

Five

Managing resources
and assets



MANAGING RESOURCES AND ASSETS

Investing in the AEC's workforce, modernising information and communications technology (ICT) systems, and managing resources and assets efficiently all underpin the delivery of AEC services.

Overview

Investing in our people

The recruitment, training and retention of highly motivated professionals is critical to the delivery of modern, efficient electoral services that meet community expectations of integrity and quality.

Environmental performance

The AEC implements measures to minimise the effect of its operations on the environment and drive more sustainable business practices.

Assets management

The AEC manages both physical and information assets, including ICT systems and infrastructure, office fit-outs, machines and equipment.

Procurement and contracts

The AEC manages procurement, tenders, consultancies and contracts to maximise efficiency and ensure compliance with the Commonwealth's financial framework and reporting obligations.

Financial performance

The AEC is funded to deliver electoral services and reports transparently on financial performance outcomes.

Performance highlights

In 2013–14 the AEC:

- recruited, employed and trained around 70 000 temporary staff for the 2013 federal election, and approximately 7 000 temporary staff for both the 2014 Griffith by-election and the 2014 Western Australian Senate election
- implemented measures to reduce the environmental impact of the 2013 federal election
- continued to modernise its ICT services and environment to support election delivery and provide improved services to the public
- streamlined procurement processes to enhance quality assurance and compliance with procurement obligations
- undertook measures to reduce an operating deficit resulting from increased costs of election delivery.

Investing in our people

Investing in Our People is one of three strategic themes outlined in the AEC Strategic Plan 2009–2014. This theme guides a set of strategic workforce initiatives to drive staff engagement and build capability. Complemented by ongoing workforce management services and policies, the Investing in Our People programme helps the AEC to address a range of workforce challenges, including:

- the need to transition knowledge from an ageing, highly experienced workforce
- attracting and retaining engaged, resilient and committed staff who can adapt to change and drive and deliver reform
- the AEC's geographically dispersed office network
- scaling AEC staffing effectively across the electoral cycle from a permanent, ongoing workforce of around 800 to the federal election workforce of around 70 000
- ensuring all staff – permanent and casual – are appropriately trained and supported to deliver election programmes and services to the highest standards
- ensuring a safe and healthy workplace across the changing demands and workloads of the electoral cycle.

The AEC workforce

To meet the fluctuating and cyclical demands of the federal election cycle, the AEC maintains a three-tiered workforce. This includes:

- a regular workforce of around 800 ongoing and non-ongoing staff
- a casual workforce of around 1 700 'intermittent and irregular' staff
- a temporary election workforce of polling officials – around 70 000 polling officials are employed during a federal election.

The regular AEC workforce

At 30 June 2014, the AEC's regular workforce was made up of 813 ongoing and 32 non-ongoing staff. These employees work in a dispersed network across AEC national, state and divisional offices located in every state and territory in Australia. The majority – over 67 per cent – are female and work at the APS 6 classification. The APS 6 majority includes most divisional office managers who act as returning officers for each federal electoral division during elections.

More information on the AEC regular workforce profile is shown in [Table 21](#). Percentages of male and female staff, 2006–2014, are shown in [Figure 8](#). A full breakdown of AEC staff numbers by classification, gender and location is provided in [Appendix H](#).

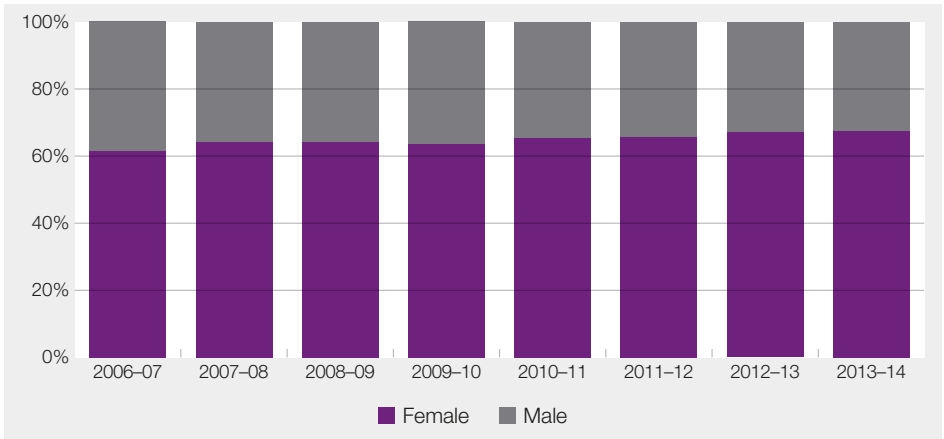
Perhaps the most significant factor for future workforce planning is age. More than 60 per cent of ongoing and non-ongoing employees are 45 years of age or older, with an average age of 47. As the AEC workforce continues to age and many experienced staff move toward retirement, a range of workforce strategies will be required to effectively transition knowledge and ensure that new staff are well trained and supported to deliver AEC programmes to high standards of quality and integrity. A critical step is the renewal and strengthening of AEC learning and development programmes, as described below. The age profile of the AEC workforce is shown in [Figure 9](#).

Table 21: AEC workforce at 30 June 2014

AEC workforce segment	Value
Full time	78.9%
Linguistically diverse background	7.6%
Female	67.6%
Average age	47.3 years
45 years and over	60.9%
Staff turnover	10.7%
Average length of AEC service for ongoing staff	9.6 years

Excludes irregular or intermittent employees.

Figure 8: Percentages of female and male staff, 2006–07 to 2013–14



Data excludes irregular or intermittent staff.

The casual AEC workforce

The AEC also employs around 1 700 ‘intermittent and irregular’ staff. These are experienced casual employees, mostly employed at the APS 1 level. They work primarily in divisional offices to help with fluctuating workloads across the electoral cycle, especially at election time. More information on intermittent and irregular AEC staff is provided in [Table 22](#).

The election workforce

During elections, the AEC also employs thousands of temporary staff as polling officials. In 2013–14 the AEC employed:

- 73 507 temporary staff to conduct the 2013 federal election
- 354 staff temporary staff to conduct the 2014 Griffith by-election
- 6 817 staff temporary staff to conduct the 2014 Western Australian Senate election.

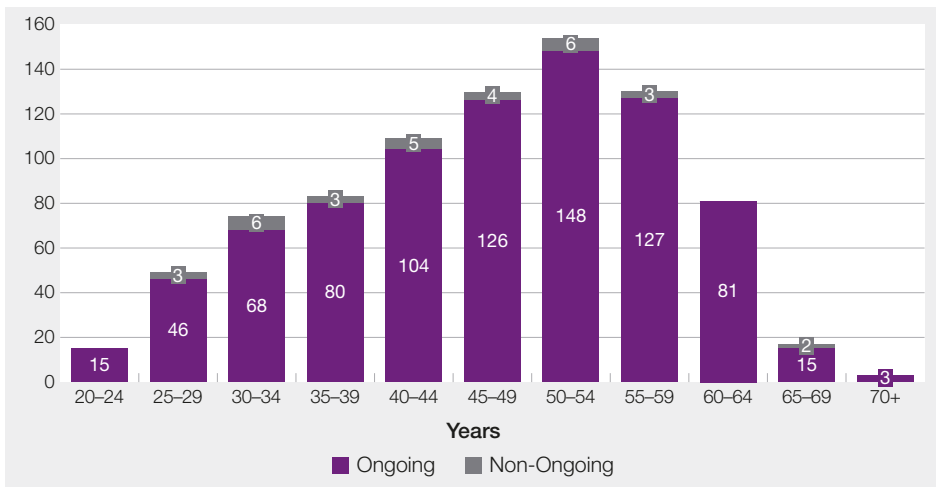
To manage the exponential increase in the size of its federal election workforce, the AEC invests significant preparation in employment systems and communication. Before the 2013 federal election the AEC sought to establish and maintain semi-regular contact with potential polling officials using email, post and online registrations of interest. Significant work was also undertaken to improve employment systems and reporting so that they were capable of efficiently managing and processing the large numbers of employees to be recruited, trained and paid in accordance with the election timetable.

Table 22: Intermittent or irregular staff by classification

Classification	Number of staff
APS 1	1 736
APS 2	2
APS 3	1
APS 4	5
APS 5	2
APS 6	3
EL 1	2
Total	1 751

APS = Australian Public Service; EL = executive level.

Figure 9: Staff by age group at 30 June 2014



Data excludes irregular or intermittent staff.

Workforce strategies

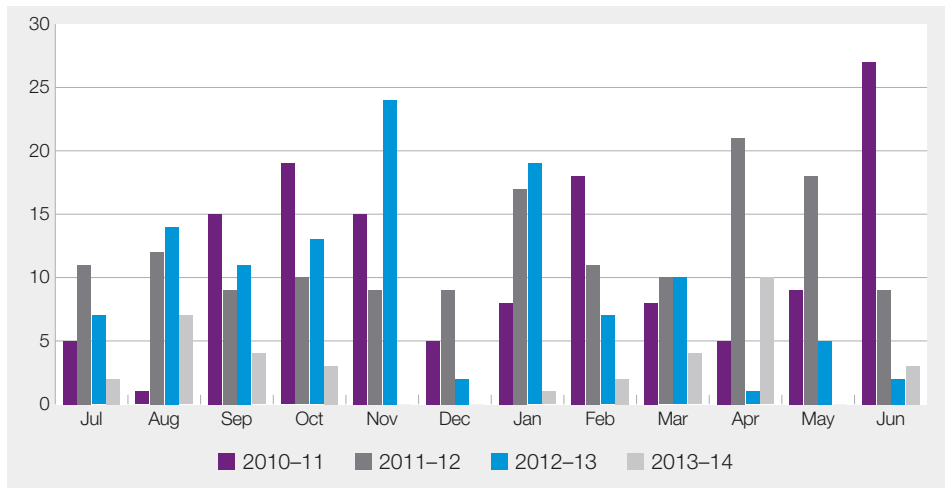
A focus on integrity

All AEC regular, casual and temporary election staff must meet certain character requirements to qualify for employment. In particular, all must make a declaration of political neutrality to ensure that electoral services are provided in a fair, impartial manner.

To strengthen integrity protections in line with its broader reform programme, in 2014 the AEC revised its character clearance process for polling officials and casual staff. A new character clearance policy introduced additional steps for assessing employees' character, including the requirement that potential employees undergo a police record check. The new policy was applied at the 2014 Griffith by-election and 2014 Western Australian Senate election.

The AEC's collective determination for temporary staff was also updated to include the enhanced character clearance requirement as a condition of employment. The AEC is now undertaking a detailed evaluation of the new procedures to inform the approach for future federal elections.

Figure 10: Vacancies advertised, 2010 to 2014



A focus on learning

Effective and professional learning and development is a foundation of the AEC's Investing in Our People programme. In recent years, the AEC has strengthened its approach to learning and development – particularly through online learning and training that simulates the operational demands of election periods. Examples are the 2012 Simulated Election and the Election Ready Operational Capacity (EROC) programme, which is described in more detail in the case study 'A new approach to training'.

To build on this foundation and ensure capacity to meet future demands, early in 2014 the AEC commissioned the formation of a Learning and Development Blueprint. The blueprint incorporates findings from surveys and evaluations of the AEC's current approach to learning and development and outlines a strategic path for continued improvement. The blueprint outlines four primary elements for delivering AEC learning programmes:

- adoption of underlying key principles and a shared framework for learning design
- a focus on performance coaching
- development of certification processes and competency-based assessment
- a redefined role for the AEC's learning and development function.

The AEC has endorsed these reforms, which will be implemented in 2014–15.

Training and support for election staff

In line with a renewed focus on learning and development for all employees, the AEC is seeking to enhance learning and development for polling officials through effective training materials and delivery methods.

Following the 2013 federal election the AEC conducted a formal evaluation of the training delivered to senior polling officials. The evaluation also surveyed divisional returning officers responsible for recruiting and training local polling officials to help assess how well the polling officials performed their tasks on polling day. The evaluation survey received 8 170 responses, representing about 33 per cent of the target audience.



2014 graduates from left: Priscilla Li, Rachel Leibach, Rebecca Hansen and Kalinga Hulugalle.

One of the key findings of the evaluation was that both learners and their supervisors agreed there was a growing need for training focused on technical election scenarios and that more simulated assessments would better prepare the learners for their roles. This finding is in line with the AEC's move to practical election training simulations and supports the recommended reforms outlined in the Learning and Development Blueprint.

Recruiting and retaining staff

The AEC's ongoing staff retention rate is relatively stable and has averaged around 90 per cent each year for the past nine years. In 2013–14, the ongoing staff retention rate was 93.2 per cent, slightly down from 93.6 per cent in 2012–13. This is consistent with long-term fluctuations, particularly following an election.

AEC recruitment activities throughout the year were largely focused on attracting and employing temporary staff required for election delivery. Conversely, there was a decrease in ongoing recruitment activities due to the introduction of APSC Interim Recruitment Arrangements in November 2013.

The number of vacancies advertised externally (ongoing and non-ongoing) fell by 69 per cent, from 115 in 2012–13 to 36 in 2013–14. The interim recruitment arrangements saw changes to recruitment practices and a key focus of activity was the development of new documentation, procedures and supporting advice to ensure compliance with the policy.

Figure 10 shows vacancies advertised from 2010 to 2014. It reflects the large decline in 2013–14 due to the APSC Interim Recruitment Arrangements.

Election recruitment strategies

To ensure sufficient numbers of experienced staff are available at election time, the AEC seeks to retain a high proportion of polling officials from one election to the next. The retention rate for the 2013 federal election was 52.5 per cent¹ and many of the same locally-based staff employed at the 2013 federal election worked again for the AEC at the 2014 Griffith by-election and 2014 Western Australian Senate election.

In a post-election environment, the AEC's election employment strategy continues to focus on maintaining relationships with experienced polling officials and attracting a pool of potential new polling officials ahead of the next federal election.

¹ In other words, 52.5 per cent of polling officials who worked at the 2013 federal election had worked at a previous federal election.

AEC graduate programme

The AEC's graduate programme strengthens organisational capacity and builds leadership potential. Graduates undertake three placements across core AEC business areas and complete a Diploma of Government with the Australian Public Service Commission (APSC). From a record 383 applications, the AEC selected four candidates for 2014.

The AEC's 2013 graduates delivered two major projects:

- Electoral Information and Generation Y
- Fostering Innovation.

Fostering Innovation was one of only three APS graduate projects nominated for Major Project Outstanding Achievement at the 2013 APSC graduation ceremony.

Strengthening engagement

The AEC Investing in Our People Programme continued to focus on building organisational culture, leadership, and workplace environment and conditions. For 2013–14, activities were delivered across five areas:

- workforce capability planning
- strategic learning and development
- building workforce capability and influencing culture
- fostering innovation
- listening to our staff.

The AEC's APS *State of the Service* survey results for 2013–14 showed that AEC staff continue to value flexible working arrangements and the employment conditions offered under the AEC Enterprise Agreement 2012–14.

The survey results also highlighted areas for future investment including:

- opportunities for career progression
- learning and development.

Workplace diversity

The AEC promotes an inclusive and diverse workforce culture because it recognises the business benefits of maintaining a broad pool of talent, perspectives and experiences. A diverse workforce also reflects the diversity of the broader community and helps the AEC to deliver effective client services.

The AEC applies policies and procedures to foster and maintain workplace diversity, and support staff with different needs. These include:

- educating staff about the benefits of diversity
- requiring promotion on merit
- providing education and skills development opportunities for staff with particular needs.

The AEC also implements inclusive recruitment processes to foster diversity. For example, the 2014 graduate programme included a designated Indigenous position, though the preferred candidate ultimately chose employment with another agency. These general policies are supported by targeted strategies.

The AEC Disability Inclusion Strategy 2012–2020

Aligned to the National Disability Strategy, the AEC Disability Inclusion Strategy helps the AEC to provide services to Australians with disabilities and promote an inclusive workplace that is supportive of employees with disability, ensuring they receive appropriate support, development and leadership opportunities.

The AEC reported on progress in implementing the strategy at the annual meeting of the AEC Disability Advisory Committee held in June 2014. The committee includes representatives from peak national disability organisations and the Electoral Council of Australia and New Zealand.

Disability reporting

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role transferred to the Australian Public Service Commission's *State of the Service report* and the *APS statistical bulletin*. These reports are available at www.apsc.gov.au. From 2010–11, departments and agencies are no longer required to report on these functions.

The National Disability Strategy has replaced the Commonwealth Disability Strategy. The new strategy sets out a 10-year national policy framework for improving life for Australians with disability, their families and carers. The Standing Council on Community, Housing and Disability Services will produce a high-level report to track progress for people with disability at a national level and present it to the Council of Australian Governments. It will be available at www.dss.gov.au.

The Social Inclusion Measurement and Reporting Strategy agreed by the government in December 2009 will also include some reporting on disability matters in its regular *How Australia is faring* report and, if appropriate, in strategic change indicators in agency annual reports. More detail is at www.socialinclusion.gov.au.

The AEC Multicultural Plan

The AEC's Multicultural Plan outlines principles that ensure the AEC provides services to those from diverse backgrounds so that all eligible citizens can exercise their democratic responsibilities regardless of culture or language. The plan helps the AEC to provide a workplace that is tolerant and supportive of employees from different cultures and ensure that those employees receive equal opportunities and support.

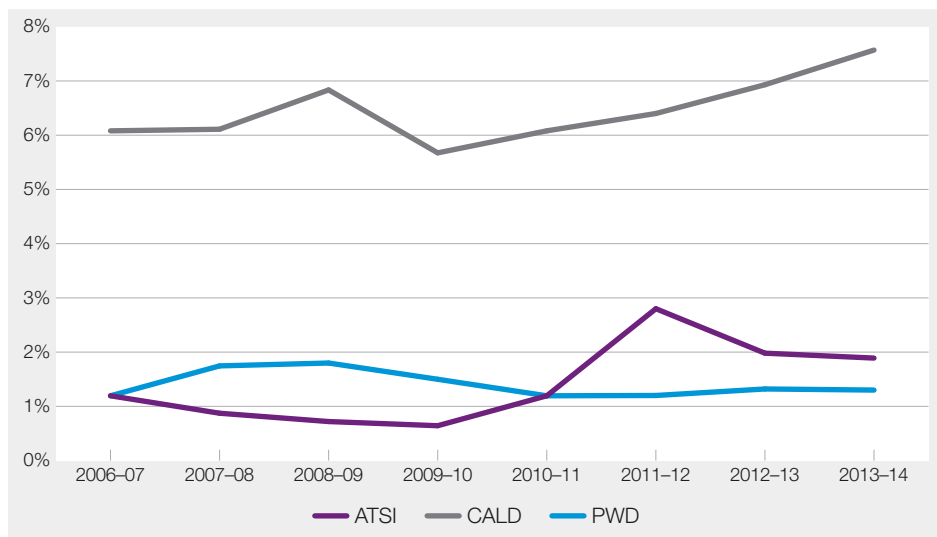
Reconciliation Action Plan

The AEC's Reconciliation Action Plan 2012–2014 outlines ways that the AEC seeks to build and sustain relationships with, and improve service delivery to, Aboriginal and Torres Strait Islander peoples. This includes providing opportunities and a supportive workplace for Indigenous employees.

One key outcome of the Reconciliation Action Plan is the establishment of an AEC Indigenous Employees Network. The AEC has commenced developing the next Reconciliation Action Plan to build on these achievements.



Figure 11: Staff profile by self-identified category



ATSI = people with Aboriginal and Torres Strait Islander backgrounds; CALD = people from culturally and linguistically diverse backgrounds; PWD = people with disability.

In each category, the rates relate to employees who choose to self-identify. Employees may be reported under more than one heading. Data excludes irregular or intermittent staff.

Table 23: Polling officials and AEC employees who identified as Indigenous at the 2010 and 2013 federal elections

State/territory	2010 federal election	2013 federal election
ACT	6	20
NSW	146	426
NT	41	141
Qld	284	397
SA	14	88
Tas	19	55
Vic	38	99
WA	51	114
Total	599	1 340

Table 24: AEC Enterprise Agreement 2011–2014 – salary ranges by classification, 30 June 2014

Classification	Remuneration band (\$)
APS 1	42 638–47 126
APS 2	48 254–53 513
APS 3	54 964–60 234
APS 4	61 260–67 131
APS 5	68 325–74 879
APS 6	75 633–84 770
EL 1	94 453–106 439
EL 2	111 670–131 118

APS = Australian Public Service; EL = executive level

Indigenous election employees

Recruiting Indigenous polling officials was a key objective during the 2013 federal election. For Indigenous audiences, polling assistance provided by others from a similar cultural background sends a powerful message about electoral rights and responsibilities.

Indigenous recruitment activities included targeted fieldwork by AEC Indigenous and community engagement officers, advertisements in the Indigenous press and distribution of Indigenous recruitment flyers and posters. The AEC also collaborated with government and non-government agencies to advertise election employment opportunities.

The AEC also created a new position – Indigenous Voter Information Officer – at polling places with a significant Indigenous population to promote turnout and help with formal voting.

In 2013, as a result of these efforts, the AEC more than doubled the Indigenous proportion of the election workforce compared with the 2010 federal election. [Table 23](#) provides details. The benefits of increasing Indigenous polling official recruitment included improved turnout and a better election experience for Indigenous voters. Job opportunities also generated interest in democratic processes for the employees and their families and friends.

AEC workplace arrangements

Employment agreements

The [AEC Enterprise Agreement 2011–2014](#), covers the majority of the AEC's regular workforce of ongoing and non-ongoing staff, as well as its casual workforce of irregular and intermittent staff. [Table 24](#) shows salary ranges for each classification under the agreement. In early 2014, the AEC commenced the process of negotiating a new Enterprise Agreement, as the current agreement nominally expired on 30 June 2014. These negotiations have continued in 2014–15.

Australian Workplace Agreements

An Australian Workplace Agreement covered one senior executive service officer.

Section 24(1) determinations

In 2013–14, the terms and conditions of employment of nine employees, mainly senior executive service and executive level officers, were set by individual determinations under section 24(1) of the *Public Service Act 1999*.

Collective determination under the Commonwealth Electoral Act 1918

The AEC has a collective determination for staff engaged under the Electoral Act. The collective determination covers temporary staff, such as polling officials, for the election period only and sets their terms and conditions, hourly rates of pay and other entitlements. In 2013, the collective determination was maintained to support the conduct of the 2013 federal election, the 2014 Griffith by-election and the 2014 WA Senate election. The terms and conditions of the collective determination are set by the Electoral Commissioner under section 35 of the Electoral Act.

Senior executive remuneration

The Remuneration Tribunal determines the remuneration for the Electoral Commissioner under the *Remuneration Tribunal Act 1973*.

Other statutory appointees are part of the principal executive officer structure under the Remuneration Tribunal Act. The Electoral Commissioner determines remuneration and conditions for appointees within parameters set by the Remuneration Tribunal.

Table 25: Base salary bands for statutory appointees and senior executive staff, 30 June 2014

Staff (No) ^a	Remuneration band (\$) ^b
5	180 000–299 999
7	150 000–179 999
7	130 000–149 999
0	0–129 999

a. Includes staff acting in positions at 30 June 2014.

b. Bands do not represent total remuneration; they include salary for superannuation purposes but do not include other components of salary packaging such as cars and superannuation.

Table 25 provides more information on remuneration of AEC senior executives and statutory appointees.

Individual flexibility arrangements

To meet the needs of the AEC and individual employees, under the AEC Enterprise Agreement 2011–2014 the Electoral Commissioner may agree to individual flexibility arrangements with employees for one or more of the following:

- working hours
- overtime rates
- penalty rates
- allowances
- remuneration
- leave.

During 2013–14, 24 employees had individual flexibility arrangements in place for allowances specific to their role and/or location. As of 30 June 2014, 19 were still active.

Performance management and pay

Salary progression in the AEC is subject to meeting performance standards governed by the performance management programme. AEC performance management covers the AEC's regular workforce of ongoing and non-ongoing staff who are employed for six months or more.

Individual performance plans exist as part of the AEC's performance management programme and are central to the monitoring and review of staff performance agreements.

The AEC provides direct assistance and advice to managers and staff on performance matters to ensure that the AEC can have confidence that it is properly addressing performance issues.

In 2013–14, performance bonuses were not offered to any employees.

Workplace health and safety

The AEC works to protect and promote the health and safety of employees and provide a safe environment for them and for members of the public who enter AEC premises. The AEC adopts a proactive approach and complies with its obligations under both the *Work Health and Safety Act 2011* (WHS Act) and the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act) by implementing procedures and initiatives to actively monitor and evaluate health, safety and welfare across all aspects of business.

In 2013–14, the AEC introduced:

- an enhanced workplace health and safety (WHS) management structure and greater consultation and representation through a strengthened health and safety representative network

- a framework to assist senior executives to understand and meet their WHS legal obligations
- a rehabilitation management system
- targeted election health and safety strategies.

Table 26 summarises AEC workplace health and safety outcomes for the year.

Rehabilitation management system

The AEC's rehabilitation management system provides services and guidelines to support injured employees and their managers, ensure compliance with obligations and promote employees' return to health and work. An audit of the new system in December 2013 showed a 96 per cent compliance rate with the guidelines.

Health and wellbeing programmes

Complementing the AEC's commitment to employee health, safety and welfare, a range of funded elective health and wellbeing programmes were offered to employees, including:

- the Employee Assistance Programme
- annual influenza vaccinations
- workstation assessments
- eyesight testing reimbursements
- financial support for early intervention on health matters.

2013 federal election

Focused health and safety initiatives were undertaken to support AEC staff before, during and after the 2013 federal election – the first conducted under the requirements of the WHS Act 2011. A range of strategies were implemented, including:

- AEC managers were given comprehensive WHS advice on managing staff fatigue across the election period. The advice highlighted their increased responsibilities to manage fatigue under the WHS Act and the SRC Act and provided practical support on managing fatigue through staffing plans and a fatigue assessment tool.
- Personalised People Care Plans were developed in conjunction with each state and territory. These plans included tailored risk assessments and information sessions to mitigate risk.
- Individual Injured Worker plans were developed for all staff with compensable and non-compensable injuries in conjunction with their treating practitioners and managers. These were designed to prevent aggravation of any existing injury or illness and ensure that staff were provided with appropriate support.
- A broader programme of health and safety messages was communicated to all staff using corporate communication products including the Election Diary – a daily workbook used by staff during the election. Specific health and safety advice sheets were also developed for polling officials. Throughout the election, key WHS messages were released to coincide with peak workloads and specific deadlines. For example, manual handling tips were promoted just before peak manual handling periods in the election timetable, such as the ballot paper packaging and distribution period.

Following a review of WHS incidents during the 2013 federal election, the AEC was able to implement further initiatives for the subsequent Griffith by-election and 2014 WA Senate election – for example, polling places were provided with contact cards to be distributed to anyone injured in a polling place; health and safety advice was sent individually to all casual staff; and all polling places where WHS incidents occurred during the election were inspected.

The AEC will apply lessons learned from each election to focus future efforts on reducing risks identified through incident reporting.

Table 26: Workplace health and safety summary

Information required under <i>Work Health and Safety Act 2011</i>	AEC outcomes
Initiatives taken during the year to ensure the health, safety and welfare of workers	Targeted election-related WHS strategies Continued development of AEC Work Health and Safety Management System
Health and safety outcomes achieved as a result of the initiatives	Reduction in psychological injury claims Reduction in incapacity duration through targeted rehabilitation strategies Enhanced WHS management arrangement structure providing more employee consultation and representation through an expanded health and safety representative network and revised work group structure Framework to help senior executives understand and meet WHS legal obligations
Notifiable incidents	Eight incidents – two dangerous incidents and six serious injuries
Investigations conducted by the AEC	One investigation conducted and no notices issued by the regulator

Table 27: New AEC-managed compensation and non-compensation injuries

Case management type	2011–12	2012–13	2013–14
Compensable	11	9	17
Non-compensable	26	17	32
Total	37	26	49

Health, safety and welfare outcomes

Claims management

In 2013–14, the AEC managed 17 new cases for compensation, 29 continuing compensation cases, 32 new cases of non-compensation injuries and 33 continuing non-compensation cases. 41.4 per cent of injuries were compensable and 58.6 per cent were non-compensable. [Table 27](#) shows the number of new cases the AEC managed for compensation and non-compensation injuries over the past three years.

Workers' compensation premium

The AEC workers' compensation premium for 2013–14 under the Comcare scheme was 1.3 per cent of wages and salary.

The AEC experienced an increase of workers' compensation claims following the 2013 election. This is consistent with the historical pattern of a rise in claims following federal elections, when staffing numbers, premises and workloads increase significantly. Of the claims made, the number of physical injuries increased by 18.8 per cent compared with the 2010 election, while the number of mental health claims reduced slightly from five in 2010 to four in 2013. As a result of active intervention, investigation and resolution of cases, the number of open claim numbers has decreased since the election.

Over the year, a total of 239 WHS events were reported, comprising 176 incidents, 50 near hits and 13 hazards. While this was an increase against the previous year, 70 per cent (167) of these events related to the 2013 federal election. In the context of far greater staff numbers at election time, when the AEC workforce grew to 73 507, this increase is statistically insignificant.

Notifiable incidents

The AEC became aware of eight notifiable incidents during the year, including six serious injuries and two dangerous occurrences.

Investigations conducted during the year

One investigation conducted during the year related to business or undertakings conducted by the AEC. No notices were issued by the regulator.

Environmental performance

In accordance with section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), the AEC implements measures to minimise the effect of its operations on the environment and support sustainable practices.

Measures implemented in 2013–14 included:

- contracting service providers to collect and recycle paper, cardboard, plastics, aluminium and glass from the AEC's national office and safely remove and dispose of spent toner cartridges from all offices
- using recyclable products wherever possible
- applying double-sided default printer settings to reduce office paper consumption
- promoting the use of E10 petrol for AEC vehicles
- considering environmental impacts in the design and layout of new and upgraded accommodation
- continuing to work with the Department of Finance to plan the future of the AEC's national office building – in particular, the building's capacity to meet energy efficiency standards
- working with contracted property services providers to reduce energy consumption in state and divisional offices.

The AEC selects the AEC business vehicle fleet in accordance with Australian Government fleet policies, supporting Australian manufacturers as the primary consideration. Available models are also assessed on the basis of environmental impact using the Green Vehicle Guide (GVG) as a reference. Currently 75 per cent of vehicles in the AEC fleet meet or exceed a GVG rating of 13, with remaining vehicles being fit-for-purpose commercial vehicles for transporting goods.

The AEC also manages energy usage for tenant light and power to minimise impacts and maximise efficiencies. In 2013–14, light and power energy use across all AEC premises was 4 968.07 megajoules per person.¹ Energy use for tenant light and power for the AEC's national office was 7 434.22 megajoules per person – a reduction from 9 820 megajoules per person in 2012–13.

¹ This is below the target of 7 500 megajoules per person per annum for tenant light and power set by the former Department of Climate Change and Energy Efficiency in its Energy Efficiency in Government Operations policy.

Minimising the environmental impact of the 2013 federal election

The AEC works to minimise the environmental impacts of election day. Measures implemented for the 2013 federal election included:

- reducing paper consumption by providing providing online forms and products
- wherever possible, using cardboard and paper equipment manufactured from recycled materials for election products
- providing cardboard recycling bins in polling places to encourage recycling of how-to-vote cards and other paper products
- re-using cardboard polling equipment by providing it to schools or community groups for educational purposes
- manufacturing unbranded AEC polling equipment to encourage re-use by other electoral bodies and community groups
- recycling unwanted polling equipment where possible.

Sustainable procurement

The AEC uses the Department of the Environment *Sustainable procurement guide* and checklists, and takes into account relevant energy and environmental issues when making government procurement decisions.

During 2013–14, all AEC approaches to the open market for services complied with the *Sustainable procurement guide* and checklists. The procurements were for:

- building maintenance services
- printing and distribution of certified lists.

ACTSmart business accreditation

The National Electoral Education Centre (NEEC) participates in the ACTSmart Business Programme, and was awarded its fourth ACTSmart accreditation in December. The aim of the programme is to reduce waste sent to landfill. The NEEC has extended its paper recycling efforts to include other materials such as plastic bottles.

Since joining the programme in 2010, the NEEC has reduced yearly waste to landfill by 83 per cent – from 17.5 to 2.9 cubic metres per annum – while maintaining annual visitor numbers of 90 000.

Assets management

The AEC manages both physical and information assets. Physical assets include ICT hardware and infrastructure, office fit-outs, machines and equipment. Information assets include major computer systems that help the AEC manage the electoral roll and conduct elections.

Information and communication technology assets

The AEC's ICT services are delivered through a hybrid sourcing model that leverages a combination of in-house and external resources to support the delivery of AEC outcomes.

Modernisation

In 2013–14, the AEC continued to modernise its ICT environment and realised the benefits of recent investment in major computer applications – in particular, enhancements to roll management and election employment systems. This ensured that voter services for the 2013 federal election, the 2014 Griffith by-election and the 2014 Western Australian Senate election were delivered through streamlined, reliable and responsive ICT operations.

New ICT capabilities introduced over the year include:

- a pilot of electronic certified lists (replacing paper certified lists) for voter mark-off during the 2013 federal election, Griffith by-election and the 2014 WA Senate election
- a pilot of cloud-based services to host the Virtual Tally Room during the 2013 federal election
- an election systems console to display near-time performance metrics for AEC enrolment and election systems. This allowed the AEC to redistribute processing workloads, identify emerging issues and optimise performance during peak election work periods.

Online services

The AEC also enhanced online applications that provide easy, accurate and timely services to the public through both election and non-election periods.

These include:

- Check Enrolment – enabling voters to verify their enrolment status on the AEC website
- Online Enrolment – enabling eligible voters to enrol to vote and/or update their enrolment details on the AEC website
- Online Postal Vote Application – enabling voters to register for a postal vote on the AEC website if they are unable to vote at a polling place on election day
- AEC Employment – enabling members of the public to apply for temporary election employment and monitor the progress of their application.

Property and equipment

The AEC manages accommodation across Australia and fit-outs based on an 'end of life' or 'end of lease' schedule. AEC staff oversee the asset database and manage office equipment and non-networked machines. An external commercial property manager is engaged to assist with property management.

This mix of internal and external service and maintenance arrangements ensures that all assets are fully functional and operate optimally.

ICT assets

The AEC's physical ICT assets include servers, desktop computers, printers and operational software. As required, the AEC invests in the maintenance and upgrade of ICT assets to deliver operational outcomes and efficiencies.

In 2013–14, the AEC successfully managed the relocation of ICT equipment to a new data centre, in line with whole-of-government requirements. The new facilities provide a range of benefits, including new reliable hardware, greater system capacity, reduced environmental impacts and increased network security.

Asset purchases

Major asset purchases in 2013–14 were fit-outs for a number of office co-locations. The AEC also procured servers and network equipment under Department of Finance whole-of-government panel arrangements to replace servers and network equipment that had reached end of life.

Procurement and contractual arrangements

In 2013–14 the AEC continued to improve procurement processes and prepare for the introduction of the *Public Governance, Performance and Accountability Act 2013*.

Improving procurement practices

In January 2014, the AEC implemented a new Procurement and Contract Management Register to streamline procurement processes and enhance quality assurance and compliance with the Commonwealth's financial framework and reporting obligations.

These changes were supported by the delivery of face-to-face and online procurement and contract management training to help AEC staff to meet their procurement obligations and better understand value for money.

Tenders

The AEC made two open tender requests, which were published electronically in AusTender in 2013–14.

Grants

The AEC did not administer any discretionary grant programmes in 2013–14.

Consultancies

During 2013–14, the AEC's new consultancy contracts involved total actual expenditure of \$1 420 347 (GST inclusive).

There were 30 new consultancies with a value of \$10 000 (GST inclusive) or more during 2013–14. The total actual expenditure on consultancy contracts increased by \$262 358, or 25.5 per cent, compared with 2012–13. Preparation for and review of two federal elections and the need to ensure a rapid and effective response to Mr Mick Keelty's report, *Inquiry into the 2013 WA Senate Election* (Keelty Report) contributed to the increase in consultancy contracts.

The AEC engaged consultants to deliver:

- market research
- internal audits
- information technology consultation services
- business intelligence consulting services
- strategic planning consultation services
- corporate objectives or policy development
- management advisory services
- human resources services
- feasibility studies or screening of project ideas
- business administration services.

There were no ongoing consultancy contracts or related ongoing expenditure.

[Table 28](#) contains details of AEC consultancy contracts to the value of \$10 000 or more. Further information on the value of AEC contracts and consultancies is available on AusTender: www.tenders.gov.au.

Table 28: Consultancy contracts to the value of \$10 000 or more during 2013–14

Consultant	Description	Selection process ^a	Justification ^b	Contract price incl GST (\$)
HWL Ebsworth Lawyer	Preliminary assessment	Open	A	10 915
PricewaterhouseCoopers	Internal audit – Keely implementation review	Open	A	31 847
GRA Supply Chain Pty Ltd	Scoping study for election materials	Limited	A	75 000
eGloo Technologies Pty Ltd	EasyCount software review	Limited	A	56 320
PricewaterhouseCoopers	Internal audit – 2014–15 Internal Audit Plan	Open	A	10 000
Agile Digital Engineering Pty Ltd	CCD to SA1 geography conversion project	Open	A	30 008
Grey Advance Consulting Pty Ltd	FAD Business plan and balanced scorecard	Limited	A	10 000
Herme Gray & Associates Pty Ltd	Review of AEC's party registration project	Limited	A	43 560
PricewaterhouseCoopers	Internal audit – review of election operations (WA Senate election)	Open	A	42 775
GRA Supply Chain Pty Ltd	Scoping study – ballot papers	Limited	A	99 000
McGrath Nichols Advisory Partnership	Internal audit – 2014–15 Internal Audit Plan and Development	Open	A	20 000
McGrath Nichols Advisory Partnership	Internal audit – review of financial compliance	Open	A	25 000
Total Decision Support	Payroll analysis and LSL calculations	Open	A	162 855
Sprout Labs Pty Ltd	Learning and development blueprint	Open	A	114 065
PricewaterhouseCoopers	Internal audit – review of election operations: 2014 Griffith by-election	Open	A	16 766
Analytics Group Pty Ltd	Review of superannuation payments	Limited	A	156 500
Swinburne University of Tasmania	Electoral fraud literature review	Limited	A	19 356
Michael Joseph Keely t/as Sumic Enterprises	Independent urgent examination	Limited	B	52 250
PricewaterhouseCoopers	Internal audit – review of property management	Open	A	30 000
Total Decision Support	Roll products pricing review	Open	A	15 180
PricewaterhouseCoopers	Internal audit – review of complaints handling	Open	A	22 500
PricewaterhouseCoopers	Internal audit – IT health check	Open	A	35 000
PricewaterhouseCoopers	Internal audit – election operations	Open	A	40 000
PricewaterhouseCoopers	Internal audit – fixed fee services	Open	A	17 000
Verifact Pty Ltd	Investigative services	Open	A	33 000
McGrath Nichols Advisory Partnership	Internal audit – 2013–15 AEC Fraud Control Plan	Open	A	10 000
Colmar Brunton Pty Ltd	Research on perception of electoral fraud	Open	A	87 450
PricewaterhouseCoopers	Internal audit – federal direct enrolment and update	Open	A	38 500
PricewaterhouseCoopers	Internal Audit Plan No 1: Business Continuity	Open	A	27 500
Ernst and Young	Review of Agency Performance Reporting	Open	A	88 000
Total				1 420 347

GST = goods and services tax; CCD to SA1 Geography = Census Collection District to Statistical Area 1 Geography; LSL = long service leave; FAD = Funding and Disclosure

a. See [Commonwealth Procurement Rules \(1 July 2012\)](#) for an explanation of the procurement process.

b. A = need for specialised or professional skills; B = need for independent research or assessment.

Consultancy policy

The AEC may engage consultants under section 35(2) of the *Commonwealth Electoral Act 1918* and determine the terms and conditions of engagement of those consultants under section 35(4) of that Act. In 2013–14, consultants could also be engaged in accordance with the *Financial Management and Accountability Act 1997*.

The AEC categorises arrangements as consultancies when:

- the services involve the development of an intellectual output that assists with agency decision making
- the output reflects the independent views of the service provider.

When engaging consultants for work with a value up to \$79 999, the AEC generally seeks quotes from prospective consultants according to the AEC procurement policy and procedures. If the expected value of the consultancy is \$80 000 or more, AEC staff follow policy and procedures outlined in the [Department of Finance Commonwealth Procurement Rules – 1 July 2012](#).

Senior managers engage consultants in accordance with the AEC Financial Delegations Schedule.

Australian National Audit Office access clauses

During 2013–14, all AEC contracts in excess of \$100 000 (GST inclusive) included provisions for the Auditor-General to have access to the contractor's premises.

Exempt contracts

During 2013–14, no contract or standing offer in excess of \$10 000 (GST inclusive) was exempted from publication on AusTender on the basis that it would disclose exempt matters under the *Freedom of Information Act 1982*.

Financial performance

For 2013–14, the AEC recorded an operating surplus of \$11.0 million including depreciation. This result, however, includes appropriations for the conduct of the proposed 2013 referendum on local government which did not proceed. These payments have been quarantined and must be formally returned to the Department of Finance in 2014–15. Excluding this appropriation revenue, the AEC overspent in other areas by \$13.3 million. This compares with an operating deficit of \$2.1 million in 2012–13. The 2013–14 overspend is higher than expected due to:

- an increase in costs from the 2013 federal election. This increase is largely attributable to higher staff costs due to recruitment for the planned referendum, which ultimately did not proceed; an increase in venue hire costs; and legal costs related to the AEC's petition to the Court of Disputed Returns regarding the outcome of the 2013 Western Australian Senate recount
- an increase in depreciation and amortisation costs from investment in large-scale hardware and software projects over the last few years to modernise AEC systems.

The Statement of Financial Position at 30 June 2014 showed total assets of \$87.0 million and total liabilities of \$39.1 million. The total assets included cash and receivables of \$49.7 million, although \$30.5 million of this relates to appropriation receivable that will be formally reduced in 2014–15 and to which the AEC is not entitled.

Net assets have decreased by 26.7 per cent to \$17.4 million, excluding the \$30.5 million appropriation receivable that will be returned in 2014–15. This is due to:



- an increase in supplier payables, as the 2013–14 balance includes a large accrual for legal expenses from the federal election
- a decrease in the inventory balance following usage in a federal election year
- a decrease in internally developed software, as new investment was exceeded by amortisation due to resources being allocated to delivery of three federal parliamentary elections
- a decrease in appropriations receivable due to use of cash reserves to fund the larger than budgeted operating deficit.

Once election delivery was complete, the AEC undertook measures to bring down operating expenses. These measures will continue in 2014–15; they will consolidate cash reserves and ensure the AEC can continue implementing Keelty Report recommendations and other reforms. Successful delivery of future federal elections is reliant on having the appropriate funding and resources.

The Australian National Audit Office has issued an unmodified audit opinion for the AEC's 2013–14 financial statements.

FINANCIAL STATEMENTS

Auditor's report



INDEPENDENT AUDITOR'S REPORT

To the Special Minister of State

I have audited the accompanying financial statements of the Australian Electoral Commission for the year ended 30 June 2014, which comprise: a Statement by the Acting Electoral Commissioner and Chief Finance Officer; Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Administered Schedule of Comprehensive Income; Administered Schedule of Assets and Liabilities; Administered Reconciliation Schedule; Administered Cash Flow Statement; Administered Schedule of Commitments; Administered Schedule of Contingencies; and Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Electoral Commissioner's Responsibility for the Financial Statements

The Electoral Commissioner is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Australian Electoral Commission's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Australian Electoral Commission's internal control.

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19 National Circuit BARTON ACT 2600
Phone (02) 6203 7300 Fax (02) 6203 7777

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Electoral Commissioner, as well as evaluating the overall presentation of the financial statements.

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

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Australian Electoral Commission:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders, including the Australian Electoral Commission's financial position as at 30 June 2014 and its financial performance and cash flows for the year then ended.

Australian National Audit Office

S. Buchanan

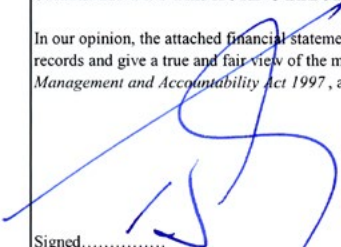

Serena Buchanan
Executive Director

Delegate of the Auditor-General

Canberra

12 September 2014

Statement by the Acting Electoral Commissioner and Chief Finance Officer

AUSTRALIAN ELECTORAL COMMISSION	
STATEMENT BY THE ACTING ELECTORAL COMMISSIONER AND CHIEF FINANCE OFFICER	
In our opinion, the attached financial statements for the year ended 30 June 2014 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the <i>Financial Management and Accountability Act 1997</i> , as amended.	
Signed..... 	Signed..... 
Tom Rogers Acting Electoral Commissioner	Rachel Harris Chief Finance Officer
11 September 2014	11 September 2014

Statement of comprehensive income for the period ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
EXPENSES			
Employee benefits	3A	149 336	76 932
Supplier	3B	124 827	49 780
Depreciation and amortisation	3C	9 389	8 404
Write-down and impairment of assets	3D	1	1
Losses from asset disposals	3E	19	121
Total expenses		<u>283 572</u>	<u>135 238</u>
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	18 406	17 781
Other revenue	4B	186	1 074
Total own-source revenue		<u>18 592</u>	<u>18 855</u>
Gains			
Other gains	4C	(39)	(9)
Total gains		<u>(39)</u>	<u>(9)</u>
Total own-source income		<u>18 553</u>	<u>18 846</u>
Net cost of services		<u>265 019</u>	<u>116 392</u>
Revenue from Government	4D	276 066	114 257
Surplus/(deficit) attributable to the Australian Government		<u>11 047</u>	<u>(2 135)</u>
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		5 323	1 988
Total other comprehensive income		<u>5 323</u>	<u>1 988</u>
Total comprehensive income/(loss)		<u>16 370</u>	<u>(147)</u>
Total comprehensive income/(loss) attributable to the Australian Government		<u>16 370</u>	<u>(147)</u>

The above statement should be read in conjunction with the accompanying notes.

Statement of financial position as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	6A	1 518	1 689
Trade and other receivables	6B	48 207	21 317
Total financial assets		49 725	23 006
Non-Financial Assets			
Land and buildings	7A, C	12 062	11 932
Property, plant and equipment	7B, C	7 227	5 796
Intangibles	7D, E	14 413	15 903
Inventories	7F	1 898	3 594
Lease incentive		122	163
Other non-financial assets	7G	1 567	1 653
Total non-financial assets		37 289	39 041
Total assets		87 014	62 047
LIABILITIES			
Payables			
Suppliers	8A	7 679	5 728
Other payables	8B	7 649	8 518
Total payables		15 328	14 246
Provisions			
Employee provisions	9A	22 253	22 535
Other provisions	9B	1 577	1 553
Total provisions		23 830	24 088
Total liabilities		39 158	38 334
Net assets		47 856	23 713
EQUITY			
Parent Entity Interest			
Contributed equity		35 890	28 117
Asset Revaluation Surplus		18 952	13 629
Accumulated deficit		(6 986)	(18 033)
Total parent entity interest		47 856	23 713

The above statement should be read in conjunction with the accompanying notes.

Statement of changes in equity for the period ended 30 June 2014

	Retained earnings		Asset revaluation Surplus		Contributed equity/capital		Total equity	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance								
Balance carried forward from previous period	(18 033)	(15 898)	13 629	11 641	28 117	17 218	23 713	12 961
Adjusted opening balance	<u>(18 033)</u>	<u>(15 898)</u>	<u>13 629</u>	<u>11 641</u>	<u>28 117</u>	<u>17 218</u>	<u>23 713</u>	<u>12 961</u>
Comprehensive income								
Other comprehensive income	-	-	5 323	1 988	-	-	5 323	1 988
Deficit for the period	11 047	(2 135)	-	-	-	-	11 047	(2 135)
Total comprehensive income	<u>11 047</u>	<u>(2 135)</u>	<u>5 323</u>	<u>1 988</u>	<u>-</u>	<u>-</u>	<u>16 370</u>	<u>(147)</u>
Transactions with owners								
Distributions to owners								
Returns of capital								
<i>Statute Stocktake (Appropriations) Act 2013</i>	-	-	-	-	(400)	-	(400)	-
Contributions by owners								
Equity injection – Appropriations	-	-	-	-	3 992	270	3 992	270
Departmental capital budget	-	-	-	-	4 181	10 629	4 181	10 629
Sub-total transactions with owners	-	-	-	-	7 773	10 899	7 773	10 899
Closing balance as at 30 June	<u>(6 986)</u>	<u>(18 033)</u>	<u>18 952</u>	<u>13 629</u>	<u>35 890</u>	<u>28 117</u>	<u>47 856</u>	<u>23 713</u>

The above statement should be read in conjunction with the accompanying notes

Cash flow statement for the period ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		252 436	111 511
Sales of goods and rendering of services		20 727	20 852
Lease incentives		495	3 219
Net GST received		9 514	4 150
Total cash received		283 172	139 732
Cash used			
Employees		149 468	78 093
Suppliers		133 821	58 829
Total cash used		283 289	136 922
Net cash from operating activities	10	(117)	2 810
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		–	25
Total cash received		–	25
Cash used			
Purchase of property, plant and equipment		2 634	9 624
Purchase of intangibles		1 543	5 051
Total cash used		4 177	14 675
Net cash used by investing activities		(4 177)	(14 650)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		1 254	3 197
Departmental Capital Budget		2 869	8 797
Total cash received		4 123	11 994
Net cash from financing activities		4 123	11 994
Net increase in cash held		(171)	154
Cash and cash equivalents at the beginning of the reporting period		1 689	1 535
Cash and cash equivalents at the end of the reporting period	6A	1 518	1 689

The above statement should be read in conjunction with the accompanying notes.

Schedule of commitments as at 30 June 2014^a

	2014 \$'000	2013 \$'000
BY TYPE		
Commitments receivable		
Commitments receivable ^b	(77 882)	(77 298)
Net GST recoverable on commitments	(526)	(1 619)
Total commitments receivable	(78 408)	(78 917)
Commitments payable		
Capital commitments		
Property	-	-
Plant and Equipment	-	-
Total capital commitments	-	-
Other commitments		
Operating leases ^c	71 585	70 883
Other ^d	12 226	24 221
Total other commitments	83 811	95 104
Net commitments by type	5 403	16 187
BY MATURITY		
Commitments receivable		
Other commitments receivable		
One year or less	(18 556)	(19 196)
From one to five years	(58 037)	(57 337)
Over five years	(1 815)	(2 384)
Total other commitments receivable	(78 408)	(78 917)
Total commitments receivable	(78 408)	(78 917)
Commitments payable		
Capital commitments		
One year or less	-	-
From one to five years	-	-
Over five years	-	-
Total capital commitments	-	-
Operating lease commitments		
One year or less	14 316	13 174
From one to five years	37 450	31 489
Over five years	19 819	26 220
Total operating lease commitments	71 585	70 883
Other Commitments		
One year or less	10 805	20 523
From one to five years	1 277	3 698
Over five years	144	-
Total other commitments	12 226	24 221
Total commitments payable	83 811	95 104
Net commitments by maturity	5 403	16 187

a. Commitments are GST inclusive where relevant.

b. Commitments receivable by the AEC relates largely to arrangements with each state and territory for the sharing of certain costs associated with the maintenance of the joint Commonwealth, State and Territory electoral rolls (2014: \$73.0m; 2013: \$70.9m)

c. Operating leases include leases for office accommodation and storage that are effectively non-cancellable. The lease payments can be varied periodically to take account of an annual Consumer Price Index increase, a fixed increase or a market increase.

d. Other commitments include Information Technology (IT) contractors and service agreements with IT and communication providers (2014: \$7.2m; 2013: \$10.3m).

The above schedule should be read in conjunction with the accompanying notes.

Administered schedules

Administered Schedule of Comprehensive Income for the period ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
EXPENSES			
Other Expenses	16A	60 984	1
Total expenses administered on behalf of Government		<u>60 984</u>	<u>1</u>
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Non-taxation revenue			
Electoral fines/penalties	17A	2 242	32
Total non-taxation revenue		<u>2 242</u>	<u>32</u>
Total own-source revenue administered on behalf of Government		<u>2 242</u>	<u>32</u>
Total own-source income administered on behalf of Government		<u>2 242</u>	<u>32</u>
Net (cost of) contribution by services		<u>(58 742)</u>	<u>31</u>
Total comprehensive (loss) income		<u>(58 742)</u>	<u>31</u>

Administered Schedule of Assets and Liabilities as at 30 June 2014

There were no administered assets or liabilities for the AEC.

Administered Reconciliation Schedule

	2014 \$'000	2013 \$'000
Opening administered assets less administered liabilities as at 1 July		
Net cost of (contribution by) services:		
Administered income	2 242	32
Administered expenses	(60 984)	(1)
Administered transfers from/(to) Australian Government:		
Transfers from/(to) OPA	58 742	(31)
Closing administered assets less administered liabilities as at 30 June	<u>-</u>	<u>-</u>

Administered Cash Flow Statement for the period ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
OPERATING ACTIVITIES			
Cash received			
Electoral fines/penalties		2 237	10
Other		5	22
Total cash received		<u>2 242</u>	<u>32</u>
Cash used			
Political Parties/Candidates		60 957	-
Refund of Electoral fines/penalties		27	1
Total cash used		<u>60 984</u>	<u>1</u>
Net cash flows (used by) from operating activities		<u>(58 742)</u>	<u>31</u>
Net (decrease) increase in Cash Held	19	<u>(58 742)</u>	<u>31</u>
Cash and cash equivalents at the beginning of the reporting period			
Cash from Official Public Account for:			
Appropriations		60 987	-
		<u>60 987</u>	<u>-</u>
Cash to Official Public Account for:			
Appropriations		(2 245)	(31)
		<u>(2 245)</u>	<u>(31)</u>
Cash and cash equivalents at the end of the reporting period			
		<u>-</u>	<u>-</u>

Administered Schedule of Commitments as at 30 June 2014

There were no administered commitments for the AEC (2013: Nil).

Administered Schedule of Contingencies as at 30 June 2014

There were no administered contingencies for the AEC (2013: Nil).

This schedule should be read in conjunction with the accompanying notes.

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Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Australian Electoral Commission

The Australian Electoral Commission (AEC) is an independent statutory body established under the *Commonwealth Electoral Act 1918* for the purpose of conducting elections and referendums, maintaining the electoral roll, providing electoral information, education programmes and related services and managing funding and disclosure in relation to political parties.

While the AEC is predominantly funded by Parliamentary appropriations, revenue is also received for the provision of electoral services to other organisations.

The AEC is structured under one outcome to meet the following three programmes:

Programme 1: Voter entitlement for Australians and support for electoral events and redistributions through maintaining an accurate and up-to-date electoral roll.

Programme 2: Access to an impartial and independent electoral system for Australians through the provision of electoral services.

Programme 3: Informed Australians through the provision of information services on electoral matters.

The continued existence of the AEC in its present form and with its present programmes is dependent on government policy and on continuing funding by Parliament for the AEC's administration and programmes. AEC activities contributing toward this outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the AEC in its own right. Administered activities involve the management or oversight by the AEC, on behalf of the Government, of items controlled or incurred by the Government.

Administered items managed for the Government by the AEC are primarily the payment of Election Public Funding and collection of Electoral Fees and Fines under the operations of Programme 2 (Impartial and independent electoral services).

AEC's Appropriation Receivable Programme Funding includes an amount of \$24.314m related to activities that the AEC did not undertake in the 2013–14 financial year and \$2.181m of movements related to prior year activities that the AEC did not undertake. Equity injections include an amount of \$3.989m related to activities that the AEC did not undertake. The Department of Finance has quarantined all of these funds. These amounts will be legally reduced under Appropriation Acts in the 2014–15 financial year. (Refer to Note 6B)

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth* (2014) HCA 23, as they contribute to the larger body of law relevant to the development of Commonwealth programmes. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

1.2 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 49 of the *Financial Management and Accountability Act 1997*.

The financial statements have been prepared in accordance with:

- a. Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011; and
- b. Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the AEC or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.3 Significant Accounting Judgements and Estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. Of the new standards, amendments to standards and interpretations issued prior to the sign-off date, where applicable to the current reporting period had no financial impact on the AEC, although changes to AASB 101 *Presentation of Financial Statements* have changed the presentation of the AEC's Financial Statements.

Future Australian Accounting Standard Requirements

The new standards, amendments to standards and interpretations issued by the Australian Accounting Standards Board prior to the sign-off date, are not expected to have a financial impact on the AEC for future reporting periods.

1.5 Revenue

Revenue from the sale of goods is recognised when:

- a. the risks and rewards of ownership have been transferred to the buyer;
- b. the AEC retains no managerial involvement or effective control over the goods;
- c. the revenue and transaction costs incurred can be reliably measured; and
- d. it is probable that the economic benefits associated with the transaction will flow to the AEC.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- a. the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b. the probable economic benefits associated with the transaction will flow to the AEC.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

The AEC receives funding for programmes under a Record of Understanding with the Department of Foreign Affairs and Trade. The nature of funding falls within two broad categories:

- Specific services. These include training, hosting of international visitors or representation on a specific forum or council. Funding for specific services are recognised as revenue to the extent of costs incurred to date.
- Generic services. This covers the cost of maintaining a presence in a country to provide advice and support to the Government of a specific nation in relation to electoral matters. Funding for generic services is recognised as revenue when the AEC is entitled to receive programme funding.

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the AEC gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

AEC's Revenue from Government includes an amount of \$24.314m related to activities that the AEC did not undertake. The Department of Finance has quarantined these funds for a return to government. These amounts will be legally reduced under Appropriation Acts in the 2014–15 financial year. (Refer to Note 4D and Note 27).

Parental Leave Payments Scheme

Amounts received under the Parental Leave Payments Scheme by the AEC not yet paid to employees are presented gross as cash and a liability (payable). The total amount received under this scheme is disclosed as a footnote to the Note 8A: Suppliers.

Resources Received Free of Charge

Resources received free of charge are recognised as either revenue or gains depending on their nature when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

1.6 Gains

Resources Received Free of Charge

Resources received free of charge are recognised as either revenue or gains depending on their nature when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and from 1 July 2010, Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

AEC's Equity injection – Appropriations includes an amount of \$3.989m related to activities that the AEC did not undertake and will be returned to government. The Department of Finance has quarantined these funds. These amounts will be legally reduced under Appropriation Acts in the 2014–15 financial year. (Refer to Statement of Changes in Equity)

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other Distributions to Owners

The FMOs require that distributions to owners be debited to contributed equity unless it is in the nature of a dividend. In 2013–14, the entity also returned \$0.400 million under the *Statute Stocktake (Appropriations) Act 2013*.

\$2.181m of amounts recognised as Appropriation Revenue in 2012–13 financial year has been identified as relating to activities that the AEC did not undertake. Department of Finance has quarantined all of these funds however this reduction has not been recognised as a Distribution to Owners. These amounts will be legally reduced under Appropriation Acts in the 2014–15 financial year. (Refer to Note 6B)

1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the AEC is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the AEC's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2014. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Annual leave is disclosed as current as there is a legal right to the payment, irrespective of whether the payment is expected to be paid within 12 months or not.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The AEC recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

AEC staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or have exercised *SuperChoice* and nominated their own fund.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The AEC makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The AEC accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final eight working days of the year.

Temporary staff members of the AEC have their superannuation paid into their nominated fund or if no fund is nominated, the Australian Government Employees Superannuation Trust (AGEST) fund is used.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

The AEC did not have any finance leases as at 30 June 2014.

Payments for operating leases with fixed increases are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as an asset and a liability. These assets are reduced across the life of the lease by allocating lease payments between rental expense and reduction of the liability.

1.10 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes notes and coins held and any deposits in bank accounts held at call with a bank or financial institution.

1.11 Financial Assets

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets held at amortised cost – if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

1.12 Financial Liabilities

Other Financial Liabilities

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.13 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.14 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

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

1.15 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'makegood' provisions in property leases taken up by the AEC where there exists an obligation to restore the property to its original condition. These costs are included in the value of the AEC's leasehold improvements with a corresponding provision for restoration recognised.

Revaluations

Fair values for each class of asset are determined as shown below:

Asset Class	Fair value measured at
Leasehold Improvements	Depreciated Optimised Replacement Cost
Property, Plant & Equipment – Other	Depreciated Optimised Replacement Cost
Property, Plant & Equipment – forklifts catering equipment and generators	Market Prices

Following initial recognition at cost, property plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Full valuations are conducted every five years and an internal assessment is carried out in the other years to ensure that the carrying amounts of assets did not differ materially from the assets fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets. Valuations are carried out by an independent qualified valuer.

Revaluation adjustments were made on a class basis. Any revaluation increment was credited to equity under the heading of asset revaluation surplus except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset was restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the AEC using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2014	2013
Leasehold improvements	Lesser of lease term/useful life	Lesser of lease term/useful life
Plant and Equipment	5 to 10 years	5 to 10 years
IT Equipment	3 to 5 years	3 to 5 years

Impairment

All assets were assessed for impairment at 30 June 2014. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the AEC were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.16 Intangibles

The AEC's intangibles comprise purchased software with an initial cost greater than \$5 000 and internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the AEC's software are between 1 to 10 years (2012–13: 1 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2014.

1.17 Inventories

Inventories held for distribution are valued at cost, adjusted for any loss of service potential. The items recognised as inventory have been narrowed to include only cardboard equipment and declaration envelopes.

1.18 Taxation/Competitive Neutrality

The AEC is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- a. where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- b. for receivables and payables.

1.19 Fair Value Measurement

The entity deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period.

1.20 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the AEC for use by the Government rather than the AEC is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the AEC on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

Revenue

All administered revenues are revenues relating to ordinary activities performed by the AEC on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

Note 2: Events After the Reporting Period

Departmental

There are no events after the reporting date that will materially affect the financial statements.

Administered

There are no events after the reporting date that will materially affect the financial statements.

Note 3: Expenses

	2014 \$'000	2013 \$'000
Note 3A: Employee Benefits		
Wages and salaries	126 962	58 710
Superannuation:		
Defined contribution plans	7 860	6 740
Defined benefit plans	6 075	3 975
Leave and other entitlements	5 863	5 704
Separation and redundancies	2 576	1 803
Total employee benefits	149 336	76 932
Note 3B: Suppliers		
Goods and services		
Consultants	1 427	941
Contractors	10 023	4 553
Travel	5 975	3 765
IT services	18 874	10 675
Inventory	4 469	114
Venue hire	7 763	104
Mail and Freight	16 820	5 141
Advertising	21 749	2 262
Printing	8 575	1 533
Legal Costs	2 447	401
Other	13 211	8 517
Total goods and services	111 333	38 006
Goods supplied in connection with		
Related parties	1 314	214
External parties	55 781	15 884
Total goods supplied	57 095	16 098
Services rendered in connection with		
Related parties	18 887	5 646
External parties	35 351	16 262
Total services rendered	54 238	21 908
Total goods and services	111 333	38 006

	2014 \$'000	2013 \$'000
Other supplier expenses		
Operating lease rentals – related entities:		
Minimum lease payments	2 062	1 797
Operating lease rentals – external parties:		
Minimum lease payments	9 481	9 301
Workers compensation expenses	1 951	676
Total other supplier expenses	13 494	11 774
Total supplier expenses	124 827	49 780
Note 3C: Depreciation and Amortisation		
Depreciation:		
Property, plant and equipment	3 130	1 969
Leasehold Improvements	3 226	3 670
Total depreciation	6 356	5 639
Amortisation:		
Intangibles	3 033	2 765
Total amortisation	3 033	2 765
Total depreciation and amortisation	9 389	8 404
Note 3D: Write-Down and Impairment of Assets		
Asset write-downs and impairments from:		
Impairment of receivables	1	1
Total write-down and impairment of assets	1	1
Note 3E: Losses from Asset Disposals		
Property, plant and equipment:		
Proceeds	–	(25)
Carrying value of assets disposed	19	89
Computer Software		
Carrying value of assets disposed	–	57
Total losses from asset disposals	19	121

Note 4: Income

	2014 \$'000	2013 \$'000
OWN-SOURCE REVENUE		
Note 4A: Sale of Goods and Rendering of Services		
Goods supplied in connection with		
Related parties	88	72
External parties	12 046	11 762
Total goods supplied	12 134	11 834
Services rendered in connection with		
Related parties	4 346	5 078
External parties	1 926	869
Total services rendered	6 272	5 947
Total goods and services	18 406	17 781
Note 4B: Other Revenue		
Other	100	1 074
Resources received free of charge	86	84
Total other revenue	186	1 158
GAINS		
Note 4C: Other Gains		
Change in fair value through profit and loss:		
Restoration obligations	(39)	(93)
Total other gains	(39)	(93)
REVENUE FROM GOVERNMENT		
Note 4D: Revenue from Government		
Appropriations:		
Departmental appropriation	267 066	105 257
Departmental special appropriations	9 000	9 000
Total revenue from Government	276 066	114 257

Note: AEC's Revenue from Government includes an amount of \$24.314m related to activities that the AEC did not undertake. The Department of Finance has quarantined these funds. These amounts will be legally reduced under Appropriation Acts in the 2014–15 financial year.

Departmental Appropriation for 2012–13 includes an amount of \$3.795m which was appropriated through *Appropriation Act 1 (2013–14)*. Of this amount \$2.108m was subsequently quarantined in 2013–14 and will be reduced under Appropriation Acts in the 2014–15 financial year.

Note 5: Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 5A: Fair Value Measurements

Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2014

	Fair value \$'000	Fair value measurements at the end of the reporting period using		
		Level 1 inputs \$'000	Level 2 inputs \$'000	Level 3 inputs \$'000
Non-financial assets				
Leasehold Improvements	12 062	–	–	12 062
Property, plant and equipment	7 227	–	42	7 185
Total non-financial assets	<u>19 289</u>	<u>–</u>	<u>42</u>	<u>19 247</u>
Total fair value measurements of assets in the statement of financial position	<u>19 289</u>	<u>–</u>	<u>42</u>	<u>19 247</u>

Fair value measurements – highest and best use differs from current use for non-financial assets

The highest and best use of all non-financial assets are the same as their current use.

Note 5B: Level 1 and Level 2 Transfers for Recurring Fair Value Measurements

No classes of assets were transferred between Level 1 and Level 2.

The entity's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.19.

Note 5C: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements
Level 2 and 3 fair value measurements – valuation technique and the inputs used for assets and liabilities in 2014

	Category (Level 2 or Level 3)	Fair value \$'000	Valuation technique(s) ^a	Inputs used	Range (weighted average) ^b
Non-financial assets					
Leasehold Improvements	Level 3	12 062	Depreciated optimised replacement cost	Unexpired lease term, ABS indices, Market prices	*c
Property, plant and equipment – forklifts, catering equipment and generators	Level 2	42	Comparable sales	Comparable sales	N/A
Property, plant and equipment – others	Level 3	7 185	Depreciated optimised replacement cost	Useful life, ABS indices, Market prices	*c

a. No change in valuation technique occurred during the period.

b. Significant unobservable inputs only. Not applicable for assets or liabilities in the Level 2 category.

c. A range and weighted average for significant unobservable inputs was not available from the valuers when measuring the fair value of level 3 assets. This information will be obtained for the 2014–15 financial statements

The AEC procured valuation services from Rodney Hyman Asset Services Pty Ltd (RHAS) and relied on valuation models provided by the RHAS. The entity tests the valuation model at least once every 12 months. RHAS provided written assurance to the entity that the model developed is in compliance with AASB 13.

The significant unobservable inputs used in the fair value measurement of the AEC's Leasehold Improvement and Property, Plant and Equipment – Other are useful lives. Useful lives for leasehold improvements are based on the unexpired period of the current leases without any allowance for any options that may be available. Significant increases (decreases) in any of those inputs in isolation would result in a significantly lower (higher) fair value measurement.

Note 5D: Reconciliation for Recurring Level 3 Fair Value Measurements

Recurring Level 3 fair value measurements – reconciliation for assets

	Financial assets 2014		
	Leasehold Improvements \$'000	Property, plant and equipment – others \$'000	Total \$'000
Opening balance	11 932	5 750	17 682
Total (losses) recognised in net cost of services ^a	(3 226)	(3 131)	(6 357)
Total gains recognised in other comprehensive income ^b	2 869	2 436	5 305
Purchases	487	2 130	2 617
Closing balance	12 062	7 185	19 247
Changes in unrealised gains/(losses) recognised in net cost of services for assets held at the end of the reporting period ^c	2 869	2 436	5 305

a. These (losses) are presented in the Statement of Comprehensive Income under Depreciation and Amortisation and Disposal of Assets.

b. These gains are presented in the Statement of Comprehensive Income under Changes in asset revaluation surplus.

c. These unrealised gains are presented in the Statement of Comprehensive Income under Changes in asset revaluation surplus.

The entity's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.19.

Note 6: Financial Assets

	2014 \$'000	2013 \$'000
Note 6A: Cash and Cash Equivalents		
Cash on hand or on deposit	1 518	1 689
Total cash and cash equivalents	1 518	1 689
Note 6B: Trade and Other Receivables		
Good and Services:		
Goods and services – related parties	158	153
Goods and services – external parties	106	1 401
Total receivables for goods and services	264	1 554
Appropriations receivable:		
Programme funding	35 616	11 986
Equity Injections	3 992	1 654
Departmental Capital Budget	6 234	4 922
Total appropriations receivable	45 842	18 562

Note: AEC's Programme Funding Receivable includes an amount of \$24.314m related to activities that the AEC did not undertake in the 2013–14 financial year and \$2.181m related to prior year activities that the AEC did not undertake. Equity injections include an amount of \$3.989m related to activities that the AEC did not undertake. The Department of Finance has quarantined all of these funds. These amounts will be legally reduced under Appropriation Acts in the 2014–15 financial year.

	2014 \$'000	2013 \$'000
Other receivables:		
GST receivable from the Australian Taxation Office	632	316
Other – related parties	72	213
Other – external parties	1 398	672
Total other receivables	2 102	1 201
Total trade and other receivables (gross)	48 208	21 317
Less impairment allowance:		
Goods and services	1	–
Total impairment allowance	1	–
Total trade and other receivables (net)	48 207	21 317
Receivables are expected to be recovered in:		
No more than 12 months	48 207	21 317
More than 12 months	–	–
Total trade and other receivables (net)	48 207	21 317
Receivables are aged as follows:		
Not overdue	48 167	21 257
Overdue by:		
0 to 30 days	13	41
31 to 60 days	8	14
61 to 90 days	–	–
More than 90 days	20	5
Total receivables (gross)	48 208	21 317

	2014 \$'000	2013 \$'000
The impairment allowance is aged as follows:		
Overdue by:		
More than 90 days	1	-
Total impairment allowance	1	-

Credit terms for goods and services are within 30 days (2013: 30 days)

Reconciliation of the Impairment Allowance:

Movements in relation to 2014

	Goods and services \$'000	Total \$'000
Opening balance	-	-
Amounts written off	-	-
Amounts recovered and reversed	-	-
Increase/decrease recognised in net cost of services	1	1
Closing balance	1	1

Movements in relation to 2013

	Goods and services \$'000	Total \$'000
Opening balance	1	1
Amounts written off	-	-
Amounts recovered and reversed	-	-
Increase/decrease recognised in net cost of services	(1)	(1)
Closing balance	-	-

Note 7: Non-Financial Assets

	2014 \$'000	2013 \$'000
Note 7A: Land and Buildings		
Leasehold improvements:		
Work in progress	–	1 997
Fair value	12 529	10 168
Accumulated depreciation	(467)	(233)
Total leasehold improvements	12 062	11 932
Total land and buildings	12 062	11 932

No leasehold improvements were expected to be sold or disposed of within the next 12 months.

	2014 \$'000	2013 \$'000
Note 7B: Property, Plant and Equipment		
Other property, plant and equipment:		
Fair value	7 227	5 796
Accumulated depreciation	–	–
Total other property, plant and equipment	7 227	5 796
Total property, plant and equipment	7 227	5 796

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 1. In June 2014, an independent valuer from Rodney Hyman Asset Services Pty Ltd conducted a full valuation of all assets held at 30 June 2014.

A revaluation increment of \$2 869 318 for leasehold improvements (2013: \$537 552) was credited to the asset revaluation surplus by asset class and included in the equity section of the statement of financial position. There was no revaluation increment for provision for restoration (2013: \$0). Similarly an increment of \$2 449 841 for property, plant and equipment (2013: \$1 395 557) was credited to the asset revaluation surplus and included in the equity section of the Statement of Financial Position.

Note 7C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment

	Leasehold Improvements \$'000	Other Property, Plant & Equipment \$'000	Total \$'000
2014			
As at 1 July 2013			
Gross book value	12 165	5 796	17 961
Accumulated depreciation and impairment	(233)	–	(233)
Total as at 1 July 2013	11 932	5 796	17 728
Additions			
By purchase	487	2 130	2 617
Revaluations and impairments recognised in other comprehensive income	2 869	2 450	5 319
Depreciation expense	(3 226)	(3 130)	(6 356)
Disposals	–	(19)	(19)
Total as at 30 June 2014	12 062	7 227	19 289
Total as at 30 June 2014 represented by:			
Gross book value	12 529	7 227	19 756
Accumulated depreciation and impairment	(467)	–	(467)
Total as at 30 June 2014	12 062	7 227	19 289
2013			
As at 1 July 2012			
Gross book value	8 620	3 814	12 434
Accumulated depreciation and impairment	–	–	–
Total as at 1 July 2012	8 620	3 814	12 434
Additions			
By purchase	6 469	2 619	9 088
Revaluations and impairments recognised in other comprehensive income	538	1 396	1 934
Revaluations recognised in the operating result	–	–	–
Depreciation expense	(3 670)	(1 969)	(5 639)
Disposals	(25)	(64)	(89)
Total as at 30 June 2013	11 932	5 796	17 728
Total as at 30 June 2013 represented by:			
Gross book value	12 165	5 796	17 961
Accumulated depreciation and impairment	(233)	–	(233)
Total as at 30 June 2013	11 932	5 796	17 728

	2014 \$'000	2013 \$'000
Note 7D: Intangibles		
Computer software:		
Internally developed – in progress	18	123
Internally developed – in use	47 210	45 575
Purchased	2 029	2 265
Accumulated amortisation	(34 844)	(32 060)
Total computer software	14 413	15 903
Total intangibles	14 413	15 903

No indicators of impairment were found for intangible assets (2013: \$nil)

No intangibles are expected to be sold or disposed of within the next 12 months.

Note 7E: Reconciliation of the Opening and Closing Balances of Intangibles

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
2014			
As at 1 July 2013			
Gross book value	45 698	2 265	47 963
Accumulated amortisation and impairment	(30 291)	(1 769)	(32 060)
Total as at 1 July 2013	15 407	496	15 903
Additions			
By purchase or internally developed	1 530	13	1 543
Amortisation	(2 855)	(178)	(3 033)
Total as at 30 June 2014	14 082	331	14 413
Total as at 30 June 2014 represented by:			
Gross book value	47 228	2 029	49 257
Accumulated amortisation and impairment	(33 146)	(1 698)	(34 844)
Total as at 30 June 2014	14 082	331	14 413

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
2013			
As at 1 July 2012			
Gross book value	41 207	1 950	43 157
Accumulated amortisation and impairment	(27 902)	(1 581)	(29 483)
Total as at 1 July 2012	13 305	369	13 674
Additions			
By purchase or internally developed	4 736	315	5 051
Amortisation	(2 577)	(188)	(2 765)
Disposals	(57)	–	(57)
Total as at 30 June 2013	15 407	496	15 903
Total as at 30 June 2013 represented by:			
Gross book value	45 698	2 265	47 963
Accumulated amortisation and impairment	(30 291)	(1 769)	(32 060)
Total as at 30 June 2013	15 407	496	15 903

	2014 \$'000	2013 \$'000
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Note 7F: Inventories

Inventories held for distribution		
Election equipment at cost (ballot paper and voting equipment)	1 898	3 594
Total inventories	1 898	3 594

During 2013–14, \$3 133 961 of inventory held for distribution was recognised as an expense (2012–13: \$114 420).

No items of inventory were recognised at fair value less cost to sell.

	2014 \$'000	2013 \$'000
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Note 7G: Other Non-Financial Assets

Prepayments	1 567	1 653
Total other non-financial assets	1 567	1 653
Total other non-financial assets – are expected to be recovered in:		
No more than 12 months	1 550	1 611
More than 12 months	17	42
Total other non-financial assets	1 567	1 653

No indicators of impairment were found for other non-financial assets (2013: Nil).

Note 8: Payables

	2014 \$'000	2013 \$'000
Note 8A: Suppliers		
Trade creditors and accruals	7 679	5 728
Total supplier payables	7 679	5 728
Supplier payables expected to be settled within 12 months:		
Related parties	2 939	638
External parties	4 740	5 090
Total	7 679	5 728
Total supplier payables	7 679	5 728

Settlement was usually made within 30 days.

The AEC received \$97 127 (2013: \$160 751) under the Paid Parental Leave Scheme.

	2014 \$'000	2013 \$'000
Note 8B: Other Payables		
Salaries and wages	2 202	2 074
Superannuation	323	314
Lease incentives	3 744	4 421
Straight-line leases	582	306
Unearned revenue	798	1 403
Total other payables	7 649	8 518
Total other payables are expected to be settled in:		
No more than 12 months	3 893	4 351
More than 12 months	3 756	4 167
Total other payables	7 649	8 518

Note 9: Provisions

	2014 \$'000	2013 \$'000
Note 9A: Employee Provisions		
Leave	22 253	22 535
Total employee provisions	22 253	22 535
Employee provisions are expected to be settled in:		
No more than 12 months	5 989	5 784
More than 12 months	16 264	16 751
Total employee provisions	22 253	22 535
Note 9B: Other Provisions		
Provision for restoration obligations	1 577	1 553
Total other provisions	1 577	1 553
Other provisions are expected to be settled in:		
No more than 12 months	378	225
More than 12 months	1 199	1 328
Total other provisions	1 577	1 553
	Provision for restoration \$'000	Total \$'000
Carrying amount 1 July 2013	1 553	1 553
Additional provisions made	30	30
Amounts used	(36)	(36)
Amounts reversed	(4)	(4)
Unwinding of discount	34	34
Closing balance 2014	1 577	1 577

The AEC currently has 35 (2013: 35) agreements for the leasing of premises which have provisions requiring the entity to restore the premises to their original condition at the conclusion of the lease. The AEC has made a provision to reflect the present value of this obligation.

Note 10: Cash Flow Reconciliation

	2014 \$'000	2013 \$'000
Reconciliation of cash and cash equivalents as per the Statement of Financial Position to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash flow statement	1 518	1 689
Statement of financial position	1 518	1 689
Difference	-	-
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(265 019)	(116 392)
Add revenue from Government	276 066	114 257
Adjustments for non-cash items		
Depreciation/amortisation	9 389	8 404
Net write down/(up) of makegood liability	34	(163)
Loss on disposal of assets	19	121
Changes in assets/liabilities		
Decrease/(increase) in lease incentive asset	41	89
(Increase) in net receivables	(23 298)	(46)
Decrease/(increase) in inventories	1 696	(611)
Decrease in prepayments	86	538
(Decrease) in employee provisions	(282)	(715)
Increase/(decrease) in supplier payables	1 992	(1 940)
(Decrease) in other payable	(869)	(732)
Increase in other provisions	28	-
Net cash from operating activities	(117)	2 810

Note 11: Contingent Assets and Liabilities

	Claims for damages or costs		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Contingent assets				
Balance from previous period	-	90	-	90
New contingent assets recognised	-	-	-	-
Assets recognised	-	(90)	-	(90)
Total contingent assets	-	-	-	-
Net contingent assets	-	-	-	-

Contingent Liabilities

At 30 June 2014, the AEC had no contingent liabilities (2013: \$0).

Quantifiable Contingencies

At 30 June 2014, the AEC had no quantifiable contingencies (2013: \$0).

Unquantifiable Contingencies

At 30 June 2014, the AEC had no unquantifiable contingencies (2013: \$0).

Significant Remote Contingencies

The AEC has no significant remote contingencies (2013: \$0).

Note 12: Senior Executive Remuneration

	2014 \$	2013 \$
Note 12A: Senior Executive Remuneration Expenses for the Reporting Period^a		
Short-term employee benefits:		
Salary	3 177 517	3 160 047
Other ^b	187 003	57 467
Total short-term employee benefits	3 364 520	3 217 514
Post-employment benefits:		
Superannuation	659 152	543 824
Total post-employment benefits	659 152	543 824
Other long-term benefits:		
Long-service leave	76 301	75 493
Annual leave accrued	237 380	234 869
Total other long-term benefits	313 681	310 362
Total senior executive remuneration expenses	4 337 353	4 071 700

a. This note is prepared on an accruals basis.

Note 12A excludes acting arrangements and part-year service where total remuneration expensed for a senior executive was less than \$195 000.

b. Other includes higher duties, FBT and retention payments.

Note 12B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives During the Reporting Period

Average annual reportable remuneration paid to substantive senior executives in 2014						
Average annual reportable remuneration ^a	Substantive Senior Executives No.	Reportable salary ^b \$	Contributed superannuation ^c \$	Reportable allowances ^d \$	Bonus paid ^e \$	Total \$
Total remuneration (including part-time arrangements):						
less than \$195 000	7	145 572	17 349	-	-	162 921
\$195 000 to \$224 999	7	186 611	27 047	-	-	213 658
\$225 000 to \$254 999	3	213 264	25 624	-	-	238 888
\$255 000 to \$284 999	1	241 137	30 482	-	-	271 619
\$285 000 to \$314 999	1	266 612	37 658	-	-	304 270
\$315 000 to \$344 999	1	295 394	36 694	-	-	332 088
\$1 035 000 to \$1 064 999 ^g	1	992 222	59 635	-	-	1 051 857
Total	21					

Average annual reportable remuneration paid to substantive senior executives in 2013						
Average annual reportable remuneration ^a	Substantive Senior Executives No.	Reportable salary ^b \$	Contributed superannuation ^c \$	Reportable allowances ^d \$	Bonus paid ^e \$	Total \$
Total remuneration (including part-time arrangements):						
less than \$195 000	6	155 071	20 491	-	-	175 562
\$195 000 to \$224 999	6	177 172	24 414	-	-	201 586
\$225 000 to \$254 999	3	203 502	28 260	168	-	231 930
\$255 000 to \$284 999	3	230 996	35 086	-	-	266 082
\$375 000 to \$404 999	1	332 283	44 931	-	-	377 214
Total	19					

a. This table reports substantive senior executives who received remuneration during the reporting period. Each row represents an averaged figure based on headcount for individuals in the remuneration band (i.e. the 'Total substantive Senior Executives No.' column).

b. 'Reportable salary' includes the following:

1. gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
2. reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes);
3. exempt foreign employment income; and
4. reportable employer superannuation contributions.

c. The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.

- d. 'Reportable allowances' are the average annual allowances paid as per the 'total allowances' line on individuals' payment summaries
- e. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. From 2010–11 onwards no bonuses have been paid.
- f. Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column (refer 2(b)).
- g. The reportable salary for the top paid Substantive Senior Executive includes the payout of leave on resignation.

Note 12C: Other Highly Paid Staff

Average annual reportable remuneration paid to other highly paid staff in 2014						
Average annual reportable remuneration ^a	Other highly paid staff No.	Reportable salary ^b \$	Contributed superannuation ^c \$	Reportable allowances ^d \$	Bonus paid ^e \$	Total \$
\$255 000 to \$284 999	1	255 360	19 626	–	–	274 986
Total remuneration (including part-time arrangements):	1					
	Total					

Average annual reportable remuneration paid to other highly paid staff in 2013						
Average annual reportable remuneration ^a	Other highly paid staff No.	Reportable salary ^b \$	Contributed superannuation ^c \$	Reportable allowances ^d \$	Bonus paid ^e \$	Total \$
\$195 000 to \$224 999	–	–	–	–	–	–
Total remuneration (including part-time arrangements):	–					
	Total					

a. This table reports staff:

1. who were employed by the entity during the reporting period;
2. whose reportable remuneration was \$195 000 or more for the reporting period; and
3. were not required to be disclosed in Table B disclosures.

4. Each row is an averaged figure based on headcount for individuals in the band.

b. 'Reportable salary' includes the following:

1. gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
2. reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes);
3. exempt foreign employment income; and
4. reportable employer superannuation contributions.

c. The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to other highly paid staff in that reportable remuneration band during the reporting period.

d. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries

e. 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. From 2010–11 onwards no bonuses have been paid.

Note 13: Remuneration of Auditors

	2014 \$'000	2013 \$'000
Financial statement audit services were provided free of charge to the AEC by the Australian National Audit Office (ANAO).		
Fair value of the services received		
Financial statement audit services	94	84
Total	94	84

No other services were provided by the Auditor-General.

Note 14: Financial Instruments

	2014 \$'000	2013 \$'000
Note 14A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables:		
Cash and cash equivalents	1 518	1 689
Receivables for goods and services	1 733	2 439
Total financial assets	3 251	4 128
Financial Liabilities		
At amortised cost:		
Trade Creditors	7 679	5 728
Total financial liabilities	7 679	5 728
Note 14B: Net Gains or Losses on Financial Assets		
Loans and receivables		
Impairment of receivables for goods and services	(1)	–
Net gain/(loss) from loans and receivables	(1)	–

Note 14C: Fair Value of Financial Instruments

The carrying amount of financial instruments does not differ from the fair value.

Note 14D: Credit Risk

The AEC's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position.

The AEC has no significant exposures to any concentration of credit risk.

The following table illustrates the AEC's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2014 \$'000	2013 \$'000
Financial assets		
Cash and cash equivalents	1 518	1 689
Receivables for goods and services	263	1 554
Other receivables – related and external parties	1 470	885
Total	3 251	4 128

Credit quality of financial assets not past due or individually determined as impaired

	Not past due nor impaired		Past due or impaired	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash and cash equivalents	1 518	1 689	–	–
Receivables for goods and services	1 692	2 379	41	60
Total	3 210	4 068	41	60

Ageing of financial assets that were past due but not impaired for 2014

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Receivables for goods and services	13	8	–	20	41
Total	13	8	–	20	41

Ageing of financial assets that were past due but not impaired for 2013

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Receivables for goods and services	41	14	–	5	60
Total	41	14	–	5	60

Note 14E: Liquidity Risk

The AEC's financial liabilities are payables. The exposure to liquidity risk is based on the notion that the AEC will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the AEC and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

Maturities for non-derivative financial liabilities 2014

	Within 1 year \$'000	Total \$'000
Trade Creditors	7 679	7 679
Total	7 679	7 679

Maturities for non-derivative financial liabilities 2013

	Within 1 year \$'000	Total \$'000
Trade Creditors	5 728	5 728
Total	5 728	5 728

The AEC had no derivative financial liabilities in either 2014 or 2013.

Note 14F: Market Risk

The AEC holds basic financial instruments that do not expose the AEC to certain market risks. The AEC is not exposed to 'Currency risk', 'Other price risk' or 'Interest rate risk'.

Note 15: Financial Assets Reconciliation

	Notes	2014 \$'000	2013 \$'000
Financial assets			
Total financial assets as per statement of financial position		49 725	23 006
Less: non-financial instrument components			
Appropriations receivable	6B	(45 852)	(18 562)
Other receivables	6B	(632)	(316)
Total non-financial instrument components		(46 474)	(18 878)
Total financial assets as per financial instruments note	14A	3 251	4 128

Note 16: Administered – Expenses

	2014 \$'000	2013 \$'000
Note 16A: Other Expenses		
Refunds – electoral fines/penalties	27	1
Election public funding	60 957	–
Total other expenses	60 984	1

Note 17: Administered – Income

	2014 \$'000	2013 \$'000
OWN-SOURCE REVENUE		
Non-Taxation Revenue		
Note 17A: Fees and Fines		
Electoral fines/penalties	2 237	10
Candidate deposits	5	19
Other	–	3
Total fees and fines	2 242	32

Note 18: Administered – Assets and Liabilities

There are no administered assets or liabilities for the AEC.

Note 19: Administered – Cash Flow Reconciliation

	2014 \$'000	2013 \$'000
Reconciliation of cash and cash equivalents as per Administered Schedule of Assets and Liabilities to Administered Cash Flow Statement		
Cash and cash equivalents as per:		
Schedule of administered cash flows	-	-
Schedule of administered assets and liabilities	-	-
Discrepancy	-	-
Reconciliation of net cost of services to net cash from/(used by) operating activities:		
Net cost of (contribution) by services	58 742	31
Adjustments for non-cash items	-	-
Movements in assets/liabilities	-	-
Net cash (from)/used by operating activities	58 742	31

Note 20: Administered – Contingent Assets and Liabilities

There are no administered contingencies, remote or quantifiable, for the AEC.

Note 21: Administered – Financial Instruments

There are no administered financial instruments for the AEC.

Note 22: Appropriations

Note 22A: Annual Appropriations (Recoverable GST exclusive)

	2014 Appropriations						Appropriation applied in 2014 (current years) \$'000	Variance \$'000	
	Appropriation Act		FMA Act						
	Annual Appropriation ^a \$'000	Appropriations reduced ^b \$'000	AFM ^c \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000			Total appropriation
DEPARTMENTAL									
Ordinary annual services	275 365	-	-	-	19 542	-	294 907	265 847	29 060
Other services									
Equity	3 992	-	-	-	-	-	3 992	1 254	2 738
Total departmental	279 357	-	-	-	19 542	-	298 899	267 101	31 798

a. AEC's Annual Appropriation in the 2013-14 financial year includes supplementation appropriation of \$3.795m that related to the 2012-13 financial year. This amount is reflected in the above table. Of this amount \$2.181 has been quarantined and will be reduced under Appropriation Acts in the 2014-15 financial year.

b. AEC's Annual Appropriation in the 2013-14 financial year includes an amount of \$26.818m related to ordinary annual services and \$3.989m related to Equity that has been quarantined and will be reduced under Appropriation Acts in the 2014-15 financial year. This amount is included in the table above.

Of the amounts quarantined only \$0.323m has been applied as a reduction in Revenue from Government and Appropriations Receivable in the financial statements.

c. Appropriations reduced under Appropriation Acts (Nos. 1, 3, 5) 2013-14; sections 10, 11, 12 and 15 and under Appropriation Acts (Nos. 2, 4, 6) 2013-14; sections 12, 13, 14 and 17. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request that the Finance Minister reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.

d. Advance to the Finance Minister (AFM) – Appropriation Acts (Nos. 1, 3, 5) 2013-14; section 13 and Appropriation Acts (Nos. 2, 4, 6) 2013-14; section 15.

	2013 Appropriations							Appropriation applied in 2013 (current and prior years) \$'000	Variance \$'000
	Appropriation Act		FMA Act				Total appropriation		
	Annual Appropriation \$'000	Appropriations reduced ^a \$'000	AFM ^b \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000			
DEPARTMENTAL									
Ordinary annual services	112 091	-	-	-	21 997	-	134 088	133 305	783
Other services									
Equity	270	-	-	-	-	-	270	3 197	(2 927)
Total departmental	112 361	-	-	-	21 997	-	134 358	136 502	(2 144)

a. Appropriations reduced under Appropriation Acts (Nos. 1, 3, 5) 2012–13; sections 10, 11, 12 and 15 and under Appropriation Acts (Nos. 2, 4, 6) 2012–13; sections 12, 13, 14 and 17. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request that the Finance Minister reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. In 2013, there was no reduction in departmental and non-operating departmental appropriations.

b. Advance to the Finance Minister (AFM) – Appropriation Acts (Nos. 1, 3, 5) 2012–13; section 13 and Appropriation Acts (Nos. 2, 4, 6) 2012–13; section 15.

c. AEC has recognised in the 2012–13 financial year supplementation appropriation of \$3.795m that will be appropriated in the 2013–14 financial year. This amount is not reflected in the above table.

Note 22B: Departmental Capital Budgets (Recoverable GST exclusive)

	2014 Capital Budget Appropriations				Capital Budget Appropriations applied in 2014 (current and prior years)		
	<i>Appropriation Act</i>		Total Capital Budget Appropriations \$'000	Payments for non-financial assets ^c \$'000	Payments for other purposes \$'000	Total payments \$'000	Variance \$'000
	Annual Capital Budget \$'000	Appropriations reduced ^b \$'000					
DEPARTMENTAL							
Ordinary annual services – Departmental Capital Budget ^a	4 181	–	4 181	2 869	–	2 869	1 312

a. Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriations Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.

b. Appropriations reduced under Appropriation Acts (No. 1, 3, 5) 2013–14; sections 10, 11, 12 and 15 or via a determination by the Finance Minister.

c. Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

	2013 Capital Budget Appropriations				Capital Budget Appropriations applied in 2013 (current and prior years)		
	<i>Appropriation Act</i>		Total Capital Budget Appropriations \$'000	Payments for non-financial assets ^c \$'000	Payments for other purposes \$'000	Total payments \$'000	Variance \$'000
	Annual Capital Budget \$'000	Appropriations reduced ^b \$'000					
DEPARTMENTAL							
Ordinary annual services – Departmental Capital Budget ^a	10 629	–	10 629	8 797	–	8 797	1 832

a. Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriations Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.

b. Appropriations reduced under Appropriation Acts (No. 1, 3, 5) 2012–13; sections 10, 11, 12 and 15 or via a determination by the Finance Minister.

c. Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

Note 22C: Unspent Annual Appropriations (Recoverable GST exclusive)

Authority	2014 \$'000	2013 \$'000
DEPARTMENTAL		
Appropriation Act 1 – 2013–14 ^b	35 939	–
Appropriation Act 1 – 2013–14 – Cash	1 518	–
Appropriation Act 1 – 2013–14 – Departmental Capital Budget	1 478	–
Appropriation Act 1 – 2012–13	–	5 316
Appropriation Act 1 – 2012–13 – Cash	–	1 689
Appropriation Act 1 – 2012–13 – Departmental Capital Budget	4 756	4 922
Appropriation Act 1 – 2010–11	–	2 875
Act 2 – Non Operating – Equity Injection – 2013–14 ^a	3 992	–
Act 2 – Non Operating – Equity Injection – 2012–13	–	270
Act 2 – Non Operating – Equity Injection – 2011–12	–	370
Act 2 – Non Operating – Equity Injection – 2010–11	–	614
Act 2 – Non Operating – Equity Injection – 2009–10	–	400
Total	47 683	16 456

- a. AEC's Annual Appropriation in the 2013–14 financial year includes supplementation appropriation of \$3.795m that related to the 2012–13 financial year. This amount is reflected in the above table. Of this amount \$2.181m has been quarantined and will be reduced under Appropriation Acts in the 2014–15 financial year.
- b. AEC's Annual Appropriation includes an amount of \$26.818m related to ordinary annual services and \$3.989m related to Equity that has been quarantined and will be reduced under Appropriation Acts in the 2014–15 financial year. This amount is included in the table above, but has not been recognised in Revenue from Government and Appropriations Receivable in the financial statements.
- c. Of the amounts quarantined only \$0.323m has been applied as a reduction in Revenue from Government and Appropriations Receivable in the financial statements.

Note 22D: Special Appropriations (Recoverable GST exclusive)

Authority	Type	Purpose	Appropriation applied	
			2014 \$'000	2013 \$'000
Commonwealth Electoral Act 1918 (Administered)	Unlimited Amount	Election Public Funding	60 957	–
Financial Management and Accountability Act 1997 – s.28 Refund of Receipts	Refund	Refund of Non Voter Fines	30	–
Commonwealth Electoral Act 1918 (Departmental)	Unlimited Amount	Electoral Roll Review	9 000	9 000
Total			69 987	9 000

Note 23: Special Accounts

Note 23A: Special Accounts (Recoverable GST exclusive)

	Services for Other Entities and Trust Monies (SOETM)	
	2014 \$'000	2013 \$'000
Balance brought forward from previous period		
Increases:		
Other receipts	2 424	–
Total increases	2 424	–
Available for payments	2 424	–
Decreases:		
Special Public Money Payments made	920	–
Total decreases	920	–
Total balance carried to the next period	1 504	–

Appropriation: *Financial Management and Accountability Act 1997*; section 21.

Establishing Instrument: *Financial Management and Accountability Act 1997*; section 20.

Purpose: for the expenditure of monies temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth, for example, candidate deposits.

Note 24: Assets Held in Trust

Monetary assets

Financial assets held in trust are also disclosed in Note 23: Services for Other Entities and Trust Monies (SOETM) Special Account.

	2014 \$'000	2013 \$'000
SOETM Special Account – Monetary Asset		
Total amount held at the beginning of the reporting period	–	–
Receipts	2 424	–
Payments:		
Title passed to Australian Government	–	–
Returned to original owner	(920)	–
Total amount held at the end of the reporting period	1 504	–

Non-monetary assets

AEC had no non-monetary assets held in trust in both the current and prior reporting period.

Note 25: Compensation and Debt Relief

	2014 \$	2013 \$
Compensation and Debt Relief – Departmental		
No 'Act of Grace payments' were expended during the reporting period (2013: No expenses).	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> (2013: No waivers).	-	-
Three payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period (2013: No payments).	2 891	-
No ex-gratia payments were provided for during the reporting period (2013: No payments).	-	-
No payment was made under Paragraph 3 of Appendix B (Handling Monetary Claims) of the <i>Legal Services Direction 2005</i> , issued under section 55ZF of the <i>Judiciary Act 1903</i> during the reporting period (2013: No payments).	-	-
No payment was made under section 73 (1) of the <i>Public Service Act 1999</i> as a payment in special circumstances. (2013: 1 payment).	-	6 672
Compensation and Debt Relief – Administered		
No 'Act of Grace payments' were expended during the reporting period (2013: No expenses).	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> (2013: No waivers).	-	-
44 payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period (2013: No payments).	88 000	-
No ex-gratia payments were provided for during the reporting period (2013: No payments).	-	-
No payment was made under Paragraph 3 of Appendix B (Handling Monetary Claims) of the <i>Legal Services Direction 2005</i> , issued under section 55ZF of the <i>Judiciary Act 1903</i> during the reporting period (2013: No payments).	-	-
No payment was made under section 73 (1) of the <i>Public Service Act 1999</i> as a payment in special circumstances. (2013: No payments).	-	-

Note 26: Reporting of Outcomes

In determining the full cost of outputs, the AEC charges direct costs to programmes and allocates overheads between programmes on the basis of full time equivalent staff.

The AEC's resourcing consumption varies considerably from year to year and between programmes depending on the phase of the electoral cycle.

Note 26A: Net Cost of Outcome Delivery

	Programme 1		Programme 2		Programme 3		Total Outcome 1	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Departmental								
Expenses	50 641	60 458	211 296	55 424	21 659	19 236	283 596	135 118
Own-source income	(12 169)	(12 321)	(6 326)	(6 382)	(10)	(152)	(18 505)	(18 855)
Administered								
Expenses	-	-	60 984	-	-	-	60 984	-
Income	-	-	(2 242)	(32)	-	-	(2 242)	(32)
Net cost of outcome delivery	38 472	48 137	263 712	49 010	21 649	19 084	323 833	116 231

Outcome 1 is described in Note 1.1.

The net costs shown above include intra-government costs.

Note 26B: Major Classes of Departmental Expenses, Income, Assets, and Liabilities by Outcome

The AEC has one outcome so these figures appear in the Statement of Comprehensive Income and Statement of Financial Position.

Note 26C: Major Classes of Administered Expenses, Income, Assets, and Liabilities by Outcome

The AEC has one outcome so these figures appear in Note 16: Administered Expenses, Note 17: Administered Income and Note 18: Administered – Assets and Liabilities.

Note 27: Net Cash Appropriation Arrangements

	2014 \$'000	2013 \$'000
Total comprehensive income (loss) less depreciation/ amortisation expenses previously funded through revenue appropriations ^a	<u>25 759</u>	<u>8 257</u>
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u>(9 389)</u>	<u>(8 404)</u>
Total comprehensive income/(loss) – as per the Statement of Comprehensive Income	<u>16 370</u>	<u>(147)</u>

a. From 2010–11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payments for capital expenditure is required.

AEC's Revenue from Government includes an amount of \$24.314m related to activities that the AEC did not undertake. The Department of Finance has quarantined these funds for a return to government. These amounts will be legally reduced under Appropriation Acts in the 2014–15 financial year.

'Challenges in a controlled environment allowed me to test capability outside my comfort zone. This allowed consolidated learning... helped me to connect the dots.'

Course participant

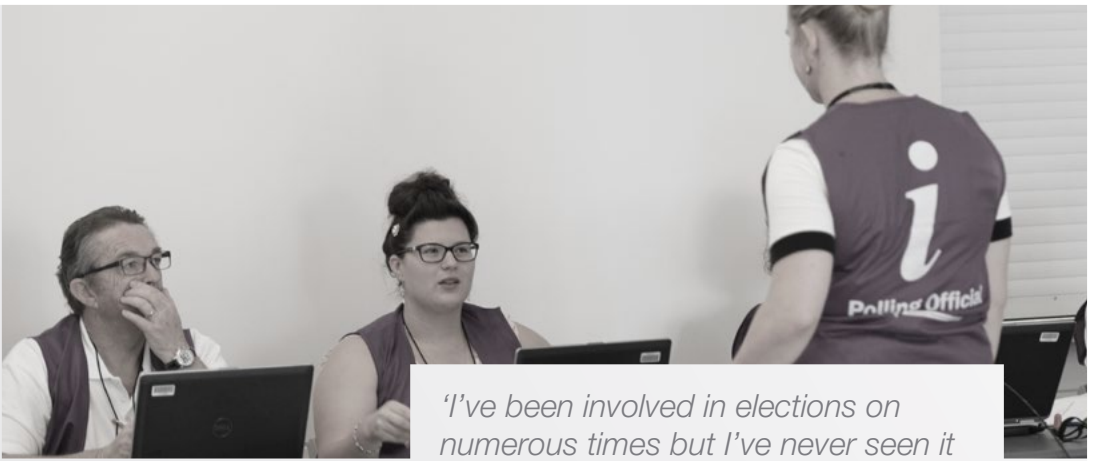
A new approach to training

Divisional Returning Officers (DROs) are responsible for the House of Representatives election in each of Australia's 150 federal electoral divisions. They must oversee the delivery of all election services in their division including enrolment processing, early voting, employing and training polling workers the conduct of the count, and finalising records and returns. All these services must be delivered consistently, to a high standard, in accordance with the Electoral Act, following a mandated timeline and under constant scrutiny. But what if you've never done it before?

In recent years, the AEC has sought out new approaches to election training that go beyond merely informing staff about procedures and requirements to preparing them for the unique and dynamic characteristics of an election. Effective election management is not just about knowing what to do; it's about being able to do it under pressure and deal with the myriad of unexpected issues that can arise along the way.

The need for experiential election training was heightened in the New South Wales state office when workforce planning revealed a significant number of staff would be eligible for retirement before the 2013 federal election. This meant that a considerable proportion of the state's DROs would be either new to the AEC or new to their role when the election took place.

To build election capability, a pilot election training programme was developed – the Election Ready Operational Capacity Development Programme. The programme covered all



'I've been involved in elections on numerous times but I've never seen it in this light as a whole and how much the DRO needs to be on top of.'

Course participant

aspects of election operations, with particular emphasis on the post-election period. The programme highlighted the fact that post-election success is dependent on completing pre-election activities to a high quality.

The programme incorporated simulated election activities that participants were asked to manage. These were scaled to provide as close to a 'real' election experience as possible. Tight and demanding election timeframes were mimicked through unfolding scenarios, with disruptions occurring throughout key processes, requiring participants to react and respond appropriately.

For example, in order for participants to gain an understanding of the practical variations that can occur during counting, fresh scrutines of 75 000 House of Representatives ballot papers were conducted simultaneously for two divisions – one with 11 candidates and the other with four. One of the divisions was simulated as a close seat and actors played the role of scrutineers. The 'scrutineers' followed real scenarios from previous elections to challenge ballot papers and supervisor decisions. Counts involving 3 000 declaration votes were also conducted in a tight timeframe, with other staff role-playing candidates, scrutineers, media and AEC returning officers – all applying pressure for a result.

The nine-day programme was initially piloted in New South Wales in October 2012. Peer and facilitator feedback was provided to the participants at the conclusion of each practical activity. Critical areas of focus were compliance and adherence to policy and procedural instructions, but participants were also encouraged to reflect on their learning and identify new insights.

Feedback from the pilot was overwhelmingly positive and three more courses were conducted, providing training to 80 AEC managers and supervisors from New South Wales, the Australian Capital Territory, Queensland, the Northern Territory and Tasmania.

The success of the programme in delivering 'the closest experience of running an election outside running an election' means it is now being assessed for inclusion in the AEC's new Learning and Development Framework – part of a long-term commitment to meaningful and comprehensive training that supports staff to deliver quality election services.