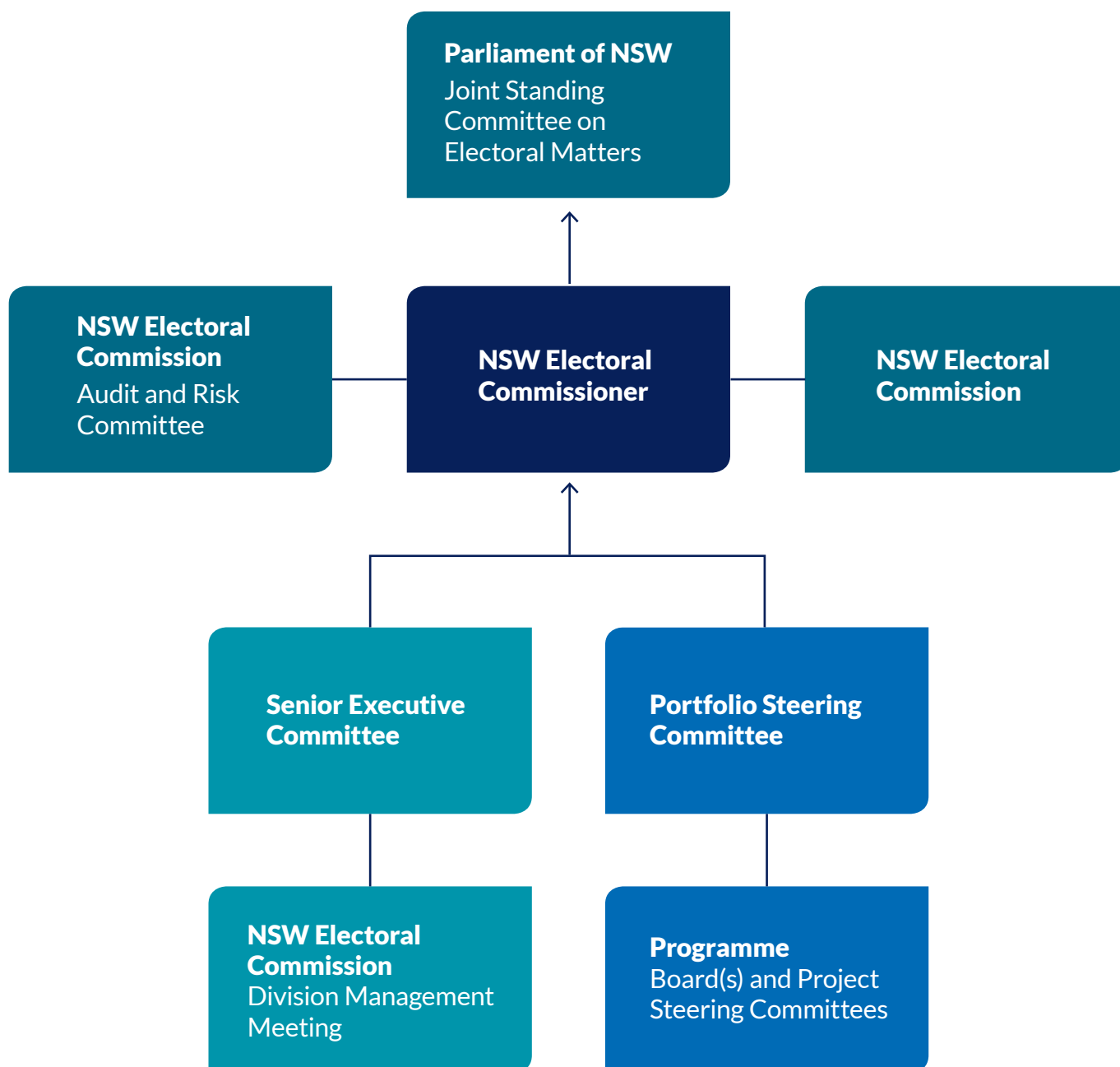
We are governed by various pieces of New South Wales legislation that set out how we conduct and regulate elections and the obligations of voters and political participants. This legislation includes:

- *Constitution Act 1902*
- *Electoral Act 2017*
- *Electoral Regulation 2017*
- *Parliamentary Electorates and Elections Act 1912*
- *Parliamentary Electorates and Elections Regulation 2008*
- *Electoral Funding Act 2018*
- *Electoral Funding Regulation 2018*
- *Election Funding, Expenditure and Disclosures Act 1981*
- *Election Funding, Expenditure and Disclosures Regulation 2009*
- *Local Government Act 1993*
- *Local Government (General) Regulation 2005*
- *The City of Sydney Act 1988*
- *Registered Clubs Act 1976*
- *Industrial Relations Act 1996*
- *Aboriginal Land Rights Act 1983*
- *Privacy and Personal Information Protection Act 1998*
- *Government Information (Public Access) Act 2009*
- *Public Finance and Audit Act 1983*
- *Government Sector Employment Act 2013*
- *Lobbying of Government Officials Act 2011*
- *Lobbying of Government Officials (Lobbyist Code of Conduct) Regulation 2014.*



# Governance arrangements within the NSW Electoral Commission

The Electoral Commissioner is assisted in the management of the NSW Electoral Commission by a range of internal and independent external committees.





# Our strategy: Democracy delivered

## Purpose

Our purpose is to deliver trusted and independent systems, processes, oversight and engagement that support democracy in New South Wales.

## Vision

Our vision is to maintain confidence in the integrity of the democratic process and make it easy for people to understand and participate.

## Values

Our core values are the NSW Public Service values: integrity, accountability, service and trust.

For detail on what these values mean in practice, visit [psc.nsw.gov.au](http://psc.nsw.gov.au)

## Behaviours

Our behaviours define what is distinctive about how we work at the NSW Electoral Commission and what we need to do to deliver on our shared goals.

We are each accountable for bringing these behaviours to life in our work.

## Responsive

We recognise the need to be flexible in dealing with our changing environment, while always meeting our obligations. We look for opportunities to build on ideas and adapt and innovate in how we work, to keep improving our services and enhance the experience people have when dealing with us.

## Transparent

To demonstrate our integrity and build trust in our services, we are open with each other and our customers, clients, stakeholders and audiences. This keeps us accountable and creates opportunities for others to work more effectively with us.

## Solution focused

We are focused on outcomes and delivering on our shared goals. We move quickly beyond identifying a problem to working out how best to solve it, while keeping our strategic goals top of mind.

## Customer centred

We start by considering the needs of our customers, clients, stakeholders and audiences and find the best way to serve them, while meeting our legal and business requirements. We believe this is essential to make it easy for people to participate in democratic processes.

## Collaborative

We look for opportunities to share ideas and knowledge and work as partners internally and externally because we know this is how we get the best results.

### Values of the NSW Public Service



integrity



accountability



service



trust

# Our strategic themes

## Who we are here for

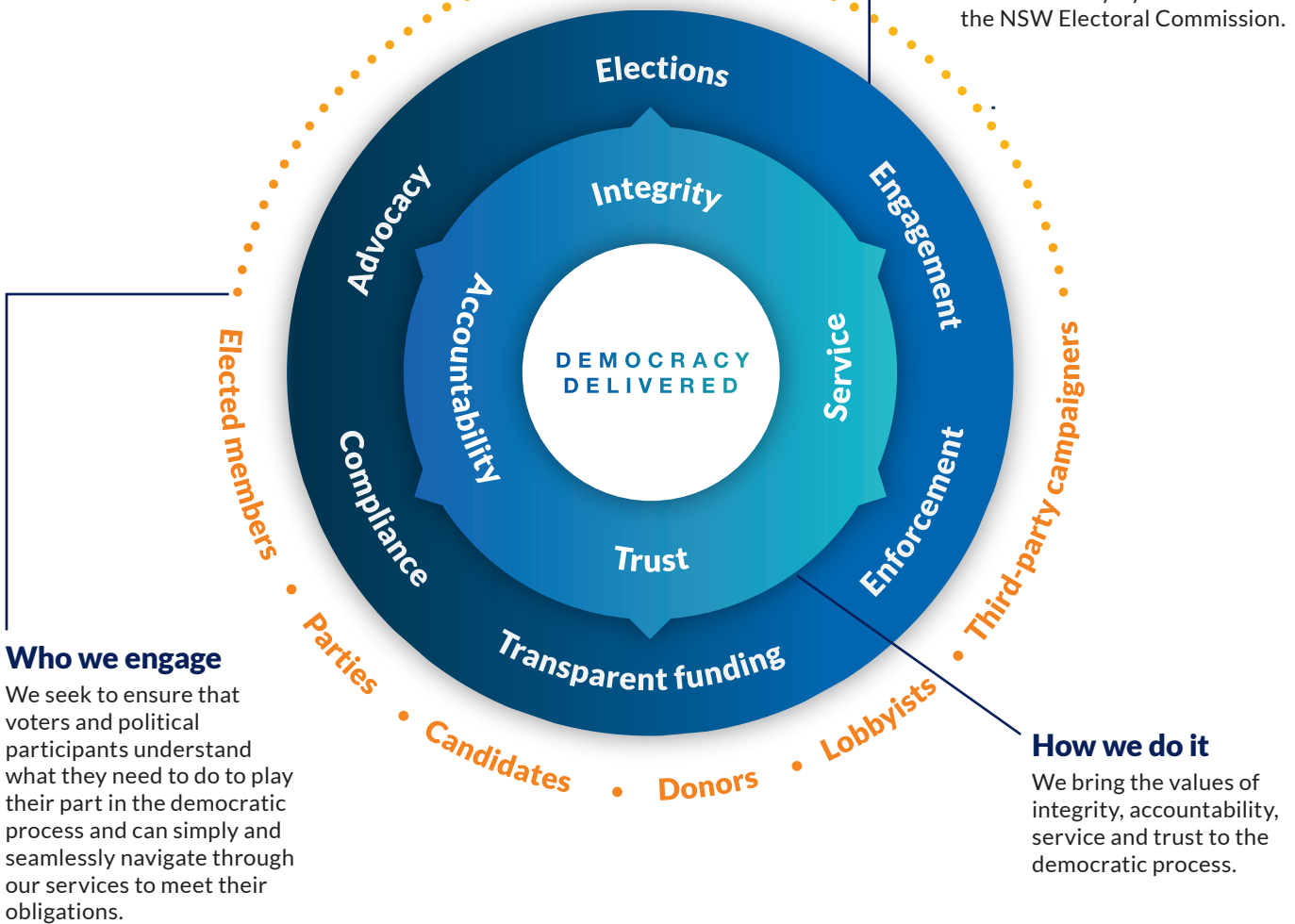
We are here to serve the people of New South Wales.



Voters

## What we do

Each of these services is part of our end-to-end democratic process, delivered collaboratively by teams across the NSW Electoral Commission.



## Who we engage

We seek to ensure that voters and political participants understand what they need to do to play their part in the democratic process and can simply and seamlessly navigate through our services to meet their obligations.

## How we do it

We bring the values of integrity, accountability, service and trust to the democratic process.

Having completed a restructure in 2016–17, the NSW Electoral Commission is now consolidated into four divisions: Corporate; Elections; Funding, Disclosure and Compliance; and Information Services. By centralising many functions previously duplicated across eight branches, the new structure streamlines our work and engagement with our stakeholders.

Our Strategic Plan 2017–2020: Democracy Delivered sets out what we want to achieve and how we plan to achieve it. In particular, we have identified

opportunities for improvement in three priority areas across the organisation:

1. Customer-focused products and services.
2. Engagement, influence and advocacy.
3. Effectiveness as an organisation.

The information in the following sections reports against our work in these areas during 2017–18.

# Our objectives for 2017-18

Goal	Initiative	Completed
 <p><b>Customer-focused products and services</b></p>	Deliver September 2017 local government elections	Yes
	Go live with new roll management system	Yes
	Research customer needs to commence service roadmap improvements	Yes
	Start planning the 2019 State election	Yes
	Commence refresh of iVote	Yes
	Provide online nominations	Yes
 <p><b>Engagement, influence and advocacy</b></p>	Deliver new customer-centred communications strategy	Yes
	Deliver updated service charters with election clients	Yes
	Update community action plans	Yes
 <p><b>Effectiveness as an organisation</b></p>	Commence efficiency reviews	Yes
	Upgrade our performance development framework	Yes
	Establish enterprise portfolio management office	Yes
	Explore options for human capital management system	Yes
	Deliver our long-term information technology strategy	Yes
	Transition IT infrastructure to GovDC data centre	Yes

# Legislative changes

The *Electoral Act 2017* and the *Electoral Funding Act 2018* both came into effect on 1 July 2018. These Acts replaced the *Parliamentary Electorates and Elections Act 1912* and the *Election Funding, Expenditure and Disclosures Act 1981*.

## **Electoral Act 2017**

The *Electoral Act 2017* sets out how elections to the Parliament of New South Wales are conducted. It covers all aspects of the election process including, party registration, candidate nomination and the conduct of elections.

The Act took effect on 1 July 2018, and will be fully operational for the State election in March 2019.

The objects of the Act are as follows:

- to constitute an independent Electoral Commission for New South Wales and to provide for the appointment of an independent Electoral Commissioner for New South Wales
- to promote and maintain an electoral system characterised by accessibility, integrity and fairness that provides for the election of members of the Parliament of New South Wales in accordance with the *Constitution Act 1902*
- to provide a fair and transparent process for the distribution of New South Wales into electoral districts for elections to the Legislative Assembly
- to facilitate and protect the integrity of representative government in New South Wales
- to enable the citizens of New South Wales to participate freely in fair and transparent electoral processes
- to facilitate the fair and transparent conduct of elections in New South Wales
- to provide guidance to members of Parliament, parties, groups and candidates in relation to their rights, responsibilities and obligations regarding the conduct of elections.

## **Key changes**

- The writ for a State election will now issue on the Monday after the Legislative Assembly expires, providing greater certainty for electoral participants.
- Nominations by candidates at a State election may now be made earlier, that is, from the Monday before the issue of the writ.
- Political parties must now provide specific information about their internal governance structures before they may be registered in New South Wales.
- Flexible voting has been made easier and more accessible under simplified eligibility criteria for postal voting and early voting.
- The Electoral Commissioner becomes the returning officer for all New South Wales electoral districts, while still having local election managers to run things 'on the ground', making electoral administration more efficient.

## Electoral Funding Act 2018

The *Electoral Funding Act 2018* governs electoral funding for candidates, groups, elected members, political parties, associated entities, third-party campaigners and donors in New South Wales.

The Act introduced significant changes to the way political participants manage their campaign finances, and when and how often they must disclose political donations and funding activities.

The objects of the Act are as follows:

- to establish a fair and transparent electoral funding, expenditure and disclosure scheme
- to facilitate public awareness of political donations
- to help prevent corruption and undue influence in State and local government elections
- to provide effective administration of public funding of elections, recognising the importance of the appropriate use of public revenue for that purpose
- to promote compliance by candidates, groups, elected members, political parties, associated entities, and third-party campaigners with the requirements of the electoral funding, expenditure and disclosure scheme.

### Key changes

The *Electoral Funding Act 2018* makes a number of changes to the way electoral participants manage their campaign finances, political donations and funding activities. The Act requires:

- pre-election disclosures of political donations of \$1,000 or more in the lead-up to State elections within 21 days of the donation being received or made
- half-yearly disclosures of all other political donations
- regulation of associated entities
- new rules for people responsible for making disclosures and managing campaign finances
- new duties for parties and their senior office holders.

The *Electoral Funding Act 2018* also made amendments to the *Lobbying of Government Officials Act 2011*. The amendments included, among other things, specifying the objects of the *Lobbying of Government Officials Act 2011*, as well as introducing increased transparency for certain decisions made by the NSW Electoral Commission.

## Supporting transition to the new legislation

In the lead-up to the new Acts commencing on 1 July 2018, the NSW Electoral Commission implemented operational and system changes to support its administration of the new legislation.

We are developing an online system to capture disclosures, registration and funding to comply with new legislation.

We are focussing on raising awareness of these new laws, including providing information to electoral participants and political donors about their obligations and entitlements. We are also working on a number of digital products and services to be launched prior to the State election in March 2019.



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## Strategic initiatives

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# Customer-focused products and services

## Insight-driven improvements

Our changing operating and legislative environments have created opportunities for us to improve how we deliver elections. We conduct research, analyse and interpret data and collaborate with academics, industry experts and stakeholders to address the needs and expectations of our customers. This information provides valuable insights, which inform the design and delivery of our election products, services and communications.

During 2017-18, our data insights came from various sources, including our call centre, voter surveys, interviews with political party officials and candidates, and digital channel analytics.

## Community insights using ABS data

New South Wales is Australia's most diverse state, and in 12 of its 93 electoral districts, more than half the residents speak a language other than English at home. We analysed 2016 Australian Bureau of Statistics (ABS) data to determine how best to provide English language support at elections across these districts. We will pilot translations for iVote at the 2019 State election in Arabic, Vietnamese, Cantonese, Mandarin, Greek and Italian. This approach is supported by Multicultural NSW.

## Research to inform our digital transformation

During the year, we implemented the first phase of our digital transformation project. This included conducting research to better understand our current online presence, the online environment in which we operate, and the needs and expectations of our key users and external stakeholders. The findings from this research were used to inform the design of our new website and content strategy.

## Providing effective and efficient digital services

Our online services are making it easier for voters to cast their votes, and for political participants to comply with their obligations and transact with the NSW Electoral Commission.

### iVote

#### Technology-assisted voting

The NSW Electoral Commission pioneered iVote® in 2011. iVote enables an elector to cast a vote online, or via telephone using a telephone keypad or with assistance from an operator through our call centre.

Since its introduction, iVote has been used in all State elections and by-elections in New South Wales, and at the March 2017 Western Australian State election. Use of iVote continues to grow as a percentage of total votes, and is enabling participation in the democratic process by people who would normally not be able to vote independently or have difficulty voting using other methods.

Enhancements in development during 2017-18 will improve system security, user identification and verification, and user experience for voters using iVote at the State election 2019.



## Online nominations management

The NSW Electoral Commission is developing an online system for the management of nominations. The system will cover submission of nomination documentation and payment of fees by candidates and political parties through to processing, validation and acceptance of nominations.

### Drivers for change

#### Stakeholder feedback

Feedback received from political parties and candidates after the 2015 State election suggests the current nomination process is time-consuming and the requirement to pay nomination fees in the form of cash or a cheque is inconvenient and outdated.

Minor parties can be particularly impacted by the current nomination process, as they are less likely to have centralised offices and support staff.

#### Government support

In 2016, the Joint Standing Committee on Electoral Matters recommended the NSW Electoral Commission and the NSW Government consider the development of an online nominations system.

The new system is also supported by the NSW Government's digital mandate for 70 per cent of government transactions to be conducted online by 2019.

## Benefits of online nominations

The online nominations system will streamline the nomination process for all stakeholders and support political parties in meeting nomination requirements.

The system will:

- facilitate secure online credit card payment of nomination deposits
- allow online entry of child protection declarations
- assist in validating nominations in line with legislative requirements.

The new system will evolve over time to meet customer needs and legislative changes and to leverage new technology. The current nominations process will still be available for electoral participants who prefer a manual system.

Along with other NSW Electoral Commission digital products and services, the online nominations system will be accessed via our website.



# Customer-focused products and services

Continued

## Improving our election services

During 2017–18, the NSW Electoral Commission experienced a high volume of election activity. At the same time, significant work was undertaken to implement new electoral legislation and prepare for the 2019 State election. A workload of this scale has only been manageable because of improvements implemented during the year to achieve operational efficiencies.

### Local government

#### Centralised count centres

Five regional centralised count centres were established for the local government elections in September 2017 (increased from one, previously). This enabled counting to be conducted simultaneously at multiple locations. The introduction of dedicated batching and data entry staff roles meant that these functions, as well as counting, could also be performed simultaneously across multiple locations. This provided easier access for scrutineers and enabled the final vote result to be announced earlier than usual. The cost of additional count centres was offset by reduced staffing costs through operational efficiencies and the reduced count time.

### State government

#### Data entry check count

An improved data entry check count process was implemented for the Blacktown, Cootamundra and Murray State by-elections.

#### Postal vote fulfilment

We established centralised postal vote facilities to make processing postal vote applications and dispatching postal vote packs more efficient. Previously, these functions were carried out at individual returning offices. Centralising the process has allowed us to increase resources when demand requires so that packs can be processed and distributed on the day we receive the application.

### By-election efficiencies

State and local government general elections in New South Wales take place every four years; however, by-elections can be called at short notice. A priority for the NSW Electoral Commission is to build staff capability and refine our processes, enabling us to deliver an election as soon as it is called.

## Preparation for the 2019 State election

Customer feedback, survey results, priority audience consultations, and successful product pilots at local government elections during 2017–18 have informed several initiatives to be implemented for the 2019 State election. These include:

- a trial of real-time translation support via video link-up with Auslan translators for hearing-impaired voters at a voting centre
- providing up-to-date information about voting options, eligibility and locations on the NSW Electoral Commission website
- displaying registered electoral material (how-to-vote cards) on our website – showing all approved electoral material being distributed on election day
- developing the nominations online management system.

## Complaints handling

In May 2017, we implemented a new centralised complaints handling system. This system aligns with standards set by the NSW Ombudsman to improve government services. We capture, respond to, report on and monitor complaints and other feedback from our customers, voters and political participants. Our system aims to achieve efficient and effective processing of complaints and provide an improved customer experience.

A complaint, as per our complaints handling policy, is defined as being:

- an expression of dissatisfaction about the NSW Electoral Commission (in its service delivery or exercise of functions)
- a report or allegation of a failure to comply with laws regulated by the NSW Electoral Commission.

Although feedback relating to voter enrolment and penalty notices issued for failing to vote does not fall within this definition, we also capture, manage and respond to those matters.

The creation of a governance manager role in 2017–18 has allowed us to review our policy and process for complaints handling and managing feedback. This review will inform system enhancement to help us categorise, capture and respond to complaints appropriately. Insights from complaint trends are used to improve our electoral products and services. Information on the types of complaints and feedback received is detailed on page 68.

## Adapting our services to legislative change

The NSW Electoral Commission prepared for significant legislative change during 2017–18, with the enactment of the *Electoral Act 2017* and the *Electoral Funding Act 2018*. Both Acts required extensive administrative, system and operational changes to be planned and implemented. Changes continue to be made concurrently with our preparations for the State election in March 2019.

### Implementation of the new legislation

The implementation projects being undertaken to help us regulate and conduct elections in accordance with the new Acts include changes to our:

- standard operating procedures, manuals and forms
- corporate policies
- delegations, authorisations and approvals
- website, fact sheets and other communications
- role descriptions
- IT systems.

### Supporting stakeholder compliance

#### Education and communication

We are supporting stakeholders' transition to the new legislation by providing information about their compliance obligations and our implementation of the legislation. We are updating our website, responding to enquiries and developing targeted education seminars, presentations and other resources.

## Supporting compliance across the organisation

### Advice, guidance and oversight

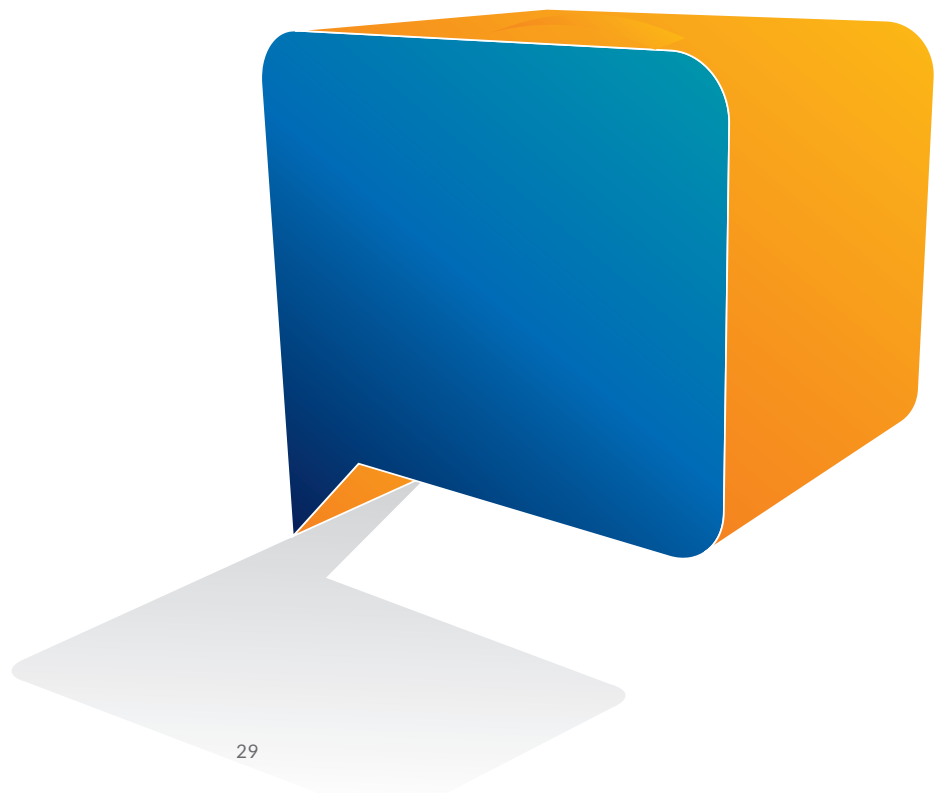
During 2017–18, our Legal and Governance team provided advice, guidance and oversight to support the successful rollout of the new legislation across the organisation. This has involved working with all parts of the NSW Electoral Commission to identify internal policies and procedures that need to be updated.

### Investigations matter management system

This year, we completed the development and implementation of an investigations matter management system. The system will help to assure stakeholders, management and oversight bodies that compliance reviews and investigations are conducted in accordance with the legislation and our policies.

### Investigatory and enforcement functions

During 2017–18, the NSW Electoral Commission was given investigatory and enforcement functions in relation to electoral offences under the *Local Government Act 1993* and *Local Government (General) Regulation 2005*.



# Engagement, influence and advocacy

## Integrated communications strategy

Our goal is to make it easy for people to participate in the democratic process by engaging them in ways that work for them, including being available through people's preferred information platforms and formats.

This year, we have undertaken extensive customer research to understand the information needs of voters and political participants. This has included interviews at polling booths where we asked waiting voters whether they had all the information they needed to confidently cast their vote. We also conducted phone interviews, focus groups and one-on-one interviews with voters, people who don't vote, and political participants including candidates, party agents, lobbyists and third-party campaigners.

This engagement revealed that, to help people participate in the democratic process, we need to give them access to information that is clear, authoritative and helpful. What we learned has informed the development of our communications and stakeholder engagement strategies, the design of our new website (to be launched in late 2018) and helped us create an evidence-based approach to communicating effectively with our audiences.

Our integrated approach to communications provides our customers with consistent, timely and accurate messaging. As part of this work we have aligned the way we communicate across our channels including our call centre, website, social media, advertising and direct communication to voters and political participants.

## Digital transformation

This year, we initiated a digital transformation project to create a customer-centred digital presence that helps voters, political participants and other external stakeholders to understand and participate in democratic processes.

During 2017–18, we implemented the first phase of the three-phase project through:

- extensive audience research to gain insights into the current needs and future expectations of our key users and external stakeholders
- procurement of a new digital platform/interface
- implementation of a new content strategy based on research insights, business needs and legislative requirements

- development of a new, consolidated, mobile-first digital presence
- defining our strategic roadmap to show how our communications channels work together and how they will evolve over time.

Our new website will consolidate several online sources of information from across the NSW Electoral Commission. The website will make it easier for people to find what they are looking for and transact with us. Importantly, the website is being developed on a platform that will allow us to integrate our digital products and services to give our customers a single point of entry into the NSW Electoral Commission.

## Electoral services that are relevant, accessible and inclusive

The NSW Electoral Commission recognises the diversity of New South Wales voters. We have a responsibility to provide electoral services that are relevant, accessible and inclusive to help all eligible voters understand and participate in the democratic process.

We continue to support three priority communities: Aboriginal people, people from culturally and linguistically diverse backgrounds, and people with disability. In 2018, we re-established our working relationships with key community stakeholders:

- Aboriginal Reference Group
- Culturally and Linguistically Diverse Reference Group
- Equal Access to Democracy Disability Reference Group.

Our stakeholder collaborations during the year helped us to identify gaps in our products, services and communications. The insights provided assist us in bridging these gaps. Our reference groups provide valuable information about barriers to voting for their communities, and access to wider networks and distribution channels to help us engage with those communities.

## Supporting our stakeholders

This year, the creation of a dedicated stakeholder engagement position enabled us to review our approach to community engagement, to foster and maintain meaningful partnerships and co-develop resources based on consultation and feedback.

In addition to listening to and acting upon the insights from reference groups about the communities they

represent, we also listened and responded to the challenges, needs and preferences of our reference groups. The groups requested more frequent face-to-face meetings and more accessible locations for these meetings, as well as more frequent communications.

### Collaborative partnerships

Our reference groups consist of representatives from peak bodies, government departments and agencies, and non-government organisations that provide community services and advocacy. Many reference group members have advised that they have limited resources, but receive ongoing requests for support from stakeholder engagement programmes. These requests can result in duplication of effort.

One solution was the formation of a collaborative partnership between the NSW Electoral Commission, the Australian Electoral Commission and the Ethnic Communities' Council of NSW. This partnership brings together two electoral commissions with similar needs and the peak body for culturally and linguistically diverse communities in New South Wales.

During 2017–18, we established the terms of reference of the partnership, and developed a proposal for in-language community engagement and education activities.

### Community action plans

During 2017–18, we developed new action plans for our priority communities:

- Guiding Principles for Aboriginal Community Engagement
- Multicultural Action Plan
- Disability Inclusion Action Plan.

Our action plans have been developed in consultation with community reference groups and inform our activities. These plans guide our engagement with our priority communities to increase their understanding of, and participation in, the democratic process across their preferred communication channels. We want to make sure that participating in elections is an easy process and everyone can be involved.

### Cultural competency and targeted recruitment

The NSW Electoral Commission continues to support election staff to provide respectful and culturally appropriate electoral services. All election staff can access our online guides that focus on key work activities, are mapped to specific job roles and cover customer service and cultural awareness. These guides include working with:

- Aboriginal electors
- electors from culturally and linguistically diverse communities
- electors who have a disability.

The NSW Electoral Commission embraces diversity and inclusion and is committed to creating a workplace that reflects the State's population by:

- increasing the diversity in the pool of applicants (multilingual speakers, Aboriginal applicants and applicants with a disability)
- being inclusive in our selection practices
- improving access to employment opportunities.

We promote work opportunities through our reference groups, website, social media, and through community-specific networks.

**Table 2: Electoral staff diversity for the 2017 local government elections**

Category	Percentage
Election staff who identified as Aboriginal or Torres Strait Islander	2.21%
Election staff who declared they had a disability	2.82%
Election staff who spoke a language other than English	30.36%

# Engagement, influence and advocacy

Continued

## Targeted material and special assistance

We engage with the community through special-purpose content and support to make sure that participating in elections is an easy process.

### Multilingual assistance

In addition to the Translating and Interpreting Service (via telephone), which gives electors access to assistance in more than 160 languages free of charge, we also assign multilingual staff to voting centres in communities where voters may require English language support.

### Easy-read guides

Easy-read guides about how to enrol and vote are provided for people with an intellectual disability. The guides were developed in collaboration with the NSW Council for Intellectual Disability. The guides are available on our website, and were distributed by the NSW Council for Intellectual Disability to disability organisations and service providers for the local government elections in 2017.

### Auslan videos

Auslan is the sign language of the Australian Deaf community. We have developed Auslan videos in collaboration with The Deaf Society covering the levels of government in Australia and how to enrol to vote. Auslan translation via video link-up was available at voting centres for the local government elections in September 2017.

### Braille ballot papers

We worked with Vision Australia and Blind Citizens NSW to produce Braille ballot papers for vision-impaired voters.

### Other assistance at voting centres

We continue to provide a range of assistive resources at voting centres, including accessible voting screens, maxi pens and magnifying sheets.

## Political participant engagement

Legislation sets out how the NSW Electoral Commission must conduct and regulate elections and the obligations of voters and political participants. These rules can be complex, so we communicate and engage with voters and political participants to help them understand their obligations and how to comply.

### Supporting voters and candidates

We try to reach all sections of the community to make sure everyone has the relevant information and means to exercise their democratic right to vote. We also provide information to participants in an election to support their understanding of and compliance with their legislative obligations.

### New legislation

During 2017–18, we saw significant legislative change with the passage of the *Electoral Act 2017* and the *Electoral Funding Act 2018*. The implementation of this legislation requires information to be communicated to political participants. They need to know what to do, when and, just as importantly, what not to do.

Our communication activities aim to inform:

- candidates, groups, elected members, political parties, third-party campaigners, associated entities, third-party lobbyists and political donors about their entitlements and obligations
- the public and the media about the legislation and disclosures of political donations and electoral expenditure.

While the NSW Electoral Commission aims to support all political participants in meeting their legal obligations, it does not provide legal advice. Opinions expressed by the NSW Electoral Commission are not a substitute for the law. All political parties must satisfy themselves as to their legal position including, where appropriate, obtaining advice from their own legal advisers. It is the responsibility of individual political participants to ensure that they comply with NSW electoral law.

### Information services

We provide stakeholders with access to information via our website, a dedicated telephone help desk enquiry service and an email enquiry service. Like many service providers, the NSW Electoral Commission increasingly relies on digital channels to reach those who are interested in, and participate in, elections. A project is underway to integrate our products, services and communications onto a single platform. The first phase of this project is a new website.

Other digital activities planned or underway to support engagement include:

- enhancements to the funding and disclosure information system, to provide online functionality for lodging and managing disclosures
- online nominations and payments
- enhancement of the online lobbyists portal and register.

Relevant and timely information via a range of methods helps political participants understand and comply with their obligations. During 2017–18, subject matter experts across the NSW Electoral Commission worked together to develop tailored content for political participants, via:

- bulletins on legislation change and election events
- seminars and presentations
- written notification of election events and funding and disclosure obligations
- SMS and email reminders
- print and social media advertising
- online resources.

## Collaborations and partnerships

### External committees

The NSW Electoral Commission is represented on a number of external committees that assist, advise and contribute to the larger electoral framework.

#### Electoral Council of Australia and New Zealand

The Electoral Council of Australia and New Zealand (ECANZ) is a forum of all electoral commissions from Australia and New Zealand. ECANZ meets three times per year to discuss all aspects of electoral administration, encourage mutual cooperation and consider contemporary electoral challenges aimed at improving access and equality for all eligible electors. The NSW Electoral Commissioner is the current ECANZ Chair.

#### Electoral Regulation Research Network

The Electoral Regulation Research Network (ERRN) fosters exchange and discussion among academics, electoral commissions and other interested groups on research relating to electoral regulation. The ERRN is jointly funded by the NSW Electoral Commission, the Victorian Electoral Commission, and Melbourne Law School.

### Australian Electoral Commission

During 2017–18, we continued our collaborative relationship with the Australian Electoral Commission (AEC).

#### NSW electoral roll

The electoral roll is an example of synergies and innovation through collaboration. In 2009, the NSW Electoral Commission developed SmartRoll, a direct enrolment system that enabled automatic enrolment for NSW residents upon turning 18 years of age, and the ability to update details of electors who had moved address.

In the lead-up to the 2013 federal election, the AEC introduced its own direct enrolment system, the Federal Direct Enrolment and Update programme (FDEU). FDEU was modelled on SmartRoll.

In early 2017, the NSW Electoral Commission and the AEC established a joint working party to explore opportunities to better integrate enrolment activities. During 2017–18, the NSW Electoral Commissioner suspended the use of SmartRoll, to focus resources on achieving greater integration with the AEC's enrolment processes. This integration will not only reduce duplication of effort by each commission, but also reduce the potential for confusion, avoid differences in data, and streamline the enrolment process for electors.

### Providing early voting services for other electoral commissions

During 2017–18, we offered early voting services for the Tasmanian Electoral Commission, the Electoral Commission of South Australia, the Western Australian Electoral Commission and the Electoral Commission New Zealand. Early voting was available in the NSW Electoral Commission head office for two weeks prior to each election day.

- **New Zealand general election**  
Early voting commenced 6 September 2017
- **Tasmanian House of Assembly election**  
Early voting began 19 February 2018
- **Western Australian State by-election for Cottesloe**  
Early voting began 28 February 2018
- **South Australian State election**  
Early voting commenced 5 March 2018.

# Engagement, influence and advocacy

Continued

## Other government departments and agencies

During 2017–18, we initiated discussions with other government organisations about possible partnerships. For example, we are in discussions with the Department of Education about the feasibility of using school internet infrastructure to enable expansion of our technology-assisted voting services, in particular, electronic roll mark-off.

## Community reference groups

We continued collaborative relationships with three priority community stakeholders during 2017–18:

- Aboriginal Reference Group
- Culturally and Linguistically Diverse Reference Group
- Equal Access to Democracy Disability Reference Group.

Our reference groups provide valuable insights into barriers to voting for their communities and feedback on our products, services and communications. They also provide access to wider networks and distribution channels to help us engage with their communities. Our work with community reference groups is detailed on page 30.

## Drive policy and legislative improvements

During 2017–18, the NSW Electoral Commission contributed to inquiries by the Joint Standing Committee on Electoral Matters (JSCEM) and other Parliamentary committees. We were also involved in the implementation of JSCEM recommendations, including changes to legislative and operational frameworks for State and local government elections.

In September 2017, the NSW Electoral Commission made a submission to the inquiry of the JSCEM into preference counting in local government elections in New South Wales. The NSW Electoral Commissioner and senior staff of the NSW Electoral Commission gave evidence about this issue at a public hearing held on 9 October 2017. The NSW Government has accepted the subsequent recommendation by the JSCEM to introduce the weighted inclusive Gregory method for vote counts at future local government elections.

Also in September 2017, the Electoral Commissioner appeared at the public inquiry in the Budget Estimates being conducted by the Portfolio Committee No. 1 – Premier and Finance.

In the same month, we engaged Roger Wilkins AO to undertake an inquiry concerning the iVote internet and telephone voting system, in response to a 2016 JSCEM recommendation. Mr Wilkins was supported in this work by a panel of experts comprising Antony Green AO, the Australian Broadcasting Corporation's election analyst; Alastair MacGibbon, National Cyber Security Adviser (Deputy Secretary, Department of Home Affairs) and Head of the Australian Cyber Security Centre (Deputy Director General, Australian Signals Directorate); and Dr Rodney Smith, Professor of Australian Politics in the Department of Government and International Relations at the University of Sydney.

During 2017–18, the Electoral Commissioner published reports regarding the conduct of State and local government elections.

Local government by-election reports (date published):

- Blacktown City Council (5 December 2017)
- Lithgow City Council (5 December 2017)
- Campbelltown City Council (5 December 2017)
- Tenterfield Shire Council – D Ward (19 February 2018)
- Brewarrina Shire Council (19 February 2018)
- Narromine Shire Council (19 February 2018)
- Port Macquarie-Hastings (19 February 2018)
- Wollondilly Shire council (23 April 2018)
- Brewarrina Shire Council (22 May 2018).

State by-election reports (date published):

- Gosford (19 March 2018)
- Manly (19 March 2018)
- North Shore (19 March 2018)
- Blacktown (23 April 2018)
- Cootamundra (23 April 2018)
- Murray (23 April 2018).

Local government elections (date published):

- Report on the 2017 local government elections (9 March 2018).



# Effectiveness as an organisation

## Supporting collaboration and continuous improvement

### Organisational effectiveness

In line with our strategic goal to create an effective organisation with a strong and positive culture, we embarked on an organisational effectiveness project this year. This involved evaluating our new staffing structure to determine whether the restructure had delivered its intended benefits, and identifying any gaps and opportunities to further align the structure with our legislative requirements. The execution of this work during 2017–18 provided an integrated framework, from organisational strategy down to individual performance plans, to align our work with our goals.

### Operating model

During 2017–18, we developed an operating model to align our processes, systems, technology and people to more effectively deliver our election activities, legislative requirements and strategic objectives. It also seeks to identify duplication and opportunities for improvement as we work towards our corporate strategic goals.

### Aligning plans, projects and performance

As part of the organisational effectiveness project we operationalised our strategic plan by developing divisional and business unit plans. These plans were supported by project and initiative plans, and performance plans for staff and management.

### People Matter Employee Survey

Each year, our staff are given the opportunity to provide feedback about the NSW Electoral Commission as a place to work in the *People Matter Employee Survey* (open to all employees across the NSW Government). Our response rate is consistently one of the highest in the sector, and our employee engagement level is well above other agencies.

The survey is an important indicator of staff satisfaction, and gives us an opportunity to reflect on our strengths and identify areas where we can further develop and improve our performance based on actionable data. Our results reflect the strong team culture that exists across the organisation.

Feedback from the 2016 and 2017 surveys revealed that our staff want better access to learning and development opportunities, clearer performance planning and objectives, and more career development opportunities. In response, during

2017–18, we expanded our human resources team to focus on learning and development, launched a revised performance development process, and invested in training for managers and staff.

### Capability framework

The *Government Sector Employment Act 2013* places senior executive public service positions in New South Wales within a new capability framework. The Act aims to develop public sector capability, providing a common baseline for creating roles, recruiting, managing performance, capability development, career planning and, more broadly, workforce planning. Capabilities are the knowledge, skills and abilities public sector employees must demonstrate to perform their roles effectively.

We have adopted the NSW Public Sector Capability Framework to improve attraction and retention, enhance knowledge management, build staff capability, and support sustainable employment models.

### Performance development

Following consultation across the organisation, this year we revised and relaunched our performance development processes and practices, aligning with industry standards and the NSW Public Sector Capability Framework. We took the opportunity to incorporate the organisational values and behaviours into individual development plans.

For the upcoming State election in March 2019, our election managers will use our online performance development system for the first time. This will help us all work to the same performance standards and provide important workforce insights on this key segment of our temporary election workforce.

### Learning and development

The appointment of a dedicated organisational development manager during 2017–18 enabled us to focus on learning opportunities. Our learning priority is to address themes from the *People Matter Employee Survey*. These include building leadership capability – coaching, mentoring and giving feedback – and career and performance development.

During 2017–18, we created a new learning and development strategy, to be implemented from 2018–19. Our learning and development activities support our performance development planning.

# Effectiveness as an organisation

Continued

## Workplace health and safety

Workplaces have a legal responsibility to provide a psychologically and physically safe and healthy work environment. In addition to effective workplace systems, policies and procedures, all staff, managers and executives need to have the skills and confidence to be able to recognise, respond to, and manage/support a broad spectrum of workplace health matters as they arise.

Workplace health and safety is a priority for us. In June 2018, we engaged Safety Australia Group to conduct a review of our workplace health and safety management system and arrangements, to assess our level of legislative compliance. A number of recommendations were made around improvements to our systems and processes, resulting in the development of strategies and action plans for work health and safety and wellbeing.

## Health and wellbeing

From there, we developed our health and wellbeing strategy, incorporating recommendations from Safety Australia Group, with a focus on:

- mental health and wellbeing
- workplace stress
- managing fatigue
- workplace culture (behaviour)
- manual handling and ergonomics.

We then implemented a workplace health and safety education programme, focusing on the due diligence requirements of executive management in relation to wellbeing. We have also outlined a number of key initiatives to be executed over the next two years that will support our staff with the important issue of mental health and wellbeing. One of the key initiatives is training in mental health awareness for all staff and managers.

## Senior election officials workforce strategy

A priority of the organisation is the building of staff capability and processes to deliver an election as soon as it is called. During 2017–18, we commenced implementation of our election manager recruitment campaign, to build a highly capable and effective talent pool of election official staff. In preparation for the 2019 State election, the initial recruitment plan is for 93 election managers located across New South Wales, and 10 election manager support staff. We aim to have a pool of 300 election officials to support future elections. Our performance development

and capability frameworks will be applied to our election officials to create a more skilled and diverse workforce.

## Our people

**Table 3: Senior staffing profile from 1 July 2017 to 15 June 2018**

Number of senior executive roles	Male	Female	Total
Public Office Holder (EC)	1	-	1
Band 3 (equivalent)	-	-	0
Band 2 (equivalent)	3	1	4
Band 1 (equivalent)	9	4	13
<b>Total</b>	<b>13</b>	<b>5</b>	<b>18</b>

**Table 4: Senior staffing profile from 18 June 2018 to 30 June 2018**

Number of senior executive roles	Male	Female	Total
Public Office Holder (EC)	1	-	1
Band 3 (equivalent)	-	-	0
Band 2 (equivalent)	4	0	4
Band 1 (equivalent)	7	4	11
<b>Total</b>	<b>12</b>	<b>4</b>	<b>16</b>

**Table 5: Remuneration of executive officers**

Band	Range \$	Average remuneration 2018
Band 3 (equivalent)	328,901 – 463,550	419,229
Band 2 (equivalent)	261,451 – 328,900	277,822
Band 1 (equivalent)	183,300 – 261,450	219,211

In 2017–18, 14.4 per cent of the NSW Electoral Commission's employee-related expenditure was for senior executives compared to 31.32 per cent the previous year. The calculations for employee-related expenditure this year include election staff.

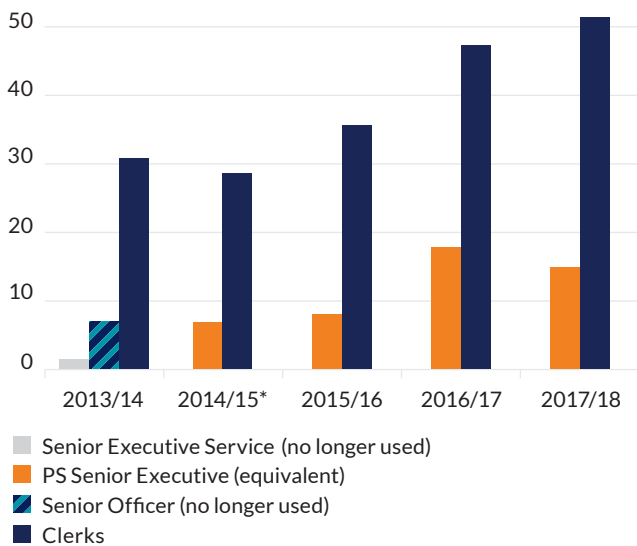
The NSW Electoral Commission's ongoing staffing numbers (excluding contractors) are shown below.

**Table 6: Staff numbers (FTEs)**

Level	No. of staff	Female	Male
Senior Executives (equivalent)	15	4	11
Ongoing officers	52	27	25
Temporary officers	77	48	29
<b>Total</b>	<b>144</b>	<b>79</b>	<b>65</b>

The cyclical nature of our business is reflected in the changes of categories of staff employed.

**Graph 1: Categories of staff by engagement type**



Note: Senior Executive Service staff category was replaced with Public Service Senior Executive.

### Staffing changes

Over the past five years, recruitment activity has increased as a result of organisational change and an increase in roles available. Separations increased slightly from the last reporting period and is attributed to mobility and career development opportunities external to the organisation.

**Table 7: Separations and movements, ongoing staff**

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Total commencements	12	14	24	26	70
Total continuing	49	54	57	69	67
Total separated	8	10	11	17	21
Separation rate (%)	11.6	12.8	12	15.6	14.48



# Effectiveness as an organisation

Continued

## Diversity in the workplace

**Table 8: Trends in the representation of equal employment opportunity groups 2017–18 (% of total staff)**

EEO group	Target %	2014 %	2015 %	2016 %	2017 %	2018 %
Women <sup>1</sup>	50	55.74	51.47	55.55	52.63	54.48
Aboriginal and Torres Strait Islander people <sup>2</sup>	2	2.7	–	0	0	2.5
People whose first language is not English <sup>2</sup>	20	11.11	–	17.86	14.81	27.5
People who identified themselves as having a disability <sup>2</sup>	12	10.81	–	7.14	0	2.06
People with a disability requiring work-related adjustment <sup>2</sup>	7	7.214	–	0	0	1.25
People identifying as having come from a racial, ethnic or ethno-religious group <sup>2</sup>		22.22		21.43	16.67	55.17

Notes: 1. Source: Annual Workforce Profile Report. 2. Source: Response to Equal Employment Opportunity (EEO) survey distributed each June

## Secondments

The NSW Electoral Commission supports staff mobility and opportunities for secondment. In 2017–18, five secondments were organised from other agencies to the NSW Electoral Commission. One secondment from the NSW Electoral Commission occurred during the period.

## Learning and development statistics

There was an increase in training days for ongoing officers, with 3.5 average days of training in 2017–18, compared to 0.5 in 2016–17. This increase resulted from the appointment of a learning and development manager, re-implementation of the performance development plan and the identification of training and development needs. We support staff training through financial support and study time and assistance.

**Table 9: Staff training 2017–18**

Training type	No. of staff	No. of days training or equivalent
Internal course	26	1.7
External course	75	27.1
Other development programmes (eg mentoring, coaching, facilitating lectures/training, networking)	1	8
Study assistance provisions: ICT – postgraduate	5	2 semesters

Throughout the reporting period, we ran a number of training programmes, including:

- public interest disclosures
- staff wellbeing
- manager employee assistance support
- improving performance through coaching.

At an executive level, two staff members attended the Executive Leadership Essentials programme run by the NSW Public Service Commission and three staff members attended the Women Leaders in the Public Sector course run by the Public Service Network.

### Work health and safety

Eleven incidents were reported in 2017–18, a significant decrease compared with 32 reported incidents in the previous year.

**Table 10: Work-related injuries and claims 2017–18**

Detail	No.
Work-related incidents	11
Claims	11

Workplace health and safety training is provided to new starters as part of their induction. The NSW Electoral Commission also arranges workplace assessments and adjustments as required.

### Enterprise portfolio management

The NSW Electoral Commission is primarily a project-based organisation. We run a suite of projects for every election, and have a number of ongoing projects to improve the design and delivery of our products and services.

Our enterprise portfolio management office (EPMO) function has enabled us to build project management capability, to make more-informed decisions about the projects we choose to implement, and apply consistent management methodology, controls and assurance. By assessing projects against set criteria underpinned by strong governance, the EPMO provides accurate forward planning, risk and interdependency management.

#### Projects delivered in 2017–18

The following projects were completed in 2017–18:

- local government election 2017 (for 45 councils)
- Riverwood storage facility exit
- Queen’s Square office accommodation
- complaints handling system
- policy library
- roll management system (Phase 2)
- FDC investigations system
- Government data centre relocation (Phase 1 & 2).

We also conducted three State and eight local government by-elections.

### Maturing our portfolio management capability

Our strategic plan prioritises the maturing of our portfolio management capability to improve project delivery efficiencies. In 2017–18, we started an extensive scoping exercise to inform work that will be delivered in a staged approach after the 2019 State election.

#### Enterprise portfolio/project management toolset

We currently use a manual dashboard system to provide updates and direction for all programmes and projects in planning or varying stages of delivery. During 2017–18, work was undertaken to select and implement an online project management toolset. While dashboards are effective, significant efficiencies will be gained from the toolset. Its implementation will also support our portfolio management capability maturity by enabling more effective project investment, ongoing benefit reviews, real-time reporting and the identification of resources required to deliver our initiatives. The full rollout of the toolset has been deferred until the delivery of the 2019 State election due to resourcing constraints.

#### Accountability model

An accountability model was implemented in 2016–17 as the foundation of how we sponsor and deliver projects. This year the model was strengthened by embedding project delivery staff within our four operating divisions.

#### Portfolio management

- **Investment management:** We facilitated workshops to improve business case development and approval, with a focus on collaboration. This has seen a reduction in the time required to progress a business case, and has increased overall quality and accuracy, enabling us to better prioritise projects.
- **Benefits management:** We implemented the first phase of benefits management and reporting, and introduced quarterly reviews of all projects by the portfolio steering committee during 2017–18. This allows us to determine ongoing project investment based on performance and achievability, and demonstrate clear and measurable benefits to the organisation and/or our customers.
- **Portfolio assurance and governance:** The introduction of project stage gates has enabled risks to be identified and addressed early, strengthening portfolio-wide assurance resulting in improved delivery results.

# Effectiveness as an organisation

Continued

## Establishment of practices

During 2017–18, we established practices (small, specialist teams) to develop project management, business analysis, change management and planning capabilities across the organisation.

## Training and workshops

We commenced a series of workshops during 2017–18, to support our knowledge of responsibilities, situational leadership, portfolio and project tools, and the resources required by project teams throughout project delivery.

The EP MO now facilitates ‘lessons learned’ workshops, to implement the learnings from each project in subsequent projects. This has helped us improve our focus, objectivity and documentation. These lessons, along with project closure reports, are also used during business case development. We are already seeing improvements across the organisation. Successes include:

- **Local government elections 2017:** Previously, each team involved in a project would implement their own project closure process. By centralising the closure function, we have reduced the resources required for project closures and introduced an arbitrator function to implement lessons learned.
- **State election 2019:** Improved programme initiation and strategic thinking has allowed us to more efficiently work towards delivering the election.

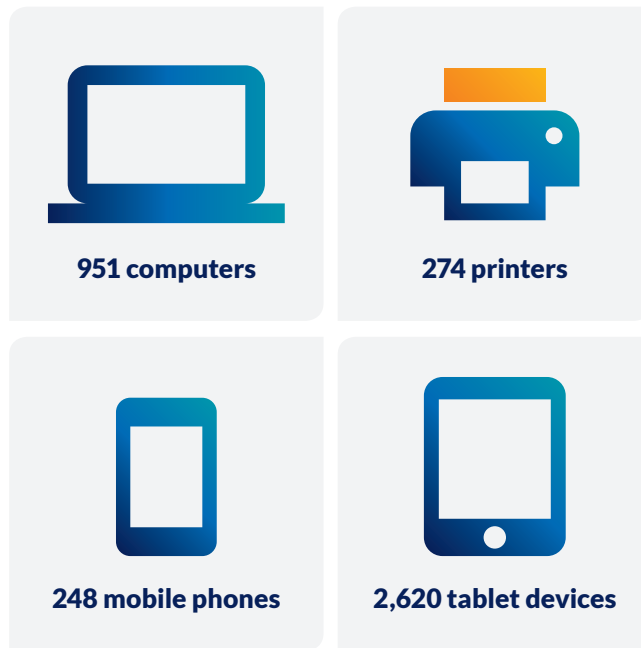
## Information services

The NSW Electoral Commission’s restructure was a driver of change for our IT services during 2017–18. It centralised business systems, security and infrastructure functions that were previously carried out in separate areas across the organisation. This consolidation has provided a solid foundation for developing our information services. The new Information Services Division supports the day-to-day technology requirements of the organisation and the successful delivery of elections. In 2017–18, we focused on improving internal controls for software development to reduce development risk and improve software quality.

## Delivery of local government elections

Information Services provided the systems and support necessary to conduct the local government elections held in 2017.

## IT support for the 2017 local government elections



## Server relocation: GovDC

Collectively referred to as the NSW Government Data Centre (GovDC), two data centres have been built in Silverwater and Wollongong to replace the ageing server infrastructure individually held and maintained by State departments and agencies. The NSW Government’s digital strategy highlights the benefits of consolidating server requirements:

- known and transparent costs into the future
- improved technical and operational standards
- modern, certified facilities improving information and communications technology (ICT) reliability and security
- reduced data centre electricity usage, reducing environmental impact and costs.

During 2017–18, we conducted a phased migration of servers from internal data centres to the NSW Government Data Centre.

- **Phase 1** included the closure of our backup data centre (the Riverwood logistics warehouse). This was relocated to GovDC in early November 2017.
- **Phase 2** followed in early 2018, with the relocation of primary servers from our in-house data centre to GovDC. The migration was completed in April 2018.

- **Phase 3** of the project will see a move to hosted infrastructure using both public and private cloud services. This should provide better flexibility, enabling the NSW Electoral Commission to better manage the cyclical nature of election events. This will be carried out in 2019.

The migration to GovDC:

- strengthens physical and logical security
- improves system reliability and availability
- frees us from owning ICT hardware and managing the associated maintenance and support services required with ownership
- enables us to scale up or down our ICT requirements in response to election events.

### Roll management system

The roll management system was delivered during 2017–18. It will enable us to better manage the NSW electoral roll.

### Cybersecurity

We engaged PricewaterhouseCoopers in 2017–18 to review our cybersecurity. A number of activities were initiated during the year based on recommendations from the review. These will strengthen our cybersecurity controls and standards to minimise the risk of a successful cyber attack.

1. Cybersecurity review processes for all new systems are now formalised as part of project initiation. Cybersecurity testing and risk assessments are included as part of the system go-live process.
2. Increased controls on software development processes, ensuring 'secure by design' principles are followed and separation of duties between development and support teams are maintained.
3. We have increased the scope of penetration testing to include all NSW Electoral Commission systems on an annual basis.

A cybersecurity risk governance committee has been formed to assess and manage mitigation of cybersecurity risks. Cybersecurity awareness training is being provided to all staff to make sure they are up to date with technical advances.

### Preparation for the 2019 State election

Implementation of the *Electoral Act 2017* has required considerable change to our Election Management System and Election Management Application. We use these systems to conduct elections, and this has been a major development task during 2017–18 in preparation for the 2019 State election.

The preparation of other systems, infrastructure, software development and testing is progressing to schedule. A comprehensive readiness programme will be implemented to test the systems and infrastructure that support the business processes and procedures required to deliver the election.



# 3

## Conducting and regulating elections, and governance

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# Conducting and regulating elections

## Conducting elections

The NSW Electoral Commission is responsible for conducting:

- State elections and by-elections
- NSW Aboriginal Land Council elections
- local government general elections and by-elections (if engaged to do so)
- elections for office holders in commercial, statutory and service organisations (if engaged to do so).

We also provide assistance to voters from other jurisdictions (New Zealand, and other Australian states and territories) to enable them to vote in their elections.

## Enrolment and eligibility

Enrolment increased slightly during 2017–18, with 5,248,487 people enrolled to vote as at June 2018, representing 98.5 per cent of the total estimated eligible population of New South Wales.

**Table 11 – Number of enrolments and percentage of eligible population**

Month	Enrolment	Total estimated eligible population (per cent)
June 2018	5,248,487	98.5
June 2017	5,211,724	97.4
June 2016	5,167,402	97.4
June 2015	5,062,030	96.5
June 2014	4,963,555	95.7

## Local government elections conducted

On 9 September 2017, the NSW Electoral Commission conducted elections for 45 councils in New South Wales. One council (Maitland) chose to conduct its own election. The 2017 local government elections were the third conducted since changes to legislation gave councils the option to choose their election service provider.

In total, we conducted 142 individual elections in 103 wards and 19 undivided council areas. There were 122 contested councillor elections, two uncontested ward elections, 12 contested mayoral elections, five polls, and six referendums for four councils. For the 45 councils, there were 55 pre-poll venues and 1,130 polling places, serving 2.73 million electors.

**Table 12 – Local government elections conducted in September 2017 (45 councils)**

Councils
Armidale Regional Council
Bathurst Regional Council
Bayside Council
Blayney Shire Council
Burwood Council
Cabonne Council
Canada Bay Council
Canterbury-Bankstown Council
Central Coast Council
Cootamundra-Gundagai Regional Council
Cumberland Council
Dubbo Regional Council
Dungog Shire Council
Edward River Council
Federation Council
Georges River Council
Hilltops Council
The Council of the Shire of Hornsby
The Council of the Municipality of Hunter's Hill
Inner West Council
Ku-ring-gai Council
Lane Cove Municipal Council
Mid-Coast Council
Mosman Municipal Council
Murray River Council
Murrumbidgee Council
Newcastle City Council
North Sydney Council
Northern Beaches Council
Oberon Council
Orange City Council
City of Parramatta Council
Port Stephens Council

**Table 12 - Local government elections conducted in September 2017 (continued)**

Councils
Queanbeyan-Palerang Regional Council
Randwick City Council
Council of the City of Ryde
Shellharbour City Council
Snowy Monaro Regional Council
Snowy Valleys Council
Strathfield Municipal Council
The Hills Shire Council
Waverley Council
Willoughby City Council
Wollongong City Council
Woollahra Municipal Council

More than one elector in a thousand nominated as a prospective councillor, with a total of 1,938 candidates from 2,019 nominations. There were 484 councillor positions to be filled at the election.

The elections encompassed different voting methods: optional preferential for direct mayoral elections and proportional representation if more than two councillors were to be elected.

We provided nine data entry and count centres. Data entry started on 11 September and finished on 19 September 2017. There were 2,193,349 votes cast in the 2017 local government elections. There were 2,045,739 formal votes in councillor elections and 147,610 informal votes. There was a decline in the informal voting rate, at 6.39 per cent down from 6.44 per cent in 2016.

The turnout rate for these elections was 79.58 per cent, marginally higher than the 2016 turnout rate of 79.27 per cent. We employed 8,830 temporary election staff. Following the election, we conducted a range of surveys with electors, candidates, council general managers and election officials.

## State and local government by-elections conducted

The NSW Electoral Commission conducted eight local government by-elections and three State by-elections during 2017-18.

**Table 13: Local government by-elections conducted 2017-18**

Council	Date
Port Macquarie-Hastings Council	29/07/2017
Narromine Shire Council	19/08/2017
Tenterfield Shire Council - D Ward	19/08/2017
Brewarrina Shire Council	19/08/2017
Wollondilly Shire Council	28/10/2017
Brewarrina Shire Council	9/12/2017
Murrumbidgee Council - Murrumbidgee East Ward	10/03/2018
Coonamble Council	5/05/2018

**Table 14: State by-elections conducted 2017-18**

District	Date
Murray	14/10/2017
Cootamundra	14/10/2017
Blacktown	14/10/2017

# Regulating the electoral environment

## Commercial elections conducted

We conducted elections for 30 commercial entities during 2017–18.

**Table 15: Commercial elections conducted 2017–18**

Registered clubs
Cabra-Vale Diggers Club – 2017
Canada Bay Club Ltd – GROUP 2
Belmont 16 Foot Sailing Club
Beresfield Bowling Club
NSW Gun Club
Toronto Workers Club
Leichhardt Bowling Club
Smithfield RSL Club
Rooty Hill RSL Club
Cronulla Sutherland Leagues Club
Five Dock RSL Community Club
Statutory/Industrial
Australian Paramedics Association NSW – (APA)
ClubsNSW – Directors (Group 3)
Silverton Village Committee by-Election
Rice Marketing Board
Tibooburra Village Committee
TAB Agents NSW
APESMA – Committee of Management
The Fish Merchants Association of NSW
Local Government Engineers Association of NSW
Sydney Cricket Ground Trust
Lord Howe Island Board
Parents and Citizens Federation
Bus & Coach Industrial Association of NSW
Fire Brigade Employees' Union of NSW
Bus & Coach Industrial Association – Office Bearers
Funeral and Allied Industries Union
APESMA – Executive Officers
Development & Environment Professionals Association
ClubsNSW – Regional State Councillors

## Regulating the electoral environment

### Funding, disclosure and compliance

The NSW Electoral Commission has responsibility for:

- regulating the registration, funding and disclosure obligations of political parties, elected members, candidates and third-party campaigners
- maintaining registers of political parties, candidates, agents, third-party campaigners and lobbyists
- publishing disclosures of political donations and electoral expenditure made by parties, candidates, groups, elected members, third-party campaigners and donors
- regulating compliance with the legislation for State and local government elections, enrolment, voting, lobbying and election campaign finances
- administering public funds to eligible political parties, candidates and members of Parliament.

The NSW Electoral Commission also has an educative role: promoting public awareness of electoral matters, facilitating public awareness of political donations and promoting compliance with requirements. We support stakeholders by providing information across a range of channels and formats: on our website, responding to enquiries to our call centres, targeted education and information at seminars and presentations, and resources including guides, fact sheets and policy documents.

We published 10 media releases and eight statements from the Electoral Commission's Chairperson, to build public awareness of NSW Electoral Commission enforcement activities.

### Adherence to legislative requirements

We undertake financial auditing and compliance work to help ensure adherence to the legislative requirements for election campaign finances, lobbying and elections under the following legislation:

- *Election Funding, Expenditure and Disclosures Act 1981 (EFED Act)* replaced by the *Electoral Funding Act 2018* effective 1 July 2018
- *Parliamentary Electorates and Elections Act 1912 (PE&E Act)* replaced by *Electoral Act 2017* effective 1 July 2018 (except for any by-elections held prior to the 2019 NSW State election)
- *Local Government Act 1993* (LG Act, electoral provisions only)
- *Lobbying of Government Officials Act 2011* (LOGO Act).

The EFED Act:

- provides for the registration of candidates, groups, third-party campaigners and agents at State and local government elections
- provides public funding to eligible parties, members of Parliament and candidates
- requires the disclosure of political donations and electoral expenditure by parties, elected members, candidates, groups, third-party campaigners and major political donors
- regulates political donations and electoral expenditure.

The PE&E Act provides for the conduct of State elections, the registration of political parties and the maintenance of the electoral roll.

The electoral provisions of the LG Act provide for the conduct of local government elections and empowers a local government council to resolve that the Electoral Commissioner be engaged to conduct an election on its behalf.

The LOGO Act provides for the registration of third-party lobbyists and a code of conduct for lobbyists.

# Regulating the electoral environment

Continued

## Registration of political parties

The Electoral Commissioner maintains publicly available registers of political parties.

### State elections

As at 30 June 2018, 18 political parties were registered for State elections in New South Wales. These parties are also registered for local government elections. During 2017-18:

- **Seven new parties registered for State elections**

Australian Conservatives (NSW), Flux Party (NSW), Keep Sydney Open Party, Liberal Democratic Party, Pauline Hanson's One Nation, The Small Business Party, Sustainable Australia (NSW).

- **Four State parties deregistered**

Australian Cyclists Party, No Parking Meters Party, Outdoor Recreation Party, The Fishing Party.

**Table 16: State registered political parties during 2017-18**

Party name (as at 30 June 2018)	Date of registration in 2017-18	Date of deregistration in 2017-18
Animal Justice Party	-	-
Australian Conservatives (NSW)	16 November 2017	-
Australian Cyclists Party	-	19 June 2018
Australian Labor Party (NSW Branch)	-	-
Building Australia Party	-	-
Christian Democratic Party (Fred Nile Group)	-	-
Country Labor Party	-	-
Flux Party (NSW)	6 March 2018	-
Keep Sydney Open Party	6 March 2018	-
Liberal Democratic Party	1 March 2018	-
The Liberal Party of Australia, New South Wales Division	-	-
National Party of Australia - NSW	-	-
No Parking Meters Party	-	7 July 2017
Outdoor Recreation Party	-	11 September 2017
Pauline Hanson's One Nation	16 February 2018	-
Shooters, Fishers and Farmers Party	-	-
The Small Business Party (formerly Small Business Matters)	1 March 2018	-
Socialist Alliance	-	-
Sustainable Australia	14 December 2017	-
The Fishing Party	-	11 September 2017
The Greens	-	-
Voluntary Euthanasia Party (NSW)	-	-

### Local government elections

As at 30 June 2018, 43 political parties were registered for local government elections in New South Wales including parties registered for State elections that are automatically registered for local government elections. During 2017–18:

- **Two new parties registered for local government elections only**  
Northern Beaches Community Alliance, The Arts Party NSW.
- **Seven local government parties deregistered**  
Community Service 'Environment' Save Campbelltown Koalas, Eurobodalla Ratepayers Action, Residents Action Group Cumberland, Residents For Mosman, Sustainable Development Party, Sydney Matters Independent Team, Your North Sydney Community Independent Team.

**Table 17: Local government registered political parties during 2017–18**

Party name	Registration in 2017–18	Deregistration in 2017–18
Albury Citizens and Ratepayers Movement	-	-
Animal Justice Party	-	-
The Arts Party NSW	15 January 2018	-
Australia First Party (NSW) Incorporated (Councils)	-	-
Australian Conservatives (NSW)	16 November 2017	-
Australian Labor Party (NSW Branch)	-	-
Bob Thompson's Independent Team	-	-
Building Australia Party	-	-
Christian Democratic Party (Fred Nile Group)	-	-
Clover Moore Independent Team	-	-
Community First Team	-	-
Community Service 'Environment' Save Campbelltown Koalas	-	16 February 2018
Country Labor Party	-	-
Cumberland Independents	-	-
Democratic Labour Party	-	-
Eurobodalla Ratepayers Action	-	10 July 2017
Flux Party (NSW)	6 March 2018	-
Good for Manly	-	-
The Greens	-	-
Independent Community Voice	-	-
Keep Sydney Open Party	6 March 2018	-
Kogarah Residents' Association	-	-
Lake Mac Independents	-	-
Liberal Democratic Party	1 March 2018	-
The Liberal Party of Australia, New South Wales Division	-	-
Liverpool Community Independents Team	-	-
The Local Independent Party	-	-

# Regulating the electoral environment

Continued

**Table 18: Local government registered political parties during 2017-18 (continued)**

Party name	Registration in 2017-18	Deregistration in 2017-18
Lorraine Wearne Independents	-	-
Manly Independents - Putting Residents First	-	-
National Party of Australia - NSW	-	-
Northern Beaches Community Alliance	15 January 2018	-
Our Local Community	-	-
Our Sustainable Future	-	-
Pauline Hanson's One Nation	16 February 2018	-
Residents Action Group Cumberland	-	26 April 2018
Residents First Woollahra	-	-
Residents for Mosman	-	27 June 2018
Save Tuggerah Lakes	-	-
Serving Mosman	-	-
Shoalhaven Independents Group	-	-
Shooters, Fishers and Farmers Party	-	-
The Small Business Party (formerly Small Business Matters)	1 March 2018	-
Socialist Alliance	-	-
Sustainable Australia	14 December 2017	-
Sustainable Development Party	-	13 June 2018
Sydney Matters Independent Team	-	23 March 2018
Totally Locally Committed Party	-	-
Voluntary Euthanasia Party (NSW)	-	-
Your Northern Beaches Independent Team	-	-
Your North Sydney Community Independent Team	-	13 June 2018

## Continuing annual registration for registered political parties

As at 30 June 2018, 34 registered parties demonstrated their continued eligibility for registration. One local government party's registration was cancelled as a result of a failure to lodge an annual return with the Electoral Commissioner (required by 30 June each year to demonstrate continued eligibility for registration). Seven political parties were not required to demonstrate their eligibility for registration as at 30 June 2018 as they were registered within the six-month period prior to 30 June.



### Registration of electoral participants

The NSW Electoral Commission registered 2,586 candidates, groups and third-party campaigners for State and local government elections in 2017–18.

**Table 19: Candidate, group and third-party campaigner registrations 2017–18**

Election event	Candidates registered prior to being nominated	Candidates registered upon nomination	Groups registered prior to nomination	Groups deemed registered	Third-party campaigners registered
9 September 2017 local government elections	1,407	586	354	133	4
23 March 2019 State election	41	-	-	-	1
14 July 2017 Berrigan Shire Council by-election	1	1	-	-	-
14 October 2017 Blacktown State by-election	4	-	-	-	1
9 December 2017 Brewarrina Shire Council by-election	1	9	-	-	-
5 May 2018 Coonamble Shire Council by-election	2	1	-	-	-
14 October 2017 Cootamundra State by-election	6	-	-	-	5
14 October 2017 Murray State by-election	5	1	-	-	3
10 March 2018 Murrumbidgee Council Murrumbidgee East Ward by-election	1	2	-	-	-
19 August 2017 Narromine Shire Council by-election	1	1	-	-	-
12 May 2018 Penrith Shire Council East Ward by-election	2	-	-	-	-
12 May 2018 Penrith Shire Council South Ward by-election	3	-	-	-	-
19 August 2017 Tenterfield Shire Council D Ward by-election	4	-	-	-	-
28 July 2018 The Hills Shire Council West Ward by-election	1	1	-	-	-
28 October 2017 Wollondilly Shire Council East Ward by-election	2	2	-	-	-
<b>Total</b>	<b>1,481</b>	<b>604</b>	<b>354</b>	<b>133</b>	<b>14</b>

Until 30 June 2018, elected members, candidates, groups and third-party campaigners were required to have an official agent. Each political party must have a party agent. Agents are responsible for the management and disclosure of political donations and electoral expenditure. Prospective agents (except those with certain

# Regulating the electoral environment

Continued

qualifications) are obliged to complete a training programme, which we provide through an online training module on our website. During 2017–18, 249 people completed this online training. The new *Electoral Funding Act 2018* removed the requirement for elected members, candidates and groups to have an official agent.

## Registration of third-party lobbyists

Registration of third-party lobbyists occurs under the *Lobbying of Government Officials Act 2011*. The NSW Electoral Commission maintains a publicly available register of third-party lobbyists. During the reporting period, we registered 34 third-party lobbyists.

## Electoral Funding, Expenditure and Disclosures Act 1981

### Donation and expenditure caps

Political donations are capped in NSW and the caps apply to:

- parties (registered and unregistered)
- groups of candidates
- candidates
- elected members
- third-party campaigners.

**Table 20: Caps on political donations for 2017–18**

Stakeholder type	
Registered parties	\$6,100
Unregistered parties	\$2,700
Groups of candidates	\$6,100
Candidates	\$2,700
Elected members	\$2,700
Third-party campaigners	\$2,700

Electoral expenditure is capped at State elections and the caps apply to:

- parties (registered and unregistered)
- independent groups for a Legislative Council election
- candidates for a Legislative Assembly election
- ungrouped candidates for a Legislative Council election
- third-party campaigners.

Expenditure caps are adjusted every four years after a State election.

**Table 21: Caps on electoral communication expenditure at State elections as at 30 June 2018**

Stakeholder type	
Parties with more than 10 Legislative Assembly candidates in a general election	\$122,900 multiplied by the number of endorsed Legislative Assembly candidates of the party
All other parties	\$1,288,500
Independent groups of candidates in periodic Legislative Council elections	\$1,288,500
Party candidates in Legislative Assembly general election	\$122,900
Non-grouped candidates in periodic Legislative Council elections	\$184,200
Candidates in Legislative Assembly by-elections	\$245,600
Independent candidates in Legislative Assembly general election	\$184,200
Third-party campaigners for a State election registered before the commencement of the capped State expenditure period	\$1,288,500
Third-party campaigners for a State election registered from or after the commencement of the capped State expenditure period	\$644,300
Third-party campaigners at a by-election	\$24,700
Electorate cap for parties for a State general election or where more than one by-election is held on the same day	\$61,500 per electorate
Electorate cap for third-party campaigners for a State election or where more than one by-election is held on the same day	\$24,700 per electorate

### Disclosures of donations and electoral expenditure

Political donations and electoral expenditure must be disclosed to the NSW Electoral Commission following each financial year. Declarations of disclosure must be made by:

- political parties (whether registered or not)
- elected members of the NSW Parliament and local government councils
- candidates and groups
- third-party campaigners
- major political donors.

Declarations are made to the NSW Electoral Commission each year between 1 July and 22 September (or between 1 July and 20 October for major political donors). We publish declarations of disclosure of political donations and electoral expenditure online following the end of a disclosure lodgement period.

### Political donations

Strict rules apply to political donations in New South Wales. A political donation is defined as a gift made by a person or entity to or for the benefit of a candidate, a group of candidates, a political party or an elected member.

### Major political donors

A major political donor is defined under Section 84 of the EFED Act as “an entity or other person (not being a party, elected member, group or candidate) who makes a reportable political donation of or exceeding \$1,000”. Major political donors have an obligation to lodge a declaration of disclosure under the Act. Failure to lodge a disclosure exposes a major political donor to warning, cautions, penalty notices or prosecution. A political donor who makes a “small political donation”, that is, a donation of less than \$1,000, is not required to lodge a declaration of disclosure with the NSW Electoral Commission.

### 2015–16 disclosure period

Declarations of disclosure are lodged after the end of a financial year. In some cases disclosures are lodged after the subsequent financial year. For the disclosure period ending 30 June 2016, we received three declarations and one amendment during 2016–17.

### 2016–17 disclosure period

For the disclosure period ending 30 June 2017, we received 4,903 declarations together with 88 amendments, resulting in a total of 4,991 declarations and amendments. These declarations of disclosure were lodged and reviewed for compliance during 2017–18.

### Extension of due date for lodging declarations

Declarations were required to be lodged with the NSW Electoral Commission by 22 September 2017, except in the case of major political donors, who were required to lodge their declarations by 20 October 2017. A person can be given an extension of time to lodge the declaration if we are satisfied there is good cause to do so and the person has requested the extension before the due date. The due date for lodging a declaration was extended in 141 cases.

**Table 22: Requests for extension of lodgement**

Stakeholder type	Request received on time	Request for extension approved	Request refused	Request made out of time
Parties	7	5	2	0
Elected members	58	54	4	0
Groups	15	14	1	0
Candidates	73	67	6	0
Third-party Campaigners	0	0	0	0
Donors	1	1	0	1
<b>Total</b>	<b>154</b>	<b>141</b>	<b>13</b>	<b>1</b>

### On-time lodgement rates

A total of 5,312 declarations were required to be lodged for the 2016–17 disclosure period. Taking into account lodgement extensions, 63 per cent of disclosures were lodged by the due date.

# Regulating the electoral environment

Continued

**Table 23: Disclosure obligations and disclosures made by stakeholder type**

Stakeholder type	Number of obligations	Lodged on time	Lodged late	Not lodged	On-time lodgement rate (per cent)	Overall lodgement rate (per cent)	On-time lodgement rate 2015/16 (per cent)	On-time lodgement rate 2014/15 (per cent)	On-time lodgement rate 2013/14 (per cent)
Parties	50	32	15	3	64	94	78	81	61
Elected members (councillors and MPs)	1,545	1,042	434	69	67	96	76	83	83
Groups	366	236	105	25	64	93	71	63	N/A
Candidates	2,412	1,575	665	172	65	93	67	71	82
Third-party campaigners	24	13	7	4	54	83	N/A	85	67
Donors	915	455	324	136	50	85	57	52	28
<b>Total</b>	<b>5,312</b>	<b>3,353</b>	<b>1,550</b>	<b>409</b>	<b>63</b>	<b>92</b>	<b>71</b>	<b>68</b>	<b>67</b>

Elected members include members of Parliament and local government councillors. Candidates and groups include individuals standing for State and local government elections.

## Declarations not accompanied by an auditor's certificate

Declarations of political parties, elected members, candidates, groups and third-party campaigners must be certified by a registered company auditor before they are lodged with us. This requirement may be waived under certain circumstances (for example, where the person or organisation is not entitled to public funding for the State election campaign) except for political parties. Major political donors are not required to have their declarations certified by a registered company auditor. For the disclosure period ending 30 June 2017, this requirement was waived in 3,116 cases.

**Table 24: Declarations lodged without an auditor's certificate**

Stakeholder type	Audit requirement waived
Parties	0
Elected members	1,322
Groups	200
Candidates	1,594
Third-party campaigners	0
<b>Total</b>	<b>3,116</b>

## Political party declarations

Political parties are required to lodge copies of their audited annual financial statements and associated financial records with their declarations. These records help us undertake compliance audits.

Section 96N of the *Election Funding, Expenditure and Disclosures Act 1981* and clause 8B of the *Election Funding, Expenditure and Disclosures Regulation 2009* require certain financial documents to be lodged with the declaration of disclosures (eg annual audited financial statements, ledgers, chart of accounts). The following table shows the number of declarations lodged by parties with and without financial documents.

**Table 25: Lodgement of financial records of parties**

Document	Lodged with declaration	Not lodged with declaration	Not available	Total
Audited financial statements	21	12	14	<b>47</b>
Financial records	23	10	14	<b>47</b>
Chart of accounts	18	6	23	<b>47</b>
Trial balance	20	7	20	<b>47</b>
Bank statements	27	14	6	<b>47</b>

For this reporting period, the disclosure forms for political parties requested additional information to assist the NSW Electoral Commission in undertaking compliance audits and provide more transparency to the public. Requiring this information in the disclosure forms was one of the Panel of Experts Political Donations' recommendations<sup>1</sup>. The additional information requested was:

- reportable political donations – whom, or for whose benefit, a political donation was made
- reportable loans – the term of a reportable loan
- electoral expenditure – for which electorate electoral communication expenditure was incurred.

**Table 26: Compliance audits**

Disclosure type	Audits finalised for 2015/2016 disclosure period	Audits finalised for 2016/2017 disclosure period	Audits commenced for 2016/2017 disclosure period	Audits to be started for 2016/2017 disclosure period
Political party	3	41	4	2
Group of State candidates	-	-	-	-
Group of local government candidates	-	247	34	60
State candidate	-	24	1	16
Local government candidate	-	1,790	31	381
Elected member – member of Parliament	9	139	3	-
Elected member – local government councillor	38	1,165	8	161
Major political donor	1	699	11	68
Third-party campaigner	-	1	-	19
<b>Total</b>	<b>51</b>	<b>4,106</b>	<b>92</b>	<b>707</b>

<sup>1</sup> In 2014, the NSW Government established a Panel of Experts to investigate the potential for further reforms to election funding laws. On 24 December 2014, the Panel delivered its final report to the Governor and Premier.

# Regulating the electoral environment

Continued

## 'Nil' declarations

A 'nil' declaration contains no political donations or electoral expenditure.

**Table 27: Nil declarations by stakeholder category**

Stakeholder type	Nil declarations
Parties	17
Elected members	947
Groups	24
Candidates	501
Third-party campaigners	5
Donors	2
<b>Total</b>	<b>1,496</b>

## Electoral expenditure incurred

**Table 28: Electoral expenditure incurred by stakeholder type**

Stakeholder type	Advertising	Production & distribution of election material	Internet and utilities	Staff costs	Office accommodation	Research	Travel	Other	Total \$
Political party	602,193	990,201	211,715	228,481	46,983	190,453	33,016	1,341,260	3,644,302
Elected member	90,210	21,598	10,598	-	560	685	765	82,359	206,775
Candidate	914,115	795,164	138,547	273,745	50,973	96,320	38,746	144,532	2,452,142
Groups	1,371,136	542,932	277,819	18,320	3,833	550	3,798	245,207	2,463,595
Third-party campaigner	53,648	20,973	21,827	28,889	2,681	-	10,453	-	138,471
<b>Total \$</b>	<b>3,031,302</b>	<b>2,370,868</b>	<b>660,506</b>	<b>549,435</b>	<b>105,030</b>	<b>288,008</b>	<b>86,778</b>	<b>1,813,358</b>	<b>8,905,285</b>

## Political donations

**Table 29: Total value of political donations made (as disclosed)**

Donations made by:	Small political donations	Reportable political donations	Total \$
Political party	-	1,300	1,300
Elected member	103,388	800,054	903,441
Group of candidates	28,793	28,468	57,261
Candidate	8,406	12,586	20,992
Third-party campaigner	8,026	103,981	112,007
Major political donor	-	4,100,986	4,100,986
<b>Total \$</b>	<b>148,613</b>	<b>5,047,374</b>	<b>5,195,987</b>

Table 30 below shows the disclosed amount of political donations received. The value of donations received by political parties and others exceeds the value of donations disclosed as having been made by political donors as shown in the table above. This is due to a number of factors including:

- donors have a lower rate of disclosing political donations made compared with those of parties or individuals who receive political donations
- donors are not required to disclose political donations valued at less than \$1,000.

**Table 30: Total disclosed value of political donations received**

Stakeholder type	Annual party membership, affiliation or other subscriptions	Reportable loans	Reportable political donations	Small political donations	Total \$
Political party	2,128,102	1,944,870	4,315,992	2,335,955	10,724,919
Elected member	-	9,853	49,935	172,859	232,647
Candidate	-	25,000	105,963	145,269	276,232
Groups	-	48,336	520,124	348,921	917,381
Third-party campaigners	-	-	14,262	-	14,262
<b>Total \$</b>	<b>2,128,102</b>	<b>2,028,059</b>	<b>5,006,276</b>	<b>3,003,004</b>	<b>12,165,441</b>

#### Self-funding by elected members, candidates and groups

Elected members, candidates and groups must disclose amounts they contributed to the campaign account for their own campaign.

**Table 31: Total value of self-funding by candidates, elected members and group members**

Stakeholder type	Self-funding amount
Candidates	546,404
Elected members	317,150
Groups	1,447,284
<b>Total \$</b>	<b>2,311,448</b>

#### 2017/2018 disclosure obligations (to be lodged in 2018/2019)

Disclosure forms for the 2017–18 disclosure period are due to be lodged in the reporting period starting 1 July 2018. The number of people or entities we anticipate will have disclosure obligations are set out below.

**Table 32: People or entities with disclosure obligations**

Stakeholder type	Number of disclosure obligations
Candidate	2,162
Elected member	1,694
Group of candidates	503
Political party	55
Major political donors*	900
Third-party campaigners	15
<b>Total</b>	<b>5,329</b>

\*Number of major political donors not confirmed at time of printing.

# Regulating the electoral environment

Continued

## Public funding

Public funding is available to reimburse eligible registered political parties, candidates and elected members for certain expenditure incurred up to limits specified in the *Election Funding, Expenditure and Disclosures Act 1981*.

Eligible State registered parties, candidates and elected members can claim public funding from:

- the Election Campaigns Fund, which provides public funding to eligible parties and candidates for electoral communication expenditure incurred at a State election or by-election
- the Administration Fund, which distributes public funds to eligible parties and independent members of Parliament in respect of their administrative expenditure
- the Policy Development Fund, which distributes funds to eligible parties that are not eligible for payments from the Administration Fund, for their expenditure on policy development.

There is no public funding for parties or candidates at local government elections in New South Wales or for elected members of local councils.

## Election Campaigns Fund

The Election Campaigns Fund exists to reimburse eligible candidates and political parties for electoral communication expenditure incurred during the capped expenditure period for a State election or by-election.

The amount of expenditure reimbursed to eligible parties and candidates from the Election Campaigns Fund is a proportion of actual electoral communication expenditure incurred for a State election, during the capped expenditure period for the election. It is subject to an expenditure cap. Expenditure in excess of the cap is not reimbursed.

In 2017–18, we processed claims for payment from eligible candidates for reimbursement of campaign expenditure incurred at the six State by-elections held in 2016–17.

Risk-based reviews were undertaken for each claim for payment made. Our risk-based approach may include auditing a sample of expenditure included in a claim. A risk profile is determined for a party or candidate based on the likelihood and consequence of potential incidents of non-compliance.

A total of \$725,730 was paid from the Election Campaigns Fund to 21 candidates for electoral communication expenditure incurred in relation to State by-elections.





**Table 33: Amounts paid from the Election Campaigns Fund for electoral communication expenditure**

Candidate	Election event	Date of payment	Amount
Carolyn Corrigan	North Shore 2017 State by-election	27/07/2017	29,059
Felicity Wilson	North Shore 2017 State by-election	3/08/2017	73,680
Ian Mutton	North Shore 2017 State by-election	20/07/2017	30,990
Justin Alick	North Shore 2017 State by-election	10/11/2017	11,397
Clara Williams	Manly 2017 State by-election	10/11/2017	17,954
James Griffin	Manly 2017 State by-election	3/08/2017	73,680
Kathryn Ridge	Manly 2017 State by-election	10/11/2017	29,453
Ronald Delezio	Manly 2017 State by-election	6/07/2017	18,544
Abigail Boyd	Gosford 2017 State by-election	16/11/2017	17,575
Jillian Pilon	Gosford 2017 State by-election	3/08/2017	73,680
Larry Freeman	Gosford 2017 State by-election	10/08/2017	3,116
Liesl Tesch	Gosford 2017 State by-election	10/11/2017	73,680
Charles Sheahan	Cootamundra 2017 State by-election	17/05/2018	41,929
Matthew Stadtmiller	Cootamundra 2017 State by-election	15/03/2018	-
Stephanie Cooke	Cootamundra 2017 State by-election	3/05/2018	73,680
Austin Evans	Murray 2017 State by-election	3/05/2018	73,680
Helen Dalton	Murray 2017 State by-election	8/03/2018	-
Michael Kidd	Murray 2017 State by-election	17/05/2018	41,191
Christopher Winslow	Blacktown 2017 State by-election	3/05/2018	1,905
Joshua Green	Blacktown 2017 State by-election	15/03/2018	9,531
Stephen Bali	Blacktown 2017 State by-election	17/05/2018	31,006
<b>Total</b>			<b>\$725,730</b>

April 2017 State by-elections: North Shore, Manly and Gosford; October 2017 State by-elections: Cootamundra Murray and Blacktown.

# Regulating the electoral environment

Continued

## Administration Fund

The Administration Fund exists to reimburse eligible political parties and independent elected members of Parliament for administrative and operating expenditure incurred in a calendar year.

The annual amount payable to eligible parties and independent elected members is the amount of administrative expenditure incurred by the party or elected member during the calendar year, up to a maximum amount.

**Table 34: Administrative Fund maximum reimbursement for administrative and operating expenditure**

	For year to 31 December 2017	For year to 31 December 2018*
If there is only one elected member endorsed by the party	\$265,700	\$270,800
If there are only two elected members endorsed by the party	\$476,500	\$485,600
If there are only three elected members endorsed by the party	\$635,300	\$647,400
If there are more than three elected members endorsed by the party plus \$106,100 for each such member in excess of three up to a maximum of 22 members	\$635,300	\$647,400
For independent elected members	\$221,500	\$225,000

\* The amounts reimbursable to parties for the 2018 calendar year were amended retrospectively with the commencement on 1 July 2018 of the *Electoral Funding Act 2018*. The values in this table are those prior to 1 July 2018.

We paid a total of \$11,295,992 from the Administration Fund, to eight political parties and two independent elected members for expenditure incurred in the 2017 and 2018 calendar years.

**Table 35: Amounts paid for administrative expenditure incurred in 2017 and 2018 calendar years**

Claimant	Calendar year	Annual entitlement	Payment type	Date of payment	Amount \$
Alexander Greenwich	2017		3rd quarter advance payment	3/07/2017	40,417
	2017		4th quarter advance payment	3/10/2017	47,896
	2017		annual payment	19/04/2018	17,325
	2018	225,800	1st quarter advance payment	2/01/2018	28,225
	2018		2nd quarter advance payment	3/04/2018	42,338
Animal Justice Party	2017		3rd quarter advance payment	3/07/2017	58,122
	2017		1st quarter payment	31/07/2017	12,795
	2017		annual payment	15/03/2018	83,450
	2018	270,800	1st quarter advance payment	2/01/2018	33,850
			2nd quarter advance payment	3/04/2018	50,775
Australian Labor Party (NSW Branch)	2017		3rd quarter advance payment	3/07/2017	649,578
			4th quarter advance payment	3/10/2017	695,977
	2018	3,027,800	1st quarter advance payment	2/01/2018	378,475
			2nd quarter advance payment	3/04/2018	567,713

**Table 35: Amounts paid for administrative expenditure incurred in 2017 and 2018 calendar years (continued)**

Claimant	Calendar year	Annual entitlement	Payment type	Date of payment	Amount \$
Christian Democratic Party (Fred Nile Group)	2017		3rd quarter advance payment	3/07/2017	76,887
	2017		2nd quarter payment	8/09/2017	34,649
	2017		4th quarter advance payment	3/10/2017	80,681
	2017		3rd quarter payment	20/12/2017	42,238
	2017		annual payment	15/03/2018	38,444
	2018	485,600	1st quarter advance payment	2/01/2018	60,700
	2018		2nd quarter advance payment	3/04/2018	91,050
	2018		1st quarter payment	7/06/2018	60,700
Country Labor Party	2017		3rd quarter advance payment	3/07/2017	162,181
	2017		4th quarter advance payment	3/10/2017	173,766
	2018	755,600	1st quarter advance payment	2/01/2018	94,450
	2018		2nd quarter advance payment	3/04/2018	141,675
Gregory Michael Piper	2017		3rd quarter advance payment	3/07/2017	48,453
	2017		4th quarter advance payment	3/10/2017	51,914
	2017		repayment	9/04/2018	42,641
	2018	225,800	1st quarter advance payment	2/01/2018	28,225
	2018		2nd quarter advance payment	3/04/2018	42,338
National Party of Australia – NSW	2016		4th quarter payment	20/07/2017	70,063
	2017		3rd quarter advance payment	3/07/2017	603,159
	2017		1st quarter payment	6/09/2017	291,946
	2017		4th quarter advance payment	3/10/2017	447,219
	2017		2nd quarter payment	16/01/2018	225,048
	2018	2,811,400	1st quarter advance payment	2/01/2018	364,950
	2018		2nd quarter advance payment	3/04/2018	520,375
Shooters, Fishers and Farmers Party	2017		1st quarter payment	3/07/2017	63,361
	2017		3rd quarter advance payment	3/07/2017	107,291
	2017		2nd quarter payment	8/09/2017	55,758
	2017		4th quarter advance payment	3/10/2017	105,179
	2017		3rd quarter payment	20/12/2017	51,534
	2017		annual payment	22/02/2018	53,646
	2018	647,400	1st quarter advance payment	2/01/2018	80,925
	2018		2nd quarter advance payment	3/04/2018	121,388
	2018		1st quarter payment	7/06/2018	80,925

# Regulating the electoral environment

Continued

**Table 35: Amounts paid for administrative expenditure incurred in 2017 and 2018 calendar years (continued)**

Claimant	Calendar year	Annual entitlement	Payment type	Date of payment	Amount \$
The Greens	2017		3rd quarter advance payment	3/07/2017	182,156
	2017		1st quarter payment	6/07/2017	145,725
	2017		4th quarter advance payment	3/10/2017	236,803
	2017		2nd quarter payment	12/10/2017	72,863
	2017		3rd quarter payment	7/06/2018	109,294
	2017		annual payment	7/06/2018	54,647
	2018	1,188,400	1st quarter advance payment	2/01/2018	148,550
	2018		2nd quarter advance payment	3/04/2018	222,825
The Liberal Party of Australia, New South Wales Division	2017		3rd quarter advance payment	3/07/2017	649,578
	2017		2nd quarter payment	29/08/2017	556,781
	2017		annual payment	22/02/2018	835,172
	2018	3,027,800	1st quarter advance payment	2/01/2018	378,475
	2018		2nd quarter advance payment	3/04/2018	567,713
<b>Total paid in 2017-18*</b>					<b>11,295,992</b>

During the year, an adjustment of \$104,775 was also made to reflect repayments that were made in the previous financial year. \*Total paid represents total payments rounded to the nearest dollar consistent with the total amount as shown on the audited financial statements.

## Policy Development Fund

The Policy Development Fund exists to reimburse eligible political parties for policy development expenditure incurred in a calendar year. The annual amount payable to eligible parties is the amount of policy development expenditure incurred by the party during the calendar year, capped, up to a maximum amount. The maximum amount is adjusted for inflation each year.

The annual maximum amounts for 2017 are:

- either 61 cents for each first preference vote received by any candidate at the 2015 State election who was endorsed by the party, or \$12,000, whichever is the greater.

The annual maximum amounts for 2018 are:

- either 63 cents for each first preference vote received by any candidate at the 2015 State election who was endorsed by the party, or \$12,300, whichever is the greater.

A total of \$50,790 was paid from the Policy Development Fund to four political parties for expenditure incurred in the 2016 and 2017 calendar years.

# Compliance and enforcement

**Table 36: Amounts paid to political parties from the Policy Development Fund for policy development expenditure**

Party	Calendar year	Date of payment	Amount \$
Australia Cyclists Party	2016	31/07/2017	6,819
Building a Better Australia Party	2017	14/06/2018	7,501
Socialist Alliance	2016	20/09/2017	11,800
Socialist Alliance	2017	3/04/2018	12,000
Voluntary Euthanasia Party (NSW)	2017	3/04/2018	12,670
<b>Total</b>			<b>50,790</b>

## Public funding withheld in 2017–18

The NSW Electoral Commission had the power under the *Election Funding, Expenditure and Disclosures Act 1981* to withhold funding from a political party, elected member or candidate if the party, elected member or candidate has any outstanding declarations of disclosure, or, in the case of parties, the party failed to provide audited annual financial statements. No public funding payments were withheld during 2017–18.

## Overpayments of public funding

The NSW Electoral Commission was authorised under the *Election Funding, Expenditure and Disclosures Act 1981* to recover any excess public funding amounts paid to a party or member of Parliament from the Administration Fund or Policy Development Fund.

During 2017–18, we recovered the following excess payment.

**Table 37: Excess payments recovered 2017–18**

Fund	Name	Amount recovered	Date recovered
Administration Fund	G Piper	\$42,640.86	9 April 2018

## Compliance and enforcement

The NSW Electoral Commission is responsible for the monitoring of compliance with election, campaign finance and lobbyist laws. During 2017–18, we regulated and enforced the following legislation:

- *Parliamentary, Electorates and Elections Act 1912* (PE&E Act)
- *Election Funding, Expenditure and Disclosures Act 1981* (EFED Act)
- *Local Government Act 1993* (LG Act) (electoral provisions only)
- *Lobbying of Government Officials Act 2011* (LOGO Act).

We review and investigate allegations of non-compliance with the above legislation, initiating enforcement actions as appropriate.

## Information management and case recording

Before September 2017, our Investigations team used the Funding and Disclosure Management System (FADMS) to manage simple and high volume investigation matters. There was no dedicated system to manage investigations of high complexity undertaken. Instead, a combination of paper files, an information management system and document tracking were used to manage complex compliance matters.

In September 2017, the Investigations Matter Management System (IMMS) was launched and is now the dedicated system used to manage complex compliance reviews and investigations. The introduction of IMMS has achieved the following:

- Investigators are able to more easily track, search for and store information pertinent to a matter such as documents and records, actions and activities and to manage work flows and investigation milestones.
- Improved investigations data management and reporting structures.
- A higher quality of information captured and presented through the investigation process, introducing standard reporting and audit trail functionality.

# Compliance and enforcement

Continued

## Enforcement powers

Section 110A of the EFED Act provides us with the powers to inspect and issue notices in writing to require the provision of documents and information or attendance to answer questions. These powers enable us to conduct investigations and are exercised by investigators appointed as inspectors. Powers under the EFED Act could also be used to investigate offences under the PE&E Act, the LOGO Act and election offences under the LG Act. On 1 July 2018, the powers under the EFED Act were replaced with similar powers under the new *Electoral Funding Act 2018*.

**Table 38: Section 110A notices as issues during 2017–18**

Notice type	Purpose	#
s.110A(1)(a)	To provide information required for the purposes of enforcing the EFED Act	28
s.110A(1)(b)	To produce any document reasonably required for the purposes of enforcing the EFED Act	57
s.110A(1)(c)	To answer questions about any matters for which information is reasonably required for the purposes of enforcing the EFED Act	0
S.110A(1)(d)	To attend an interview	2
<b>Total</b>		<b>87</b>

## Focused reviews following audits of disclosures under the EFED Act

During the reporting period we identified 324 matters arising from the compliance audits conducted by the Audit team wherein further, focused reviews were then conducted. These matters related to suspected failures to:

- operate a campaign account
- pay expenditure from a campaign account
- disclose reportable political donations
- provide sufficient vouching
- disclose electoral expenditure
- provide an audit certification statement
- provide receipts for donations which include statements regarding donors' obligation to disclose.

Warnings were issued a result of those more focused reviews.

**Table 39: Warnings issued**

Stakeholder	Warnings issued
Official agent for candidate	17
Official agent group of candidates	47
Party agent	2
Official agent of elected member	3
Official agent of third-party campaigner	2
Major political donor	1
<b>Total</b>	<b>72</b>

## Focused reviews on disclosures of political donations and electoral expenditure for the 2016–17 disclosure period

It is an offence to fail to lodge an audited declaration of disclosures by the due date and we may issue penalties or prosecute a person who commits an offence in relation to declaration of disclosures.

Failing to lodge a declaration by the due date is a high volume compliance activity for the NSW Electoral Commission. As such, each stakeholder is issued a 'first level warning', which prompts the stakeholder to contact us if they believe they had lodged or have any other concerns regarding their disclosure obligation. Final enforcement decisions consider any aggravating or mitigating circumstance around the alleged breach.

The table below reflects the number of first level warnings through to enforcement decisions issued in response to late disclosures.

**Table 40: Warnings issued\* in response to late disclosures**

Enforcement decision	#
First level warning	1342
First level warning elevated to caution	320
First level warning elevated to penalty	32
First level warning elevated to prosecution	1

\*Issued to: political parties, elected members, candidates, groups, third-party campaigners and donors

### Donors

In relation to donors, a similar process of engagement to raise compliance and lodgement is undertaken.

By 12 February 2018, a further 246 (of the cited 451 late lodgements by donors) had been received and a series of enforcement actions such as warnings and cautions were lodged against the remaining outstanding disclosures. As at 30 June 2018, 136 donor disclosures remained outstanding.

### Recovery of unlawful donations

We have the authority to recover the value of unlawful political donations made or accepted and pay these amounts to the State under the *Election Funding, Expenditure and Disclosures Act 1981*.

During the reporting year, the Liberal Party of Australia NSW Division was ordered by the Supreme Court of NSW to pay to the State \$200,000 plus \$45,480.20 in interest for unlawful political donations received in the lead-up to the 2015 NSW State election. That decision has been appealed and recovery action is stayed pending finalisation of the appeal.

### By-election compliance operations

The State by-elections at Murray, Cootamundra and Blacktown on 14 October 2017 provided an opportunity for us to further our objective of establishing a stronger regulatory function through the conduct of a targeted proactive compliance operation. The compliance operation took place from the opening of pre-poll on 2 October 2017 until the close of polls on election day. In addition to their functions as inspectors under the EFED Act, investigators were also appointed to the role of election assistant under the PE&E Act.

Investigators attended the pre-polling venues for the opening and closing of pre-poll. On election day, investigators were in the field inspecting polling places and speaking with various stakeholders, including the returning officer, polling place managers, candidates and their campaigners or volunteers. The presence of the investigators served the dual purpose of educating stakeholders about their obligations under the PE&E Act and the EFED Act and acting as a deterrent to non-compliant conduct.

### Investigations under the PE&E Act

In 2017–18, we considered 10 allegations of non-compliance under the PE&E Act. The matters related to suspected issues of untrue statements in forms, suspected unauthorised and unregistered electoral material, display of posters and distribution of unregistered electoral material.

**Table 41: Results of reviews conducted into non-compliance**

Investigation activity	Total	No further action	Warning or caution
Review conducted	10	6	3

Note: One matter remains open

### Investigations under the LG Act and Regulation

On 14 August 2017, we were given powers to investigate and institute proceedings with regards to elections offences under the LG Act.

This year, we considered 74 allegations of non-compliance under the LG Act and Regulation. Of those, 58 have been resolved and 16 remain open. Matters considered concerned allegations or suspected instances of false information on forms, non-compliant electoral material, incorrect display of posters and unregistered electoral material.

**Table 42: Reviews, investigations and subsequent actions taken with regards to elections offences**

Investigation activity	Total	No further action	Warning or caution	Prosecution
Review conducted	57	28	22	-
Investigation conducted	17	6	0	2

# Compliance and enforcement

Continued

## Investigations under the LOGO Act

We administer the LOGO Act and the *Lobbying of Government Officials (Lobbyists Code of Conduct) Regulation 2014* (LOGO Regulation).

The LOGO Act and the LOGO Regulations provide for the establishment of the Register of Third-party Lobbyists. Third-party lobbyists must confirm their details in the register on 31 January, 31 May and 30 September each year. The NSW Electoral Commission has powers to suspend or cancel registrations, or to place a third-party lobbyist on a watch list if the legislation is breached.

Prior to the 31 May 2018 confirmation event, the NSW Electoral Commission developed a new compliance and enforcement framework to confirm details ahead of the 31 May deadline. The framework provides guidance for enforcement options to be considered when making a determination regarding failure to confirm, and transparency and consistency in processing.

There were 124 third-party lobbyists on the register on 31 May 2018. Of these, 97 confirmed their details on time or within a grace period allowed under the new framework. The remaining 27, however, failed to do so. We dispatched 23 warning letters and four 'imminent suspension' letters, after which seven provided confirmation, three voluntarily deregistered (as they were no longer involved in lobbying activities in NSW) and three were suspended from the register.

## Litigation

### Criminal enforcement proceedings by the NSW Electoral Commission

In 2017–18, the NSW Electoral Commission initiated one prosecution under the *Election Funding, Expenditure and Disclosures Act 1981* for failure to lodge a declaration of disclosure of political donations and electoral expenditure. That prosecution resulted in a guilty plea, and a fine of \$3,000 plus costs.

Three other matters for that same offence began in 2016–17 and concluded in 2017–18. One of those matters led to an unsuccessful conviction appeal and a successful severity appeal, resulting in the penalty imposed by the local court being reduced. The other two matters also led to severity appeals and each of the penalties imposed by the local court was reduced, although costs awarded to the prosecutor were not challenged.

A prosecution of an unregistered third-party campaigner who did not appoint an agent and made payment for campaign expenditure also commenced in 2017–18. It was finalised in August 2018. The offender entered a guilty plea. The sentence imposed was a \$3,000 fine and a good behaviour bond for 30 months.

One matter that has continued over a number of years has now been finalised. The prosecution was initiated in 2014–15 for failure to lodge a declaration of electoral expenditure and political donations. After the defendant was unsuccessful at both a hearing in the local court and at appeal in the district court, two questions of law were referred to the Court of Criminal Appeal by way of a stated case. The NSW Electoral Commission's interpretation of the legislation was confirmed by the Court of Criminal Appeal and the appellant sought leave to appeal to the High Court. That application was dismissed by the High Court in August 2017. The appellant subsequently lodged an application for annulment of his conviction and sentence to the Minister under section 5 of the *Crimes (Appeal & Review) Act 2001*. The Minister dismissed the application.

The first prosecution for a local government electoral offence began in April 2018. The prosecution was brought under the *Local Government (General) Regulation 2005* for the offences of distributing election material not containing authoriser and printer details and for distributing non-complying electoral material (offensive/obscene). This related to material distributed during the 2017 Georges River local council elections. The prosecution was successful. The offender entered a guilty plea to each offence and received fines of \$375 and \$750 respectively.

### Failure to vote proceedings by the Commissioner

Until 30 June 2018, the Electoral Commissioner was responsible for enforcing compulsory voting under the (repealed from 1 July 2018) *Parliamentary Electorates and Elections Act 1912* and the *Local Government Act 1993*. Electors who fail to provide a sufficient reason for their failure to vote in an election are issued with penalty notices of \$55. Recipients can either pay the fine or elect to have their matters dealt with in the Court.

In 2017–18, two non-voters in the 2017 Manly State district by-election, 73 non-voters in the 2016 local government elections, and five non-voters in the 2017 Campbelltown City Council by-election were prosecuted for failure to vote offences.



Two convicted non-voters who failed to vote in the 2016 local government elections appealed to the district court against the local court decisions. Neither of the matters had been finalised as at 30 June 2018.

### Other court and tribunal proceedings

During the 2017–18 year, the NSW Electoral Commission took recovery action in the Supreme Court for donations made to a political party during the 2015 State election that were over the applicable cap and therefore unlawful. In February 2018, the Supreme Court found in favour of the NSW Electoral Commission's primary claim. The decision was the subject of an appeal to the Court of Appeal and, at the time of writing, judgment in the appeal had been reserved.

In 2017–18, the NSW Electoral Commission was also named a respondent to five civil litigation matters. The five matters had not been finalised as at 30 June 2018.

The NSW Electoral Commission was also named a respondent to two applications made to the Occupational Division of the NSW Civil and Administrative Tribunal (NCAT) concerning the 2017 local government elections for Armidale Regional Council and Georges River Council respectively. The matter relating to Armidale Regional Council election was dismissed by NCAT because the applicant withdrew the application. The other matter was dismissed by NCAT pursuant to section 55(1)(b) of the *Civil and Administrative Tribunal Act 2013*, that is, the proceedings are frivolous or vexatious or otherwise misconceived or lacking in substance.

**Table 43: Prosecutions commenced 2016–17 and 2017–18**

Act	Matter	No. of matters in 2016/17	No. of matters in 2017/18
EFED Act	Failure to lodge a declaration of disclosure of political donations and electoral expenditure	7	1
EFED Act	Unregistered third-party campaigner making campaign expenditure with no official agent	0	1
EFED Act	Recovery of donations over the applicable cap	-	1
LG (G) R	Print and distribute non-complying electoral material – obscene/offensive	0	1
LG (G) R	Failure to have name and address of authoriser and printer on electoral material	0	1
PE&E Act	Response to severity (sentence) appeal relating to failure to vote	1	0
PE&E Act	Response to annulment (sentence) application relating to failure to vote	1	0
PE&E Act	Failure to vote	40	2
LG Act	Failure to vote	0	78
LG Act	Response to appeal application relating to failure to vote	0	2

# Governance, risk management and audit

## Governance, risk management and audit

The NSW Electoral Commission established a new centralised Legal and Governance Business Unit in 2017 as part of the organisational restructure. The unit is responsible for our legal, governance, risk management and audit functions.

### Governance framework

During 2017–18, we began mapping the various elements of our governance framework to allocate accountabilities and responsibilities to the appropriate business units and individuals. We also developed a governance and risk management training module, to be delivered during 2018–19.

### Risk management

Risk management is a fundamental component of our governance framework. Our risk management policies and practices identify and analyse the risks faced by the NSW Electoral Commission, in order to set risk limits and controls and to monitor risks. Our internal control framework provides arrangements for designing, implementing, monitoring, reviewing and continually improving risk management for all election events and business processes.

During 2017–18, each of our four organisational divisions agreed on their risk appetite, risk ratings and the method for risk assessment. We revised our risk management policy, and drafted a new risk management procedure.

Our senior executive team reviews the corporate risk register and the treatment plans for identified risks each month. Identified risks are actively managed as part of our enterprise portfolio project and programme management processes. We also revised our fraud and corruption control framework during the year, and have developed a work programme to strengthen our fraud and corruption control environment in 2018–19.

### Fraud and corruption control

The NSW Electoral Commission did not refer any matters relating to corporate fraud and corruption to the Independent Commission Against Corruption (ICAC) in 2017–18.

We have a fraud and corruption prevention policy and strategy. The policy and strategy are being updated as part of a broader process of continuous improvement in the fraud and corruption control framework. Governance, finance and human resources staff members undertake professional development in fraud and corruption prevention.

## Public interest disclosures

No disclosures under the *Public Interest Disclosures Act 1994* were received in 2017–18.

The NSW Electoral Commission has a public interest disclosures (PID) policy. Our public interest disclosures process is also included in the NSW Electoral Commission Code of Ethics and Conduct. Staff responsible for public interest disclosures participate in continuing professional development through the NSW Ombudsman's Office.

## Complaints and feedback

The NSW Electoral Commission received 273 complaints during 2017–18.

**Table 44: Complaints by issue**

Issue	Number
Accessibility	1
Assistance to voters	28
Candidates	14
Counting the vote	1
Difficulty voting – postal voting	33
Difficulty voting – pre-poll voting	8
Difficulty voting – election day	6
Election officials	13
Elections employment	1
Electoral material – how to vote	5
Electoral material – posters	20
Enrolment	21
NSW Electoral Commission staff	14
Penalty notices	29
Political advertising	6
Polling places	22
Privacy	1
Queues	3
Results	1
Unable to vote	4
Website	22
Other	20

### Audit and Risk Committee

The Audit and Risk Committee continued to provide independent assistance to the Electoral Commissioner and the NSW Electoral Commission during 2017–18, by monitoring, reviewing and advising on governance processes, risk management and control frameworks, and external accountability obligations.

Audit and Risk Committee meetings in 2017–18:

- 1 September 2017
- 28 September 2017
- 7 December 2017
- 22 February 2018
- 24 May 2018.

All members attended these meetings.

#### Members

The Chair and members of the Audit and Risk Committee during 2017–18 were:

- Independent Chair, John Gordon, reappointed as a member on 13 October 2014 for four years with the term ending 13 October 2018. Mr Gordon replaced Brian Suttor as Chair at the end of Mr Suttor's term in December 2017.
- Independent Member, Greg Fletcher, appointed on 22 February 2018 for four years with the term ending 22 February 2022.
- Independent Member, Mark Sercombe, appointed on 1 June 2018 for four years with the term ending 1 June 2022.

The following were members of the Audit and Risk Committee during the year:

- Independent Chair, Brian Suttor, term ended 8 December 2017
- Independent member, Kathleen Haddock, term ended 25 May 2018.

#### Regular attendees

- John Schmidt, Electoral Commissioner
- Matt Phillips, Chief Audit Executive
- Trevor Follett, Director Finance and CFO
- Chris Clayton, Director, Financial Audit Services, Audit Office of NSW (to December 2017)
- Aubrey Perez, Audit Manager, Audit Office of NSW
- Stuart Marshall, Chief Risk Officer (to December 2017)
- Mel Keenan, Director, Legal and Governance (to June 2018)

- Gavin Moss, Partner, PwC
- Alan Murray, Senior Manager, PwC
- Dominika Ryan, Director, Financial Audit Services, Audit Office of NSW (from February 2018)
- Neil Pfister, Manager, Governance and Chief Risk Officer (from May 2018).

#### Completed internal audits 2017–18

- Employee and contractor lifecycle
- Enrolment functions
- Records management framework
- Intelligence and investigations management
- IT contracts governance
- Project governance (IT).

#### Internal audit work plan for 2018–19

- Election programme governance
- Centralised postal voting centre
- Employee and contractor workplace health and safety (election related)
- Procurement management
- Claims and disclosure management
- IT general controls.

#### Records management

The NSW Electoral Commission maintains a records management system, as required by the *State Records Act 1998*. An audit of our records management by PricewaterhouseCoopers in 2017–18 identified areas for improvement. We are implementing the recommendations of the audit report, including the recruitment of a records manager to drive improvement in records management, implement systems changes and provide training and support.

Our records disposal process was also reviewed as per the *State Records Act 1998*. We have identified records to be retained as State archives with the Government Records Repository; and obsolete records eligible for destruction.

# Privacy and personal information

## Privacy and personal information

### Commitment to privacy

The NSW Electoral Commission holds a large amount of data, including personal and health information. Staff have privacy protection responsibilities in relation to our agency's unique functions, such as maintaining the NSW electoral roll, conducting State and local government elections, enforcing failure to vote offences, and regulating election campaign finance. We take these responsibilities very seriously, and inform staff of their obligations under the *Privacy and Personal Information Protection Act 1998* (the PPIP Act).

### Privacy management plan

Clause 6 of the *Annual Reports (Departments) Regulation 2010* requires a statement of the action taken by the NSW Electoral Commission in complying with the requirements of the PPIP Act, and statistical details of any review conducted by us, or on our behalf under Part 5 of that Act.

In 2017–18, the NSW Electoral Commission had no privacy matters that required review under State privacy legislation.

In compliance with the provisions of the PPIP Act, we have a privacy management plan (which is reviewed on an ongoing basis) and a designated privacy officer. New staff members are briefed on their obligations in relation to the handling of personal information and our privacy management plan. Queries should be addressed to the Privacy Officer, NSW Electoral Commission, GPO Box 832 Sydney NSW 2001, or by phone on (02) 9290 5999, or by email: [enquiries@elections.nsw.gov.au](mailto:enquiries@elections.nsw.gov.au)

## Government Information (Public Access) Act 2009

Section 125 of the *Government Information (Public Access) Act 2009* (GIPA Act) requires an agency to prepare an annual report on the agency's obligations under the GIPA Act. The *Government Information (Public Access) Regulation 2009* (GIPA Regulation) sets out the information to be included in the annual report.

The following report is required under Section 125 of the GIPA Act, and concerns access to government information pertaining to the NSW Electoral Commission.

## Obligations under the *Government Information (Public Access) Act 2009*

### Clause 7(a): Review of proactive release program

Under section 7 of the GIPA Act, agencies must review their programmes for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months.

Our programme for proactive release of information is detailed in our *Government Information (Public Access) Policy and Procedures* document, available on our website. It is a standing agenda item for Senior Executive Committee meetings. Directors are invited to review the programme and advise whether they have identified any information in the public interest that should be released proactively.

### Clause 7(b): Number of access applications received

During the reporting period, we received 12 formal applications for access to information. This figure includes withdrawn applications but not invalid applications.

### Clause 7(c): Number of refused applications for Schedule 1 information

During the reporting period, we refused, in part, one formal access application on the basis that it was conclusively presumed that there was an overriding public interest against disclosure of information (as referred to in Schedule 1 to the GIPA Act).



# Government Information (Public Access) Act 2009

## Clause 7(d) and Schedule 2: Statistical information about access applications

**Table 45: Number of applications by type of applicant and outcome\***

Applicant type	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny if information held	Application withdrawn
Media	1	-	-	-	-	-	-	-
Members of Parliament	1	-	-	-	1	1	-	-
Private sector business	2	1	-	-	-	-	-	-
Not for profit organisations or community groups	-	-	-	-	-	-	-	-
Members of the public (application by legal representative)	3	-	-	-	-	-	-	2
Members of the public (other)	-	-	-	-	-	-	-	-

\*More than one decision can be made in respect of a particular access application.

**Table 46: Number of applications by type of application and outcome**

Application type	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny if information held	Application withdrawn
Personal information applications*	-	-	-	-	-	-	-	-
Access applications (other than personal information applications)	6	1	-	-	1	-	-	2
Access applications that are partly personal information applications and partly other	1	-	-	-	-	1	-	-

\*A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

# Government Information (Public Access) Act 2009

Continued

**Table 47: Invalid applications**

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

**Table 48: Conclusive presumption of overriding public interest against disclosure (matters listed in Schedule 1 of the Act)**

	Number of times consideration used
Overriding secrecy laws	-
Cabinet information	-
Executive Council information	-
Contempt	-
Legal professional privilege	1
Excluded information	-
Documents affecting law enforcement and public safety	-
Transport safety	-
Adoption	-
Care and protection of children	-
Ministerial code of conduct	-
Aboriginal and environmental heritage	-

**Table 49: Other public interest considerations against disclosure (matters listed to section 14 of the Act)**

	Number of occasions when application not successful
Responsible and effective government	1
Law enforcement and security	1
Individual rights, judicial processes and natural justice	1
Business interests of agencies and other persons	-
Environment, culture, economy and general matters	-
Secrecy provisions	-
Exempt documents under interstate Freedom of Information legislation	-

**Table 50: Timeliness**

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	9
Decided after 35 days (by agreement with applicant)	3
Not decided within time (deemed refusal)	0
<b>Total</b>	<b>12</b>

**Table 51: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)**

	Decision varied	Decision upheld	Total
Internal review	1	0	1
Review by Information Commissioner*	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by NCAT	0	0	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>1</b>

\*The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

**Table 52: Applications for review under Part 5 of the Act (by type of applicant)**

	Number of applications for review
Applications by access applicants	1
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

**Table 53: Applications transferred to other agencies**

	Number of applications transferred
Agency-initiated transfers	0
Applicant-initiated transfers	0

# Digital information security policy attestation



## Digital Information Security Annual Attestation Statement for the 2017-2018 Financial Year for NSW Electoral Commission

I, John Schmidt am of the opinion that NSW Electoral Commission did not have an Information Management System in place during the 2017-2018 financial year that is consistent with the Core Requirements set out in the NSW Government Information Security Policy. An information System that is consistent with the Core Requirements is expected to be in place by the end of the 2018-19 financial year.

The controls in place to mitigate identified risks to the digital information and digital information systems of NSW Electoral Commission are partially operational. The NSW Electoral Commission has a programme in place to make them fully operational during the coming financial year.

Risks to the digital information and digital information system of NSW Electoral Commission have been assessed with an independent ISMS developed in accordance with the NSW Government Digital Information Security Policy.

John Schmidt  
Electoral Commissioner

Date: 17/10/18



# Internal audit and risk management attestation

## Internal Audit and Risk Management Attestation Statement for the 2017 – 2018 Financial Year for New South Wales Electoral Commission

I, John Schmidt am of the opinion that the NSW Electoral Commission (NSWEC) has internal audit and risk management processes in operation that are, excluding the exceptions or transitional arrangements described below, compliant with the eight (8) core requirements set out in *the Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

### Core Requirements

For each requirement please specify whether compliant, non-compliant, or in transition <sup>50</sup>

Risk Management Framework	
1.1	The Electoral Commissioner is ultimately responsible and accountable for risk management in the NSWEC. <span style="float: right;">Compliant</span>
1.2	A risk management framework that is appropriate to the NSWEC has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009 <span style="float: right;">Compliant</span>
Internal Audit Function	
2.1	An internal audit function has been established and maintained <span style="float: right;">Compliant</span>
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing <span style="float: right;">Compliant</span>
2.3	The NSWEC has an Internal Audit Charter that is consistent with the content of the 'model charter' <span style="float: right;">Compliant</span>
Audit and Risk Committee	
3.1	An independent Audit and Risk Committee with appropriate expertise has been established <span style="float: right;">Compliant</span>
3.2	The Audit and Risk Committee is an advisory committee providing assistance to the Electoral Commissioner on the NSWEC's governance processes, risk management and control frameworks, and its external accountability obligations <span style="float: right;">Compliant</span>
3.3	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter' <span style="float: right;">Compliant</span>

<sup>50</sup> Where an agency notes that it has been 'non-compliant' or 'in-transition', the agency head must complete the 'Departure from Core Requirements' section below.

# Internal audit and risk management attestation Continued

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## Membership

The chair and members of the Audit and Risk Committee are:<sup>51</sup>

- Independent Chair, John Gordon, reappointed on 13 October 2014 for four years with the term ending 13 October 2018.
- Independent Member, Greg Fletcher, appointed on 22 February 2018 for four years with the term ending 22 February 2022.
- Independent Member, Mark Sercombe, appointed on 1 June 2018 for four years with the term ending 1 June 2022.



John Schmidt  
Electoral Commissioner  
New South Wales Electoral Commission  
18 September 2018

Agency Contact Officer  
Matt Phillips  
Chief Audit Executive  
Ph: 02 9290 5453

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<sup>51</sup> For those agencies with an Audit and Risk Committee that includes non-independent members at the time of commencement of this Policy and Guidelines Paper, agencies will be required to disclose non-independent members on their attestations. As per the Policy and Guidelines, agencies will have a transition period of two years from the commencement of the policy for the Committee to be reconstituted with independent members only.

# 4

## Financial performance

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# Financial position

## Payment of accounts

Table 54: Payment of accounts for 2017–18

Quarter	Current (\$)	Less than 30 days (\$)	Between 30 and 60 days (\$)	Between 60 and 90 days (\$)	More than 90 days (\$)	Target	Actual	Total (\$)
<b>September</b>	15,875,205	0	0	0	0	100%	100.00%	15,875,205
December	15,061,180	0	0	0	36,808	100%	99.76%	15,097,988
March	12,765,535	16,821	0	0	439	100%	99.86%	12,782,795
<b>June</b>	30,686,993	0	1,600	0	0	100%	99.99%	30,688,593
<b>Total</b>	<b>74,388,211</b>	<b>16,430</b>	<b>1,991</b>	<b>1,058</b>	<b>1,451</b>	<b>100%</b>	<b>99.99%</b>	<b>74,444,582</b>

### Time for payment of accounts

Our performance in payments continues to be high with an average of 99.99 per cent of all accounts being paid on time. There were no instances where interest was paid due to late payments.

### Major works

We engaged in two major works projects during the year ending 30 June 2018:

- Online disclosure, registration and funding system (\$1.016m)
- iVote (\$1.963m).

### Major assets

We have \$18.1 million in assets of which \$14.2 million are plant, equipment and intangible assets.

### Consultants

During the year, we engaged eight consultants at a total cost of \$180,000. The consultancy work was categorised as management services.

### Overseas travel

In September 2017, the Electoral Commissioner visited New Zealand to observe the national election, as part of the New Zealand Electoral Commission's overseas visitor programme. The Commissioner gained valuable insights into the conduct and of an election and the preparations the New Zealand Electoral Commission had made to deliver a successful event. It also allowed him to observe their technology-assisted voting options in practice, visit voting places before and during election day, and see the delivery of the preliminary results.

**Date:** 20-24 September 2017.

**Expenses:** Return flight, transfers and accommodation: AUD2,340.03.

### Efficiency dividend

In the 2016–17 Budget, Treasury reinstated an efficiency dividend for NSW Government agencies. It was a three-year programme of 1.5% cumulative savings targets. This dividend was applied to our corporate overhead, which excludes protected funds for the conduct of elections. In the 2017–18 Budget, it was increased to 2% cumulative from 2018–19 for three years. Then in the 2018–19 Budget, it was increased again to 3% per annum cumulative from 2018–19 for four years. We delivered the required efficiency dividend of \$0.3 million in 2017–18. The dividend increases by a further \$0.7 million in the coming year.

# Statement by the Electoral Commissioner



## *Statement by the Electoral Commissioner*

Pursuant to Section 41C(1B) of the *Public Finance and Audit Act 1983*, I, to the best of my knowledge and belief state that:

(a) The accompanying financial statements of the New South Wales Electoral Commission have been prepared in accordance with Australian Accounting Standards (which include Australian Accounting Interpretations); the requirements of the *Public Finance and Audit Act 1983* and Public Finance and Audit Regulation 2015; and Financial Reporting Directions mandated by the Treasurer

(b) The statements exhibit a true and fair view of the financial position as at 30 June 2018 of the New South Wales Electoral Commission and financial performance for the year then ended; and

(c) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



John Schmidt  
Electoral Commissioner  
4 September 2018

# Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

New South Wales Electoral Commission

To Members of the New South Wales Parliament

### Opinion

I have audited the accompanying financial statements of the New South Wales Electoral Commission (the Commission), which comprise the Statement of comprehensive income and the Statement of changes in equity for the year ended 30 June 2018, the Statement of financial position as at 30 June 2018, and the Statement of cash flows for the year then ended, notes comprising a Statement of significant accounting policies and other explanatory information of the Commission and the consolidated entity. The consolidated entity comprises the Commission and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Commission and the consolidated entity as at 30 June 2018, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of Public Finance and Audit Act 1983 (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Commission and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### The Electoral Commissioner's Responsibilities for the Financial Statements

The Electoral Commissioner is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Electoral Commissioner determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Electoral Commissioner is responsible for assessing the ability of the Commission and the consolidated entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where operations will be dissolved by an Act of Parliament or otherwise cease.

### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Commission or the consolidated entity carried out their activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Margaret Crawford  
Auditor-General of NSW

5 September 2018  
SYDNEY

Start of the Audited Financial Statements

# Statement of comprehensive income

For the year ended 30 June 2018

	Notes	Consolidated			Parent	
		Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
<b>Expenses excluding losses</b>						
<b>Operating expenses</b>						
Employee related	2(a)	27,873	17,348	22,302	641	652
Personnel services	2(b)	-	-	-	26,437	21,287
Other operating expenses	2(c)	30,457	10,785	27,252	30,457	27,252
Depreciation and amortisation	2(d)	2,681	1,809	4,578	2,681	4,578
Other expenses	2(e)	14,378	43,251	20,538	14,378	20,538
<b>Total Expenses excluding losses</b>		<b>75,389</b>	<b>73,193</b>	<b>74,670</b>	<b>74,594</b>	<b>74,307</b>
<b>Revenue</b>						
Appropriations	3(a)	68,788	81,772	68,421	68,788	68,421
(Transfers to the Crown Entity)		(16,919)	(13,320)	(12,666)	(16,919)	(12,666)
Sale of goods and services	3(b)	3,050	996	2,635	3,050	2,635
Acceptance by the Crown Entity of employee benefits and other liabilities	3(c)	795	488	363	-	-
Grants and other contributions	3(d)	2,444	-	-	2,444	-
Other revenue	3(e)	13,355	13,287	12,853	13,355	12,853
<b>Total Revenue</b>		<b>71,513</b>	<b>83,223</b>	<b>71,606</b>	<b>70,718</b>	<b>71,243</b>
<b>Gains on disposal</b>	4	<b>3</b>	-	-	<b>3</b>	-
<b>Net Result</b>	18	<b>(3,873)</b>	<b>10,030</b>	<b>(3,064)</b>	<b>(3,873)</b>	<b>(3,064)</b>
<b>Other comprehensive income</b>		-	-	-	-	-
<b>Total other comprehensive income</b>		-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(3,873)</b>	<b>10,030</b>	<b>(3,064)</b>	<b>(3,873)</b>	<b>(3,064)</b>

The accompanying notes form part of these financial statements.



# Statement of changes in equity

For the year ended 30 June 2018

	Accumulated Funds	
	Consolidated	Parent
	\$'000	\$'000
<b>Balance at 1 July 2017</b>	<b>16,553</b>	<b>16,553</b>
Net result for the year	(3,873)	(3,873)
Total other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>(3,873)</b>	<b>(3,873)</b>
<b>Balance at 30 June 2018</b>	<b>12,680</b>	<b>12,680</b>
<b>Balance at 1 July 2016</b>	<b>19,617</b>	<b>19,617</b>
Net result for the year	(3,064)	(3,064)
Total other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>(3,064)</b>	<b>(3,064)</b>
<b>Balance at 30 June 2017</b>	<b>16,553</b>	<b>16,553</b>

The accompanying notes form part of these financial statements.

# Statement of financial position

as at 30 June 2018

	Notes	Consolidated			Parent	
		Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	6	1,932	1,235	2,164	1,932	2,164
Receivables	7	1,948	6,074	7,441	1,948	7,441
Inventories	8	52	100	136	52	136
<b>Total current assets</b>		<b>3,932</b>	<b>7,409</b>	<b>9,741</b>	<b>3,932</b>	<b>9,741</b>
<b>Non-current assets</b>						
Plant and equipment	9	1,026	1,044	1,376	1,026	1,376
Intangible assets	10	13,191	20,930	10,682	13,191	10,682
<b>Total non-current assets</b>		<b>14,217</b>	<b>21,974</b>	<b>12,058</b>	<b>14,217</b>	<b>12,058</b>
<b>Total assets</b>		<b>18,149</b>	<b>29,383</b>	<b>21,799</b>	<b>18,149</b>	<b>21,799</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Payables	12	2,712	1,919	2,927	2,712	2,927
Provisions	13	2,065	1,441	1,597	2,065	1,597
Other		-	1	-	-	-
<b>Total current liabilities</b>		<b>4,777</b>	<b>3,361</b>	<b>4,524</b>	<b>4,777</b>	<b>4,524</b>
<b>Non-current liabilities</b>						
Provisions	13	692	546	722	692	722
<b>Total non-current liabilities</b>		<b>692</b>	<b>546</b>	<b>722</b>	<b>692</b>	<b>722</b>
<b>Total liabilities</b>		<b>5,469</b>	<b>3,907</b>	<b>5,246</b>	<b>5,469</b>	<b>5,246</b>
<b>Net assets</b>		<b>12,680</b>	<b>25,476</b>	<b>16,553</b>	<b>12,680</b>	<b>16,553</b>
<b>EQUITY</b>						
Accumulated funds		12,680	25,476	16,553	12,680	16,553
<b>Total equity</b>		<b>12,680</b>	<b>25,476</b>	<b>16,553</b>	<b>12,680</b>	<b>16,553</b>

The accompanying notes form part of these financial statements.

# Statement of cash flows

For the year ended 30 June 2018

	Notes	Consolidated			Parent	
		Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
Employee related		(27,670)	(16,860)	(21,798)	-	-
Personnel services		-	-	-	(27,670)	(21,798)
Other		(49,777)	(59,036)	(51,817)	(49,777)	(51,817)
<b>Total payments</b>		<b>(77,447)</b>	<b>(75,896)</b>	<b>(73,615)</b>	<b>(77,447)</b>	<b>(73,615)</b>
<b>Receipts</b>						
Appropriation (excluding equity appropriations)		68,788	81,772	68,421	68,788	68,421
Sale of goods and services		25,754	996	16,205	25,754	16,205
Cash transfers to the Crown Entity		(16,919)	(13,320)	(12,666)	(16,919)	(12,666)
Other		4,429	18,287	2,750	4,429	2,750
<b>Total receipts</b>		<b>82,052</b>	<b>87,735</b>	<b>74,710</b>	<b>82,052</b>	<b>74,710</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	18	<b>4,605</b>	<b>11,839</b>	<b>1,095</b>	<b>4,605</b>	<b>1,095</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sale of plant and equipment		18	-	-	18	-
Purchase of plant and equipment		(631)	(1,094)	(609)	(631)	(2,747)
Intangible assets		(4,224)	(11,790)	(2,138)	(4,224)	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(4,837)</b>	<b>(12,884)</b>	<b>(2,747)</b>	<b>(4,837)</b>	<b>(2,747)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(232)</b>	<b>(1,045)</b>	<b>(1,652)</b>	<b>(232)</b>	<b>(1,652)</b>
Opening cash and cash equivalents		2,164	2,280	3,816	2,164	3,816
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	6	<b>1,932</b>	<b>1,235</b>	<b>2,164</b>	<b>1,932</b>	<b>2,164</b>

The accompanying notes form part of these financial statements.

The Budget statement of cash flows was not reported to Parliament in 2017-18 Budget Paper No.3 and instead published online at [budget.nsw.gov.au](http://budget.nsw.gov.au).

# Notes to the financial statements

For the year ended 30 June 2018

## 1. Summary of significant accounting policies

### a) Reporting entity

The NSW Electoral Commission is an independent statutory authority established under *Electoral Act 2017* (which repealed and replaced the *Parliamentary Electorates and Elections Act 1912 No 41*). We conduct state elections, local council elections, NSW Aboriginal Land Councils and certain statutory elections.

The Electoral Commission is responsible for public funding to eligible registered political parties, candidates and independent members of Parliament.

The NSW Electoral Commission is a NSW Government entity. The NSW Electoral Commission is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The NSW Electoral Commission, as a reporting entity, comprises all the entities under its control, namely the parent entity and the NSW Electoral Commission Staff Agency.

In the process of preparing the consolidated financial statements for the economic entity, consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

These consolidated financial statements for the year ended 30 June 2018 have been authorised for issue by the Electoral Commissioner on 4 September 2018.

### b) Basis of preparation

The NSW Electoral Commission's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015*;
- Financial Reporting Directions mandated by the Treasurer.

Plant and equipment is measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

### c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

### d) Administered activities

The NSW Electoral Commission administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have the discretion, for example, to deploy the resources for the achievement of the NSW Electoral Commission's own objectives.

Transactions and balances relating to the administered activities are not recognised as the NSW Electoral Commission's revenue, expenses, assets and liabilities, but are disclosed in the accompanying schedules as "Administered Income" and "Administered Expenses".

The accrual basis of accounting and applicable accounting standards have been adopted.

Responsibility for administered receivables are transferred to the Office of State Revenue for debt collection after 12 months.

### e) Accounting for the Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the NSW Electoral Commission as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

#### f) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements. Where appropriate, comparative figures have been reclassified to conform to the basis of presentation and classification used in the current year.

#### g) Changes in accounting policy, including new or revised Australian Accounting Standards

##### i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year.

The NSW Electoral Commission has adopted all of the new, revised or amending Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant and effective for current reporting year.

The adoption of these new Standards and Interpretations did not have any impact on the financial performance or position of the NSW Electoral Commission.

##### ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Accounting Standards have not been applied and are not yet effective:

- AASB 9 Financial Instruments
- AASB 15, AASB 2014-5, AASB 2015-8, and 2016-3 regarding Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 1058 Income of Not-for-Profit Entities
- AASB 1059 Service Concession Agreements: Grantors
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 with AASB 4 Insurance Contracts
- AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities
- Interpretation 22 Foreign Currency Transactions and Advance Consideration
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments.

The adoption of AASB 16 Leases will see operating leases relating to real estate and motor vehicles disclosed as a right to use asset offset by a lease liability with minimal net impact on statement of financial position. Rather than recognising expense for lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.

The potential impact of this standard has not yet been determined.

The NSW Electoral Commission anticipates that the adoption of the other Standards in the period of initial application will have no material impact on the financial statements.

# Notes to the financial statements

For the year ended 30 June 2018

## 2. Expenses excluding losses

### a) Employee related expenses

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Salaries and wages (including annual leave)	23,545	18,813	541	543
Superannuation				
- defined benefit plan	48	42	-	-
- defined contribution plan	1,757	1,436	42	49
Long service leave	829	341	23	25
Workers' compensation insurance	170	105	4	3
Payroll tax and fringe benefits tax	1,367	1,082	31	32
Redundancy	157	483	-	-
	<b>27,873</b>	<b>22,302</b>	<b>641</b>	<b>652</b>

\$192,517 of employee related expenses were attributable to the development of new software and was capitalised and excluded from employee related expenses during the year ended 30 June 2018 (2017: \$276,794).

### b) Personnel services expenses

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Personnel services expense	-	-	<b>26,437</b>	<b>21,287</b>

These relate to expenses for personnel services provided by the NSW Electoral Commission Staff Agency.

## c) Other operating expenses include the following:

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Auditor's remuneration				
- audit of the financial statements	81	74	81	74
Advertising	2,181	1,440	2,181	1,440
Consultants	180	164	180	164
Contractors – Agency staff	7,183	8,437	7,183	8,437
Contractors – Professional services	3,722	4,469	3,722	4,469
Electricity	158	139	158	139
Facility Hire	986	665	986	665
Insurance	53	56	53	56
Internal audit	157	157	157	157
Legal fees	9	-	9	-
Low pool assets	71	10	71	10
Maintenance **	8	27	8	27
Operating lease rental expense				
- minimum lease payments	2,802	2,398	2,802	2,398
Provision of services	2,491	488	2,491	488
Postage	2,142	2,107	2,142	2,107
Printing	1,903	1,382	1,903	1,382
Restoration cost	19	-	19	-
Security	278	228	278	228
Software maintenance and licences	3,142	2,654	3,142	2,654
Stationery	163	134	163	134
Storage	533	747	533	747
Telephone	108	117	108	117
Training	378	83	378	83
Travel	141	111	141	111
Other	1,568	1,165	1,568	1,165
	<b>30,457</b>	<b>27,252</b>	<b>30,457</b>	<b>27,252</b>

# Notes to the financial statements

For the year ended 30 June 2018

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Included in other operating expenses are the following election expenses:</b>				
Local government election	4,304	5,342	4,304	5,342
General election	2,870	768	2,870	768
By-election	1,321	2,288	1,321	2,288
<b>Total election expenses included in Note 2(c)</b>	<b>8,495</b>	<b>8,398</b>	<b>8,495</b>	<b>8,398</b>

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>**Reconciliation - total maintenance</b>				
Maintenance expense – contracted labour and others (non-employee related), as above	8	27	8	27
<b>Total maintenance expenses included in Note 2(c)</b>	<b>8</b>	<b>27</b>	<b>8</b>	<b>27</b>

## Recognition and measurement

### Maintenance expense

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

### Insurance

The NSW Electoral Commission's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claims experience.

### Operating leases

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight line basis over the lease term.

## d) Depreciation and amortisation expense

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Depreciation</b>				
- Computer hardware	590	696	590	696
- Furniture, fittings and leasehold improvement	350	403	350	403
- Plant and equipment	36	80	36	80
Amortisation – software	1,705	3,399	1,705	3,399
	<b>2,681</b>	<b>4,578</b>	<b>2,681</b>	<b>4,578</b>



### e) Other expenses

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Joint Roll Agreement (Payment to the Commonwealth) <sup>1</sup>	2,317	3,044	2,317	3,044
Funding of candidates, groups and political parties	12,061	17,494	12,061	17,494
	<b>14,378</b>	<b>20,538</b>	<b>14,378</b>	<b>20,538</b>

#### <sup>1</sup>Joint Roll Agreement

An arrangement between the Governor General of the Commonwealth and the Governor of New South Wales to provide for a joint electoral enrolment procedure was signed on 21 October 2010. The 'Exchange of Information Agreement' between the Australian Electoral Commission and the NSW Electoral Commission pursuant to this arrangement was executed on the same day. This agreement sets a cost per elector rate and allows for escalation at the Sydney Consumer Price Index. The charge is payable from the NSW Electoral Commission to the Australian Electoral Commission. At 30 June 2018 the amount payable per elector is \$0.839(2017: \$0.823).

## 3. Revenue

### Recognition and measurement

Revenue is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

### a) Appropriations and transfers to the Crown Entity

#### Summary of compliance

	2018 \$'000		2017 \$'000	
	Appropriation	Expenditure	Appropriation	Expenditure
Original budget per Appropriation Act	81,772	68,788	91,174	68,421
<b>Total appropriations / expenditure / net claim on consolidated fund (includes transfer payments)</b>	<b>81,772</b>	<b>68,788</b>	<b>91,174</b>	<b>68,421</b>
Appropriation draw down*	-	68,788	-	68,421
Liability to consolidated fund	-	-	-	-
*Comprising:				
Transfer payments	-	-	-	-
Appropriations (per Statement of Comprehensive Income)**	81,772	68,788	91,174	68,421
	<b>81,772</b>	<b>68,788</b>	<b>91,174</b>	<b>68,421</b>
**Appropriations:				
Recurrent	68,888	64,190	85,343	65,815
Capital	12,884	4,598	5,831	2,606
	<b>81,772</b>	<b>68,788</b>	<b>91,174</b>	<b>68,421</b>

# Notes to the financial statements

For the year ended 30 June 2018

## Recognition and measurement

Except as specified below, Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as revenue when the NSW Electoral Commission obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

Appropriations are not recognised as revenue when the appropriations are unspent at year end. Unspent appropriations are recognised as liabilities rather than revenue, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund.

Any liability in respect of transfer payments is disclosed in Note 19 “Administered assets and liabilities”.

### b) Sale of goods and services

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Sales of goods	51	10	51	10
Rendering of services	805	1,055	805	1,055
Election administration costs recovered	2,194	1,570	2,194	1,570
	<b>3,050</b>	<b>2,635</b>	<b>3,050</b>	<b>2,635</b>

## Recognition and measurement

### Sale of goods

Revenue from the sale of goods is recognised as revenue when the NSW Electoral Commission transfers the significant risks and rewards of ownership of the assets.

### Rendering of services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

### c) Acceptance by the Crown Entity of employee benefits and other liabilities

The following liabilities and/or expenses have been assumed by the Crown Entity:

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Superannuation-defined benefit	48	42	-	-
Long service leave	744	319	-	-
Payroll tax	3	2	-	-
	<b>795</b>	<b>363</b>	-	-

#### d) Grants and contributions

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Recurrent grant received from the Department of Premier and Cabinet	2,444	-	2,444	-
	<b>2,444</b>	<b>-</b>	<b>2,444</b>	<b>-</b>

#### e) Other revenue

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Rendering of services – local government elections	13,355	12,853	13,355	12,853
	<b>13,355</b>	<b>12,853</b>	<b>13,355</b>	<b>12,853</b>

### 4. Gain on disposal

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Plant and Equipment</b>				
Plant and Equipment (gross carrying amount)	1,045	20	1,045	20
Less: Accumulated Depreciation	(1,040)	(20)	(1,040)	(20)
Written Down Value	5	-	5	-
Proceeds	18	-	18	-
Net Gain on Disposal of Plant and Equipment	13	-	13	-
<b>Intangible Assets</b>				
Intangible Assets (gross carrying amount)	16,667	-	16,667	-
Less: Accumulated Amortisation	(16,657)	-	(16,657)	-
Written Down Value	10	-	10	-
Proceeds	-	-	-	-
Net Loss on Disposal of Intangible Assets	(10)	-	(10)	-
<b>Net Gain on Disposal of Plant, Equipment and Intangible Assets</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>-</b>

# Notes to the financial statements

For the year ended 30 June 2018

## 5. Program group statement

The NSW Electoral Commission has one program group only. This program group covers the delivery of elections and related services. Details of the expenses, revenues, assets and liabilities for this program group are available in the Statement of Comprehensive Income and Statement of Financial Position. Program group statements therefore have not been prepared. Administered expenses and income are shown in notes 20 and 21 respectively.

## 6. Current assets – cash and cash equivalents

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash at bank and on hand	1,932	2,164	1,932	2,164
	<b>1,932</b>	<b>2,164</b>	<b>1,932</b>	<b>2,164</b>

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand and cash at bank.

Cash and cash equivalents assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash and cash equivalents (per Statement of Financial Position)	1,932	2,164	1,932	2,164
<b>Closing cash and cash equivalents (per Statement of Cash Flows)</b>	<b>1,932</b>	<b>2,164</b>	<b>1,932</b>	<b>2,164</b>

Refer Note 22 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

## 7. Current assets – receivables

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Sale of goods and services	157	144	157	144
Accrued income	19	4,594	19	4,594
GST recoverable from the taxation authority	498	805	498	805
Prepayments	1,174	1,773	1,174	1,773
Deposits recoverable	3	109	3	109
Payments for long service leave recoverable from NSW Treasury	97	16	97	16
	<b>1,948</b>	<b>7,441</b>	<b>1,948</b>	<b>7,441</b>

For the year ended 30 June 2018, there were no transactions written off as bad debts.

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 22.

### Recognition and measurement

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortised cost using the effective interest rate method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

### Impairment

Receivables are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, if objectively related to an event occurring after the impairment was recognised. However, reversals of impairment losses on an investment in an equity instrument classified as 'available – for – sale' must be made through the revaluation surplus.

Reversals of impairment losses cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

## 8. Current assets – inventories

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Held for distribution</b>				
Requisite election materials – at cost	52	136	52	136
	<b>52</b>	<b>136</b>	<b>52</b>	<b>136</b>

### Recognition and measurement

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value.

# Notes to the financial statements

For the year ended 30 June 2018

## 9. Non-current assets – plant and equipment consolidated and parent

	Computer hardware	Furniture, fittings and leasehold improvement	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2017 – fair value</b>				
Gross carrying amount	4,149	3,848	701	<b>8,698</b>
Accumulated depreciation	(3,379)	(3,377)	(566)	<b>(7,322)</b>
<b>Net carrying amount</b>	<b>770</b>	<b>471</b>	<b>135</b>	<b>1,376</b>
<b>At 30 June 2018 – fair value</b>				
Gross carrying amount	3,875	3,759	651	<b>8,285</b>
Accumulated depreciation	(3,261)	(3,466)	(532)	<b>(7,259)</b>
<b>Net carrying amount</b>	<b>614</b>	<b>293</b>	<b>119</b>	<b>1,026</b>

### Reconciliation

A reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current reporting period is set out below:

	Computer hardware	Furniture, fittings and leasehold improvement	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
<b>Year ended 30 June 2018</b>				
Net carrying amount at start of the year	770	471	135	<b>1,376</b>
Additions	436	175	20	<b>631</b>
Disposals	(2)	(3)	-	<b>(5)</b>
Depreciation expense	(590)	(350)	(36)	<b>(976)</b>
<b>Net carrying amount at end of the year</b>	<b>614</b>	<b>293</b>	<b>119</b>	<b>1,026</b>

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 11.

	Computer hardware	Furniture, fittings and leasehold improvement	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2016 – fair value</b>				
Gross carrying amount	4,151	3,284	674	<b>8,109</b>
Accumulated depreciation	(2,685)	(2,974)	(504)	<b>(6,163)</b>
<b>Net carrying amount</b>	<b>1,466</b>	<b>310</b>	<b>170</b>	<b>1,946</b>
<b>At 30 June 2017 – fair value</b>				
Gross carrying amount	4,149	3,848	701	<b>8,698</b>
Accumulated depreciation	(3,379)	(3,377)	(566)	<b>(7,322)</b>
<b>Net carrying amount</b>	<b>770</b>	<b>471</b>	<b>135</b>	<b>1,376</b>

### Reconciliation

A reconciliation of the carrying amounts of plant and equipment at the beginning and end of the prior reporting period is set out below:

	Computer hardware	Furniture, fittings and leasehold improvement	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
<b>Year ended 30 June 2017</b>				
Net carrying amount at start of the year	1,466	310	170	<b>1,946</b>
Additions	-	564	45	<b>609</b>
Disposals	-	-	-	-
Depreciation expense	(696)	(403)	(80)	<b>(1,179)</b>
<b>Net carrying amount at end of the year</b>	<b>770</b>	<b>471</b>	<b>135</b>	<b>1,376</b>

### Recognition and measurement

#### Acquisition of plant and equipment

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the NSW Electoral Commission. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

# Notes to the financial statements

For the year ended 30 June 2018

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, ie the deferred payment amount is effectively discounted over the period of credit.

## Capitalisation thresholds

Plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

## Depreciation of plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the NSW Electoral Commission.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

Asset type	Useful life 2018	Useful life 2017
Computer hardware	4 years	4 years
Plant and equipment	7 years	7 years
Furniture and fixtures	8 years	8 years
Leasehold improvements	7 years*	7 years*

\* Or to the end of the lease, if shorter

## Revaluation of plant and equipment

Consistent with the "Valuation of Physical Non-Current assets at Fair Value" Policy and Guidelines Paper (TPP 14-01) NSW Electoral Commission measures its physical non-current assets at fair value. This policy adopts fair value in accordance with *AASB 13 Fair Value Measurement and AASB 116 Property, Plant and Equipment*.

Fair value of plant and equipment is based on a market participant's perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 11 for further information regarding fair value.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

## Impairment of plant and equipment

As a not-for-profit entity with no cash generating units, impairment under *AASB 136 Impairment of Assets* is unlikely to arise. As plant and equipment is carried at fair value, or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that *AASB 136* modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

## 10. Intangible assets – consolidated and parent

At 1 July 2017	Software \$'000	Total \$'000
Gross carrying amount	40,680	40,680
Accumulated amortisation	(29,998)	(29,998)
<b>Net carrying amount</b>	<b>10,682</b>	<b>10,682</b>

At 30 June 2018	Software \$'000	Total \$'000
Gross carrying amount	28,237	28,237
Accumulated amortisation	(15,046)	(15,046)
<b>Net carrying amount</b>	<b>13,191</b>	<b>13,191</b>



## Reconciliation

A reconciliation of the carrying amounts of intangible assets at the beginning and end of the current reporting period is set out below:

<b>Year ended 30 June 2018</b>	<b>Software \$'000</b>	<b>Total \$'000</b>
Net carrying amount at start of the year	10,682	10,682
Additions	4,224	4,224
Disposals	(10)	(10)
Amortisation expense	(1,705)	(1,705)
<b>Net carrying amount at end of the year</b>	<b>13,191</b>	<b>13,191</b>

A reconciliation of the carrying amounts of intangible assets at the beginning and end of the prior reporting period is set out below:

<b>Year ended 30 June 2017</b>	<b>Software \$'000</b>	<b>Total \$'000</b>
Net carrying amount at start of the year	11,941	11,941
Additions	2,140	2,140
Amortisation expense	(3,399)	(3,399)
<b>Net carrying amount at end of the year</b>	<b>10,682</b>	<b>10,682</b>

## Recognition and measurement

The NSW Electoral Commission recognises intangible assets only if it is probable that future economic benefits will flow to the NSW Electoral Commission and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Currently, the NSW Electoral Commission's intangible assets solely comprise software.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the NSW Electoral Commission's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

The NSW Electoral Commission's intangible assets are amortised using the straight-line method over a period of between 4 years and 8 years.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

# Notes to the financial statements

For the year ended 30 June 2018

## 11. Fair value measurement of non-financial assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the NSW Electoral Commission categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices in active markets for identical assets/liabilities that the entity can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly; and
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The NSW Electoral Commission recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer to Note 22 for further disclosures regarding fair value measurements of financial and non-financial assets.

The NSW Electoral Commission does not have any assets that are subject to fair value measurement. Its plant and equipment assets are measured using depreciated historical cost as a surrogate for fair value.

## 12. Current liabilities – payables

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Accrued salaries, wages and on-costs	70	342	-	-
Accrued personnel services	-	-	70	342
Creditors	2,642	2,585	2,642	2,585
	<b>2,712</b>	<b>2,927</b>	<b>2,712</b>	<b>2,927</b>

Accrued personnel services payable relate to the accrued cost of personnel services provided by the NSW Electoral Commission Staff Agency. Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in note 22.

### Recognition and measurement

These amounts represent liabilities for goods and services provided to the NSW Electoral Commission and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

### 13. Current/non-current liabilities – provisions

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Current</b>				
<b>Personnel services and employee benefits (a)</b>				
Annual leave	1,802	1,412	44	19
Long service leave on-costs	263	185	6	3
Personnel services	-	-	2,015	1,575
<b>Total current provisions</b>	<b>2,065</b>	<b>1,597</b>	<b>2,065</b>	<b>1,597</b>
	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Non-current</b>				
Long service leave on-costs	23	16	-	-
Personnel services	-	-	23	16
	<b>23</b>	<b>16</b>	<b>23</b>	<b>16</b>
<b>Other provisions</b>				
Lease make good	669	706	669	706
<b>Total non-current provisions</b>	<b>692</b>	<b>722</b>	<b>692</b>	<b>722</b>
<b>Aggregate personnel services, employee benefits and related on-costs</b>				
Provisions – current	2,065	1,597	2,065	1,597
Provisions – non-current	23	16	23	16
Accrued salaries, wages and on-costs (note 12)	70	342	-	-
Accrued personnel services (note 12)	-	-	70	342
	<b>2,158</b>	<b>1,955</b>	<b>2,158</b>	<b>1,955</b>

# Notes to the financial statements

For the year ended 30 June 2018

a) The personnel services provision and the employee benefits provision include a value of leave and on-costs expected to be taken within 12 months and after 12 months as follows:

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Short term – less than 12 months</b>				
Annual leave	1,215	842	44	19
Long service leave on-costs	263	185	6	3
Personnel services	-	-	1,428	1,055
	<b>1,478</b>	<b>1,027</b>	<b>1,478</b>	<b>1,077</b>
<b>Long term – after 12 months</b>				
Annual leave	587	570	-	-
Long service leave on-costs	23	16	-	-
Personnel services	-	-	610	536
	<b>610</b>	<b>586</b>	<b>610</b>	<b>536</b>

## Movements in other provisions (other than personnel services or employee benefits)

Movements in each class of provisions during the financial year, other than employee benefits, are set out below:

	Lease make good	Total
	\$'000	\$'000
Carrying amount at the beginning of financial year	706	706
Amounts used	(162)	(162)
Additional provisions recognised	106	106
Unwinding/change in the discount rate	19	19
<b>Carrying amount at end of financial year</b>	<b>669</b>	<b>669</b>

## Recognition and measurement

The NSW Electoral Commission Staff Agency provides employees to the NSW Electoral Commission entity to enable it to carry out its functions. Personnel services provision relates to employee related provisions for those employees employed by the NSW Electoral Commission Staff Agency.

Employee benefits provision relates to employees directly employed by the NSW Electoral Commission.

Employee related provisions include:

### a) Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although shortcut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal annual leave approach plus the annual leave on the nominal liability (using 7.9% of the nominal value of annual leave) can be used to approximate the

present value of the annual leave liability. The NSW Electoral Commission has assessed the actuarial advice based on the NSW Electoral Commission's circumstances and has determined that the effect of discounting is immaterial to annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

#### **b) Long service leave and superannuation**

The NSW Electoral Commission's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The NSW Electoral Commission accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at present value in accordance with *AASB 119 Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 15-09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employee's salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employee's superannuation contributions.

#### **c) Consequential on-costs**

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation, insurance premiums and fringe benefits tax.

#### **Other provisions**

Other provisions are recognised when: the NSW Electoral Commission has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted at 2.12% which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

#### **Restoration costs**

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

## **14. Equity**

### **Recognition and measurement**

#### **Accumulated Funds**

The category accumulated funds includes all current and prior period retained funds.

# Notes to the financial statements

For the year ended 30 June 2018

## 15. Commitments for expenditure

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Capital commitments</b>				
Aggregate capital expenditure contracted for at balance date and not provided for:				
Not later than one year	3,559	1,691	3,559	1,691
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
<b>Total (including GST)</b>	<b>3,559</b>	<b>1,691</b>	<b>3,559</b>	<b>1,691</b>
<b>Operating lease commitments</b>				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	3,096	2,065	3,096	2,065
Later than one year and not later than five years	2,306	725	2,306	725
Later than five years	-	-	-	-
<b>Total (including GST)</b>	<b>5,402</b>	<b>2,790</b>	<b>5,402</b>	<b>2,790</b>

These capital and operating lease commitments are not recognised in the financial statements as liabilities. The amount of tax recoverable from the Australian Taxation Office included within commitments is \$815,000 (2017: \$407,000).

## 16. Contingent liabilities and contingent assets

The NSW Electoral Commission has no contingent liability as at 30 June 2018 (2017: Nil).

The NSW Electoral Commission has no contingent assets as at 30 June 2018 (2017: Nil).

## 17. Budget review

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below.

### Net result

The net loss of \$3.9m was \$13.9m less than the budgeted \$10.0m net gain. While total expenses were \$2.2m greater than the budgeted \$73.2m, appropriations revenue was down by \$13.0m. This was mainly due to \$8.3m of carry forward capital funding to 2018/2019 due to timing differences on major projects in the lead up to the State General Election. An additional \$3.6m was transferred back to the Crown from work performed in 2016/17 that was recovered from councils in 2017/18 for local council elections held in September 2017.

### Assets and liabilities

Intangible Assets represent the largest variance to budget at \$13.2m against a budget of \$20.9m. The \$7.7m variance was mainly due to \$8.3m of carry forward capital projects to 2018/2019. Current Receivables represent the second largest variance to budget at \$1.9m against a budget of \$6.1m. The \$4.1m decrease is due to the Accrued Income in the budget being recovered from councils and transferred back to the Crown during the year. This related to costs incurred on local council elections held in September 2017.

### Cash flows

Operating cash flow variances to budget align very closely to the net result variances explained in the above paragraph.

There is a \$8.0m reduction in investing activity cash flows on a budgeted \$12.9m. This was mainly due to two capital projects totalling \$6.3m being delayed. New legislation was introduced during the year that required changes to these projects before their development phase could commence. These projects have been carried forward to 2018/19.

## 18. Reconciliation of cash flows from operating activities to net result

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Net cash flows from operating activities	4,605	1,095	4,605	1,095
Depreciation and amortisation	(2,681)	(4,578)	(2,681)	(4,578)
Decrease/(increase) in provisions and other liabilities	(438)	(268)	(438)	(268)
Increase/(decrease) in receivables and other assets	(5,577)	1,693	(5,577)	1,693
Decrease/(increase) in payables	215	(1,006)	215	(1,006)
Net gain/(loss) on disposal of plant and equipment & intangible assets	3	-	3	-
<b>Net result</b>	<b>(3,873)</b>	<b>(3,064)</b>	<b>(3,873)</b>	<b>(3,064)</b>

## 19. Administered assets and liabilities

	2018 \$'000	2017 \$'000
<b>Administered assets</b>		
Receivables – fines for failure to vote	15	10,060
<b>Administered liabilities</b>		
Payables – fines for failure to vote	(23)	(17)
<b>Reconciliation of administered assets</b>		
<b>Opening balance</b>	<b>10,043</b>	<b>5</b>
New fines issued	25,921	23,959
Fines written back	(11,817)	(9,823)
Fines paid	(4,934)	(4,074)
Referred for collection to Office of State Revenue	(19,221)	(24)
<b>Administered assets/(liabilities)</b>	<b>(8)</b>	<b>10,043</b>

# Notes to the financial statements

For the year ended 30 June 2018

## 20. Administered expenses – debts written off

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Write-back of prior year fines	(11,817)	(9,823)	(11,817)	(9,823)

## 21. Administered income

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Fines for failure to vote	25,921	23,959	25,921	23,959

## 22. Financial instruments (parent and consolidated)

The NSW Electoral Commission's principal financial instruments are outlined below. These financial instruments arise directly from the NSW Electoral Commission's operations or are required to finance the NSW Electoral Commission's operations. The NSW Electoral Commission does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The NSW Electoral Commission's main risks arising from financial instruments are outlined below, together with the NSW Electoral Commission's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Electoral Commissioner has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the NSW Electoral Commission, to set risk limits and controls and to monitor risks. From time to time, compliance with policies is reviewed by the Audit & Risk Committee.

### a) Financial instrument categories

	Notes	Category	Carrying amount	
			2018 \$'000	2017 \$'000
<b>Financial assets</b>				
<b>Class:</b>				
Cash and cash equivalents	6	N/A	1,932	2,164
Receivables *	7	Loans and receivables (at amortised cost)	278	4,863
<b>Financial liabilities</b>				
<b>Class:</b>				
Payables **	12	Financial liabilities measured at amortised cost	2,694	2,927

Notes

\*Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

\*\*Excludes statutory payables and unearned income (i.e. not within scope of AASB 7).



### b) Credit risk

Credit risk arises when there is the possibility of the NSW Electoral Commission's debtors defaulting on their contractual obligations, resulting in a financial loss to the NSW Electoral Commission. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the NSW Electoral Commission, including cash and receivables. No collateral is held by the NSW Electoral Commission. The NSW Electoral Commission has not granted any financial guarantees.

Credit risk associated with the NSW Electoral Commission's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

#### Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

#### Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

The NSW Electoral Commission is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due 2018: \$Nil (2017: \$Nil) represent 100% of the total trade debtors.

### c) Liquidity risk

Liquidity risk is the risk that the NSW Electoral Commission will be unable to meet its payment obligations when they fall due. The NSW Electoral Commission continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. The NSW Electoral Commission's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12.

For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest.

# Notes to the financial statements

For the year ended 30 June 2018

The table below summarises the maturity profile of NSW Electoral Commission's financial liabilities, together with the interest rate exposure.

	Weighted average effective interest rate %	Nominal amount \$'000	Interest rate exposure			Maturity dates		
			Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000	< 1 Yr \$'000	1-5 Yrs \$'000	> 5 Yrs \$'000
2018 payables	-	2,694	-	-	2,694	2,694	-	-
2017 payables	-	2,585	-	-	2,585	2,585	-	-

## d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. NSW Electoral Commission has no exposure to borrowings or foreign currency risk and does not enter into commodity contracts.

## e) Interest rate risk

NSW Electoral Commission does not have exposure to interest rate risk through interest bearing liabilities. NSW Electoral Commission does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The NSW Electoral Commission's exposure to interest rate risk is set out below:

	Carrying amount \$'000	Profit \$'000	-1% Equity \$'000	Profit \$'000	1% Equity \$'000
<b>2018</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1,932	-	-	-	-
Receivables	278	-	-	-	-
<b>Financial liabilities</b>					
Payables	2,694	-	-	-	-
<b>2017</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,164	-	-	-	-
Receivables	4,863	-	-	-	-
<b>Financial liabilities</b>					
Payables	2,585	-	-	-	-

## f) Fair value measurement

### (i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

### (ii) Fair value recognised in the statement of financial position

The NSW Electoral Commission does not have any financial assets at fair value recognised in the statement of financial position.

## 23. Related party disclosures

The reporting entity is controlled by the State of New South Wales (and is consolidated as part of the NSW Total State Sector Accounts), which is the ultimate parent.

The key management personnel are defined as, the Electoral Commissioner, Electoral Commission members and Executive Directors.

The entity's key management personnel compensation is as follows:

	Consolidated	
	2018 \$'000	2017 \$'000
Short-term employee benefits		
- Salaries	1,516	1,632
- Other monetary allowances	7	111
- Non-monetary benefits	-	-
Other long-term employee benefits	45	94
Post-employment benefits	118	147
Termination benefits	-	-
<b>Total remuneration</b>	<b>1,686</b>	<b>1,984</b>

No material transactions took place between the entity and key management personnel, their close family members and controlled or jointly controlled entities thereof during the year.

During the year, the entity entered into transactions on arm's length terms and conditions with other entities controlled by the NSW Government. These transactions include:

- Appropriations from the Crown Entity
- Grant from Department of Premier and Cabinet
- Administering income, expenses, assets and liabilities on behalf of the Crown Entity
- Leasing of properties from Government Property NSW
- Long service leave and defined benefit superannuation assumed by the crown entity
- Payments into the icare TMF Scheme
- Payment to the Audit Office of NSW for the audit of our financial statements.

## 24. Events after reporting period

There are no events subsequent to balance date that affect the financial statements.

# Statement by the Electoral Commissioner



## *Statement by the Electoral Commissioner*

Pursuant to Section 41C(1B) of the *Public Finance and Audit Act 1983*, I, to the best of my knowledge and belief state that:

(a) The accompanying financial statements of the New South Wales Electoral Commission Staff Agency have been prepared in accordance with Australian Accounting Standards (which include Australian Accounting Interpretations); the requirements of the *Public Finance and Audit Act 1983* and Public Finance and Audit Regulation 2015; and Financial Reporting Directions mandated by the Treasurer.

(b) The statements exhibit a true and fair view of the financial position as at 30 June 2018 of the New South Wales Electoral Commission Staff Agency and financial performance for the year then ended; and

(c) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

A handwritten signature in black ink, appearing to read 'John Schmidt', written over a horizontal line.

John Schmidt  
Electoral Commissioner  
4 September 2018

# Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

New South Wales Electoral Commission Staff Agency

To Members of the New South Wales Parliament

### Opinion

I have audited the accompanying financial statements of the New South Wales Electoral Commission Staff Agency (the Staff Agency), which comprise the Statement of comprehensive income and the Statement of changes in equity for the year ended 30 June 2018, the Statement of financial position as at 30 June 2018 and the Statement of cash flows for the year then ended, notes comprising a Statement of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Staff Agency as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Staff Agency in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion

# Independent Auditor's Report

Continued

## **The Electoral Commissioner's Responsibilities for the Financial Statements**

The Electoral Commissioner is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Electoral Commissioner determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Electoral Commissioner is responsible for assessing the Staff Agency's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Staff Agency will be dissolved by an Act of Parliament or otherwise cease operations.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Staff Agency carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Margaret Crawford  
Auditor-General of NSW

5 September 2018  
SYDNEY

# Statement of comprehensive income

for the year ended 30 June 2018

	Notes	Actual 2018 \$'000	Actual 2017 \$'000
<b>Expenses excluding losses</b>			
Salaries and wages (including recreation leave)		23,004	18,270
Long service leave		806	316
Superannuation – defined benefit plan		48	42
Superannuation – defined contribution plan		1,715	1,387
Workers' compensation insurance		166	102
Payroll tax and fringe benefits tax		1,336	1,050
Redundancy		157	483
<b>Total expenses excluding losses</b>		<b>27,232</b>	<b>21,650</b>
<b>Revenue</b>			
Acceptance by the Crown Entity of employee benefits and other liabilities	2(a)	795	363
Personnel services revenue	2(b)	26,437	21,287
<b>Total revenue</b>		<b>27,232</b>	<b>21,650</b>
<b>Net result</b>		-	-
<b>Other comprehensive income</b>		-	-
<b>Total other comprehensive income</b>		-	-
<b>Total comprehensive income</b>		-	-

The accompanying notes form part of these financial statements.

# Statement of changes in equity

for the year ended 30 June 2018

	Actual \$'000
<b>Balance at 1 July 2017</b>	-
Net result for the Year	-
<b>Total other comprehensive income</b>	-
<b>Total comprehensive income for the year</b>	-
<b>Balance at 30 June 2018</b>	-
<b>Balance at 1 July 2016</b>	-
Net result for the Year	-
<b>Total other comprehensive income</b>	-
<b>Total comprehensive income for the year</b>	-
<b>Balance at 30 June 2017</b>	-

The accompanying notes form part of these financial statements.



# Statement of financial position

as at 30 June 2018

	Notes	Actual 2018 \$'000	Actual 2017 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Receivables	3	2,085	1,917
<b>Total current assets</b>		<b>2,085</b>	<b>1,917</b>
<b>Non-current assets</b>			
Receivables	3	23	16
<b>Total non-current assets</b>		<b>23</b>	<b>16</b>
<b>Total assets</b>		<b>2,108</b>	<b>1,933</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	4	70	342
Provisions	5	2,015	1,575
<b>Total current liabilities</b>		<b>2,085</b>	<b>1,917</b>
<b>Non-current liabilities</b>			
Provisions	5	23	16
<b>Total non-current liabilities</b>		<b>23</b>	<b>16</b>
<b>Total liabilities</b>		<b>2,108</b>	<b>1,933</b>
<b>Net assets</b>		<b>-</b>	<b>-</b>
<b>Equity</b>			
Accumulated funds		-	-
<b>Total equity</b>		<b>-</b>	<b>-</b>

The accompanying notes form part of these financial statements.

# Statement of cash flows

for the year ended 30 June 2018

	Actual 2018 \$'000	Actual 2017 \$'000
<b>Cash flows from operating activities</b>		
<b>Payments</b>		
Employee-related	-	-
Other	-	-
<b>Total payments</b>	-	-
<b>Receipts</b>		
Personnel services	-	-
Reimbursements from the Crown Entity	-	-
<b>Total receipts</b>	-	-
<b>Net cash flows from operating activities</b>	-	-
<b>Cash flows from investing activities</b>	-	-
<b>Net cash flows from investing activities</b>	-	-
<b>Cash flows from financing activities</b>	-	-
<b>Net cash flows from financing activities</b>	-	-
<b>Net increase/(decrease) in cash</b>	-	-
Opening cash and cash equivalents	-	-
<b>Closing cash and cash equivalents</b>	-	-

The NSW Electoral Commission Staff Agency does not hold any cash or cash equivalent assets and therefore there are nil cash flows.

The accompanying notes form part of these financial statements.

# Notes to the financial statements

for the year ended 30 June 2018

## 1. Summary of significant accounting policies

### a) Reporting entity

The NSW Electoral Commission Staff Agency (the Agency) is established as a division of the government service under the *Government Sector Employment Act 2013*.

The Agency is a not-for-profit entity as profit is not its principle objective. It is domiciled in Australia and its principal office is at 201 Kent St, Sydney.

The Agency's objective is to provide personnel services to the NSW Electoral Commission, which is the immediate parent. The immediate parent is also controlled by the State of New South Wales (the ultimate parent).

The Agency commenced operation on 1 July 2006 when it assumed responsibility for the employees and employee-related liabilities of the NSW Electoral Commission.

These financial statements for the year ended 30 June 2018 were authorised for issue by the Electoral Commissioner on 4 September 2018.

### b) Basis of preparation

The Agency's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- Applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- The requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*; and
- Financial Reporting Directions issued by the Treasurer (per TC 18/01).

Generally, the historical cost basis of accounting has been adopted and the financial statements do not take into account changing money values or current valuations. However, certain provisions are measured at fair value. See note 5.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

### c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

### d) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

### e) Changes in accounting policy, including new or revised Australian Accounting Standards

#### (i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year.

The Agency has adopted all of the new, revised or amending Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant and effective for current reporting year.

The adoption of these new Standards and Interpretations did not have any impact on the financial performance or position of the Agency.

#### (ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

A number of new Accounting Standards have not been applied and are not yet effective.

The possible impact of these Standards in the period of initial application is unlikely to be material.

# Notes to the financial statements

for the year ended 30 June 2018

## 2. Revenue

a) Acceptance by the Crown Entity of employee benefits and other liabilities

The following liabilities and/or expenses have been assumed by the Crown Entity:

	2018 \$'000	2017 \$'000
Superannuation-defined benefit	48	42
Long service leave	744	319
Payroll tax	3	2
<b>Total revenues</b>	<b>795</b>	<b>363</b>

b) Personnel services revenue

	2018 \$'000	2017 \$'000
NSW Electoral Commission	26,437	21,287
<b>Total revenues</b>	<b>26,437</b>	<b>21,287</b>

### Recognition and measurement

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

## 3. Current/non-current assets – receivables

<b>Current</b>	2018 \$'000	2017 \$'000
NSW Electoral Commission	2,085	1,917
<b>Total current assets</b>	<b>2,085</b>	<b>1,917</b>
<b>Non-current</b>	2018 \$'000	2017 \$'000
NSW Electoral Commission	23	16
<b>Total current assets</b>	<b>23</b>	<b>16</b>

### Recognition and measurement

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other right to future cash flows from it expire or are transferred.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest rate method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

## 4. Current liabilities – payables

	2018 \$'000	2017 \$'000
Accrued salaries and wages	70	342
<b>Total</b>	<b>70</b>	<b>342</b>

### Recognition and measurement

Payables include accrued wages, salaries and related on costs (such as payroll tax, fringe benefits tax and workers' compensation insurance) where there is no certainty as to the amount and timing of settlement.

A payable is recognised when a present obligation arises under the contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted. Payables are recognised initially at fair value, usually based on the transaction cost or face value. A short-term payable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial.

Subsequent measurement is at amortised cost using effective interest method.

## 5. Current/non-current liabilities – provisions

<b>Current</b>	2018 \$'000	2017 \$'000
<b>Employee benefits and related on – costs</b>		
Annual leave	1,758	1,393
Long service leave on – costs	257	182
<b>Total current provisions</b>	<b>2,015</b>	<b>1,575</b>

<b>Non-current</b>	2018 \$'000	2017 \$'000
<b>Employee benefits and related on – costs</b>		
Long service leave on – costs	23	16
<b>Total non-current provisions</b>	<b>23</b>	<b>16</b>

<b>Aggregate employee benefits and related on-costs</b>	2018 \$'000	2017 \$'000
Provisions – current	2,015	1,575
Provisions – non-current	23	16
Accrued salaries and wages (note 4)	70	342
	<b>2,108</b>	<b>1,933</b>

The employee benefits provision include a value of leave and on-costs expected to be taken within 12 months and after 12 months as follows:

<b>Short term – less than 12 months</b>	2018 \$'000	2017 \$'000
Annual leave	1,171	873
Long service leave on-costs	257	182
	<b>1,428</b>	<b>1,055</b>

<b>Long term – after 12 months</b>	2018 \$'000	2017 \$'000
Annual leave	587	520
Long service leave on-costs	23	16
	<b>610</b>	<b>536</b>

# Notes to the financial statements

for the year ended 30 June 2018

## Recognition and measurement

Provisions are made for liabilities of uncertain amount or uncertain timing of settlement.

Employee benefit provisions represent expected amounts payable in the future in respect of unused entitlements accumulated as at the reporting date. Liabilities associated with, but that are not, employee benefits (such as payroll tax) are recognised separately.

### i) Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such it is required to be measured at present value in accordance with *AASB 119 Employee Benefits* (although shortcut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Agency has assessed the actuarial advice based on the Agency's circumstances and has determined that the effect of discounting is immaterial to annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

### ii) Long service leave and superannuation

The Agency's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Agency accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary income item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at present value in accordance with *AASB 119 Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 15-09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

### iii) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation, insurance premiums and fringe benefits tax.

## 6. Financial instruments

The Agency's principal financial instruments are outlined below. These financial instruments arise directly from the Agency's operations or are required to finance the Agency's operations. The Agency does not enter into or trade financial instruments for speculative purposes. The Agency does not use financial derivatives.

### Receivables

All receivables are from the NSW Electoral Commission in relation to employee benefits. As such, there is no credit risk or interest risk in relation to these balances. The carrying amount approximates fair value.

### Payables

These amounts represent liabilities for personnel services provided to the NSW Electoral Commission. The Agency's exposure to liquidity risk is deemed insignificant based on prior experience and current assessment of risk. The carrying amount approximates fair value.

## **7. Contingent liabilities and contingent assets**

The Agency has no contingent liability as at 30 June 2018 (2017: Nil).

The Agency has no contingent assets as at 30 June 2018 (2017: Nil).

## **8. Events after reporting period**

There are no events subsequent to balance date that affect the financial statements.

## **9. Related party transactions**

All transactions and outstanding balances in these financial statements relate to the NSW Electoral Commission Staff Agency's function as the provider of personnel services to the immediate parent. The Agency's total income is sourced from the immediate parent, and cash receipts and payments are affected by the immediate parent on the Agency's behalf.

Key management personnel compensation are borne by the immediate parent. There were no transactions with the ultimate parent during the financial year.

# 5

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# Glossary

Name / Title	Definition
Absent vote	A vote made at a voting centre by an elector who is outside his or her own electoral district on election day. Absent voting is only available for State elections.
Australian Electoral Commission (AEC)	The independent statutory authority that maintains and updates the Commonwealth electoral roll and conducts federal elections and referendums. Visit the Australian Electoral Commission website: <a href="http://aec.gov.au">aec.gov.au</a> .
Authorised roll	The roll of electors prepared for a district for use at voting centres at a State election or by-election.
Absolute majority	More than 50 per cent of the total formal votes (50%+1).
Ballot	A method of secret voting.
By-election	An election held to fill a casual vacancy, usually caused by retirement, death or resignation of the member for a district, ward or council area. Takes place other than at a general election (State) or ordinary election (council).
Candidate	A person who stands for election to Parliament/a council. Candidates can be endorsed by a political party or stand as an independent.
Check count	On the Sunday after election day, the ballot papers are checked and counted again at the returning officer's office to ensure accuracy of the figures from the election night count.
Compulsory enrolment	If you are 18 years and over and an Australian citizen you are required by law to enrol to vote for all three levels of government. Enrolment must be made to the Australian Electoral Commission within 21 days of becoming entitled to do so. A penalty applies for failing to enrol.
Compulsory voting	A system of voting where eligible people are required by law to vote in elections. A penalty applies for failing to vote.
Declared facilities and institutions	A nursing home, hospital or similar facility appointed by the Electoral Commissioner as a declared facility or institution. Election officials visit these institutions and facilities in the five days before an election day to allow residents to vote in person on site.
Disclosure	A disclosure is the reporting of information to the NSW Electoral Commission by political participants related to political donations and/or electoral expenditure.
Donor	People and entities making gifts, usually in the form of money, to candidates, political parties and other political participants in New South Wales. Donations are strictly regulated by legislation in New South Wales and penalties apply for non-compliance.
Early voting	Early voting is the act of voting in person before election day at an election manager's office or an early voting centre for a State election or by-election.
Elector	A person eligible to vote at an election. To be eligible to vote, a person must be aged 18 years or over on the election day, an Australian citizen, and resident at an address in NSW for at least one month before they enrol. Note that a person can enrol to vote at a voting centre on election day.
Electoral expenditure	Electoral expenditure is money or its equivalent spent: promoting or opposing a political party or political participant (directly or indirectly) influencing (directly or indirectly) the voting at an election.
Electoral roll	'Electoral roll' is the generic name of the list of persons eligible to vote at elections in NSW. It has been superseded by the Electoral Information Register, under the <i>Electoral Act 2017</i> .
Electorate	The population of electors or the region in which electors live. Electorates have clearly defined boundaries which are shown on electoral district maps.
Enrolment	The process of officially registering to be on the list of voters.
Election manager	The election official responsible for conducting a State election for one or more Legislative Assembly districts.

Name / Title	Definition
Election reminder service	A free service that sends email or SMS reminders to voters when there is a State or local government election in their district, local government area or ward. Voters must register for the service with the NSW Electoral Commission.
Endorsed	Endorsed, in relation to a party, means endorsed, selected or otherwise accredited to stand as a representative of the party in an election.
General postal voter	A voter registered to automatically be sent ballot papers for each election, without being required to apply. This is different from a postal vote, which is a one-off process that applies only to a specific election on application by the voter.
House of Representatives	The Lower House of the Australian Parliament.
Independent	An independent is a candidate for election/member of Parliament who is not endorsed by a political party.
iVote	Officially 'technology-assisted voting', the internet and telephone-based voting system administered in NSW State elections by the NSW Electoral Commission.
Joint Roll Agreement	A bilateral agreement between the Commonwealth of Australia and the State of New South Wales for the maintenance and provision of a New South Wales electoral roll that can be used in parliamentary and council elections.
Legislative Assembly	The Lower House of the NSW Parliament with 93 members, one elected from each district. The <i>NSW Constitution Act 1902</i> requires the State to be divided into 93 electoral districts which are as close as possible in number of electors.
Legislative Council	The Upper House of the NSW Parliament, with 42 members elected for an eight-year term, half of whom are elected at each general election, known as a periodic council election.
Local government area	A subdivision of the State into a geographical area for which a council is responsible.
Nomination	The process by which a person applies to become a candidate for election. Note that this is different from 'registration' under the <i>Electoral Funding Act 2018</i> .
Ordinary vote	A vote recorded in the normal manner at a voting centre or polling place on an election day.
Political donation	A political donation is a gift made to, or for the benefit of, a political participant. The precise meaning of political donation is different for each type of political participant.
Political participant	Individuals and groups actively involved in the electoral process. Political participants include: <ul style="list-style-type: none"> <li>• candidates and groups</li> <li>• political parties</li> <li>• members of Parliament and councillors</li> <li>• party agents and official agents</li> <li>• associated entities</li> <li>• third-party campaigners</li> <li>• political donors</li> <li>• third-party lobbyists.</li> </ul>
Poll	The casting of votes on an election day.
Polling place	A building, such as a school, that has been designated as a place for voters to cast their vote at local government elections.
Postal vote	A vote that is sent by post instead of voting in person at a voting centre or polling place. Generally, voters who are eligible to use postal voting must apply prior to election day.

# Glossary

## Continued

Name / Title	Definition
Pre-poll	Pre-poll is the act of voting in person before election day at a returning officer's office or a pre-poll venue for local government elections. If you are eligible to use pre-poll, you need to visit a venue in your ward or council area.
Redistribution	Redistribution is the change in boundaries of Legislative Assembly electoral districts undertaken by an Electoral Districts Redistribution Panel set up for the redistribution. These boundary changes take into account changes in population size. The result of a redistribution should be that the number of electors enrolled in each district should be equal, give or take three per cent.
Referendum	A vote that is taken to allow voters to express their view on a particular subject or issue, for example adopting daylight saving in NSW (in 1976). Some alterations to the structure of the NSW Parliament, for example how members are elected, can only be made after approval in a referendum.
Registered party	A political party on the Register of Parties kept by the Electoral Commissioner under the Electoral Act. To be eligible to be registered, a party must have at least 750 members, and have a written constitution, however that is expressed.
Reportable political donation	A political donation of or more than \$1,000 made to or for the benefit of a party, elected member, group, candidate, associated entity or third-party campaigner.
Returning officer	The election official responsible for conducting a local government election or a council; or the NSW Electoral Commissioner as the returning officer for all Legislative Assembly districts and for the Legislative Council.
Roll of electors	A composite roll for a local government election, consisting of the residential roll, the non-residential roll and the roll of occupiers and rate paying lessees.
Scrutineer	A scrutineer is a person appointed by a candidate or a registered party to observe the voting and the counting of votes.
Silent elector	An elector whose address is not included on any authorised roll or list of electors. A person must apply to the NSW Electoral Commissioner to be a silent elector.
Term	The length of time a Parliament may sit before having to call an election. The NSW Legislative Assembly has fixed four-year terms.
Vote	The process of choosing or selecting a candidate for political office.
Voting centre	A building, such as a school, that has been designated as a place for voters to cast their vote for State elections.
Ward	Subdivision of a local government area, consisting of approximately equal numbers of voters, which elects one or more councillors for that local government area's council.
Writ	The document by which the Governor, or the Speaker of the Legislative Assembly in by-elections, directs the Electoral Commissioner to conduct an election.

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