REGULATORY IMPACT STATEMENT: REGULATION OF NEW ZEALAND FLAG REFERENDUM ADVERTISING

Agency Disclosure Statement

This Regulatory Impact Statement (RIS) has been prepared by the Ministry of Justice. It analyses the implications of regulatory options for the regulation of referendum advertising for the New Zealand flag referendums.

Limits on the options analysed

The Government has announced that the first flag referendum, in which voters will be asked to indicate the alternative flag design they prefer, will be held in late 2015. In order for this to occur, legislation must be introduced to the House in early 2015. Options in this RIS do not include tools which would risk the feasibility of implementation within the constrained timeframes set for this referendum. A donations disclosure requirement and tools not used in New Zealand have not been included for these reasons (explained from para 27). Within these constraints, officials consider the only viable tools are the four used previously in New Zealand to regulate referendum advertising.

As discussed in the RIS (see paras 16-18), officials consider that some degree of regulation is necessary for these referendums. Accordingly the option of having no regulation is not considered to be viable.

Limitation on the analysis undertaken (assumptions)

There is no status quo as such for the regulation of referendum advertising, as binding government referendums usually have bespoke legislation expiring after that particular referendum. However there are a number of previous or existing approaches to comparable regulation in New Zealand including the Electoral Referendum Act 2010, the Citizens Initiated Referenda Act 1993 and the Compulsory Retirement Savings Scheme Referendum Act 1997.

A comparative analysis is used for assessing options for regulation of referendum advertising. In assessing options we have indicated the likely degrees of costs for comparison, but it is difficult to estimate precise administration costs. The Electoral Commission has indicated that it will be able to administer any of these options without the need for additional funding.
We have also assumed that:

- the chosen regulatory regime will apply evenly to both referendums in order to ensure regulation is efficient, understandable, and treats advertising campaigns equally whether for the status quo or for change;

- the New Zealand flag referendums will draw interest and participation from many parts of the public – from organised campaigns to widespread, small-scale participation by members of the public not usually engaged in political activity;

- the public and media will have an interest in the identities of promoters and/or their motivations for the positions for which they are arguing.

As explained throughout, this RIS has eliminated options that are not feasible. The choice between remaining options will depend on a judgement, informed by competing values, as to whether a lighter regulatory approach or a stronger regulatory approach is desirable. The trade-off between these two approaches is discussed in paras 42-45. The Ministry of Justice makes no recommendation as to which of these two approaches is preferable. Rather, this RIS presents two recommended combinations of options (for regulatory scope, tools and time period) for achieving either a lighter or stronger regulatory regime.

David King

General Manager, Civil and Constitutional Policy

Ministry of Justice
Executive Summary

1. This Regulatory Impact Statement considers the following three issues in relation to options for the regulation of referendum advertising for the New Zealand flag referendums:
   - Part A: *What will be regulated?* What will be the *scope* of the definition of 'referendum advertisement', and the media covered by this?
   - Part B: *How will it be regulated?* What regulatory *tools* should be used?
   - Part C: *When will it be regulated?* What will be the *regulated period* during which these tools apply?

2. Recognising the limited feasibility of a broad definition, the Ministry of Justice recommends (para 31) a refined definition of 'referendum advertisement' exempting flags and symbols displayed by themselves.

3. Other constraints discussed in the Agency Disclosure Statement above mean some options and tools have been eliminated because they are not considered feasible.

4. The choice between the scope of what will be regulated, the tools that will apply and what the regulated period will be is left open to a judgement between a lighter regulatory approach or a stronger regulatory approach. The RIS does make recommendations, illustrated in the tables below, as to which combinations of these options best achieve either the lighter or stronger regulatory regime.

5. This RIS makes explicit the criteria on which the choice between a lighter or stronger approach may be based (refer paras 42-45).

*If a lighter regulatory approach is desired, the following combination is preferred*

<table>
<thead>
<tr>
<th>Scope</th>
<th>Tools</th>
<th>Regulated period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option A1: All media or Option A2: Specific media only</td>
<td>Option B2 is preferable</td>
<td>Single continuous regulated period</td>
</tr>
<tr>
<td></td>
<td>• Promoter statements</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Promoter registration</td>
<td></td>
</tr>
</tbody>
</table>

*If a stronger regulatory approach is desired, the following combination is preferred*

<table>
<thead>
<tr>
<th>Scope</th>
<th>Tools</th>
<th>Regulated period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option A1: All media or Option A2: Specific media only</td>
<td>Option B4 is preferable</td>
<td>Separate regulated periods for each referendum</td>
</tr>
<tr>
<td></td>
<td>• Promoter statements</td>
<td></td>
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<td></td>
<td>• Promoter registration</td>
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<tr>
<td></td>
<td>• Expense disclosure</td>
<td></td>
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<tr>
<td></td>
<td>• Expenditure limits</td>
<td></td>
</tr>
</tbody>
</table>

6. A lighter regulatory approach can extend to all media but remain a light regime because the obligations involved with promoter statements and registration are not burdensome.
Problem definition and status quo

We need a legitimate, enduring outcome

7. The New Zealand flag is a common and enduring symbol of unity. Referendums on the future of the national flag need to have an enduring result. This means the referendum process needs to have a high degree of legitimacy, integrity and public confidence.

8. The public debate will be a key aspect of the referendum process impacting on these goals. The activities and regulation of participants promoting advertising and campaigning in favour of various referendum outcomes will influence public confidence in the integrity of the process.

9. Specifically, integrity and public confidence in the referendums on the New Zealand flag are more likely to be achieved if:
   - there is open and inclusive debate with different perspectives heard so the public can make an informed choice
   - different participants including individuals and groups have equitable opportunity to freely express their views
   - members of the public feel they know enough about who is promoting the various referendum positions
   - any detrimental influence, or undue influence of wealth, on the public debate or on voter turnout is minimised.

10. The chosen regulatory approach should ensure that
   - rules and requirements are clear
   - there is enough time for people to understand and prepare before they are subject to regulation
   - regulation and compliance costs, and any constraints on freedoms, are proportionate and do not unduly inhibit participation.

These referendums are different; our goal requires a tailored approach

11. Striking this balance is challenging in the unique context of referendums on the national flag.

12. Unlike other referendums, the New Zealand Flag Referendum process involves an issue that is largely a visual, emotive and symbolic one. It is also simpler in that it does not involve complex legal consequences or the degree of concerns about political and financial ‘vested interests’ often associated with referendum outcomes and advertising.
13. We also expect that the New Zealand Flag Referendums will draw interest and participation from many parts of the public. As well as organised campaigns, we expect widespread, small-scale participation by people promoting and displaying their preferred flag design. These people may not normally engage in political activity, so may not expect that their participation would be regulated.

14. The usage and display of flags is common, unrelated to the referendums. Flags are flown on government buildings and private homes, and by businesses and NGOs. Flags and related designs are also common in commercial material.

15. How regulation deals with this widespread and normalised behaviour described above needs to be considered carefully. Regulation should minimise the risk of accidental non-compliance and avoid unduly restricting the free expression of ideas.

16. These difficulties and the unique context mean officials have considered the possibility of not regulating advertising for the referendums on the New Zealand flag. However, we consider that regulation remains necessary because at minimum there is likely to be public, media or political interest in the transparency of significant advertising and promoters’ activities.

17. Transparency is important because identities and motivations of promoters are relevant in assessing and scrutinising their advertising campaigns. Regulation makes this information accessible in a consistent way. No regulation would mean the provision of this information would be voluntary, likely resulting in varying degrees of transparency.

18. If we do not regulate for at least a minimal degree of transparency, information could arise after the referendums which compromises the durability of the result. All recent New Zealand examples of referendum advertising which we refer to below have involved at least a promoter statement requirement.

**We can refer to previous relevant New Zealand legislation**

19. Previous binding government referendums have been implemented with bespoke legislation expiring after that referendum event. The referendum on the flag will be dealt with in the New Zealand Flag Referenda Bill. This means there is no standing legislation establishing a regime regulating advertising for the flag referendum.

20. While there is no status quo in this sense, we can refer to other approaches to the regulation of referendum advertising in:

- The Citizens Initiated Referenda Act 1993 – This is relevant as CIRs often involve broad public interest. However, unlike CIRs the flag referendum will be government-initiated and binding.
- The Compulsory Retirement Savings Scheme Referendum Act 1997 – this is the most recent binding government-initiated referendum on a non-electoral issue.
- The Electoral Referendum Act 2010 – the referendum on MMP held with the 2011 election is the most recent government-initiated referendum\(^1\). This mirrored the current provisions in the Electoral Act 1993 which relate to third party promoters.

21. The features of advertising regimes in these Acts are outlined in the following table. (See Appendix 1 for further detail and other examples).

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Promoter statement</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Registration of promoters</td>
<td>×</td>
<td>×</td>
<td>✓ (if over $12,000)</td>
</tr>
<tr>
<td>Promoters disclose expenses</td>
<td>×</td>
<td>✓ (all advertisers)</td>
<td>✓ (if over $100,000)</td>
</tr>
<tr>
<td>Expenditure limits</td>
<td>×</td>
<td>✓ ($50,000)</td>
<td>✓ ($300,000)</td>
</tr>
</tbody>
</table>

Greater regulation

22. In the Electoral Act 1993 (and mirrored in the Electoral Referendum Act 2010) a ‘referendum advertisement’ is defined as: “an advertisement in any medium that may reasonably be regarded as encouraging or persuading voters to vote in a particular way in the referendum or not to vote in a particular way in the referendum”. It also included exemptions for:

- advertisements relating to the conduct of the referendum and authorised by the Electoral Commission or other government agencies
- editorial content of media
- statements that did not promote, or could not reasonably be regarded as promoting a voting option
- any transmission of proceedings in the House of Representatives; and
- personal views expressed on the Internet (or other electronic medium) by an individual that did not receive payment for that publication.

\(^1\) The Electoral Referendum Act 2010 provisions mirror those currently in the Electoral Act for Third party promoters
23. This existing definition is helpful as a starting point but we propose to refine its scope (see paras 29-34). The unique context of the flag referendums limits the extent to which broad regulation is feasible. While some regulation is necessary the widespread use of flags and the expected scale of participation described above (paras 12-15) may justify a lighter regulatory regime.

24. The following section sets out criteria and applies them to options for regulation of advertising in the flag referendums. These options may depart from recent regulation used for the referendum on MMP and for general elections.
Objectives

25. The overarching objective of the referendum process for the consideration of the New Zealand flag is a referendum result that is enduring, legitimate and accepted. In assessing whether the referendum will achieve this outcome, we consider the following criteria:

- **Public information**
  - The public will have the information to make an informed choice, and will feel the process is transparent if they are able to scrutinise the interests or motives of promoters, and there is a balanced and robust public debate.

- **Participation**
  - It should be simple to get involved in promotion and in the public debate. Rules should be familiar and easily understood, and enable the expression of perspectives with minimum constraint on freedoms.

- **Neutrality**
  - Rules should be neutral, not favouring a particular referendum outcome or promoter.

- **Cost-effectiveness**
  - Compliance and administrative costs should be proportional to the goals of regulation.

26. These objectives tailor those used in the analysis of options for referendum structure in the earlier Regulatory Impact Statement on *Considering changing the New Zealand flag*\(^2\). Similar criteria were applied, covering engagement (representation of perspectives, voter turnout), public accessibility (availability of information, comprehension of rules), neutrality and cost.

**Administrative feasibility**

27. An additional consideration is administrative feasibility. This was applied in the earlier RIS, but is not used to assess the options presented in this RIS. We have applied this consideration in eliminating options that are not feasible. The feasible tools are those used previously in New Zealand to regulate referendum advertising, with which the Electoral Commission has experience and the public is familiar.

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28. Accordingly we do not present options that include;

- entirely new approaches, or tools used in overseas jurisdictions
  - We do not consider these to be feasible for development or implementation within the time constraints set for this referendum process

- a donations disclosure requirement
  - This tool has not previously been applied to referendum campaigns or to third party promoters at general elections. Such a requirement would impose high compliance costs for interest groups that also receive donations for purposes other than the referendums. Those groups may have difficulty identifying which donations are related to referendum advertising and which are for other purposes.
Options and impact analysis

Part A: Which types of advertising will be regulated?

29. The definition of ‘referendum advertisement’, described earlier in paragraph 22 is quite broad even with its exemptions. Normal, pre-existing use of the current New Zealand flag or popular symbols could be captured by this definition. Such images could be seen as “encouraging or persuading voters”.

30. There would be practical difficulties with physically applying even the minimum requirement of a promoter statement to flags, which are usually two-sided and often flown from a height. It is also impractical to regulate display of flags which is pre-existing.

31. Given these difficulties and impracticalities (refer paragraphs 11-17), officials consider that a feasible definition of referendum advertisement must exclude the display of flags and related images or symbols by themselves.

32. Refining the scope of regulation in this way mitigates the risks associated with applying regulation to the existing, widespread and small-scale behaviour of a large section of the public.

33. Officials have identified two viable options for narrowing the definition of ‘referendum advertisement’ from the Electoral Referendum Act 2010. Both of these:
   
   • define referendum advertisements as those that can reasonably be regarded as encouraging people to vote or not vote, or to do so in a particular way, in either referendum;
   
   • carry over the other exemptions in the Electoral Act listed in paragraph 19; and
   
   • additionally exempt flags and related images and symbols displayed by themselves.

34. The difference between the two options is whether or not regulation is limited to referendum advertisements in mass media.
**Option A1: Wider scope**

Scope of regulation exempts flags and related images and symbols by themselves, and includes other advertisements (in any medium) relating to votes in the referendums

*(Covers: e.g. bumper stickers, t-shirts, broadcast advertisements and other mass media)*

**Advantages:**

*Public information* – By regulating more material related to the public debate on the flag, there is greater transparency and the public has more information about promoters’ activities. This option enhances the effectiveness of tools such as expenditure limits in bringing balance to the public debate.

*Neutrality* – Regulating different types of media evenly may mean regulation is more neutral across different types of promotional activity.

**Disadvantages:**

*Participation* – There are slight additional barriers to participation and free expression. Regulation would apply to advertising with lower reach such as bumper stickers and signs. Even small-scale advertising of this kind, below registration thresholds, would require promoter statements. There may be increased unintentional non-compliance if everyday behaviour is regulated.

*Cost* – Greater compliance and administration costs than with a narrower scope.

**Option A2: Narrower scope – regulate only certain media**

Scope of regulation exempts flags and related images and symbols by themselves, and includes other advertisements in specified types of mass media, and relating to votes in the referendums

*(Covers: e.g. only mass media – requires decision as to inclusion of all or only some of the following: print media, broadcast, online)*

**Advantages:**

*Participation* – A narrower scope minimises barriers to participation and freedom of expression. This may be more in line with public expectation.

*Costs* – Much simpler to enforce, reducing administration and compliance costs.

**Disadvantages:**

*Neutrality* – There is some risk that if regulation is not media-neutral, then the regulatory burden falls disproportionately on certain promoters.

*Public information* – Less promotional activity will be subject to regulation, reducing the effectiveness of transparency requirements and any efforts to regulate the balance of the public debate.


Recommendations and trade-offs

35. Option A1 may be chosen if it is preferable that:
   • the public has information about the source (identity of promoters) of as much
     referendum advertising as possible; and
   • tools such as expenditure limits or expense disclosure can apply to as much of
     the relevant promotional material as possible.

36. Option A2 may be chosen if it is preferable that:
   • only the media that are most expensive and have the greatest reach, such as
     publications and broadcasts, are regulated; and
   • individuals engaging in small-scale participation are not subject to any
     regulation; and
   • administration and compliance costs are minimised.

37. Option A2 requires further decisions as to which media will be regulated. It may be
    considered that some media are more appropriate for flag/referendum promotion
    than others. Regulation of internet referendum advertising (which may be
    widespread and low-cost) would be more difficult, and some of this is passive
    advertising (e.g. websites rather than banner ads).
Part B: Which regulatory tools will be used?

38. Officials consider that four regulatory tools used in current or previous New Zealand regulation are viable for regulating flag referendum advertising. These tools are as follows:

*Promoter statements* – a requirement that all referendum advertisements contain a statement identifying the name and address of the promoter.
- This has been required in recent referendums.

*Registration of promoters* – a requirement that promoters intending to spend above a certain threshold register with the Electoral Commission.
- There would need to be a decision as to what this threshold would be. In the Electoral Act 1993 and Electoral Referendum Act 2010 this is ~$12,000. The list of registered promoters would be published.

*Disclosure of registered promoters’ expenses* – a requirement that registered promoters spending above a certain threshold file expense returns after the referendum.
- In the Electoral Act 1993 and Electoral Referendum Act 2010 this threshold is $100,000. For CIR there is no threshold and all must disclose expenses.

*Expenditure limit* – a requirement that promoters of referendum advertising during the regulated period do not spend over a certain limit.
- In the Electoral Act 1993 and Electoral Referendum Act 2010 this is ~$300,000. For CIR the limit is $50,000.

**Combinations of tools**

39. While these tools can to some degree be considered independently of each other, in practice they are combined and complementary, e.g.;

- An expenditure limit would usually require expense returns in order to facilitate enforcement (though it can be noted that the CIR imposes limits without requiring registration).
  - Where expense returns are collected, we assume they should be publicly disclosed in the interests of transparency.
- In turn, expense disclosure is better facilitated if promoters are registered.

40. For these reasons we present options as four levels of regulation, each building on the preceding option, with the fourth option using all four tools (as does the Electoral Act). These options and their respective advantages, disadvantages and costs are discussed below.
41. As will be seen, there are two general approaches — lighter regulation and stronger regulation. For a lighter approach, options are B1 and B2. Option B2 has the stronger cost/benefit balance. For a stronger approach to regulation, options are B3 and B4. Option B4 is preferable, again having a better cost/benefit balance.

**Lighter Regulation**

**Option B1:**

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<tr>
<th>Promoter statement</th>
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</table>

**Advantages:**

*Participation* – This option minimises barriers and costs to free expression and participation in the public debate.

*Cost* – Lowest compliance and administration costs.

**Disadvantages:**

*Public information* – This option provides the lowest degree of transparency, allowing public scrutiny of the identity of those promoting the various perspectives on the flag question.

**Conclusion:**

*This option is not recommended.* On its own, a promoter statement requirement offers few benefits to justify the costs and burden of applying promoter statements to referendum advertising. Unless combined with a registration requirement, information about promoters’ key office holders may not be accessible.

**Option B2:**

<table>
<thead>
<tr>
<th>Promoter statement</th>
<th>Promoter registration</th>
</tr>
</thead>
</table>

**Advantages:**

*Public information* – This option enhances transparency, giving the public information through a centralised record of people or entities likely to be spending significant amounts on referendum advertising. Registration means key office holders of advertising entities are also known. This information is available during the public debate, and so can inform voters’ views.

**Disadvantages:**

*Participation* – This option adds a minor additional barrier to participation (though this only applies above a certain expenditure threshold).

*Cost* – adds minor administration and compliance costs.

**Conclusion:**

*This is the best option for lighter regulation.* The added compliance costs are minor and somewhat proportional as only those intending to spend significant amounts need to register. The transparency benefits of promoter registration mean the costs of this option are better balanced than with Option 1.
**Stronger Regulation**

**Option B3:**

<table>
<thead>
<tr>
<th>Promoter statement</th>
<th>Promoter registration</th>
<th>Expense disclosure</th>
</tr>
</thead>
</table>

**Advantages:**

*Public information* – Following the referendum result, the disclosure of expenses enables additional scrutiny. In this way, this option adds to the transparency benefits of option B2.

**Disadvantages:**

*Participation* – For promoters engaging in extensive referendum advertising, this option increases barriers to their free expression and participation.

*Cost* – Adds further administration costs. Adds compliance costs for large promoters.

**Conclusion:**

*This option is not recommended.* The added regulatory burden and cost are not balanced by the benefits. The disclosure of expense returns does not add information until after the referendum result and so cannot inform the public debate.

- For these reasons, expense disclosure is not a desirable tool on its own. However, we consider it a necessary foundation for the use of expenditure limits in Option 4 below.

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**Option B4:**

<table>
<thead>
<tr>
<th>Promoter statement</th>
<th>Promoter registration</th>
<th>Expense disclosure</th>
<th>Expenditure limits</th>
</tr>
</thead>
</table>

**Advantages:**

*Public information* – This option builds on the transparency and public information offered by the other options. The addition of an expenditure limit may mean there is more equitable opportunity for different perspectives to be expressed. This means voters’ decisions can be informed by a potentially more balanced public debate. Expenditure limits will help manage perceptions, during and after the public debate, of the influence of expenditure on the referendum. This option also helps ensure the Electoral Commission’s voter information is not drowned out by other advertising, and moderates the use of expensive broadcast media.

**Disadvantages:**

*Participation* – An expenditure limit adds a concrete restriction on freedom of expression, though this only applies to the largest promoters.

*Public information* – Limiting expenditure on advertising may curtail an important source of public information.

**Conclusions:**

*This is the best option for stronger regulation.* There are similar added administration and compliance costs associated with disclosure of expenses as for Option 3. For this option, however, expense disclosure facilitates the expenditure limits. This means costs are balanced by significant public information benefits. Costs and barriers to participation remain proportional given the various expenditure thresholds involved.
Recommended options and associated trade-offs

42. Option B2 (lighter regulation) may be chosen if it is considered that:
   - minimal barriers to participation are desired,
   - a less expensive approach is desired,
   - the exemptions applied in the definition of referendum advertisement limit the benefits to be gained, or limit the effectiveness of regulation, so that more costly or restrictive regulation cannot be justified
   - the nature of the issue means that the influence of wealth is less likely or less problematic.

43. Option B4 (stronger regulation) may be chosen if it is considered that:
   - it is necessary to promote the real or perceived balance of the public debate, and to provide transparency relating not only to promoters' identities but to their expenditure levels
   - it is necessary to manage perceptions of the influence of wealth

44. It should be noted that applying the stronger regulation to all media (rather than specific media only) need not be disproportionate or constrain members of the public engaged in small-scale promotion of their preferred flag. This is because only registered promoters intending to spend large amounts are subject to the additional burden of the stronger regulatory requirements.

45. If Option B2 is chosen, the appropriate regulated period is a single continuous regulated period. If Option B4 is chosen, two separate regulated periods are necessary. This is explained in the next section.
Part C: What period should this regulation regime apply to?

46. The tables below indicate general advantages and disadvantages of options for the regulated period(s), during which the tools chosen in Part B will apply.

**Option C1: One continuous regulated period**

<table>
<thead>
<tr>
<th>One continuous regulated period (from 9 weeks before the first referendum to the final day of the voting period for the second referendum)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advantages:</strong></td>
</tr>
<tr>
<td>Participation – Generally a single regulated period would be simpler to administer and to communicate to participants, helping ensure rules are understood.</td>
</tr>
<tr>
<td>Public information – A single regulated period eliminates the possibility that there is a gap between regulated periods where advertising is not subject to transparency requirements or other rules.</td>
</tr>
<tr>
<td><strong>Disadvantages:</strong></td>
</tr>
<tr>
<td>Neutrality – (only if expense disclosure/limits are used) This period would not be suitable for stronger regulatory options such as expense disclosure or expenditure limits. A single expenditure limit or disclosure requirement cannot fairly apply across both referendums because it will not be known which alternative will pass the first vote.</td>
</tr>
</tbody>
</table>

**Option C2: Two regulated periods (necessary for expense disclosure/limits)**

<table>
<thead>
<tr>
<th>Two regulated periods (one for the first referendum and one for the second)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advantage:</strong></td>
</tr>
<tr>
<td>Neutrality – (only if expense disclosure/limits are used) Two regulated periods will be necessary to ensure expenditure limits can be applied fairly, or that disclosed expenses are attributable to each referendum.</td>
</tr>
<tr>
<td><strong>Disadvantages:</strong></td>
</tr>
<tr>
<td>Public information – depending on the timing of the regulated periods, there may be a gap between them during which advertising is not subject to transparency/other requirements.</td>
</tr>
<tr>
<td>Participation – The converse of the above; dual regulated periods adds some complexity to the rules, which may inhibit understanding or compliance.</td>
</tr>
</tbody>
</table>

**Recommendations and trade-offs**

47. The preferable option for the regulated period(s) is determined by the choice of regulatory tools in part B.

48. Option C2 (two separate regulated periods) will be necessary if Option B4 is chosen.

49. Otherwise, Option C1 is likely to be preferable (a single continuous regulated period over both referendums).
Consultation

50. The following departments and agencies were consulted in the preparation of this RIS: the Department of the Prime Minister and Cabinet, the Ministry for Culture and Heritage, the Treasury and the Electoral Commission.

51. Feedback from agencies have been summarised and incorporated into the analysis.

Implementation

52. Any regulatory regime selected for flag referendum advertising will be included in the New Zealand Flag Referenda Bill.

53. It is important that there is enough lead-in time for people whose activity is to be regulated to understand and prepare for this.

54. The Electoral Commission will be responsible for administering the chosen regulatory regime. The Commission will communicate rules and requirements to participants and the general public.

55. It is difficult to estimate the precise costs administrative costs associated with the different options outlined in this RIS. However the Electoral Commission has indicated that it will be able to administer any of these regulatory options without the need for additional funding.

Monitoring and Evaluation

56. No formal review is planned. However the Electoral Commission reviews the administration of any electoral event. Any issues identified by the Commission will be considered as part of any review of the current legislation and for any future referendums and electoral events.
Appendix 1: Referendum advertising in NZ - recent relevant examples

Currently the Electoral Act 1993 provides a regime for the regulation of third party promoters. This is analogous to referendum promotion (the regulatory regime in the Electoral Referendum Act was based on it).

In addition, recent referendums in New Zealand, and the Citizens Initiated Referenda Act 1993 included regulatory regimes for advertising. The table below summarises these:

<table>
<thead>
<tr>
<th>The Electoral Act 1993 - Third Party Promoter Provisions:</th>
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</thead>
<tbody>
<tr>
<td>For the 2014 Election:</td>
</tr>
<tr>
<td>- all election advertisements required a promoter statement;</td>
</tr>
<tr>
<td>- third party promoters intending to spend over $12,300 (incl GST) during the regulated period were required to register with the Electoral Commission;</td>
</tr>
<tr>
<td>- third party promoters could not spend more than $308,000 (incl GST) during the regulated period on referendum advertising; and</td>
</tr>
<tr>
<td>- third party promoters who spent more than $100,000 were required to submit expense returns to the Electoral Commission.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>The Electoral Referendum Act 2010</th>
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</thead>
<tbody>
<tr>
<td>Imposed a regulatory regime for promoters of referendum advertisements including:</td>
</tr>
<tr>
<td>- all referendum advertisements required a promoter statement;</td>
</tr>
<tr>
<td>- promoters intending to spend over $12,000 were required to register with the Electoral Commission;</td>
</tr>
<tr>
<td>- promoters could not spend more than $300,000 during the regulated period on referendum advertising; and</td>
</tr>
<tr>
<td>- promoters who spent more than $100,000 were required to submit expense returns to the Electoral Commission.</td>
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</table>

<table>
<thead>
<tr>
<th>The Citizens Initiated Referenda Act 1993</th>
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</thead>
<tbody>
<tr>
<td>Imposes a limit of $50,000 in relation to advertising promoting the referendum petition and a limit of $50,000 on advertising that promotes one of the voting options in the referendum.</td>
</tr>
<tr>
<td>Advertisers must provide returns of all advertisements to the Electoral Commission after 1 month of the referendum. The Commission must make these available for public inspection for 5 years.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The Compulsory Retirement Savings Scheme Referendum Act 1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>No limit on advertising expenditure by referendum campaigners was imposed.</td>
</tr>
<tr>
<td>The only restriction was the requirement for advertisements to contain a promoter statement setting out the name and address of the person promoting the advertisement.</td>
</tr>
<tr>
<td>The Referenda (Postal Voting) Act 2000</td>
</tr>
<tr>
<td>Contains a promoter statement requirement.</td>
</tr>
<tr>
<td>While the Act does not itself contain a limit on advertising expenditure, this can be imposed via the Citizens Initiated Referenda Act 1993.</td>
</tr>
</tbody>
</table>