

Electoral Commission: Capability Review

Final Report

9 September 2021





Private and confidential

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9 September 2021

Capability review and review of funding arrangements – final report

Dear Marie,

PwC is pleased to present our final report relating to the capability review of the Commission and review of funding arrangements. This report is provided in accordance with the Consultancy Services Order dated 12 May 2021. Please note the restrictions as set out in Appendix A of the report.

We would like to express our thanks to you, Alicia and the rest of the team, for the support that has been provided throughout the course our work. This has been of great assistance and is much appreciated.

If there is anything that you would like to discuss, or that we can assist with, in the light of this report, please do not hesitate to make contact.

Yours sincerely



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Executive summary

This review considers the capabilities, and funding, that the Electoral Commission (Te Kaitiaki Take Kōwhiri or the Commission) needs to successfully administer the general election in 2023 (GE23). We recommend that a significant uplift in capability and, hence, funding is needed in order to address a range of issues and challenges.

- The Commission lacks sufficient capacity and capability to undertake the planning and preparation that is required for administering a large and very complex event of national significance.
- The external environment poses a range of threats and risks to the orderly running of elections. This includes security threats (cyber and physical), misinformation about elections (especially via social media), supply-chain disruptions (e.g. the Commission is a major buyer of paper and printing and postal services), difficulties in recruiting the large number of temporary field staff for voting places (there were over 23,500 of these in GE20) and so on. The Commission lacks sufficient capacity and capability to keep pace with the increasingly complex risk and threat environment.
- Māori, Pacific peoples, other ethnic communities, youth and some other groups have lower enrolment and voting rates than the general population that is eligible to vote. Although the Commission has taken steps to address this, there is more that needs to be done consistent with its statutory objective of facilitating participation in, and promoting understanding of, parliamentary democracy and ensuring that the principles of the Treaty of Waitangi are integrated into the Commission's day-to-day activities.

The current appropriation for delivering GE23 is \$136 million. Officials have been asked by Cabinet to review the level of funding for the Commission as it is generally recognised that this level of funding is not sufficient to deliver GE23. The current appropriation is substantially below the level of funding that was provided for GE20. We do not consider that an election could be delivered for this amount. This level of funding is not sufficient to fund the Commission as it stands today let alone enable the investment in capability that we consider is needed.

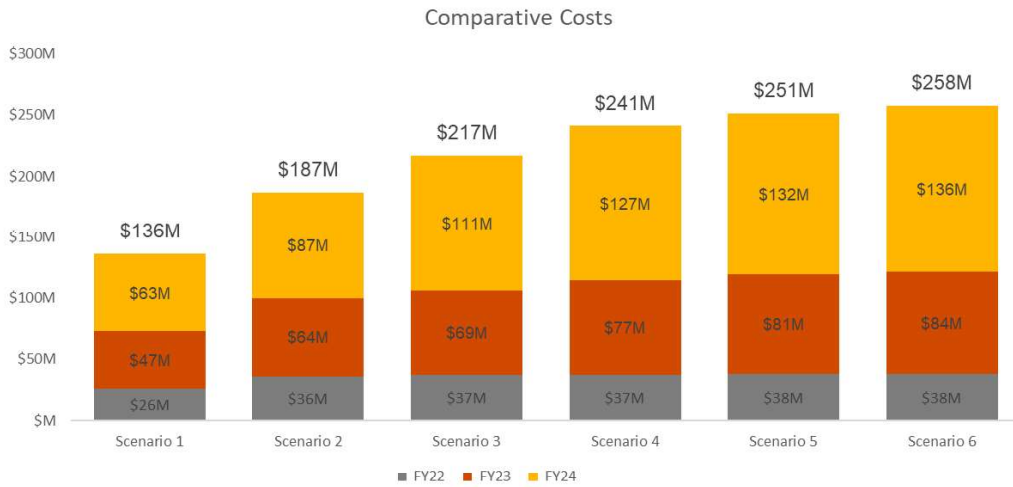
To determine the level of capability and, hence, funding needed by the Commission six scenarios have been developed and assessed.

In line with preferences indicated by the Commission and Ministry of Justice, the scenarios have been labelled as follows:

- Scenario 1 - Significantly reduce electoral services to an unviable position
- Scenario 2 - Significantly scale down electoral services from previous electoral cycles
- Scenario 3 - Modest reduction in electoral services from 2020 election with no capability uplift
- Scenario 4 - Increase the resilience of the Electoral Commission to be responsive and provide electoral services similar to 2020 election
- Scenario 5 - Enhance the strategic capability and capacity of the Electoral Commission and a modest increase to the scope of electoral services from 2020 election
- Scenario 6 - An Electoral Commission that delivers world leading electoral services.

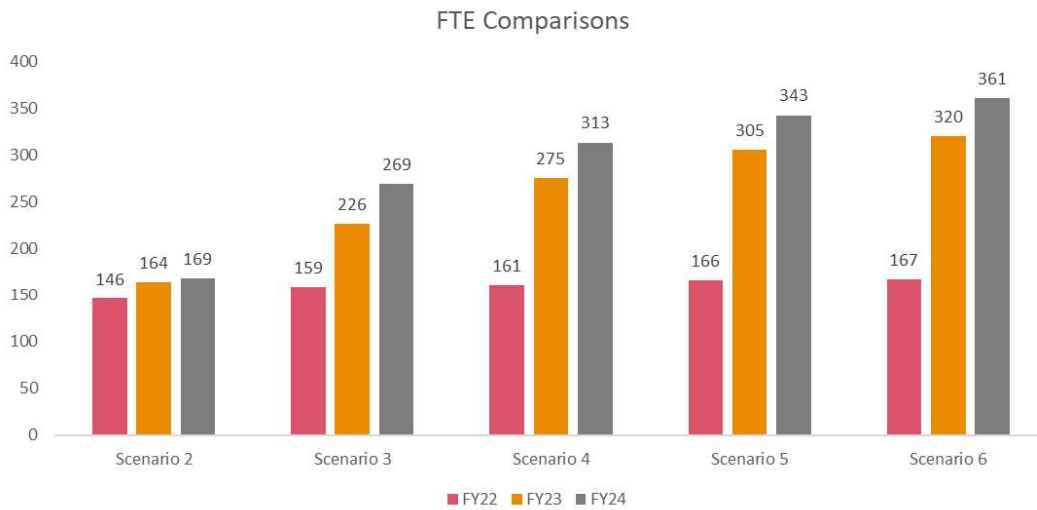
Throughout the report we refer to each scenario by its number rather than repeating the full title.

The estimated operating cost of each scenario, across the three year cycle for GE23, is shown below.



It should be noted that Scenario 1 reflects the current baseline funding rather than a realistic estimate of cost.

The full time equivalent (FTE) staff associated with each scenario is shown in the graph below. It should be noted that the graph excludes the large temporary workforce that is brought on at election time.



Each of the scenarios differs in terms of the quality of service provided to voters and the risk of a major disruption to the running of GE23. This is summarised in the diagram below. We note that Scenario 1 has not been included for the reason that this is not viewed as being a realistic scenario. The reasons for this are discussed later in this report.

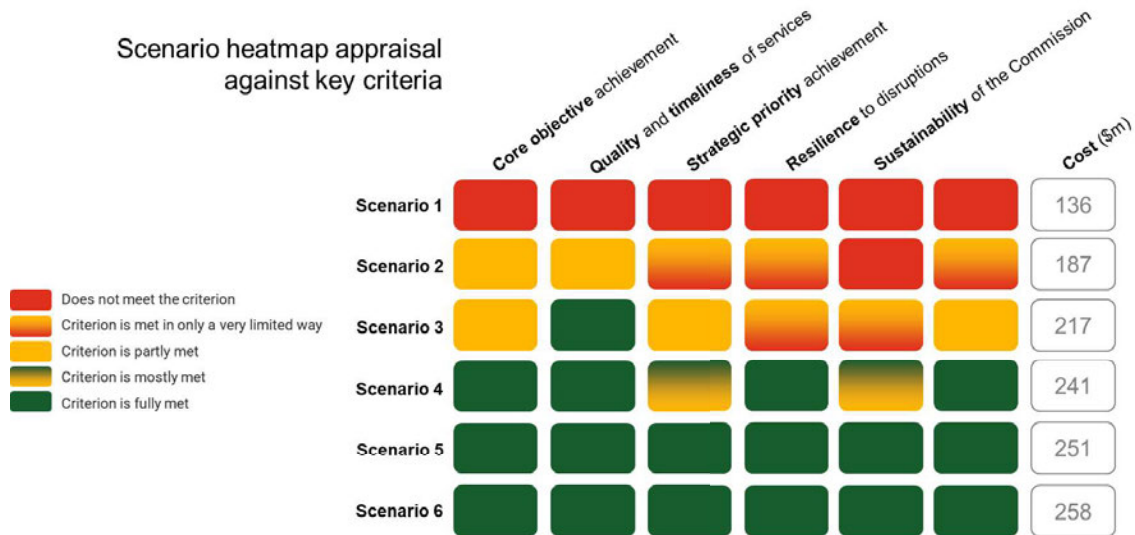


We have assessed the scenarios against six main criteria:

- the **achievement of the Commission’s core objective** (i.e. impartial, efficient and effective administering of the electoral system) and supporting objectives (i.e. facilitating and promoting participation in parliamentary democracy, understanding of the electoral system and confidence in the administration of the system)
- **the quality and timeliness of services** (from a voter perspective)
- the contribution to the **achievement of the Commission’s strategic priorities** (as reflected in the Commission’s Statement of Performance Expectations)
- the level of **resilience** to respond to threats, events and other things that can disrupt elections
- the **sustainability** of the Commission
- the **cost** of running the Commission and a general election (and, hence, funding requirement)
- the overall **value-for-money** implied.

A summary of our assessment is shown below.

Scenario heatmap appraisal against key criteria



Based on the assessment and the benefit/risk trade-offs involved, we recommend Scenario 4 subject also suggesting that Scenarios 5 and 6 should be kept on the table for further assessment. In brief, our reasons are as follows.

- Scenario 1, as already noted, would not enable a successful election to be delivered. Scenario 1 is not recommended.
- Scenario 2 provides a level of service that is significantly inferior to that delivered in GE20. This does not align with the Commission's statutory mandate and we doubt voters would find the level of service acceptable. There would be a high risk of major disruption to the election and it would be very hard, if not impossible, for the Commission to meet its statutory responsibilities. Scenario 2 is not recommended.
- Elections are events of national significance. Accordingly, the tolerance for the risk of disruption should be very low. Scenario 3 does not align well with this requirement even though it is intended to deliver a level of service similar to that for GE20 but with some adjustment to take account of the fact that service levels in GE20 were elevated, in part, reflecting the response to COVID-19. Scenario 3 is not recommended.
- Scenario 4 delivers a good level of service that is likely to meet voter expectations. It also strengthens capabilities across a range of the Commission functions and, as a result, the risk of disruption to the conduct of GE23 should be a lot lower than under Scenario 3. Scenario 4 is our preferred scenario and is recommended. We note that in addition to operating costs of \$241 million, there is also a small amount of capital expenditure (\$3 million).
- Scenarios 5 and 6 move beyond the current one-cycle approach to planning for, and administering, the election. Both scenarios extend the planning horizon of the Commission and enable it to take a more strategic and innovative approach to its work. Scenario 6 enables the Commission to better meet the changing needs of voters and to begin the journey of digital transformation. Because Scenario 5 and, more so, Scenario 6 enable a more strategic and innovative approach, these scenarios are more likely to contribute to organisational efficiency and effectiveness and, with that, open up opportunities for reducing expenditure and making quantifiable savings.

Scenarios 5 and 6 have merit. However, we caution that they imply a level of organisational change that may go beyond that which can realistically be managed in the lead up to GE23. Further development of the scope and implications of these scenarios is warranted before determining whether to increase, beyond Scenario 4, the funding for the Commission.

We have also considered funding arrangements for the Commission in section 4 of this report. The current approach, which is based on annual appropriations, does not provide the Commission with sufficient financial flexibility to plan and prepare for the election. To address this issue, we

recommend that the annual appropriations be replaced with a multi-year appropriation (MYA) and, furthermore, that the term of the MYA be five years (the maximum that is allowed under the Public Finance Act).

1 Introduction

The Electoral Commission

The Electoral Commission (Te Kaitiaki Take Kōwhiri or the Commission) is responsible for maintaining electoral rolls, administering parliamentary elections and referenda, and facilitating participation in, and promoting understanding of, parliamentary democracy. This includes promoting compliance with electoral laws, registering political parties, allocating time and money for the broadcast of election programmes, conducting the Māori Electoral Option, undertaking an enrolment update campaign for local body elections, supplying information for the Māori Affiliation Service, servicing the work of the Representation Commission, and providing advice and advisory opinions, reports and public education on electoral matters.

The statutory objective of the Commission (as set out in section 4C of the Electoral Act 1993) is to administer the electoral system impartially, efficiently, effectively and in a way that:

- facilitates participation in parliamentary democracy
- promotes understanding of the electoral system and associated matters
- maintains confidence in the administration of the electoral system.

Consistent with this objective, the Commission works to ensure that New Zealand has a healthy democracy by providing an electoral system people can have trust and confidence in and by helping people to take part in the electoral process.

Capability review

The Board of the Electoral Commission has commissioned this capability review (the review). The primary objective of the review is to assess the level of capability and capacity the Commission requires to deliver on its objectives. The review is intended to inform and support the development of a robust funding bid for the 2023 electoral cycle in time for Budget 2022. The Commission and the Ministry of Justice (which has monitoring responsibilities in respect of the Commission), have identified this bid, and an improvement to the Commission's funding model, as the top priority for both agencies to work together on in 2021.

Scope

The terms of reference for the capability review, as prepared by the Commission, is focused on the 2023 electoral cycle which ends on 30 June 2024 (throughout this report we refer to the 2023 General Election as GE23). Furthermore, the terms of reference require that the review focuses primarily on people-related capability and capacity.

As discussed with the Commission, while the main focus continues to be on GE23 and people-related capability, it has been advantageous to consider capability requirements beyond GE23 and, moreover, to adopt a broader definition of capability to also include systems and processes. This is discussed further in the context of some of the capability scenarios that are a key feature of this review and which are covered later in this report.

Our terms of reference have also required us to examine the current funding arrangements and identify and assess alternatives to current arrangements. Currently the Commission is funded by way of annual appropriation which does not align well with the three-year cycle associated with elections.

A few other aspects of the scope of the review are also worth noting.

- The Commission performs some roles in respect of local government elections (but does not administer those elections) and it also has roles to play in respect of referenda, by-elections, the Māori Electoral Option and supporting the Representation Commission. Generally speaking, the activities and capabilities specific to these roles have not been a part of the capability review and they are funded separately.
- In the lead up to a general election, the Commission recruits a large number of workers who are employed on a temporary basis to support the running of the election (e.g. the operation of voting places). In GE20, temporary staff numbered 23,520 (in effect making the Commission New Zealand's single largest employer at that point). Although the number of temporary personnel required has not been a central part of the review, we have touched on this in the context of some of the capability scenarios discussed later in the report and their costs are included in the scenarios that are discussed later in this report.

- The broadcasting allocation process and associated capability requirements is out of scope.
- The Commission provides electoral assistance to various Pacific neighbours. This work is funded by the Ministry of Foreign Affairs and Trade (MFAT) under the NZ Aid Programme and is outside of scope.
- Capability requirements in relation to the Māori Electoral Option (which is next scheduled for 2024) is outside of scope as the costs associated with this are funded separately.
- Resources needed to administer the provisions of the Election Access Fund Act 2020 are out of scope. The purpose of this fund is to reduce barriers for disabled persons standing or seeking selection as candidates in general elections or by-elections. The Commission's role is to determine eligibility for funding and establish a framework for delivering the Access Fund.
- The terms of reference for the capability review have not required us to undertake an assessment of the efficiency and effectiveness of the Commission. That said, during the course of our work, Commission personnel have drawn to our attention opportunities for strengthening the efficiency and effectiveness of the Commission. The ability to implement initiatives that drive efficiency and effectiveness is, however, constrained under current settings for a range of reasons. These include the Commission simply not having the people capacity to take the time that is needed to plan for such initiatives and/or the financial means to invest in such initiatives. Some initiatives, including shifting to more digital ways of working, are also constrained by current legislative settings.

PwC's role

PwC has been appointed by the Commission as independent adviser to undertake the review. In parallel with the capability review, PwC has also been working with the Commission to develop a financial model; the purpose of which is to articulate the costs of running the Commission, including core support functions, and the costs of delivering an election. Documentation relating to the financial model, and the model itself, has been provided under separate cover to the Commission and is not addressed in this report.

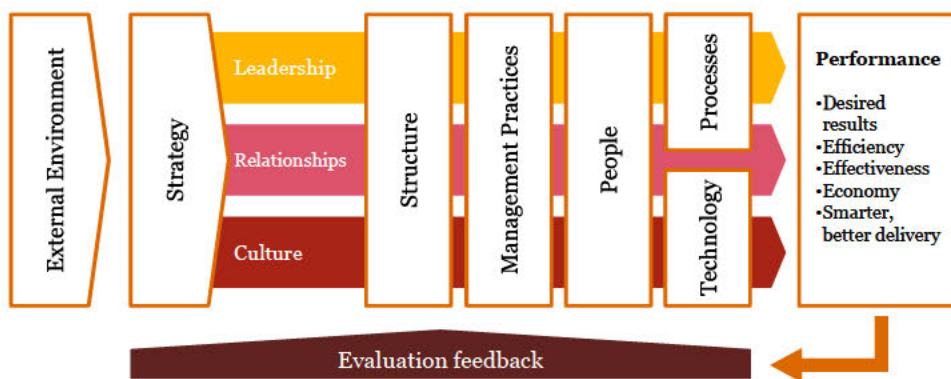
Approach to the review

The review has been conducted in three main phases: discovery, analysis and reporting.

The aim of the discovery phase has been to understand the Commission's work and identify developments that have a material bearing on the scale and scope of activities. Information to develop our understanding has been obtained through interviews with Commission personnel, the Ministry of Justice and the Treasury. We have also reviewed a wide range of documents provided to us by the Commission and documents, relevant to our work, that are in the public domain.

Central to the analysis phase has been the development and assessment of a set of six capability scenarios (and these are outlined below). The scenarios differ in terms of the scale and scope of the Commission's capabilities and, hence, funding requirement. The development of the scenarios has been informed by the discovery phase. Importantly, the scenarios have been refined through two workshops held with Commission personnel. These have also involved the Ministry of Justice and, to lesser extent reflecting other demands on their time, the Treasury. In addition to helping to define the scale and scope of the Commission's activities, the workshops have assisted in identifying the capability requirements needed by the Commission under each scenario.

The scope and assessment of capability requirements has been approached through an operating model framework, a summarised version of which is shown below.



The scenarios have been assessed for their benefit, risk and cost implications and against a range of criteria including achievement of the Commission’s core objective, the quality and timeliness of services, the achievement of the Commission’s strategic priorities, the resilience and sustainability of the Commission and value for money (the criteria and their application are discussed more fully throughout this report).

Structure of this report

Beyond this introductory section, the report has three further sections.

In the next section (Section 2), we discuss the context within which the capability review sits and the drivers that lie behind the need to assess the Commission’s capability requirements. This section includes some commentary on the Commission’s current situation and experience during GE20.

Section 3 of the report contains the assessment of capability requirements. It is framed around a suite of six scenarios that can be summarised as follows. The scenarios are presented in order of the least, to most, capability and capacity requirements (and, by implication, cost and funding requirement).

- **Scenario 1: Significantly reduce electoral services to an unviable position.** Over the three financial years that relate to GE23 (i.e. FY22, 23 and 24), the Commission has an existing appropriation of \$136 million. This is approximately \$40 million less than the amount originally appropriated for GE20 and about \$100 million less than the amount eventually appropriated for GE20 including funding that was provided for the impact of COVID-19, a change to the election date and running two referenda. It is extremely doubtful that GE23 could be delivered for \$136 million.
- **Scenario 2: Significantly scale down electoral services from previous electoral cycles.** This scenario is framed around the minimum capability and capacity that the Commission considers it would need to administer GE23. Service levels would be below those experienced by voters in GE20 and there would be a high risk of disruption to the running of the election.
- **Scenario 3: Modest reduction in electoral services from 2020 election with no capability uplift.** This scenario is based, with minor adjustments, on the plan and budget that the Commission prepared for GE23 in December 2020. That plan aims to deliver a level of service close that which voters experienced in GE20 taking into account that the response to dealing with COVID-19 involved higher levels of services that would not need to be fully replicated. The scenario does not, however, address existing capability gaps which pose significant risks to the smooth running of the election. Accordingly, significant risk of disruption to the running of the election is likely.
- **Scenario 4: Increase the resilience of the Electoral Commission to be responsive and provide electoral services similar to 2020 election.** This scenario addresses existing capability gaps and aims to deliver levels of services achieved in GE20. The risks of disruption to the election are significantly reduced (to a low level that is appropriate for an event of national significance) and the Commission becomes a more resilient organisation.
- **Scenario 5: Enhance the strategic capability and capacity of the Electoral Commission and a modest increase to the scope of electoral services from 2020 election.** Current funding arrangements force the Commission into planning and preparing for the next election (i.e. GE23) but not beyond that. Opportunities to think more strategically and embody greater

innovation within the Commission's functions are constrained accordingly. Scenario 5 involves a shift from the current one-cycle focus to a two-election cycle focus (i.e. GE23 and GE26). In so doing, it seeks to unlock a range of opportunities for modernising and improving services.

- **Scenario 6: An Electoral Commission that delivers world leading electoral services.** This last scenario is an extension of scenario 5. It allows for a longer term view of the evolution of voting and planning for the next generation of voters.

Each scenario is described in terms of what the Commission is capable of delivering (or not) and the associated capability and capacity requirements. Indicative cost estimates are provided. The assessment of each scenario revolves around the benefit, risk and cost implications of each. A preferred scenario is recommended.

Section 4 of the report focuses on funding arrangements and assesses some options for change. It should be noted that none of the scenarios covered in section 3 are affected by changes to the way in which the Commission is funded.

2 Context and drivers for the capability review

Context behind the capability review

To put the capability review into context, a recap on some history is helpful.

The last major reset of the baseline funding for the Commission was in 2009 (i.e. in the lead up to the Commission's establishment in October 2010). In the years following establishment, other than minor adjustments, the Commission continued to operate on the basis of the baseline set in 2009.

Over the ensuing years, the Commission absorbed cost increases and increases in voter numbers without additional funding. It also had to implement changes to voting arrangements including, for example, an increase in advance voting.

These, and other, changes were having a cumulative effect in terms of stretching the capacity and capability of the Commission to deliver elections and, at the same time, avoid significant issues emerging. Moreover, voter turnout at GE11 was at a low point and, although the rate in GE14 improved, turnout was still below average historical levels. The Commission recognised that a major re-think of the way in which services were delivered was required particularly with respect to those groups who were not engaging in the system and who had low rates of enrolment and voting.

Following a review of GE14, the Commission identified that it needed to:

- better resource, and devise, ways of engaging with targeted groups of disengaged communities on their terms and with them as partners
- make it easier for voters to participate in ways that better aligned with the digital transactional world and that better met their expectations including, in particular, reforming the process for digital enrolment through simplification and expansion of registration beyond RealMe
- better integrate the Commission's enrolment and voting services so they were all aligned with the needs of the public and not just focused on the Commission's own (transactional) outputs and ways of working.

This led to the decision to bring enrolment services that had previously been provided by NZ Post in-house under the Commission's direct control. The integration was hurried reflecting the narrow window that exists to implement significant change ahead of preparing for the next election (i.e. GE17). This caused some issues. One of them was a lack of investment in corporate support functions to keep pace with the demands of what was, by this time, a much larger organisation.

The focus on making it easier for people to vote included giving more emphasis to advanced voting. The proportion of votes cast as advance votes increased from 29% in GE14 to 47% in GE17. This change in voter behaviour was a contributor to an overall increase in the voter turnout rate and is likely to have also led to a change in terms of how voters expect to be able to vote.

There were, however, some issues with the conduct of GE17:

- the set-up and flow-on effects on logistics, staff and risk management caused by the growth in advance voting and the growing number of people who wanted to enrol and vote at the same time, pushed the Commission to a critical 'strain' point during GE17 (and we note that as part of GE20, enrolment on election day was introduced which added further strain)
- the Commission was much more dependent on logistics management than ever before and it struggled in some electorates where the logistics management was challenging
- the amount of resourcing and nature of roles required was more complex
- new security risks were identified including managing huge numbers of 'live' ballot papers that needed to be secured for up to two weeks (as opposed to papers lodged and secured at a single and supervised site on election day).

Some of the implications felt in 2017 were:

- challenges getting the official result declared on time
- staff being over-stretched and areas of under-resourcing where services had changed (and the flow-on implications of this in business processes)
- increased risks around the handling and storage of materials, in particular around 'live' advance votes
- failures in some critical roles where staff were overstretched or were underprepared because of changing demands
- increasing stresses on staff and the risk of higher staff turnover.

A major assessment of the Commission's capability requirements was completed in 2018.¹ That assessment identified major gaps in the Commission's capability and capacity. Among other issues, the 2018 work identified the following problems.

- The substantial growth in the size of the Commission's National Office from 20 to around 100 staff, following the transfer of enrolment services from NZ Post, had not been supported by a realignment of organisational policies and procedures, expansion and repositioning of internal corporate support services or a planned programme of changes to how the organisation works.
- Information technology was seriously understaffed and was struggling to consolidate systems knowledge and support following the transfer of enrolment services (including maintaining electoral rolls) from NZ Post.
- There was insufficient support from the centre across core corporate support functions. HR and finance were called out for specific mention; for example, business units endeavoured to resolve HR issues on their own without any framework to work within or support from the centre.
- The organisation struggled to manage the design and development of service improvements at the same time as maintaining ongoing service delivery.

The 2018 review found that in its current state, the organisation's capability (or, specifically, the lack thereof) carried risks to the future delivery of successful electoral events.

In the lead up to GE20, a budget bid was submitted seeking a major uplift in the Commission's appropriation reflecting the:

- need to address the capability gaps identified in the 2018 review
- cumulative effect of several years of volume and cost escalation for which no additional funding had been provided.

Decisions taken in Budget19 provided additional funding for GE20 but those decisions did not look beyond that. In particular, the revised baseline for GE20 was not carried through to the cycle for GE23. As a result, the current appropriation for GE23 reflects assumptions that underpinned GE17 which, of itself, was viewed as being under-resourced as evidenced by the problems encountered with GE17. Moreover, the appropriation for GE23 does not take into account changes to voting arrangements since the time the appropriation was determined including, in particular, the introduction of enrolment on election day (which adds complexity and cost).

The appropriation for the GE23 cycle is \$136 million. This appropriation is \$40 million below the appropriation of \$176 million for GE20 excluding funding adjustments for COVID-19, a change of election date and running two referenda and \$100 million below the appropriation for GE20 including the funding adjustments.

At the time of Budget19 the looming funding problem for GE23 was acknowledged. Officials were directed to work together to address the Commission's funding [CBC-19-MIN-0033 refers]. We note that although a funding bid was developed for Budget21, in the event, the Commission was not invited to submit a bid.

¹ Capability and Capacity Planning, February 2018

Capability review drivers

The historical context described above provides insight to the drivers for the capability review. The most recent election - GE20 - was more complex to plan and prepare for than previous elections (leaving to one side the impact of COVID-19). Several factors contributed to this but important among them are:

- a strategy of making it easier for people to enrol and vote
- increased threats and challenges to the orderly conduct of general elections.

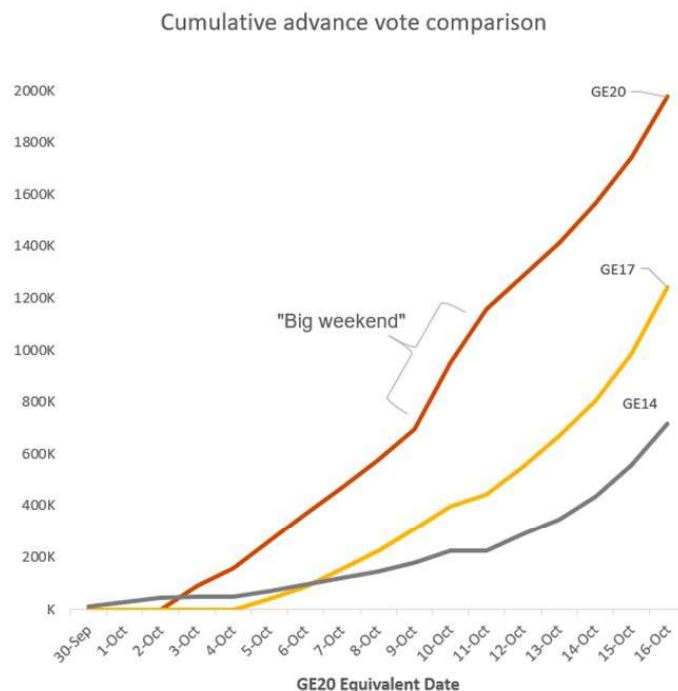
In addition, and as alluded to in the historical recap, the Commission is having to deal with increased pressures associated with ongoing growth in voter numbers (typically between 180,000 and 300,000 extra voters each election) and cost escalation, as well as a range of business risks.

Making it easier to enrol and vote

A key objective of the GE20 strategy was to improve voting place accessibility by having more places available to the public to support a predicted increase in advance voting and use better locations. Advanced voting places increased from 485 in GE17 to 1522 in GE20. The advance voting period was extended from 12 days (GE17) to 14 days (GE20) and hours of operation were extended. There was a substantial push to encourage people to vote in the weekend prior to election day (referred to as the “big weekend”).

Of all votes cast in GE20, 68% were advance votes (up from 47% and 29% in GE17 and GE 14 respectively). Nearly a quarter of advance votes in GE20 were exercised in the “big weekend”. It is important to note that although advance voting is more convenient for voters, it is much more costly to administer. Among other reasons, this is because of needing staff for a longer period of time, having to pay for commercial premises and the additional complexities associated with advance voting. This includes, for example, undertaking early counts, the additional logistics involved (e.g. ensuring the security of voting places and voting materials for a longer period of time) and ensuring that services can be provided consistently over an extended period.

The Commission built on the approach adopted in GE17 of locating voting places close to where people live and work with the pre-COVID-19 plan being to make use of high convenience locations such as supermarkets, shopping malls and “big-box” stores. The Commission also worked with marae, churches and mosques to provide groups of voters with voting places where they could feel comfortable.



Source: Advance voting statistics for the 2020 General Election

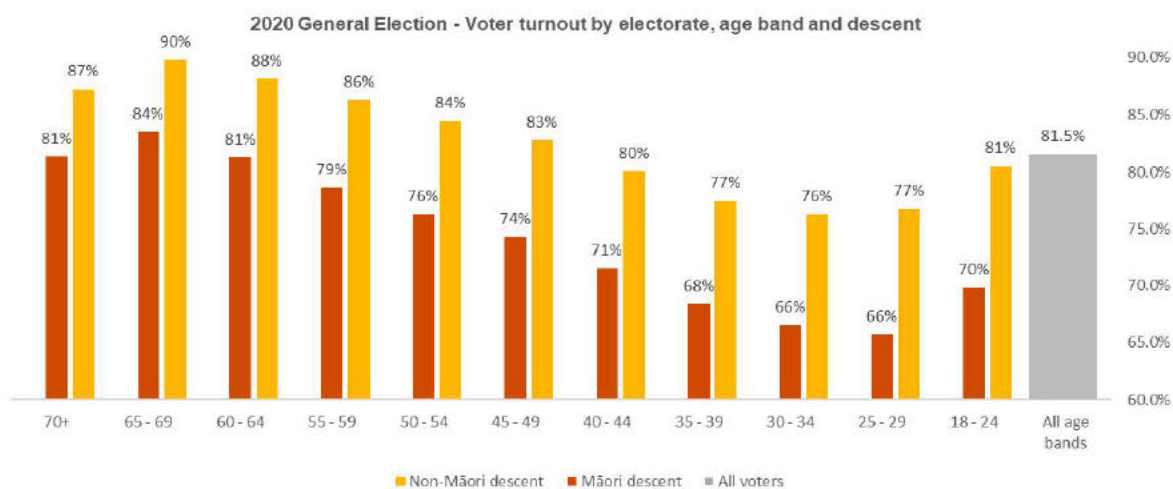
In addition to increases in the number and proportion of advance votes, the number of special votes also increased in GE20 consistent with longer term trends of people enrolling and updating their enrolment details closer to the elections. Special votes take roughly five times longer to process, and involve more staff, than a normal vote and, hence, are much more expensive to process.

GE20 also involved changes to election rules. For example, enrolment on election day was introduced along with the enfranchisement of segments of the prison population. Enrolment on election day makes the process more convenient for voters but makes processes in the voting place more complex and time-consuming (which adds to resource requirements and, hence, cost). It requires a large data entry team to process large volumes of enrolments within a short timeframe.

Many voters, including but not limited to younger voters, increasingly expect to be able to enrol digitally. The Commission has been assessing and, where possible, implementing initiatives aimed at shifting to a more digital environment for enrolment. For example, in FY19, the Commission began developing an online service to enable people to enrol or update their details using their driver licence or passport as proof of identity.

Although difficult to attribute, the developments described above are likely to have contributed to an increase in voter turnout. GE20 saw the highest turnout of voters since 1999 with 82.2% of enrolled voters casting a vote. The comparable figure in GE17 was 79.8%. Survey results indicate 95% overall satisfaction with the voting process (slightly higher than the 94% recorded in GE17). These are good outcomes and the Commission is keen to build on the gains and avoid a reversal of trend. Voters have clearly responded positively to the initiatives noted above that are aimed at making it easier for them to enrol and vote and, no doubt, this sets the bar in terms of the expectations they have for future elections.

Notwithstanding these positive results, disparities in enrolment and voting rates continue to exist across some segments of the population. Māori and Pacific peoples and other ethnic communities, as well as youth, new migrants and refugees, are less likely to enrol and less likely to vote than other groups in society. The Commission views as a high priority the need to increase participation rates among these groups (referred to as the priority groups) consistent with its statutory objective of facilitating participation in parliamentary democracy. To this end, there is more that needs to be done in terms of promoting understanding of elections and the election process as well as enabling access for the priority groups.



Source: 2020 GE full voter turnout statistics

Threats, challenges and opportunities

Conducting an election that is secure and resilient to external disruption directly impacts on trust and confidence in the event and the results produced. The Commission is operating with greater

challenges than in the past around the integrity of information and systems, as well as the safety of voting places and people.

Electoral management bodies overseas have been targets for cyber-attacks, misinformation campaigns and international interference. New Zealand is not immune to these developments. Although the Commission cannot be expected to mitigate all of these risks, it can be expected to increase its efforts to anticipate the nature and scope of such risks and take reasonable steps to reduce them (in probability and consequence terms) to acceptable levels.

In this regard, the Commission has been working more closely and intensively with other government agencies to assist in identifying, mitigating and preparing to respond to, critical risks to elections. In 2019, the Commission started to assemble support from other government agencies to help better understand and manage the risks relating to elections. This included establishing a Senior Officials Committee, chaired by the Chief Electoral Officer, to provide inter-agency oversight of the election and ensure effective collaboration across agencies. Membership of this group includes, among others, the Department of Prime Minister and Cabinet, The NZ Security Intelligence Service, the National Cyber Security Centre and the National Emergency Management Agency. Work undertaken with other agencies has resulted in the development of protocols on the management and response to election disruptions including managing foreign interference and cyber security threats. Communications protocols have also been developed along with guidance on how to address misleading or inaccurate information about the election.

There is no reason to suspect that threats to the conduct of elections will abate. A more likely scenario is a continued trend of escalating scope and diversity of sources of disruption and misinformation. New Zealand has built an enviable record for the integrity of election processes but it is a reputation that, potentially, is easily lost if vigilance is not maintained.

The challenge faced by the Commission is one of increasing threat of disruption to elections but constrained capacity to plan for, and mitigate, those threats notwithstanding the support from, and roles played by, other agencies. By implication, the risk of disruption to an election is increasing. We note also that misinformation about, and interference in, elections also spurs increased volumes of enquiries that the Commission has to respond to regarding the counting, reporting and integrity of election results.

Cyber and physical security is important for the conduct of an election and also for the protection of personal information. The Commission holds information relating to a very large number of New Zealanders. It follows that the way information is managed (including archiving) and the upholding of, and compliance with privacy requirements is critical (and is an area for attention within the Commission).

In addition to the range of factors that threaten to disrupt an election, there are other developments in the external environment that challenge the way in which elections are run.

The increasing voter preference for increased digitisation highlights a further challenge in the external environment which is the decline of postal services. Traditionally, the administration of elections has been paper-intensive and, reflecting this, the Commission has been a major user of postal services. For example, the enrolment information pack, enrolment update campaign and the EasyVote pack, which contains information regarding candidates and parties and where to vote, are mailed to every elector. Communications generally continue to be a mix of digital and paper-based. There is plenty of scope to increase the proportion of communications that are in digital form.

More generally, there are opportunities for greater use of digital processes in enrolment and voting services to meet public expectations (noting that the Commission does not recommend going as far as on-line voting).

Examples of moving to digital processes include:

- Live roll mark-off. Currently, electoral rolls are printed as of writ day. This means that anyone enrolling or updating their details in the month leading up to election day must complete a special vote. Reflecting this, there is a substantial and growing number of special votes. These are time consuming and expensive because each special voter's enrolment has to be checked and each declaration checked against legal requirements. Live roll mark off would allow anyone who can be marked off the roll electronically to be issued with an ordinary vote.

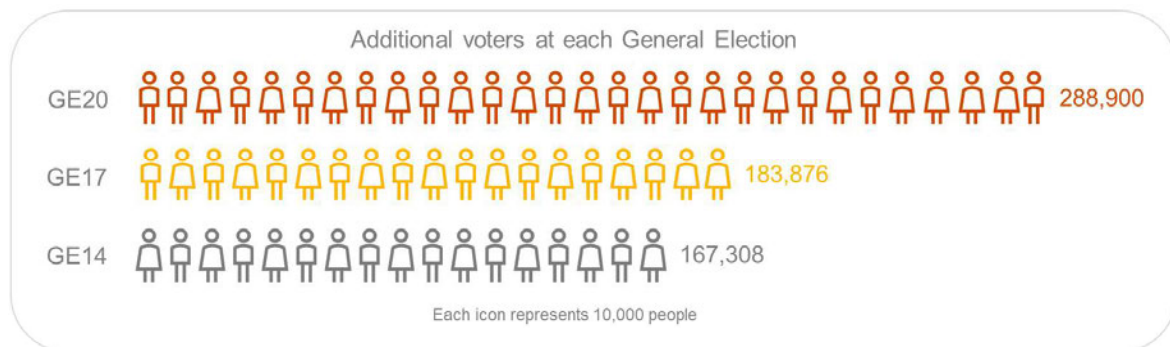
- Digital enrolment. Behind the scenes, and notwithstanding the initiative in FY19, enrolment is still largely a manual process. Although submitting information can be done electronically, the processing of that information is not yet truly digital. Looking ahead, a digitised enrolment system could reduce the amount of manual activity associated with enrolment.

Moving to a more digital world for the administration of elections is, however, hampered by existing legislation. The Electoral Act 1993 (the Act) is dated and, in many respects, is not framed for digitally-based ways of working. For example, the Act would need to be modified in order to enable an overseas elector to be sent electronic correspondence for enrolment update campaigns and to confirm a new enrolment or change of enrolment details. Similarly, legislative change would be needed in order to enable overseas voters' marks and signatures produced through physical action to be captured using an electronic device.

In short, there are many opportunities to move to more digital ways of conducting elections. The ability to implement these is, however, stifled by capability and resource constraints within the Commission. In some, but not all, instances, legislative amendment is needed.

Volume and cost pressures

Each election, the Commission plans on there being between 180,000 and 300,000 additional voters compared to the previous election. More voters means, for example, more election packs, more communications, more enquiries, and more votes to process and count. All of these impacts give rise to additional cost. The current appropriation does not, however, include any allowance for this. The current appropriation is, in effect, based on GE17 which means two cycles of growth in elector numbers has not been allowed for.



There is also cost growth. Significant areas of expenditure for the Commission include people, property, postage and paper and printing. In all cases, the Commission is a price-taker. The majority of the temporary workforce that the Commission recruits in the lead up to an election are paid the living wage. Adjustments to the living wage are outside the Commission's control. In situations where the Commission must pay in order to secure space for a voting place, the price is determined by the market. The Commission has no control over postage rates or the cost of paper and printing.

New Zealand, like many of the economies that it normally looks to, is experiencing an uplift in price and cost growth. This is likely to continue through to GE23 (and beyond). The current appropriation does not take this into account.

We note that there is a similar picture with respect to the Census (which is NZ's other government-funded and recurring major event of national significance). Here and internationally, each census is becoming increasingly complex to manage. Each is having to contend with volume and cost pressures as well as the challenge of maintaining public willingness to participate. In very round terms, the budgeted cost for NZ's next census (2023) is over double that of the 2013 census. Internationally, the cost of running the US census has roughly doubled each decade since 1970 and the UK 2011 census was almost double that of the previous census in 2001.

Business risk

In addition to risks in the external environment, there are risks internal to the Commission that threaten the orderly conduct of elections. The Commission has several core IT systems that it relies on for enrolment and running the election. There are major issues.

- MIKE is the core system used for managing enrolments. It dates back to 2003. Reflecting its age, this system uses outdated and complex code which makes it increasingly hard to maintain or update.
- ERSA (electoral role scrutiny application) is used to guard against dual voting and other irregularities. Support for this system has been purchased but there are questions as to how long support can be retained (support through to GE26 is unlikely).
- EMS – the electoral management system – assists with the management of logistics and tabulation of results. It is no longer well-aligned with the Commission’s delivery model; an issue that needs to be addressed prior to GE23.

The Commission does not have funding to invest in replacement systems (and the legacy systems do not give rise to depreciation that could be used to fund replacements). Moreover, the single election cycle approach that underlies current funding arrangements does not lend itself to taking a longer term perspective to the management, upgrading and replacement of the Commission’s IT systems.

GE20 was more challenging than anticipated. Although some of this can be attributed to the impact of COVID-19 and the need to run two referendums, the challenges are more deep-seated than these particular factors. Commission personnel were stretched during GE20 to unreasonable levels. Health and safety concerns have become a pressing issue for the Commission. The concerns reflect the cumulative effect of successive elections that have been administered without material increase in funding other than the uplift as part of GE20.

Business policies and processes are in many cases out-of-date and no longer fit-for-purpose. Many of the Commission’s core policies and procedures are designed for the organisation that used to have 20 FTE staff in its National Office and are not scalable for the current situation. Capacity constraints within the Commission mean that it has not had the resource needed to review and refresh policies and procedures. This increases the risks to the orderly conduct of elections either as a result of people trying to work within policy and procedure that is no longer-fit-for purpose or trying to implement work-arounds that lack suitable quality assurance and/or open the door for inconsistent practices.

More generally, there is an under-investment in the Commission’s suite of corporate support functions. As noted earlier, the work undertaken in 2018 on capability and capacity planning observed that the corporate centre had not adjusted for growth in the wider organisation and in particular following the transfer of functions from NZ Post. The consequences are felt in many ways. Drawing on our observations of the Commission and its risk register as it stood at the time of GE20, we note the following points.

- Managers lack support across a wide range of corporate functions and so are having to take on tasks themselves. This results in managers being too much in the business and not enough on the business.
- Concerns have been expressed within and external to the Commission regarding the quality of financial reporting and analysis and the insights this provides regarding the drivers of activity and cost.
- There is insufficient HR support when the Commission ramps up its recruitment in the lead up to an election.
- Programme management maturity is low and, to the extent that it exists, it does so only as a result of additional funding provided in response to COVID-19. This is an area where there is a substantial gap between what is needed and the extent of existing capability. The successful administration of elections depends on robust and mature programme management; something the Commission does not currently have.
- The Commission is a major procurer of goods and services in the lead up to elections yet there is no dedicated procurement capability. Key supplier failure is a critical risk for the Commission but it lacks resource to undertake ongoing monitoring and due diligence of suppliers to provide early detection of potential problems.
- There is insufficient resilience within the organisation to deal with issues when they arise. Elections are large and complex events. Things do go wrong and these have the ability to derail the election. Anticipating and planning for disruption and unexpected issues is a key part of

running a successful election process. The under-investment in corporate support functions makes planning for, and development of, mitigating actions hard to achieve.

- The Commission is highly dependent on third parties for IT and there is limited institutional knowledge within the IT team. This creates risk in terms of IT solutions not being sufficiently robust, issues with being able to deal to all IT solution requirements (of which there are many) and, ultimately, service delivery risk.
- There are risks that IT support for field staff during critical periods is insufficient.
- The lack of depth across corporate support teams means the Commission is dependent on a few key personnel. This creates a key person risk, introduces single points of failure and places a premium on effective succession planning; a capability that is not well developed within the Commission. These points apply more generally across the organisation and not just to corporate support functions.

These and other examples translate into high levels of organisational risk and low levels of organisational resilience.

Strategic priorities

The drivers behind the capability review are not just about addressing threats, challenges and risks, albeit that these factors are very significant. The capability review is also an opportunity to establish the Commission with the capability and capacity that it needs to deliver on its strategic priorities. In this regard, the Commission has identified four strategic priorities. In brief, these are:

- building the Commission's capability and core systems to ensure it is well placed to deliver high quality services now and in the future
- bringing forward election planning so that the Commission is better prepared to respond to changing or unforeseen circumstances
- thinking beyond the three year election cycle so that more attention is given to planning and identifying longer term projects with a view to elections in five and ten years' time
- strengthening relationships with people and groups who support the Commission to deliver elections and working with Māori, community partners, government agencies and voters to help build understanding of, and maintain confidence in, the electoral system.

In short, the priorities are aimed at improving services, increasing participation and fostering trust and confidence in the integrity of New Zealand's democracy.

As part of the fourth strategic priority listed above the Commission is committed to giving effect to, and integrating, the principles of the Treaty of Waitangi as part of the Commission's day-to-day activities and ways of working. Improving services for Māori voters was a key focus for GE20 and will be so for GE23. Following GE17, the Commission engaged with Māori communities to better understand their experiences of enrolling and voting. This is being repeated in light of GE20 as the Commission strives to build trust and confidence with Māori communities.

3 Capability scenarios

Introduction

Six scenarios, as outlined in the introduction to this report, have been developed. Each of them paints a distinctly different picture of the future capability and capacity of the Commission to deliver to its statutory roles and objectives in relation to administering elections and associated activities.

Each of the scenarios carry different implications in terms of:

- the **achievement of the Commission's core objective** (i.e. impartial, efficient and effective administering of the electoral system) and supporting objectives (i.e. facilitating participation in parliamentary democracy, promoting understanding of the electoral system and confidence in the administration of the system²)
- the **quality and timeliness of services** (from a voter perspective)
- the contribution to the **achievement of the Commission's strategic priorities**
- the level of **resilience** to respond to threats, events and other things that can disrupt elections
- the **sustainability** of the Commission
- the **cost** of running the Commission and the election (and, hence, funding requirement)
- the overall **value-for-money** implied.

The purposes of this section of the report are to describe each of the scenarios (i.e. what can the Commission do under each scenario and, equally, what can't it do?) and to assess the implications of each scenario with reference to the points listed above.

The approach to describing each scenario is structured into three main parts.

- We start with a description viewed from the perspective of voters in terms of what the scenario means for their ease of being able to enrol and/or vote (we use the term "voter experience").
- We then focus on the engagement, education and communications roles of the Commission and the extent of effort that is directed toward encouraging people to enrol and vote and to understand the electoral process and how to vote.
- Lastly, we focus more inwardly on the Commission itself and the extent to which there is investment in the organisation to ensure that it is efficient, effective, resilient and sustainable.

The process of assessing the scenarios helps with developing an understanding of the cost, benefit and risk trade-offs between each. Understanding the trade-offs helps to inform a judgment as to which scenario (or scenarios) is preferred ahead of the others.

It is important to emphasise that the scenarios are presented as if they are discrete and that the task at hand is to choose the scenario that looks best (when assessed against a range of criteria). In reality, the scenarios are much more malleable than that. In particular:

- the option of combining some, but not all, features of one scenario with some, but not all, features of another scenario is entirely feasible
- the scenarios are capable, to varying extents, of being scaled (up and down).

To illustrate the point being made, Scenario 4 seeks to de-risk the Commission and threats to the effective functioning of elections. This involves, among others, a significant investment in building the capacity and capability of corporate support functions which, prior to now, have not kept pace with growth in, and demands of, the wider organisation. In addition, de-risking the elections involves adding capacity and capability to the key outward facing parts of the Commission; voting services, enrolment and community engagement as well as communications and education.

Although we consider that all areas of under-investment need to be addressed, there is the possibility of prioritising which areas should be addressed first leaving some to a later time.

Scenario 3 seeks to deliver, as far as possible, the level of service achieved in GE20 albeit subject to some adjustment to take into account the fact that GE20 was somewhat atypical because of the

² Although not explicit in the Electoral Act, an important aspect of having confidence in the electoral system is ensuring the integrity of the system and that elections, and the electoral system, are perceived to have high levels of integrity.

impact of COVID-19, the late change in election date and two referenda being held. Clearly, given that tolerance for risk in the context of an event of national significance should be extremely low, it may be prudent to combine some, but not necessarily all, of the features of Scenario 3 with some, but not necessarily all, of the capability-building that is proposed under Scenario 4. There are potentially many, if not limitless combinations in this regard and it is not practical to set all of these out in this report. Rather, presenting the scenarios in a discrete way helps to identify and understand the unique features of each and the implications for benefits, risks and costs.

Common assumptions and givens

There are assumptions that are common across all the scenarios. In addition, for the purposes of this review, certain things have been taken as given and are also, therefore, common to all the scenarios. These are listed below.

Assumptions	Givens
<ul style="list-style-type: none"> • Cost escalation is applied across all scenarios. This means that increases in wage rates and other costs are taken into account using suitable cost forecasts. • The Commission is planning on the basis that COVID-19 alert level one is in effect at the time of GE23. The assumption is that if special arrangements need to be put in place to deal with a higher alert level, or any other significant and unexpected event, this will be the subject of a separate funding bid. • The number of people who are eligible to enrol and, hence vote, will continue to increase. Although the precise rate of growth is not known and varies, the working assumption is that there is between 180,000 and 300,000 new voters every election. 	<ul style="list-style-type: none"> • No legislative change. The statutory objective of the Commission, its statutory roles and responsibilities, and a raft of legislative provisions that impact on the Commission's operations and costs, are taken as a given and, accordingly, assumed not to change. This review has not sought to anticipate legislative change. • Expenditure that has been committed to for FY22, or that is planned and budgeted for in FY22, will be incurred. This has relevance in the context of some IT developments as well as recent approvals by the Board to establish a small number of positions (e.g. two positions in Corporate Services for which recruitment is currently underway). This has particular significance in terms of Scenario 1 where cuts in capability have to be made. • The living wage is applied. Consistent with the Government's stance, the Commission has committed to adopting the living wage as the minimum wage. This is relevant, in particular, to voting place field staff and electorate headquarter (HQ) administration staff (i.e. significant elements of the large temporary workforce that is hired by the Commission in the lead up to an election).

Scenario 1

Overview

This scenario is based on the current appropriation of \$136 million over the three year cycle for GE23.

- We do not consider that GE23 can be delivered for \$136m. The risks of the election being disrupted would be unacceptably high and the level of service implied would be unacceptable to most New Zealanders.
- If an election was run on this basis, confidence in electoral systems and processes, and the legitimacy of the election, would be at risk of being seriously undermined.
- Funding at this level would necessitate a fundamental re-think of the approach to enrolling and voting in New Zealand.

For these reasons, Scenario 1 is not recommended.

Description

The scenario is based on the current appropriation of \$136m. This is about \$40m less than the cost/funding for GE20 excluding funding that was provided in relation to addressing the impacts of COVID-19, the change in election date and the need to conduct two referenda. It is \$100 million less than GE20 including the funding adjustments. Furthermore, the current appropriation does not take into account the cost impact arising from enrolment on election day that was implemented after the current appropriation was determined. Scenario 1 is also about \$80 million less than the amount the Commission currently has budgeted to deliver GE23 based on plans developed in December 2020 (these plans are being refined but decisions on funding are needed before they can be finalised).

Compared to GE20 and the current plan for GE23, \$136m represents a substantial reduction in funding. It is very doubtful that a successful election could be delivered for that amount of money. If there is no additional funding above \$136m, there would need to be a fundamental re-think of how elections are administered and this would almost certainly involve substantial change to the Commission's operating model and the way in which elections are conducted.

The Commission has explored the possible ways in which services could be cut, and levels of capability reduced, in order to stay within a budget of \$136m. However, reflecting the depth of the cuts that would need to be made, the Commission has not been able to identify a plausible set of assumptions regarding service levels and Commission capability under which GE23 could be delivered. Appendix B sets out a range of assumptions regarding service levels for Scenario 1 but, even if adopted, these would fail to deliver anywhere near the level of savings needed in order to bring the overall budget within \$136 million.

Reflecting these points, we do not dwell on Scenario 1 further here. It is not a realistic scenario and we do not recommend it.

Scenario 2

Overview

The intent behind this scenario is to pare back the Commission's capacity and capability to the minimum that is consistent with being able to deliver an election (but not to the standard of GE20) and without breaching its statutory objective and roles and responsibilities.

Because Scenario 2 is the bare minimum, it:

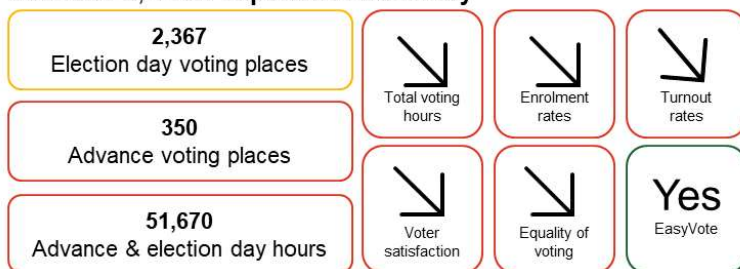
- delivers a relatively poor level of service that is below voter expectations
- does not address and, in fact, is likely to widen disparities in enrolment and voting rates across different segments of the community and so is likely to result in substantial criticism of the electoral process
- does not de-risk the election and, therefore, increases further the already growing risk of material disruption to GE23
- does not de-risk the Commission and so does not support it in being a resilient and sustainable organisation.

Scenario 2 is not recommended.

Description

Voter experience

Scenario 2, voter experience summary



The voter experience will not be as good as that under GE20 reflecting cuts to services levels.

- Advanced voting places are substantially reduced (by about 77%) and there is a modest reduction (about 8%) in the number of voting places on election day. Reducing the number of advance voting places is likely to reduce the proportion of votes cast in advance. In GE20, 68% of votes were cast in advance. Scenario 2 is based around this figure falling to GE17 levels which was about 47%.
- Overall, the total amount of time during which voting places are open is circa 52,000 hours compared to approximately 85,000 in GE20 (although this was about 8,000 hours more than planned reflecting the response to COVID-19). Although Scenario 2 still delivers a reasonable level capacity on election day, there will be more voters on election day because of the reduction in advance voting. This, plus the fact that voter turnout tends to be skewed to the morning means that it is likely that voters will experience longer queues and wait times, particularly in the morning, than they would have in GE20. Significant numbers of voters are likely to miss out on being able to vote or will be dissuaded from voting.
- Compared to Scenario 1, some additional enrolment processing capacity is added, but not to the level of that in GE20. Accordingly, processing times are longer than they were for GE20 which means more risk, compared to GE20, of delays to either preliminary results and/or official results.
- There would be cuts to the mobile teams that visit voters who otherwise cannot access voting places (e.g. people in hospital).

Engagement, education and communications

Compared to Scenario 3, there are reductions in, and changes to, the level of engagement, education and communication activity.

- As part of the minimum viable product, community engagement would be a “light touch” with little, or no, engagement directed toward target groups (e.g. Māori, Pacific peoples, other ethnic communities and youth).
- In GE20, communications/campaigns activity was split roughly evenly between targeted groups and mainstream audiences. Under Scenario 2, there would be only very limited communications activity directed to target groups. Most activity will be designed around mainstream audiences and there will be less of it compared to GE20. The Commission’s reach is reduced, it is less comprehensive and it is less frequent.
- Communications and education would be transactional rather than motivational.
- The overall campaign budget is reduced to about half its GE20 level noting that the budget for communications and education in GE20 had the advantage of a significant boost in funding reflecting funding adjustments for COVID-19, the change of election date and the referenda.
- The Commission would have little, or no, capability to work alongside other agencies to respond to the growth of mis- and dis-information about elections.
- The Commission would have a bare-minimum capacity to respond to media enquiries.

Investing in the Commission

Scenario 2 does not provide the Commission with the additional capacity and capability that is needed to more effectively plan and prepare for the next election. Scenario 2 has the following features.

- There would be no dedicated programme management capability to take a leadership role in planning and coordinating the administration of the GE23.
- Organisationally, there is no increase in the Corporate Services team over and above current capability (other than filling existing vacancies). By implication, the existing under-investment continues.
- Leaving Corporate Services largely with the capacity and capability that it currently has means that the rest of the organisation continues to struggle to receive anywhere near the level of support it needs. As a result, the organisation has low levels of resilience and continues to be at high risk of things going wrong; for example, procurement problems, recruitment problems, management problems, lack of effective project management and so on.
- Under the current plan, a fixed term senior advisor position is added to the strategy team in FY22 and FY23. Under Scenario 2, this position is retained for FY22 only. Furthermore, a junior data analyst position that was scheduled to be appointed in FY23 is deferred until FY24. The existing principal data insights advisor position is retained which enables continued production of existing dashboards but with minimal additions to data and data refreshment.
- IT analyst support and programme management is cut below current staffing. Compared to current plan, there would also be cuts in expenditure in systems development. As a result, there is minimal capability to address system enhancements and fix problems with existing systems albeit less than that which exists currently. Certification and accreditation would be limited to core election systems. Overall, the risks of disruption caused by systems failures and security breaches are higher than they are currently.

In addition to the changes outlined above, a position of Principal Advisor International Research that was planned for in FY23 would not be established.

Resources

The resource implications for Scenario 2 are summarised in the table below. The table indicates the reduction in personnel numbers, measured in full-time equivalent (FTE) staff terms, compared to Scenario 3 which, for the most part, is based on current plans for GE23. The personnel numbers for Scenario 3 are summarised on page 33.

It should be noted that the personnel numbers shown in the tables comprise fixed term and casual staff/contractors as well as permanent employees.

Scenario 2 FTE staff	FY22	FY23	FY24
Scenario 3 Total	158.50	226.08	268.75
Voting Services	-	-	-
E&CE	(12.50)	(56.00)	(95.75)
Communications and Education	-	-	(1.00)
International	-	(0.50)	(0.50)
Corporate support functions	-	(5.58)	(3.00)
Scenario 2 Total	146.00	164.00	168.50

Costs

The operating cost implications associated with the resource changes are shown in the table below. These changes are also relative to Scenario 3 (and the costs associated with Scenario 3 are shown on page 33).

Function (\$m)	FY22	FY23	FY24	Three year total
Scenario 3 Total	\$36.847	\$69.130	\$111.052	\$217.028
Voting Services	-\$0.007	-\$0.197	-\$11.597	-\$11.800
E&CE	-\$0.841	-\$3.956	-\$7.004	-\$11.801
Communications and Education	\$ -	\$ -	-\$4.610	-\$4.610
International	\$ -	-\$0.093	-\$0.099	-\$0.192
Corporate support functions	\$ -	-\$0.986	-\$0.784	-\$1.770
Scenario 2 Total	\$35.999	\$63.898	\$86.959	\$186.855

Assessment

This scenario involves a significant degradation of service levels relative to GE20. A significant gap would emerge between the services voters expect (based on GE20) and the Commission's ability to deliver. For example:

- Many voters who would prefer to exercise an advance vote won't be able to and they will be forced into the less convenient alternative of voting on election day. Convenience can be a significant driver of participation which means it is likely that some voters will be dissuaded from voting under Scenario 2.
- Lengthy queues can be expected on election day, especially in the morning. There is evidence that queues and associated wait-times can also dissuade some voters from voting.
- Those who are likely to vote anyway will continue to do so. However, those who are less aware of elections, or who are unsure about why they should vote or how, are less likely to vote.
- The difference in enrolment and voter turnout rates between priority groups (i.e. Māori, Pacific peoples, other ethnic communities and youth) and the general population are likely to widen because of cuts in targeted engagement, education and communications activities. This could spur criticism of the Commission from these groups and the public more generally.
- This a high risk scenario. The ability of the Commission to anticipate risks of disruption and take steps to mitigate and manage those risks is heavily constrained because existing gaps in capability are not addressed and, in fact, are made worse as a result of cuts in personnel numbers. Under Scenario 2, the Commission is destined to be a very reactive organisation. It lacks sufficient capacity and capability to undertake thorough planning and preparation for GE23. At best, it is able to plan for and mitigate existing and known risks but does not have the capacity to scan the horizon for emerging risks. In short, there is more chance, compared to GE20, of things going wrong and the Commission then finding that it is not well placed to quickly address issues when they arise.
- There would be increased risk that preliminary and/or final results might be delayed because of there being fewer staff.
- Cuts in personnel numbers are also likely to place added pressure and strain on remaining staff with a flow-on risk of increased staff turnover.

Compared to current plans for GE23, this scenario delivers a substantially inferior service and involves heightened levels of risk. The successful delivery of GE23 is far from assured.

Scenario 2 is likely to spur some undesirable outcomes and consequences and it does not align well with the criteria (introduced in section 3) that we have used to assess the scenarios.

Achievement of the Commission's objectives is likely to be compromised.

- Rates of enrolment and voting are likely to be significantly lower under Scenario 2 than GE20 reflecting the substantial reduction in advance voting options and reduction in voting place hours more generally. This is not consistent with the Commission's objective of facilitating and promoting participation in parliamentary democracy.
- Cuts in engagement, education and communications activities are not consistent with promoting understanding of the electoral system.
- This scenario is also not consistent with another of the Commission's objectives which is to promote confidence in the administration of the electoral system particularly if disruption occurs and or there are delays in preliminary and/or final results.

Voters won't like the experience under this scenario. Voters, rightly, will see GE23 as falling short of their expectations. Like Scenario 1, because this scenario makes it hard for some to vote, they are likely to be dissuaded from voting and that could have a lasting impact in terms of a longer-term lowering of participation rates.

Because engagement, education and communications activities are mostly limited to mainstream audiences, there is likely to be a widening gap in the level of turnout between priority groups and the rest of the population. This runs counter to one of the Commission's strategic priorities. It is also likely to raise questions about the fairness of the election. Māori are likely to be among the groups that are disadvantaged in this respect and accordingly, it is questionable as to whether this scenario is consistent with the Commission meeting its Treaty obligations.

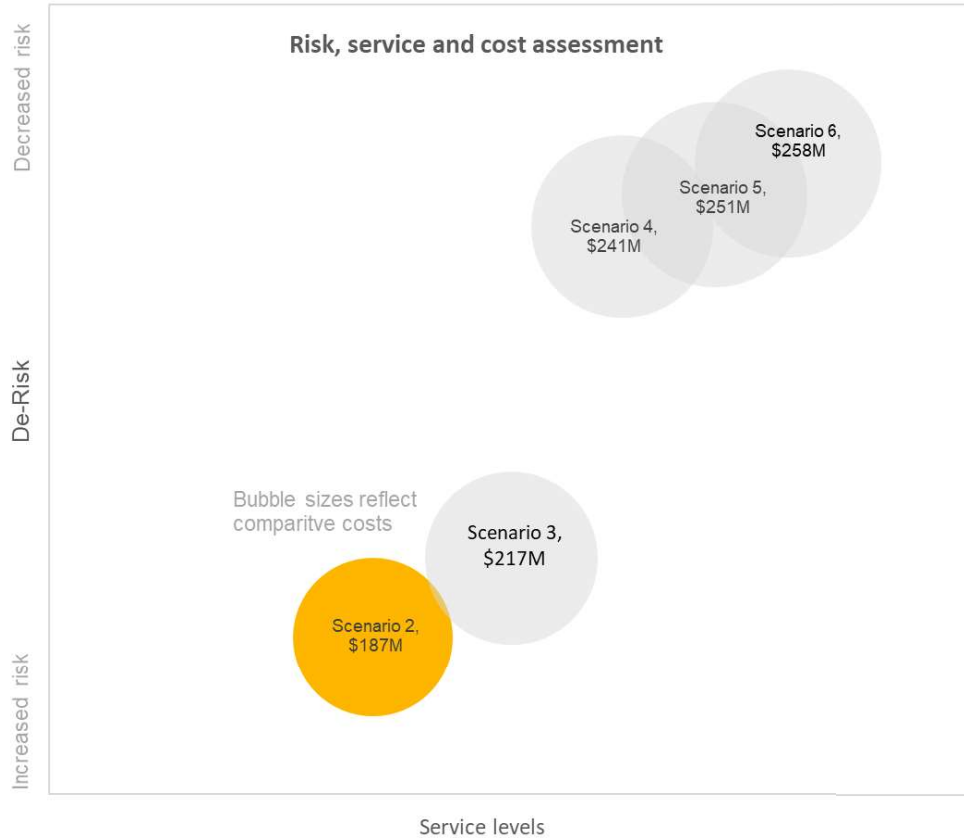
Gaps in capabilities, that are one of the main triggers for this review, remain and get worse. As a result, Scenario 2 does nothing to address the Commission's strategic priority of building capability and systems to ensure it is well placed to deliver high quality services now and into the future.

The lack of capability means planning and preparing for, and coordinating, GE23 is likely to be compromised. The risks of disruption to GE23 are likely to be high. The Commission is unlikely to have the resilience to effectively manage disruption, or unexpected events, especially if it has to deal with multiple issues simultaneously. If these risks materialise, then there is likely to be knock-on adverse implications for New Zealand's democratic reputation and international standing.

The lack of investment in the Commission's capability mean that it is unlikely to be sustainable (at least in its current form). The risk of significant organisational failure is likely to increase because of an inability to keep pace with increasing voter (and government) expectations, cost and demand pressures and increasing risks in the external environment.

Although this scenario costs about \$30 million less, over three years, than Scenario 3 (i.e. current plan), we do not consider it delivers value for money because of the reduction in service levels and the increase in risks to the administration of GE23 and to the resilience and sustainability of the organisation.

The graph below summarises where Scenario 2 sits relative to the other scenarios in terms of services levels and risk.



In summary, Scenario 2 does not align well with any of the criteria that are used to assess the scenarios and summarised below using the red, amber, green scale.



Reflecting the assessment, Scenario 2 is not recommended.

Scenario 3

Overview

This scenario is, for the most part, based on the plan and budget for GE23 that the Commission developed in December 2020. The aim is to try and replicate, as far as possible, the level of service that voters experienced in GE20 but taking into account the fact that service levels were somewhat elevated as a result of additional funding received for GE20 in light of the impacts of COVID-19.

This scenario does not address the Commission's wide-ranging capability gaps. These gaps mean there is a high risk of major disruption to the running of GE23. Scenario 3 does not effectively de-risk the election and/or the Commission.

Elections are an event of national significance and the tolerance for risk should, therefore, be low. Because this scenario is high risk, it is not recommended.

Background

GE20 had a number of positive features and generally was regarded very positively externally. Several initiatives were implemented to make it easier for people to vote. This included extending the period for advance voting, enabling enrolment on election day and increasing the overall number of voting places and total hours that voting places were available to process enrolments and votes. In addition, the Commission made some changes to make it easier to enrol online.

Compared to GE17, overall rates of enrolment increased by around a couple of percentage points to just over 94%, and the voter turnout rate rose to its highest level since 1999. The proportion of votes cast as advance votes rose from 47% in GE17 to 68% in GE20. Some progress was made with targeting engagement and communications with those groups who have lower rates of enrolment and voting including Māori, Pacific peoples and youth. This was reflected in increases in the enrolment and voter turnout rates for these groups over and above the general trend.

These results also translated into increased levels of overall satisfaction with the voting process and understanding of the enrolment process (as measured by a survey of voters and non-voters after the general election).

These are desirable outcomes. They align strongly with the Commission's objectives, as set out in the Electoral Act which include facilitating participation in parliamentary democracy, promoting understanding of the electoral system and maintaining confidence in the administration of the electoral system. These are outcomes that the Commission would not want to see undermined or diminished. With that front of mind, the Commission's current plan for GE23 is based around trying to deliver, as far as possible, the level of service and voter experience that was achieved in GE20 and it is these plans that lie at the heart of Scenario 3.

COVID-19 and the referenda provided the Commission with approximately \$60 million additional funding for GE20, over and above the level originally budgeted. Scenario 3 is predicated on retaining about \$40 million of this amount rather than the full \$60 million and is based, in the main, on plans for GE23 that were prepared by the Commission in December 2020. Minor adjustments have been made to those plans and are reflected in this report. The adjustments include adding a programme manager and coordinator. They also include additional resource for the international team to undertake growing international liaison and research activities beyond MFAT requirements that, to date, have been absorbed by the MFAT-funded roles. Taking these adjustments into account, Scenario 3 is estimated to cost \$217 million.

In effect, Scenario 3 represents a current state scenario. As such, we have viewed it as the base scenario against which scenarios 2, 4, 5 and 6 can be compared.

For reviews of this type, it is usual to compare scenarios against the current baseline scenario. However, as discussed earlier, we strongly doubt that the current baseline of \$136 million is sufficient to run an orderly election process. Accordingly, we do not consider comparisons against the current baseline are particularly helpful or meaningful.

Important note

Although Scenario 3 is based on the plans for GE23 (developed in December 2020), it does currently trade off the costs of addressing capability gaps in favour of maintaining service levels. Given that tolerance for risk in the context of an event of national significance should be extremely low, if the decision was taken to approve funding at, or close to \$217 million, the Commission would almost certainly want to revisit its current plan with a view to making some cuts in services levels (but trying to avoid a reversal of the positive trends noted above) in order to then address the highest priority capability gaps. In the period since the plan for GE23 was developed, the Commission has completed a review of GE20 and the process of that review has reconfirmed that there are significant gaps in the Commission’s capability which have the potential to result in significant problems with the running of the next election.

Description

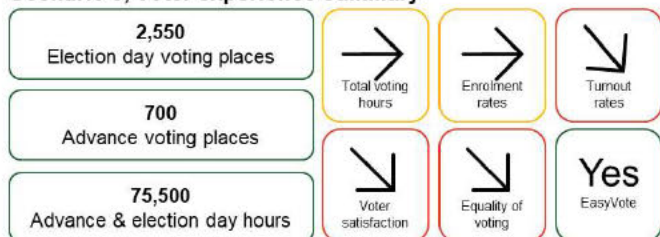
Voter experience

In general, it is reasonable to suggest that high turnout rates are viewed as being desirable; it is a sign of a healthy democracy and engaged communities. Although there are many factors affecting turnout rates, reducing levels of service is likely to have an adverse impact. There is international evidence that voters can be dissuaded from voting if access is impeded; for example, as a result of issues with the method by which votes are cast, a lack of convenient voting places, limits on the opening hours of voting places, the length of queue and wait time at voting places and so on.

As far as we are aware, there is no particular policy reason as to why service standards should be expected to fall. From a voter perspective, their expectations are influenced by the most recent election and, for the most part, it is reasonable to assume that they will expect the same, or better, but not worse.

With this in mind, Scenario 3 is aimed at delivering, as far as possible, a level of service that reflects that delivered in GE20. In this regard, Scenario 3 has the following features as shown and described below.

Scenario 3, voter experience summary



- To live within the budget that was determined in December 2020, the plan is to have voting places open for a total of 75,500 hours. This is about 10% below the GE20 level of 85,000 hours which, at the time, had been increased by about 8,000 hours in light of COVID-19 to help avoid situations of problems with maintaining social distancing at voting places.
- The period of advance voting is maintained at GE20 levels. However, the number of advance voting places is reduced slightly compared to GE20. This is because COVID-19 and the need for social distancing and avoidance of crowds spurred an increase in the number of advance voting places over and above those originally planned for GE20.
- The number of election-day voting places is very similar to the number in GE20.

- Mobile services were provided as part of GE20. This continues in GE23 with mobile teams who visit voters in prisons, hospitals and rest homes (i.e. people who otherwise cannot access voting places).
- Other services introduced as part of GE20 also continue and, possibly, expand including services for the deaf, voters in need, postal delivery and pick-up out of electorate headquarters (HQ).
- The scale of the data entry team (enrolments) is brought up to the GE20 level so that the processing of enrolment applications is timely.

Engagement, education and communications

The additional funding provided in response to COVID-19, the change in election date and the referenda meant that the Commission was able to increase levels of engagement, education and communications in GE20 over and above the level that was otherwise planned. For example, in addition to explaining what the referenda questions were, communications also provided information on how to enrol and vote and, to this extent, provided something of a spin-off benefit to supplement normal communications. This has had the effect of raising expectations regarding the level of engagement, education and communications provided as part of GE23.

More generally, dealing with COVID-19 meant elevated levels of communication that generally helped with raising awareness about the election. The setting of a new election date meant further communications over and above the normal EasyVote pack that is sent out ahead of the election. There was a scaling up of the 0800 call centre service as well as additional media and other advertising. A team was set up to take escalated calls from the call centre (and website) with support from Ministry of Justice personnel (the Commission did not have sufficient resources of its own).

As a result there is some cut back in communications compared to GE20. Community engagement would continue to utilise a hybrid digital and face to face approach. The Commission would continue, as far as could be afforded, with engagement, education and communications targeted toward those groups that are less likely to enrol and/or vote. To make further progress will require investment in audience research and understanding to inform campaign strategy and ground it in evidence. Making progress also requires specialist design/co-design input to develop the approach to engage effectively with hard to reach audiences. Within the funding available under Scenario 3, it will be hard to make any headway with this.

Investing in the Commission

Current plans, upon which Scenario 3 is based, do not address the capacity and capability gaps that have been discussed earlier in this report. Under Scenario 3, the only change to current capability is to appoint a programme director and programme coordinator early in 2023 as part of the lead up to GE23. This would provide at least some programme management capability albeit falling short of the level needed. A small amount of resource is also added to the international team. Apart from these adjustments, the capability that is needed to support the functioning of the Commission and administration of the election is unchanged from the plan developed in December 2020.

The gaps in capacity and capability exist across corporate support functions as well as within the external-facing parts of the Commission such as voting services, enrolment, engagement and communications, and education.

Turning first to corporate support functions, the depth of capacity and capability across these functions is not sufficient for an organisation of this size and/or the complexities involved in running a large event of national significance.

As at August 2021, the Corporate Services business unit (which covers finance, people and culture, procurement, property, accountability reporting and administrative/executive assistant services) comprised a manager and a team of 19 (including fixed term and contractor personnel as well as

permanent employees). We have undertaken a limited comparison against other small government agencies using the BASS benchmarking survey.³

Comparisons between the Commission and other organisations is challenging because of the highly cyclical nature of the Commission's workload. In FY22, the Commission has approximately 160 FTE staff. However, in FY24, this grows by around 70% to over 270 FTE staff not including the approximately 25,000-strong workforce that is needed at election time.

Using the BASS numbers as a guide, we conclude that the size of the Corporate Services team is close to what would be expected for an organisation of 160 people (leaving to one side the greater complexity associated with the Commission's work) but is not sufficient as the organisation increases in size in the lead up to an election. For example:

- the number of HR staff compared to total staff is about right for an organisation of circa 160 people but is one or two positions light for an organisation of circa 270 people let alone an organisation that grows by around 25,000 personnel at the time of the election each of whom needs to be recruited, trained and paid
- the number of finance personnel looks to be one or two positions light for an organisation of circa 160 people but around 4 or 5 positions light for an organisation of 270 people.

As at August 2021, the IT team comprises a manager plus a team of 15 permanent and fixed term personnel with a number of contractors above and beyond that. While the size of the team looks to be appropriate in relation to the overall size of the Commission, there are issues with old and legacy systems upon which the administration of elections relies and there are issues with high levels of dependency on third party providers

The lack of any investment, under Scenario 3, in corporate support functions carries the following implications.

- The Commission does not have sufficient capacity and capability to plan and prepare for GE23 to be confident of low risk to the running of the election. Resource constraints mean planning and preparation is less than is needed and takes place over a shorter time frame than is desired.
- The Commission tried to bring a programme management approach to the administration of GE20 but it lacked the resource to achieve this. Notwithstanding the addition of a programme director and coordinator, programme management capability under Scenario 3 is very limited and not at the level of maturity needed for an event of the complexity of a general election.
- Managers do not have the support they need to manage. As a result, they end up having to undertake roles that we would normally expect to be undertaken by, or heavily supported by, the corporate centre (e.g. in relation to recruitment, financial management, and procurement, among others). This crowds out the time available for core management tasks including planning.
- The Commission procures many goods and services and it has high levels of dependency on key third party suppliers. The lack of procurement support means the Commission is unable to undertake the level of due diligence it needs to in relation to suppliers and/or monitor suppliers to guard against the risk of unexpected supply issues.
- The Commission struggles with the very large recruitment programme that takes place ahead of each election.
- There is no formal and dedicated risk management and quality assurance capability. Managers assume responsibilities in this regard but without support.
- There is very limited research and evaluation capability which hinders the ability to be targeted and effective in roles such as engagement, education and communications and aspects of pre-election and election day services.
- More generally, the lack of depth in capacity and capability across corporate support functions means that the Commission is exposed to key person risks.

³ We have benchmarked using the 2017 BASS results (the last available before BASS was terminated) and focused on five small cohort organisations: the Ministry of Culture and Heritage, the (former) State Services Commission, the NZ Tourism Board, the Department of Prime Minister and Cabinet and Te Puni Kokiri.

Over and above the gaps in corporate support capability, there are also capability gaps across the external-facing parts of the Commission. This includes the following.

- There is relatively limited capacity across the regional offices of the Commission. This limits the ability to efficiently and effectively respond to, and deal with, issues when they arise.
- In the lead up to an election, the Commission has to deal with large volumes of enquiries. The capability to deal with this was scaled up in GE20 (assisted by the additional funding provided in GE20 and support from the Ministry of Justice), but the plans for GE23 don't allow for this. As a result, the scale of the team planned for GE23 is smaller which means it will be harder to keep pace with the volume of enquiries and address them in a timely manner.
- As noted earlier, targeting groups with relatively low rates of enrolment and voter turnout is a high priority for the Commission. To be most effective, community engagement relies on developing trusted relationships and this is very personnel-intensive. The Commission does not currently have the capacity to make headway in this respect.

In short, the gaps in capability are significant because they exist across many, if not most, parts of the Commission including back-office functions (i.e. corporate support services) and external-facing parts of the Commission.

Resources and costs

The tables below summarise the resources (FTE personnel) and operating costs associated with Scenario 3.

Scenario 3 FTE staff	FY22	FY23	FY24
Voting Services	17.50	25.00	25.00
E&CE	81.50	125.00	163.75
Communications and Education	9.00	13.00	10.50
International	0.00	0.50	0.50
Corporate support functions	50.50	62.58	69.00
Scenario 3 Total	158.50	226.08	268.75

Costs

The operating costs associated with Scenario 3 are approximately \$217m as shown in the table below. This is more than the original budget for GE20 (\$176m) but less than the revised budget for GE20 of \$236m that included the adjustments for COVID-19, change of election date and the referenda. The cost for Scenario 3 is, as a result of minor adjustments, slightly above the budget that the Commission developed in December 2020 for GE23.

Function (\$m)	FY22	FY23	FY24	Three year total
Voting Services	\$4.713	\$21.128	\$50.860	\$76.701
E&CE	\$11.049	\$19.703	\$20.228	\$50.981
Communications and Education	\$2.487	\$5.853	\$10.170	\$18.510
International	\$0.065	\$0.158	\$0.184	\$0.407
Corporate support functions	\$18.532	\$22.287	\$29.610	\$70.430
Scenario 3 Total	\$36.847	\$69.130	\$111.052	\$217.028

Assessment

If everything goes to plan, Scenario 3 has the potential to deliver an election that caters to mainstream voters reasonably well. Assuming no disruption:

- enrolment applications should be capable of being managed in a timely way
- most voters should have convenient options in terms of when and where they vote
- preliminary and official results should be delivered on time.

Furthermore, for mainstream voters, there should be reasonable levels of community engagement as well as communications and education campaigns and related initiatives to raise their awareness of the election and when and how to vote.

The key issue with Scenario 3 is risk and, in particular, the risk that not everything will go to plan.

Risk of disruption

Our concern with Scenario 3 is that capacity and capability gaps pose significant risks for the running of GE23 and create the potential for major issues, and disruption, if everything does not go to plan. There are several reasons for holding this view.

Key to minimising the risk of disruption to the election is intensive levels of planning and preparedness. This includes anticipating the things that could go wrong, developing the strategies and plans to limit the likelihood of those things occurring and developing the plans to manage those things when they do occur so that their impact is minimised. Based on interviews and discussions with Commission personnel, there is a strong sense that within available capabilities, the Commission is struggling to muster sufficient resource to undertake thorough planning and preparation in the lead up to GE23 and, commensurate with this, struggling to also start that work in a timely way (i.e. to undertake the preparatory work well ahead of the election).

There is a myriad of risks and threats that could disrupt an election. It is almost certain that at some point in the run up to, or on, election day, one or more threats will materialise, or that the unexpected will occur. We are concerned that the Commission, because of capacity and capability gaps, does not have a sufficient level of resilience so that when things do not go to plan, they can be swiftly managed and brought back onto plan, particularly if the Commission has to deal with multiple issues simultaneously.

The gaps in capability that relate to planning and preparedness are not confined to particular parts of the Commission. On the contrary, the gaps are widespread across the organisation and the fact that they are widespread further exacerbates the problem in the sense that it is much harder to address (if the constraint is in a specific area, it is generally more feasible to effect some sort of work-around).

There are gaps in capability (people, systems and processes) across all core supporting capabilities: strategy, finance, people and culture, procurement, programme management, risk and assurance, IT, data analytics, research and evaluation. All of these functions play a part in planning and preparing for, and running, elections and they are currently below the level that is needed to support the smooth running of elections. Gaps in these areas means under-strength support for the external facing parts of the Commission which of themselves also have capacity constraints in several areas (e.g. in the regional offices and across the engagement, education and communications functions).

In short Scenario 3, is likely to fail the test of delivering an event for which there should be a very low tolerance for risk of disruption.

Health and safety risks

In addition to these points, we are also concerned that gaps in capacity and capability put added strain on personnel; they end up having to cover roles over and above their core responsibilities. We note as one example of this that as part of GE20, one of the managers in the Voting Services team was charged with undertaking the lead programme manager role for the administration of GE20. However, the individual concerned also had normal duties to perform which, no doubt, created stress but also meant the programme management role was, in effect, under-resourced.

Many interviewees within the Commission have commented to us that GE20 was a highly stressful experience for many staff. It is possible that the impacts of COVID-19 added to stress levels but notwithstanding that, the picture is one of teams being stretched beyond reasonable levels. The prospect of a repeat of this in GE23 would not be welcomed and could lead to a situation of increased staff turnover and potential mistakes being made. Any increase in this regard would then exacerbate the problem of gaps in capacity and capability.

Participation risks

In addition to the concerns regarding the risks of disruption, we also have concerns that the progress made in GE20 around enrolment and voter turn-out rates will be undermined particularly with respect to the priority groups (i.e. Māori, Pacific peoples, youth and others).

The additional funding that was provided as part of GE20 enabled the Commission to increase levels of community engagement and communications. Some of this is pared back under Scenario 3 on the assumption that not all of the additional funding approved for GE20 is rolled over into GE23.

In general, engagement, education and communications activity that is targeted toward the priority groups is, on a per voter, basis more expensive than is true of activities that are geared to the general population. Accordingly, reductions in expenditure on engagement, education and communications tend to be directed more to the targeted activity than mainstream activity. The concerns stemming from cuts in this area are that voters in general won't be as prepared for the election compared to GE20 and, moreover, that gains in enrolment and voting rates for the priority groups achieved in GE20 might be reversed.

The diagram below illustrates where Scenario 3 sits, in relation to the other scenarios, in terms of the level of risk involved and level of service.



Outcome implications

Scenario 3 may not support particularly well the achievement of a range of desired outcomes and objectives. Our assessment against the criteria used in this review is as follows.

- If cuts in engagement, education and communications result in reduced enrolment and voter turnout rates, that may be viewed as being inconsistent with the Commission’s objective of facilitating participation in parliamentary democracy and promoting understanding of the electoral system. Moreover, if the cuts result in a widening of enrolment and turnout rates between the general population and priority groups, that could trigger public criticism and concerns around the fairness of the election. Cuts in these areas could also be perceived by voters as a reduction in service quality.
- Scenario 3 does not align particularly well with the Commission’s strategic priorities. It doesn’t enable the Commission to build its capabilities and core systems to the extent that the Commission considers is needed to ensure that it is well placed to deliver high quality services now and into the future. Gaps in capabilities mean that forward election planning is not as robust as that which is needed in order to bring the risk of disruption down to a low level. Scenario 3 does not readily enable the Commission to approach its work in a way that thinks beyond the three year election cycle. The Commission continues to lack sufficient capability to drive a more strategic and longer-term approach to its work.
- The reduction in engagement, education and communications activity compared to GE20 potentially runs counter to the strategic priority of further strengthening relationships, particularly the priority groups, to help build understanding of, and maintain confidence in, the electoral system.
- There are risks that the Commission is not sufficiently resilient.
- It is questionable as to whether Scenario 3 delivers value for money. If everything goes to plan, it probably does. However, when risk is taken into account, value-for-money is called into question. In our view, Scenario 3 is unlikely to represent the best value-for-money scenario.

In summary, Scenario 3 has the potential to deliver a reasonably good level of service. Scenario 3 is, however, a high risk scenario. The potential for disruption to the election, and the adverse consequences this would imply, cannot be ruled out. As we have stated before, the tolerance for risk in the context of an event of national significance should be extremely low. Scenario 3 does not achieve this requirement.

Reflecting the points above, Scenario 3 does not rate particularly well against the six criteria that we have used to assess each scenario. This is shown below.



Given the assessment summarised above, Scenario 3 is not recommended.

Scenario 4

Overview

This scenario builds on Scenario 3. Scenario 4:

- delivers levels of service comparable with GE20 (consistent with the intent of Scenario 3)
- reduces the risk of elections being disrupted and the adverse consequences that would stem from a major disruption
- renders the Commission a more resilient organisation and enables it to be more efficient and effective.

Additional capacity and capability means the Commission can bring forward its planning and preparations for GE23. Being ready early allows the Commission to better anticipate factors that can impact on the smooth running of an election and adapt and change to take account of those factors. The primary benefit is a lower chance of disruption to GE23 and reduced consequences if there is disruption.

This scenario enables the Commission to address historical under-investment in organisational capability including, but not limited to corporate support functions. Capacity and capability are lifted to better align with the size and complexity of the Commission and its work. The additional capacity and capability enable the Commission to be more resilient, efficient, effective and sustainable.

Background and context

From a voter perspective, GE20 will have been perceived as being successful, based on survey results relating to voter satisfaction. Behind the scenes, however, GE20 was delivered with a high level of underlying risk and stress on staff reflecting gaps in capacity and capability. These gaps have been discussed in the context of Scenario 3 and are not repeated here other than to reiterate that the gaps:

- have been developing for many years
- exist across all aspects of corporate support functions
- exist also in many external-facing parts of the Commission
- relate to people as well as systems, operational policies, procedures and processes.

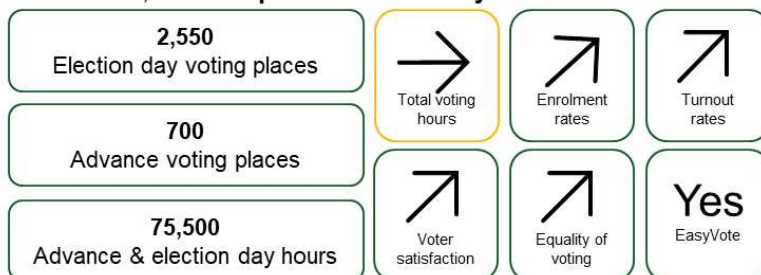
As discussed in Scenario 3, the gaps in capacity and capability elevate the risk of disruption to the running of an election and the resilience of the Commission to address issues when they arise and ensure that plans are placed back on track. The capacity and capability gaps also serve to constrain the level of service in some areas.

The focus for Scenario 4 is on addressing the gaps in capacity and capability. In so doing, the intent behind Scenario 4 is to de-risk the administration of the election and de-risk the Commission.

Description

Voter experience

Scenario 4, voter experience summary



From a voter perspective, Scenario 4 does not appear to be much different to Scenario 3. Service levels are sufficient to meet voter expectations based on their experiences in GE20.

The number of advance voting places, election day voting places and the total number of hours they are open is the same as Scenario 3. Other service features that are included under Scenario 3 (e.g. mobile teams) are also included under Scenario 4.

Behind the scenes, returning officers are brought on slightly earlier in the lead up to GE23 to assist with the smooth running of the election. There is also a modest deepening of capacity across the Commission's five regions. Three regions have a Regional Manager Voting but the other two share a manager. In addition to addressing this, a regional advisor is added to each region. Again, the additional resource is aimed at ensuring the smooth running of the election and providing more resilience to deal with issues when they arise.

Engagement, education and communications

The Commission would seek to intensify engagement that is targeted to low participation groups. The aim is to limit large and undesirable disparities in enrolment and voting rates vis a vis the general population. This will involve establishing five new permanent positions in the Community engagement area in FY23 including advisors for each of Māori engagement, Pacific peoples engagement and ethnic communities engagement. Capacity will also be added to manage community engagement more generally including at the regional level.

Furthermore, 5.67 FTE staff are added to the communications and education area in FY23 to:

- increase capacity for stakeholder engagement and partnerships
- enable more proactive engagement with media (e.g. briefings and resources)
- pro-actively manage social media channels to identify and mitigate risk related to misinformation around the election
- increase the targeted communications to those groups that are less likely to enrol and vote
- provide additional support for front-line staff including the expanded community engagement team

A permanent advisor position is added in FY23 to focus on enabling those with disabilities to engage with the electoral system (e.g. through support for voting place staff on best ways to assist voters with disabilities).

An organisation-wide team is in place in the lead up to the election to handle calls that are escalated from the call centre.

The additional resources are needed to address three main types of risk.

- Internationally, elections are being accompanied by increasing levels of misinformation and disinformation (the US elections last year being an example). New Zealand is not immune to this risk. The additional resource will better enable the Commission to proactively engage with media and proactively manage social media channels to identify and mitigate the risk associated with mis- and dis-information about enrolling and voting.
- The communications programme, like the rest of the Commission's activities, is subject to the risks that unexpected events and developments disrupt delivery of the programme. The additional resources are aimed at adding capacity and capability to anticipate the range of disruptive risks and plan for their mitigation.
- The priority groups have distinctly lower rates of enrolment and/or voting. If these disparities persist, or widen, there is risk of public criticism and that concerns may be raised regarding the fairness of the electoral process. The additional resources better enable targeted communications to such groups and complement the work of the community engagement advisors noted above.

Investing in the Commission

In addition to de-risking the election through the changes noted above, Scenario 4 also focuses on de-risking the Commission so that it is more resilient (i.e. better able to deal with issues when they arise). This involves an up-lift in capacity and capability across the range of corporate support functions; strategy, data analysis, finance, payroll, people and culture, IT, programme management, procurement, property, administrative support, and accountability reporting.

In addition, a Māori/cultural capability team is established. This is designed to build in-house Treaty capability. This involves establishing a manager and two advisor positions. This team will develop

Treaty strategy including through co-design with Iwi. This team will also work closely with the Commission's community engagement and communications teams to develop and implement targeted campaigns.

Further resource is added to the international team to enable engagement in international fora, maintaining oversight of developments in other countries that could have relevance here, and hosting visiting delegations and programmes (on pause at the moment due to COVID-19).

In addition to increasing the number of Commission personnel, there is also a focus on improving business processes and systems.

- The Commission would undertake major security and quality improvements across business processes and systems.
- Business policies and procedures would be brought up to date to ensure they are all fit-for-purpose.
- Investment would be made in technology to support enhanced information management and data analysis as part of a shift to strengthening data and analytics to improve the evidence base for decision making.
- The Commission would plan for the replacement of legacy systems but actual replacement would not take place until after GE23. The two highest priorities in this regard are MIKE (the core system used for managing enrolments) and ERSA (the electoral roll scrutiny application). ERSA is at end-of-life. MIKE is becoming a legacy technology which means it is hard to get people with the right skills to maintain and update it. It also means that changes to MIKE are increasingly cumbersome.
- Certification and accreditation would be extended across all of the Commission's systems rather than just those that are critical to the running of an election (certification and accreditation of systems and system providers is a key part of credible and effective information assurance governance).
- More generally, quality and risk assurance processes are strengthened.
- Greater focus is given to completing, for example, privacy impact assessments, to ensure robust compliance with regulatory requirements.

Resources

The people-related implications associated with Scenario 4 are summarised below. These are described in terms of additions to personnel over and above Scenario 3.

Scenario 4 FTE staff	FY22	FY23	FY24
Scenario 3 Total	158.50	226.08	268.75
Voting Services	+0.31	+10.50	+7.84
E&CE	-	+5.00	+5.00
Communications and Education	-	+5.67	+6.50
International	-	+0.50	+0.50
Corporate support functions	-	+27.42	+24.75
Scenario 4 Total	160.81	275.17	313.34

Costs

The operating cost implications associated with Scenario 4 are shown below and these are also presented as the increase in costs over and above Scenario 3.

Function (\$m)	FY22	FY23	FY24	Three year total
Scenario 3 Total	\$36.847	\$69.130	\$111.052	\$217.028
Voting Services	+\$0.019	+\$2.786	+\$9.515	+\$12.320
E&CE	\$ -	+\$0.479	+\$0.507	+\$0.986
Communications and Education	\$ -	+\$0.693	+\$0.833	+\$1.527
International	\$ -	+\$0.093	+\$0.099	+\$0.192
Corporate support functions	+\$0.308	+\$3.908	+\$4.800	+\$9.017
Scenario 4 Total	\$37.174	\$77.089	\$126.806	\$241.070

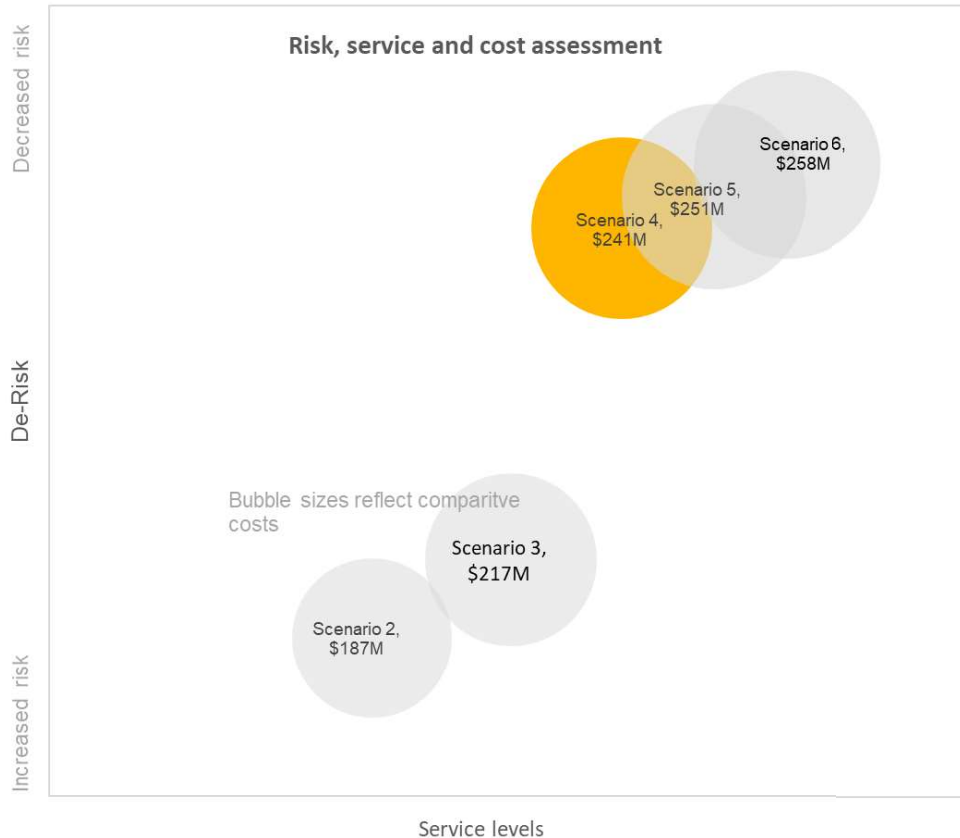
In addition to an increase in operating cost, Scenario 4 also involves some capital expenditure associated with system enhancements. This comprises \$2 million to address a range of problems with core elections systems (e.g. the Election Management System and the Electoral Roll Scrutiny system) and \$1 million for system changes to improve quality and assurance processes including certification and accreditation.

Assessment

Scenario 4 aligns well with the Commission's statutory objectives. Scenario 4 enables the Commission to deliver a level of service comparable to that of GE20 and, in this respect, it should be able to meet the expectations of voters, based on their experiences in GE20. Additional resource is directed toward community engagement, education and communications. This includes additional effort that is directed toward the priority groups that have low enrolment and voting rates relative to the general population. There is a much stronger commitment to partnership with Māori. Disparities in rates of enrolment and voting are, therefore, likely to narrow under Scenario 4. Reflecting these points, it is likely that voter turnout rates should be at least as high as those achieved in GE20 particularly among the priority groups. These outcomes, if achieved, are consistent with the Commission's statutory objective of facilitating participation in parliamentary democracy and promoting understanding of the electoral system.

Reflecting the points above, the quality and timeliness of services under Scenario 4 should be comparable with GE20. Voters are likely to continue to be highly satisfied with the way the election is run.

The diagram below illustrates where Scenario 4 sits compared to the other scenarios in terms of service levels and risk.



Scenario 4 also aligns well with the Commission’s strategic priorities. In particular, Scenario 4:

- provides the funding that is needed to build the Commission’s capability and core systems
- enables the Commission to bring forward planning and preparedness activities for the next election.

Under Scenario 4, the Commission should become a much more resilient organisation reflecting:

- the additional capacity and capability that is available to support planning and preparedness
- the additional investment in systems
- the enhanced capacity to update policies, procedures and processes where these are not fit for purpose or getting out of date
- the ability to build more contingency into plans.

Increased resilience means that when issues arise, the Commission should be better placed to deal with those issues thereby limiting the risk of material disruption to the election.

A key difference between this scenario and Scenario 3 is that under Scenario 4 there is a much greater assurance that the election will go to plan without significant disruption.

Although closing a range of gaps in capacity and capability is likely to render the Commission as a more resilient organisation, Scenario 4 does not fully address the goal of sustainability. Scenario 4 perpetuates a single election cycle, rather than multi-cycle, approach to planning and delivery. As a result, opportunities are lost to take a longer term and more strategic approach to planning and investment.

Overall, we consider that Scenario 4 delivers good value for money in the sense that there is a much better balance across service delivery (and the benefits this delivers), risk and cost.

The benefits associated with Scenario 4 are a mirror-image of the problems and shortcomings associated with Scenario 3. Organisationally, the benefits include:

- planning and preparation for GE23 is not constrained as it is under Scenario 3
- the historical under-investment in corporate support functions is addressed and these functions are right-sized for the organisation as a whole
- organisational resilience is strengthened.
- the risks of personnel flight, because of the stresses associated with GE20, is substantially abated
- key person risks and single points of failure are reduced.

In much broader terms, the benefits of Scenario 4 are:

- the risk of undermining the integrity of the electoral system, or experiencing a loss of confidence in that system, should be low
- by extension, New Zealand's strong reputation for having a robust electoral system should be maintained, or even enhanced and New Zealand's democratic ratings in the international arena maintained
- Crown/ Māori partnerships are strengthened
- support for democratic processes is maintained, if not enhanced.

Our assessment of Scenario 4 is summarised below.



Overall, Scenario 4 rates well against the criteria and, reflecting this, we recommend Scenario 4.

Sequencing

We note that a question might be raised regarding the ordering of Scenarios 3 and 4 with a suggestion that it could be better to de-risk the organisation and administration of the election first (i.e. Scenario 4) ahead of then seeking to mimic service levels from GE20.

We have chosen to present the scenarios in the order they appear for two main reasons.

- The capability that is required under Scenario 4, including that needed across the suite of corporate support functions, is influenced by the overall size of the organisation. In turn, the size of the organisation is influenced by the level of service delivered. It follows, therefore, that determining service levels (Scenario 3) is a pre-condition to determining the level of capability that is needed to address the existing under-investment in corporate support functions (Scenario 4).
- We do not consider there is a case for reducing service levels below those in GE20 other than some adjustment for one-off initiatives triggered by the need for social distancing as a result of COVID-19. In effect, therefore, Scenario 3 is akin to maintaining the status quo. In contrast, Scenario 4 marks a clear investment aimed at substantially de-risking the Commission and the conduct of the election and, in this regard, is a material improvement over and above the current state.

Scenario 5

Overview

This scenario involves the Commission undertaking its planning and preparation activities across two election cycles. Currently the Commission's focus is on the next election cycle (three-year horizon), whereas this scenario would involve a planning horizon of six years.

In practical terms this scenario does not radically change or alter delivery of the election. There is some uplift in enrolment, community engagement and communications activities to deepen and strengthen relationships with people and groups who support the Commission to deliver elections consistent with the Commission taking a longer-term view to its activities. Under this scenario it is the Commission's back-office and IT functions that would be most impacted. From a planning perspective, this scenario would bring forward planning for investment in digital transformation.

Background and context

The Commission has traditionally had a three-year planning horizon. This causes the following challenges for the Commission.

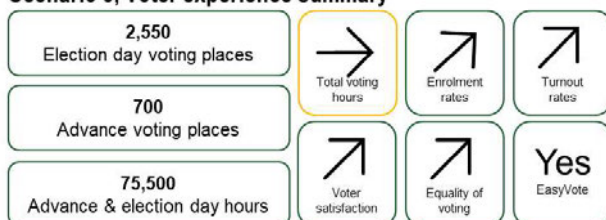
- Risk management/planning is short-term. The current process is overly focussed on the next election event, which limits risk scanning/planning beyond the current event.
- It is difficult to innovate between elections. Ideally, operational change needs to be anticipated over a longer time horizon to enable legislative change (where needed) and time for more complex transformation projects. Existing capacity does not allow room for this.
- Investment in relationships tends to be focussed around the election. Rather than an enduring relationship which can be maintained throughout the election cycle. The focus is currently (necessarily) on the relationships which matter the most for the current election event.

As a consequence, the Commission does not have the capacity to undertake future planning and preparedness and is at risk of failing to keep pace with technological change, changes in voter expectations or to identify medium term risks.

Description

Voter experience

Scenario 5, voter experience summary



From a voter perspective, there will be limited immediate impact from this scenario. However, over time we would expect that the Commission would be better positioned to keep pace with voter preferences. For example, this could include electronic mailing of EasyVote and digital enrolment communications.

Under Scenario 5, the number of FTE staff in Voting Services increases by about 25 in FY23 compared to Scenario 3. This is an increase of about 12 FTE staff in that year compared to Scenario 4. The majority of additional personnel are to enable longer term planning and preparation for future elections. There is also provision for one subject matter expert to provide input into future election planning work.

Engagement, education and communications

Four FTE staff are added to the Enrolment and Community Engagement business unit over and above Scenario 4 comprising:

- Digital services design lead
- Digital services design advisor
- Manager community engagement design
- Community engagement design advisor.

Overall, this means that under Scenario 5 there are nine additional FTE staff in this business unit over and above Scenario 3.

In addition to the numbers in Scenario 4, a further four FTE staff are added to the Communications and Education business unit to support the enquiries team. Overall, the additional number of personnel in this business unit is approximately 10 FTE staff over and above Scenario 3.

Investing in the Commission

This scenario would necessitate additional investment in the Commission’s Corporate Services business unit to support the increased planning horizon. In particular, a further eight FTE staff are added over and above Scenario 4 to fill the following roles:

- Business Analyst
- Data Analyst
- Dedicated Health, Safety and Wellbeing Advisor
- Principal Advisor Human Resources/Employment Relations
- Project Manager
- Senior Advisor – Finance
- Senior Advisor – Human Resources
- Senior Advisor – Organisational Development.

Overall, including these positions, the number of staff in the Corporate Services business unit increases by 26 compared to Scenario 3 in FY23. Although that is a significant increase in the number of Corporate Services personnel, it is important to recall that this is an area of historic under-investment.

Scenario 5 requires modest increase in FTE staff for FY23 and FY24, over and above Scenario 4, across a range of other corporate support business units in the Commission. The additions are summarised in the table below.

Business Unit	Additional positions (compared to Scenario 4)
Strategy	1 x Project Manager 1 x Business Analyst 1 x IT Technician
International	2 x Senior Advisors
Legal	1 x Senior Legal Advisor

Information Technology

This scenario involves an additional 10 FTE staff in the IT business unit. This is an increase of three FTE staff compared to Scenario 4. The additional resources enable the Commission to begin to future proof its operations. In particular, it should enable the Commission to:

- plan for digital transformation
- implement a range of system improvements to position the Commission for digital transformation
- undertake process improvements to enhance quality, assurance and security.

The additional roles are as follows:

- Technology Specialist
- Management/team leader
- Specialist technical support.

In addition to the additional three FTE staff the Commission will require approximately \$4.75 million of capital expenditure for immediate system changes. The two-cycle time horizon would require changes to core systems. Under Scenario 5, there is also some investment in new systems to improve interactions with voters as well as further investment in systems used for quality and risk assurance

purposes. These investments remediate the current IT environment to a level of service that is more manageable and enable the Commission to plan for and design its digital transformation.

It is important to note that the capital expenditure does not involve replacing core systems (such as MIKE, ERSA and the EMS). Replacing these systems would be the subject of a business case and separate funding bid. Furthermore, the capital expenditure does not include any investment in new systems or technology that might stem from work in planning for digital transformation.

Resources

The resource implications for Scenario 5, compared to Scenario 3, are summarised in the table below. Although the direct investment in strategy resources looks minor (three FTE staff), this scenario adds additional capacity in the main business units (Voting Services and Enrolment and Community Engagement) which should enable management to operate more strategically.

Scenario 5 FTE staff	FY22	FY23	FY24
Scenario 3 Total	158.50	226.08	268.75
Voting Services	+3.81	+15.75	+10.84
E&CE	-	+9.00	+9.00
Communications and Education	-	+9.67	+10.50
International	-	+2.50	+2.50
Corporate support functions	+3.67	+42.42	+40.92
Scenario 5 Total	165.98	305.42	342.51

Costs

The operating cost implications associated with this scenario are shown in the table below. Most of the change in cost is personnel related. Scenario 5 further increases the total number of personnel which, among other implications, means that the Commission would have to lease additional accommodation as the capacity limits of the existing National Office are exceeded under Scenario 5. The cost estimates include provision for extra accommodation costs.

Function (\$m)	FY22	FY23	FY24	Three year total
Scenario 3 Total	\$36.847	\$69.130	\$111.052	\$217.028
Voting Services	+\$0.414	+\$3.370	+\$9.915	+\$13.699
E&CE	\$ -	+\$0.952	+\$1.009	+\$1.961
Communications and Education	\$ -	+\$1.240	+\$1.413	+\$2.653
International	\$ -	+\$0.364	+\$0.386	+\$0.749
Corporate support functions	+\$0.517	+\$6.420	+\$8.167	+\$15.104
Scenario 5 Total	\$37.777	\$81.475	\$131.942	\$251.195

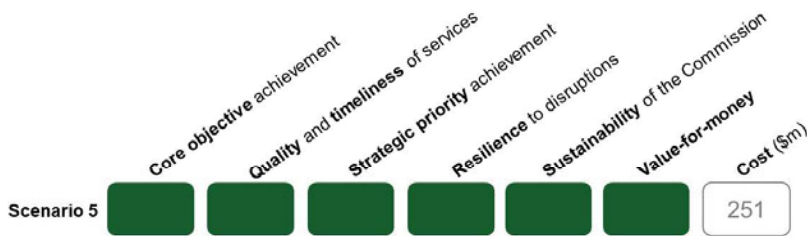
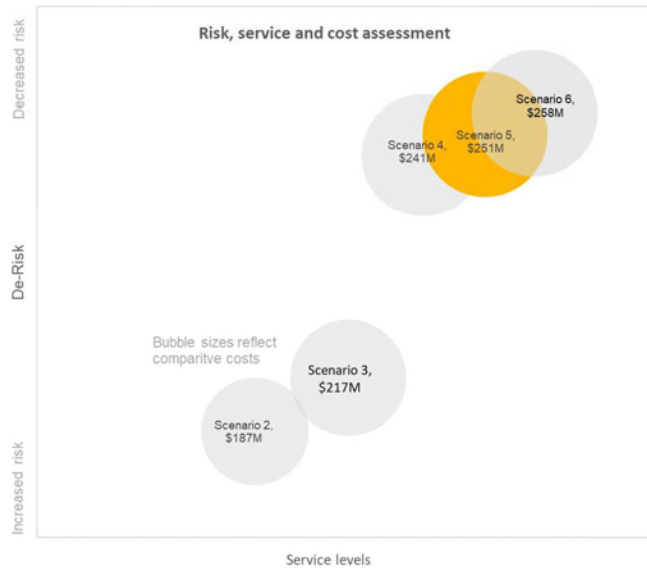
In addition to operating costs, as noted above there is capital expenditure of \$4.75 million.

Assessment

This option provides investment for the Commission to deliver incrementally better and less risky elections and to begin to scope large shifts that it will need to take in the future. A key component of this is the ability for the Commission to influence participation through enduring relationships with groups who are hardest to access. Although the increase in resources for the strategy team is modest, a key feature of Scenario 5 is that it enables the Commission to think more strategically. The resources allied to digital transformation in the community engagement area is part of this shift as is the additional planning resources that are added in the voting services business unit.

In this regard, the key difference between Scenario 5 and the previous scenarios is that it positions the Commission as a more sustainable organisation. The greater emphasis on planning over a longer time horizon helps with future proofing the Commission and, just as importantly, the administration of future elections.

Our assessment of this Scenario 5 is summarised in the diagrams below.



This scenario has merit. It aligns well with all of the criteria we have used in order to assess the scenarios. It builds on the service enhancements and de-risking that is a key feature of Scenario 4 and adds to the resilience and sustainability of the Commission.

We stop short of recommending this as the preferred option, however, for the reason that the extent of change between current state and the vision of Scenario 5 is significant and we are unsure as to how well placed the Commission is to effect such a large change. The change in total FTE staff numbers is large under Scenario 4 (52 FTE in FY23) but larger still under Scenario 5 (89 FTE in FY23) and this will create a range of change management challenges. Recruiting such a large number of additional staff may also be very challenging in the current labour market with, historically, very low rates of unemployment and many employers struggling to find staff.

The Commission's corporate support functions are, currently, under-developed and there are several areas of relative immaturity. That being the case, we consider that a staged approach that heads in the direction of Scenario 5 (or Scenario 6) but does not seek to move there in one large step is warranted. In short, we favour Scenario 4 as a means of re-building the foundations of the Commission, including its corporate support functions, with a view to that laying the foundations for a subsequent shift to the two-cycle approach to election administration.

Moreover, the staged approach that we have in mind would allow further time for working through the design of, and planning for, the change management programme. We consider there is a need for more work to better understand the dynamic impacts of Scenario 5 on the future shape and operating model of the Commission. In this regard, we note that work on the Commission's operating model is currently underway and this could well address the points we are making above and, therefore, provide a firmer basis for supporting Scenario 5.

Scenario 6

Overview

This scenario involves the Commission taking a 10-year horizon to its planning focus.

The defining feature of this scenario compared to Scenario 5 is the ability for the Commission to focus not only on the next election event, but on the future of elections more generally. In addition, the Commission will invest more in improving the current suite of systems and also planning for system replacements. Whereas, Scenario 5 implies an incremental approach to the uptake of technology, in Scenario 6 the Commission has some capacity to take a dual delivery approach in the lead up to GE26 (e.g. running newly automated processes alongside manual processes).

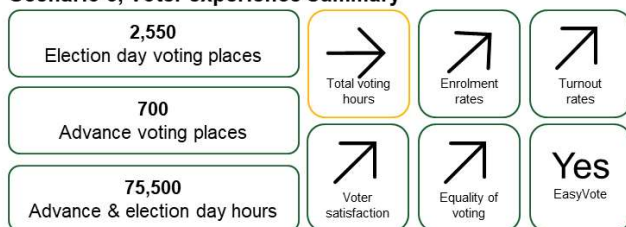
Background and context

The Commission does not currently have the depth of resource capacity to take a 10 year view of how election administration will need to evolve and to analyse, plan, advise on, and build for the sort of change that might be needed. The Commission's current resource level necessitates a focus on the next election event and only allows a three year planning focus.

Description

Voter Experience

Scenario 6, voter experience summary



From a voter's perspective, they are unlikely to observe much change, compared to Scenarios 4 and 5, in terms of the options open to them to exercise their vote. Under Scenario 6, a further three FTE staff are added to the Voting Services business unit as follows:

- Administrator
- Advisor
- Trainer.

These roles help to support the longer term planning horizon that is they key feature of Scenario 6.

Although the changes, from a voter perspective, are unlikely to be significant for GE23, the changes may become more noticeable further out. This scenario, more than the others, would enable the Commission to better meet the changing needs of voters and to begin the transition towards digital transformation.

Compared to Scenario 3, Scenario 6 is based on requiring 25 extra FTE staff in the Voting Services business unit for FY23.

Engagement, education and communications

There is no change in the level of resources for the Enrolment and Community Engagement business unit compared to Scenario 5.

Five FTE staff are added to the Communications and Education business unit over and above Scenario 5 in FY23 as follows:

- 1 x Communication Advisor
- 2 x Specialist Digital and Data Communications Advisors
- 2 x Educators.

These resources are intended to enable an enhanced focus on civic education and additional investment to support the uptake of digital technology.

Investing in the Commission

The main change to resource levels under Scenario 6 is in the strategy area.

Scenario 6 includes an additional eight FTE staff, over and above Scenario 5, all of whom would support the strategy work of the Commission. The purpose behind these roles is to strengthen the data analytics and insights capability of the Commission and support the enhanced use of data and planning for digital transformation. The positions established under Scenario 6 are:

- 3x IT Technicians
- 1x Database Administrator
- 1x Data Engineer
- 1x Platform Administrator
- 1x Developer
- 1x Researcher.

The roles combine to enhance the gathering of intelligence and data, turning that into usable information and analysing that information to generate actionable insights at strategic and operational levels. For the purposes of this report, it has been assumed, based on discussions with the Commission, that these roles would sit as part of the strategy team (under which existing data analytical capability currently sits) but it is possible that some positions might fall under IT reflecting the strong systems orientation of some of the roles.

In addition, there are also minor changes across other corporate support functions compared to Scenario 5. A Strategy and Planning Advisor position is added to the Corporate Services business unit reflecting the Commission taking a longer-term view to its planning.

One position is added to the legal team to support analysis of the policy and legislative implications of potential changes which may be required for future elections.

The resourcing requirements for International, IT and Office of the Chief Executive remain unchanged from Scenario 5.

Information Technology

Core IT personnel numbers remain unchanged from Scenario 5 (10 FTE staff). However, there is a significantly enhanced amount of capital expenditure in this scenario (\$8 million) compared to Scenario 5 (\$4.75 million). The capital expenditure is directed toward:

- undertaking more detailed planning for digital transformation
- running dual systems in the 2023 General Election to enable the transition to greater automation with lower risk.

These investments remediate the current IT environment to a level of service that is more manageable, de-risk improvements to the current system and enable a more strategic approach to the pathway towards digital transformation.

Resources

The resource implications for Scenario 6, compared to Scenario 3, are summarised in the table below. There is a much greater investment in this scenario in Strategy resourcing to enable the Commission to consider the future shape of elections. Compared to Scenario 5, there are also further small increases across Voting Services, Communications and Education, Corporate Services and Legal business units.

Scenario 6 FTE staff	FY22	FY23	FY24
Scenario 3 Total	158.50	226.08	268.75
Voting Services	+3.81	+15.75	+13.84
E&CE	-	+9.00	+9.00
Communications and Education	-	+14.67	+15.50
International	-	+2.50	+2.50
Corporate support functions	+4.67	+52.42	+50.92
Scenario 6 Total	166.98	320.42	360.51

Costs

The operating cost implications associated with Scenario 6 are shown in the table below. Like Scenario 5, provision has been made for extra accommodation costs reflecting the further increase in personnel numbers.

Function (\$m)	FY22	FY23	FY24	Three year total
Scenario 3 Total	\$36.847	\$69.130	\$111.052	\$217.028
Voting Services	+\$0.414	+\$3.370	+\$10.365	+\$14.149
E&CE	\$ -	+\$0.952	+\$1.009	+\$1.961
Communications and Education	\$ -	+\$1.868	+\$2.079	+\$3.947
International	\$ -	+\$0.364	+\$0.386	+\$0.749
Corporate support functions	+\$0.614	+\$8.138	+\$11.057	+\$19.809
Scenario 6 Total	\$37.875	\$83.821	\$135.947	\$257.643

In addition, Scenario 6 includes \$8 million of capital expenditure over and above Scenario 3.

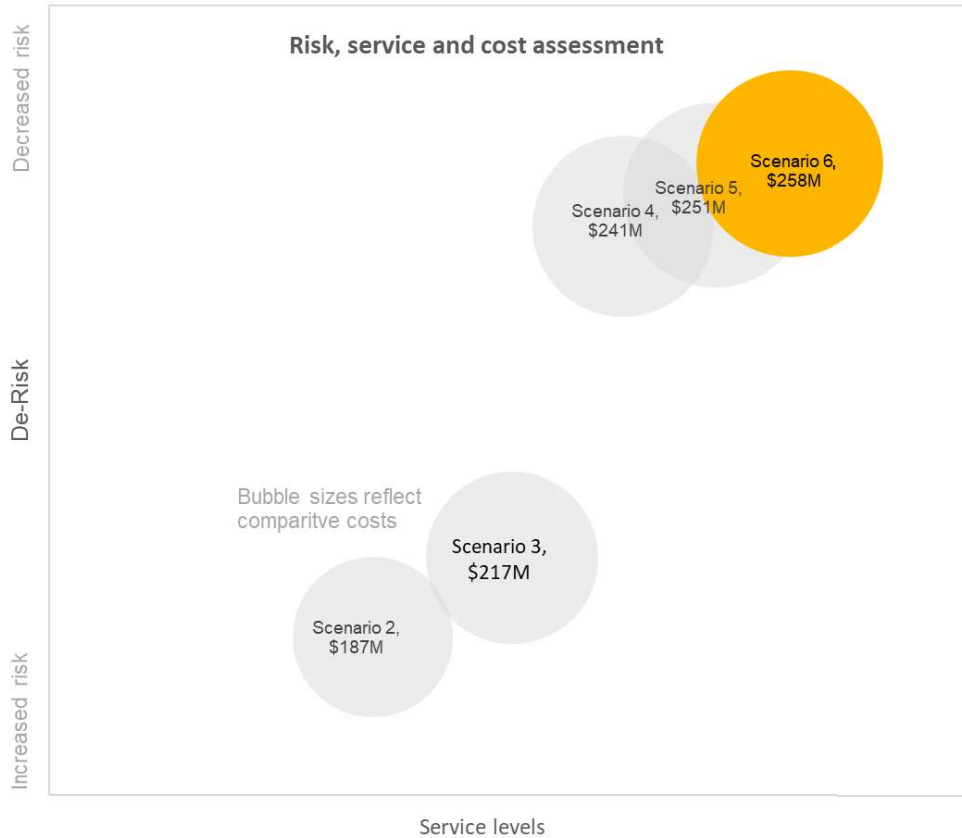
Assessment

A key point of difference between this scenario and Scenario 5 is that the resources added under Scenario 6 help to drive a much stronger focus on the future way in which elections are conducted and what this means for how the Commission supports and undertakes the administration of elections. In this regard, Scenario 6 goes beyond planning and preparedness to give greater focus to the future evolution of elections.

This scenario will reveal earlier (but, potentially, also more efficiently) the scope and scale of digital transformation, and the benefits this could confer, and could enable the Commission to be world leading in the conduct of elections.

From a system perspective, this scenario could assist the Ministry of Justice in its stewardship of the Electoral Act as a result of the Commission becoming better placed to influence and consider what legislative changes might be required to support the future conduct of elections.

We consider that this scenario has merit because it strengthens an analytical and evidence/data based approach to the longer term strategy for the administration of elections. Like Scenario 5, it rates highly against the assessment criteria as shown below.



However, like Scenario 5, we stop short of recommending this Scenario ahead of either Scenario 4 or 5. Our reasons reflect those explained in the context of Scenario 5; that is, there is a considerable amount of change implied by Scenario 6. From a change management perspective (and taking into account the constraints inherent in the current labour market), a staged approach is warranted. Scenario 4 helps to establish a platform from which the opportunities to pursue Scenario 6 can be considered further. Scenario 6 has considerable attraction but more work is needed to better understand its implications (e.g. for the Commission’s operating model) and what would be involved in its implementation.

Scenario 6 (and 5) should be kept on the table for further consideration once progress has been made with implementing Scenario 4.

4 Funding arrangements

We have considered the timing and structure of the funding arrangements required to support the Commission.

Current funding arrangements

The Commission is funded for all its activities (baseline and election event activities) through one 'Non-Departmental Output Expense' appropriation in Vote Justice.

The appropriation has an embedded 'baseline' amount which covers funding for the Commission's day-to-day operations (largely National Office costs). Additional funding is provided to the baseline to cover:

- The election – the Commission prepares and presents a budget bid to government on a roughly three yearly cycle to cover the forecast costs of the election event.
- New initiatives – if the Commission requires additional funding for new technologies/policies or processes, it prepares a budget bid for these.

Requests for additional funding are usually prepared and submitted in the same year as the election occurs. This is to fit with the Budget timeline whereby bids are typically submitted in December, decisions occur in February/March and decisions are formally announced as part of the Budget in May.

The situation for GE23 is a bit unusual. Ordinarily, decisions would have been made at the recent Budget (in May 2021) regarding the funding for GE23. These decisions were not made, and the Commission will be seeking funding in the lead up to Budget22.

Challenges presented by current arrangements

The current arrangements create a range of problems for the Commission as summarised in the table below.

Issue	Description
Capacity	The practice of requesting funding in the same year as an election places significant pressure on the Commission at a critical time.
Sequencing	The budget bid has to be submitted before the review of the general election has been completed and work on planning for the next election has got underway. This means the bid is not as well informed as it needs to be. The bid sets the funding envelope for the three year election cycle before the work has been done to determine what funding is needed for the next election. In short, budgeting is running ahead of planning which is the wrong way around.
Flexibility	There are three issues: 1) The current funding profile is heavily weighted towards years two and three of the three-year election cycle. This does not reflect the profile of real activity and reduces the ability for the Commission to plan and make investments earlier in the three-year cycle. 2) While the Commission can request a transfer of funding into outyears, it can't bring funding forward, which reinforces a focus on the election year and reduces the amount of planning and preparation that can be undertaken. 3) The current funding arrangements do not provide any flexibility for cost increases that are outside the control of the Commission. There are two parts to these: <ul style="list-style-type: none">• Volume driven cost increases – relating to population growth/higher than expected voter turnout.• Input driven cost increases – relating to the core costs of the election (people, postage, paper, printing and property). These

Issue	Description
	costs have gone up by significantly more than inflation and these costs have gone up within a three year cycle (e.g. NZ Post adjustment of prices, introduction of living wage), yet the funding is capped at the start of a three year cycle.
Independence	The Commission cannot choose not to run the elections and the Government is limited in its ability (rightfully so) to influence the Commission's activities. Notwithstanding these points, every three years the Commission has to request funding from the Government for elections. Each funding request places the Government at risk of being perceived to interfere with the administration of elections and, hence, the independence of the Commission and its requirement to run elections in an impartial manner.
Focus	The current funding process focuses the resourcing needs on the election event without active consideration of the Commission's own baseline funding requirements to support the event. This distinction is false and misleading. It has contributed to a situation where the Commission's baseline funding (systems, processes and people) is not sufficient to support elections.

In summary, the current arrangements are administratively burdensome, cut across the Commission's ability to plan effectively for the next election and plan in a more strategic manner, and expose the Government and Commission to independence risks.

Options

We have considered several options to address the challenges outlined above. For the purposes of this analysis, and consistent with our terms of reference, we have excluded consideration of funding arrangements for by-elections, local body elections, referenda, the Māori Electoral Option and the Representation Commission.

The first four options listed below focus on modifications to current arrangements but do not, of themselves involve moving away from the existing approach which is based on annual non-departmental output expense appropriations.

The fifth and sixth options involve shifting to a multi-year appropriation or a Permanent Legislative Authority respectively.

One or more of options 1, 2, 3 and 4 can be combined with options 5 and 6.

1. **Re-phase the appropriation to more accurately reflect the level of activity within a three-year cycle.** A theme associated with most of the scenarios discussed earlier in this report is the importance of early planning and preparation for running an election. Reflecting this, it is desirable that the Commission have as much flexibility as possible to fund planning and preparedness work early in the election cycle. The problem with current arrangements is that it is not possible to bring forward appropriations from one year to earlier years. To alleviate this constraint, there is a case for over-weighting (compared to current practice) the appropriation in year one of the cycle recognising that there is the opportunity to seek a transfer of unspent funds from year one to year two and/or three as required. Instead of transferring unspent funds into an increased appropriation in following years, another option to achieve the same end is to grant the Commission an exemption from having to repay surpluses.⁴ Option 1 would still involve the Commission bidding as part of the budget process on a three-yearly basis.
2. **Remove the arbitrary distinction that has been drawn between the Commission's core business-as-usual funding and event funding.** Although the current annual appropriation does not make this distinction, it is clear to us that such a distinction exists within the Commission's approach to budgeting. While that might make some sense in terms of how the Commission wants to manage itself financially, the distinction is artificial. When it comes determining the

⁴ This is provided for under section 165 of the Crown Entities Act (2004) and would require the Commission to be added to Schedule 1 of the Crown Entities Act.

funding the Commission needs to perform its role, distinguishing between BAU and the event is not helpful and is not consistent with the fact that an election runs on a three-year cycle.

3. **Bid for five years funding but review once every three years (i.e. following a general election).** Under the Public Finance Act, appropriations can be for a maximum of five years. There is an opportunity to take advantage of this provision so as to provide the Commission with as much funding certainty as possible at each budget bid process. In addition, the three year process helps to ensure the Commission has full certainty of funding for each election cycle (with the exception of the first) at least five years out from the election.
4. **Include cost-pressures within the approval process.** When budget bids are submitted, an option is to seek approval for cost increases which are outside the control of the Commission. Examples include:
 - a. Volume pressures – e.g. additional funding is automatically provided to the Commission (within a specified amount) if the volume of enrolments/voters is more than a certain number
 - b. Cost pressures – e.g. additional funding is automatically provided to the Commission (within a specified amount) if the cost of specified inputs is greater than forecast and these cost increases were not able to be managed by the Commission. Further discussion with The Treasury is required to ensure the accounting treatment is understood, but this may be a contingent liability on the Crown accounts.

Under this arrangement, joint Ministers (i.e. Justice and Finance) would be expected to approve the adjustments unless there were good reasons to the contrary. We note that the approach to budgets for Census is to use the cost of the last Census as the starting point for determining the funding for the next Census. This is a not dissimilar approach and could also be considered in the Commission's case.

In addition to the four options set out above, there are two other options both of which are alternatives to the current approach which is based on annual appropriations.

5. **Multi-Year Appropriation (MYA).** Like annual appropriations, the maximum period for a MYA is five years (section 10 (2) and (3) Public Finance Act 1989 refer). The main advantage of the MYA over an annual appropriation is the increased flexibility to shift funding between years. A five-year MYA would not give the Commission funding certainty beyond one election cycle, but it would assist longer term planning (of relevance to Scenarios 5 and 6 in particular) as well as giving it greater flexibility within the election cycle. The nature of the Commission's activities and its costs appear to be consistent with the purpose and intent of a MYA.⁵ We note the Census (also a large event of national significance) is funded by a MYA.
6. **Permanent Legislative Authority (PLA).** PLAs enable expenditure to be incurred outside an appropriation Act. Reflecting this, the determination of funding falls outside the budget bid process. They are generally used where approval is needed for spending of a technical nature (e.g. GST), or the government needs to give assurance about its ability to make payments, or where Parliament wants to signal a commitment not to interfere in certain transactions. Although there are no examples directly comparable with the Commission's situation, we note that PLAs are provided for aspects of expenditure incurred by the Office of the Auditor General and the Office of the Ombudsman. Notwithstanding the lack of direct comparator, the unique role performed by the Commission, and need to be seen to be completely free of any hint of ministerial influence, argue for funding arrangements that are outside of mainstream Budget processes. The PLA option helps in this regard.

Based on the foregoing, there are two main groups of options.

1. Options 1-5 (MYA option): shift funding to a MYA to give greater flexibility to bring forward and push out expenditures; seek funding on a five-year basis so that the Commission can plan into the second election cycle; and include provisions to better manage cost pressures. This option gives the Commission a lot more flexibility and control than it currently has. The main downside is that it would need to still prepare a 'bid' while it is reviewing the previous election. This issue could be mitigated slightly by getting approval of the Minister of Justice and Minister of Finance

⁵ Treasury (2013) A guide to appropriations. Accessed 19 June 2021. <https://www.treasury.govt.nz/publications/guide/guide-appropriations-html#section-4>

for the Commission to be able to bid, and for the bid to be as late as possible so that the final or indicative findings of the review are included.

2. Options 1, 2, 3, 4 & 6 (PLA option). This option would give the Commission a greater level of independence from the Government and would address the timing issues. The Crown would need assurance that the Commission was acting in a fiscally responsible way, so even if funding approval was easier, the Crown would need to think about the governance, accountability and reporting requirements.

This PLA option would require legislation to implement. While we consider this option has merit and is worth considering, it is not an option in the short-term because of the need for legislation.

Recommendation

From a first-principles perspective, there is a strong case for the Commission being funded by PLA. However, because this option would require legislative change, it is unlikely to be an option in the short-term. Accordingly, and as a good interim arrangement, the MYA option (options 1-5 above) is recommended.

Appendix A: Restrictions

This report has been prepared for the Electoral Commission. This report has been prepared solely for this purpose and should not be relied upon for any other purpose. We accept no liability to any party should it be used for any purpose other than that for which it was prepared.

This report has been prepared solely for use by the Electoral Commission and may not be copied or distributed to third parties without our prior written consent.

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We have not independently verified the accuracy of information provided to us and have not conducted any form of audit in respect of the Electoral Commission. Accordingly, we express no opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we have relied.

The statements and opinions expressed herein have been made in good faith, and on the basis that all information relied upon is true and accurate in all material respects, and not misleading by reason of omission or otherwise.

The statements and opinions expressed in this report are based on information available as at the date of the report.

We reserve the right, but will be under no obligation, to review or amend our report, if any additional information, which was in existence on the date of this report, was not brought to our attention, or subsequently comes to light.

This report is issued pursuant to the terms and conditions set out in our Consultancy Services Order dated 12 May 2021

Appendix B: Service and capability description for Scenario 1

Scenario 1 is based on the assumption that GE23 has to be delivered for \$136 million.

As we have discussed in the report, we do not view this as being a realistic scenario. The Commission has attempted to identify cuts in services levels and capabilities that would need to be made in order to bring the cost of delivering GE23 for \$136 million. This is set out below.

Voter experience

To try and fit within a budget of \$136m, the level of service experienced by voters would be significantly inferior to that in GE20.

- Advance voting would be limited to the statutory minimum, which is one advance voting place per electorate, and would be available for only a very short time ahead of election day. There would be no advance voting mobile managers (who visit those unable to get to a voting place). There would be no early count of votes. The 68% of voters who chose to take advantage of advance voting in GE20 would have to make other, less convenient, arrangements.
- The number of election day voting places would increase slightly to around 2800 compared to 2,567 election day voting places in GE20. This is needed in order to accommodate voters who will be forced into voting on election day.
- Dictation voting services would be cut back. Services would continue for overseas voters who meet eligibility criteria (because this is a statutory requirement) but nothing beyond that.
- Takeaway and postal voting services would be reduced and communications to raise awareness of them would also be reduced. We note that as part of GE20, and in part for COVID-19 contingency) the Commission had built capacity for 380,000 postal votes.
- Approximately 80% of voting places would be schools as these are among the least cost form of voting place (and schools are required, under the Electoral Act, to provide facilities for voting).
- There would be fewer more convenient, but expensive, voting places including, for example, supermarkets and shopping centres.
- Cuts would be made to the number of staff that would otherwise fulfil roles in electorate headquarters and regional offices and, accordingly, there would be less support and customer service in the lead up to the election and through the delivery of services. Those staff that are hired will be brought on closer to the time of the election.
- Minimal physical security would be provided at electorate headquarters and voting places.
- Cuts would be made in voting-related supplies and there would be less contingency across all of the main consumables such as cardboard items, paper for ballot papers, the number of special vote declarations, ballot papers and so on.
- The level of effort directed toward planning and preparing for GE23 would be pared back. For example, this would result in less training of field staff and less collateral to support their training and less input from field staff into election processes (e.g. reduced face-to-face training, no dress rehearsals or simulations to ensure that processes work as intended and that staff are fully familiar with those processes all of which are an important part of ensuring smooth voting place operations).
- Normally, there is a large surge in the number of enrolments leading up to election day. As part of GE20, the Commission brought on three data entry teams to deal with the surge. Under Scenario 1, the number of teams would have to be cut which means it would take longer for the Commission to process enrolment applications. In turn, this has the potential to delay delivery of election results.

Engagement, education and communications

Voters would not receive the level of information and encouragement to enrol and vote as they did in GE20 (or GE17).

- The EasyVote pack will be removed. This artefact is a key part of preparing electors for the election and reminding them of the upcoming election. The pack is something that voters are expected to bring with them when they vote as it facilitates the process when they arrive at a voting place. Reliance would be placed on using the website to convey the information contained

in the EasyVote pack. This will disadvantage those who do not have access to, or prefer not to use, the internet and, more generally, will mean voters are less informed and prepared

- Less activity will be undertaken aimed at encouraging enrolment and voting, and reducing barriers to voting. Communications and education will be “plain vanilla” with campaigns limited to mainstream audiences. The nature of advertising campaigns is transactional (e.g. reminding people there is an election) rather than being motivational (i.e. promoting the importance and benefits of voting).
- There will be a reduced number and duration of mainstream advertising (e.g. no reminder or last chance messaging).
- The Commission would not be able to repeat some types of communications activity undertaken as part of GE20. For example, it would not be able to provide date-driven voting place information on outdoor screens, mobile phones and locally distributed materials.
- There will be no targeted activity directed to priority groups including Māori, Pacific peoples, other ethnic communities and youth.
- There will be no work with communities.
- There will be little, or no, civics education. Substantial cuts will have to be made to the schools programme and the kids voting programme. The Commission would probably not be able to keep curriculum-aligned teaching resources up-to-date.

Cuts in Commission capability

Under Scenario 1, the Commission would be forced to retrench in order to live within available funding. A number of functions are scaled back and some are terminated.

- There would be no programme management functionality to support planning for, and delivery of, the election.
- Strategy-related work-streams would be pared back to only the highest priority – risk and security management which focuses on major risks to elections and mitigating and responding to those risks. The Commission would strive to continue to be a part of the inter-agency group it established to address security issues but the need to cut back on resources means it is unlikely that the Commission could continue to lead this group (or, at least, do so effectively).
- Work on a future-focused services strategy would be curtailed and, in all likelihood, paused indefinitely. The Commission’s intention to build a more strategic approach to its work would not be fulfilled.
- Data analysis/analytics would be pared back. Updating of data would be less frequent, there would be less analysis of that data and business units across the Commission would have reduced access to data insights to help inform business strategy and plans.
- Corporate support functions that are already under-strength for the size and complexity of the organisation would also be pared back slightly although the scope for doing this is fairly limited. The Corporate Services team currently comprises a manager plus 14 staff (excluding casual staff but including a vacancy in the HR team and three positions recently approved by the Board relating to finance, procurement and property). The new positions would continue but the vacancy in the HR team would not be filled. Cuts would be made to casual staff and the size of the administration team (currently three staff) would be reduced to two staff.
- The cuts in corporate support functions means that managers in external facing parts of the Commission (e.g. voting services) would have even less support than they do now (and support is already below what is needed). More so than is true currently, managers will have less time to manage because of reduced support. Managers, and the organisation more generally, would be very reactive (i.e. responding to issues as they arise) with no or little capacity to engage in proactive management of issues.
- Cuts would be made to non-personnel costs including mail and stationary, lease costs, phones and IT including cuts to the level of support for core systems.
- A proposed new applicant management system which is being implemented in FY22 would proceed but only for Voting Services and not the rest of the Commission. Investment in a replacement FMIS would proceed as planned.

- IT services would be reduced. Several contract, fixed term and permanent positions are disestablished which removes programme management, system analyst support and system security capability. Cuts are also made in the amounts spent on third party providers in relation to system development services. Certification and accreditation of systems and system providers (which provides assurance that information and its associated technology are well managed), is pared back to the most critical core election systems only.

Appendix C: Resource and cost tables

This appendix provides a more detailed breakdown of the resource and cost tables that are included in the body of the report.

Scenario 1 is not included below as it is discussed in Appendix B and is not considered feasible make the level of cuts that would be needed to align with the current appropriation of \$136 million.

The tables below indicate the FTE staff and cost implications for each of the scenarios.

For scenarios 2, 4, 5 and 6, the tables show the reduction in, or addition of, FTE staff, and costs, relative to Scenario 3. That is, they describe the level of change compared to Scenario 3.

In contrast, the tables relating to Scenario 3 show the number of FTE staff and operating costs for that scenario. As explained earlier in the report, Scenario 3 is, for the most part, is based on plans for GE23 that were developed in December 2020. Scenario 3 is, in effect, the scenario against which all other scenarios are compared.

Scenario 3 Total FTE staff

Business group (FTE staff)	FY22	FY23	FY24
Voting Services	17.50	25.00	25.00
E&CE	81.50	125.00	163.75
Communications and Education	9.00	13.00	10.50
International	0.00	0.50	0.50
Corporate Services	20.00	28.58	35.00
IT	18.00	20.00	20.00
Legal & Policy	5.00	5.00	5.00
Office of CEO	5.00	5.00	5.00
Strategy	2.50	4.00	4.00
Total	158.50	226.08	268.75

Scenario 3 Total Operating Costs

Function (\$m)	FY22	FY23	FY24	Three year total
Voting Services	\$4.713	\$21.128	\$50.860	\$76.701
E&CE	\$1.085	\$9.720	\$10.037	\$20.842
Communications and Education	\$2.487	\$5.853	\$10.170	\$18.510
International	\$0.065	\$0.158	\$0.184	\$0.407
Corporate Services	\$17.288	\$18.802	\$19.114	\$55.204
IT	\$8.459	\$9.486	\$17.966	\$35.912
Legal & Policy	\$0.594	\$0.615	\$0.685	\$1.895
Office of CEO	\$1.538	\$2.461	\$1.455	\$5.453
Strategy	\$0.618	\$0.906	\$0.581	\$2.105
Total	\$36.847	\$69.130	\$111.052	\$217.028

FTE staff – scenario comparisons

Scenario 2

Business group (FTE staff)	FY22	FY23	FY24
Scenario 3 Total	158.50	226.08	268.75
Voting Services	-	-	-
E&CE	(12.50)	(56.00)	(95.75)
Communications and Education	-	-	(1.00)
International	-	(0.50)	(0.50)
Corporate Services	-	(0.58)	(1.00)
IT	-	(2.00)	(1.00)
Legal & Policy	-	-	-
Office of CEO	-	(1.00)	(1.00)
Strategy	-	(2.00)	-
Scenario 2 Total	146.00	164.00	168.50

Scenario 4

Business group (FTE staff)	FY22	FY23	FY24
Scenario 3 Total	158.50	226.08	268.75
Voting Services	+0.31	+10.50	+7.84
E&CE	-	+5.00	+5.00
Communications and Education	-	+5.67	+6.50
International	-	+0.50	+0.50
Corporate Services	+2.00	+17.42	+13.75
IT	-	+7.00	+7.00
Legal & Policy	-	-	-
Office of CEO	-	+3.00	+3.00
Strategy	-	-	+1.00
Scenario 4 Total	160.81	275.17	313.34

Scenario 5

Business group (FTE staff)	FY22	FY23	FY24
Scenario 3 Total	158.50	226.08	268.75
Voting Services	+3.81	+15.75	+10.84
E&CE	-	+9.00	+9.00
Communications and Education	-	+9.67	+10.50
International	-	+2.50	+2.50
Corporate Services	+2.67	+25.42	+23.92
IT	-	+10.00	+10.00
Legal & Policy	+1.00	+1.00	+1.00
Office of CEO	-	+3.00	+3.00
Strategy	-	+3.00	+3.00
Scenario 5 Total	165.98	305.42	342.51

Scenario 6

Business group (FTE staff)	FY22	FY23	FY24
Scenario 3 Total	158.50	226.08	268.75
Voting Services	+3.81	+15.75	+13.84
E&CE	-	+9.00	+9.00
Communications and Education	-	+14.67	+15.50
International	-	+2.50	+2.50
Corporate Services	+2.67	+26.42	+24.92
IT	-	+10.00	+10.00
Legal & Policy	+2.00	+2.00	+2.00
Office of CEO	-	+3.00	+3.00
Strategy	-	+11.00	+11.00
Scenario 6 Total	166.98	320.42	360.51

Operating costs – scenario comparisons**Scenario 2**

Function (\$m)	FY22	FY23	FY24	Three year total
Scenario 3 Total	\$36.847	\$69.130	\$111.052	\$217.028
Voting Services	-\$0.007	-\$0.197	-\$11.597	-\$11.800
E&CE	-\$0.841	-\$3.956	-\$7.004	-\$11.801
Communications and Education	\$ -	\$ -	-\$4.610	-\$4.610
International	\$ -	-\$0.093	-\$0.099	-\$0.192
Corporate Services	\$ -	-\$0.101	-\$0.174	-\$0.275
IT	\$ -	-\$0.533	-\$0.503	-\$1.036
Legal & Policy	\$ -	\$ -	\$ -	\$ -
Office of CEO	\$ -	-\$0.100	-\$0.107	-\$0.207
Strategy	\$ -	-\$0.252	\$ -	-\$0.252
Scenario 2 Total	\$35.999	\$63.898	\$86.959	\$186.855

Scenario 4

Function (\$m)	FY22	FY23	FY24	Three year total
Scenario 3 Total	\$36.847	\$69.130	\$111.052	\$217.028
Voting Services	+\$0.019	+\$2.786	+\$9.515	+\$12.320
E&CE	\$ -	+\$0.479	+\$0.507	+\$0.986
Communications and Education	\$ -	+\$0.693	+\$0.833	+\$1.527
International	\$ -	+\$0.093	+\$0.099	+\$0.192
Corporate Services	+\$0.308	+\$2.349	+\$1.896	+\$4.553
IT	\$ -	+\$1.177	+\$2.239	+\$3.415
Legal & Policy	\$ -	\$ -	\$ -	\$ -
Office of CEO	\$ -	+\$0.383	+\$0.406	+\$0.789
Strategy	\$ -	\$ -	+\$0.259	+\$0.259
Scenario 4 Total	\$37.174	\$77.089	\$126.806	\$241.070

Scenario 5

Function (\$m)	FY22	FY23	FY24	Three year total
Scenario 3 Total	\$36.847	\$69.130	\$111.052	\$217.028
Voting Services	+\$0.414	+\$3.370	+\$9.915	+\$13.699
E&CE	\$ -	+\$0.952	+\$1.009	+\$1.961
Communications and Education	\$ -	+\$1.240	+\$1.413	+\$2.653
International	\$ -	+\$0.364	+\$0.386	+\$0.749
Corporate Services	+\$0.367	+\$3.635	+\$3.655	+\$7.656
IT	\$ -	+\$1.681	+\$3.352	+\$5.033
Legal & Policy	+\$0.150	+\$0.150	+\$0.150	+\$0.449
Office of CEO	\$ -	+\$0.423	+\$0.446	+\$0.869
Strategy	\$ -	+\$0.532	+\$0.564	+\$1.096
Scenario 5 Total	\$37.777	\$81.475	\$131.942	\$251.195

Scenario 6

Function (\$m)	FY22	FY23	FY24	Three year total
Scenario 3 Total	\$36.847	\$69.130	\$111.052	\$217.028
Voting Services	+\$0.414	+\$3.370	+\$10.365	+\$14.149
E&CE	\$ -	+\$0.952	+\$1.009	+\$1.961
Communications and Education	\$ -	+\$1.868	+\$2.079	+\$3.947
International	\$ -	+\$0.364	+\$0.386	+\$0.749
Corporate Services	+\$0.367	+\$3.756	+\$3.783	+\$7.906
IT	\$ -	+\$1.646	+\$4.387	+\$6.034
Legal & Policy	+\$0.248	+\$0.248	+\$0.248	+\$0.743
Office of CEO	\$ -	+\$0.423	+\$0.446	+\$0.869
Strategy	\$ -	+\$2.065	+\$2.193	+\$4.258
Scenario 6 Total	\$37.875	\$83.821	\$135.947	\$257.643