

Item: Finance Report for the month ending 31 July 2023

To: Executive Leadership Team (ELT)

For: ELT meeting 22 August 2023

Prepared by: Emma Gillard, Manager Finance & Administration

Recommendations

It is recommended that ELT:

1. **Note** that the total operating budget for financial year 2023/24 is \$134.193m with an expected deficit of \$11.308m.
2. **Note** that no forecast exercise has been undertaken this month, therefore for reporting purposes, forecast is calculated based on FY24 budget *plus* any approved funding request for unbudgeted operating expenditure.
3. **Agree** that forecast is set to commence by September this year and will be reviewed quarterly thereafter.

Financial Overview

Financial Summary \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	43,938	44,295	(357)	43,938	44,295	(357)	122,885	122,885	-
Expenditure	15,433	16,620	1,187	15,433	16,620	1,187	135,505	134,193	(1,313)
Surplus / (Deficit)	28,505	27,675	830	28,505	27,675	830	(12,620)	(11,308)	(1,313)

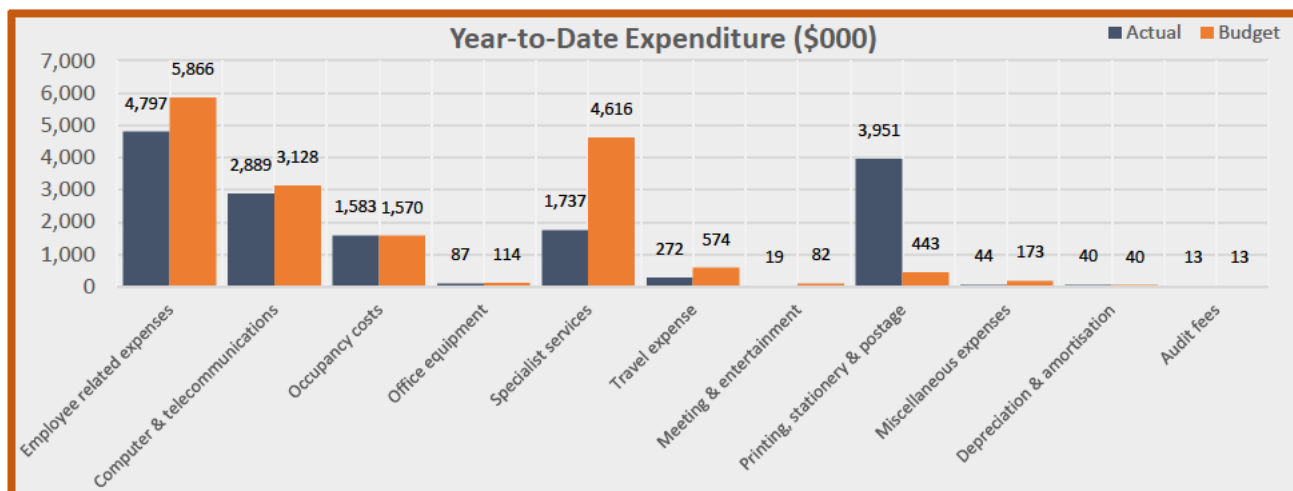
Surplus in July (YTD) is 3% higher than budget due to lower **Expenditure** (~7% lower than budget), however this is partly offset by lower **Revenue** (~1% lower than budget).

Forecast is based on FY24 budget *plus* any approved funding request for unbudgeted operating expenditure as shown in the table below. Forecast indicates that the Commission will end up with a deficit of \$12.620m which is approximately 12% higher than budget.

9(2)(b)(ii)

Year-to-Date Operating Expenditure

YTD operating expenditure is 7% lower than budget of \$16.620m. Comparison of actual versus budget is outlined below by expense category.



Employee related expenses are below budget by \$1.069m, mainly driven by underspends in Operations due to number of vacancies. Recruitment is ramping up, so it is expected to fill vacant roles in between August and September. **Specialist services** are also below budget by \$2.879m largely due to timing for advertising & publicity (\$1.811m), archiving and storage of Voting Services supplies (\$0.546m), and consultancy (\$0.459m). These underspends are partly offset by overspends in printing, stationery & postage by \$3.509m, mainly due to postage and couriers (\$3.403m) that have incurred earlier than anticipated. The rest of the variance relates to underspends in travel, computer & telecommunications, and miscellaneous expenses.

Operating Expenditure by Business Group

Business Group \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Office of the Chief Executive	250	299	50	250	299	50	3,230	3,150	(80)
Enterprise Services	4,545	4,759	214	4,545	4,759	214	23,780	23,780	-
Operations	10,044	10,109	65	10,044	10,109	65	96,891	95,658	(1,233)
Strategy, Governance & Development	277	812	535	277	812	535	4,965	4,965	-
Programme Management Office	107	153	46	107	153	46	1,394	1,394	-
Māori Advisory	24	28	4	24	28	4	332	332	-
Legal & Policy	136	459	323	136	459	323	4,913	4,913	-
Projects	49	-	(49)	49	-	(49)	-	-	-
Total Expenditure	15,433	16,620	1,187	15,433	16,620	1,187	135,505	134,193	(1,313)

YTD underspend is \$1.187m which is largely contributed by Strategy, Governance & Development (45%) mainly due to timing on expenses for International Assistance, and grants relating to EAF; Legal & Policy (27%) due to timing of advertising & publicity; and Enterprises Services (18%) due to underspends in computer & telecommunications; and all others (10%).

YTD underspend excluding EAF and International is \$0.690m. Its breakdown by expense category is shown below.

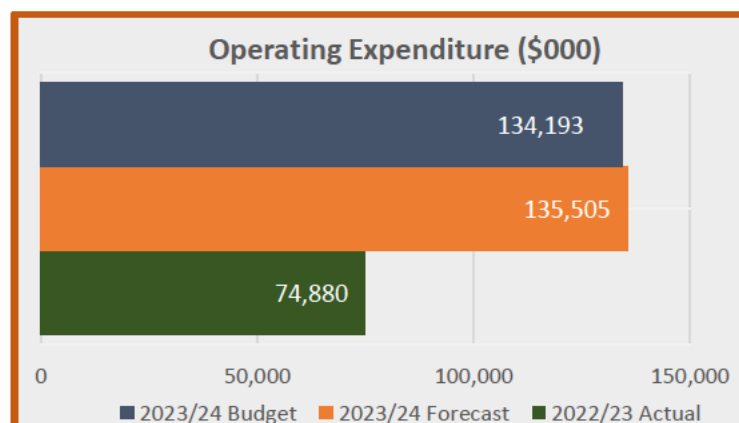
Operating Expenditure Excluding EAF & International \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	4,737	5,719	981	4,737	5,719	981	69,562	69,562	-
Computer & telecommunications	2,888	3,121	233	2,888	3,121	233	8,015	8,015	-
Occupancy costs	1,583	1,545	(38)	1,583	1,545	(38)	13,105	13,105	-
Office equipment	87	84	(3)	87	84	(3)	506	506	-
Specialist services	1,663	4,518	2,855	1,663	4,518	2,855	22,686	22,506	(180)
Travel expense	229	487	258	229	487	258	2,014	2,014	-
Meeting & entertainment	19	79	60	19	79	60	372	372	-
Printing, stationery & postage	3,951	270	(3,682)	3,951	270	(3,682)	14,879	13,746	(1,133)
Miscellaneous expenses	22	48	26	22	48	26	340	340	-
Depreciation & amortisation	40	40	-	40	40	-	477	477	-
Audit fees	13	13	-	13	13	-	160	160	-
Total Expenditure	15,233	15,924	690	15,233	15,924	690	132,115	130,803	(1,313)

Operating Expenditure by Event

Event \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	11,848	12,069	221	11,848	12,069	221	94,371	93,139	(1,233)
EV3000 – Representation Commission	-	-	-	-	-	-	200	200	-
EV4001 – MEO2023	525	722	198	525	722	198	867	787	(80)
EV9999 – BAU	3,060	3,828	769	3,060	3,828	769	40,067	40,067	-
Total Expenditure	15,433	16,620	1,187	15,433	16,620	1,187	135,505	134,193	(1,313)

The YTD underspend of \$1.187m is largely driven by BAU activities which constitute 65% of the total underspends, followed by General Elections 2023 (19%). BAU includes International Revenue and Income. If we exclude International the underspend for BAU is \$0.339m, which is mainly attributable to vacancy lags and minor underspends across multiple categories.

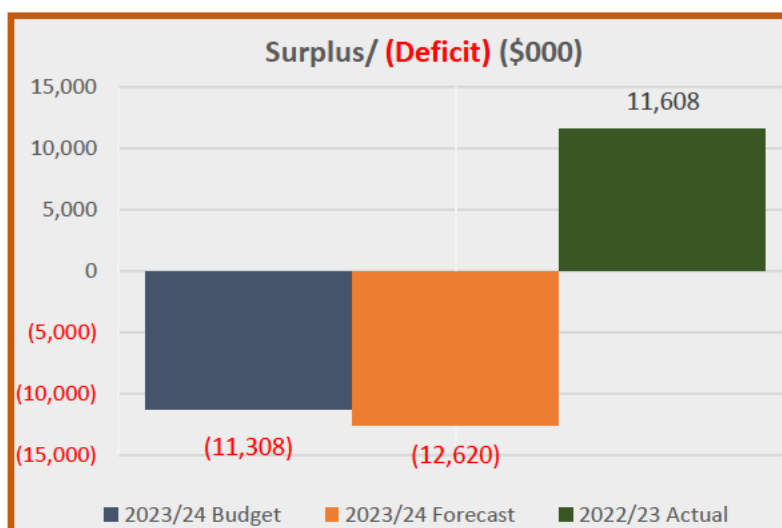
Full Year Budget vs Forecast



Full year operating expenditure forecast is ~1% higher than budget of \$134.193m. Approximately 53% of the costs relates to employee related expenses, 17% relates to specialist services, 11% relates to printing, stationery & postage, 10% relates to occupancy costs, and the remaining 9% is for other expenses.

End-of-year forecast is expected at \$12.620m deficit as compared to budgeted deficit of \$11.308m. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
9(2)(b)(ii)
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]



FY2024 Budget Risks

We have received several funding requests for unbudgeted operating expenditure for 2023/24. As of 31 July, out of \$1.720m total requests, \$1.313m has been approved. With the agreed minimum reserve of \$2.221m, the remaining funding available for distribution is \$0.577m.

It is expected that there will be more funding requests to come through as we head towards the election period, and the risk of depleting our reserves that have been set aside to cover for contingencies.

As the year progresses, we will be able to release funds that have arisen from “permanent savings”. Permanent savings are likely to arise from vacancy lags, but these savings may be offset by higher contractor, or higher salary bands.

Table below shows the funding summary.

FY2024 Funding Summary		
OK - Minimum reserve level still met		
	FY2024 FORECAST	FY2024 BUDGET
Reserves as at 30 June 2022	\$4,804,000	\$4,804,000
Plus FY2023 Underspend (Unaudited)	\$11,600,000	\$8,725,000
Total expected Reserves as at 30 June 2023	\$16,404,000	\$13,529,000
Plus Expected FY2024 surplus/(deficit)	(\$11,308,000)	(\$11,308,000)
Total Minimum level of Reserves as at 30 June 2024	\$5,096,000	\$2,221,000
Less contingency for Commission-wide capability uplift	(\$985,000)	-
Less ELT approved unbudgeted expenditure	(\$1,312,514)	-
Adjusted Reserves balance as at 30 June 2024	\$2,798,486	\$2,221,000
Less Unbudgeted expenditure yet to be approved	-	-
Forecasted Reserves balance as at 30 June 2024	\$2,798,486	\$2,221,000
Funding available for distribution as at 30 June 2024	\$577,486	

Discussion

1. The total operating budget for financial year 2023/24 is \$134.193m with an expected deficit of \$11.308m.

Noted / Not Noted

2. No forecast exercise has been undertaken this month, therefore for reporting purposes, forecast is calculated based on FY24 budget *plus* any approved funding request for unbudgeted operating expenditure.

Noted / Not Noted

3. The forecast is set to commence by September this year and will be reviewed quarterly thereafter.

Agreed / Disagreed

Item: Finance Report for the month ending 31 August 2023

To: Executive Leadership Team (ELT)

For: ELT meeting 26 September 2023

Prepared by: Emma Gillard, Manager Finance & Administration

Recommendations

It is recommended that ELT:

1. **Note** that the total operating budget for financial year 2023/24 is \$134.193m with an expected deficit of \$11.308m.
2. **Note** that no forecast exercise has been undertaken this month, therefore for reporting purposes, forecast is calculated based on FY24 budget *plus* any approved funding request for unbudgeted operating expenditure.
3. **Agree** that forecast is set to commence by September this year and will be reviewed quarterly thereafter.

Financial Overview

Financial Summary \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	244	361	(117)	44,182	44,656	(474)	122,885	122,885	-
Expenditure	16,074	17,943	1,869	31,506	34,563	3,056	137,038	134,193	(2,846)
Surplus / (Deficit)	(15,830)	(17,582)	1,752	12,676	10,093	2,582	(14,153)	(11,308)	(2,846)

Deficit for the month of August is \$15.830m, which is 10% lower than budget. This is mainly due to timing of postage and couriers in the General Election (GE) event.

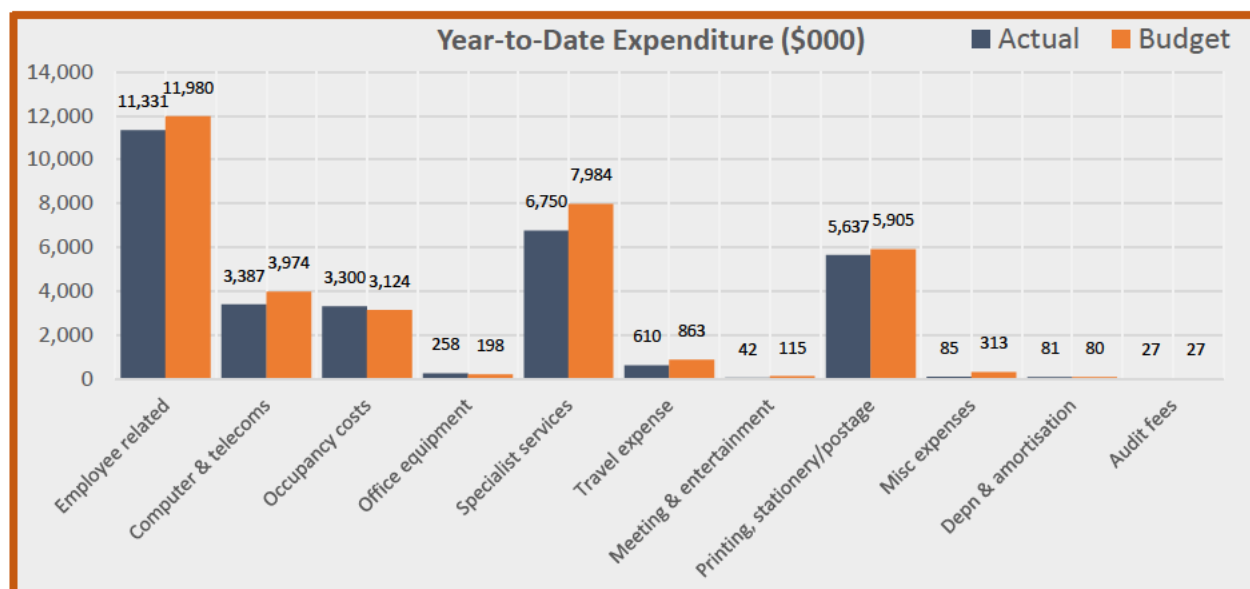
YTD Surplus is 26% higher than budget due to lower **Expenditure** (~9% lower than budget), however this is partly offset by lower **Revenue** (~1% lower than budget). The underspend is largely driven by the timing of advertising, publicity, archiving, and storage services in the GE event.

Forecast is based on FY24 budget *plus* any approved funding request for unbudgeted operating expenditure as shown in the table below. Forecast indicates that the Commission will end up with a deficit of \$14.153m which is approximately 25% higher than budget.

9(2)(b)(ii)

Year-to-Date Operating Expenditure

YTD operating expenditure is 9% lower than budget of \$34.563m. Comparison of actual versus budget is outlined below by expense category.



Favourable variance

Employee related expenses are below budget by \$0.649m, mainly contributed by budget phasing in Operations. Recruitment is ramping up, so it is expected to fill vacant roles from September in time for the general election.

Specialist services are below budget by \$1.234m largely due to timing of advertising, publicity, archiving, and storage services in the GE event.

Computer and telecommunications are below budget by \$0.587m resulting from underspend in software support and maintenance due to lower consumption in Microsoft licensing.

Printing, stationery, and postage are also below budget by \$0.268m due to timing of spends particularly in freight, stationery, and equipment consumables.

Travel expenses are below budget by \$0.253m, also due to timing difference. It is expected to ramp up spending on domestic travel closer to the general election.

Miscellaneous expenses are also below budget by \$0.228m, mainly due to underspend in Election Access Fund grants. These grants are normally offset by revenue, so it's cost neutral to the Commission.

Unfavourable variance

Occupancy costs are higher than budget by \$0.175m due to timing difference in rental for advanced voting and election day voting places including security.

Operating Expenditure by Business Group

Business Group \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Office of the Chief Executive	261	283	22	511	582	71	3,150	3,150	-
Enterprise Services	2,315	2,408	92	6,861	7,167	306	23,780	23,780	-
Operations	12,911	14,126	1,215	22,955	24,235	1,280	98,504	95,658	(2,846)
Strategy, Governance & Development	228	488	260	505	1,300	795	4,965	4,965	-
Programme Management Office	123	121	(2)	230	274	44	1,394	1,394	-
Māori Advisory	45	28	(17)	68	56	(12)	332	332	-
Legal & Policy	175	489	315	311	949	638	4,913	4,913	-
Projects	16	-	(16)	65	-	(65)	-	-	-
Total Expenditure	16,074	17,943	1,869	31,506	34,563	3,056	137,038	134,193	(2,846)

YTD underspend is \$3.056m which is largely contributed by Operations (42%) mainly due to timing of advertising and publicity; Strategy, Governance & Development (26%) mainly due to timing of expenses for International (INT) Assistance, and grants relating to Election Access Fund (EAF); and Legal & Policy (21%) due to timing of advertising and publicity in Broadcasting Allocation; and all others (11%).

Excluding EAF and INT services, the YTD underspend is \$2.342m. Its breakdown by expense category is shown below.

Operating Expenditure Excluding EAF & INT \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	6,469	5,980	(489)	11,206	11,698	492	69,562	69,562	-
Computer & telecommunications	498	845	346	3,387	3,966	579	8,015	8,015	-
Occupancy costs	1,717	1,555	(162)	3,300	3,099	(200)	14,538	13,105	(1,433)
Office equipment	171	84	(87)	258	168	(90)	506	506	-
Specialist services	4,993	3,324	(1,669)	6,656	7,842	1,186	22,786	22,506	(280)
Travel expense	294	221	(73)	523	708	185	2,014	2,014	-
Meeting & entertainment	22	27	5	40	106	66	372	372	-
Printing, stationery & postage	1,685	5,462	3,777	5,636	5,732	95	14,879	13,746	(1,133)
Miscellaneous expenses	42	46	4	64	93	29	340	340	-
Depreciation & amortisation	40	40	-	81	80	(1)	477	477	-
Audit fees	13	13	-	27	27	-	160	160	-
Total Expenditure	15,945	17,596	1,651	31,178	33,520	2,342	133,648	130,803	(2,846)

Operating Expenditure by Event

The YTD underspend of \$3.056m (or \$2.342m excluding EAF and INT) is largely driven by the GE event which constitutes 71% of the total underspends, followed by BAU (26%). These underspends are mainly attributable to timing of advertising and publicity in the GE event.

GE event includes EAF expenses, whilst BAU includes INT expenses. However these expenses are fully offset by revenue.

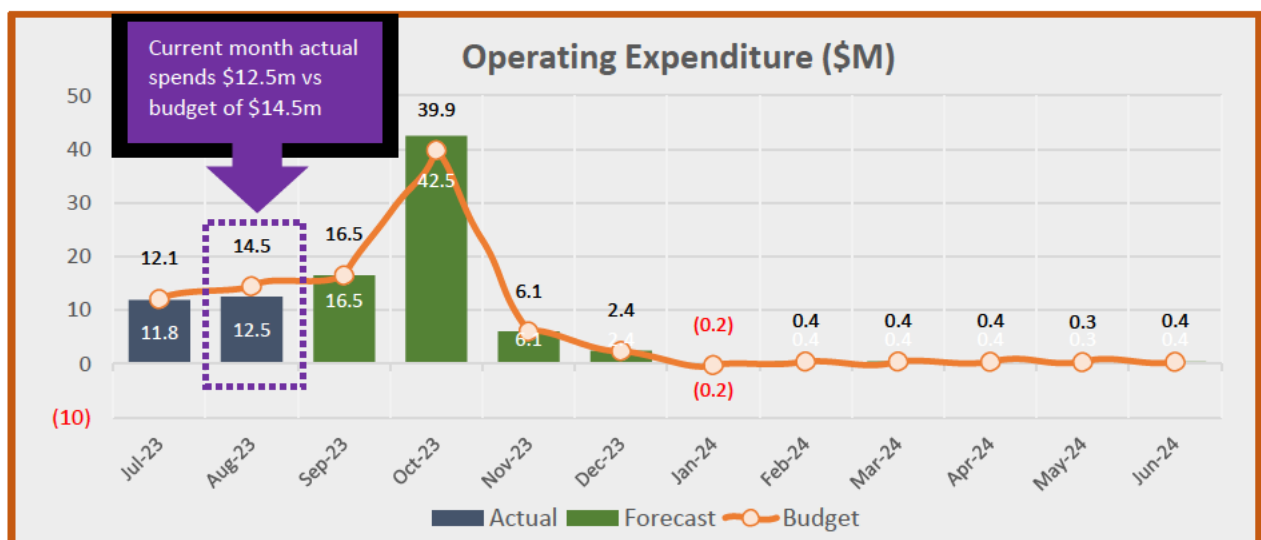
Event \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	12,515	14,458	1,943	24,363	26,527	2,164	95,804	93,139	(2,666)
EV3000 – Representation Commission	-	-	-	-	-	-	200	200	-
EV4001 – MEO2023	128	27	(101)	653	749	96	787	787	-
EV9999 – BAU	3,431	3,458	28	6,490	7,286	796	40,247	40,067	(180)
Total Expenditure	16,074	17,943	1,869	31,506	34,563	3,056	137,038	134,193	(2,846)

Excluding EAF and INT, the underspend for GE 2023 and BAU is \$1.993m and \$0.253m, respectively.

General Election 2023

YTD operating expenditure is \$2.164m below budget, however forecast is tracking an overspend of **\$2.666m** at year-end, mainly due to approved additional funding requests for unbudgeted expenditure, namely:

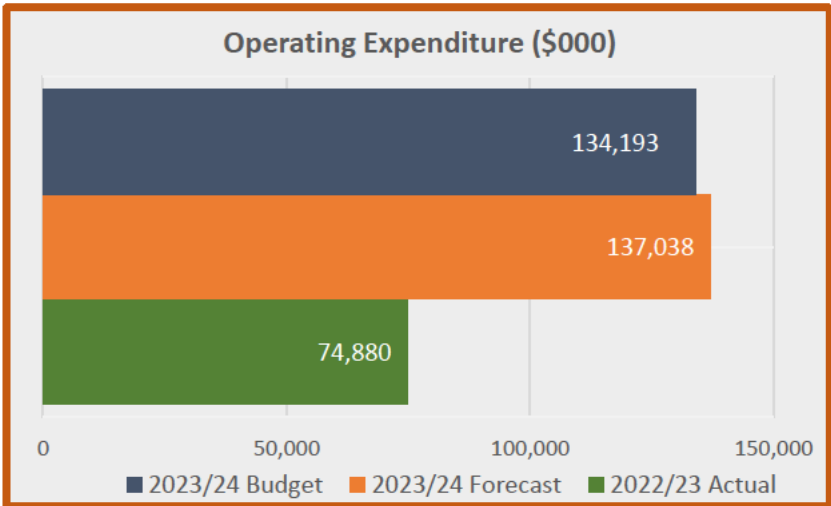
9(2)(b)(ii)



Operating Expenditure \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	7,346	7,732	386	47,854	47,854	-
Computer & telecommunications	2,803	3,427	624	4,576	4,576	-
Occupancy costs	3,039	2,734	(305)	12,331	10,898	(1,433)
Office equipment	233	141	(92)	365	365	-
Specialist services	5,026	6,056	1,030	14,514	14,414	(100)
Travel expense	412	559	148	1,507	1,507	-
Meeting & entertainment	36	58	22	76	76	-
Printing, stationery & postage	5,422	5,595	173	14,076	12,943	(1,133)
Miscellaneous expenses	47	226	179	505	505	-
Total Expenditure	24,363	26,527	2,164	95,804	93,139	(2,666)

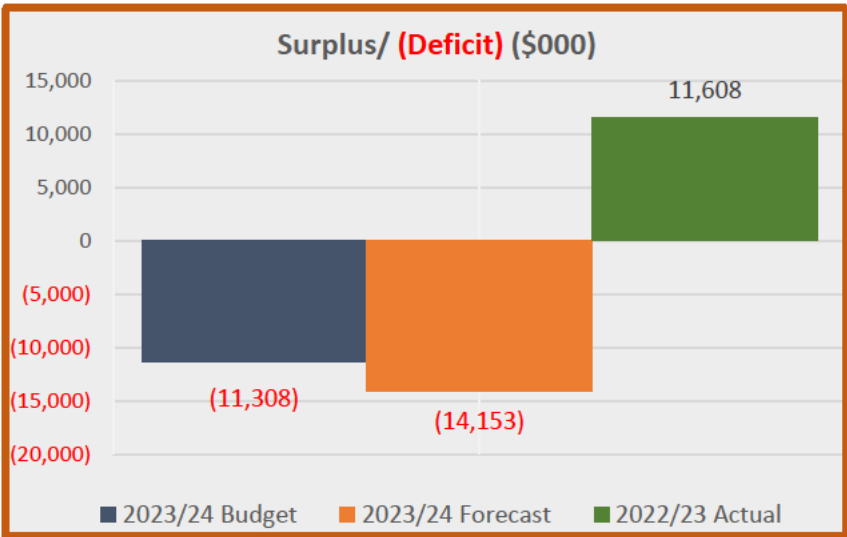
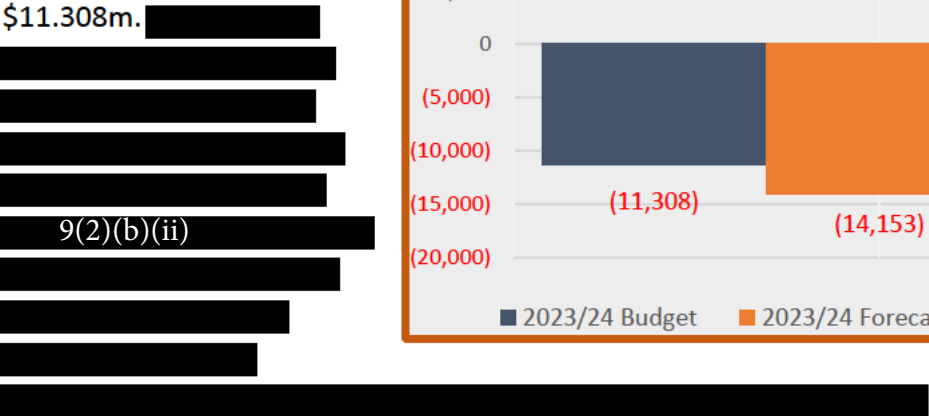
Expected overspend in GE event at year-end - \$2.666m

Full Year Budget vs Forecast



Full year operating expenditure forecast is ~2% higher than budget of \$134.193m. Approximately 53% of the costs relates to employee related expenses, 17% relates to specialist services, 11% relates to printing, stationery & postage, 11% relates to occupancy costs, and the remaining 8% is for other expenses.

End-of-year forecast is expected at **\$14.153m deficit** as compared to budgeted deficit of \$11.308m.



FY2024 Budget Risks

Budgeted closing reserves at 30 June 2024 are \$5.096m, comprises of \$1.890m discretionary funds, to be requested through the ELT; \$0.985m contingency fund for Executive spending; and \$2.221m agreed level of reserves as approved by the Board.

Of the \$1.890m discretionary funds, there have been requests totalling \$3.253m, and approvals by ELT of \$2.846m, leaving a deficit of \$0.956m against the discretionary fund allocation. This deficit can be offset by the contingency fund of \$0.985m, which allows Reserves of \$2.221m to be maintained, thus this leaves only \$0.029m as the remaining balance for contingency funding.

As the year progresses, we will be able to release funds that have arisen from “permanent savings”. YTD we have \$0.492m permanent savings in employee related expenses (net of savings associated with EAF and INT). We anticipate this trend will continue through the year and allow the contingency fund to be replenished.

Table below shows the breakdown of contingency funds.

FY2024 Funding Summary	FORECAST
Reserves as at 30 June 2022	\$4,804,000
Plus FY2023 Underspend (Unaudited)	\$11,600,000
Total expected Reserves as at 30 June 2023	\$16,404,000
Plus Expected FY2024 surplus/(deficit)	(\$11,308,000)
Total Minimum level of Reserves as at 30 June 2024	\$5,096,000
Less ELT approved unbudgeted expenditure	(\$2,845,509)
Adjusted Reserves balance as at 30 June 2024	\$2,250,491
Less Board approved minimum reserves	\$2,221,000
Funding available for distribution as at 30 June 2024	\$29,491
Add Permanent YTD savings from employee related expenses	\$492,000
Estimated contingency fund (in addition to minimum reserves of \$2.221m)	\$521,491

Discussion

1. The total operating budget for financial year 2023/24 is \$134.193m with an expected deficit of \$11.308m.
2. No forecast exercise has been undertaken this month, therefore for reporting purposes, forecast is calculated based on FY24 budget *plus* any approved funding request for unbudgeted operating expenditure.
3. The forecast is set to commence by September this year and will be reviewed quarterly thereafter.

Item: Finance Report for the month ending 30 September 2023

To: Executive Leadership Team (ELT)

For: ELT meeting 24 October 2023

Prepared by: Emma Gillard, Manager Finance & Administration

Recommendations

It is recommended that ELT:

1. **Note** that the total operating budget for financial year 2023/24 is \$134.193m with an expected deficit of \$11.308m.
2. **Note** that no forecast exercise has been undertaken this month, therefore for reporting purposes, forecast is calculated based on FY24 budget *plus* any approved funding request for unbudgeted operating expenditure.
3. **Note** that forecast does not reflect the costs of running the Port Waikato By-Election.

Financial Overview

Financial Summary \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	180	325	(145)	44,362	44,981	(619)	122,885	122,885	-
Expenditure	18,703	19,898	1,195	50,209	54,461	4,252	137,038	134,193	(2,846)
Surplus / (Deficit)	(18,523)	(19,573)	1,051	(5,847)	(9,480)	3,633	(14,153)	(11,308)	(2,846)

Deficit for the month of September is \$18.523m, which is 5% lower than budget. This is mainly due to timing of advertising and publicity in the General Election (GE) event. EasyVote printing and postage costs are also underspent for the month, again this is attributable to timing.

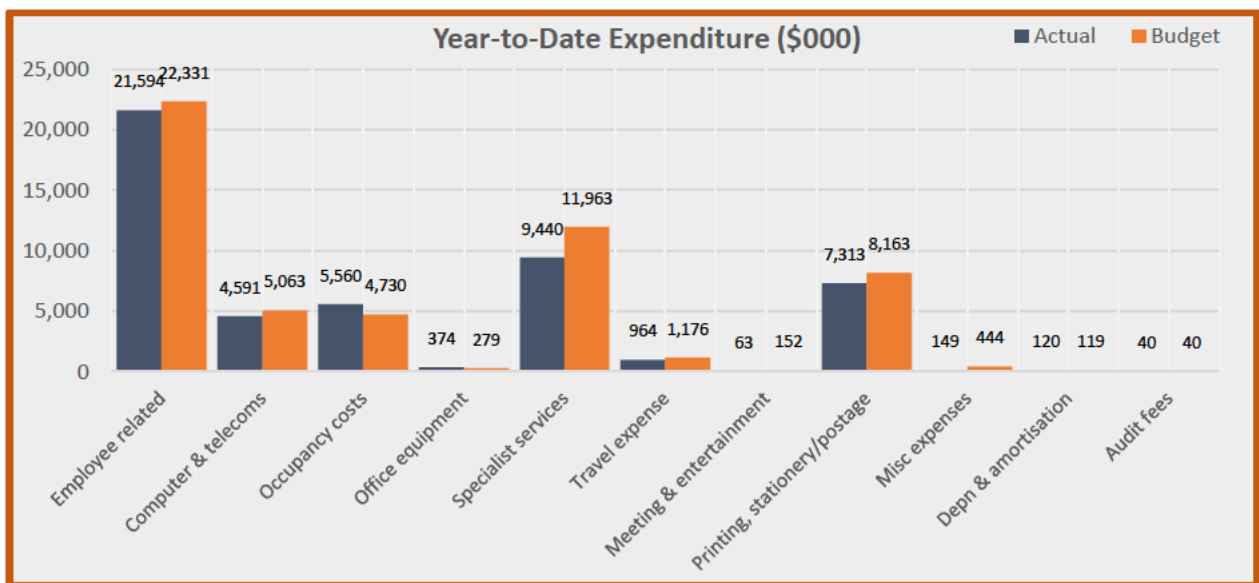
Year-to-date deficit is 38% lower than budget due to underspends in **Expenditure** (~8% lower than budget), however this is partly offset by lower **Revenue** (~1% lower than budget). The underspend is largely driven by the timing of advertising, publicity, and freight in the GE event.

Forecast is based on FY24 budget *plus* any approved funding request for unbudgeted operating expenditure as shown in the following table. Forecast indicates that the Commission will end up with a deficit of \$14.153m which is approximately 25% higher than budget.

9(2)(b)(ii)

Year-to-Date Operating Expenditure

YTD operating expenditure is 8% lower than budget of \$54.461m. Comparison of actual versus budget is outlined below by expense category.



Favourable variance

Employee related expenses are below budget by \$0.737m, mainly contributed by budget phasing in Operations. It is expected to ramp up spending during the month of October.

Specialist services are below budget by \$2.523m largely due to timing of advertising and publicity in the GE event particularly in Broadcasting Allocation. Again, this is expected to correct in October.

Computer and telecommunications are below budget by \$0.472m resulting from underspend in software support and maintenance due to lower consumption of Microsoft licences for July and August.

Printing, stationery, and postage are also below budget by \$0.850m due to timing of spend particularly in freight, printing, stationery, and equipment consumables in the GE event. ■

9(2)(b)(ii)

Travel expenses are below budget by \$0.212m, also due to timing difference. It is expected to ramp up spending on domestic travel during the month of October.

Miscellaneous expenses are also below budget by \$0.295m, mainly due to underspend in Election Access Fund grants. These grants are normally offset by revenue, so it's cost neutral to the Commission.

Unfavourable variance

Occupancy costs including office equipment are higher than budget by \$0.925m due to timing difference in rental for advanced voting places and temporary premises including security in the GE event.

Operating Expenditure by Business Group

Business Group \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Office of the Chief Executive	292	265	(27)	803	847	44	3,150	3,150	-
Enterprise Services	2,811	2,606	(206)	9,672	9,772	101	23,780	23,780	-
Operations	14,700	15,261	562	37,655	39,497	1,842	98,504	95,658	(2,846)
Strategy, Governance & Development	229	440	210	734	1,739	1,005	4,965	4,965	-
Programme Management Office	117	116	(1)	347	389	43	1,394	1,394	-
Māori Advisory	32	27	(4)	100	83	(17)	332	332	-
Legal & Policy	588	1,184	597	899	2,133	1,234	4,913	4,913	-
Projects	(65)	-	65	-	-	-	-	-	-
Total Expenditure	18,703	19,898	1,195	50,209	54,461	4,252	137,038	134,193	(2,846)

YTD underspend is **\$4.252m** which is largely contributed by Operations (43%) mainly due to timing of advertising and publicity in the GE event; Legal & Policy (29%) due to timing of advertising and publicity in Broadcasting Allocation; and Strategy, Governance & Development (24%) mainly due to timing of expenses for International (INT) Assistance, and grants relating to Election Access Fund (EAF); and all others (4%).

Excluding EAF and INT services, the YTD underspend is **\$3.369m**. Its breakdown by expense category is shown below.

Operating Expenditure Excluding EAF & INT \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	10,205	10,211	6	21,411	21,909	498	69,562	69,562	-
Computer & telecommunications	1,202	1,088	(113)	4,588	5,054	466	8,015	8,015	-
Occupancy costs	2,261	1,606	(655)	5,560	4,705	(855)	14,538	13,105	(1,433)
Office equipment	117	81	(35)	374	249	(125)	506	506	-
Specialist services	2,670	3,935	1,266	9,326	11,778	2,452	22,786	22,506	(280)
Travel expense	302	273	(30)	825	981	155	2,014	2,014	-
Meeting & entertainment	20	37	17	60	142	82	372	372	-
Printing, stationery & postage	1,676	2,259	583	7,313	7,990	678	14,879	13,746	(1,133)
Miscellaneous expenses	57	46	(11)	121	139	18	340	340	-

Depreciation & amortisation	39	40	1	120	119	(1)	477	477	-
Audit fees	13	13	-	40	40	-	160	160	-
Total Expenditure	18,562	19,588	1,027	49,739	53,108	3,369	133,648	130,803	(2,846)

Operating Expenditure by Event

The YTD underspend of **\$4.252m** (or \$3.369m excluding EAF and INT) is largely driven by the GE event which constitutes 77% of the total underspends, followed by BAU (19%). These underspends are mainly attributable to timing of advertising and publicity in the GE event.

GE event includes EAF expenses, whilst BAU includes INT expenses. However these expenses are fully offset by revenue.

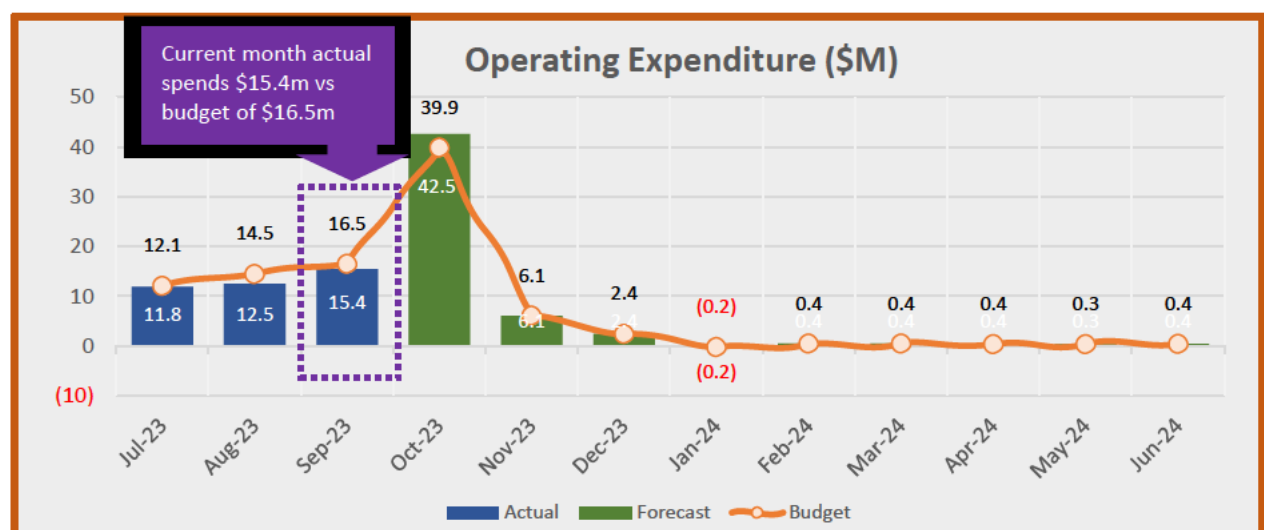
Event \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	15,395	16,522	1,127	39,759	43,049	3,291	95,804	93,139	(2,666)
EV2000 – By-Election	(1)	-	1	(1)	-	1	-	-	-
EV3000 – Representation Commission	-	-	-	-	-	-	200	200	-
EV4001 – MEO2023	(50)	-	50	603	749	147	787	787	-
EV9999 – BAU	3,358	3,376	18	9,849	10,663	814	40,247	40,067	(180)
Total Expenditure	18,703	19,898	1,195	50,209	54,461	4,252	137,038	134,193	(2,846)

Excluding EAF and INT, the YTD underspend for GE 2023 and BAU is \$3.034m and \$0.188m, respectively.

General Election 2023

YTD operating expenditure is **\$3.291m** below budget, however forecast is tracking an overspend of **\$2.666m** at year-end,

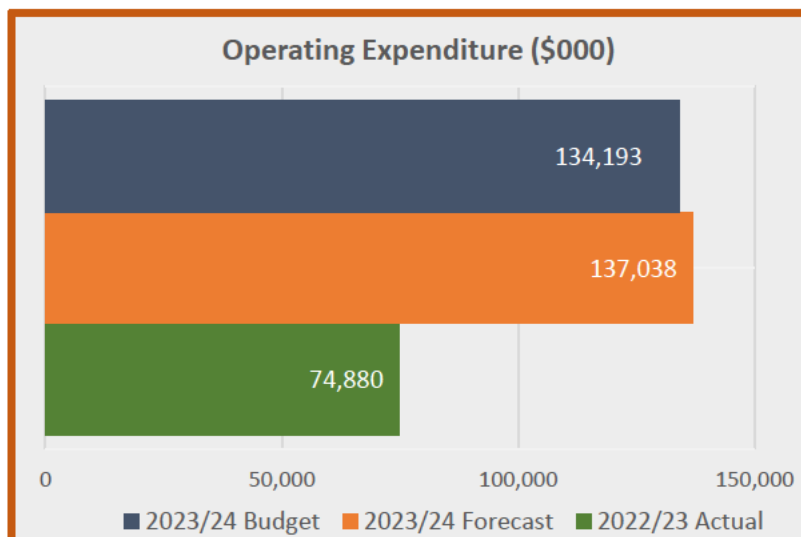
9(2)(b)(ii)



Operating Expenditure \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	15,657	16,143	486	47,854	47,854	-
Computer & telecommunications	3,616	4,203	587	4,576	4,576	-
Occupancy costs	5,141	4,155	(986)	12,331	10,898	(1,433)
Office equipment	328	212	(116)	365	365	-
Specialist services	7,170	9,358	2,188	14,514	14,414	(100)
Travel expense	706	791	85	1,507	1,507	-
Meeting & entertainment	54	63	9	76	76	-
Printing, stationery & postage	6,994	7,787	792	14,076	12,943	(1,133)
Miscellaneous expenses	93	339	246	505	505	-
Total Expenditure	39,759	43,049	3,291	95,804	93,139	(2,666)

Expected overspend in GE event at year-end - \$2.666m

Full Year Budget vs Forecast



Full year operating expenditure forecast is ~2% higher than budget of \$134.193m. Approximately 53% of the costs relates to employee related expenses, 17% relates to specialist services, 11% relates to printing, stationery & postage, 11% relates to occupancy costs, and the remaining 8% is for other expenses.

End-of-year forecast is expected at **\$14.153m deficit** as compared to budgeted deficit of \$11.308m.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

9(2)(b)(ii)

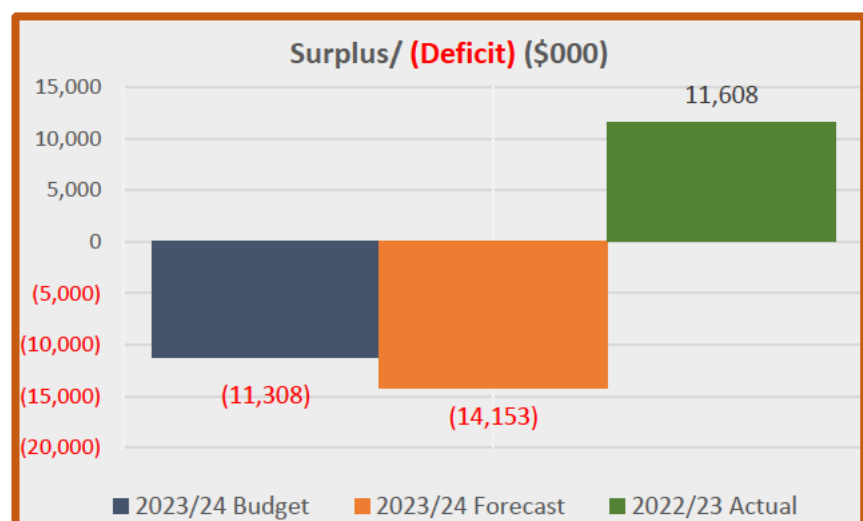
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



FY2024 Budget Risks

Budgeted closing reserves balance at 30 June 2024 is **\$5.096m**, comprises of \$1.890m discretionary funds, to be requested through the ELT; \$0.985m contingency fund for Executive spending; and \$2.221m agreed level of reserves as approved by the Board.

Of the \$1.890m discretionary funds, there have been requests totalling \$3.253m, and approvals by ELT of \$2.846m, leaving a deficit of \$0.956m against the discretionary fund allocation. This deficit can be offset by the contingency fund of \$0.985m, which allows Reserves of \$2.221m to be maintained, thus this leaves only \$0.029m as the remaining balance for contingency funding.

As the year progresses, we will be able to release funds that have arisen from “permanent savings”. YTD we have **\$0.498m** permanent savings in employee related expenses (net of savings associated with EAF and INT). We anticipate this trend will continue through the year and allow the contingency fund to be replenished.

Table below shows the breakdown of contingency funds.

FY2024 Funding Summary	FORECAST
Reserves as at 30 June 2022	\$4,804,000
Plus FY2023 Underspend (Unaudited)	\$11,600,000
Total expected Reserves as at 30 June 2023	\$16,404,000
Plus Expected FY2024 surplus/(deficit)	(\$11,308,000)
Total Minimum level of Reserves as at 30 June 2024	\$5,096,000
Less ELT approved unbudgeted expenditure	(\$2,845,509)
Adjusted Reserves balance as at 30 June 2024	\$2,250,491
Less Board approved minimum reserves	\$2,221,000
Funding available for distribution as at 30 June 2024	\$29,491
Add Permanent YTD savings from employee related expenses	\$498,000
Estimated contingency fund (in addition to minimum reserves of \$2.221m)	\$527,491

Discussion

1. The total operating budget for financial year 2023/24 is \$134.193m with an expected deficit of \$11.308m.
2. No forecast exercise has been undertaken this month, therefore for reporting purposes, forecast is calculated based on FY24 budget *plus* any approved funding request for unbudgeted operating expenditure.
3. Forecast does not reflect the costs of running the Port Waikato By-Election.

Item: Finance Report for the month ending 31 October 2023

To: Executive Leadership Team (ELT)

For: ELT meeting 28 November 2023 (via email circulation)

Prepared by: Emma Gillard, Manager Finance & Administration

Recommendations

It is recommended that ELT:

- Note** that the total operating budget for financial year 2023/24 is \$134.193m with an expected deficit of \$11.308m.
- Note** that the forecast is calculated based on 2023/24 budget plus any approved funding request for unbudgeted operating expenditure including additional budget bid approved for the Port Waikato By-Election and the 9(2)(b)(ii)
- Discuss** budgeted costs that could be reduced or stopped during the period December to June 2024.

Financial Overview

Financial Summary \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	60,338	60,392	(54)	104,701	105,373	(672)	124,475	122,885	1,590
Expenditure	49,139	43,277	(5,862)	99,348	97,738	(1,610)	138,742	134,193	(4,549)
Surplus / (Deficit)	11,199	17,115	(5,916)	5,352	7,635	(2,283)	(14,267)	(11,308)	(2,959)

- Total expenditure for the month of October, our biggest expenditure month, was (\$5.862m) unfavourable to budget. This is a significant variance and is largely due to higher-than-expected Field Staff costs, particularly the HQ, or support staff. More analysis is required to understand the drivers of the significant overspend in HQ's, and the duration of this overspend (November period shows a \$2m overspend in Field staff wages). Additional resources were required due to new processes introduced after the setting of the budgets, and delays to beginning vote counts were also contributors to the overspend, but these additional costs were not factored into the forecasts. There is also a timing difference variance due to Broadcasting Allocations payments being incurred earlier than expected resulting in \$500k unfavourable variance to budget.
- Year-to-date surplus** is 30% lower than budget due to overspends in **Expenditure** (~2% higher than budget), however this is partly offset by lower **Revenue** (~1% lower than budget). This is mainly driven by overspend in field personnel due to hours worked with a total year-to-date of 87,300hours (9%) more worked than budgeted. Also contributing to the overspend is the unbudgeted costs to cover for the required security protocols and resilience.

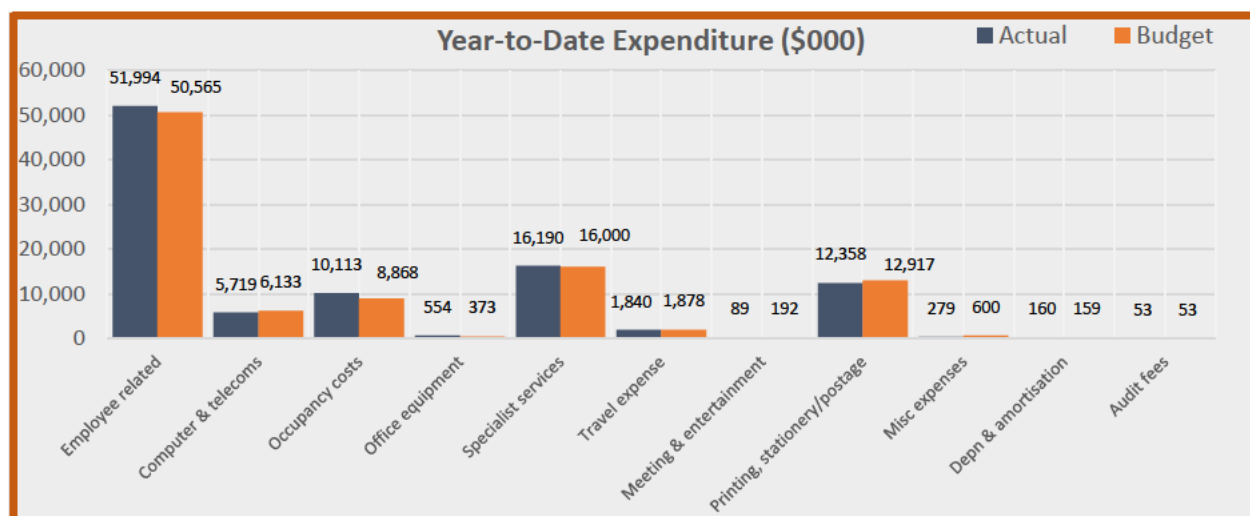
6. **Forecast** indicates that the Commission will end up with a deficit of \$14.267m which is approximately 26% higher than budget. Forecast is calculated based on FY24 budget plus \$2.845m approved funding request for unbudgeted operating expenditure. The forecast also includes \$0.378m unfunded costs for the Port Waikato By-Election

9(2)(b)(ii)

9(2)(b)(ii)

Year-to-Date Operating Expenditure

7. YTD operating expenditure is 2% higher than budget of \$97.738m. Comparison of actual versus budget is outlined below by expense category.



Favourable variance

8. **Computer and telecommunications** are below budget by \$0.414m resulting from underspend in software support and maintenance due to lower consumption of Microsoft licences for July and August.
9. **Printing, stationery, and postage** are also below budget by \$0.559m due to timing of spend particularly in freight and printing in the GE event. 9(2)(b)(ii)
10. **Meeting and entertainment** are also below budget by \$0.103m, mainly due to underspend in meeting hire or lease. The underspend has been expected as more usage of internal premises or voting places for staff meetings and functions.

11. **Miscellaneous expenses** are also below budget by \$0.321m, mainly due to underspend in Election Access Fund grants. These grants are normally offset by revenue, so it's cost neutral to the Commission.

Unfavourable variance

12. **Employee related expenses** are higher than budget by \$1.428m, mainly contributed by overspend in field personnel due to hours worked with a total year-to-date of 87,300 hours (9%) more worked than budgeted.
13. **Occupancy costs** including office equipment are higher than budget by \$1.426m due to unbudgeted costs to cover for the required security protocols and resilience in the GE event.
14. **Specialist services** are higher than budget by \$0.190m largely due to timing of advertising and publicity in the Broadcasting Allocation wherein 96% of funds has already been utilised (20% higher than budget).

Operating Expenditure by Business Group

Business Group \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Office of the Chief Executive	1,071	1,128	57	3,150	3,150	-
Enterprise Services	12,458	12,358	(100)	24,608	23,780	(829)
Operations	80,377	78,076	(2,301)	99,379	95,658	(3,720)
Strategy, Governance & Development	971	2,218	1,248	4,965	4,965	-
Programme Management Office	460	508	48	1,394	1,394	-
Māori Advisory	128	111	(16)	332	332	-
Legal & Policy	3,885	3,337	(547)	4,913	4,913	-
Projects	-	-	-	-	-	-
Total Expenditure	99,348	97,738	(1,610)	138,742	134,193	(4,549)

15. YTD overspend is **\$1.610m** which is largely contributed by Operations (\$2.301m) due to hours worked by field staff with a total year-to-date of 87,300 hours (9%) more worked than budgeted, and Legal & Policy (\$0.547m) due to timing of advertising and publicity in Broadcasting Allocation. However, this is partly offset by underspend in Strategy, Governance & Development (\$1.248m) mainly due to timing of expenses for International (INT) Assistance, and grants relating to Election Access Fund (EAF).
16. Excluding EAF, INT & Broadcasting Allocation, the YTD overspend is \$2.098m. The breakdown by expense category is shown below.

Operating Expenditure Excluding EAF & INT \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	51,757	50,054	(1,703)	70,681	69,656	(1,025)
Computer & telecommunications	5,716	6,124	408	8,474	8,023	(451)

Occupancy costs	10,113	8,843	(1,270)	14,710	13,105	(1,605)
Office equipment	554	343	(211)	506	506	-
Specialist services	12,577	12,901	324	19,482	18,902	(580)
Travel expense	1,673	1,594	(79)	2,062	2,061	(1)
Meeting & entertainment	87	172	85	382	382	-
Printing, stationery & postage	12,358	12,746	389	14,642	13,754	(887)
Miscellaneous expenses	251	212	(39)	345	345	-
Depreciation & amortisation	160	159	(1)	477	477	-
Audit fees	53	53	-	160	160	-
Total Expenditure	95,300	93,201	(2,098)	131,921	127,372	(4,549)

Operating Expenditure by Event

17. The YTD overspend of **\$1.610m** (or \$2.098m excluding EAF, INT and Broadcasting Allocation) is largely driven by the GE event. These overspends are mainly due to more hours worked by field staff within Voting Services than anticipated (9% higher than budget).

18. GE event includes EAF and Broadcasting Allocation expenses, whilst BAU includes INT expenses. However, these expenses are fully offset by revenue.

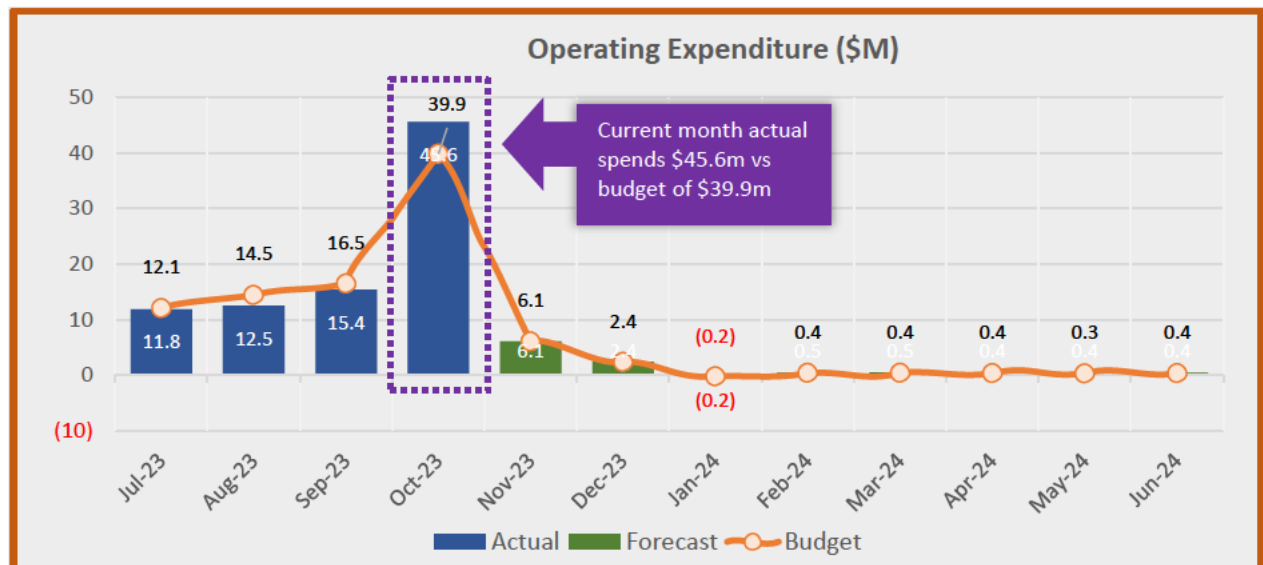
Event \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	85,404	82,902	(2,502)	95,640	93,139	(2,501)
EV2000 – By-Election	(1)	-	1	-	-	-
EV2001 – By-Election Port Waikato	86	-	(86)	1,968	-	(1,968)
EV3000 – Representation Commission	-	-	-	200	200	-
EV4001 – MEO2023	603	749	147	787	787	-
EV9999 – BAU	13,256	14,087	831	40,147	40,067	(80)
Total Expenditure	99,348	97,738	(1,610)	138,742	134,193	(4,549)

19. Excluding EAF, INT and Broadcasting Allocation, the YTD overspend is \$2.098m as broken down below by event.

Event – Excluding EAF, INT & Broadcasting Allocation \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	81,844	79,584	(2,260)	91,519	89,018	(2,501)
EV2000 – By-Election	(1)	-	1	-	-	-
EV2001 – By-Election Port Waikato	86	-	(86)	1,968	-	(1,968)
EV3000 – Representation Commission	-	-	-	200	200	-
EV4001 – MEO2023	603	749	147	787	787	-
EV9999 – BAU	12,767	12,868	101	37,447	37,367	(80)
Total Expenditure	95,300	93,201	(2,098)	131,921	127,372	(4,549)

General Election 2023

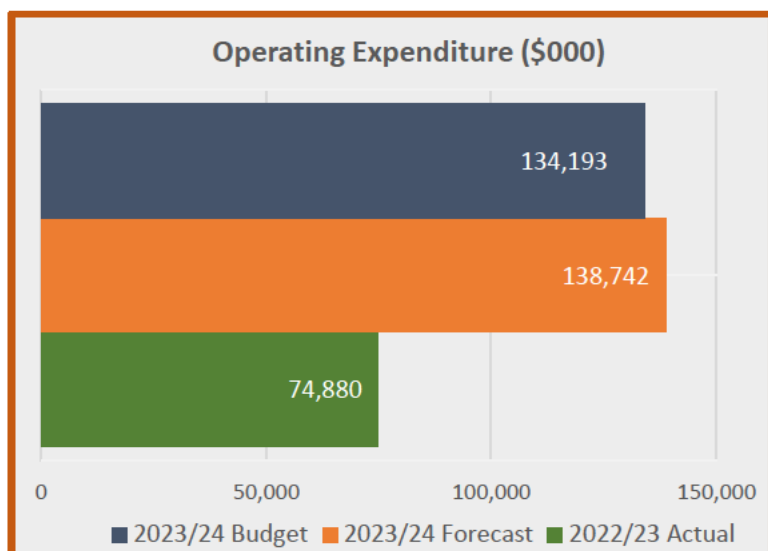
20. YTD operating expenditure is \$2.502m higher than budget, and forecast at year-end is tracking an overspend at similar level. The overspends are mainly due to more hours worked by field staff within Voting Services than anticipated (9% higher than budget).



Operating Expenditure \$'000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	44,093	42,418	(1,675)	47,992	47,854	(138)
Computer & telecommunications	4,380	4,998	618	4,576	4,576	-
Occupancy costs	9,569	8,106	(1,463)	12,331	10,898	(1,433)
Office equipment	488	295	(193)	365	365	-
Specialist services	13,368	12,720	(647)	14,614	14,414	(200)
Travel expense	1,507	1,349	(158)	1,507	1,507	-
Meeting & entertainment	77	68	(10)	76	76	-
Printing, stationery & postage	11,718	12,471	753	13,674	12,943	(731)
Miscellaneous expenses	204	477	273	505	505	-
Total Expenditure	85,404	82,902	(2,502)	95,640	93,139	(2,501)

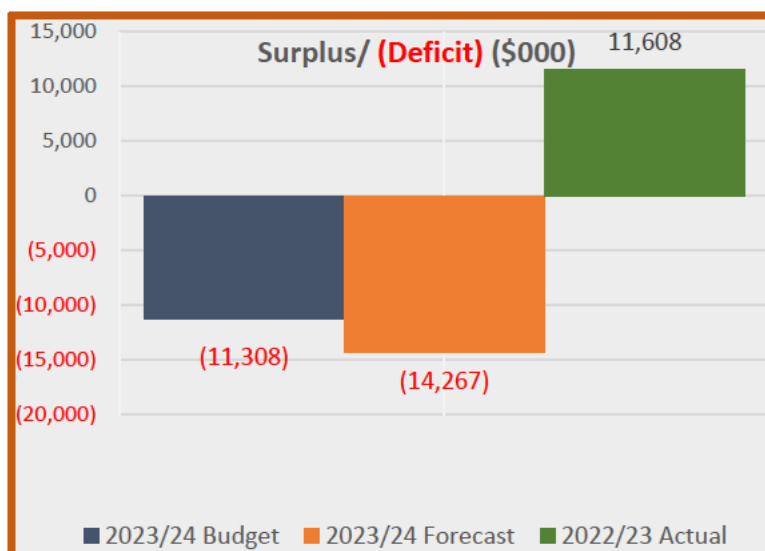
Expected overspend in GE event at year-end - \$2.501m

Full Year Budget vs Forecast



21. Full year operating expenditure forecast is ~3% higher than budget of \$134.193m.

Approximately 52% of costs relates to employee related expenses, 17% relates to specialist services, 11% relates to printing, stationery & postage, 11% relates to occupancy costs, and the remaining 9% is for other expenses.



22. End-of-year forecast is expected at **\$14.267m deficit** as compared to budgeted deficit of \$11.308m. This is mainly driven by \$2.845m approved additional funding request for unbudgeted operating expenditure plus \$0.378m unfunded costs for the Port Waikato By-Election, 9(2)(b)(ii)

FY2024 Budget Risks

23. Budgeted closing reserves balance at 30 June 2024 is \$5.096m, comprises of \$1.890m discretionary funds, to be requested through the ELT; \$0.985m contingency fund for Executive spending; and \$2.221m agreed level of reserves as approved by the Board.
24. Of the \$1.890m discretionary funds, there have been requests totalling \$3.273m, and approvals by ELT of \$2.846m, leaving a deficit of \$0.956m against the discretionary fund allocation. This deficit can be offset by the contingency fund for executive spend of \$0.985m, which allows Reserves of \$2.221m to be maintained, thus this leaves only \$0.029m as the remaining balance for contingency funding.
25. As the year progresses, no permanent savings from employee related expenses have been identified so there is a risk of depleting our reserves that have been set aside as per the Boards instructions. It is important to recognise that any contingencies that were set aside during the budget process have been utilised to fund the unbudgeted but approved costs. Further overspends will put the Commission under significant financial pressure, and a forecast review process is underway to identify possible savings.
26. Table below shows the breakdown of contingency funds.

FY2024 Funding Summary	FORECAST
Reserves as at 30 June 2022	\$4,804,000
Plus FY2023 Underspend (Unaudited)	\$11,600,000
Total expected Reserves as at 30 June 2023	\$16,404,000
Plus Expected FY2024 surplus/(deficit)	(\$11,308,000)
Total Minimum level of Reserves as at 30 June 2024	\$5,096,000
Less ELT approved unbudgeted expenditure (See para 6)	(\$2,845,509)
Adjusted Reserves balance as at 30 June 2024	\$2,250,491
Less Board approved minimum reserves	\$2,221,000
Funding available for distribution as at 30 June 2024	\$29,491
Add Permanent YTD savings from employee related expenses	-
Estimated contingency fund (in addition to minimum reserves of \$2.221m)	\$29,491

Discussion

27. The total operating budget for financial year 2023/24 is \$134.193m with an expected deficit of \$11.308m.
28. Forecast is calculated based on 2023/24 budget plus any approved funding request for unbudgeted operating expenditure including additional budget bid approved for the Port Waikato By-Election 9(2)(b)(ii).
29. To ensure we finish the year with reserves at least at the Board approved minimum level of \$2.221m, ELT needs to discuss what areas of spend that are budgeted for over the next 7 months that we can reduce or stop. These areas could include recruitment for current or new vacancies, travel, and advertising. Work is currently underway to understand our people costs, including future needs and how this compares to our budget for our permanent and fixed term people. This will be reported on in January 2024.

Item: Finance Report for the month ending 30 November 2023

To: Executive Leadership Team (ELT)

For: ELT meeting 19 December 2023

Prepared by: Emma Gillard, Manager Finance & Administration

Recommendations

It is recommended that ELT:

- Note** that the opening Reserves as at 1 July 2023 is \$16.404m. With the Board approved minimum reserves of \$2.221m, the maximum deficit that the Commission can afford for financial year 2023/24 is \$14.183m.
- Note** that the projected total operating expenditure for 2023/24 is \$139.436m with an expected deficit of \$15.698m which is 39% higher than budgeted deficit of \$11.308m.
- [REDACTED]
9(2)(b)(ii)
[REDACTED]
- Discuss** forecasted costs that could be reduced, deferred, or stopped during the period covering from January to June 2024.

Financial Overview

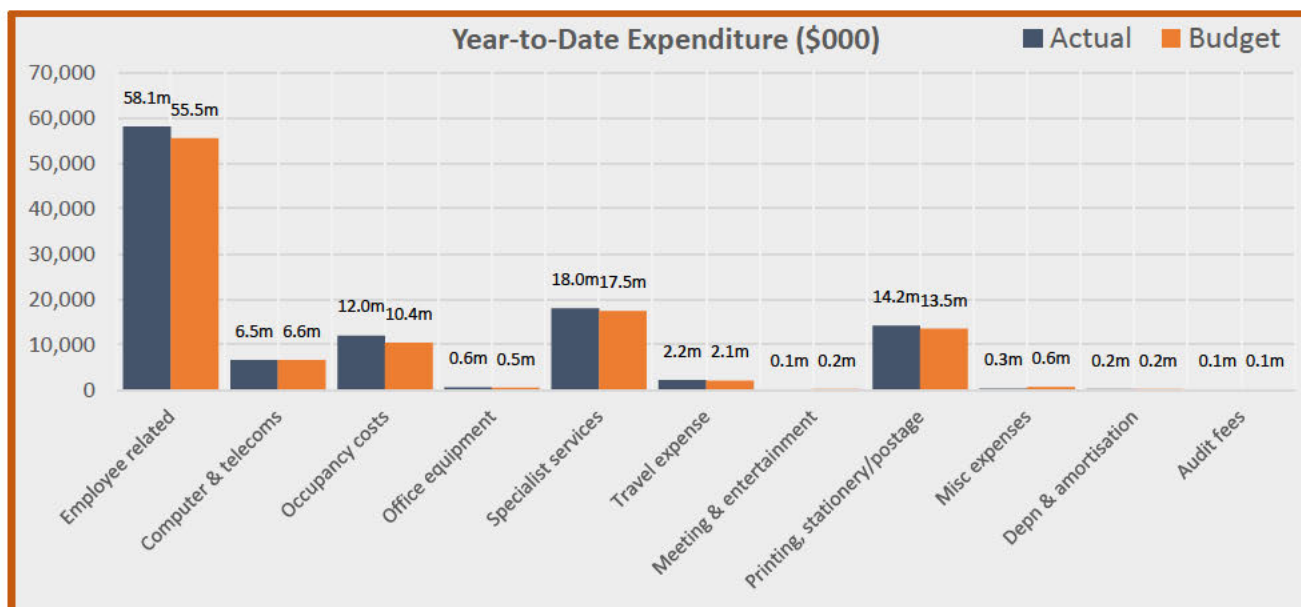
Financial Summary \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	1,146	217	929	105,847	105,590	257	123,739	122,885	854
Expenditure	12,915	9,428	(3,488)	112,264	107,166	(5,098)	139,436	134,193	(5,244)
Surplus / (Deficit)	(11,769)	(9,211)	(2,559)	(6,417)	(1,576)	(4,841)	(15,698)	(11,308)	(4,390)

- Total expenditure for the month of November is **\$12.915m**, 37% higher than budget resulting mainly from the delay of offboarding HQ staff due to quality review undertaken on the official election results as well as the electorate vote recounts.
- Year-to-date deficit** is 307% higher than budget due to overspends in expenditure (~5% higher than budget). This is largely due to higher-than-expected Field Staff costs, particularly the HQ, or support staff. YTD hours worked for field personnel is 131,640 hours (14%) more worked than budgeted. Additional resources were required due to new processes introduced after the setting of the budgets, and delays to beginning vote counts are also contributors to the overspend, but these additional costs have not been factored into the budget. Also contributing to the overspend is the unbudgeted costs to cover for the required security protocols and resilience in Voting services.

7. **Forecast** indicates that the Commission will end up with a deficit of \$15.698m which is approximately 39% higher than budget. This is largely driven by an expected overspend in the General Election (6% higher than budget of \$93.139m).

Year-to-Date Operating Expenditure

8. YTD operating expenditure is 5% higher than budget of \$107.166m. Comparison of actual versus budget is outlined below by expense category.



Favourable variance

9. **Computer and telecommunications** are slightly below budget by \$0.086m resulting from underspend in software support and maintenance due to lower uptake of Microsoft licences during the first quarter of the year.
10. **Meeting and entertainment** are also below budget by \$0.125m, mainly due to underspend in meeting hire or lease. The underspend has been expected as more usage of internal premises or voting places for staff meetings and functions.
11. **Miscellaneous expenses** are also below budget by \$0.364m, mainly due to underspend in Election Access Fund grants. These grants are normally offset by revenue, so it's cost neutral to the Commission.

Unfavourable variance

12. **Employee related expenses** are higher than budget by \$2.607m, largely due to higher-than-expected Field Staff costs resulting from the delay of offboarding HQ staff due to quality review undertaken on the official election results as well as the electorate vote recounts. Also contributing to the overspend is \$0.465m relating to the Port Waikato by-election, fully offset by revenue.
13. **Occupancy costs** including office equipment are higher than budget by \$1.668m due to unbudgeted costs to cover for the required security protocols and resilience in Voting services.

14. **Specialist services** are higher than budget by \$0.519m. Contributing to the overspend is \$0.318m relating to the Port Waikato by-election, fully offset by revenue.

15. **Printing, stationery, and postage** are higher than budget by \$0.743m, [REDACTED]

9(2)(b)(ii)

16. **Travel expenses** are also higher than budget by \$0.136m due to higher usage of car rental and mileage than anticipated in the GE event.

Operating Expenditure by Business Group

Business Group \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Office of the Chief Executive	1,344	1,411	67	3,147	3,150	4
Enterprise Services	14,758	14,258	(501)	24,401	23,780	(622)
Operations	90,126	84,225	(5,901)	101,708	95,658	(6,050)
Strategy, Governance & Development	1,244	2,556	1,313	3,708	4,965	1,257
Programme Management Office	572	625	53	1,341	1,394	53
Māori Advisory	163	139	(24)	390	332	(57)
Legal & Policy	4,057	3,952	(106)	4,741	4,913	172
Projects	-	-	-	-	-	-
Total Expenditure	112,264	107,166	(5,098)	139,436	134,193	(5,244)

17. YTD overspend is \$5.098m which is largely contributed by Operations (\$5.901m) due to hours worked by field staff with a total year-to-date of 131,640 hours (14%) more worked than budgeted, Enterprise Services (\$0.501m) mainly due to overspend in personnel related expenses resulting from contractors filling in vacancies, and Legal & Policy (\$0.106m) due to timing of advertising and publicity in Broadcasting Allocation. However, this is partly offset by underspend in Strategy, Governance & Development (\$1.313m) mainly due to timing of expenses for International (INT) Assistance, and grants relating to Election Access Fund (EAF).

18. Excluding EAF, INT & Broadcasting Allocation, the YTD overspend is \$6.128m. The breakdown by expense category is shown below.

Operating Expenditure Excluding EAF & INT \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	57,815	54,866	(2,949)	73,286	69,656	(3,630)
Computer & telecommunications	6,537	6,619	82	7,980	8,023	43
Occupancy costs	12,005	10,401	(1,603)	14,638	13,105	(1,534)
Office equipment	552	425	(127)	381	506	126
Specialist services	14,252	13,804	(448)	19,179	18,902	(277)
Travel expense	2,018	1,759	(259)	2,310	2,061	(249)
Meeting & entertainment	102	209	107	167	382	215
Printing, stationery & postage	14,206	13,293	(913)	14,791	13,754	(1,036)
Miscellaneous expenses	270	253	(17)	366	345	(21)

Depreciation & amortisation	199	199	-	477	477	-
Audit fees	67	67	-	160	160	-
Total Expenditure	108,021	101,894	(6,128)	133,735	127,372	(6,364)

Operating Expenditure by Event

19. The YTD overspend of \$5.098 (or \$6.128m excluding EAF, INT and Broadcasting Allocation) is largely driven by the GE event. These overspends are mainly due to more hours worked by field staff within Voting Services than anticipated (14% higher than budget). Also contributing to the overspend is \$1.015m year-to-date cost associated with the Port Waikato by-election, however this is fully offset by revenue received.

20. GE event includes EAF and Broadcasting Allocation expenses, whilst BAU includes INT expenses, however, these expenses are fully offset by revenue.

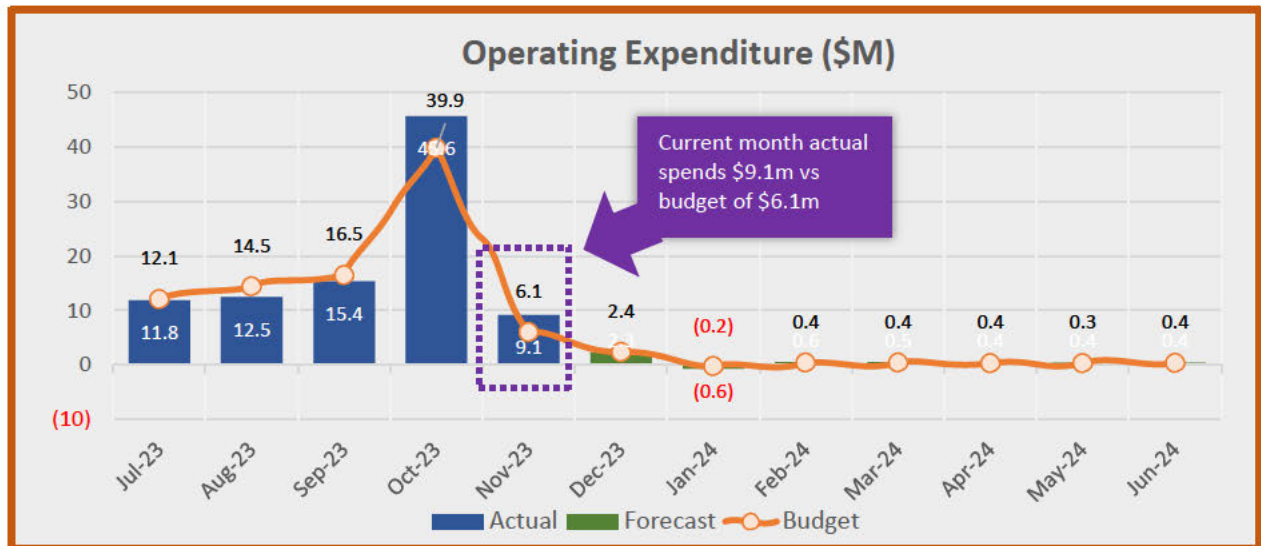
Event \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	94,526	88,956	(5,569)	98,459	93,139	(5,320)
EV2000 – By-Election	(1)	-	1	(1)	-	1
EV2001 – By-Election Port Waikato	1,015	-	(1,015)	1,590	-	(1,590)
EV3000 – Representation Commission	-	-	-	71	200	129
EV4001 – MEO2023	624	749	126	661	787	126
EV9999 – BAU	16,100	17,460	1,360	38,655	40,067	1,411
Total Expenditure	112,264	107,166	(5,098)	139,436	134,193	(5,244)

21. Excluding EAF, INT and Broadcasting Allocation, the YTD overspend is \$6.128m as broken down below by event.

Event – Excluding EAF, INT & Broadcasting Allocation \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	90,898	85,087	(5,811)	94,684	89,018	(5,666)
EV2000 – By-Election	(1)	-	1	(1)	-	1
EV2001 – By-Election Port Waikato	1,015	-	(1,015)	1,590	-	(1,590)
EV3000 – Representation Commission	-	-	-	71	200	129
EV4001 – MEO2023	624	749	126	661	787	126
EV9999 – BAU	15,485	16,057	572	36,730	37,367	637
Total Expenditure	108,021	101,894	(6,128)	133,735	127,372	(6,364)

General Election 2023

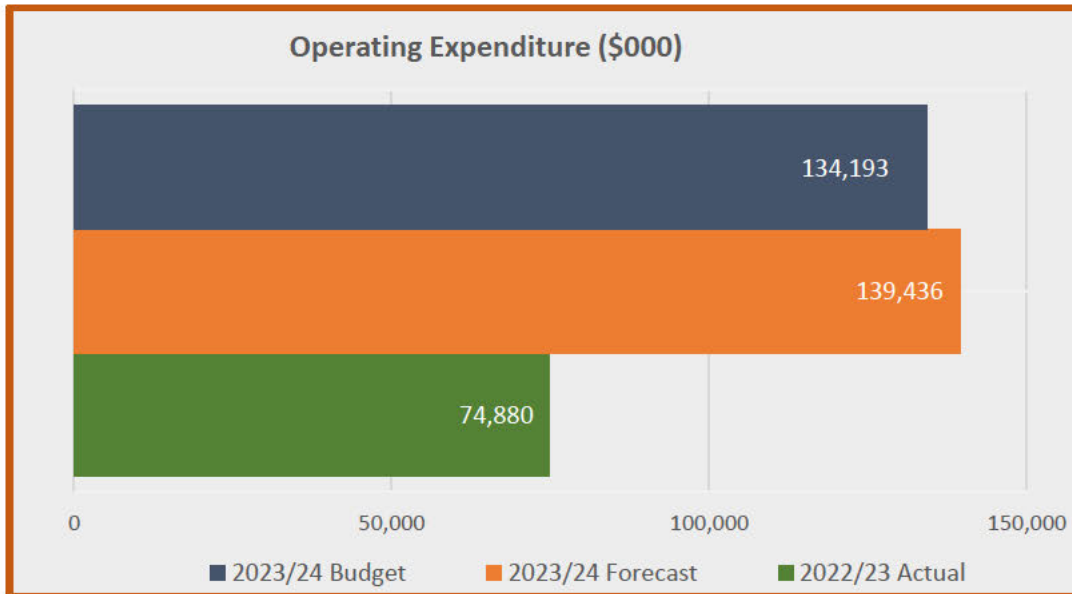
22. YTD operating expenditure is \$5.569m higher than budget, and forecast at year-end is expected at \$98.459m which is 6% higher than budget. The overspends are mainly due to more hours worked by field staff within Voting Services than anticipated (14% higher than budget).



Operating Expenditure \$'000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	47,960	45,426	(2,534)	50,802	47,854	(2,947)
Computer & telecommunications	4,821	5,237	415	4,145	4,576	431
Occupancy costs	11,161	9,478	(1,684)	12,581	10,898	(1,684)
Office equipment	471	365	(105)	218	365	147
Specialist services	14,387	13,480	(907)	14,931	14,414	(517)
Travel expense	1,785	1,450	(335)	1,839	1,507	(332)
Meeting & entertainment	82	73	(9)	85	76	(10)
Printing, stationery & postage	13,651	12,943	(708)	13,651	12,943	(708)
Miscellaneous expenses	207	505	298	207	505	298
Total Expenditure	94,526	88,956	(5,569)	98,459	93,139	(5,320)

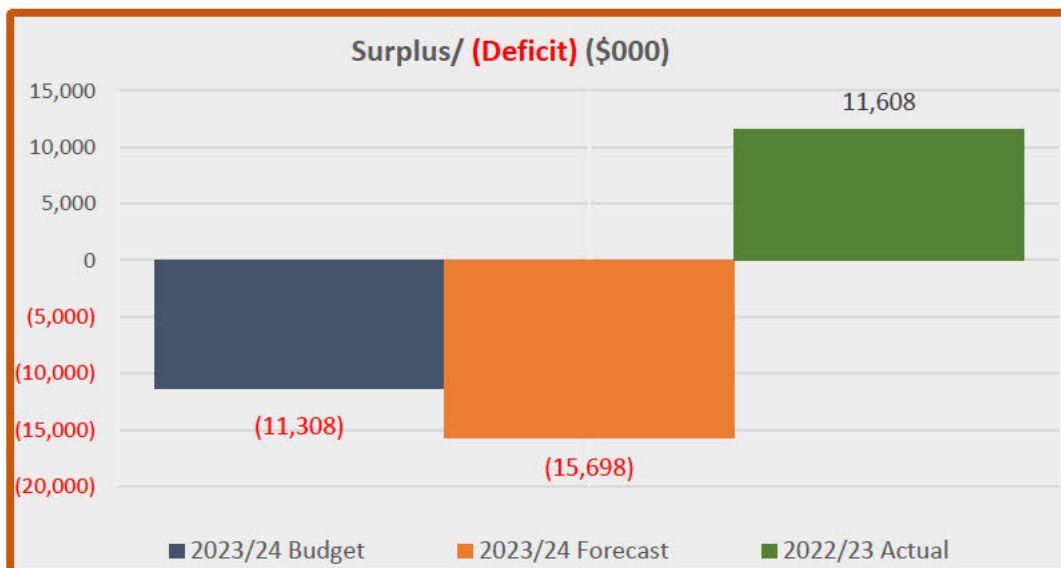
Expected overspend in GE event at year-end - \$5.320m

Full Year Budget vs Forecast



23. Full year operating expenditure forecast is ~4% higher than budget of \$134.193m.

Approximately 53% of costs relates to employee related expenses, 17% relates to specialist services, 11% relates to printing, stationery & postage, 11% relates to occupancy costs, and the remaining 8% is for other expenses.



24. End-of-year forecast is expected at **\$15.698m deficit** as compared to budgeted deficit of \$11.308m. This is mainly due to hours worked by field staff with a total year-to-date of 131,640 hours (14%) more worked than budgeted resulting from the delay of offboarding HQ staff due to quality review undertaken on the official election results as well as the electorate vote recounts. In addition, there is unbudgeted cost for the required security protocols and resilience in Voting Services. 9(2)(b)(ii)

FY2024 Budget Risks

25. The closing Reserves as at 30 June 2023 is \$16.404m. With the Board approved minimum reserves of \$2.221m, the maximum deficit that the Commission can afford for financial year 2023/24 is \$14.183m. However based on the latest forecast, the expected deficit is now at \$15.698m, leaving a shortfall of \$1.515m.

26. [REDACTED]
[REDACTED] 9(2)(b)(ii) [REDACTED]
[REDACTED]
[REDACTED]

27. As the year progresses, no permanent savings from employee related expenses have been identified so there is a risk of depleting our reserves that have been set aside as per the Boards instructions. It is important to recognise that any contingencies that have been set aside during the budget process have been fully utilised to fund for unbudgeted but approved expenditure. Further overspends will put the Commission under significant financial pressure, and a rigorous forecast review process will need to be undertaken after Christmas to identify for any possible savings.

28. Table below shows the movement of operating reserves.

Movements in Reserves	
Reserves as at 30 June 2019	\$6,070
Surplus 2019/20	\$19,345
Deficit 2020/21	(\$11,096)
Deficit 2021/22	(\$9,515)
Surplus 2022/23	\$11,600
Opening Reserves 1 July 2023	\$16,404
Less Board approved minimum reserves	(\$2,221)
FY2024 Maximum affordable deficit	\$14,183
Less Expected FY2024 deficit	(\$15,698)
FY2024 Projected deficit shortfall	(\$1,515)

Discussion

29. The closing Reserves as at 30 June 2023 is \$16.404m. With the Board approved minimum reserves of \$2.221m, the maximum deficit that the Commission can afford for financial year 2023/24 is \$14.183m.

30. [REDACTED] 9(2)(b)(ii) [REDACTED] ELT needs to discuss what areas of spend that are forecasted that could be reduced, deferred, or stopped during the period covering from January to June 2024. These areas could include recruitment for current or new vacancies, travel, and advertising. A thorough forecast review process will be undertaken after Christmas to identify for possible savings and mitigate any potential risks.

Appendices

Statement of Revenue and Expense

Electoral Commission Statement of revenue and expense For the period ending 30 November 2023	Year-to-Date			Forecast							Full Year		
	Actual	Budget	Variance	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Forecast	Budget	Variance
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue													
Revenue from Crown	104,711	104,049	▲ 662	596	5,003	25	25	10,722	3	2	121,085	119,840	▲ 1,245
Other Income	1,136	1,541	▼ (405)	191	336	208	210	168	206	198	2,654	3,045	▼ (391)
Total Revenue	105,847	105,590	▲ 257	787	5,339	233	235	10,889	209	200	123,739	122,885	▲ 854
Expense													
Employee Related Expenses	58,109	55,502	▼ (2,607)	2,833	2,188	2,182	2,396	2,225	2,301	2,150	74,384	71,074	▼ (3,310)
Computer & Telecommunications	6,542	6,628	▲ 86	523	(639)	261	506	243	244	315	7,996	8,043	▲ 47
Occupancy Costs	12,005	10,426	▼ (1,578)	1,497	271	225	166	166	166	166	14,663	13,155	▼ (1,509)
Office Equipment	552	462	▼ (89)	13	(244)	13	11	11	11	13	381	544	▲ 163
Specialist Services	18,051	17,532	▼ (519)	931	621	812	753	688	679	793	23,329	23,093	▼ (236)
Travel Expense	2,214	2,077	▼ (136)	110	106	61	87	79	64	61	2,782	2,656	▼ (126)
Meeting & Entertainment	104	229	▲ 125	8	19	15	5	5	12	10	179	412	▲ 233
Printing, Stationery & Postage	14,206	13,463	▼ (743)	100	114	85	82	78	83	77	14,825	13,959	▼ (866)
Miscellaneous Expenses	283	646	▲ 364	28	18	19	16	19	18	19	421	780	▲ 360
Depreciation & Amortisation	199	199	0	40	40	40	40	40	40	40	477	477	0
Total Expenses	112,264	107,166	▼ (5,098)	6,083	2,495	3,714	4,063	3,555	3,617	3,645	139,436	134,193	▼ (5,244)
Surplus / (deficit)	(6,417)	(1,576)	▼ (4,841)	(5,296)	2,843	(3,481)	(3,828)	7,334	(3,409)	(3,445)	(15,698)	(11,308)	▼ (4,390)

Operating Expenditure by Group

Operating expenditure For the period ending 30 November 2023	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Business Group									
Office of the Chief Executive	273	283	▲ 10	1,344	1,411	▲ 67	3,147	3,150	▲ 4
Enterprise Services	2,301	1,900	▼ (401)	14,758	14,258	▼ (501)	24,401	23,780	▼ (622)
Operations	9,749	6,148	▼ (3,600)	90,126	84,225	▼ (5,901)	101,708	95,658	▼ (6,050)
Strategy, Governance & Development	273	338	▲ 65	1,244	2,556	▲ 1,313	3,708	4,965	▲ 1,257
Programme Management Office	112	117	▲ 5	572	625	▲ 53	1,341	1,394	▲ 53
Māori Advisory	35	27	▼ (8)	163	139	▼ (24)	390	332	▼ (57)
Legal & Policy	173	614	▲ 442	4,057	3,952	▼ (106)	4,741	4,913	▲ 172
Projects	-	-	■ -	-	-	■ -	-	-	■ -
Total expenditure	12,915	9,428	▼ (3,488)	112,264	107,166	▼ (5,098)	139,436	134,193	▼ (5,244)

Excluding Election Access Fund, International Services & Broadcasting Allocation

Operating expenditure Excluding Election Access Fund, International Services & Broadcasting Allocation For the period ending 30 November 2023	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Business Group									
Office of the Chief Executive	273	283	▲ 10	1,344	1,411	▲ 67	3,147	3,150	▲ 4
Enterprise Services	2,301	1,900	▼ (401)	14,758	14,258	▼ (501)	24,401	23,780	▼ (622)
Operations	9,749	6,148	▼ (3,600)	90,126	84,225	▼ (5,901)	101,708	95,658	▼ (6,050)
Strategy, Governance & Development	149	143	▼ (5)	538	709	▲ 171	1,612	1,749	▲ 137
Programme Management Office	112	117	▲ 5	572	625	▲ 53	1,341	1,394	▲ 53
Māori Advisory	35	27	▼ (8)	163	139	▼ (24)	390	332	▼ (57)
Legal & Policy	103	74	▼ (29)	521	527	▲ 6	1,136	1,308	▲ 172
Projects	-	-	■ -	-	-	■ -	-	-	■ -
Total expenditure	12,722	8,693	▼ (4,029)	108,021	101,894	▼ (6,128)	133,735	127,372	▼ (6,364)

Operating Expenditure by Event

EV9999-BAU Operating expenditure For the period ending 30 November 2023	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Business Group									
Office of the Chief Executive	226	283	▲ 57	1,296	1,411	▲ 115	3,099	3,150	▲ 52
Enterprise Services	1,623	1,498	▼ (125)	8,234	7,814	▼ (420)	18,177	17,954	▼ (223)
Operations	623	1,164	▲ 540	4,915	5,621	▲ 706	12,629	13,297	▲ 669
Strategy, Governance & Development	269	327	▲ 58	1,147	2,112	▲ 966	3,460	4,449	▲ 989
Programme Management Office	-	-	-	-	-	-	-	-	-
Māori Advisory	35	27	▼ (8)	163	139	▼ (24)	390	332	▼ (57)
Legal & Policy	68	74	▲ 6	346	363	▲ 17	901	884	▼ (17)
Projects	-	-	-	-	-	-	-	-	-
Total expenditure	2,844	3,373	▲ 529	16,100	17,460	▲ 1,360	38,655	40,067	▲ 1,411

EV1001-GE2023 Operating expenditure For the period ending 30 November 2023	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Business Group									
Office of the Chief Executive	(1)	-	1	(0)	-	0	(0)	-	0
Enterprise Services	533	401	▼ (132)	6,376	6,444	▲ 68	5,583	5,826	▲ 243
Operations	8,400	4,985	▼ (3,416)	83,801	77,854	▼ (5,947)	87,551	81,574	▼ (5,977)
Strategy, Governance & Development	(2)	11	▲ 13	91	444	▲ 353	171	516	▲ 345
Programme Management Office	101	117	▲ 16	561	625	▲ 65	1,329	1,394	▲ 64
Māori Advisory	-	-	-	-	-	-	-	-	-
Legal & Policy	91	541	▲ 450	3,696	3,589	▼ (108)	3,825	3,829	▲ 4
Projects	-	-	-	-	-	-	-	-	-
Total expenditure	9,122	6,055	▼ (3,067)	94,526	88,956	▼ (5,569)	98,459	93,139	▼ (5,320)

EV2001-By-Election Port Waikato Operating expenditure For the period ending 30 November 2023	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Business Group									
Office of the Chief Executive	48	-	▼ (48)	48	-	▼ (48)	48	-	▼ (48)
Enterprise Services	145	-	▼ (145)	149	-	▼ (149)	642	-	▼ (642)
Operations	704	-	▼ (704)	786	-	▼ (786)	867	-	▼ (867)
Strategy, Governance & Development	6	-	▼ (6)	6	-	▼ (6)	6	-	▼ (6)
Programme Management Office	12	-	▼ (12)	12	-	▼ (12)	12	-	▼ (12)
Māori Advisory	-	-	■ -	-	-	■ -	-	-	■ -
Legal & Policy	14	-	▼ (14)	15	-	▼ (15)	15	-	▼ (15)
Projects	-	-	■ -	-	-	■ -	-	-	■ -
Total expenditure	929	-	▼ (929)	1,015	-	▼ (1,015)	1,590	-	▼ (1,590)

General Election 2023

Operations Group

EV1001-GE2023 Operating Expenditure For the period ending 30 November 2023	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operations Group									
Management	107	109	▲ 2	596	557	▼ (40)	1,420	1,338	▼ (82)
Communications	657	144	▼ (513)	7,969	7,626	▼ (343)	7,993	7,696	▼ (297)
Enrolment	709	403	▼ (307)	8,761	8,583	▼ (178)	8,761	8,583	▼ (178)
Engagement & Partnerships	145	58	▼ (87)	1,687	1,618	▼ (69)	1,921	1,852	▼ (69)
Business Enablement	50	132	▲ 82	1,088	970	▼ (118)	1,224	1,449	▲ 224
Voting Services	6,732	4,139	▼ (2,593)	63,701	58,501	▼ (5,200)	66,232	60,657	▼ (5,575)
Total Expenditure	8,400	4,985	▼ (3,416)	83,801	77,854	▼ (5,947)	87,551	81,574	▼ (5,977)

Projected total operating cost for GE 2023

General Election 2023 \$000	FY22	FY23	FY24	Total
Operating Expenditure	\$7,858	\$28,366	\$98,459	\$134,683

Out of scope

9(2)(b)(ii)

9(2)(b)(ii)

9(2)(b)(ii)

Out of scope

Item: Finance Report for the month ending 31 December 2023
To: Executive Leadership Team (ELT)
For: ELT meeting 30 January 2024
Prepared by: Emma Gillard, Manager Finance & Administration

Recommendations

It is recommended that ELT:

1. **note that:**
 - a. the opening Reserves as at 1 July 2023 is \$16.404m
 - b. with the Board approved minimum reserves of \$2.221m, the maximum deficit that the Commission can afford for financial year 2023/24 is \$14.183m
2. **note that** the projected total operating expenditure for 2023/24 is \$137.786m with an expected deficit of \$14.113m, approximately 25% higher than budgeted deficit of \$11.308m
3. **discuss** forecasted costs that could be reduced, deferred, or stopped during the period covering from January to June 2024.

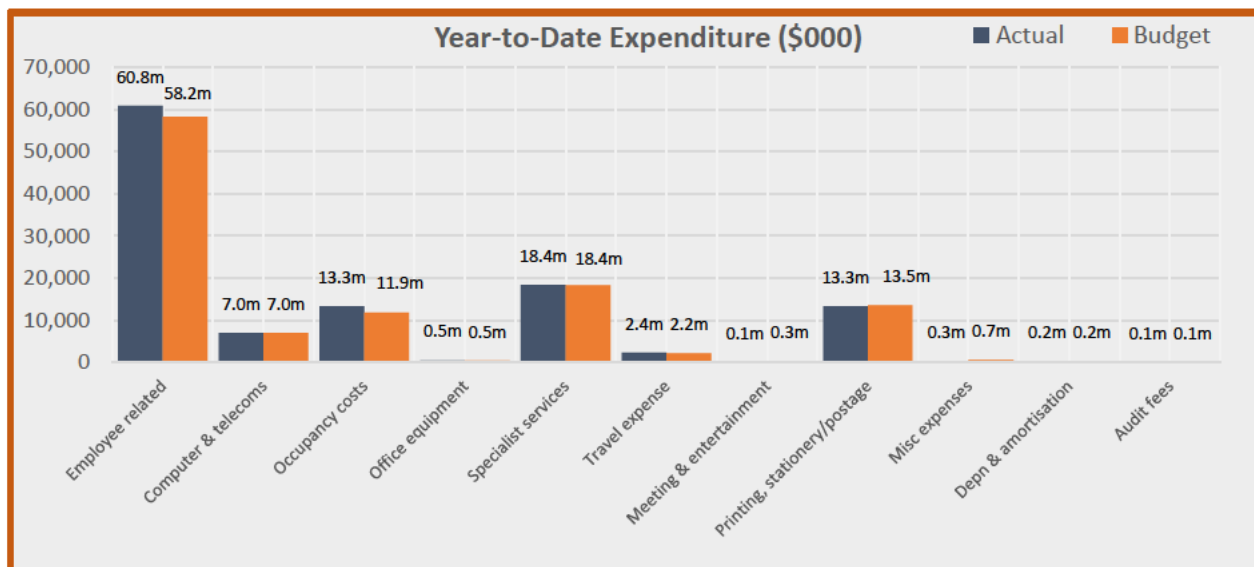
Financial Overview

Financial Summary \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	5,634	200	5,434	111,481	105,790	5,691	123,673	122,885	788
Expenditure	4,277	5,765	1,487	116,541	112,930	(3,611)	137,786	134,193	(3,593)
Surplus / (Deficit)	1,357	(5,564)	6,922	(5,060)	(7,140)	2,081	(14,113)	(11,308)	(2,805)

1. Total expenditure for the month of December is **\$4.277m**, 26% lower than budget resulting mainly 9(2)(b)(ii)
2. **Year-to-date deficit** is 29% lower than budget due to the early receipt of \$5m funding from the Crown through Ministry of Justice in December. However, this is partly offset by higher-than-expected field staff costs, particularly the HQ and support staff. YTD hours worked for field personnel is 131,640 hours (14%) more worked than budgeted for. This is a key driver of the Budget overspend. There are also costs that have not been factored into the budget such as additional resources required due to new processes introduced after the setting of the budgets, and delays to commencement of the vote counts. In addition, there are unbudgeted costs to cover for the required security protocols and resilience in Voting Services.
3. **Forecast** indicates that the Commission will end up with a deficit of \$14.113m which is approximately 25% higher than budget. This is largely driven by an expected overspend in the General Election (5% higher than budget of \$93.139m), partly offset by underspend in BAU (5% lower than budget of \$40.067m).

Year-to-Date Operating Expenditure

4. YTD operating expenditure is 3% higher than budget of \$112.930m. Comparison of actual versus budget is outlined below by expense category.



Favourable variance

5. **Meeting and entertainment** are below budget by \$0.135m, mainly due to underspend in meeting hire or lease. The underspend has been expected as more usage of internal premises or voting places for staff meetings and functions.
6. **Printing, stationery, and postage** are lower than budget by \$0.223m, 9(2)(b)(ii)
7. **Miscellaneous expenses** are also below budget by \$0.359m, mainly due to underspend in Election Access Fund grants. These grants are normally offset by revenue, so it's cost neutral to the Commission.

Unfavourable variance

8. **Employee related expenses** are higher than budget by \$2.617m, largely due to higher-than-expected field staff costs resulting from the delay of offboarding HQ staff due to quality review undertaken on the official election results as well as the electorate vote recounts. Contributing also to the overspend is \$0.768m relating to the Port Waikato by-election, fully offset by revenue.
9. **Occupancy costs** including office equipment are higher than budget by \$1.486m due to unbudgeted costs to cover for the required security protocols and resilience in Voting Services.
10. **Specialist services** are higher than budget by \$0.058m. Major factor to the overspend is \$0.382m relating to the Port Waikato by-election, fully offset by revenue.
11. **Travel expenses** are also higher than budget by \$0.173m due to higher usage of car rental and mileage than anticipated in the GE event.

Operating Expenditure by Business Group

Business Group \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Office of the Chief Executive	1,574	1,677	104	3,021	3,150	129
Enterprise Services	16,223	15,984	(239)	23,833	23,780	(53)
Operations	92,311	87,377	(4,934)	100,678	95,658	(5,019)
Strategy, Governance & Development	1,448	2,866	1,418	3,608	4,965	1,357
Programme Management Office	650	730	80	1,322	1,394	72
Māori Advisory	187	167	(20)	385	332	(53)
Legal & Policy	4,148	4,129	(19)	4,690	4,913	224
Projects	-	-	-	250	-	(250)
Total Expenditure	116,541	112,930	(3,611)	137,786	134,193	(3,593)

12. YTD overspend is **\$3.611m** which is largely contributed by Operations (\$4.934m) due to hours worked by field staff with a total year-to-date of 131,640 hours (14%) more worked than budgeted, and Enterprise Services (\$0.239m) mainly due to overspend in personnel related expenses resulting from contractors filling in vacancies. However, this is partly offset by underspend in Strategy, Governance & Development (\$1.418m) mainly due to timing of expenses for International (INT) Assistance, and grants relating to Election Access Fund (EAF).

13. Excluding EAF, INT & Broadcasting Allocation, the YTD overspend is **\$4.775m**. The breakdown by expense category is shown below.

Operating Expenditure Excluding EAF & INT \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	60,485	57,474	(3,011)	73,222	69,656	(3,565)
Computer & telecommunications	7,014	7,017	3	8,022	8,023	1
Occupancy costs	13,322	11,867	(1,455)	14,314	13,105	(1,209)
Office equipment	529	436	(94)	345	506	161
Specialist services	14,596	14,564	(32)	18,932	18,902	(30)
Travel expense	2,158	1,837	(321)	2,371	2,061	(310)
Meeting & entertainment	114	231	116	172	382	210
Printing, stationery & postage	13,308	13,363	54	13,793	13,754	(39)
Miscellaneous expenses	302	266	(36)	383	345	(38)
Depreciation & amortisation	239	239	-	478	477	(1)
Audit fees	80	80	-	160	160	-
Total Expenditure	112,147	107,372	(4,775)	132,191	127,372	(4,819)

Operating Expenditure by Event

14. The YTD overspend of **\$3.611m** (or **\$4.775m** excluding EAF, INT and Broadcasting Allocation) is largely driven by the GE event. These overspends are mainly due to more hours worked by field staff within Voting Services than anticipated (14% higher than budget). Also contributing to the overspend is \$1.503m year-to-date cost associated with the Port Waikato by-election, however this is fully offset by revenue received.

15. GE event includes EAF and Broadcasting Allocation expenses, whilst BAU includes INT expenses, however, these expenses are fully offset by revenue.

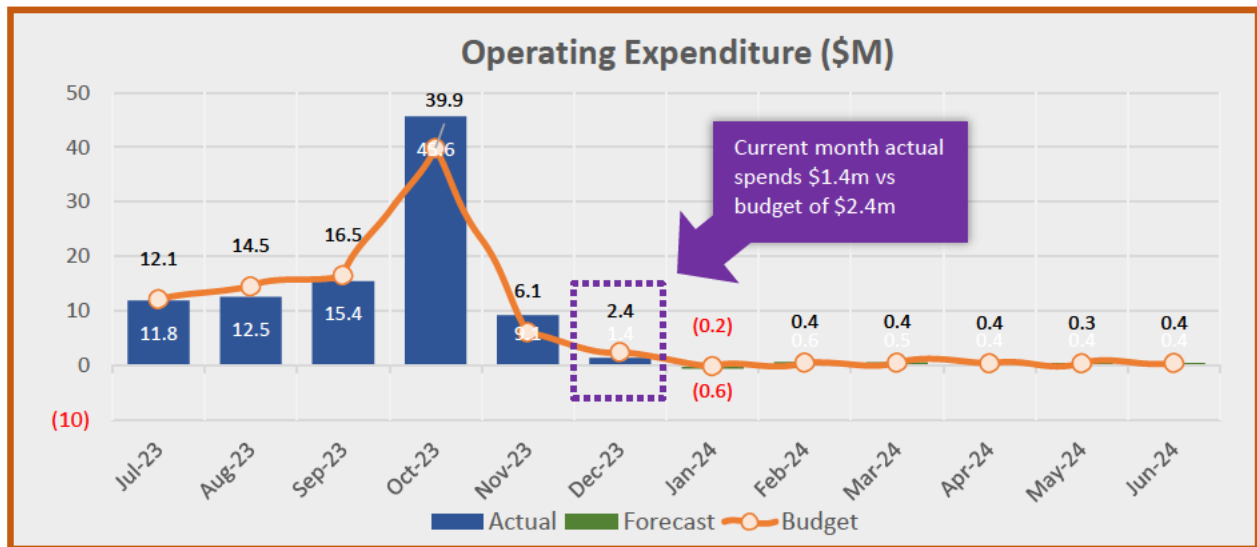
Event \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	95,884	91,371	(4,514)	97,486	93,139	(4,347)
EV2000 – By-Election	(1)	-	1	(1)	-	1
EV2001 – By-Election Port Waikato	1,503	-	(1,503)	1,590	-	(1,590)
EV3000 – Representation Commission	-	-	-	71	200	129
EV4001 – MEO2023	624	749	126	661	787	126
EV9999 – BAU	18,530	20,810	2,280	37,978	40,067	2,089
Total Expenditure	116,541	112,930	(3,611)	137,786	134,193	(3,593)

16. Excluding EAF, INT and Broadcasting Allocation, the YTD overspend is \$4.775m as broken down below by event.

Event – Excluding EAF, INT & Broadcasting Allocation \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	92,221	87,383	(4,838)	93,764	89,018	(4,746)
EV2000 – By-Election	(1)	-	1	(1)	-	1
EV2001 – By-Election Port Waikato	1,503	-	(1,503)	1,590	-	(1,590)
EV3000 – Representation Commission	-	-	-	71	200	129
EV4001 – MEO2023	624	749	126	661	787	126
EV9999 – BAU	17,800	19,240	1,440	36,106	37,367	1,261
Total Expenditure	112,147	107,372	(4,775)	132,191	127,372	(4,819)

General Election 2023

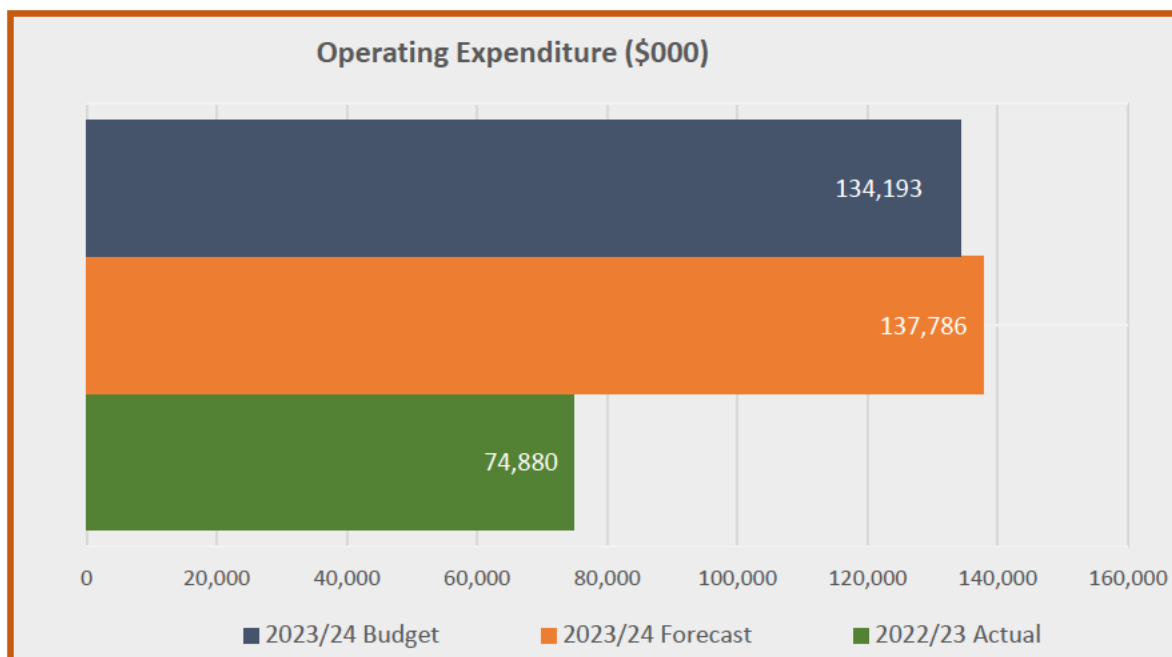
17. YTD operating expenditure is **\$4.514m** higher than budget, and forecast at year-end is expected at **\$97.486m** which is 5% higher than budget. The overspends are mainly due to more hours worked by field staff within Voting Services than anticipated (14% higher than budget).



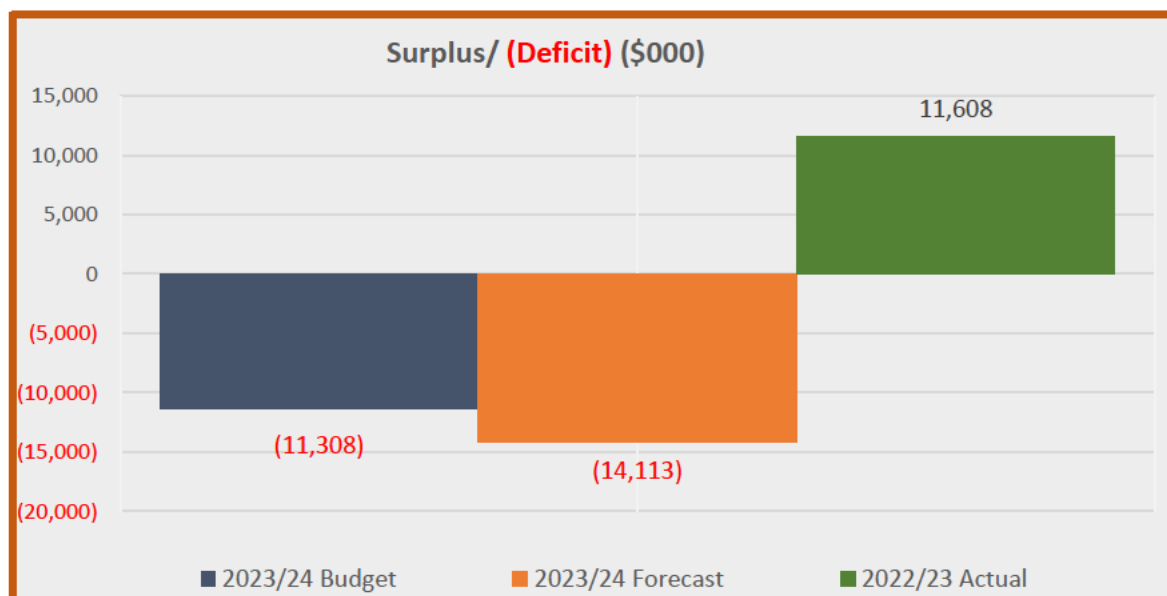
Operating Expenditure \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	48,699	46,198	(2,501)	50,820	47,854	(2,966)
Computer & telecommunications	4,901	5,322	421	4,070	4,576	506
Occupancy costs	12,336	10,758	(1,578)	12,476	10,898	(1,578)
Office equipment	459	365	(93)	204	365	162
Specialist services	14,560	13,711	(848)	14,976	14,414	(562)
Travel expense	1,899	1,496	(403)	1,907	1,507	(400)
Meeting & entertainment	93	73	(20)	95	76	(19)
Printing, stationery & postage	12,719	12,943	224	12,719	12,943	224
Miscellaneous expenses	219	505	286	219	505	287
Total Expenditure	95,884	91,371	(4,514)	97,486	93,139	(4,347)

Expected overspend in GE event at year-end - \$4.347m

Full Year Budget vs Forecast



18. Full year operating expenditure forecast is ~3% higher than budget of \$134.193m. Approximately 54% of costs relates to employee related expenses, 17% relates to specialist services, 10% relates to printing, stationery & postage, 10% relates to occupancy costs, and the remaining 9% is for other expenses.



19. End-of-year forecast is expected at **\$14.113m deficit** as compared to budgeted deficit of \$11.308m. This is mainly due to hours worked by field staff with a total year-to-date of 131,640 hours (14%) more worked than budgeted resulting from the delay of offboarding HQ staff due to quality review undertaken on the official election results as well as the electorate vote recounts. In addition, there is unbudgeted cost for the required security protocols and resilience in Voting Services.

FY2024 Budget Risks

20. The closing Reserves as at 30 June 2023 is \$16.404m. With the Board approved minimum reserves of \$2.221m, the maximum deficit that the Commission can afford for financial year 2023/24 is \$14.183m. Based on the latest forecast, the expected deficit is now at \$14.113m so this leaves a balance of \$0.070m.
21. As the year progresses, no permanent savings from employee related expenses have been identified so there is a risk of depleting Reserves that have been set aside as per the Board's instructions. It is important to recognise that any contingencies set aside during the budget process have been fully utilised to fund for unbudgeted but approved expenditure. Further overspends will put the Commission under significant financial pressure.
22. Table below shows the movement of operating reserves.

Movements in Reserves (\$000)	
Reserves as at 30 June 2019	\$6,070
Surplus 2019/20	\$19,345
Deficit 2020/21	(\$11,096)
Deficit 2021/22	(\$9,515)
Surplus 2022/23	\$11,600
Opening Reserves 1 July 2023	\$16,404
Less Board approved minimum reserves	(\$2,221)
FY2024 Maximum affordable deficit	\$14,183
Less Expected FY2024 deficit	(\$14,113)
FY2024 Projected Reserves balance	\$70

Discussion

23. The closing Reserves as at 30 June 2023 is \$16.404m. With the Board approved minimum reserves of \$2.221m, the maximum deficit that the Commission can afford for financial year 2023/24 is \$14.183m.
24. To ensure that the Commission finishes the year with Reserves of at least at the Board approved minimum level of \$2.221m, ELT needs to discuss what areas of spend that are forecasted that could be reduced, deferred, or stopped during the period covering from January to June 2024. These areas could include recruitment for current or new vacancies, travel, and advertising, among others.

Item: Finance Report for the month ending 31 January 2024
To: Executive Leadership Team (ELT)
For: ELT meeting 20 February 2024
Prepared by: Emma Gillard, Manager Finance & Administration

Recommendations

It is recommended that ELT:

1. **Note** that the opening Reserves as at 1 July 2023 is \$16.404m. With the Board approved minimum reserves of \$2.221m, the maximum deficit that the Commission can afford for financial year 2023/24 is \$14.183m.
2. **Note** that the projected total operating expenditure for 2023/24 is \$137.439m with an expected deficit of \$11.982m, approximately 6% higher than budgeted deficit of \$11.308m. However the deficit is net of \$1.900m surplus resulting from the release of unused Election Access Fund (EAF).

Financial Overview

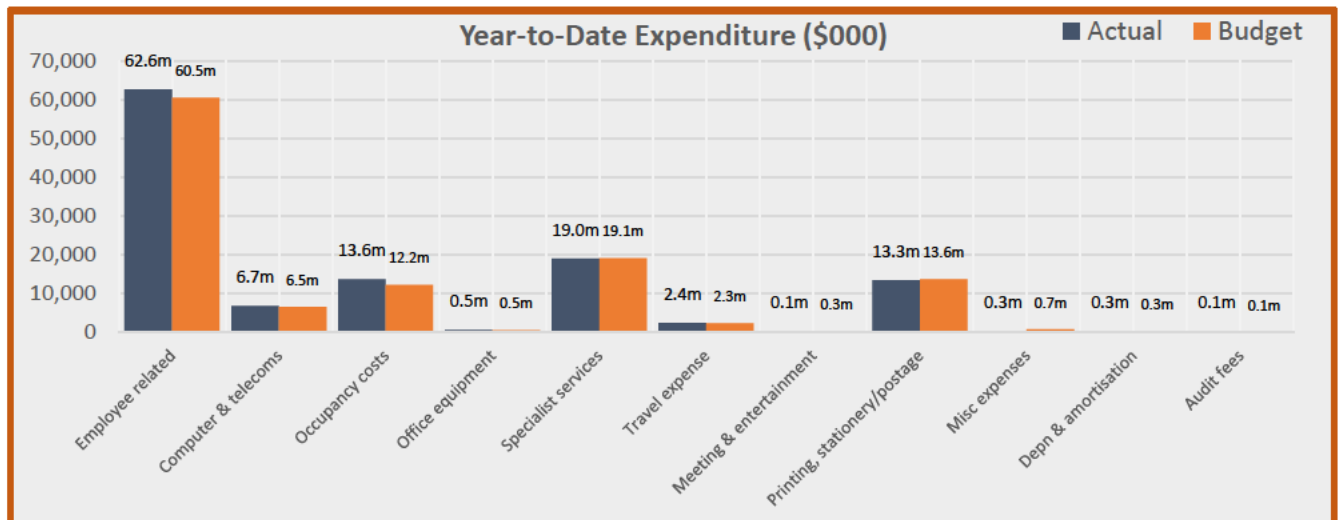
Financial Summary \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	270	345	(75)	111,751	106,135	5,616	125,458	122,885	2,573
Expenditure	2,439	3,033	594	118,980	115,964	(3,016)	137,439	134,193	(3,246)
Surplus / (Deficit)	(2,169)	(2,689)	520	(7,228)	(9,829)	2,601	(11,982)	(11,308)	(674)

3. Total expenditure for the month of January is **\$2.439m**, 20% lower than budget resulting mainly from underspend in personnel related expenses due to higher annual leave taken than anticipated, and some vacancies. Annual leave balance in January has reduced by \$0.314m (19%) compared to previous month.
4. **Year-to-date deficit** is 26% lower than budget due to the early receipt of \$5.000m funding from the Crown through Ministry of Justice (MoJ) in December. However this is partly offset by higher-than-expected field staff costs, particularly the headquarters and support staff. Year-to-date (YTD) hours worked for field personnel is 131,640 hours (14%) more worked than budgeted. This is a key driver of the YTD overspend. There are also costs that have not been factored into the budget such as additional resources required due to new processes introduced after the setting of the budgets, and delays to commencement of the vote counts. In addition, there are unbudgeted costs to cover for the required security protocols and resilience in Voting services.
5. **Forecast** indicates that the Commission will end up with a deficit of \$11.982m which is approximately 6% higher than budget.

9(2)(b)(ii)

Year-to-Date Operating Expenditure

6. YTD operating expenditure is 3% higher than budget of \$115.964m. Comparison of actual versus budget is outlined below by expense category.



Favourable variance

7. **Meeting and entertainment** are below budget by \$0.168m, mainly due to underspend in meeting hire or lease. The underspend has been expected as more usage of internal premises or voting places for staff meetings and functions.
8. **Printing, stationery, and postage** are lower than budget by \$0.288m, 9(2)(b)(ii)
9. **Miscellaneous expenses** are also below budget by \$0.371m, mainly due to underspend in Election Access Fund grants. These grants are normally offset by revenue, so it's cost neutral to the Commission.

Unfavourable variance

10. **Employee related expenses** are higher than budget by \$2.089m, largely due to higher-than-expected field staff costs resulting from the delay of offboarding headquarter staff due to quality review undertaken on the official election results as well as the electorate vote recounts. Included in the overspend is \$0.775m relating to the Port Waikato by-election, fully offset by revenue.
11. **Occupancy costs** including office equipment are higher than budget by \$1.470m due to unbudgeted costs to cover for the required security protocols and resilience in Voting services.
12. **Computer and telecommunications** are also higher than budget by \$0.269m 9(2)(b)(ii)

Operating Expenditure by Business Group

Business Group \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Office of the Chief Executive	1,788	1,929	142	2,974	3,150	177
Enterprise Services	16,797	16,591	(206)	23,740	23,780	40
Operations	93,531	88,832	(4,699)	100,724	95,658	(5,066)
Strategy, Governance & Development	1,729	3,314	1,585	3,441	4,965	1,523
Programme Management Office	704	833	129	1,237	1,394	157
Māori Advisory	209	195	(14)	380	332	(48)
Legal & Policy	4,222	4,270	47	4,693	4,913	220
Projects	-	-	-	250	-	(250)
Total Expenditure	118,980	115,964	(3,016)	137,439	134,193	(3,247)

13. YTD overspend is **\$3.016m** which is largely contributed by Operations (\$4.699m) due to hours worked by field staff with a total year-to-date of 131,640 hours (14%) more worked than budgeted, and Enterprise Services (\$0.206m) 9(2)(b)(ii)
 However, this is partly offset by underspend in Strategy, Governance & Development (\$1.585m) mainly due to timing of expenses for International (INT) Assistance, and grants relating to Election Access Fund (EAF).

14. Excluding EAF, INT & Broadcasting Allocation, the YTD overspend is **\$4.374m**. The breakdown by expense category is shown below.

Operating Expenditure Excluding EAF, INT & Broadcasting \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	62,163	59,608	(2,555)	72,511	69,656	(2,854)
Computer & telecommunications	6,738	6,458	(279)	8,287	8,023	(264)
Occupancy costs	13,596	12,132	(1,464)	14,544	13,105	(1,439)
Office equipment	540	447	(93)	599	506	(93)
Specialist services	15,078	15,159	82	18,784	18,902	119
Travel expense	2,154	1,874	(280)	2,332	2,061	(271)
Meeting & entertainment	116	255	140	164	382	218
Printing, stationery & postage	13,323	13,427	104	13,728	13,754	27
Miscellaneous expenses	307	279	(28)	376	345	(31)
Depreciation & amortisation	278	278	-	477	477	-
Audit fees	93	93	-	160	160	-
Total Expenditure	114,385	110,011	(4,374)	131,961	127,372	(4,589)

Operating Expenditure by Event

15. The YTD overspend of **\$3.016m** (or **\$4.374m** excluding EAF, INT and Broadcasting Allocation) is largely driven by the GE event. These overspends are mainly due to more hours worked by field staff within Voting Services than anticipated (14% higher than budget). Also contributing to the overspend is \$1.550m YTD cost associated with the Port Waikato by-election, however this is fully offset by revenue received.

Event \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	95,871	91,149	(4,722)	98,213	93,139	(5,074)
EV2000 – By-Election	(1)	-	1	(1)	-	1
EV2001 – By-Election Port Waikato	1,550	-	(1,550)	1,590	-	(1,590)
EV3000 – Representation Commission	-	-	-	71	200	129
EV4001 – MEO2023	626	749	123	664	787	123
EV9999 – BAU	20,933	24,065	3,132	36,902	40,067	3,165
Total Expenditure	118,980	115,964	(3,016)	137,439	134,193	(3,247)

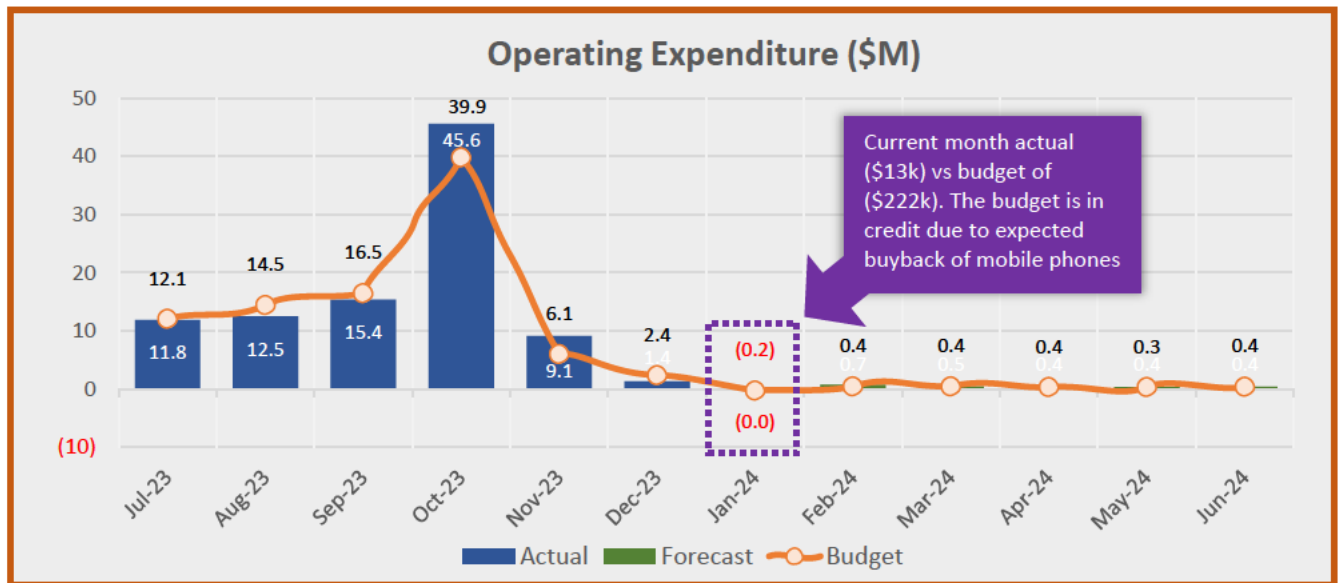
16. GE event includes EAF and Broadcasting Allocation expenses, whilst BAU includes INT expenses, however, these expenses are fully offset by revenue.

17. Excluding EAF, INT and Broadcasting Allocation, the YTD overspend is \$4.374m as broken down below by event.

Event – Excluding EAF, INT & Broadcasting Allocation \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	92,186	87,079	(5,107)	94,471	89,018	(5,453)
EV2000 – By-Election	(1)	-	1	(1)	-	1
EV2001 – By-Election Port Waikato	1,550	-	(1,550)	1,590	-	(1,590)
EV3000 – Representation Commission	-	-	-	71	200	129
EV4001 – MEO2023	626	749	123	664	787	123
EV9999 – BAU	20,024	22,184	2,159	35,165	37,367	2,202
Total Expenditure	114,385	110,011	(4,374)	131,961	127,372	(4,589)

General Election 2023

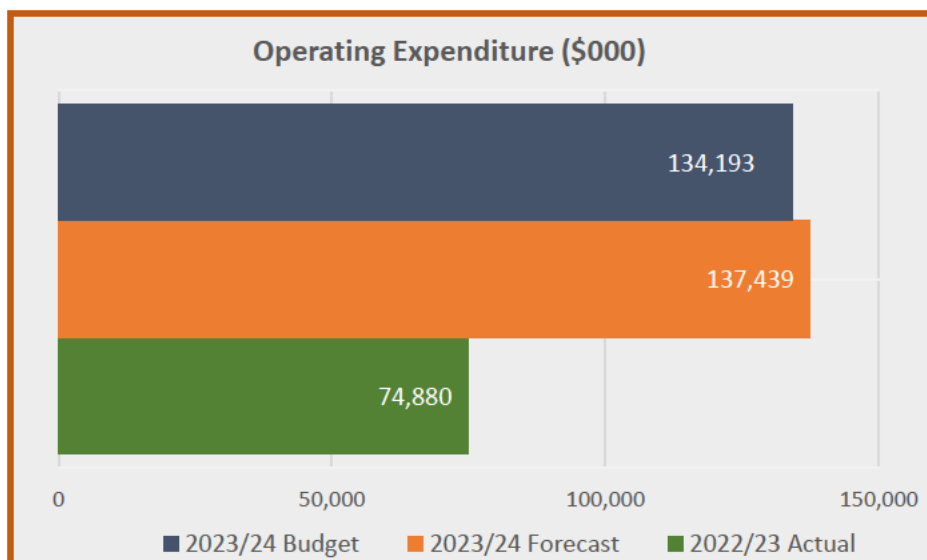
18. YTD operating expenditure is **\$4.722m** higher than budget, and forecast at year-end is expected at **\$98.213m** which is 5% higher than budget. The overspends are mainly due to more hours worked by field staff within Voting Services than anticipated (14% higher than budget).



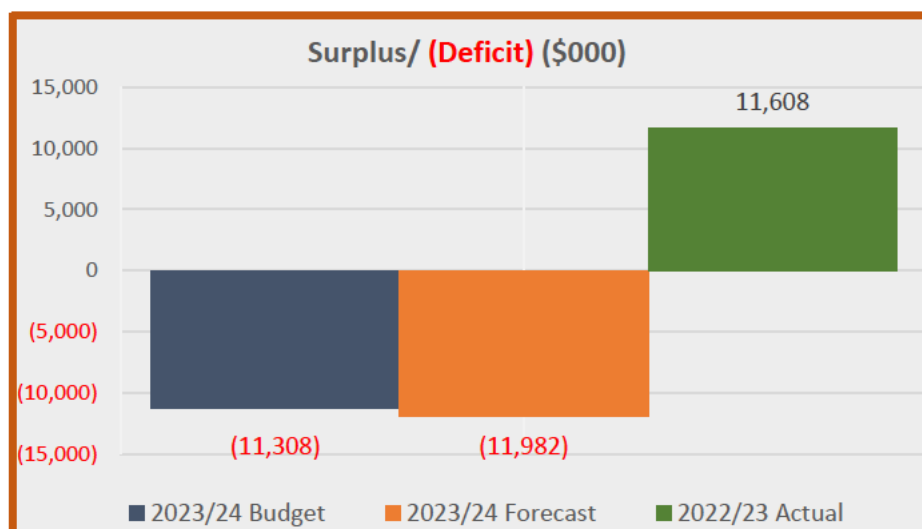
Operating Expenditure \$'000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	48,941	46,536	(2,404)	50,707	47,854	(2,852)
Computer & telecommunications	4,262	4,520	257	4,262	4,576	313
Occupancy costs	12,481	10,839	(1,642)	12,694	10,898	(1,796)
Office equipment	458	365	(93)	458	365	(93)
Specialist services	14,788	13,872	(917)	15,143	14,414	(728)
Travel expense	1,893	1,497	(396)	1,900	1,507	(393)
Meeting & entertainment	94	73	(21)	96	76	(20)
Printing, stationery & postage	12,727	12,943	216	12,727	12,943	216
Miscellaneous expenses	227	505	279	227	505	279
Total Expenditure	95,871	91,149	(4,722)	98,213	93,139	(5,074)

Expected overspend in GE event at year-end - \$5.074m

Full Year Budget vs Forecast



19. Full year operating expenditure forecast is ~2% higher than budget of \$134.193m. Approximately 53% of costs relates to employee related expenses, 17% relates to specialist services, 10% relates to printing, stationery & postage, 11% relates to occupancy costs, and the remaining 9% is for other expenses.



20. End-of-year forecast is expected at **\$11.982m deficit** as compared to budgeted deficit of \$11.308m. This is mainly due to hours worked by field staff with a total year-to-date of 131,640 hours (14%) more worked than budgeted resulting from the delay of offboarding headquarter staff due to quality review undertaken on the official election results as well as the electorate vote recounts. In addition, there is unbudgeted cost for the required security protocols and resilience in Voting Services. The overspend is partly offset by favourable variance in revenue due to the release of \$1.900m unused EAF from balance sheet into profit and loss.

FY2024 Budget Risks

21. The closing Reserves as at 30 June 2023 is \$16.404m. With the Board approved minimum reserves of \$2.221m, the maximum deficit that the Commission can afford for financial year 2023/24 is \$14.183m. Based on the latest forecast, the expected deficit is now at \$11.982m so this leaves a balance of \$2.201m inclusive of \$1.900m surplus from the Election Access Fund.
22. As the year progresses, permanent savings from employee related expenses have been identified due to vacancies, however this is offset by overspend in Voting Services particularly in field personnel. It is important to recognise that any contingencies set aside during the budget process have been fully utilised to fund for unbudgeted but approved expenditure. Further commitments will put the Commission under significant financial pressure so there is still a risk of depleting Reserves that have been set aside as per the Board's instructions.
23. Table below shows the movement of operating reserves.

Movements in Reserves (\$000)	
Reserves as at 30 June 2019	\$6,070
Surplus 2019/20	\$19,345
Deficit 2020/21	(\$11,096)
Deficit 2021/22	(\$9,515)
Surplus 2022/23	\$11,600
Opening Reserves 1 July 2023	\$16,404
Less Expected FY2024 deficit	(\$11,982)
Projected closing reserves, 30 June 2024	\$4,422
Less Board approved minimum reserves	(\$2,221)
Less EAF excess funds to be returned to Crown	(\$1,900)
Projected funds available	\$301

Discussion

24. The closing Reserves as at 30 June 2023 is \$16.404m. With the Board approved minimum reserves of \$2.221m, the maximum deficit that the Commission can afford for financial year 2023/24 is \$14.183m.
25. To ensure that the Commission finishes the year with Reserves of at least at the Board approved minimum level of \$2.221m, ELT needs to ensure that budget managers monitor their spending for the remaining months of the year, and mitigate the impact of any potential risks by developing a plan to manage, eliminate, or limit setbacks as much as possible.

Item#: 23.13-08 03
Item: Finance Report for the month ending 31 July 2023
To: Electoral Commission
For: Board meeting 13 September 2023
Prepared by: Emma Gillard, Manager Finance & Administration

Recommendations

It is recommended that the Board:

1. **note** that the total operating budget for financial year 2023/24 is \$134.193m with an expected deficit of \$11.308m. Statement of revenue and expense is detailed in Appendix A
2. **note** that no forecast exercise has been undertaken this month, therefore for reporting purposes, forecast is calculated based on FY24 budget *plus* any approved funding request for unbudgeted operating expenditure.
3. **agree** that forecast is set to commence by September this year and will be reviewed quarterly thereafter.

Financial Overview

Financial Summary \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	43,938	44,295	(357)	43,938	44,295	(357)	122,885	122,885	-
Expenditure	15,433	16,620	1,187	15,433	16,620	1,187	136,938	134,193	(2,746)
Surplus / (Deficit)	28,505	27,675	830	28,505	27,675	830	(14,053)	(11,308)	(2,746)

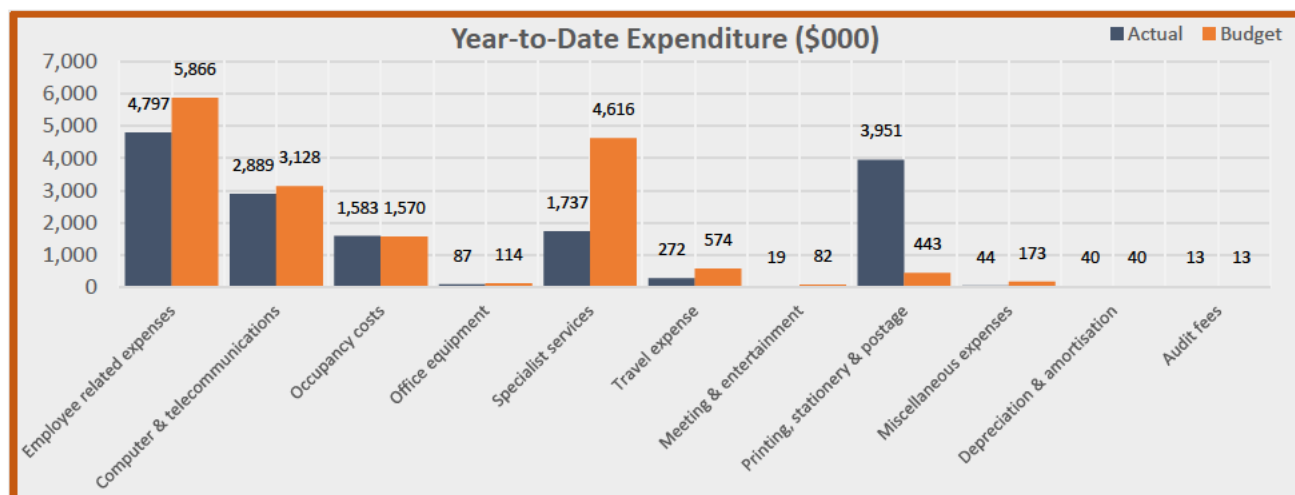
Surplus in July (YTD) is 3% higher than budget due to lower **Expenditure** (~7% lower than budget), however this is partly offset by lower **Revenue** (~1% lower than budget).

Forecast is based on FY24 budget *plus* any approved funding request for unbudgeted operating expenditure as shown in the table below. Forecast indicates that the Commission will end up with a deficit of \$14.053m which is approximately 24% higher than budget.

9(2)(b)(ii)

Year-to-Date Operating Expenditure

YTD operating expenditure is 7% lower than budget of \$16.620m. Comparison of actual versus budget is outlined below by expense category.



Employee related expenses are below budget by \$1.069m, mainly driven by underspends in Operations due to number of vacancies. However recruitment is ramping up, so it is expected to fill vacant roles in between August and September. **Specialist services** are also below budget by \$2.879m largely due to timing for advertising & publicity (\$1.811m), archiving and storage of Voting Services supplies (\$0.546m), and consultancy (\$0.459m). These underspends are partly offset by overspends in printing, stationery & postage by \$3.509m, mainly due to postage and couriers (\$3.403m) that have incurred earlier than anticipated. The rest of the variance relates to underspends in travel, computer & telecommunications, and miscellaneous expenses.

Operating Expenditure by Business Group

Business Group \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Office of the Chief Executive	250	299	50	250	299	50	3,230	3,150	(80)
Enterprise Services	4,545	4,759	214	4,545	4,759	214	23,780	23,780	-
Operations	10,044	10,109	65	10,044	10,109	65	98,324	95,658	(2,666)
Strategy, Governance & Development	277	812	535	277	812	535	4,965	4,965	-
Programme Management Office	107	153	46	107	153	46	1,394	1,394	-
Māori Advisory	24	28	4	24	28	4	332	332	-
Legal & Policy	136	459	323	136	459	323	4,913	4,913	-
Projects	49	-	(49)	49	-	(49)	-	-	-
Total Expenditure	15,433	16,620	1,187	15,433	16,620	1,187	136,938	134,193	(2,746)

YTD underspend is \$1.187m which is largely contributed by Strategy, Governance & Development (45%) mainly due to timing on expenses for International Assistance, and grants relating to EAF; Legal & Policy (27%) due to timing of advertising & publicity; and Enterprises Services (18%) due to underspends in computer & telecommunications; and all others (10%).

YTD underspend excluding EAF and International is \$0.690m. Its breakdown by expense category is shown below.

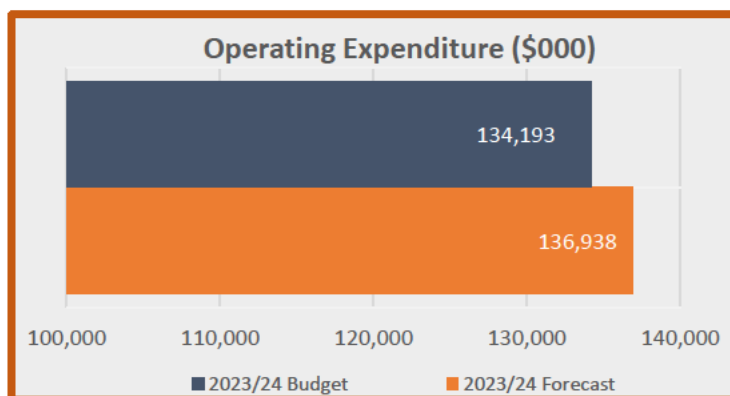
Operating Expenditure Excluding EAF & International \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	4,737	5,719	981	4,737	5,719	981	69,562	69,562	-
Computer & telecommunications	2,888	3,121	233	2,888	3,121	233	8,015	8,015	-
Occupancy costs	1,583	1,545	(38)	1,583	1,545	(38)	14,538	13,105	(1,433)
Office equipment	87	84	(3)	87	84	(3)	506	506	-
Specialist services	1,663	4,518	2,855	1,663	4,518	2,855	22,686	22,506	(180)
Travel expense	229	487	258	229	487	258	2,014	2,014	-
Meeting & entertainment	19	79	60	19	79	60	372	372	-
Printing, stationery & postage	3,951	270	(3,682)	3,951	270	(3,682)	14,879	13,746	(1,133)
Miscellaneous expenses	22	48	26	22	48	26	340	340	-
Depreciation & amortisation	40	40	-	40	40	-	477	477	-
Audit fees	13	13	-	13	13	-	160	160	-
Total Expenditure	15,233	15,924	690	15,233	15,924	690	133,548	130,803	(2,746)

Operating Expenditure by Event

Event \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	11,848	12,069	221	11,848	12,069	221	95,804	93,139	(2,666)
EV3000 – Representation Commission	-	-	-	-	-	-	200	200	-
EV4001 – MEO2023	525	722	198	525	722	198	867	787	(80)
EV9999 – BAU	3,060	3,828	769	3,060	3,828	769	40,067	40,067	-
Total Expenditure	15,433	16,620	1,187	15,433	16,620	1,187	136,938	134,193	(2,746)

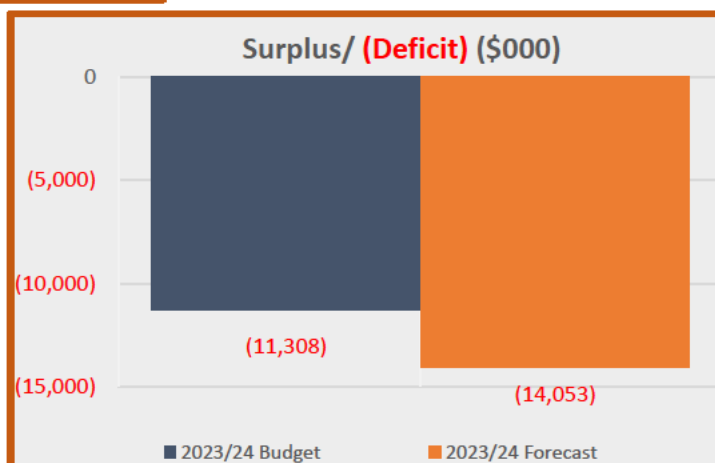
The YTD underspend of \$1.187m is largely driven by BAU activities which constitute 65% of the total underspends, followed by General Elections 2023 (19%). BAU includes International expenses that are fully offset by revenue. If we exclude International and EAF, the underspend for BAU is \$0.339m, mainly attributable to vacancy lags and minor underspends across multiple categories.

Full Year Budget vs Forecast



Full year operating expenditure forecast is ~2% higher than budget of \$134.193m. Approximately 53% of the costs relates to employee related expenses, 17% relates to specialist services, 11% relates to printing, stationery & postage, 11% relates to occupancy costs, and the remaining 8% is for other expenses.

End-of-year forecast is expected at \$14.053m deficit as compared to budgeted deficit of \$11.308m.



FY2024 Budget Risks

Budgeted closing reserves at 30 June 2024 are \$5.096m. The \$5.096m was allocated as follows: \$1.890m discretionary funds, to be requested through the ELT, \$0.985m Contingency fund for Executive spending, thus leaving the Reserves at the level agreed by the Board of \$2.221m.

Of the \$1.890m discretionary funds, there have been requests totalling \$3.153m, and approvals by ELT of \$2.746m, leaving a deficit of \$0.855m against the discretionary fund allocation. This deficit can be offset by the Contingency fund of \$0.985m, which allows Reserves of \$2.221m to be maintained, but only leaves \$0.129m as the remaining balance for Contingency funding.

As the year progresses, we will be able to release funds that have arisen from “permanent savings”. YTD we have \$0.981m permanent savings in Employee related expenses. We anticipate this trend will continue through the year and allow the Contingency fund to be rebuilt.

Table below shows the funding summary.

FY2024 Funding Summary	FORECAST
Reserves as at 30 June 2022	\$4,804,000
Plus FY2023 Underspend (Unaudited)	\$11,600,000
Total expected Reserves as at 30 June 2023	\$16,404,000
Plus Expected FY2024 surplus/(deficit)	(\$11,308,000)

Total Minimum level of Reserves as at 30 June 2024	\$5,096,000
Less ELT approved unbudgeted expenditure	(\$2,745,509)
Forecasted Reserves balance as at 30 June 2024	\$2,350,491
Less Board approved minimum reserves	\$2,221,000
Funding available for distribution as at 30 June 2024	\$129,491
<i>Permanent Savings YTD</i>	<i>\$981,000</i>
Estimated Contingency Fund (in addition to minimum Reserves of \$2.221m)	\$1,110,491

Statement of Financial Position

YTD working capital is 9% higher than budget of \$39.560m due to higher cash balance. The details are shown below.

Working capital \$000	As at 31 July 2023			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Current assets	67,648	54,962	12,686	4,332	4,195	137
Current liabilities	24,370	15,402	8,968	3,176	3,176	-
Working capital	43,277	39,560	3,718	1,156	1,019	137
Working capital ratio	278%	357%		136%	132%	

Working capital ratio reflects the fact that it factors in current assets and current liabilities, which are generally defined as being able to be converted into cash within a year. As of 31 July, the current ratio is 278% against a budget of 357%, i.e., there is \$2.78 current asset to cover for every \$1 current liability, so the Commission can theoretically pay off all its liabilities with its existing assets. Statement of financial position is illustrated in Appendix B.

Statement of Cash Flows

Cash and cash equivalents as of 31 July is \$67.568m. The Commission has received a total funding from the Crown through Ministry of Justice of \$46m, this represents 34% of the total Crown funding for the year.

YTD balance of cash and cash equivalents is 35% higher than budget due to higher net cash inflows from operating activities resulting from lower payments made to employees and suppliers than anticipated. Also debtors and other receivables is significantly lower than budget. The detailed statement of cash flows is shown in Appendix C & D.

Discussion

1. The total operating budget for financial year 2023/24 is \$134.193m with an expected deficit of \$11.308m.

2. No forecast exercise has been undertaken this month, therefore for reporting purposes, forecast is calculated based on FY24 budget *plus* any approved funding request for unbudgeted operating expenditure.
3. The forecast is set to commence by September this year and will be reviewed quarterly thereafter.

Appendices

Appendix A – Statement of revenue and expense

Statement of revenue and expense For the period ending 31 July 2023 \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue									
Revenue from Crown	43,657	43,724	(67)	43,657	43,724	(67)	119,840	119,840	-
Interest received	129	10	119	129	10	119	120	120	-
International assistance programme	147	548	(401)	147	548	(401)	2,700	2,700	-
Other income	5	13	(8)	5	13	(8)	225	225	-
Total revenue	43,938	44,295	(357)	43,938	44,295	(357)	122,885	122,885	-
Expenditure									
Employee related expenses	4,797	5,866	1,069	4,797	5,866	1,069	71,074	71,074	-
Computer & telecommunications	2,889	3,128	239	2,889	3,128	239	8,043	8,043	-
Occupancy costs	1,583	1,570	(13)	1,583	1,570	(13)	14,588	13,155	(1,433)
Office equipment	87	114	27	87	114	27	544	544	-
Specialist services	1,737	4,616	2,879	1,737	4,616	2,879	23,113	22,933	(180)
Travel expenses	272	574	302	272	574	302	2,656	2,656	-
Meeting & entertainment	19	82	63	19	82	63	412	412	-
Printing, stationery & postage	3,951	443	(3,509)	3,951	443	(3,509)	15,091	13,959	(1,133)
Miscellaneous expenses	44	173	129	44	173	129	780	780	-
Depreciation & amortisation	40	40	-	40	40	-	477	477	-
Audit fees	13	13	-	13	13	-	160	160	-
Total expenses	15,433	16,620	1,187	15,433	16,620	1,187	136,938	134,193	(2,746)
Surplus / (Deficit)	28,505	27,675	830	28,505	27,675	830	(14,053)	(11,308)	(2,746)

Appendix B – Statement of financial position

Statement of financial position As at 31 July 2023 \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Assets						
Current assets						
Cash and cash equivalents	67,568	49,908	17,660	3,629	4,134	(505)
Debtors and other receivables	23	4,939	(4,916)	647	5	642
Inventory	21	47	(26)	20	20	-
Prepayment	36	68	(32)	36	36	-
<i>Total current assets</i>	<i>67,648</i>	<i>54,962</i>	<i>12,686</i>	<i>4,332</i>	<i>4,195</i>	<i>137</i>
Non-current assets						
Property, plant and equipment	520	520	-	412	412	-
Intangible assets	1,196	1,184	12	867	855	12
<i>Total non-current assets</i>	<i>1,716</i>	<i>1,704</i>	<i>12</i>	<i>1,279</i>	<i>1,267</i>	<i>12</i>
Total assets	69,364	56,666	12,698	5,611	5,462	149
Liabilities						
Current liabilities						
Revenue in advance	4,575	3,067	(1,508)	1,294	1,294	-
Creditors and other payables	10,519	5,395	(5,124)	1,719	723	(996)
Goods and services tax	5,873	4,912	(961)	(1,212)	(216)	996
Employee entitlements (current)	3,404	2,029	(1,375)	1,375	1,375	-
<i>Total current liabilities</i>	<i>24,370</i>	<i>15,402</i>	<i>(8,968)</i>	<i>3,176</i>	<i>3,176</i>	<i>-</i>
Non-current liabilities						
Employee entitlements (non-current)	76	60	(16)	76	65	(11)
<i>Total non-current liabilities</i>	<i>76</i>	<i>60</i>	<i>(16)</i>	<i>76</i>	<i>65</i>	<i>(11)</i>
Total liabilities	24,446	15,462	(8,984)	3,252	3,241	(11)
Net assets	44,917	41,204	3,713	2,359	2,221	137
Equity						
Opening equity	16,412	13,529	2,883	16,412	13,529	2,883
Surplus / (deficit)	28,505	27,675	830	(14,053)	(11,308)	(2,746)
Capital contributions	-	-	-	-	-	-
Total equity	44,917	41,204	3,713	2,359	2,221	137

Appendix C – Statement of cash flows

Statement of cash flows For the period ending 31 July 2023 \$'000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Cash flow from operating activities									
Receipt from Crown	43,657	43,724	(67)	43,657	43,724	(67)	119,840	119,840	-
Interest received	129	10	119	129	10	119	239	120	119
Receipt from other revenue	(47)	(4,550)	4,504	(47)	(4,550)	4,504	(1,297)	975	(2,272)
Payments to employees	(4,110)	(5,932)	1,822	(4,110)	(5,932)	1,822	(72,415)	(71,788)	(627)
Payments to suppliers	(5,229)	(11,175)	5,946	(5,229)	(11,175)	5,946	(68,821)	(67,716)	(1,105)
Goods and services tax (net)	7,240	6,279	961	7,240	6,279	961	155	1,151	(996)
Net cash flows from operating activities (see Appendix D)	41,640	28,356	13,284	41,640	28,356	13,284	(22,299)	(17,418)	(4,881)
Cash flows from investing activities									
Receipts from sale of property, plant, and equipment	-	-	-	-	-	-	-	-	-
Purchase of property, plant, and equipment	-	-	-	-	-	-	-	-	-
Purchase of intangible assets	-	-	-	-	-	-	-	-	-
Net cash flows from investing activities	-	-	-	-	-	-	-	-	-
Cash flows from financing activities									
Receipts of capital contributions	-	-	-	-	-	-	-	-	-
Net cash flows from financing activities	-	-	-	-	-	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	41,640	28,356	13,284	41,640	28,356	13,284	(22,298)	(17,418)	(4,881)
Opening balance	25,928	21,552	4,376	25,928	21,552	4,376	25,928	21,552	4,376
Surplus / (Deficit)	67,568	49,908	17,660	67,568	49,908	17,660	3,629	4,134	(505)

Appendix D – Reconciliation of net surplus / (deficit) to net cash flow from operating activities

Reconciliation of net surplus / (deficit) to net cash flow from operating activities \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Net surplus / (deficit)	28,505	27,675	830	28,505	27,675	830	(14,053)	(11,308)	(2,746)
Add / (less) non-cash items									
Depreciation and amortisation expense	40	40	-	40	40	-	477	477	-
Loss / (gain) on disposal of assets	-	-	-	-	-	-	-	-	-
Movements in employee entitlements (non-current)	-	-	-	-	-	-	-	5	(5)
Total non-cash items	40	40	-	40	40	-	477	482	(5)
Working capital movements									
(Increase) / decrease in debtors and other receivables	-	(4,934)	4,934	-	(4,934)	4,934	(623)	-	(623)
(Increase) / decrease in inventory	4	3	1	4	3	1	5	30	(25)
(Increase) / decrease in prepayment	74	3	71	74	3	71	73	35	38
Increase / (decrease) in revenue in advance	(199)	(177)	(22)	(199)	(177)	(22)	(3,480)	(1,950)	(1,530)
Increase / (decrease) in creditors and other payables	5,288	(467)	5,755	5,288	(467)	5,755	(3,512)	(5,139)	1,627
Increase / (decrease) in goods and services tax	7,240	6,279	961	7,240	6,279	961	155	1,151	(996)
Increase / (decrease) in employee entitlements (current)	688	(65)	753	688	(65)	753	(1,341)	(719)	(622)
Net movements in working capital	13,094	641	12,454	13,094	641	12,454	(8,723)	(6,592)	(2,131)
Net cash flows from operating activities (see Appendix C)	41,640	28,356	13,284	41,640	28,356	13,284	(22,299)	(17,418)	(4,881)

Item: Finance Report for the month ending 31 August 2023

To: Electoral Commission Board

For: Board meeting 11 October 2023

Prepared by: Emma Gillard, Manager Finance & Administration

Recommendations

It is recommended that the Board:

1. **Note** that the total operating budget for financial year 2023/24 is \$134.193m with an expected deficit of \$11.308m. Statement of revenue and expense is detailed in Appendix A.
2. **Note** that no forecast exercise has been undertaken this month, therefore for reporting purposes, forecast is calculated based on FY24 budget *plus* any approved funding request for unbudgeted operating expenditure.
3. **Agree** that forecast is set to commence by September this year and will be reviewed quarterly thereafter.

Financial Overview

Financial Summary \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	244	361	(117)	44,182	44,656	(474)	122,885	122,885	-
Expenditure	16,074	17,943	1,869	31,506	34,563	3,056	137,038	134,193	(2,846)
Surplus / (Deficit)	(15,830)	(17,582)	1,752	12,676	10,093	2,582	(14,153)	(11,308)	(2,846)

Deficit for the month of August is \$15.830m, which is 10% lower than budget. This is mainly due to timing of postage and couriers in the General Election (GE) event.

YTD Surplus is 26% higher than budget due to lower Expenditure (~9% lower than budget), however this is partly offset by lower Revenue (~1% lower than budget). The underspend is largely driven by the timing of advertising, publicity, archiving, and storage services in the GE event.

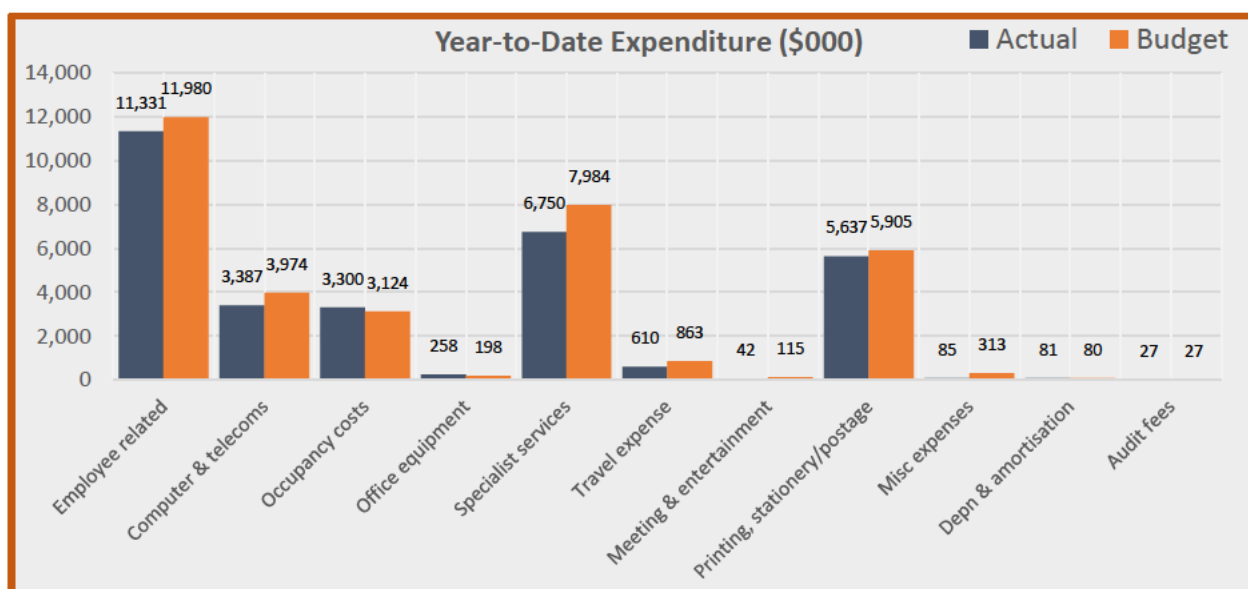
Forecast is based on FY24 budget *plus* any approved funding request for unbudgeted operating expenditure as shown in the table below. Forecast indicates that the Commission will end up with a deficit of \$14.153m which is approximately 25% higher than budget.

9(2)(b)(ii)

9(2)(b)(ii)

Year-to-Date Operating Expenditure

YTD operating expenditure is 9% lower than budget of \$34.563m. Comparison of actual versus budget is outlined below by expense category.



Favourable variance

Employee related expenses are below budget by \$0.649m, mainly contributed by budget phasing in Operations. Recruitment is ramping up, so it is expected to fill vacant roles from September in time for the general election.

Specialist services are below budget by \$1.234m largely due to timing of advertising, publicity, archiving, and storage services in the GE event.

Computer and telecommunications are below budget by \$0.587m resulting from underspend in software support and maintenance due to lower consumption in Microsoft licensing.

Printing, stationery, and postage are also below budget by \$0.268m due to timing of spends particularly in freight, stationery, and equipment consumables.

Travel expenses are below budget by \$0.253m, also due to timing difference. It is expected to ramp up spending on domestic travel closer to the general election.

Miscellaneous expenses are also below budget by \$0.228m, mainly due to underspend in Election Access Fund grants. These grants are normally offset by revenue, so it's cost neutral to the Commission.

Unfavourable variance

Occupancy costs are higher than budget by \$0.175m due to timing difference in rental for advanced voting and election day voting places including security.

Operating Expenditure by Business Group

Business Group \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Office of the Chief Executive	261	283	22	511	582	71	3,150	3,150	-
Enterprise Services	2,315	2,408	92	6,861	7,167	306	23,780	23,780	-
Operations	12,911	14,126	1,215	22,955	24,235	1,280	98,504	95,658	(2,846)
Strategy, Governance & Development	228	488	260	505	1,300	795	4,965	4,965	-
Programme Management Office	123	121	(2)	230	274	44	1,394	1,394	-
Māori Advisory	45	28	(17)	68	56	(12)	332	332	-
Legal & Policy	175	489	315	311	949	638	4,913	4,913	-
Projects	16	-	(16)	65	-	(65)	-	-	-
Total Expenditure	16,074	17,943	1,869	31,506	34,563	3,056	137,038	134,193	(2,846)

YTD underspend is \$3.056m which is largely contributed by Operations (42%) mainly due to timing of advertising and publicity; Strategy, Governance & Development (26%) mainly due to timing of expenses for International (INT) Assistance, and grants relating to Election Access Fund (EAF); and Legal & Policy (21%) due to timing of advertising and publicity in Broadcasting Allocation; and all others (11%).

Excluding EAF and INT services, the YTD underspend is \$2.342m. Its breakdown by expense category is shown below.

Operating Expenditure Excluding EAF & INT \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	6,469	5,980	(489)	11,206	11,698	492	69,562	69,562	-
Computer & telecommunications	498	845	346	3,387	3,966	579	8,015	8,015	-
Occupancy costs	1,717	1,555	(162)	3,300	3,099	(200)	14,538	13,105	(1,433)
Office equipment	171	84	(87)	258	168	(90)	506	506	-
Specialist services	4,993	3,324	(1,669)	6,656	7,842	1,186	22,786	22,506	(280)
Travel expense	294	221	(73)	523	708	185	2,014	2,014	-
Meeting & entertainment	22	27	5	40	106	66	372	372	-
Printing, stationery & postage	1,685	5,462	3,777	5,636	5,732	95	14,879	13,746	(1,133)
Miscellaneous expenses	42	46	4	64	93	29	340	340	-
Depreciation & amortisation	40	40	-	81	80	(1)	477	477	-
Audit fees	13	13	-	27	27	-	160	160	-
Total Expenditure	15,945	17,596	1,651	31,178	33,520	2,342	133,648	130,803	(2,846)

Operating Expenditure by Event

The YTD underspend of \$3.056m (or \$2.342m excluding EAF and INT) is largely driven by the GE event which constitutes 71% of the total underspends, followed by BAU (26%). These underspends are mainly attributable to timing of advertising and publicity in the GE event.

GE event includes EAF expenses, whilst BAU includes INT expenses. However these expenses are fully offset by revenue.

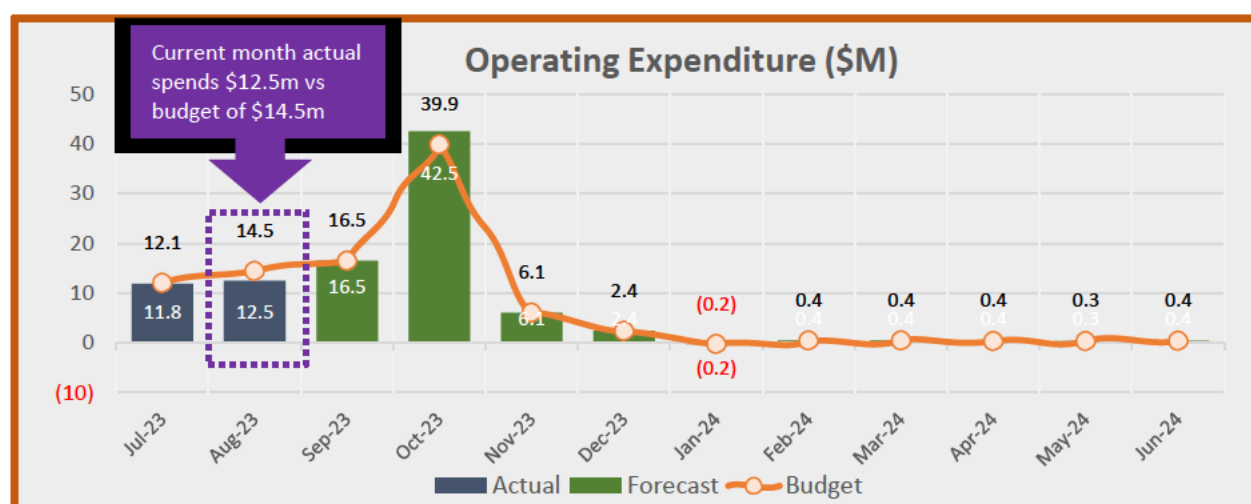
Event \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	12,515	14,458	1,943	24,363	26,527	2,164	95,804	93,139	(2,666)
EV3000 – Representation Commission	-	-	-	-	-	-	200	200	-
EV4001 – MEO2023	128	27	(101)	653	749	96	787	787	-
EV9999 – BAU	3,431	3,458	28	6,490	7,286	796	40,247	40,067	(180)
Total Expenditure	16,074	17,943	1,869	31,506	34,563	3,056	137,038	134,193	(2,846)

Excluding EAF and INT, the underspend for GE 2023 and BAU is \$1.993m and \$0.253m, respectively.

General Election 2023

YTD operating expenditure is \$2.164m below budget, however forecast is tracking an overspend of \$2.666m at year-end, mainly due to approved additional funding requests for unbudgeted expenditure,

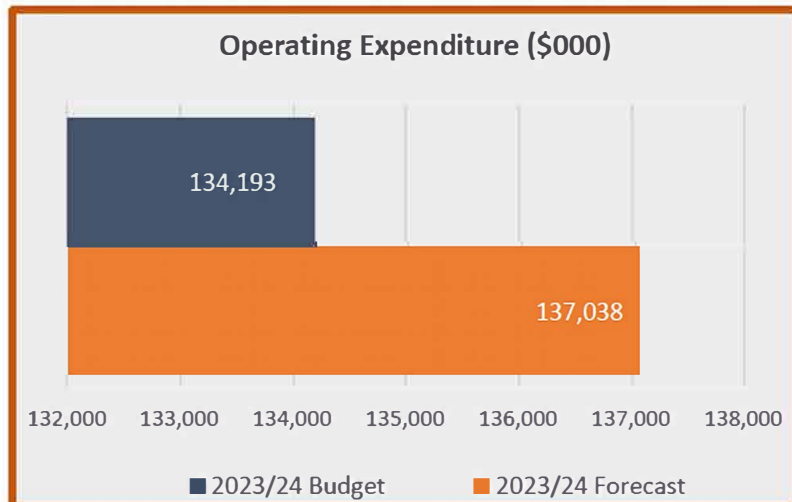
9(2)(b)(ii)



Operating Expenditure \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	7,346	7,732	386	47,854	47,854	-
Computer & telecommunications	2,803	3,427	624	4,576	4,576	-
Occupancy costs	3,039	2,734	(305)	12,331	10,898	(1,433)
Office equipment	233	141	(92)	365	365	-
Specialist services	5,026	6,056	1,030	14,514	14,414	(100)
Travel expense	412	559	148	1,507	1,507	-
Meeting & entertainment	36	58	22	76	76	-
Printing, stationery & postage	5,422	5,595	173	14,076	12,943	(1,133)
Miscellaneous expenses	47	226	179	505	505	-
Total Expenditure	24,363	26,527	2,164	95,804	93,139	(2,666)

Expected overspend in GE event at year-end - \$2.666m

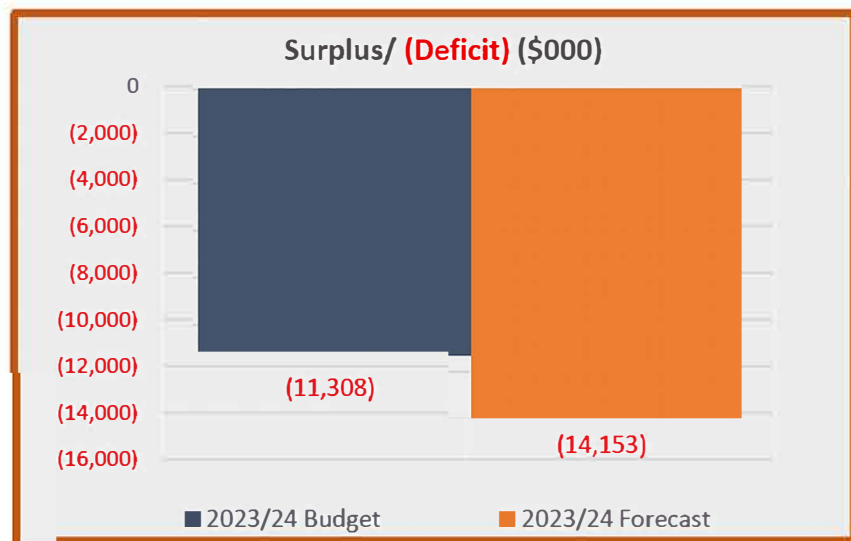
Full Year Budget vs Forecast



Full year operating expenditure forecast is ~2% higher than budget of \$134.193m. Approximately 53% of the costs relates to employee related expenses, 17% relates to specialist services, 11% relates to printing, stationery & postage, 11% relates to occupancy costs, and the remaining 8% is for other expenses.

End-of-year forecast is expected at **\$14.153m deficit** as compared to budgeted deficit of \$11.308m. This is largely due to number of funding requests that have been approved to date, namely:

[Redacted]
[Redacted]
9(2)(b)(ii)
[Redacted]
[Redacted]
[Redacted]



FY2024 Budget Risks

Budgeted closing reserves at 30 June 2024 are \$5.096m, comprises of \$1.890m discretionary funds, to be requested through the ELT; \$0.985m contingency fund for Executive spending; and \$2.221m agreed level of reserves as approved by the Board.

Of the \$1.890m discretionary funds, there have been requests totalling \$3.253m, and approvals by ELT of \$2.846m, leaving a deficit of \$0.956m against the discretionary fund allocation. This deficit can be offset by the contingency fund of \$0.985m, which allows Reserves of \$2.221m to be maintained, thus this leaves only \$0.029m as the remaining balance for contingency funding.

As the year progresses, we will be able to release funds that have arisen from “permanent savings”. YTD we have \$0.492m permanent savings in employee related expenses (net of savings associated with EAF and INT). We anticipate this trend will continue through the year and allow the contingency fund to be replenished.

Table below shows the breakdown of contingency funds.

FY2024 Funding Summary	FORECAST
Reserves as at 30 June 2022	\$4,804,000
Plus FY2023 Underspend (Unaudited)	\$11,600,000
Total expected Reserves as at 30 June 2023	\$16,404,000
Plus Expected FY2024 surplus/(deficit)	(\$11,308,000)
Total Minimum level of Reserves as at 30 June 2024	\$5,096,000
Less ELT approved unbudgeted expenditure	(\$2,845,509)
Adjusted Reserves balance as at 30 June 2024	\$2,250,491
Less Board approved minimum reserves	\$2,221,000
Funding available for distribution as at 30 June 2024	\$29,491
Add Permanent YTD savings from employee related expenses	\$492,000
Estimated contingency fund (in addition to minimum reserves of \$2.221m)	\$521,491

Statement of Financial Position

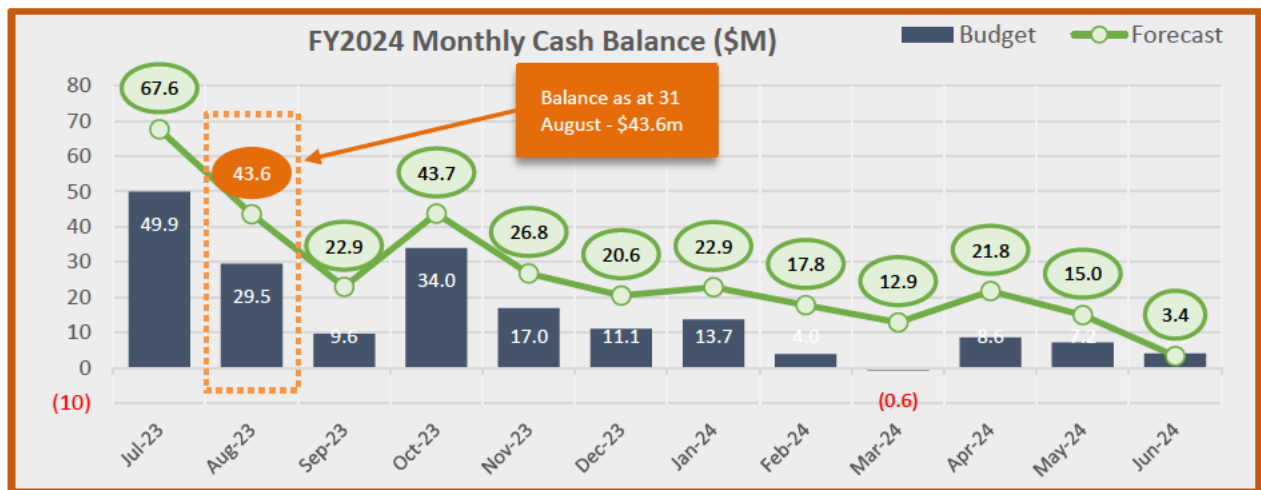
Working capital as at 31 August is **25% higher** than budget of \$22.018m due to higher cash balance resulting from an early drawdown of funding from the Crown through Ministry of Justice. The details are shown below.

Working capital \$000	As at 31 August 2023			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Current assets	43,645	30,005	13,640	4,233	4,195	37
Current liabilities	16,156	7,987	8,169	3,176	3,176	-
Working capital	27,488	22,018	5,470	1,057	1,019	37
Working capital ratio	270%	376%		133%	132%	

Working capital ratio reflects the fact that it factors in current assets and current liabilities, which are generally defined as being able to be converted into cash within a year. As of 31 August, the current ratio is 270% against a budget of 376%, i.e., there is \$2.70 current asset to cover for every \$1 current liability, so the Commission can theoretically pay off all its liabilities with its existing assets. Statement of financial position is illustrated in Appendix B.

Statement of Cash Flows

Cash and cash equivalents as of 31 August is **\$43.556m**. Year to date, the Commission has received a total funding from the Crown through Ministry of Justice of \$40m plus \$3.6m for Broadcasting allocation. Funding received represents 36% of the total Crown funding for the year and is presented net of GST.



YTD balance of cash and cash equivalents is 48% higher than budget due to higher net cash inflows from operating activities resulting from lower payments made to suppliers than anticipated. This is just a lag in invoicing; however it is expected that the spend will catch up after the election period as the invoices for the larger pieces of work are processed. The detailed statement of cash flows is shown in Appendix C & D.

Discussion

1. The total operating budget for financial year 2023/24 is \$134.193m with an expected deficit of \$11.308m.
2. No forecast exercise has been undertaken this month, therefore for reporting purposes, forecast is calculated based on FY24 budget *plus* any approved funding request for unbudgeted operating expenditure.
3. The forecast is set to commence by September this year and will be reviewed quarterly thereafter.

Appendices

Appendix A – Statement of revenue and expense

Statement of revenue and expense For the period ending 31 August 2023 \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue									
Revenue from Crown	8	113	(104)	43,666	43,837	(171)	119,840	119,840	-
Interest received	110	10	100	238	20	218	120	120	-
International assistance programme	120	226	(106)	267	775	(507)	2,700	2,700	-
Other income	6	13	(7)	11	25	(14)	225	225	-
Total revenue	244	361	(117)	44,182	44,656	(474)	122,885	122,885	-
Expenditure									
Employee related expenses	6,534	6,114	(420)	11,331	11,980	649	71,074	71,074	-
Computer & telecommunications	499	847	348	3,387	3,974	587	8,043	8,043	-
Occupancy costs	1,717	1,555	(162)	3,300	3,124	(175)	14,588	13,155	(1,433)
Office equipment	171	84	(87)	258	198	(60)	544	544	-
Specialist services	5,013	3,368	(1,645)	6,750	7,984	1,234	23,213	22,933	(280)
Travel expenses	338	289	(49)	610	863	253	2,656	2,656	-
Meeting & entertainment	23	33	10	42	115	73	412	412	-
Printing, stationery & postage	1,685	5,462	3,777	5,637	5,905	268	15,091	13,959	(1,133)
Miscellaneous expenses	41	139	99	85	313	228	780	780	-
Depreciation & amortisation	40	40	-	81	80	(1)	477	477	-
Audit fees	13	13	-	27	27	-	160	160	-
Total expenses	16,074	17,943	1,869	31,506	34,563	3,056	137,038	134,193	(2,846)
Surplus / (Deficit)	(15,830)	(17,582)	1,752	12,676	10,093	2,582	(14,153)	(11,308)	(2,846)

Appendix B – Statement of financial position

Statement of financial position As at 31 August 2023 \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Assets						
Current assets						
Cash and cash equivalents	43,556	29,480	14,076	3,395	4,134	(739)
Debtors and other receivables	23	416	(393)	782	5	777
Inventory	30	45	(14)	20	20	-
Prepayment	36	65	(29)	36	36	-
<i>Total current assets</i>	<i>43,645</i>	<i>30,005</i>	<i>13,640</i>	<i>4,233</i>	<i>4,195</i>	<i>37</i>
Non-current assets						
Property, plant, and equipment	509	510	(1)	411	412	(1)
Intangible assets	1,166	1,154	12	867	855	12
<i>Total non-current assets</i>	<i>1,676</i>	<i>1,664</i>	<i>11</i>	<i>1,278</i>	<i>1,267</i>	<i>11</i>
Total assets	45,320	31,669	13,651	5,511	5,462	49
Liabilities						
Current liabilities						
Revenue in advance	4,446	2,889	(1,557)	1,294	1,294	-
Creditors and other payables	11,237	4,927	(6,309)	723	723	-
Goods and services tax	(1,767)	(1,793)	(27)	(216)	(216)	-
Employee entitlements (current)	2,240	1,963	(277)	1,375	1,375	-
<i>Total current liabilities</i>	<i>16,156</i>	<i>7,987</i>	<i>(8,169)</i>	<i>3,176</i>	<i>3,176</i>	<i>-</i>
Non-current liabilities						
Employee entitlements (non-current)	76	60	(16)	76	65	(11)
<i>Total non-current liabilities</i>	<i>76</i>	<i>60</i>	<i>(16)</i>	<i>76</i>	<i>65</i>	<i>(11)</i>
Total liabilities	16,233	8,047	(8,186)	3,252	3,241	(11)
Net assets	29,088	23,622	5,465	2,259	2,221	37
Equity						
Opening equity	16,412	13,529	2,883	16,412	13,529	2,883
Surplus / (deficit)	12,676	10,093	2,582	(14,153)	(11,308)	(2,846)
Capital contributions	-	-	-	-	-	-
Total equity	29,088	23,622	5,465	2,259	2,221	37

Appendix C – Statement of cash flows

Statement of cash flows For the period ending 31 August 2023 \$'000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Cash flow from operating activities									
Receipts from Crown	8	113	(104)	43,666	43,837	(171)	119,840	119,840	-
Interest received	110	10	100	238	20	218	338	120	218
Receipts from other revenue	(2)	439	(441)	(49)	34	(84)	(1,531)	975	(2,506)
Payments to employees	(7,697)	(6,179)	(1,518)	(11,807)	(12,111)	304	(72,415)	(71,788)	(627)
Payments to suppliers	(8,791)	(12,251)	3,460	(14,020)	(23,426)	9,406	(69,917)	(67,716)	(2,201)
Goods and services tax (net)	(7,639)	(6,705)	(934)	(400)	(426)	27	1,151	1,151	-
Net cash flows from operating activities (see Appendix D)	(24,012)	(24,573)	561	17,628	7,928	9,700	(22,534)	(17,418)	(5,116)
Cash flows from investing activities									
Receipts from sale of property, plant, and equipment	-	-	-	-	-	-	-	-	-
Purchase of property, plant, and equipment	-	-	-	-	-	-	1	-	1
Purchase of intangible assets	-	-	-	-	-	-	-	-	-
Net cash flows from investing activities	-	-	-	-	-	-	1	-	1
Cash flows from financing activities									
Receipts of capital contributions	-	-	-	-	-	-	-	-	-
Net cash flows from financing activities	-	-	-	-	-	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	(24,012)	(24,573)	561	17,628	7,928	9,700	(22,533)	(17,418)	(5,115)
Opening balance	67,568	54,053	13,514	25,928	21,552	4,376	25,928	21,552	4,376
Surplus / (Deficit)	43,556	29,480	14,076	43,556	29,480	14,076	3,395	4,134	(739)

Appendix D – Reconciliation of net surplus / (deficit) to net cash flow from operating activities

Reconciliation of net surplus / (deficit) to net cash flow from operating activities \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Net surplus / (deficit)	(15,830)	(17,582)	1,752	12,676	10,093	2,582	(14,153)	(11,308)	(2,846)
Add / (less) non-cash items									
Depreciation and amortisation expense	40	40	-	81	80	1	477	477	-
Loss / (gain) on disposal of assets	-	-	-	-	-	-	-	-	-
Movements in employee entitlements (non-current)	-	-	-	-	-	-	-	5	(5)
Total non-cash items	40	40	-	81	80	1	477	482	(5)
Working capital movements									
(Increase) / decrease in debtors and other receivables	-	378	(378)	-	(411)	411	(758)	-	(758)
(Increase) / decrease in inventory	(9)	3	(12)	(5)	5	(10)	5	30	(25)
(Increase) / decrease in prepayment	-	3	(3)	74	6	67	73	35	38
Increase / (decrease) in revenue in advance	(129)	(177)	49	(328)	(355)	27	(3,480)	(1,950)	(1,530)
Increase / (decrease) in creditors and other payables	718	(467)	1,185	6,006	(934)	6,940	(4,508)	(5,139)	631
Increase / (decrease) in goods and services tax	(7,639)	(6,705)	(934)	(400)	(426)	27	1,151	1,151	-
Increase / (decrease) in employee entitlements (current)	(1,163)	(65)	(1,098)	(476)	(131)	(345)	(1,341)	(719)	(622)
Net movements in working capital	(8,223)	(7,031)	(1,191)	4,872	(2,245)	7,116	(8,857)	(6,592)	(2,265)
Net cash flows from operating activities (see Appendix C)	(24,012)	(24,573)	561	17,628	7,928	9,700	(22,534)	(17,418)	(5,116)

Item: Finance Report for the month ending 30 September 2023

To: Electoral Commission Board

For: Board meeting 8 November 2023

Prepared by: Emma Gillard, Manager Finance & Administration

Recommendations

It is recommended that the Board:

1. **Note** that the total operating budget for financial year 2023/24 is \$134.193m with an expected deficit of \$11.308m. Statement of revenue and expense is detailed in Appendix A.
2. **Note** that no forecast exercise has been undertaken this month, therefore for reporting purposes, forecast is calculated based on FY24 budget *plus* any approved funding request for unbudgeted operating expenditure.
3. **Note** that forecast does not reflect the costs of running the Port Waikato By-Election.

Financial Overview

Financial Summary \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	180	325	(145)	44,362	44,981	(619)	122,885	122,885	-
Expenditure	18,703	19,898	1,195	50,209	54,461	4,252	137,038	134,193	(2,846)
Surplus / (Deficit)	(18,523)	(19,573)	1,051	(5,847)	(9,480)	3,633	(14,153)	(11,308)	(2,846)

Deficit for the month of September is \$18.523m, which is 5% lower than budget. This is mainly due to timing of advertising and publicity in the General Election (GE) event.

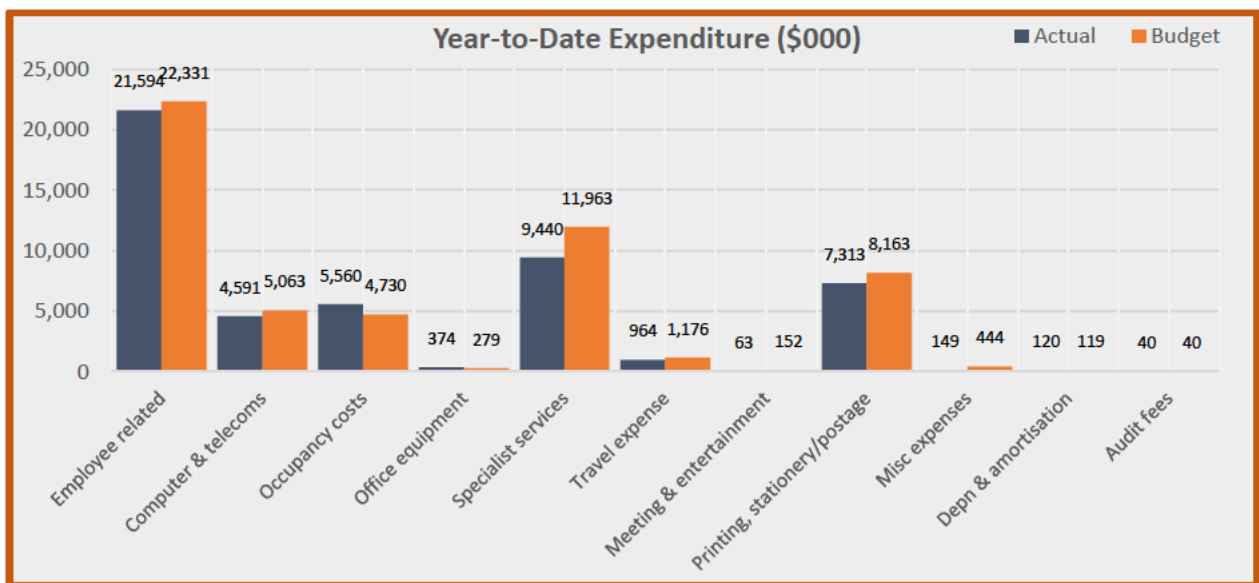
Year-to-date deficit is 38% lower than budget due to underspends in **Expenditure** (~8% lower than budget), however this is partly offset by lower **Revenue** (~1% lower than budget). The underspend is largely driven by the timing of advertising, publicity, and freight in the GE event.

Forecast is based on FY24 budget *plus* any approved funding request for unbudgeted operating expenditure as shown in the following table. Forecast indicates that the Commission will end up with a deficit of \$14.153m which is approximately 25% higher than budget.

9(2)(b)(ii)

Year-to-Date Operating Expenditure

YTD operating expenditure is 8% lower than budget of \$54.461m. Comparison of actual versus budget is outlined below by expense category.



Favourable variance

Employee related expenses are below budget by \$0.737m, mainly contributed by budget phasing in Operations. It is expected to ramp up spending during the month of October.

Specialist services are below budget by \$2.523m largely due to timing of advertising and publicity in the GE event particularly in Broadcasting Allocation.

Computer and telecommunications are below budget by \$0.472m resulting from underspend in software support and maintenance due to lower consumption of Microsoft licences for July and August.

Printing, stationery, and postage are also below budget by \$0.850m due to timing of spends particularly in freight, printing, stationery, and equipment consumables in the GE event.

Travel expenses are below budget by \$0.212m, also due to timing difference. It is expected to ramp up spending on domestic travel during the month of October.

Miscellaneous expenses are also below budget by \$0.295m, mainly due to underspend in Election Access Fund grants. These grants are normally offset by revenue, so it's cost neutral to the Commission.

Unfavourable variance

Occupancy costs including office equipment are higher than budget by \$0.925m due to timing difference in rental for advanced voting places and temporary premises including security in the GE event.

Operating Expenditure by Business Group

Business Group \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Office of the Chief Executive	292	265	(27)	803	847	44	3,150	3,150	-
Enterprise Services	2,811	2,606	(206)	9,672	9,772	101	23,780	23,780	-
Operations	14,700	15,261	562	37,655	39,497	1,842	98,504	95,658	(2,846)
Strategy, Governance & Development	229	440	210	734	1,739	1,005	4,965	4,965	-
Programme Management Office	117	116	(1)	347	389	43	1,394	1,394	-
Māori Advisory	32	27	(4)	100	83	(17)	332	332	-
Legal & Policy	588	1,184	597	899	2,133	1,234	4,913	4,913	-
Projects	(65)	-	65	-	-	-	-	-	-
Total Expenditure	18,703	19,898	1,195	50,209	54,461	4,252	137,038	134,193	(2,846)

YTD underspend is \$4.252m which is largely contributed by Operations (43%) mainly due to timing of advertising and publicity in the GE event; Legal & Policy (29%) due to timing of advertising and publicity in Broadcasting Allocation; and Strategy, Governance & Development (24%) mainly due to timing of expenses for International (INT) Assistance, and grants relating to Election Access Fund (EAF); and all others (4%).

Excluding EAF and INT services, the YTD underspend is \$3.369m. Its breakdown by expense category is shown below.

Operating Expenditure Excluding EAF & INT \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	10,205	10,211	6	21,411	21,909	498	69,562	69,562	-
Computer & telecommunications	1,202	1,088	(113)	4,588	5,054	466	8,015	8,015	-
Occupancy costs	2,261	1,606	(655)	5,560	4,705	(855)	14,538	13,105	(1,433)
Office equipment	117	81	(35)	374	249	(125)	506	506	-
Specialist services	2,670	3,935	1,266	9,326	11,778	2,452	22,786	22,506	(280)
Travel expense	302	273	(30)	825	981	155	2,014	2,014	-
Meeting & entertainment	20	37	17	60	142	82	372	372	-
Printing, stationery & postage	1,676	2,259	583	7,313	7,990	678	14,879	13,746	(1,133)
Miscellaneous expenses	57	46	(11)	121	139	18	340	340	-
Depreciation & amortisation	39	40	1	120	119	(1)	477	477	-
Audit fees	13	13	-	40	40	-	160	160	-
Total Expenditure	18,562	19,588	1,027	49,739	53,108	3,369	133,648	130,803	(2,846)

Operating Expenditure by Event

The YTD underspend of **\$4.252m** (or \$3.369m excluding EAF and INT) is largely driven by the GE event which constitutes 77% of the total underspends, followed by BAU (19%). These underspends are mainly attributable to timing of advertising and publicity in the GE event.

GE event includes EAF expenses, whilst BAU includes INT expenses. However these expenses are fully offset by revenue.

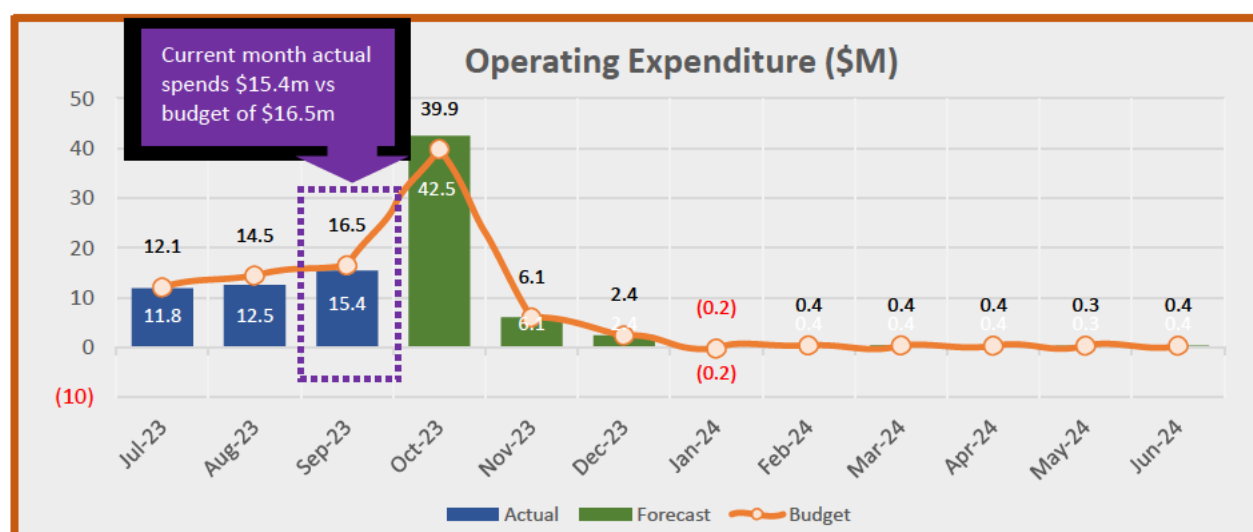
Event \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	15,395	16,522	1,127	39,759	43,049	3,291	95,804	93,139	(2,666)
EV2000 – By-Election	(1)	-	1	(1)	-	1	-	-	-
EV3000 – Representation Commission	-	-	-	-	-	-	200	200	-
EV4001 – MEO2023	(50)	-	50	603	749	147	787	787	-
EV9999 – BAU	3,358	3,376	18	9,849	10,663	814	40,247	40,067	(180)
Total Expenditure	18,703	19,898	1,195	50,209	54,461	4,252	137,038	134,193	(2,846)

Excluding EAF and INT, the YTD underspend for GE 2023 and BAU is \$3.034m and \$0.188m, respectively.

General Election 2023

YTD operating expenditure is **\$3.291m** below budget, however forecast is tracking an overspend of **\$2.666m** at year-end,

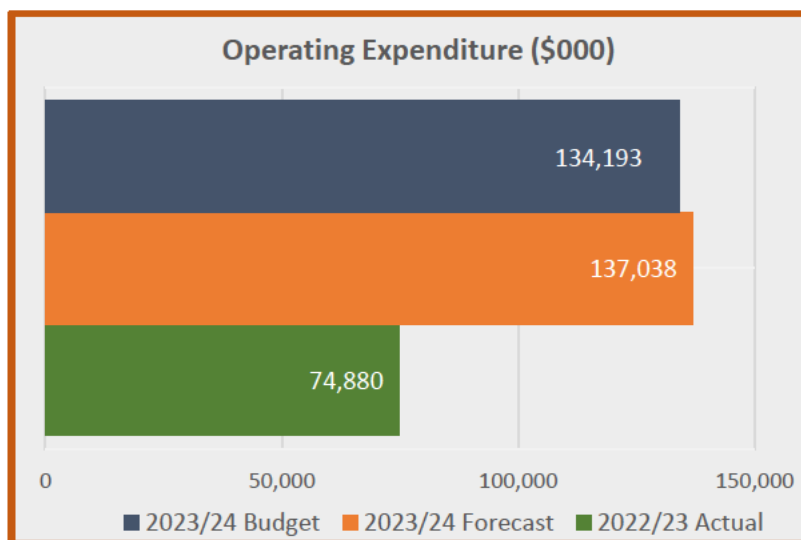
9(2)(b)(ii)



Operating Expenditure \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	15,657	16,143	486	47,854	47,854	-
Computer & telecommunications	3,616	4,203	587	4,576	4,576	-
Occupancy costs	5,141	4,155	(986)	12,331	10,898	(1,433)
Office equipment	328	212	(116)	365	365	-
Specialist services	7,170	9,358	2,188	14,514	14,414	(100)
Travel expense	706	791	85	1,507	1,507	-
Meeting & entertainment	54	63	9	76	76	-
Printing, stationery & postage	6,994	7,787	792	14,076	12,943	(1,133)
Miscellaneous expenses	93	339	246	505	505	-
Total Expenditure	39,759	43,049	3,291	95,804	93,139	(2,666)

Expected overspend in GE event at year-end - \$2.666m

Full Year Budget vs Forecast



Full year operating expenditure forecast is ~2% higher than budget of \$134.193m. Approximately 53% of the costs relates to employee related expenses, 17% relates to specialist services, 11% relates to printing, stationery & postage, 11% relates to occupancy costs, and the remaining 8% is for other expenses.

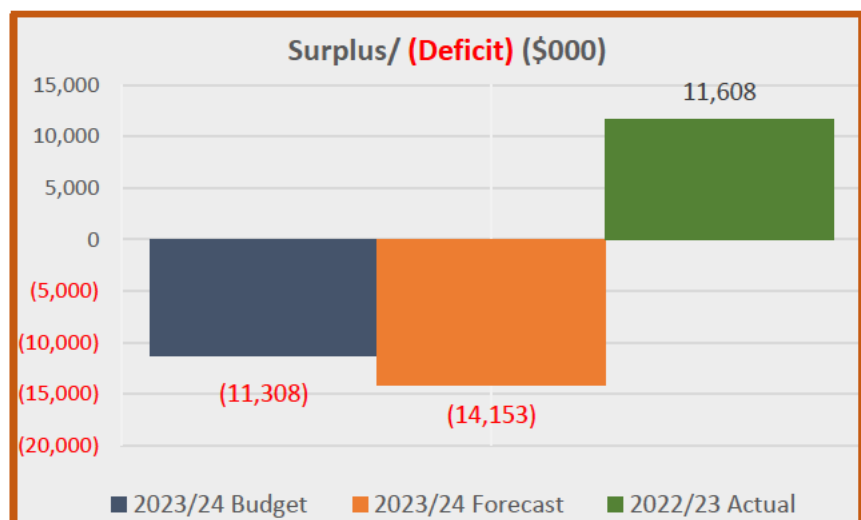
End-of-year forecast is expected at **\$14.153m deficit** as compared to budgeted deficit of \$11.308m.

[REDACTED]

9(2)(b)(ii)

[REDACTED]

[REDACTED]



FY2024 Budget Risks

Budgeted closing reserves balance at 30 June 2024 is **\$5.096m**, comprises of \$1.890m discretionary funds, to be requested through the ELT; \$0.985m contingency fund for Executive spending; and \$2.221m agreed level of reserves as approved by the Board.

Of the \$1.890m discretionary funds, there have been requests totalling \$3.253m, and approvals by ELT of \$2.846m, leaving a deficit of \$0.956m against the discretionary fund allocation. This deficit can be offset by the contingency fund of \$0.985m, which allows Reserves of \$2.221m to be maintained, thus this leaves only \$0.029m as the remaining balance for contingency funding.

As the year progresses, we will be able to release funds that have arisen from “permanent savings”. YTD we have **\$0.498m** permanent savings in employee related expenses (net of savings associated with EAF and INT). We anticipate this trend will continue through the year and allow the contingency fund to be replenished.

Table below shows the breakdown of contingency funds.

FY2024 Funding Summary	FORECAST
Reserves as at 30 June 2022	\$4,804,000
Plus FY2023 Underspend (Unaudited)	\$11,600,000
Total expected Reserves as at 30 June 2023	\$16,404,000
Plus Expected FY2024 surplus/(deficit)	(\$11,308,000)
Total Minimum level of Reserves as at 30 June 2024	\$5,096,000
Less ELT approved unbudgeted expenditure	(\$2,845,509)
Adjusted Reserves balance as at 30 June 2024	\$2,250,491
Less Board approved minimum reserves	\$2,221,000
Funding available for distribution as at 30 June 2024	\$29,491
Add Permanent YTD savings from employee related expenses	\$498,000
Estimated contingency fund (in addition to minimum reserves of \$2.221m)	\$527,491

Statement of Financial Position

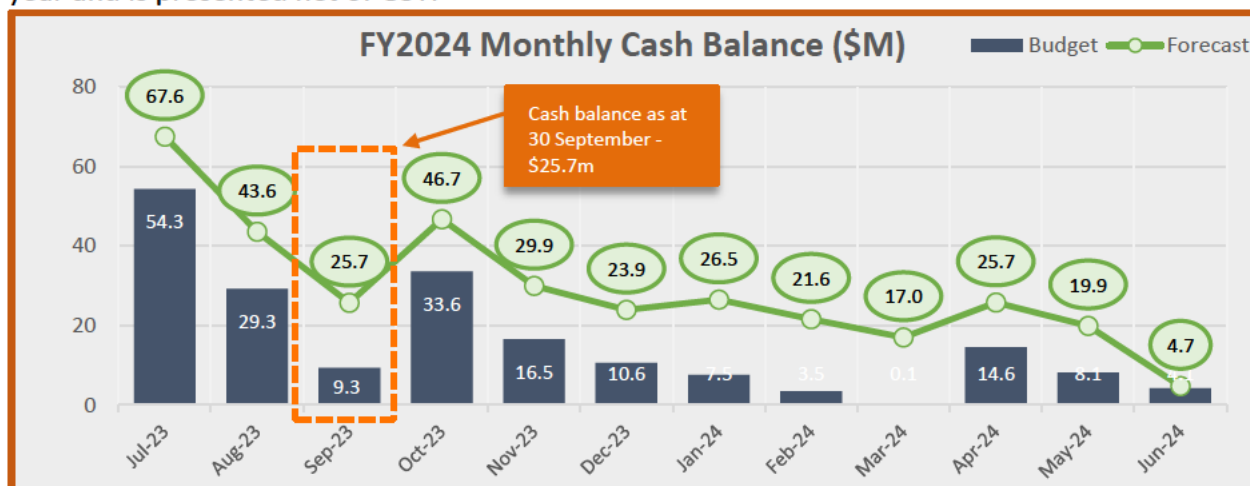
Working capital as at 30 September is **262% higher** than budget of \$2.484m due to higher cash balance resulting from an early drawdown of funding from the Crown through Ministry of Justice. The details are shown below.

Working capital \$000	As at 30 September 2023			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Current assets	27,428	10,918	16,510	5,548	4,440	1,108
Current liabilities	18,424	8,434	9,990	4,492	3,421	1,071
Working capital	9,004	2,484	6,520	1,056	1,019	36
Working capital ratio	149%	129%		124%	130%	

Working capital ratio reflects the fact that it factors in current assets and current liabilities, which are generally defined as being able to be converted into cash within a year. As of 30 September, the current ratio is 149% against a budget of 129%, i.e., there is \$1.49 current asset to cover for every \$1 current liability, so the Commission can theoretically pay off all its liabilities with its existing assets. Statement of financial position is illustrated in Appendix B.

Statement of Cash Flows

Cash and cash equivalents as of 30 September is **\$25.667m**. Year to date, the Commission has received a total funding from the Crown through Ministry of Justice of \$43.6m including \$3.6m for Broadcasting allocation. Funding received represents 36% of the total Crown funding for the year and is presented net of GST.



YTD balance of cash and cash equivalents is **176% higher** than budget due to higher net cash inflows from operating activities resulting from lower payments made to suppliers and employee related expenses than anticipated. Aside from a lag in invoicing from vendors, it is also expected that spend will catch up after the election period as the invoices for the larger pieces of work are processed. The detailed statement of cash flows is shown in Appendix C & D.

Discussion

1. The total operating budget for financial year 2023/24 is \$134.193m with an expected deficit of \$11.308m.
2. No forecast exercise has been undertaken this month, therefore for reporting purposes, forecast is calculated based on FY24 budget *plus* any approved funding request for unbudgeted operating expenditure.
3. Forecast does not reflect the costs of running the Port Waikato By-Election.

Appendices

Appendix A – Statement of revenue and expense

Statement of revenue and expense For the period ending 30 September 2023 \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue									
Revenue from Crown	26	112	(86)	43,692	43,949	(257)	119,840	119,840	-
Interest received	36	10	26	275	30	245	120	120	-
International assistance programme	112	190	(78)	379	965	(585)	2,700	2,700	-
Other income	6	13	(7)	17	38	(21)	225	225	-
Total revenue	180	325	(145)	44,362	44,981	(619)	122,885	122,885	-
Expenditure									
Employee related expenses	10,263	10,351	88	21,594	22,331	737	71,074	71,074	-
Computer & telecommunications	1,204	1,089	(115)	4,591	5,063	472	8,043	8,043	-
Occupancy costs	2,261	1,606	(655)	5,560	4,730	(830)	14,588	13,155	(1,433)
Office equipment	117	81	(35)	374	279	(95)	544	544	-
Specialist services	2,690	3,979	1,289	9,440	11,963	2,523	23,213	22,933	(280)
Travel expenses	354	313	(41)	964	1,176	212	2,656	2,656	-
Meeting & entertainment	21	37	15	63	152	89	412	412	-
Printing, stationery & postage	1,676	2,259	582	7,313	8,163	850	15,091	13,959	(1,133)
Miscellaneous expenses	65	131	67	149	444	295	780	780	-
Depreciation & amortisation	39	40	1	120	119	(1)	477	477	-
Audit fees	13	13	-	40	40	-	160	160	-
Total expenses	18,703	19,898	1,195	50,209	54,461	4,252	137,038	134,193	(2,846)
Surplus / (Deficit)	(18,523)	(19,573)	1,051	(5,847)	(9,480)	3,633	(14,153)	(11,308)	(2,846)

Appendix B – Statement of financial position

Statement of financial position As at 30 September 2023 \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Assets						
Current assets						
Cash and cash equivalents	25,667	9,300	16,367	4,717	4,134	583
Debtors and other receivables	23	5	18	23	5	18
Goods and services tax receivable	1,654	1,508	145	752	245	507
Inventory	49	43	7	20	20	-
Prepayment	36	62	(27)	36	36	-
<i>Total current assets</i>	<i>27,428</i>	<i>10,918</i>	<i>16,510</i>	<i>5,548</i>	<i>4,440</i>	<i>1,108</i>
Non-current assets						
Property, plant, and equipment	500	501	(1)	412	412	-
Intangible assets	1,137	1,124	13	867	855	12
<i>Total non-current assets</i>	<i>1,637</i>	<i>1,625</i>	<i>12</i>	<i>1,279</i>	<i>1,267</i>	<i>12</i>
Total assets	29,065	12,543	16,522	6,827	5,707	1,120
Liabilities						
Current liabilities						
Revenue in advance	4,308	1,935	(2,372)	1,858	1,294	(564)
Creditors and other payables	9,197	4,584	(4,613)	1,259	752	(507)
Employee entitlements (current)	4,919	1,914	(3,005)	1,375	1,375	-
<i>Total current liabilities</i>	<i>18,424</i>	<i>8,434</i>	<i>(9,990)</i>	<i>4,492</i>	<i>3,421</i>	<i>(1,071)</i>
Non-current liabilities						
Employee entitlements (non-current)	76	60	(16)	76	65	(11)
<i>Total non-current liabilities</i>	<i>76</i>	<i>60</i>	<i>(16)</i>	<i>76</i>	<i>65</i>	<i>(11)</i>
Total liabilities	18,500	8,494	(10,006)	4,568	3,486	(1,082)
Net assets	10,565	4,049	6,516	2,259	2,221	37
Equity						
Opening equity	16,412	13,529	2,883	16,412	13,529	2,883
Surplus / (deficit)	(5,847)	(9,480)	3,633	(14,153)	(11,308)	(2,846)
Capital contributions	-	-	-	-	-	-
Total equity	10,565	4,049	6,516	2,259	2,221	37

Appendix C – Statement of cash flows

Statement of cash flows For the period ending 30 September 2023 \$'000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Cash flow from operating activities									
Receipts from Crown	-	-	-	43,605	43,605	-	119,624	119,624	-
Interest received	36	10	26	275	30	245	120	120	-
Receipts from other revenue	6	13	(7)	17	38	(20)	226	1,191	(965)
Payments to employee related expenses	(7,589)	(10,411)	2,822	(19,411)	(22,511)	3,100	(72,435)	(71,788)	(647)
Payments to suppliers	(10,455)	(9,928)	(527)	(24,459)	(33,272)	8,813	(69,361)	(67,687)	(1,674)
Goods and services tax (net)	113	337	(224)	(287)	(141)	(145)	615	1,122	(507)
Net cash flows from operating activities (see Appendix D)	(17,889)	(19,979)	2,091	(261)	(12,252)	11,991	(21,211)	(17,418)	(3,793)
Cash flows from investing activities									
Receipts from sale of property, plant, and equipment	-	-	-	-	-	-	-	-	-
Purchase of property, plant, and equipment	-	-	-	-	-	-	-	-	-
Purchase of intangible assets	-	-	-	-	-	-	-	-	-
Net cash flows from investing activities	-	-	-	-	-	-	-	-	-
Cash flows from financing activities									
Receipts of capital contributions	-	-	-	-	-	-	-	-	-
Net cash flows from financing activities	-	-	-	-	-	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	(17,889)	(19,979)	2,091	(261)	(12,252)	11,991	(21,211)	(17,418)	(3,793)
Opening balance	43,556	29,279	14,276	25,928	21,552	4,376	25,928	21,552	4,376
Surplus / (Deficit)	25,667	9,300	16,367	25,667	9,300	16,367	4,717	4,134	583

Appendix D – Reconciliation of net surplus / (deficit) to net cash flow from operating activities

Reconciliation of net surplus / (deficit) to net cash flow from operating activities \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Net surplus / (deficit)	(18,523)	(19,573)	1,051	(5,847)	(9,480)	3,633	(14,153)	(11,308)	(2,846)
Add / (less) non-cash items									
Depreciation and amortisation expense	39	40	(1)	120	119	1	477	477	-
Loss / (gain) on disposal of assets	-	-	-	-	-	-	-	-	-
Movements in employee entitlements (non-current)	-	-	-	-	-	-	-	5	(5)
Total non-cash items	39	40	(1)	120	119	1	477	482	(5)
Working capital movements									
(Increase) / decrease in debtors and other receivables	-	-	-	1	-	1	1	-	1
(Increase) / decrease in goods and services tax receivable	113	337	(224)	(287)	(141)	(145)	615	1,122	(507)
(Increase) / decrease in inventory	(19)	3	(22)	(24)	8	(31)	5	30	(25)
(Increase) / decrease in prepayment	-	3	(3)	74	9	65	73	35	38
Increase / (decrease) in revenue in advance	(138)	(302)	164	(466)	(1,309)	842	(2,916)	(1,950)	(966)
Increase / (decrease) in creditors and other payables	(2,035)	(426)	(1,609)	3,986	(1,278)	5,264	(3,952)	(5,110)	1,158
Increase / (decrease) in employee entitlements (current)	2,674	(60)	2,734	2,183	(180)	2,363	(1,361)	(719)	(642)
Net movements in working capital	595	(446)	1,041	5,467	(2,891)	8,358	(7,535)	(6,592)	(943)
Net cash flows from operating activities (see Appendix C)	(17,889)	(19,979)	2,091	(261)	(12,252)	11,991	(21,211)	(17,418)	(3,793)

Item#: 23.17-10 03
Item: Finance Report for the month ending 31 October 2023
To: Electoral Commission
For: Board meeting 6 December 2023
Prepared by: Emma Gillard, Manager Finance & Administration

Recommendations

It is recommended that the Board:

1. **note** that the total operating budget for financial year 2023/24 is \$134.193m with an expected deficit of \$11.308m (Statement of revenue and expense is detailed in Appendix A)
2. **note** that forecast is calculated based on 2023/24 budget *plus* any approved funding request for unbudgeted operating expenditure including additional budget bid approved for the Port Waikato By-Election 9(2)(b)(ii).

Financial Overview

Financial Summary \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	60,338	60,392	(54)	104,701	105,373	(672)	124,475	122,885	1,590
Expenditure	49,139	43,277	(5,862)	99,348	97,738	(1,610)	138,742	134,193	(4,549)
Surplus / (Deficit)	11,199	17,115	(5,916)	5,352	7,635	(2,283)	(14,267)	(11,308)	(2,959)

Surplus for the month of October is \$11.199m, which is 35% lower than budget. This is mainly driven by overspend in field personnel due to more hours worked prior to Election Day than budgeted. The variance between HQs for staffing has highlighted the need for more focus on staff rostering at an Electorate level, and aligning that with the budget set at National Office level. In addition, the budget does not cover for hours of service provided prior to Election Day in care homes, hospitals, prisons, in Police cells, Defence Force bases and other organisations caring for more vulnerable voters. Broadcasting Allocation is 170% higher than budget due to timing has also contributed to the overspend for the month.

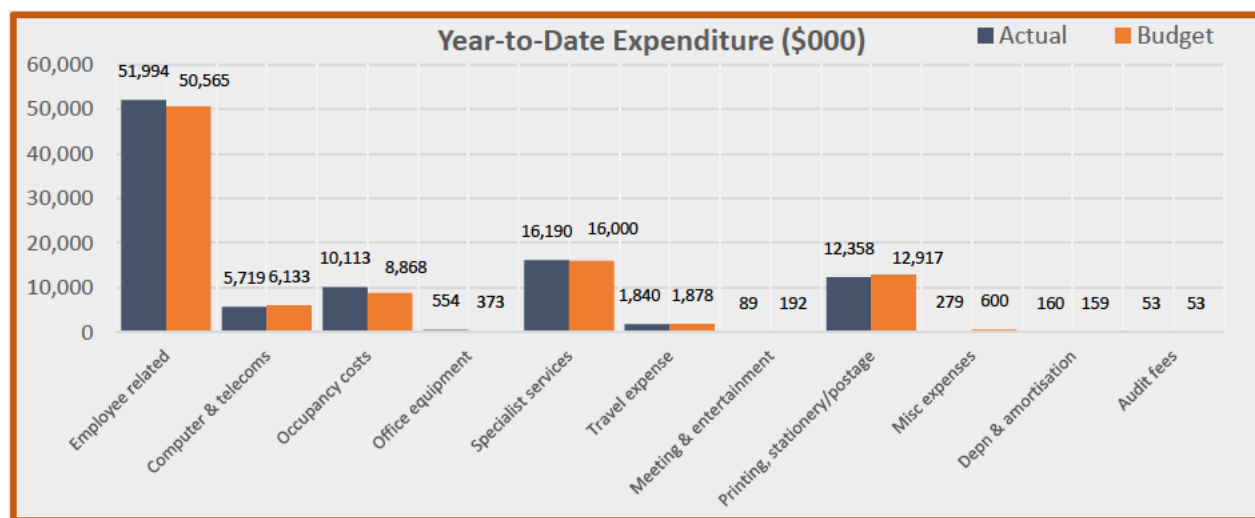
Year-to-date surplus is 30% lower than budget due to overspends in **Expenditure** (~2% higher than budget), however this is partly offset by lower **Revenue** (~1% lower than budget). This is mainly driven by overspend in field personnel due to hours worked with a total year-to-date of 87,300 hours (9%) more worked than budgeted. Also contributing to the overspend is the unbudgeted costs to cover for the required security protocols and resilience.

Forecast indicates that the Commission will end up with a deficit of \$14.267m which is approximately 26% higher than budget. Forecast is calculated based on FY24 budget *plus* \$2.845m approved funding request for unbudgeted operating expenditure. The forecast also includes \$0.378m unfunded costs for the Port Waikato By-Election 9(2)(b)(ii).

9(2)(b)(ii)

Year-to-Date Operating Expenditure

YTD operating expenditure is 2% higher than budget of \$97.738m. Comparison of actual versus budget is outlined below by expense category.



Favourable variance

Computer and telecommunications are below budget by \$0.414m resulting from underspend in software support and maintenance due to lower consumption of Microsoft licences for July and August.

Printing, stationery, and postage are also below budget by \$0.559m due to timing of spend particularly in freight and printing in the GE event.

9(2)(b)(ii)

Meeting and entertainment are also below budget by \$0.103m, mainly due to underspend in meeting hire or lease. The underspend has been expected as more usage of internal premises or voting places for staff meetings and functions.

Miscellaneous expenses are also below budget by \$0.321m, mainly due to underspend in Election Access Fund grants. These grants are normally offset by revenue, so it's cost neutral to the Commission.

Unfavourable variance

Employee related expenses are higher than budget by \$1.428m, mainly contributed by overspend in field personnel due to hours worked with a total year-to-date of 87,300 hours (9%) more worked than budgeted.

Occupancy costs including office equipment are higher than budget by \$1.426m due to unbudgeted costs to cover for the required security protocols and resilience in the GE event.

Specialist services are higher than budget by \$0.190m largely due to timing of advertising and publicity in the Broadcasting Allocation wherein 96% of funds has already been utilised (20% higher than budget).

Operating Expenditure by Business Group

Business Group \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Office of the Chief Executive	1,071	1,128	57	3,150	3,150	-
Enterprise Services	12,458	12,358	(100)	24,608	23,780	(829)
Operations	80,377	78,076	(2,301)	99,379	95,658	(3,720)
Strategy, Governance & Development	971	2,218	1,248	4,965	4,965	-
Programme Management Office	460	508	48	1,394	1,394	-
Māori Advisory	128	111	(16)	332	332	-
Legal & Policy	3,885	3,337	(547)	4,913	4,913	-
Projects	-	-	-	-	-	-
Total Expenditure	99,348	97,738	(1,610)	138,742	134,193	(4,549)

YTD overspend is **\$1.610m** which is largely contributed by Operations (\$2.301m) due to hours worked by field staff with a total year-to-date of 87,300 hours (9%) more worked than budgeted, and Legal & Policy (\$0.547m) due to timing of advertising and publicity in Broadcasting Allocation. However this is partly offset by underspend in Strategy, Governance & Development (\$1.248m) mainly due to timing of expenses for International (INT) Assistance, and grants relating to Election Access Fund (EAF).

Excluding EAF, INT & Broadcasting Allocation, the YTD overspend is **\$2.098m**. Its breakdown by expense category is shown below.

Operating Expenditure Excluding EAF & INT \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	51,757	50,054	(1,703)	70,789	69,656	(1,133)
Computer & telecommunications	5,716	6,124	408	8,297	8,023	(274)
Occupancy costs	10,113	8,843	(1,270)	14,710	13,105	(1,605)
Office equipment	554	343	(211)	506	506	-
Specialist services	12,577	12,901	324	19,551	18,902	(649)
Travel expense	1,673	1,594	(79)	2,062	2,061	(1)
Meeting & entertainment	87	172	85	382	382	-
Printing, stationery & postage	12,358	12,746	389	14,642	13,754	(887)
Miscellaneous expenses	251	212	(39)	345	345	-
Depreciation & amortisation	160	159	(1)	477	477	-
Audit fees	53	53	-	160	160	-
Total Expenditure	95,300	93,201	(2,098)	131,921	127,372	(4,549)

Operating Expenditure by Event

The YTD overspend of **\$1.610m** (or \$2.098m excluding EAF, INT and Broadcasting Allocation) is largely driven by the GE event. These overspends are mainly due to more hours worked by field staff within Voting Services than anticipated (9% higher than budget).

GE event includes EAF and Broadcasting Allocation expenses, whilst BAU includes INT expenses. However these expenses are fully offset by revenue.

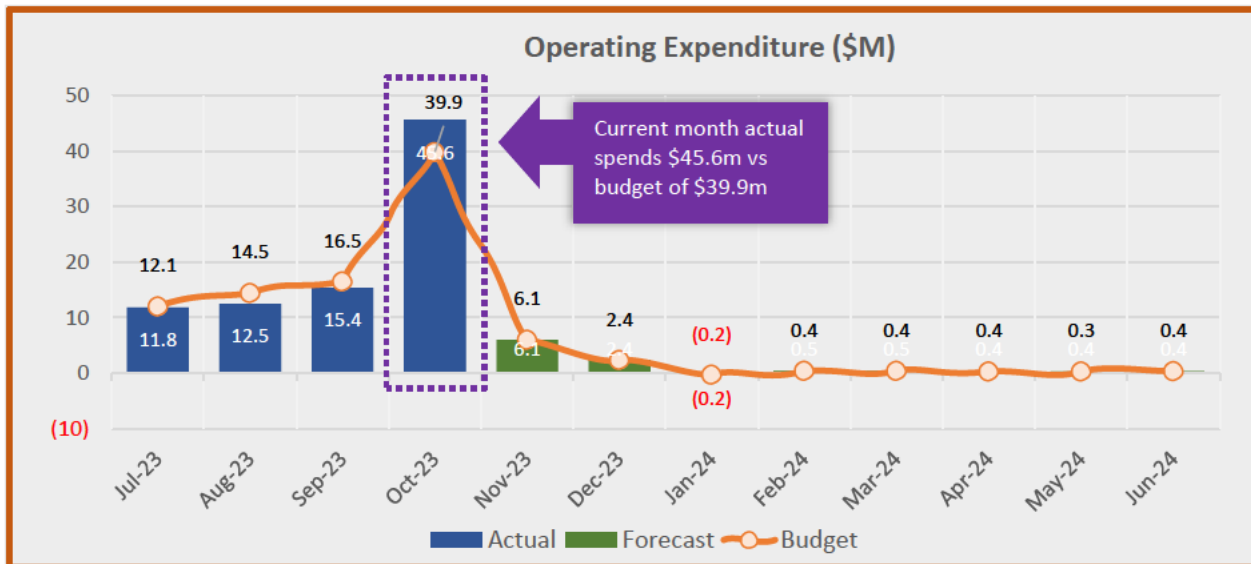
Event \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	85,404	82,902	(2,502)	95,640	93,139	(2,501)
EV2000 – By-Election	(1)	-	1	-	-	-
EV2001 – By-Election Port Waikato	86	-	(86)	1,968	-	(1,968)
EV3000 – Representation Commission	-	-	-	200	200	-
EV4001 – MEO2023	603	749	147	787	787	-
EV9999 – BAU	13,256	14,087	831	40,147	40,067	(80)
Total Expenditure	99,348	97,738	(1,610)	138,742	134,193	(4,549)

Excluding EAF, INT and Broadcasting Allocation, the YTD overspend is \$2.098m as broken down below by event.

Event – Excluding EAF, INT & Broadcasting Allocation \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	81,844	79,584	(2,260)	91,519	89,018	(2,501)
EV2000 – By-Election	(1)	-	1	-	-	-
EV2001 – By-Election Port Waikato	86	-	(86)	1,968	-	(1,968)
EV3000 – Representation Commission	-	-	-	200	200	-
EV4001 – MEO2023	603	749	147	787	787	-
EV9999 – BAU	12,767	12,868	101	37,447	37,367	(80)
Total Expenditure	95,300	93,201	(2,098)	131,921	127,372	(4,549)

General Election 2023

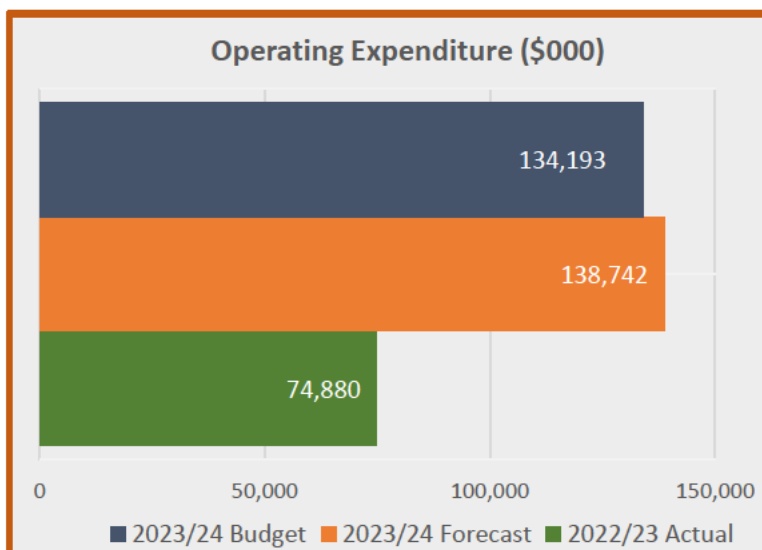
YTD operating expenditure is **\$2.502m** higher than budget, and forecast at year-end is tracking an overspend at similar level. The overspends are mainly due to more hours worked by field staff within Voting Services than anticipated (9% higher than budget).



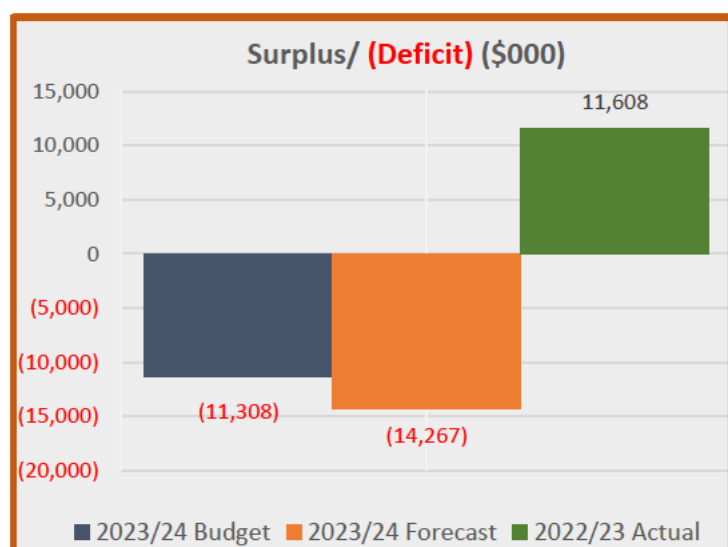
Operating Expenditure \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	44,093	42,418	(1,675)	47,992	47,854	(138)
Computer & telecommunications	4,380	4,998	618	4,576	4,576	-
Occupancy costs	9,569	8,106	(1,463)	12,331	10,898	(1,433)
Office equipment	488	295	(193)	365	365	-
Specialist services	13,368	12,720	(647)	14,614	14,414	(200)
Travel expense	1,507	1,349	(158)	1,507	1,507	-
Meeting & entertainment	77	68	(10)	76	76	-
Printing, stationery & postage	11,718	12,471	753	13,674	12,943	(731)
Miscellaneous expenses	204	477	273	505	505	-
Total Expenditure	85,404	82,902	(2,502)	95,640	93,139	(2,501)

Expected overspend in GE event at year-end - \$2.501m

Full Year Budget vs Forecast



Full year operating expenditure forecast is ~3% higher than budget of \$134.193m. Approximately 52% of costs relates to employee related expenses, 17% relates to specialist services, 11% relates to printing, stationery & postage, 11% relates to occupancy costs, and the remaining 9% is for other expenses.



End-of-year forecast is expected at **\$14.267m deficit** as compared to budgeted deficit of \$11.308m. This is mainly driven by \$2.845m approved additional funding request for unbudgeted operating expenditure *plus* \$0.378m unfunded costs for the Port Waikato By-Election, [REDACTED]

[REDACTED]
9(2)(b)(ii) [REDACTED]
[REDACTED]

FY2024 Budget Risks

Budgeted closing reserves balance at 30 June 2024 is **\$5.096m**, comprises of \$1.890m discretionary funds,

to be requested through the ELT; \$0.985m contingency fund for Executive spending; and \$2.221m agreed level of reserves as approved by the Board.

Of the \$1.890m discretionary funds, there have been requests totalling \$3.273m, and approvals by ELT of \$2.846m, leaving a deficit of \$0.956m against the discretionary fund allocation.

This deficit can be offset by the contingency fund of \$0.985m, which allows Reserves of \$2.221m to be maintained, thus this leaves only \$0.029m as the remaining balance for contingency funding.

As the year progresses, no permanent savings from employee related expenses have been identified so there is a risk of depleting our reserves that have been set aside to cover for contingencies.

Table below shows the breakdown of contingency funds.

FY2024 Funding Summary	FORECAST
Reserves as at 30 June 2022	\$4,804,000
Plus FY2023 Underspend (Unaudited)	\$11,600,000
Total expected Reserves as at 30 June 2023	\$16,404,000
Plus Expected FY2024 surplus/(deficit)	(\$11,308,000)
Total Minimum level of Reserves as at 30 June 2024	\$5,096,000
Less ELT approved unbudgeted expenditure	(\$2,845,509)
Adjusted Reserves balance as at 30 June 2024	\$2,250,491
Less Board approved minimum reserves	\$2,221,000
Funding available for distribution as at 30 June 2024	\$29,491
Add Permanent YTD savings from employee related expenses	-
Estimated contingency fund (in addition to minimum reserves of \$2.221m)	\$29,491

Statement of Financial Position

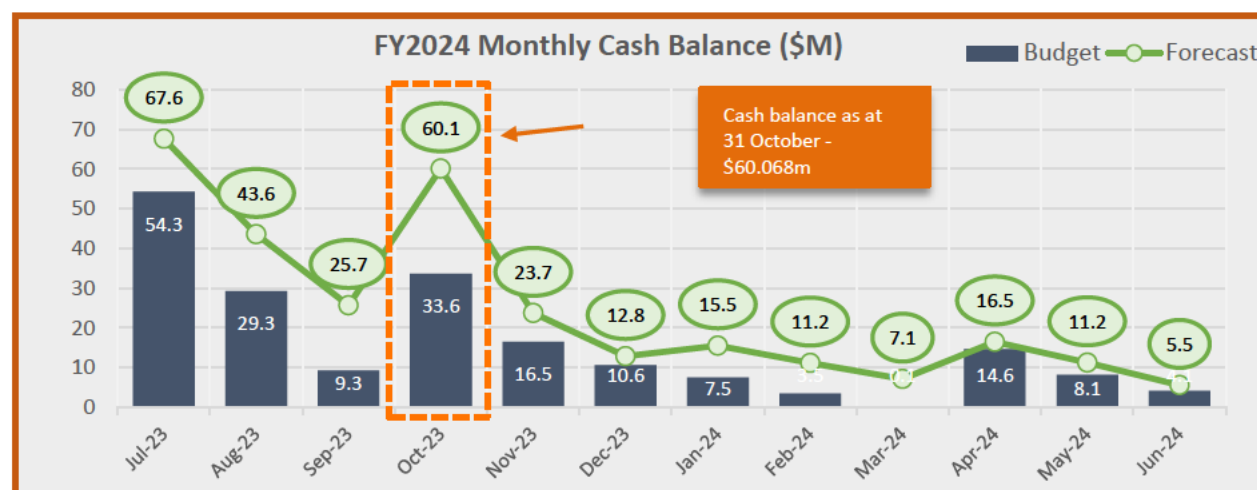
Working capital as at 31 October is **3% higher** than budget of \$19.639m due to higher cash balance resulting from an early drawdown of funding from the Crown through Ministry of Justice. The details are shown below.

Working capital \$000	As at 31 October 2023			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Current assets	61,301	33,711	27,590	6,325	4,440	1,885
Current liabilities	41,057	14,072	26,985	5,383	3,421	1,962
Working capital	20,244	19,639	605	942	1,019	(77)
Working capital ratio	149%	240%		118%	130%	

Working capital ratio reflects the fact that it factors in current assets and current liabilities, which are generally defined as being able to be converted into cash within a year. As of 31 October, the current ratio is 149% against a budget of 240%, i.e., there is \$1.49 current asset to cover for every \$1 current liability, so the Commission can theoretically pay off all its liabilities with its existing assets. Statement of financial position is illustrated in Appendix B.

Statement of Cash Flows

Cash and cash equivalents as of 31 October is **\$60.068m**. Year to date, the Commission has received a total funding from the Crown through Ministry of Justice of \$105.195m including \$3.605m for Broadcasting allocation and \$1.590m for the Port Waikato By-Election. Funding received represents 87% of the total Crown funding for the year and is presented net of GST.



YTD balance of cash and cash equivalents is **79% higher** than budget due to higher net cash inflows from operating activities resulting from lower payments made to suppliers and employee related expenses than anticipated. Also contributed to the higher cash balance is the receipt of \$1.590m additional funding for the by-election. Due to lag in invoicing from vendors, it is expected to ramp up payments in November including payments to Inland Revenue for GST and PAYE. The detailed statement of cash flows is shown in Appendix C & D.

Discussion

1. The total operating budget for financial year 2023/24 is \$134.193m with an expected deficit of \$11.308m.
2. Forecast is calculated based on 2023/24 budget *plus* any approved funding request for unbudgeted operating expenditure including additional budget bid approved for the Port Waikato By-Election

9(2)(b)(ii)

- To ensure we finish the year with reserves at least at the Board approved minimum level of \$2.221m, ELT will be discussing areas where savings can be found.

Appendices

Appendix A – Statement of revenue and expense

Statement of revenue and expense For the period ending 31 October 2023 \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue									
Revenue from Crown	60,092	60,090	2	103,784	104,039	(255)	121,430	119,840	1,590
Interest received	113	10	103	388	40	348	120	120	-
International assistance programme	110	255	(145)	489	1,219	(731)	2,700	2,700	-
Other income	23	38	(15)	39	75	(36)	225	225	-
Total revenue	60,338	60,392	(54)	104,701	105,373	(672)	124,475	122,885	1,590
Expenditure									
Employee related expenses	30,399	28,234	(2,165)	51,994	50,565	(1,428)	72,207	71,074	(1,133)
Computer & telecommunications	1,128	1,070	(58)	5,719	6,133	414	8,317	8,043	(274)
Occupancy costs	4,553	4,137	(415)	10,113	8,868	(1,245)	14,760	13,155	(1,605)
Office equipment	180	94	(86)	554	373	(181)	544	544	-
Specialist services	6,749	4,037	(2,713)	16,190	16,000	(190)	23,582	22,933	(649)
Travel expenses	876	702	(174)	1,840	1,878	38	2,658	2,656	(2)
Meeting & entertainment	26	40	15	89	192	103	412	412	-
Printing, stationery & postage	5,045	4,753	(292)	12,358	12,917	559	14,846	13,959	(887)
Miscellaneous expenses	130	156	26	279	600	321	780	780	-
Depreciation & amortisation	40	40	-	160	159	(1)	477	477	-
Audit fees	13	13	-	53	53	-	160	160	-
Total expenses	49,139	43,277	(5,862)	99,348	97,738	(1,610)	138,742	134,193	(4,549)
Surplus / (Deficit)	11,199	17,115	(5,916)	5,352	7,635	(2,283)	(14,267)	(11,308)	(2,959)

Appendix B – Statement of financial position

Statement of financial position As at 31 October 2023 \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Assets						
Current assets						
Cash and cash equivalents	60,068	33,607	26,462	5,542	4,134	1,408
Debtors and other receivables	1,148	5	1,143	44	5	39
Goods and services tax receivable	-	-	-	683	245	438
Inventory	49	40	9	20	20	-
Prepayment	36	59	(24)	36	36	-
<i>Total current assets</i>	<i>61,301</i>	<i>33,711</i>	<i>27,590</i>	<i>6,325</i>	<i>4,440</i>	<i>1,885</i>
Non-current assets						
Property, plant, and equipment	489	491	(2)	413	412	1
Intangible assets	1,108	1,094	13	867	855	12
<i>Total non-current assets</i>	<i>1,596</i>	<i>1,585</i>	<i>11</i>	<i>1,279</i>	<i>1,267</i>	<i>13</i>
Total assets	62,898	35,296	27,602	7,604	5,707	1,897
Liabilities						
Current liabilities						
Revenue in advance	6,656	1,591	(5,065)	2,818	1,294	(1,524)
Creditors and other payables	16,093	4,158	(11,935)	1,190	752	(438)
Goods and services tax payable	7,525	6,468	(1,057)	-	-	-
Employee entitlements (current)	10,783	1,854	(8,929)	1,375	1,375	-
<i>Total current liabilities</i>	<i>41,057</i>	<i>14,072</i>	<i>(26,985)</i>	<i>5,383</i>	<i>3,421</i>	<i>(1,962)</i>
Non-current liabilities						
Employee entitlements (non-current)	76	60	(16)	76	65	(11)
<i>Total non-current liabilities</i>	<i>76</i>	<i>60</i>	<i>(16)</i>	<i>76</i>	<i>65</i>	<i>(11)</i>
Total liabilities	41,134	14,132	(27,001)	5,459	3,486	(1,974)
Net assets	21,764	21,164	600	2,145	2,221	(76)
Equity						
Opening equity	16,412	13,529	2,883	16,412	13,529	2,883
Surplus / (deficit)	5,352	7,635	(2,283)	(14,267)	(11,308)	(2,959)
Capital contributions	-	-	-	-	-	-
Total equity	21,764	21,164	600	2,145	2,221	(76)

Appendix C – Statement of cash flows

Statement of cash flows For the period ending 31 October 2023 \$'000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Cash flow from operating activities									
Receipts from Crown	61,590	60,000	1,590	105,195	103,605	1,590	121,214	119,624	1,590
Interest received	113	10	103	388	40	348	120	120	-
Receipts from other revenue	(142)	37	(180)	(125)	75	(200)	1,164	1,191	(27)
Payments to employee related expenses	(24,535)	(28,294)	3,759	(43,946)	(50,805)	6,859	(73,568)	(71,788)	(1,780)
Payments to suppliers	(11,804)	(15,423)	3,620	(36,263)	(48,695)	12,432	(70,000)	(67,687)	(2,313)
Goods and services tax (net)	9,179	7,976	1,202	8,892	7,835	1,057	684	1,122	(438)
Net cash flows from operating activities (see Appendix D)	34,401	24,306	10,095	34,141	12,055	22,086	(20,385)	(17,418)	(2,968)
Cash flows from investing activities									
Receipts from sale of property, plant, and equipment	-	-	-	-	-	-	-	-	-
Purchase of property, plant, and equipment	-	-	-	-	-	-	-	-	-
Purchase of intangible assets	-	-	-	-	-	-	-	-	-
Net cash flows from investing activities	-	-	-	-	-	-	-	-	-
Cash flows from financing activities									
Receipts of capital contributions	-	-	-	-	-	-	-	-	-
Net cash flows from financing activities	-	-	-	-	-	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	34,401	24,306	10,095	34,141	12,055	22,086	(20,385)	(17,418)	(2,968)
Opening balance	25,667	9,300	16,367	25,928	21,552	4,376	25,928	21,552	4,376
Closing balance	60,068	33,607	26,462	60,068	33,607	26,462	5,542	4,134	1,408

Appendix D – Reconciliation of net surplus / (deficit) to net cash flow from operating activities

Reconciliation of net surplus / (deficit) to net cash flow from operating activities \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Net surplus / (deficit)	11,199	17,115	(5,916)	5,352	7,635	(2,283)	(14,267)	(11,308)	(2,959)
Add / (less) non-cash items									
Depreciation and amortisation expense	40	40	-	160	159	1	477	477	-
Loss / (gain) on disposal of assets	-	-	-	-	-	-	-	-	-
Movements in employee entitlements (non-current)	-	-	-	-	-	-	-	5	(5)
Total non-cash items	40	40	-	160	159	1	477	482	(5)
Working capital movements									
(Increase) / decrease in debtors and other receivables	(1,125)	-	(1,125)	(1,125)	-	(1,125)	(21)	-	(21)
(Increase) / decrease in inventory	-	3	(3)	(24)	10	(34)	5	30	(25)
(Increase) / decrease in prepayment	-	3	(3)	74	12	62	73	35	38
Increase / (decrease) in revenue in advance	2,348	(344)	2,692	1,882	(1,653)	3,535	(1,956)	(1,950)	(6)
Increase / (decrease) in creditors and other payables	6,896	(426)	7,322	10,882	(1,703)	12,586	(4,021)	(5,110)	1,089
Increase / (decrease) in goods and services tax	9,179	7,976	1,202	8,892	7,835	1,057	684	1,122	(438)
Increase / (decrease) in employee entitlements (current)	5,864	(60)	5,924	8,047	(240)	8,287	(1,361)	(719)	(642)
Net movements in working capital	23,162	7,152	16,010	28,628	4,261	24,368	(6,596)	(6,592)	(4)
Net cash flows from operating activities (see Appendix C)	34,401	24,306	10,095	34,141	12,055	22,086	(20,385)	(17,418)	(2,968)

Item: Finance Report for the month ending 30 November 2023

To: Electoral Commission Board

For: Board meeting **TBC**

Prepared by: Emma Gillard, Manager Finance & Administration

Recommendations

It is recommended that the Board:

1. **Note** that the opening Reserves as at 1 July 2023 is \$16.404m. With the Board approved minimum reserves of \$2.221m, the maximum deficit that the Commission can afford for financial year 2023/24 is \$14.183m.
2. **Note** that the projected total operating expenditure for 2023/24 is \$139.436m with an expected deficit of \$15.698m which is 39% higher than budgeted deficit of \$11.308m. Statement of revenue and expense is detailed in Appendix A.
3. [REDACTED]
9(2)(b)(ii)
[REDACTED]
4. **Discuss** forecasted costs that could be reduced, deferred, or stopped during the period covering from January to June 2024.

Financial Overview

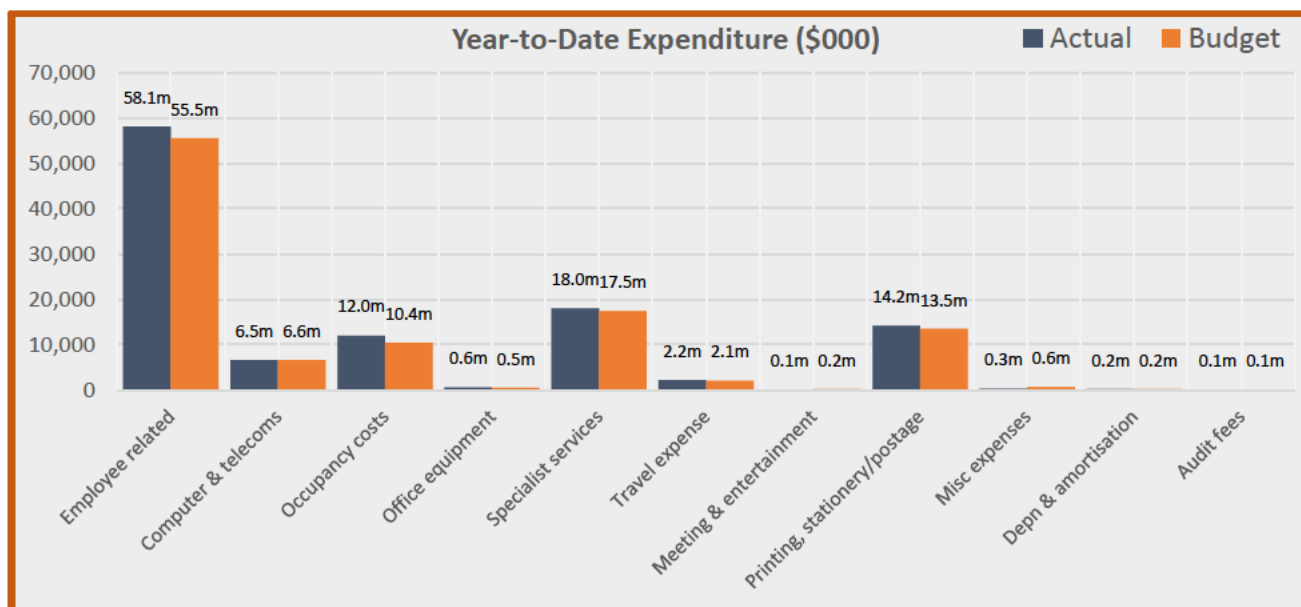
Financial Summary \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	1,146	217	929	105,847	105,590	257	123,739	122,885	854
Expenditure	12,915	9,428	(3,488)	112,264	107,166	(5,098)	139,436	134,193	(5,244)
Surplus / (Deficit)	(11,769)	(9,211)	(2,559)	(6,417)	(1,576)	(4,841)	(15,698)	(11,308)	(4,390)

5. Total expenditure for the month of November is **\$12.915m**, 37% higher than budget resulting mainly from the delay of offboarding HQ staff due to quality review undertaken on the official election results as well as the electorate vote recounts.
6. **Year-to-date deficit** is 307% higher than budget due to overspends in expenditure (~5% higher than budget). This is largely due to higher-than-expected Field Staff costs, particularly the HQ, or support staff. YTD hours worked for field personnel is 131,640 hours (14%) more worked than budgeted. Additional resources were required due to new processes introduced after the setting of the budgets, and delays to beginning vote counts are also contributors to the overspend, but these additional costs have not been factored into the budget. Also contributing to the overspend is the unbudgeted costs to cover for the required security protocols and resilience in Voting services.

7. **Forecast** indicates that the Commission will end up with a deficit of \$15.698m which is approximately 39% higher than budget. This is largely driven by an expected overspend in the General Election (6% higher than budget of \$93.139m).

Year-to-Date Operating Expenditure

8. YTD operating expenditure is 5% higher than budget of \$107.166m. Comparison of actual versus budget is outlined below by expense category.



Favourable variance

9. **Computer and telecommunications** are slightly below budget by \$0.086m resulting from underspend in software support and maintenance due to lower uptake of Microsoft licences during the first quarter of the year.
10. **Meeting and entertainment** are also below budget by \$0.125m, mainly due to underspend in meeting hire or lease. The underspend has been expected as more usage of internal premises or voting places for staff meetings and functions.
11. **Miscellaneous expenses** are also below budget by \$0.364m, mainly due to underspend in Election Access Fund grants. These grants are normally offset by revenue, so it's cost neutral to the Commission.

Unfavourable variance

12. **Employee related expenses** are higher than budget by \$2.607m, largely due to higher-than-expected Field Staff costs resulting from the delay of offboarding HQ staff due to quality review undertaken on the official election results as well as the electorate vote recounts. Also contributing to the overspend is \$0.465m relating to the Port Waikato by-election, fully offset by revenue.
13. **Occupancy costs** including office equipment are higher than budget by \$1.668m due to unbudgeted costs to cover for the required security protocols and resilience in Voting services.

14. **Specialist services** are higher than budget by \$0.519m. Contributing to the overspend is \$0.318m relating to the Port Waikato by-election, fully offset by revenue.

15. **Printing, stationery, and postage** are higher than budget by \$0.743m, [REDACTED]

9(2)(b)(ii)

16. **Travel expenses** are also higher than budget by \$0.136m due to higher usage of car rental and mileage than anticipated in the GE event.

Operating Expenditure by Business Group

Business Group \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Office of the Chief Executive	1,344	1,411	67	3,147	3,150	4
Enterprise Services	14,758	14,258	(501)	24,401	23,780	(622)
Operations	90,126	84,225	(5,901)	101,708	95,658	(6,050)
Strategy, Governance & Development	1,244	2,556	1,313	3,708	4,965	1,257
Programme Management Office	572	625	53	1,341	1,394	53
Māori Advisory	163	139	(24)	390	332	(57)
Legal & Policy	4,057	3,952	(106)	4,741	4,913	172
Projects	-	-	-	-	-	-
Total Expenditure	112,264	107,166	(5,098)	139,436	134,193	(5,244)

17. YTD overspend is **\$5.098m** which is largely contributed by Operations (\$5.901m) due to hours worked by field staff with a total year-to-date of 131,640 hours (14%) more worked than budgeted, Enterprise Services (\$0.501m) mainly due to overspend in personnel related expenses resulting from contractors filling in vacancies, and Legal & Policy (\$0.106m) due to timing of advertising and publicity in Broadcasting Allocation. However, this is partly offset by underspend in Strategy, Governance & Development (\$1.313m) mainly due to timing of expenses for International (INT) Assistance, and grants relating to Election Access Fund (EAF).

18. Excluding EAF, INT & Broadcasting Allocation, the YTD overspend is **\$6.128m**. The breakdown by expense category is shown below.

Operating Expenditure Excluding EAF & INT \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	57,815	54,866	(2,949)	73,286	69,656	(3,630)
Computer & telecommunications	6,537	6,619	82	7,980	8,023	43
Occupancy costs	12,005	10,401	(1,603)	14,638	13,105	(1,534)
Office equipment	552	425	(127)	381	506	126
Specialist services	14,252	13,804	(448)	19,179	18,902	(277)
Travel expense	2,018	1,759	(259)	2,310	2,061	(249)
Meeting & entertainment	102	209	107	167	382	215
Printing, stationery & postage	14,206	13,293	(913)	14,791	13,754	(1,036)
Miscellaneous expenses	270	253	(17)	366	345	(21)

Depreciation & amortisation	199	199	-	477	477	-
Audit fees	67	67	-	160	160	-
Total Expenditure	108,021	101,894	(6,128)	133,735	127,372	(6,364)

Operating Expenditure by Event

19. The YTD overspend of \$5.098 (or \$6.128m excluding EAF, INT and Broadcasting Allocation) is largely driven by the GE event. These overspends are mainly due to more hours worked by field staff within Voting Services than anticipated (14% higher than budget). Also contributing to the overspend is \$1.015m year-to-date cost associated with the Port Waikato by-election, however this is fully offset by revenue received.

20. GE event includes EAF and Broadcasting Allocation expenses, whilst BAU includes INT expenses, however, these expenses are fully offset by revenue.

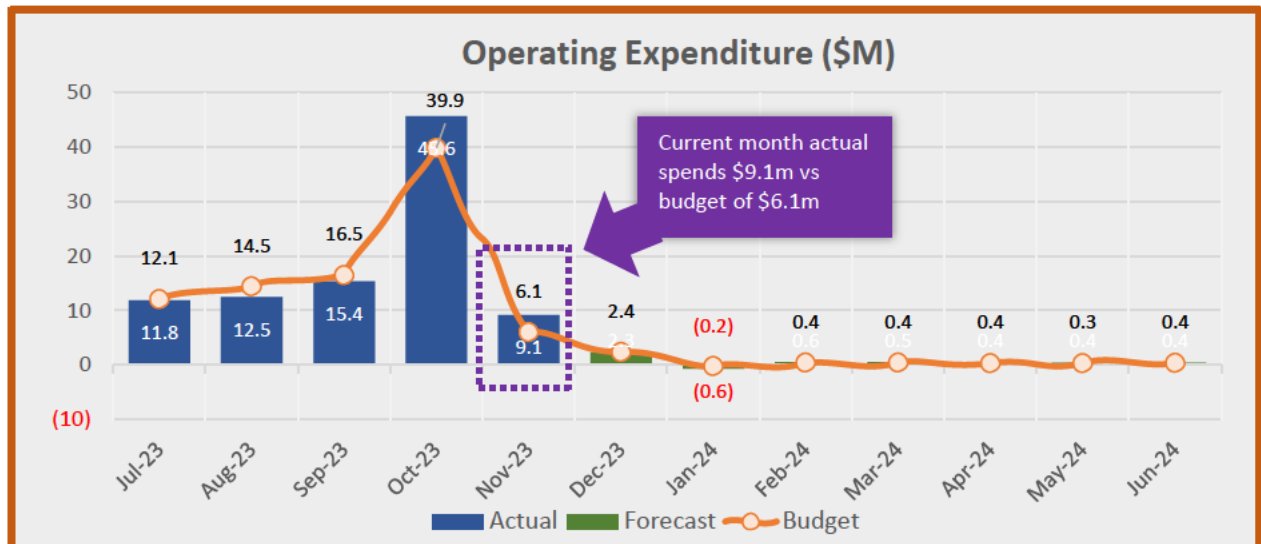
Event \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	94,526	88,956	(5,569)	98,459	93,139	(5,320)
EV2000 – By-Election	(1)	-	1	(1)	-	1
EV2001 – By-Election Port Waikato	1,015	-	(1,015)	1,590	-	(1,590)
EV3000 – Representation Commission	-	-	-	71	200	129
EV4001 – MEO2023	624	749	126	661	787	126
EV9999 – BAU	16,100	17,460	1,360	38,655	40,067	1,411
Total Expenditure	112,264	107,166	(5,098)	139,436	134,193	(5,244)

21. Excluding EAF, INT and Broadcasting Allocation, the YTD overspend is \$6.128m as broken down below by event.

Event – Excluding EAF, INT & Broadcasting Allocation \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	90,898	85,087	(5,811)	94,684	89,018	(5,666)
EV2000 – By-Election	(1)	-	1	(1)	-	1
EV2001 – By-Election Port Waikato	1,015	-	(1,015)	1,590	-	(1,590)
EV3000 – Representation Commission	-	-	-	71	200	129
EV4001 – MEO2023	624	749	126	661	787	126
EV9999 – BAU	15,485	16,057	572	36,730	37,367	637
Total Expenditure	108,021	101,894	(6,128)	133,735	127,372	(6,364)

General Election 2023

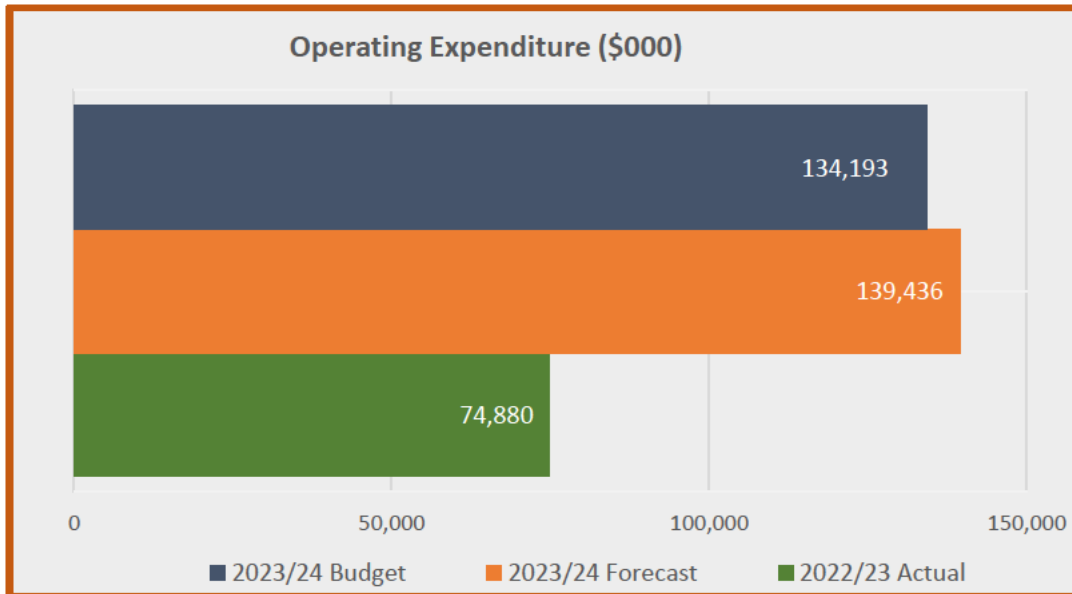
22. YTD operating expenditure is \$5.569m higher than budget, and forecast at year-end is expected at \$98.459m which is 6% higher than budget. The overspends are mainly due to more hours worked by field staff within Voting Services than anticipated (14% higher than budget).



Operating Expenditure \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	47,960	45,426	(2,534)	50,802	47,854	(2,947)
Computer & telecommunications	4,821	5,237	415	4,145	4,576	431
Occupancy costs	11,161	9,478	(1,684)	12,581	10,898	(1,684)
Office equipment	471	365	(105)	218	365	147
Specialist services	14,387	13,480	(907)	14,931	14,414	(517)
Travel expense	1,785	1,450	(335)	1,839	1,507	(332)
Meeting & entertainment	82	73	(9)	85	76	(10)
Printing, stationery & postage	13,651	12,943	(708)	13,651	12,943	(708)
Miscellaneous expenses	207	505	298	207	505	298
Total Expenditure	94,526	88,956	(5,569)	98,459	93,139	(5,320)

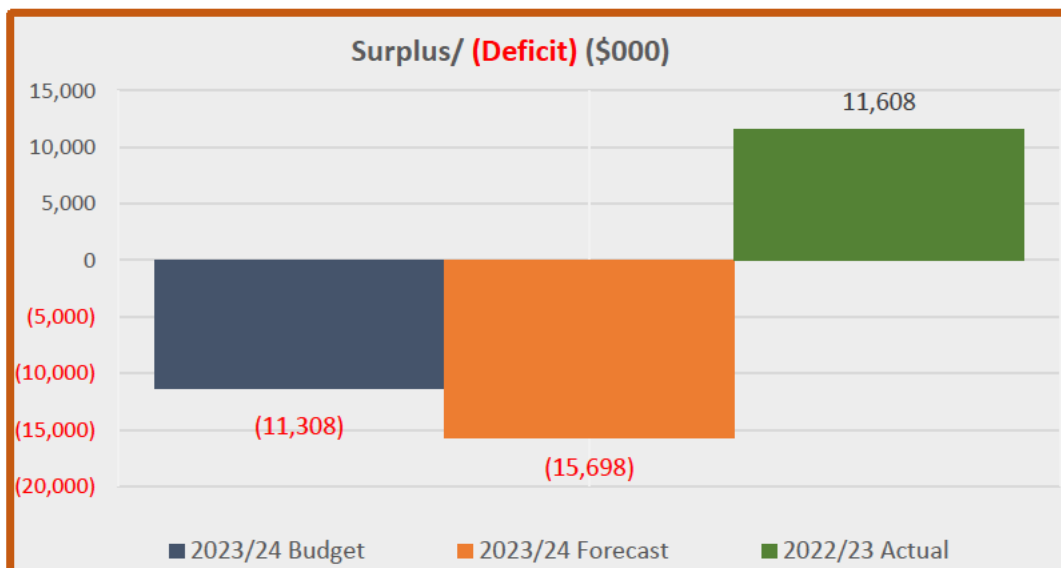
Expected
overspend in GE
event at year-
end - \$5.320m

Full Year Budget vs Forecast



23. Full year operating expenditure forecast is ~4% higher than budget of \$134.193m.

Approximately 53% of costs relates to employee related expenses, 17% relates to specialist services, 11% relates to printing, stationery & postage, 11% relates to occupancy costs, and the remaining 8% is for other expenses.



24. End-of-year forecast is expected at **\$15.698m deficit** as compared to budgeted deficit of \$11.308m. This is mainly due to hours worked by field staff with a total year-to-date of 131,640 hours (14%) more worked than budgeted resulting from the delay of offboarding HQ staff due to quality review undertaken on the official election results as well as the electorate vote recounts. In addition, there is unbudgeted cost for the required security protocols and resilience in Voting Services.

9(2)(b)(ii)

FY2024 Budget Risks

25. The closing Reserves as at 30 June 2023 is \$16.404m. With the Board approved minimum reserves of \$2.221m, the maximum deficit that the Commission can afford for financial year 2023/24 is \$14.183m. However based on the latest forecast, the expected deficit is now at \$15.698m, leaving a shortfall of \$1.515m.

26. [REDACTED]
[REDACTED] 9(2)(b)(ii) [REDACTED]
[REDACTED]
[REDACTED].

27. As the year progresses, no permanent savings from employee related expenses have been identified so there is a risk of depleting our reserves that have been set aside as per the Boards instructions. It is important to recognise that any contingencies that have been set aside during the budget process have been fully utilised to fund for unbudgeted but approved expenditure. Further overspends will put the Commission under significant financial pressure, and a rigorous forecast review process will need to be undertaken after Christmas to identify for any possible savings.

28. Table below shows the movement of operating reserves.

Movements in Reserves	
Reserves as at 30 June 2019	\$6,070
Surplus 2019/20	\$19,345
Deficit 2020/21	(\$11,096)
Deficit 2021/22	(\$9,515)
Surplus 2022/23	\$11,600
Opening Reserves 1 July 2023	\$16,404
Less Board approved minimum reserves	(\$2,221)
FY2024 Maximum affordable deficit	\$14,183
Less Expected FY2024 deficit	(\$15,698)
FY2024 Projected deficit shortfall	(\$1,515)

Statement of Financial Position

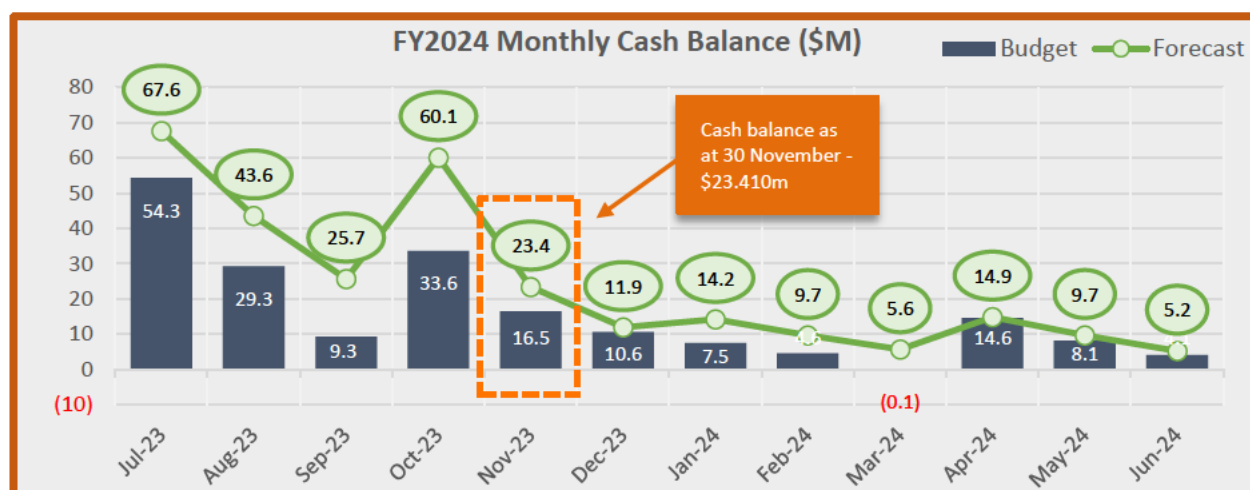
29. Working capital as at 30 November is **19% lower** than budget of \$10.468m due to higher accruals resulting from lag in invoicing from vendors. The details are shown below.

Working capital \$000	As at 30 November 2023			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Current assets	25,153	17,392	7,762	5,566	4,440	1,126
Current liabilities	16,640	6,924	9,716	6,055	3,421	2,634
Working capital	8,513	10,468	(1,954)	(489)	1,019	(1,508)
Working capital ratio	151%	251%		92%	130%	

30. Working capital ratio reflects the fact that it factors in current assets and current liabilities, which are generally defined as being able to be converted into cash within a year. As of 30 November, the current ratio is 151% against a budget of 251%, i.e., there is \$1.51 current asset to cover for every \$1 current liability, so the Commission can theoretically pay off all its liabilities with its existing assets. However at year-end, it is projected to end up with a negative working capital of \$0.489m (92% or \$0.92 current asset to cover for every \$1 current liability) due to expected higher deficit (approximately 39% higher than budgeted deficit of \$11.308m). Statement of financial position is illustrated in Appendix B.

Statement of Cash Flows

31. Cash and cash equivalents as of 30 November is **\$23.410m**. Year to date, the Commission has received a total funding from the Crown through Ministry of Justice of \$105.195m including \$3.605m for Broadcasting allocation and \$1.590m for the Port Waikato By-Election. Funding received represents 87% of the total Crown funding for the year and is presented net of GST.



32. YTD balance of cash and cash equivalents is **42% higher** than budget due to higher net cash inflows from operating activities resulting from additional funding received for the Port Waikato by-election and receipt from MFAT for international assistance. Also the payments made to suppliers are lower than anticipate due to lag in invoicing from vendors. The detailed statement of cash flows is shown in Appendix C & D.

Discussion

33. The closing Reserves as at 30 June 2023 is \$16.404m. With the Board approved minimum reserves of \$2.221m, the maximum deficit that the Commission can afford for financial year 2023/24 is \$14.183m.

34. **9(2)(b)(ii)** ELT needs to discuss what areas of spend that are forecasted that could be reduced, deferred, or stopped during the period covering from January to June 2024. These areas could include recruitment for current or new vacancies, travel, and advertising. A thorough forecast review process will be undertaken after Christmas to identify for possible savings and mitigate any potential risks.

Appendices

Appendix A – Statement of revenue and expense

Statement of revenue and expense For the period ending 30 November 2023 \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue									
Revenue from Crown	927	11	916	104,711	104,049	662	121,085	119,840	1,245
Interest received	76	10	66	464	50	414	534	120	414
International assistance programme	125	184	(58)	614	1,403	(789)	1,925	2,700	(775)
Other income	18	13	5	57	88	(30)	195	225	(30)
Total revenue	1,146	217	929	105,847	105,590	257	123,739	122,885	854
Expenditure									
Employee related expenses	6,116	4,936	(1,179)	58,109	55,502	(2,607)	74,384	71,074	(3,310)
Computer & telecommunications	823	495	(328)	6,542	6,628	86	7,996	8,043	47
Occupancy costs	1,892	1,559	(333)	12,005	10,426	(1,578)	14,663	13,155	(1,509)
Office equipment	(3)	89	91	552	462	(89)	381	544	163
Specialist services	1,795	1,466	(329)	17,985	17,466	(519)	23,169	22,933	(236)
Travel expenses	374	200	(174)	2,214	2,077	(136)	2,782	2,656	(126)
Meeting & entertainment	15	37	22	104	229	125	179	412	233
Printing, stationery & postage	1,848	546	(1,302)	14,206	13,463	(743)	14,825	13,959	(866)
Miscellaneous expenses	3	46	43	283	646	364	421	780	360
Depreciation & amortisation	39	40	1	199	199	-	477	477	-
Audit fees	13	13	-	67	67	-	160	160	-
Total expenses	12,915	9,428	(3,488)	112,264	107,166	(5,098)	139,436	134,193	(5,244)
Surplus / (deficit)	(11,769)	(9,211)	(2,559)	(6,417)	(1,576)	(4,841)	(15,698)	(11,308)	(4,390)

Appendix B – Statement of financial position

Statement of financial position As at 30 November 2023 \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Assets						
Current assets						
Cash and cash equivalents	23,410	16,489	6,921	5,238	4,134	1,104
Debtors and other receivables	37	5	32	37	5	32
Goods and services tax receivable	1,627	804	823	234	245	(10)
Inventory	39	38	1	20	20	-
Prepayment	40	56	(16)	36	36	-
<i>Total current assets</i>	<i>25,153</i>	<i>17,392</i>	<i>7,762</i>	<i>5,566</i>	<i>4,440</i>	<i>1,126</i>
Non-current assets						
Property, plant, and equipment	479	481	(2)	410	412	(2)
Intangible assets	1,079	1,064	15	869	855	14
<i>Total non-current assets</i>	<i>1,557</i>	<i>1,545</i>	<i>12</i>	<i>1,279</i>	<i>1,267</i>	<i>12</i>
Total assets	26,711	18,937	7,774	6,845	5,707	1,138
Liabilities						
Current liabilities						
Revenue in advance	5,604	1,397	(4,207)	3,938	1,294	(2,644)
Creditors and other payables	7,427	3,733	(3,694)	741	752	10
Employee entitlements (current)	3,609	1,794	(1,815)	1,375	1,375	-
<i>Total current liabilities</i>	<i>16,640</i>	<i>6,924</i>	<i>(9,716)</i>	<i>6,055</i>	<i>3,421</i>	<i>(2,634)</i>
Non-current liabilities						
Employee entitlements (non-current)	76	60	(16)	76	65	(11)
<i>Total non-current liabilities</i>	<i>76</i>	<i>60</i>	<i>(16)</i>	<i>76</i>	<i>65</i>	<i>(11)</i>
Total liabilities	16,716	6,984	(9,732)	6,131	3,486	(2,645)
Net assets	9,995	11,953	(1,958)	714	2,221	(1,507)
Equity						
Opening equity	16,412	13,529	2,883	16,412	13,529	2,883
Surplus / (deficit)	(6,417)	(1,576)	(4,841)	(15,698)	(11,308)	(4,390)
Capital contributions	-	-	-	-	-	-
Total equity	9,995	11,953	(1,958)	714	2,221	(1,507)

Appendix C – Statement of cash flows

Statement of cash flows For the period ending 30 November 2023 \$'000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Cash flow from operating activities									
Receipts from Crown	-	-	-	105,195	103,605	1,590	121,214	119,624	1,590
Interest received	76	10	66	464	50	414	534	120	414
Receipts from other revenue	1,129	13	1,116	1,003	88	916	1,141	1,191	(50)
Payments to employee related expenses	(13,290)	(4,996)	(8,293)	(57,236)	(55,801)	(1,435)	(75,745)	(71,788)	(3,957)
Payments to suppliers	(15,421)	(4,872)	(10,549)	(51,684)	(53,567)	1,884	(68,966)	(67,687)	(1,279)
Goods and services tax (net)	(9,152)	(7,272)	(1,880)	(260)	563	(823)	1,132	1,122	10
Net cash flows from operating activities (see Appendix D)	(36,658)	(17,118)	(19,540)	(2,517)	(5,063)	2,546	(20,689)	(17,418)	(3,272)
Cash flows from investing activities									
Receipts from sale of property, plant, and equipment	-	-	-	-	-	-	-	-	-
Purchase of property, plant, and equipment	-	-	-	-	-	-	-	-	-
Purchase of intangible assets	-	-	-	-	-	-	-	-	-
Net cash flows from investing activities	-	-	-	-	-	-	-	-	-
Cash flows from financing activities									
Receipts of capital contributions	-	-	-	-	-	-	-	-	-
Net cash flows from financing activities	-	-	-	-	-	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	(36,658)	(17,118)	(19,540)	(2,517)	(5,063)	2,546	(20,689)	(17,418)	(3,272)
Opening balance	60,068	33,607	26,462	25,928	21,552	4,376	25,928	21,552	4,376
Closing balance	23,410	16,489	6,921	23,410	16,489	6,921	5,238	4,134	1,104

Appendix D – Reconciliation of net surplus / (deficit) to net cash flow from operating activities

Reconciliation of net surplus / (deficit) to net cash flow from operating activities \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Net surplus / (deficit)	(11,769)	(9,211)	(2,559)	(6,417)	(1,576)	(4,841)	(15,698)	(11,308)	(4,390)
Add / (less) non-cash items									
Depreciation and amortisation expense	39	40	(1)	199	199	-	477	477	-
Loss / (gain) on disposal of assets	-	-	-	-	-	-	-	-	-
Movements in employee entitlements (non-current)	-	-	-	-	-	-	-	5	(5)
Total non-cash items	39	40	(1)	199	199	-	477	482	(5)
Working capital movements									
(Increase) / decrease in debtors and other receivables	1,111	-	1,111	(14)	-	(14)	(14)	-	(14)
(Increase) / decrease in inventory	11	3	8	(13)	13	(26)	5	30	(25)
(Increase) / decrease in prepayment	(5)	3	(8)	69	15	55	73	35	38
Increase / (decrease) in revenue in advance	(1,052)	(194)	(858)	830	(1,847)	2,677	(836)	(1,950)	1,114
Increase / (decrease) in creditors and other payables	(8,667)	(426)	(8,241)	2,216	(2,129)	4,345	(4,469)	(5,110)	641
Increase / (decrease) in goods and services tax	(9,152)	(7,272)	(1,880)	(260)	563	(823)	1,132	1,122	10
Increase / (decrease) in employee entitlements (current)	(7,174)	(60)	(7,114)	873	(300)	1,173	(1,361)	(719)	(642)
Net movements in working capital	(24,928)	(7,947)	(16,981)	3,701	(3,686)	7,387	(5,469)	(6,592)	1,123
Net cash flows from operating activities (see Appendix C)	(36,658)	(17,118)	(19,540)	(2,517)	(5,063)	2,546	(20,689)	(17,418)	(3,272)

Item#: 24.02-08c
Item: Finance Report for the month ending 31 December 2023
To: Electoral Commission Board
For: Board meeting 13 February 2024
Prepared by: Emma Gillard, Manager Finance & Administration

Recommendations

It is recommended that the Board:

1. **note** that:
 - a. the opening Reserves as at 1 July 2023 is \$16.404m
 - b. with the Board approved minimum reserves of \$2.221m, the maximum deficit that the Commission can afford for financial year 2023/24 is \$14.183m
2. **note** that the projected total operating expenditure for 2023/24 is \$137.786m with an expected deficit of \$14.113m, approximately 25% higher than budgeted deficit of \$11.308m (the Statement of revenue and expense is detailed in Appendix A)
3. **discuss** forecasted costs that could be reduced, deferred, or stopped during the period covering from January to June 2024.

Financial Overview

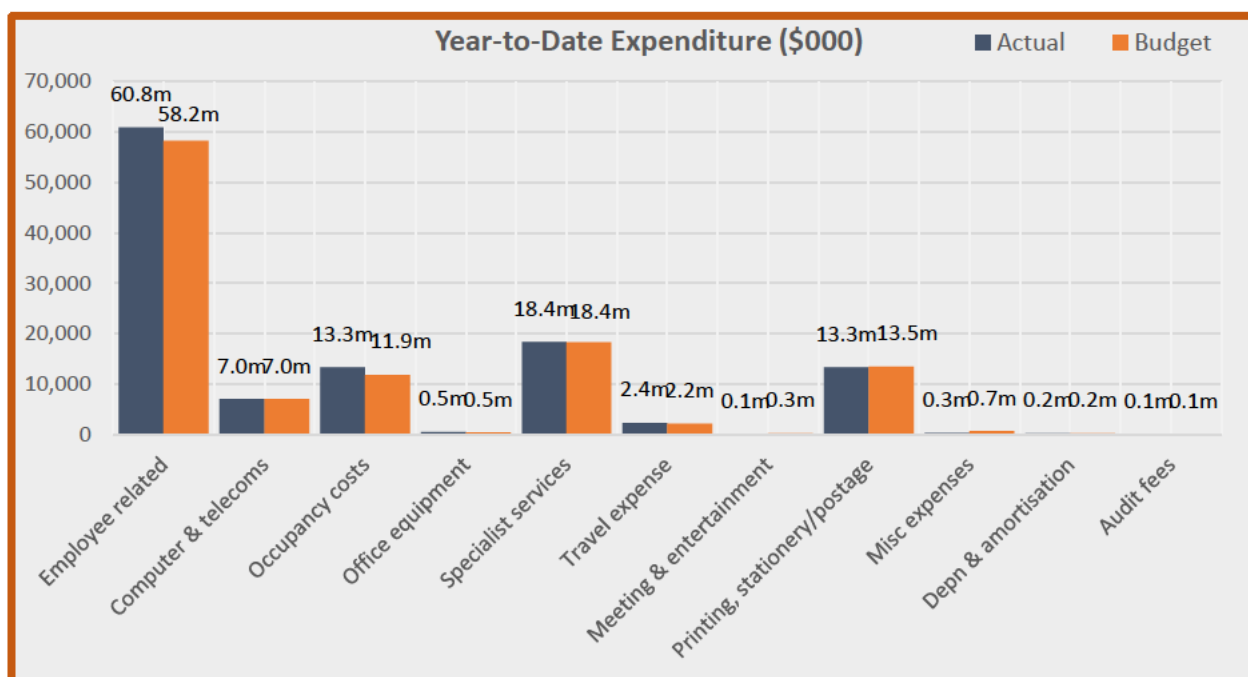
Financial Summary \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	5,634	200	5,434	111,481	105,790	5,691	123,673	122,885	788
Expense	4,277	5,765	1,488	116,541	112,930	(3,611)	137,786	134,193	(3,593)
Surplus / (deficit)	1,357	(5,564)	6,921	(5,060)	(7,140)	2,080	(14,113)	(11,308)	(2,805)

4. Total expenditure for the month of December is **\$4.277m**, 26% lower than budget resulting mainly

9(2)(b)(ii)
5. **Year-to-date deficit** is 29% lower than budget due to the early receipt of \$5m funding from the Crown through Ministry of Justice in December. However, this is partly offset by higher-than-expected field staff costs, particularly the HQ and support staff. YTD hours worked for field personnel is 131,640 hours (14%) more worked than budgeted. This is a key driver of the YTD overspend. There are also costs that have not been factored into the budget such as additional resources required due to new processes introduced after the setting of the budgets, and delays to commencement of the vote counts. In addition, there are unbudgeted costs to cover for the required security protocols and resilience in Voting services.
6. **Forecast** indicates that the Commission will end up with a deficit of \$14.113m which is approximately 25% higher than budget. This is largely driven by an expected overspend in the General Election (5% higher than budget of \$93.139m), partly offset by underspend in BAU (5% lower than budget of \$40.067m).

Year-to-Date Operating Expenditure

7. YTD operating expenditure is 3% higher than budget of \$112.930m. Comparison of actual versus budget is outlined below by expense category.



Favourable variance

8. **Meeting and entertainment** are below budget by \$0.135m, mainly due to underspend in meeting hire or lease. The underspend has been expected as more usage of internal premises or voting places for staff meetings and functions.
9. **Printing, stationery, and postage** are lower than budget by \$0.223m, 9(2)(b)(ii)
10. **Miscellaneous expenses** are also below budget by \$0.359m, mainly due to underspend in Election Access Fund grants. These grants are normally offset by revenue, so it's cost neutral to the Commission.

Unfavourable variance

11. **Employee related expenses** are higher than budget by \$2.617m, largely due to higher-than-expected field staff costs resulting from the delay of offboarding HQ staff due to quality review undertaken on the official election results as well as the electorate vote recounts. Also included is \$0.768m relating to the Port Waikato by-election, fully offset by revenue.
12. **Occupancy costs** including office equipment are higher than budget by \$1.486m due to unbudgeted costs to cover for the required security protocols and resilience in Voting services.
13. **Specialist services** are higher than budget by \$0.058m. Major factor to the overspend is \$0.382m relating to the Port Waikato by-election, fully offset by revenue.
14. **Travel expenses** are also higher than budget by \$0.173m due to higher usage of car rental and mileage than anticipated in the GE event.

Operating Expenditure by Business Group

Business Group \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance

Office of the Chief Executive	1,574	1,677	104	3,021	3,150	129
Enterprise Services	16,223	15,984	(239)	23,833	23,780	(53)
Operations	92,311	87,377	(4,934)	100,678	95,658	(5,019)
Strategy, Governance & Development	1,448	2,866	1,418	3,608	4,965	1,357
Programme Management Office	650	730	80	1,322	1,394	72
Māori Advisory	187	167	(20)	385	332	(53)
Legal & Policy	4,148	4,129	(19)	4,690	4,913	224
Projects	-	-	-	250	-	(250)
Total Expenditure	116,541	112,930	(3,611)	137,786	134,193	(3,593)

15. YTD overspend is \$3.611m which is largely contributed by Operations (\$4.934m) due to hours worked by field staff with a total year-to-date of 131,640 hours (14%) more worked than budgeted, and Enterprise Services (\$0.239m) mainly due to overspend in personnel related expenses resulting from contractors filling in vacancies. However, this is partly offset by underspend in Strategy, Governance & Development (\$1.418m) mainly due to timing of expenses for International (INT) Assistance, and grants relating to Election Access Fund (EAF).

16. Excluding EAF, INT & Broadcasting Allocation, the YTD overspend is \$4.775m. The breakdown by expense category is shown below.

Operating Expenditure Excluding EAF & INT \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	60,485	57,474	(3,011)	73,222	69,656	(3,565)
Computer & telecommunications	7,014	7,017	3	8,022	8,023	1
Occupancy costs	13,322	11,867	(1,455)	14,314	13,105	(1,209)
Office equipment	529	436	(94)	345	506	161
Specialist services	14,596	14,564	(32)	18,932	18,902	(30)
Travel expense	2,158	1,837	(321)	2,371	2,061	(310)
Meeting & entertainment	114	231	116	172	382	210
Printing, stationery & postage	13,308	13,363	54	13,793	13,754	(39)
Miscellaneous expenses	302	266	(36)	383	345	(38)
Depreciation & amortisation	239	239	-	478	477	(1)
Audit fees	80	80	-	160	160	-
Total Expenditure	112,147	107,372	(4,775)	132,191	127,372	(4,819)

Operating Expenditure by Event

17. The YTD overspend of \$3.611m (or \$4.775m excluding EAF, INT and Broadcasting Allocation) is largely driven by the GE event. These overspends are mainly due to more hours worked by field staff within Voting Services than anticipated (14% higher than budget). Also contributing to the overspend is \$1.503m year-to-date cost associated with the Port Waikato by-election, however this is fully offset by revenue received.

18. GE event includes EAF and Broadcasting Allocation expenses, whilst BAU includes INT expenses, however, these expenses are fully offset by revenue.

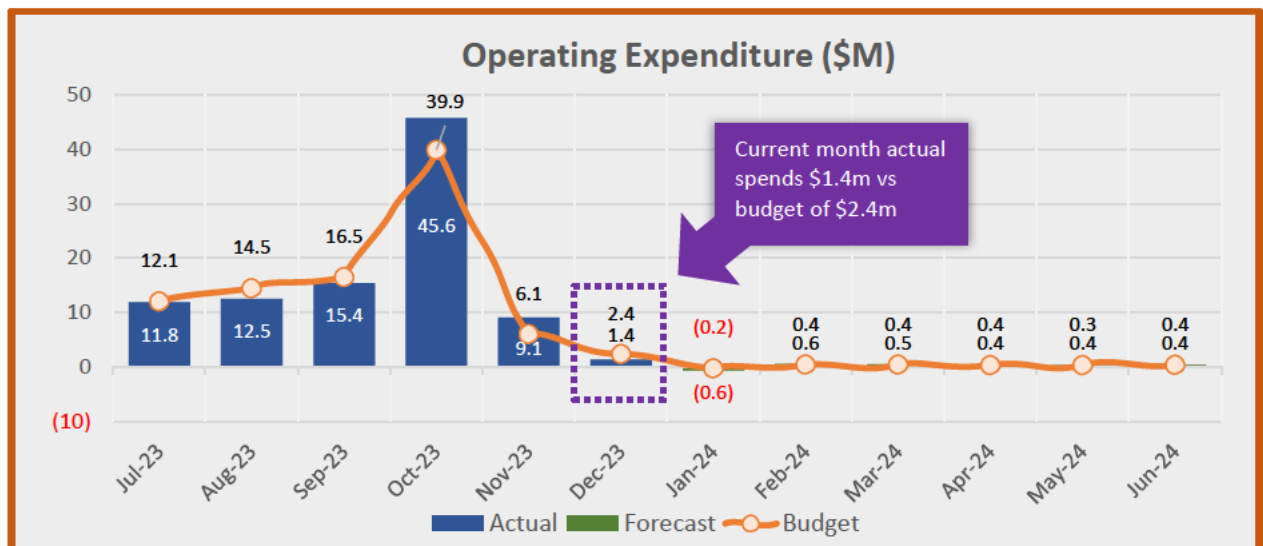
Event \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	95,884	91,371	(4,514)	97,486	93,139	(4,347)
EV2000 – By-Election	(1)	-	1	(1)	-	1
EV2001 – By-Election Port Waikato	1,503	-	(1,503)	1,590	-	(1,590)
EV3000 – Representation Commission	-	-	-	71	200	129
EV4001 – MEO2023	624	749	126	661	787	126
EV9999 – BAU	18,530	20,810	2,280	37,978	40,067	2,089
Total Expenditure	116,541	112,930	(3,611)	137,786	134,193	(3,593)

19. Excluding EAF, INT and Broadcasting Allocation, the YTD overspend is \$4.775m as broken down below by event.

Event – Excluding EAF, INT & Broadcasting Allocation \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	92,221	87,383	(4,838)	93,764	89,018	(4,746)
EV2000 – By-Election	(1)	-	1	(1)	-	1
EV2001 – By-Election Port Waikato	1,503	-	(1,503)	1,590	-	(1,590)
EV3000 – Representation Commission	-	-	-	71	200	129
EV4001 – MEO2023	624	749	126	661	787	126
EV9999 – BAU	17,800	19,240	1,440	36,106	37,367	1,261
Total Expenditure	112,147	107,372	(4,775)	132,191	127,372	(4,819)

General Election 2023

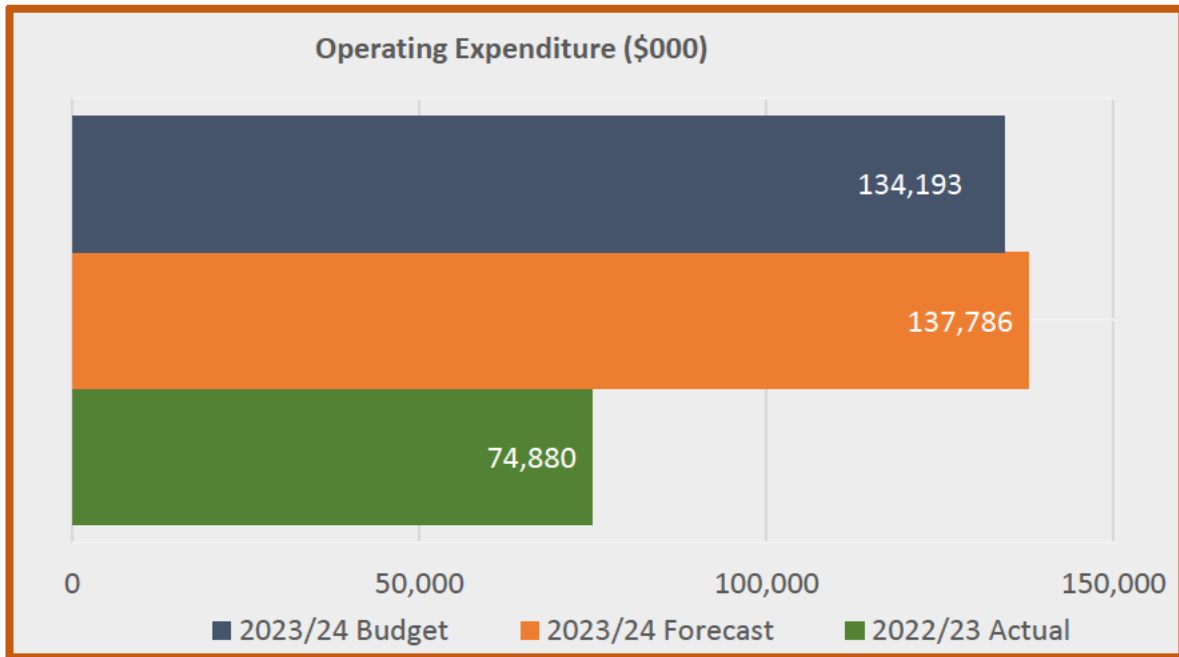
20. YTD operating expenditure is \$4.514m higher than budget, and forecast at year-end is expected at \$97.486m which is 5% higher than budget. The overspends are mainly due to more hours worked by field staff within Voting Services than anticipated (14% higher than budget).



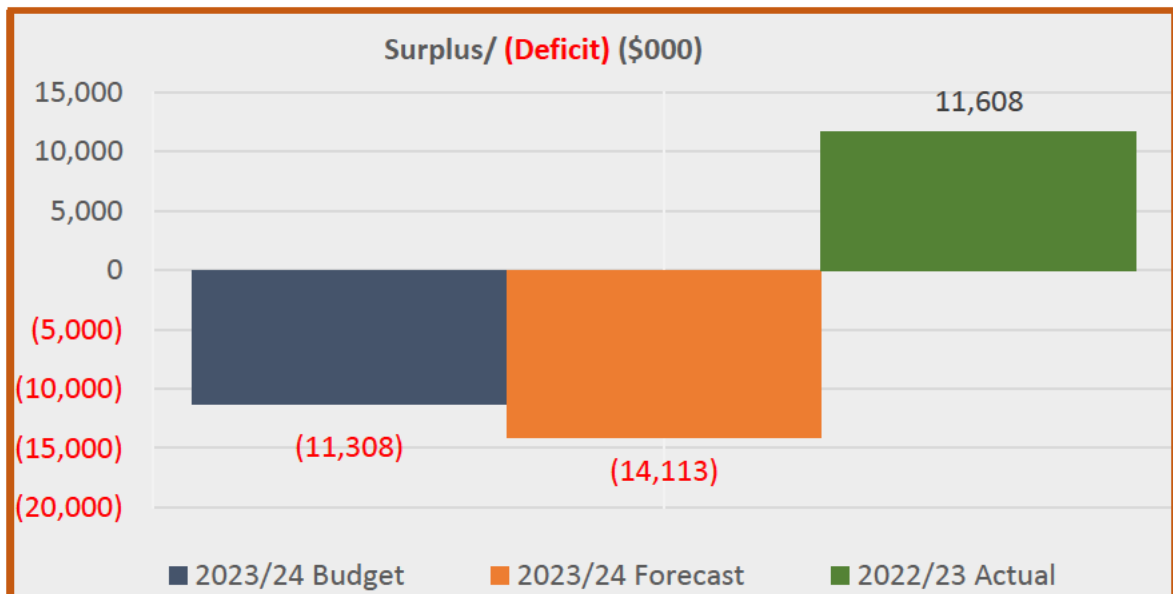
Operating Expenditure \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	48,699	46,198	(2,501)	50,820	47,854	(2,966)
Computer & telecommunications	4,901	5,322	421	4,070	4,576	506
Occupancy costs	12,336	10,758	(1,578)	12,476	10,898	(1,578)
Office equipment	459	365	(93)	204	365	162
Specialist services	14,560	13,711	(848)	14,976	14,414	(562)
Travel expense	1,899	1,496	(403)	1,907	1,507	(400)
Meeting & entertainment	93	73	(20)	95	76	(19)
Printing, stationery & postage	12,719	12,943	224	12,719	12,943	224
Miscellaneous expenses	219	505	286	219	505	287
Total Expenditure	95,884	91,371	(4,514)	97,486	93,139	(4,347)

Expected overspend in GE event at year-end - \$4.347m

Full Year Budget vs Forecast



21. Full year operating expenditure forecast is ~3% higher than budget of \$134.193m. Approximately 54% of costs relates to employee related expenses, 17% relates to specialist services, 10% relates to printing, stationery & postage, 10% relates to occupancy costs, and the remaining 9% is for other expenses.



22. End-of-year forecast is expected at **\$14.113m deficit** as compared to budgeted deficit of \$11.308m. This is mainly due to hours worked by field staff with a total year-to-date of 131,640 hours (14%) more worked than budgeted resulting from the delay of offboarding HQ staff due to quality review undertaken on the official election results as well as the electorate vote recounts. In addition, there is unbudgeted cost for the required security protocols and resilience in Voting Services.

FY2024 Budget Risks

23. The closing Reserves as at 30 June 2023 is \$16.404m. With the Board approved minimum reserves of \$2.221m, the maximum deficit that the Commission can afford for financial year 2023/24 is \$14.183m. Based on the latest forecast, the expected deficit is now at \$14.113m so this leaves a balance of \$0.070m.
24. As the year progresses, no permanent savings from employee related expenses have been identified so there is a risk of depleting Reserves that have been set aside as per the Board's instructions. It is important to recognise that any contingencies set aside during the budget process have been fully utilised to fund for unbudgeted but approved expenditure. Further overspends will put the Commission under significant financial pressure.
25. Table below shows the movement of operating reserves.

Movements in Reserves (\$000)	
Reserves as at 30 June 2019	\$6,070
Surplus 2019/20	\$19,345
Deficit 2020/21	(\$11,096)
Deficit 2021/22	(\$9,515)
Surplus 2022/23	\$11,600
Opening Reserves 1 July 2023	\$16,404
Less Board approved minimum reserves	(\$2,221)
FY2024 Maximum affordable deficit	\$14,183
Less Expected FY2024 deficit	(\$14,113)
FY2024 Projected Reserves balance	\$70

Statement of Financial Position

26. Working capital as at 31 December is 100% higher than budget of \$4.943m due to higher cash balance resulting from an early drawdown of funding from the Crown through Ministry of Justice. Also the Commission is expecting a GST refund from Inland Revenue. The details are shown below.

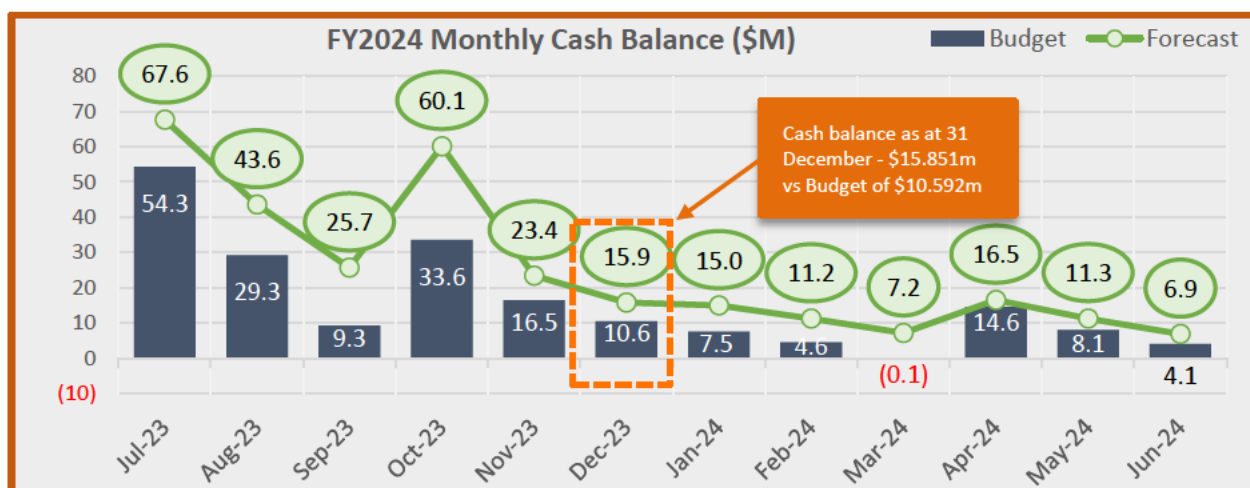
Working capital \$000	As at 31 December 2023			Full Year			2022/23
	Actual	Budget	Variance	Forecast	Budget	Variance	
Current assets	18,530	11,204	7,326	7,222	4,440	2,782	27,453
Current liabilities	8,619	6,260	2,359	6,125	3,421	2,704	12,721
Working capital	9,911	4,943	4,968	1,096	1,019	77	14,732
Working capital ratio	215%	179%		118%	130%		216%

27. Working capital ratio reflects the fact that it factors in current assets and current liabilities, which are generally defined as being able to be converted into cash within a year. As of 31 December, the current ratio is 215% against a budget of 179%, i.e., there is \$2.15 current asset to cover for every \$1 current liability, so the Commission can theoretically pay off all its liabilities with its existing assets. Statement of financial position is illustrated in Appendix B.

Statement of Cash Flows

28. Cash and cash equivalents as of 31 December is **\$15.851m**. Year to date, the Commission has received a total funding from the Crown through Ministry of Justice of \$110.195m including \$3.605m for Broadcasting allocation and \$1.590m for the Port Waikato By-Election. Funding

received represents 91% of the total expected Crown funding for the year and is presented net of GST.



29. YTD balance of cash and cash equivalents is 50% higher than budget due to early drawdown of \$5m funding from the Crown as well as additional funding received for the Port Waikato By-Election, partly offset by higher payments made to suppliers and employee related expenses than anticipated. The detailed statement of cash flows is shown in Appendix C & D.

Discussion

30. The closing Reserves as at 30 June 2023 is \$16.404m. With the Board approved minimum reserves of \$2.221m, the maximum deficit that the Commission can afford for financial year 2023/24 is \$14.183m.

31. To ensure that the Commission finishes the year with Reserves of at least at the Board approved minimum level of \$2.221m, ELT needs to discuss what areas of spend that are forecasted that could be reduced, deferred, or stopped during the period covering from January to June 2024. These areas could include recruitment for current or new vacancies, travel, and advertising, among others.

Appendices

Appendix A – Statement of revenue and expense

For the period ending 31 December 2023

Statement of revenue and expense \$000	Year-to-Date			Full Year			2022/23
	Actual	Budget	Variance	Forecast	Budget	Variance	
Revenue							
Revenue from Crown	110,201	104,060	6,141	121,066	119,840	1,226	84,441
Interest received	491	60	431	551	120	431	454
International assistance programme	730	1,570	(840)	1,872	2,700	(828)	1,485
Other income	59	100	(41)	184	225	(41)	108
Total Revenue	111,481	105,790	5,691	123,673	122,885	788	86,488
Expense							
Employee related expenses	60,836	58,218	(2,618)	74,255	71,074	(3,181)	33,633
Computer & telecommunications	7,019	7,027	8	8,037	8,043	6	4,488
Occupancy costs	13,322	11,892	(1,430)	14,339	13,155	(1,184)	9,269
Office equipment	529	473	(56)	345	544	199	2,465
Specialist services	18,414	18,356	(58)	22,917	22,933	16	14,347
Travel expense	2,361	2,188	(173)	2,819	2,656	(163)	1,413
Meeting & entertainment	116	251	135	183	412	229	140
Printing, stationery & postage	13,311	13,533	222	13,829	13,959	130	8,029
Miscellaneous expenses	314	673	359	425	780	355	402
Depreciation & amortisation	239	239	-	478	477	(1)	582
Audit fees	80	80	-	160	160	-	110
Total Expenses	116,541	112,930	(3,611)	137,786	134,193	(3,593)	74,880
Surplus / (deficit)	(5,060)	(7,140)	2,080	(14,113)	(11,308)	(2,805)	11,608

Appendix B – Statement of financial position

As at 31 December 2023

Statement of financial position \$000	As at 31 December 2023			Full Year			2022/23
	Actual	Budget	Variance	Forecast	Budget	Variance	
Assets							
Current Assets							
Cash and cash equivalents	15,851	10,592	5,259	6,898	4,134	2,764	25,928
Debtors and other receivables	35	5	30	35	5	30	23
Goods and services tax receivable	2,571	518	2,053	233	245	(12)	1,367
Inventory	39	35	4	20	20	-	25
Prepayment	36	54	(18)	36	36	-	109
<i>Total current assets</i>	<i>18,530</i>	<i>11,204</i>	<i>7,326</i>	<i>7,222</i>	<i>4,440</i>	<i>2,782</i>	<i>27,453</i>
Non-Current Assets							
Property, plant, and equipment	468	471	(3)	409	412	(3)	530
Intangible assets	1,049	1,034	15	869	855	14	1,226
<i>Total non-current assets</i>	<i>1,517</i>	<i>1,505</i>	<i>12</i>	<i>1,279</i>	<i>1,267</i>	<i>12</i>	<i>1,756</i>
Total Assets	20,048	12,709	7,339	8,501	5,707	2,794	29,209
Liabilities							
Current Liabilities							
Revenue in advance	4,998	1,219	(3,779)	4,010	1,294	(2,716)	4,774
Creditors and other payables	2,035	3,307	1,272	740	752	12	5,211
Employee entitlements (current)	1,586	1,735	149	1,375	1,375	-	2,736
<i>Total current liabilities</i>	<i>8,619</i>	<i>6,260</i>	<i>(2,359)</i>	<i>6,125</i>	<i>3,421</i>	<i>(2,704)</i>	<i>12,721</i>
Non-Current Liabilities							
Employee entitlements (non-current)	76	60	(16)	76	65	(11)	76
<i>Total non-current liabilities</i>	<i>76</i>	<i>60</i>	<i>(16)</i>	<i>76</i>	<i>65</i>	<i>(11)</i>	<i>76</i>
Total Liabilities	8,695	6,320	(2,375)	6,202	3,486	(2,716)	12,797
Net Assets	11,352	6,389	4,963	2,299	2,221	78	16,412
Equity							
Opening equity	16,412	13,529	2,883	16,412	13,529	2,883	4,804
Surplus / (deficit)	(5,060)	(7,140)	2,080	(14,113)	(11,308)	(2,805)	11,608
Capital contributions	-	-	-	-	-	-	-
Total Equity	11,352	6,389	4,963	2,299	2,221	78	16,412

Appendix C – Statement of cash flows

For the period ending 31 December 2023

Statement of cash flows \$000	Year-to-Date			Full Year			2022/23
	Actual	Budget	Variance	Forecast	Budget	Variance	
Cash flows from operating activities							
Receipts from Crown	110,195	103,605	6,590	121,214	119,624	1,590	83,961
Interest received	491	60	431	551	120	431	454
Receipts from other revenue	1,008	100	908	1,133	1,191	(58)	4,787
Payments to employee related expenses	(61,985)	(58,578)	(3,407)	(75,616)	(71,788)	(3,828)	(32,870)
Payments to suppliers	(58,581)	(56,996)	(1,585)	(67,445)	(67,687)	242	(37,701)
Goods and services tax (net)	(1,204)	849	(2,053)	1,134	1,122	12	(1,198)
<i>Net cash flows from operating activities</i>	<i>(10,077)</i>	<i>(10,960)</i>	<i>883</i>	<i>(19,029)</i>	<i>(17,418)</i>	<i>(1,611)</i>	<i>17,432</i>
Cash flows from investing activities							
Receipts from sale of property, plant, and equipment	-	-	-	-	-	-	-
Purchase of property, plant, and equipment	-	-	-	-	-	-	(28)
Purchase of intangible assets	-	-	-	-	-	-	-
Maturity of short-term investments	-	-	-	-	-	-	30,000
Placement of short-term investments	-	-	-	-	-	-	(30,000)
<i>Net cash flows from investing activities</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(28)</i>
Cash flows from financing activities							
Receipts of capital contributions	-	-	-	-	-	-	-
<i>Net cash flows from financing activities</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Net increase / (decrease) in cash and cash equivalents	(10,077)	(10,960)	883	(19,029)	(17,418)	(1,611)	17,404
Opening balance	25,928	21,552	4,376	25,928	21,552	4,376	8,524
Closing balance	15,851	10,592	5,259	6,898	4,134	2,764	25,928

Appendix D – Reconciliation of net surplus / (deficit) to net cash flow from operating activities

Reconciliation of net surplus/(deficit) to net cash flow from operating activities (\$000)	Year-to-Date			Full Year			2022/23 ¹
	Actual	Budget	Variance	Forecast	Budget	Variance	
Net surplus / (deficit)	(5,060)	(7,140)	2,080	(14,113)	(11,308)	(2,805)	11,608
Add / (less) non-cash items							
Depreciation and amortisation expense	239	239	-	478	477	1	582
Loss / (gain) on disposal of assets	-	-	-	-	-	-	-
Increase / (decrease) in employee entitlements (non-current)	-	-	-	-	5	(5)	21
<i>Total non-cash items</i>	<i>239</i>	<i>239</i>	<i>-</i>	<i>478</i>	<i>482</i>	<i>(4)</i>	<i>603</i>
Working capital movements							
(Increase) / decrease in debtors and other receivables	(11)	-	(11)	(11)	-	(11)	2,683
(Increase) / decrease in inventory	(13)	15	(28)	5	30	(25)	19
(Increase) / decrease in prepayment	74	18	56	73	35	38	(3)
Increase / (decrease) in revenue in advance	224	(2,025)	2,249	(764)	(1,950)	1,186	31
Increase / (decrease) in creditors and other payables	(3,176)	(2,555)	(621)	(4,471)	(5,110)	639	2,947
Increase / (decrease) in goods and services tax	(1,204)	849	(2,053)	1,134	1,122	12	(1,198)
Increase / (decrease) in employee entitlements (current)	(1,150)	(360)	(790)	(1,361)	(719)	(642)	742
<i>Net movement in working capital</i>	<i>(5,256)</i>	<i>(4,059)</i>	<i>(1,197)</i>	<i>(5,394)</i>	<i>(6,592)</i>	<i>1,198</i>	<i>5,222</i>
Net cash flows from operating activities	(10,077)	(10,960)	883	(19,029)	(17,418)	(1,611)	17,432

¹ Some items in the statement of cash flows have been reclassified to be consistent with the statement of revenue and expense classification. As a result, prior year comparative information has been restated. The changes are purely presentation and do not have an impact on final balances and accounting policies.

Item: Finance Report for the month ending 31 January 2024

To: Electoral Commission Board

For: Board meeting 13 March 2024

Prepared by: Emma Gillard, Manager Finance & Administration

Recommendations

It is recommended that the Board:

- Note** that the opening Reserves as at 1 July 2023 is \$16.404m. With the Board approved minimum reserves of \$2.221m, the maximum deficit that the Commission can afford for financial year 2023/24 is \$14.183m.
- Note** that the projected total operating expenditure for 2023/24 is \$137.439m with an expected deficit of \$11.982m, approximately 6% higher than budgeted deficit of \$11.308m. However the deficit is net of \$1.900m surplus resulting from the release of unused Election Access Fund (EAF). Statement of revenue and expense is detailed in Appendix A.

Financial Overview

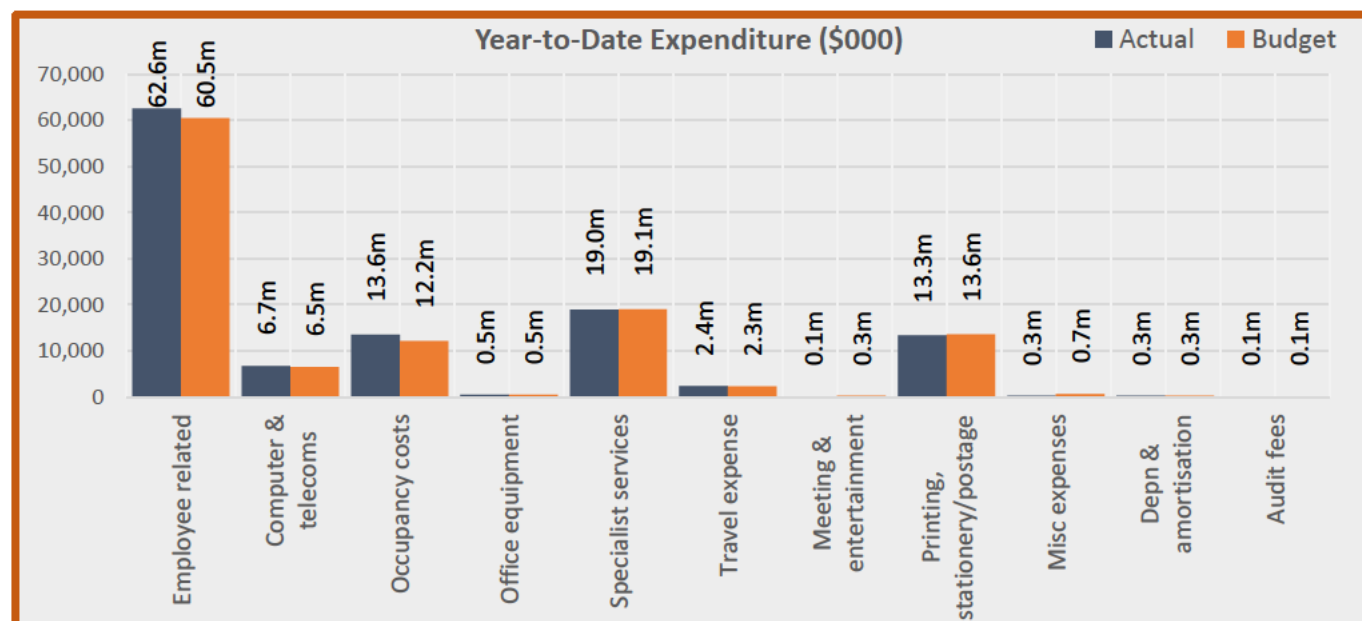
Financial Summary \$000	Current Month			Year-to-Date			Full Year		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Revenue	270	345	(75)	111,751	106,135	5,616	125,458	122,885	2,573
Expenditure	2,439	3,033	594	118,980	115,964	(3,016)	137,439	134,193	(3,246)
Surplus / (Deficit)	(2,169)	(2,689)	520	(7,228)	(9,829)	2,601	(11,982)	(11,308)	(674)

- Total expenditure for the month of January is \$2.439m, 20% lower than budget resulting mainly from underspend in personnel related expenses due to higher annual leave taken than anticipated, and some vacancies. Annual leave balance in January has reduced by \$0.314m (19%) compared to previous month.
- Year-to-date deficit** is 26% lower than budget due to the early receipt of \$5.000m funding from the Crown through Ministry of Justice (MoJ) in December. However this is partly offset by higher-than-expected field staff costs, particularly the headquarters and support staff. Year-to-date (YTD) hours worked for field personnel is 131,640 hours (14%) more worked than budgeted. This is a key driver of the YTD overspend. There are also costs that have not been factored into the budget such as additional resources required due to new processes introduced after the setting of the budgets, and delays to commencement of the vote counts. In addition, there are unbudgeted costs to cover for the required security protocols and resilience in Voting services.
- Forecast** indicates that the Commission will end up with a deficit of \$11.982m which is approximately 6% higher than budget.

9(2)(b)(ii)

Year-to-Date Operating Expenditure

6. YTD operating expenditure is 3% higher than budget of \$115.964m. Comparison of actual versus budget is outlined below by expense category.



Favourable variance

7. **Meeting and entertainment** are below budget by \$0.168m, mainly due to underspend in meeting hire or lease. The underspend has been expected as more usage of internal premises or voting places for staff meetings and functions.
8. **Printing, stationery, and postage** are lower than budget by \$0.288m, [REDACTED]
9(2)(b)(ii)
9. **Miscellaneous expenses** are also below budget by \$0.371m, mainly due to underspend in Election Access Fund grants. These grants are normally offset by revenue, so it's cost neutral to the Commission.

Unfavourable variance

10. **Employee related expenses** are higher than budget by \$2.089m, largely due to higher-than-expected field staff costs resulting from the delay of offboarding headquarter staff due to quality review undertaken on the official election results as well as the electorate vote recounts. Included in the overspend is \$0.775m relating to the Port Waikato by-election, fully offset by revenue.
11. **Occupancy costs** including office equipment are higher than budget by \$1.470m due to unbudgeted costs to cover for the required security protocols and resilience in Voting services.
12. **Computer and telecommunications** are also higher than budget by \$0.269m due to a conservative estimate of mobile phones buyback.

Operating Expenditure by Business Group

Business Group \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Office of the Chief Executive	1,788	1,929	142	2,974	3,150	177
Enterprise Services	16,797	16,591	(206)	23,740	23,780	40
Operations	93,531	88,832	(4,699)	100,724	95,658	(5,066)
Strategy, Governance & Development	1,729	3,314	1,585	3,441	4,965	1,523
Programme Management Office	704	833	129	1,237	1,394	157
Māori Advisory	209	195	(14)	380	332	(48)
Legal & Policy	4,222	4,270	47	4,693	4,913	220
Projects	-	-	-	250	-	(250)
Total Expenditure	118,980	115,964	(3,016)	137,439	134,193	(3,247)

13. YTD overspend is **\$3.016m** which is largely contributed by Operations (\$4.699m) due to hours worked by field staff with a total year-to-date of 131,640 hours (14%) more worked than budgeted, and Enterprise Services (\$0.206m) 9(2)(b)(ii). However, this is partly offset by underspend in Strategy, Governance & Development (\$1.585m) mainly due to timing of expenses for International (INT) Assistance, and grants relating to Election Access Fund (EAF).

14. Excluding EAF, INT & Broadcasting Allocation, the YTD overspend is **\$4.374m**. The breakdown by expense category is shown below.

Operating Expenditure Excluding EAF, INT & Broadcasting \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	62,163	59,608	(2,555)	72,511	69,656	(2,854)
Computer & telecommunications	6,738	6,458	(279)	8,287	8,023	(264)
Occupancy costs	13,596	12,132	(1,464)	14,544	13,105	(1,439)
Office equipment	540	447	(93)	599	506	(93)
Specialist services	15,078	15,159	82	18,784	18,902	119
Travel expense	2,154	1,874	(280)	2,332	2,061	(271)
Meeting & entertainment	116	255	140	164	382	218
Printing, stationery & postage	13,323	13,427	104	13,728	13,754	27
Miscellaneous expenses	307	279	(28)	376	345	(31)
Depreciation & amortisation	278	278	-	477	477	-
Audit fees	93	93	-	160	160	-
Total Expenditure	114,385	110,011	(4,374)	131,961	127,372	(4,589)

Operating Expenditure by Event

15. The YTD overspend of **\$3.016m** (or **\$4.374m** excluding EAF, INT and Broadcasting Allocation) is largely driven by the GE event. These overspends are mainly due to more hours worked by field staff within Voting Services than anticipated (14% higher than budget). Also contributing to the overspend is \$1.550m YTD cost associated with the Port Waikato by-election, however this is fully offset by revenue received.

Event \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	95,871	91,149	(4,722)	98,213	93,139	(5,074)
EV2000 – By-Election	(1)	-	1	(1)	-	1
EV2001 – By-Election Port Waikato	1,550	-	(1,550)	1,590	-	(1,590)
EV3000 – Representation Commission	-	-	-	71	200	129
EV4001 – MEO2023	626	749	123	664	787	123
EV9999 – BAU	20,933	24,065	3,132	36,902	40,067	3,165
Total Expenditure	118,980	115,964	(3,016)	137,439	134,193	(3,247)

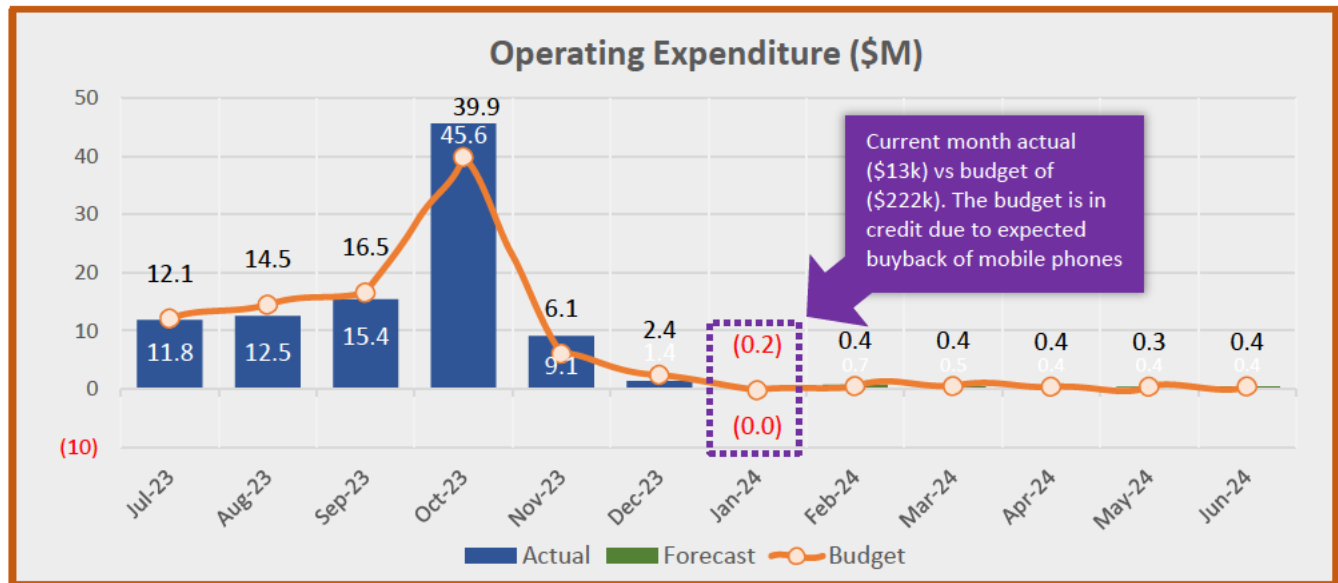
16. GE event includes EAF and Broadcasting Allocation expenses, whilst BAU includes INT expenses, however, these expenses are fully offset by revenue.

17. Excluding EAF, INT and Broadcasting Allocation, the YTD overspend is \$4.374m as broken down below by event.

Event – Excluding EAF, INT & Broadcasting Allocation \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
EV1001 – GE2023	92,186	87,079	(5,107)	94,471	89,018	(5,453)
EV2000 – By-Election	(1)	-	1	(1)	-	1
EV2001 – By-Election Port Waikato	1,550	-	(1,550)	1,590	-	(1,590)
EV3000 – Representation Commission	-	-	-	71	200	129
EV4001 – MEO2023	626	749	123	664	787	123
EV9999 – BAU	20,024	22,184	2,159	35,165	37,367	2,202
Total Expenditure	114,385	110,011	(4,374)	131,961	127,372	(4,589)

General Election 2023

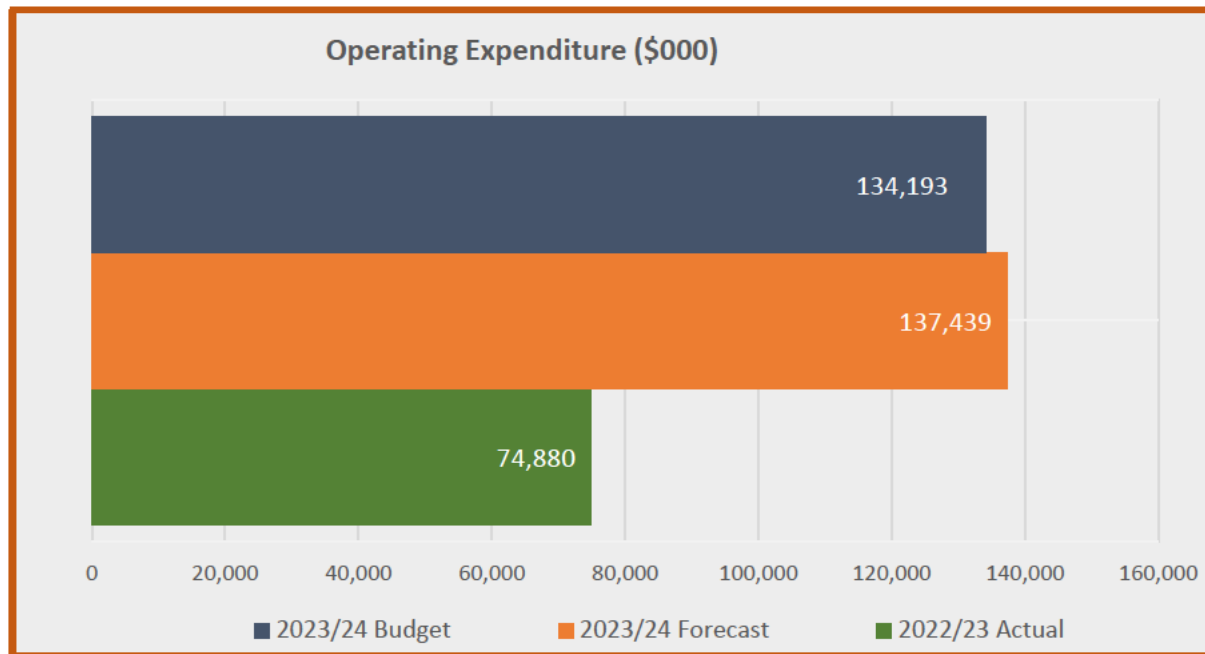
18. YTD operating expenditure is \$4.722m higher than budget, and forecast at year-end is expected at \$98.213m which is 5% higher than budget. The overspends are mainly due to more hours worked by field staff within Voting Services than anticipated (14% higher than budget).



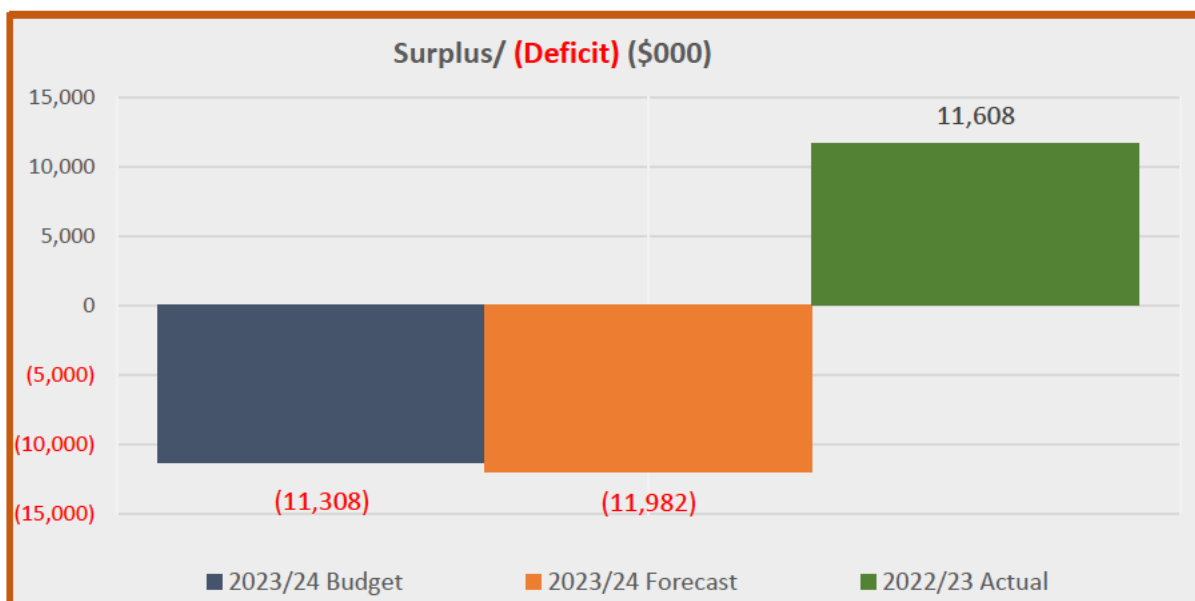
Operating Expenditure \$000	Year-to-Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Employee related expenses	48,941	46,536	(2,404)	50,707	47,854	(2,852)
Computer & telecommunications	4,262	4,520	257	4,262	4,576	313
Occupancy costs	12,481	10,839	(1,642)	12,694	10,898	(1,796)
Office equipment	458	365	(93)	458	365	(93)
Specialist services	14,788	13,872	(917)	15,143	14,414	(728)
Travel expense	1,893	1,497	(396)	1,900	1,507	(393)
Meeting & entertainment	94	73	(21)	96	76	(20)
Printing, stationery & postage	12,727	12,943	216	12,727	12,943	216
Miscellaneous expenses	227	505	279	227	505	279
Total Expenditure	95,871	91,149	(4,722)	98,213	93,139	(5,074)

Expected overspend
in GE event at year-
end - \$5.074m

Full Year Budget vs Forecast



19. Full year operating expenditure forecast is ~2% higher than budget of \$134.193m. Approximately 53% of costs relates to employee related expenses, 17% relates to specialist services, 10% relates to printing, stationery & postage, 11% relates to occupancy costs, and the remaining 9% is for other expenses.



20. End-of-year forecast is expected at **\$11.982m deficit** as compared to budgeted deficit of \$11.308m. This is mainly due to hours worked by field staff with a total year-to-date of 131,640 hours (14%) more worked than budgeted resulting from the delay of offboarding headquarter staff due to quality review undertaken on the official election results as well as the electorate vote recounts. In addition, there is unbudgeted cost for the required security protocols and resilience in Voting Services. The overspend is partly offset by favourable variance in revenue due to the release of \$1.900m unused EAF from balance sheet into profit and loss.

FY2024 Budget Risks

21. The closing Reserves as at 30 June 2023 is \$16.404m. With the Board approved minimum reserves of \$2.221m, the maximum deficit that the Commission can afford for financial year 2023/24 is \$14.183m. Based on the latest forecast, the expected deficit is now at \$11.982m so this leaves a balance of \$2.201m inclusive of \$1.900m surplus from the Election Access Fund.
22. As the year progresses, permanent savings from employee related expenses have been identified due to vacancies, however this is offset by overspend in Voting Services particularly in field personnel. It is important to recognise that any contingencies set aside during the budget process have been fully utilised to fund for unbudgeted but approved expenditure. Further commitments will put the Commission under significant financial pressure so there is still a risk of depleting Reserves that have been set aside as per the Board's instructions.
23. Table below shows the movement of operating reserves.

Movements in Reserves (\$000)	
Reserves as at 30 June 2019	\$6,070
Surplus 2019/20	\$19,345
Deficit 2020/21	(\$11,096)
Deficit 2021/22	(\$9,515)
Surplus 2022/23	\$11,600
Opening Reserves 1 July 2023	\$16,404
Less Expected FY2024 deficit	(\$11,982)
Projected closing reserves, 30 June 2024	\$4,422
Less Board approved minimum reserves	(\$2,221)
Less EAF excess funds to be returned to Crown	(\$1,900)
Projected funds available	\$301

Statement of Financial Position

24. Working capital as at 31 January is **239% higher** than budget of \$2.294m due to higher cash balance resulting from an early drawdown of funding from the Crown through Ministry of Justice. Also the Commission is expecting cash payout from buy back of mobile phones and laptops. The details are shown below.

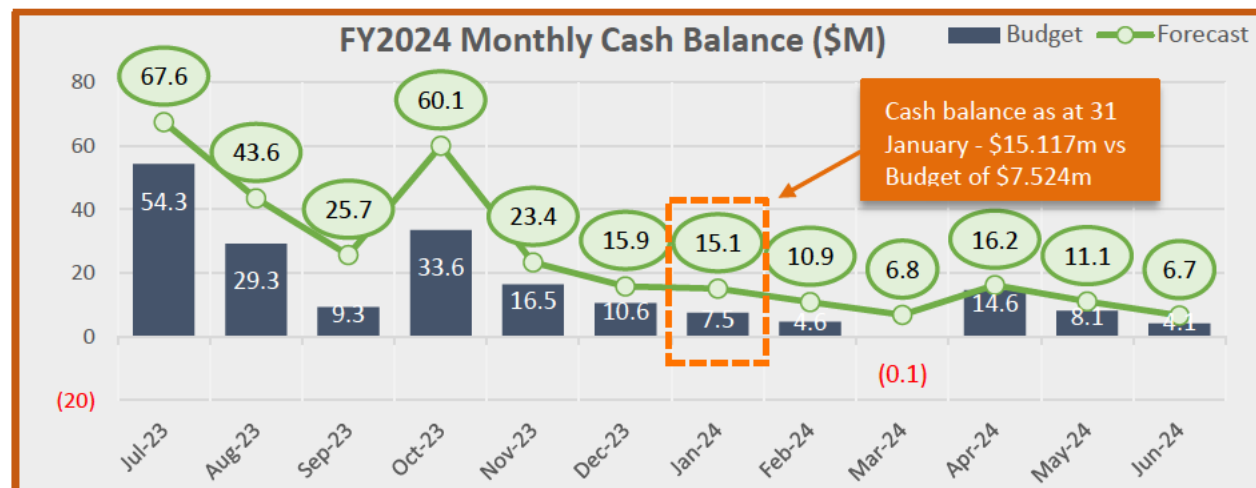
Working capital \$000	As at 31 January 2024			Full Year			2022/23
	Actual	Budget	Variance	Forecast	Budget	Variance	
Current assets	15,822	7,747	8,075	7,586	4,440	3,146	27,453
Current liabilities	8,041	5,452	2,589	4,359	3,421	938	12,721
Working capital	7,781	2,294	5,487	3,227	1,019	2,208	14,732
Working capital ratio	197%	142%		174%	130%		216%

25. Working capital ratio reflects the fact that it factors in current assets and current liabilities, which are generally defined as being able to be converted into cash within a year. As of 31 January, the

current ratio is 197% against a budget of 142%, i.e., there is \$1.97 current asset to cover for every \$1 current liability, so the Commission can theoretically pay off all its liabilities with its existing assets. Statement of financial position is illustrated in Appendix B.

Statement of Cash Flows

26. Cash and cash equivalents as of 31 January is **\$15.117m**. Year to date, the Commission has received a total funding from the Crown through Ministry of Justice of \$110.195m including \$3.605m for Broadcasting allocation and \$1.590m for the Port Waikato By-Election. Funding received represents 91% of the total expected Crown funding for the year and is presented net of GST.



27. YTD balance of cash and cash equivalents is **101% higher** than budget due to early drawdown of \$5m funding from the Crown as well as additional funding received for the Port Waikato By-Election, partly offset by higher payments made to suppliers and employee related expenses than anticipated. The detailed statement of cash flows is shown in Appendix C & D.

Discussion

28. The closing Reserves as at 30 June 2023 is \$16.404m. With the Board approved minimum reserves of \$2.221m, the maximum deficit that the Commission can afford for financial year 2023/24 is \$14.183m.
29. To ensure that the Commission finishes the year with Reserves of at least at the Board approved minimum level of \$2.221m, ELT needs to ensure that budget managers monitor their spending for the remaining months of the year, and mitigate the impact of any potential risks by developing a plan to manage, eliminate, or limit setbacks as much as possible.

Appendices

Appendix A – Statement of revenue and expense

For the period ending 31 January 2024

Statement of revenue and expense	Year-to-Date			Full Year			2022/23
\$000	Actual	Budget	Variance	Forecast	Budget	Variance	
Revenue							
Revenue from Crown	110,254	104,071	6,183	122,970	119,840	3,130	84,441
Interest received	514	70	444	564	120	444	454
International assistance programme	908	1,881	(973)	1,736	2,700	(964)	1,485
Other income	75	113	(38)	188	225	(37)	108
Total Revenue	111,751	106,135	5,616	125,458	122,885	2,573	86,488
Expense							
Employee related expenses	62,566	60,477	(2,089)	73,477	71,074	(2,403)	33,633
Computer & telecommunications	6,743	6,473	(270)	8,297	8,043	(254)	4,488
Occupancy costs	13,596	12,182	(1,414)	14,544	13,155	(1,389)	9,269
Office equipment	540	484	(56)	599	544	(55)	2,465
Specialist services	19,003	19,072	69	22,827	22,933	106	14,347
Travel expense	2,380	2,296	(84)	2,731	2,656	(75)	1,413
Meeting & entertainment	117	285	168	166	412	246	140
Printing, stationery & postage	13,344	13,632	288	13,749	13,959	210	8,029
Miscellaneous expenses	320	691	371	413	780	367	402
Depreciation & amortisation	278	278	-	477	477	-	582
Audit fees	93	93	-	160	160	-	110
Total Expenses	118,980	115,964	(3,016)	137,439	134,193	(3,246)	74,880
Surplus / (deficit)	(7,228)	(9,829)	2,601	(11,982)	(11,308)	(674)	11,608

Appendix B – Statement of financial position

As at 31 January 2024

Statement of financial position \$000	As at 31 January 2024			Full Year			2022/23
	Actual	Budget	Variance	Forecast	Budget	Variance	
Assets							
Current Assets							
Cash and cash equivalents	15,117	7,524	7,593	6,656	4,134	2,522	25,928
Debtors and other receivables	638	5	633	638	5	633	23
Goods and services tax receivable	-	-	-	236	245	(9)	1,367
Inventory	31	33	(2)	20	20	-	25
Prepayment	36	51	(15)	36	36	-	109
<i>Total current assets</i>	<i>15,822</i>	<i>7,612</i>	<i>8,210</i>	<i>7,586</i>	<i>4,440</i>	<i>3,146</i>	<i>27,453</i>
Non-Current Assets							
Property, plant, and equipment	459	461	(2)	410	412	(2)	530
Intangible assets	1,019	1,004	15	870	855	15	1,226
<i>Total non-current assets</i>	<i>1,478</i>	<i>1,466</i>	<i>12</i>	<i>1,280</i>	<i>1,267</i>	<i>13</i>	<i>1,756</i>
Total Assets	17,301	9,077	8,224	8,866	5,707	3,159	29,209
Liabilities							
Current Liabilities							
Revenue in advance	4,767	897	(3,870)	2,242	1,294	(948)	4,774
Creditors and other payables	1,359	2,881	1,522	743	752	9	5,211
Goods and services tax	509	(135)	(644)	-	-	-	-
Employee entitlements (current)	1,406	1,675	269	1,375	1,375	-	2,736
<i>Total current liabilities</i>	<i>8,041</i>	<i>5,317</i>	<i>(2,724)</i>	<i>4,359</i>	<i>3,421</i>	<i>(938)</i>	<i>12,721</i>
Non-Current Liabilities							
Employee entitlements (non-current)	76	60	(16)	76	65	(11)	76
<i>Total non-current liabilities</i>	<i>76</i>	<i>60</i>	<i>(16)</i>	<i>76</i>	<i>65</i>	<i>(11)</i>	<i>76</i>
Total Liabilities	8,117	5,377	(2,740)	4,436	3,486	(950)	12,797
Net Assets	9,184	3,700	5,484	4,430	2,221	2,209	16,412
Equity							
Opening equity	16,412	13,529	2,883	16,412	13,529	2,883	4,804
Surplus / (deficit)	(7,228)	(9,829)	2,601	(11,982)	(11,308)	(674)	11,608
Capital contributions	-	-	-	-	-	-	-
Total Equity	9,184	3,700	5,484	4,430	2,221	2,209	16,412

Appendix C – Statement of cash flows

For the period ending 31 January 2024

Statement of cash flows \$000	Year-to-Date			Full Year			2022/23 ¹
	Actual	Budget	Variance	Forecast	Budget	Variance	
Cash flows from operating activities							
Receipts from Crown	110,195	103,605	6,590	121,214	119,624	1,590	83,961
Interest received	514	70	444	564	120	444	454
Receipts from other revenue	420	113	307	533	1,191	(658)	4,787
Payments to employee related expenses	(63,896)	(60,896)	(3,000)	(74,838)	(71,788)	(3,050)	(32,870)
Payments to suppliers	(59,920)	(58,151)	(1,769)	(67,875)	(67,687)	(188)	(37,701)
Goods and services tax (net)	1,876	1,232	644	1,131	1,122	9	(1,198)
<i>Net cash flows from operating activities</i>	<i>(10,811)</i>	<i>(14,028)</i>	<i>3,217</i>	<i>(19,272)</i>	<i>(17,418)</i>	<i>(1,854)</i>	<i>17,432</i>
Cash flows from investing activities							
Receipts from sale of property, plant, and equipment	-	-	-	-	-	-	-
Purchase of property, plant, and equipment	-	-	-	-	-	-	(28)
Purchase of intangible assets	-	-	-	-	-	-	-
Maturity of short-term investments	-	-	-	-	-	-	30,000
Placement of short-term investments	-	-	-	-	-	-	(30,000)
<i>Net cash flows from investing activities</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(28)</i>
Cash flows from financing activities							
Receipts of capital contributions	-	-	-	-	-	-	-
<i>Net cash flows from financing activities</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Net increase / (decrease) in cash and cash equivalents	(10,811)	(14,028)	3,217	(19,272)	(17,418)	(1,854)	17,404
Opening balance	25,928	21,552	4,376	25,928	21,552	4,376	8,524
Closing balance	15,117	7,524	7,593	6,656	4,134	2,522	25,928

¹ Some items in the statement of cash flows have been reclassified to be consistent with the statement of revenue and expense classification. As a result, prior year comparative information has been restated. The changes are purely presentation and do not have an impact on final balances and accounting policies.

Appendix D – Reconciliation of net surplus / (deficit) to net cash flow from operating activities

Reconciliation of net surplus/(deficit) to net cash flow from operating activities (\$000)	Year-to-Date			Full Year			2022/23 ²
	Actual	Budget	Variance	Forecast	Budget	Variance	
Net surplus / (deficit)	(7,228)	(9,829)	2,601	(11,982)	(11,308)	(674)	11,608
Add / (less) non-cash items							
Depreciation and amortisation expense	278	278	-	477	477	-	582
Loss / (gain) on disposal of assets	-	-	-	-	-	-	-
Increase / (decrease) in employee entitlements (non-current)	-	-	-	-	5	(5)	21
<i>Total non-cash items</i>	<i>278</i>	<i>278</i>	<i>-</i>	<i>477</i>	<i>482</i>	<i>(5)</i>	<i>603</i>
Working capital movements							
(Increase) / decrease in debtors and other receivables	(615)	-	(615)	(615)	-	(615)	2,683
(Increase) / decrease in inventory	(6)	18	(24)	5	30	(25)	19
(Increase) / decrease in prepayment	74	20	54	73	35	38	(3)
Increase / (decrease) in revenue in advance	(7)	(2,347)	2,340	(2,532)	(1,950)	(582)	31
Increase / (decrease) in creditors and other payables	(3,852)	(2,981)	(871)	(4,468)	(5,110)	642	2,947
Increase / (decrease) in goods and services tax	1,876	1,232	644	1,131	1,122	9	(1,198)
Increase / (decrease) in employee entitlements (current)	(1,330)	(419)	(911)	(1,361)	(719)	(642)	742
<i>Net movement in working capital</i>	<i>(3,860)</i>	<i>(4,478)</i>	<i>618</i>	<i>(7,767)</i>	<i>(6,592)</i>	<i>(1,175)</i>	<i>5,222</i>
Net cash flows from operating activities	(10,811)	(14,028)	3,217	(19,272)	(17,418)	(1,854)	17,432

² Some items in the statement of cash flows have been reclassified to be consistent with the statement of revenue and expense classification. As a result, prior year comparative information has been restated. The changes are purely presentation and do not have an impact on final balances and accounting policies.



Highlights



Delivery

- GE2023 public information and enrolment update campaigns kicked off
- Overseas voting started 27 September



Preparation

- Finalised preparations for GE 2023
- 20,031 people employed or offered employment in General Election roles by 30 September 2023



Organisation

- New GE2023 health, safety and welfare guidelines for approved to ensure we meet our obligations as a PCBU
- Certification of key systems completed

Performance measures

Our delivery against our performance measures for the period 1 July to 30 September 2023 is detailed in Appendix A.

We achieved all our first quarter General Election related milestones and are on track to achieve most other measures. However, it appears that the enrolment number targets set for 2023/24 may have been too ambitious. We will have a clearer picture next quarter once enrolments received during the election period have been processed and we have received updated population estimates for total eligible voters and eligible voters aged 18-24 years.

Forecasting enrolment numbers is a challenge as we do not receive population estimates for all our populations of interest. Also, enrolment numbers fluctuate depending on where we are in the general election cycle, with public awareness and engagement highest just prior to an election.

Post Q1 – Key upcoming milestones

14 October 2023	Election Day
20 October 2023	Candidate nominations close for Port Waikato By-Election
3 November 2023	General Election official results due
25 November 2023	Port Waikato By-Election Day

Strategic priorities

Our primary focus this quarter was on ensuring that final preparations for the General Election were delivered on schedule and we have robust processes and systems in place so we can quickly respond to any disruptive events during the election period.

Building our capability

Recruitment for our three regional enrolment processing teams was completed in July, with two of the teams fully trained and operational before the GE2023 enrolment update campaign went live on 30 July.

In early August, we provided our staff with the campaign kit for the 2023 General Election. The kit contains all the information our people need to feel confident managing public enquiries, including a refresher on political neutrality.

We developed new health, safety and welfare guidelines, called guardrails, which will help keep our staff safe during the election period and beyond. Staff were briefed on these guidelines and on physical security awareness. Additional training and resources were provided to field staff, and we have implemented new digital tools for reporting on health and safety and security risks and incidents.

We worked closely with iwi and Māori communities to improve the delivery of voting services for Māori in this year's General Election. This involved identifying priority locations where Māori voter turnout has been low in the past, and then working with local contacts to identify appropriate voting places and to recruit people from within those communities to work with us. This resulted in 16 Kaupapa Māori voting places (where people could complete the voting process in Te Reo Māori) and 197 other election day voting places that were identified with Māori communities.

Work continued to update and refine the Commission's suite of corporate policies and processes. We finalised both our travel policy and our Time Off in Lieu (TOIL) guidelines.

Preparing for an election

Māori Electoral Option

The Māori Electoral Option closed on 13 July, three months prior to the General Election. Between 31 March, when the law change expanding opportunities to change rolls came into effect, and midnight on 13 July, nearly 40,000 voters of Māori descent changed rolls, enrolled for the first time, or updated their details:

- 14,587 changed roll types: 8,109 from the general roll to the Māori roll, and 6,478 from the Māori roll to the general roll.
- there were 2,133 new enrolments on the Māori roll and 1,108 new enrolments on the general roll.
- another 22,136 voters of Māori descent didn't change rolls, but updated their details, for example their address.

Recruitment

Recruitment advertising to fill general election-related roles started on 3 July. This year we highlighted the skills people may have gained through their communities, hobbies or interests, rather than just through work. To combat misconceptions that election workers are volunteers, we promoted that we are a living wage employer and that all our roles are paid. Our imagery included a variety of people to show that we want our voting places to reflect the communities they serve. As well as appearing on major job websites, such as SEEK and TradeMe Jobs, our advertising was positioned in national, community and ethnic newspapers, as digital banners on websites, and as sponsored content on social media. We also placed billboards and posters in communities across the country.

Public information and enrolment campaigns

Our general election public information and education campaign began on 30 July, with the first phase of the campaign letting people know that they would be receiving their enrolment update pack in the mail. 3,357,425 enrolment update packs were delivered and a further 71,241 packs were posted to New Zealanders living overseas in 136 different countries. In September the motivational layer of our campaign began, with a focus on reaching people who may not usually vote or who are hesitant because they feel their voice may not be heard. This year's campaign used a wide range of channels, including television, print media, radio, digital media, social media, posters, billboards, outdoor digital signage, and buses. We have also developed media partnerships, for instance with TVNZ and Whakaata Māori, which involve us working with these organisations to create engaging content for their channels.

We held a media briefing on 2 August in the National Library auditorium. Chief Electoral Officer Karl Le Quesne and Manager Legal and Policy Kristina Temel spoke, talking about the start of the enrolment drive and public information programme and reminding those who attended about key dates over the election period and the timeline for the release of results.

Integrity of electoral processes

Following our announcement of the broadcasting allocation on 12 May 2023, four political parties requested a High Court judicial review of the allocation. The case was decided on 13 July 2023, with the judge upholding our approach to the statutory criteria.

Our monitoring of election advertising resulted in two separate referrals to Police on 15 August related to election advertisements broadcast on radio stations outside the election period.

Preparedness for disruption and risk management

On 21 August we published the General Election protocols, which were developed with the Ministry of Justice, the Department of the Prime Minister and Cabinet, Government Communications Security Bureau, and the New Zealand Security Intelligence Service. The protocols set out the respective roles and responsibilities of the Electoral Commission and government agencies for the delivery and support of the election. They include protocols on managing election disruptions and communications.

Our GE Delivery Taskforce was activated on Writ Day, 10 September. The Taskforce brings together a range of key people from across the Commission to coordinate both operational and tactical support. The taskforce is the first port of call for any issues that arise for our field staff and has been providing daily reports and updates to the ELT. Prior to Writ Day, the taskforce held two trial runs to test processes and channels.

Running the election

Candidate nominations closed at noon on 15 September, and we released the list of eligible parties and candidates online the next day, following rigorous assurance checking of the nominations. This process triggers the huge effort to collate, print and distribute candidate information for Easy Vote packs and voting papers.

Overseas voting started on Wednesday 27 September for eligible New Zealand voters. As at 30 September, 18,328 voting papers had been downloaded and 6,065 completed papers had been uploaded. More than 70 voting places are available around the world for people wanting to vote in person.

Building relationships and understanding

New Zealand

The focus of our community engagement this quarter was on raising awareness of the upcoming general election and increasing New Zealanders' understanding of how to enrol or update their enrolment details and how to vote. We held 860 engagement activities either in person or online with groups across New Zealand, complementing the messaging from our public information and education campaign (see **Preparing for an election** section above).

This engagement activity included attending INVOLVE 2023: The Stars That Guide Us conference in Auckland. INVOLVE is the national conference for youth health and development in New Zealand. Our staff were able to make new connections with others working in the youth sector, share information and enrol attendees to vote.

Over 117,000 students from 667 schools took part in Kids Voting, our civic education programme that provides teachers with curriculum-linked resources that take students through the election process. Students from years 1 to 13 participate in a mock election and vote for the same real-life candidates as eligible voters. Kids Voting kicked off on 19 September.

International

Preparations continued for the General Election visitor programme, which will see for 37 representatives from 13 countries to visit New Zealand over three days in October. The visitors will receive presentations from Commission staff about our electoral system and processes and visit electoral offices and voting places to see firsthand how we run an election. In exchange for support provided for the Fiji General Election visitors programme, we will have a representative from the Fijian Elections Office working with us for two weeks to deliver the visitor programme.

Preparing for the future

This quarter we established our “lessons learned” approach for the General Election. Through this process we will review all aspects of the election programme from planning to delivery, gathering insights from temporary and permanent staff, partner agencies, service providers and a sample of voters and non-voters. Insights from this process will be a key input into our planning for the next general election but will also inform development of our longer-term strategy and plans.

We continued to work with the Ministry of Justice and the Department of Internal Affairs on the Electoral (Lowering Voting Age for Local Elections and Polls) Legislation Bill. While the Bill would

not change the voting age for parliamentary elections, it would establish a new category of electors, named youth electors, and provide for 16-year-olds and 17-year-olds to be registered on a youth electoral roll, which we would administer.

We also met with the Ministry of Youth Development's 10-year youth strategy working group and signalled our interest in involvement in the civic participation workstream.

Key activities

- Launched our General Election awareness and information campaign.
- Commenced recruitment of staff to work during the election period and training delivery.
- Supported the audit of our 2022/23 financial statements and performance that began on 11 September 2023, with KPMG conducting the audit on behalf of the Auditor-General.

Risks

Our focus this quarter was on risks to the delivery of the election. To this end ELT and the Board reviewed a number of key enterprise-wide risks through Enterprise Risk Deep Dives, including:

- Recruitment
- Cybersecurity
- Disruptive events at voting places
- Cyclone impacted areas
- Māori engagement
- Privacy and Information management.

During the election, the GE taskforce was activated to triage and manage election delivery risks.

With the focus on GE2023 and related risks, the detailed enterprise risk profile has not yet been completed and is planned to be reviewed in November 2023. A high-level review does not indicate material changes to the risk levels (see Appendix C).

Financial performance

Net Surplus/(Deficit) – The quarter has resulted with a deficit of \$5.847m which, due predominately to lower revenue, is 38% lower than budgeted deficit of \$9.480m. However year-end forecast is expected to be at \$14.153m deficit which is 25% higher than budgeted deficit of \$11.308m, largely due to unbudgeted expenditure for election related activities involving the easy vote project and voting services. Forecast does not reflect the costs of running the Port Waikato By-Election.

Expenditure – Total operating expenditure is \$50.209m, which is approximately 8% lower than budget. The underspend is largely due to timing of advertising and publicity in the Broadcasting Allocation as there is a lag for the political parties to pass on invoices to the Commission, so it is expected that spend will catch up after the election period.

Revenue – Year-to-date revenue is slightly lower than budget by \$0.619m (approximately 1%), mainly due to lower revenue recognised from the Election Access Fund and the International Assistance Programme, funded through the Ministry of Foreign Affairs & Trade. However, this is partly offset by higher interest earned due to significant positive net cash flows, which have allowed the Commission to take advantage of short-term deposits offering steadily increasing interest rates.

See Appendix B for detailed financial information as at 30 September 2023.

Financial sustainability

The Commission's current financial sustainability status (using the measures established by the Ministry of Justice's Monitoring Unit) is summarised below.

Measure	Test	Forecast	Actual	Notes
Cash	Net cashflow for the three-month period is positive	Fail	Fail	Negative by \$0.261m as at 30 September 2023 compared to negative budget of \$12.252m. The variance is due to higher net cash inflows from operating activities resulting from lower payments made to suppliers and employee related expenses than anticipated. Aside from a lag in invoicing from vendors, it is also expected that spend will catch up after the election period as the invoices for the larger pieces of work are processed.
Working Capital	Current assets exceed current liabilities	Pass	Pass	Positive by \$9.004m as at 30 September 2023. This is 262% higher than budget of \$2.484m due to higher cash balance resulting from an early drawdown of funding from the Crown through Ministry of Justice. Working capital ratio reflects the fact that it factors in current assets and current liabilities, which are generally defined as being able to be converted into cash within a year. As of 30 September, the current ratio is 149% against a budget of 129%, i.e., there is \$1.49 current asset

Electoral Commission Performance Report

1 July – 30 September 2023



Measure	Test	Forecast	Actual	Notes
				to cover for every \$1 current liability, so the Commission can theoretically pay off all its liabilities with its existing assets.
Going concern	Total assets exceed total liabilities	Pass	Pass	Positive by \$10.565m as at 30 September 2023, approximately 161% higher than budget.
Break even	The net operating result for the period is a surplus	Fail	Fail	The result for the quarter is \$5.847m deficit against a budgeted deficit of \$9.480m. The favourable variance is due to underspends in expenditure (~8% lower than budget), however this is partly offset by lower revenue (~1% lower than budget). The underspend is largely driven by the timing of advertising, publicity, and freight in the General Election event.

Appendix A – Performance measures as at 30 September 2023

The tables below report on the measures from the Commission's Statements of Performance Expectations 2023/24.

Additional information provided only for context and understanding is indicated in grey.

Year-end forecasts indicate whether we are currently on track to achieve each measure. Explanations are provided where we are forecasting to not achieve or not report on a measure.

Impact 1 Measures – People have trust and confidence in the electoral system

Measures	GE 2014	GE 2017	GE 2020	Target 2023/24	Result Q1	YE Forecast
Key general election milestones achieved [Estimates measure]	(refer to Output Measure 2)					
% of surveyed population have confidence the Electoral Commission conducts Parliamentary elections fairly in New Zealand	Not a survey question*	78% total or high confidence	87% total or high confidence	87% total or high confidence	Available Q2/Q3	Achieved
% of surveyed population have confidence that Electoral Commission staff conduct Parliamentary elections impartially in New Zealand	Not a survey question*	79% total or high confidence	85% total or high confidence	85% total or high confidence	Available Q2/Q3	Achieved

*Prior to 2017 we measured the "Percentage of New Zealanders who express confidence in the administration of the electoral system."

Measures	2020/21	2021/22	2022/23	Target 2023/24	Result Q1	YE Forecast
Integrity of by-election results: Official by-election Result Certificates for the electorate are signed by both the electorate Returning Officer, and the attending Justice of the Peace	No by-elections held	Completed	Completed	Completed	Available Q2 for Port Waikato	Achieved

Electoral Commission Performance Report

1 July – 30 September 2023



Impact 2 Measures – People take part in the electoral system

Measures	2020/21	2021/22	2022/23	Target 2023/24	Result Q1	YE Forecast
Number of people enrolled (average for the period) [Estimates measure]	3.48m	3.52m	3.441m	3.64m	3.450m	Not achieved**
Percentage of people enrolled (average for the period) *	92.3%	92.0%	88.6%	94.1%	89.1%	-
Number of 18 to 24-year-olds enrolled (average for the period) [Estimates measure]	0.33m	0.30m	0.266m	0.34m	0.257m	Not achieved**
Percentage of 18 to 24-year-olds enrolled (average for the period) *	72.7%	68.8%	62.8%	81.4%	59.7%	-
Number of people of Māori descent enrolled (average for the period)	0.53m	0.53m	0.515m	0.53m	0.509m	Not achieved**
Number of people enrolled on the Provisional Roll (17-year-olds)	0.0066m	0.004m	0.0035m	0.0065m	0.0041m	Not achieved**

* This information is provided for context and to illustrate that enrolments peak in an election year. We do not receive population estimates for people of Māori descent and 17-year-olds.

** We will have a clearer picture at the end of the second quarter once enrolments received during the election period have been processed and we have received updated population estimates. Targets for 2023/24 total enrolments and 18 to 24-year-old enrolments appear unrealistic when considered as a percentage of the current population estimates. This is because they were set to match the enrolment percentage on election night 2020. This target doesn't take into account that enrolment figures peak as at election night and are likely to decline post-election. Factors contributing to the decrease in enrolments since 2022/23 include positive net migration following the re-opening of New Zealand's borders and an increasingly mobile population. Despite significant effort to contact electors displaced by the January and February severe weather events, this displacement was also a factor.

Measures	GE 2014	GE 2017	GE 2020	Target 2023/24	Result Q1	YE Forecast
Percentage of people entitled to vote enrolled on election night (3-year comparative measure)	92.6%	92.4%	94.1%	94.1%	Available Q2	Achieved

Electoral Commission Performance Report

1 July – 30 September 2023



Output 1 Measures – Maintain and protect the integrity of the electoral system

Measures	2020/21	2021/22	2022/23	Target 2023/24	Result Q1	YE Forecast
Adherence to the Commission's quality assurance practices around the integrity of the roll [Estimates measure]	100%	Completed	100%	100%	100%	Achieved
All employees and contractors understand how to maintain political neutrality in their work	New measure			>95%	Available TBC	Partially achieved**
The Commission will follow up failures by a party, candidate or third party to file any relevant return of election expenses, donations or loans within 5 working days	100%	100%	100%	>95%	100%	Achieved
Allegations of electoral finance or advertising breaches of the Electoral Act are acknowledged, and follow-up is initiated if required, within 10 working days of receipt	98.6%	100%	100%	90%	96%	Achieved

**We may only be able to report results for a percentage of employees this year, rather than all employees and contractors. The proposed methodology is a voluntary annual staff survey.

Electoral Commission Performance Report

1 July – 30 September 2023



Output 2 Measures – Prepare for and conduct well-run, risk-mitigated electoral events

Measures	Target 2023/24	Result Q1	YE Forecast
Key general election preparation milestones achieved: [Estimates measure]			
• Completion of certificates for election systems	Q1	Achieved	Achieved
• Training for election-period workforce and delivery commenced	Q1	Achieved	Achieved
• Candidates briefed	Q1	Achieved (Held 18 to 23 Sept)	Achieved
• Electoral Headquarters opened	Q1	Achieved	Achieved
• Advanced voting and election day properties secured	Q1	Achieved	Achieved
• Final readiness testing and election night dress rehearsal complete	Q1	Achieved	Achieved
• Release of preliminary election results – Beginning no later than 8pm on election day	Q2	Available Q2	Achieved
• Declaration of official election results	Q2	Available Q2	Achieved
• Publication of post-election report	Q4	Available Q4	Achieved
The Electoral Commission will issue the broadcasting allocation decision prior to the start of the regulated period for the General Election.	Achieved	Achieved (Decision May 12 2023 Regulated period began 14 July 2023)	Achieved
By-election conduct measures (if applicable):			
• Release of preliminary results from 7.30pm on the day of the by-election	Completed if applicable	Available Q2	Achieved
• Declaration of official results to schedule	Completed if applicable	Available Q2	Achieved

Electoral Commission Performance Report

1 July – 30 September 2023



Output 3 Measures – Help people to understand the electoral system

Measures	GE 2014	GE 2017	GE 2020	Target 2023/24	Result Q1	YE Forecast
% of people of Māori descent surveyed who are aware of and understand the Māori Electoral Option	New measure			75%	Available Q4	Achieved
% of survey respondents that report a good or very good understanding of the process for voting in New Zealand	93%	89%	89%	89% of those surveyed indicate a 'very good' or 'good' understanding	Available Q2	Achieved
Uptake of the civics education in schools programme (3-year measure)	556 schools registered	832 schools registered	1034 schools registered*	1033 schools registered	793 registrations (from 667 schools)*	Not achieved*

*There were 1034 registrations from 886 schools.

** The lower number of schools taking part this year is likely because of the timing of the general election and school holidays. Students were on holiday until 8 October so there were only two days on which schools could conduct their mock elections as legislation prohibits the distribution of replica voting papers in the three days prior to election day. Schools receive mock voting papers containing actual party and candidate information for their electorate, which can only be produced after the actual nominations process closes.

Measures	2020/21	2021/22	2022/23	Target 2023/24	Result Q1	YE Forecast
Advisory opinions meet the needs of stakeholders (18 monthly)	No comparable survey results		100%	100%	Not measured*	Not measured

* This stakeholder survey will next be run in Q2 2024/25.

Electoral Commission Performance Report

1 July – 30 September 2023



Output 4 Measures – Make it easy and simple for people to take part

Measures	2020/21	2021/22	2022/23	Target 2023/24	Result Q1	YE Forecast
Percentage of enrolment transactions that are conducted digitally [Estimates measure]	44.5%	36.7%	45.2%	50% in SPE >40% in Estimates	71.1%*	Achieved
Percentage of advisory opinions issued within 5 working days [Estimates measure]	Not a measure	100%	99.3%	95% in SPE >95% in Estimates	99.8%	Achieved

*The intent of this measure is to ensure our digital services are accessible for electors. For this reason, we changed our methodology on 1 July 2023 to exclude transactions that are not initiated by electors, for instance changes prompted by undelivered mail, or updates to the birth, deaths and marriage register.

Continues next page

Electoral Commission Performance Report

1 July – 30 September 2023



Measures	GE 2014	GE 2017	GE 2020	Target 2023/24	Result Q1	YE Forecast
Increase in participation rates by enrolled youth voters across elections*	62.73% 212,204 voters out of 338,269 enrolled	69.27% 230,783 voters out of 333,164 enrolled	78.02% 274,076 voters out of 351,271 enrolled	76%	Available Q2	Achieved
Increase in participation by enrolled Māori voters across elections**	67.59% 298,396 voters out of 441,492 enrolled	71.10% 338,980 voters out of 476,798 enrolled	72.89% 390,306 voters out of 535,472 enrolled	520,000 electors of Māori descent enrolled at 2023 GE	Available Q2	Unable to report against target
Percentage of enrolled voters who turned out to vote***	76.77% 2,410,857 voters out of 3,140,417 enrolled	79.01% 2,605,854 voters out of 3,298,009 enrolled	81.54% 2,894,486 voters out of 3,549,580 enrolled	N/A	Available Q2	N/A
Survey of EAF participants reveals that the fund made their candidacy easier	New measure			75%	Available Q2	Achieved

*This measure is the percentage of enrolled 18 to 24-year-olds who turned out to vote, which was a measure in prior general election years.

**This measure is the percentage of enrolled voters of Māori descent who turned out to vote, which was a measure in prior general election years. The target for this measure has been incorrectly set as a target for enrolment not participation by enrolled voters.

***This information is included to provide context to the youth and voters of Māori descent participation rates. It has not been included as a measure this election year.

Electoral Commission Performance Report

1 July – 30 September 2023



Appendix B – Financial information as at 30 Sept 2023

Statement of revenue and expense for the quarter ending 30 September 2023

Statement of revenue and expense \$000	Year-to-Date			Full Year			2022/23 Actual
	Actual	Budget	Variance	Forecast	Budget	Variance	
Revenue							
Revenue from Crown	43,692	43,949	(257)	119,840	119,840	-	84,441
Interest received	275	30	245	120	120	-	454
International assistance programme	379	965	(585)	2,700	2,700	-	1,485
Other income	17	38	(21)	225	225	-	108
Total revenue	44,362	44,981	(619)	122,885	122,885	-	86,488
Expenditure							
Employee related expenses	21,594	22,331	737	71,074	71,074	-	33,633
Computer & telecommunications	4,591	5,063	472	8,043	8,043	-	4,488
Occupancy costs	5,560	4,730	(830)	14,588	13,155	(1,433)	9,269
Office equipment	374	279	(95)	544	544	-	2,465
Specialist services	9,440	11,963	2,523	23,213	22,933	(280)	14,347
Travel expenses	964	1,176	212	2,656	2,656	-	1,413
Meeting & entertainment	63	152	89	412	412	-	140
Printing, stationery & postage	7,313	8,163	850	15,091	13,959	(1,133)	8,029
Miscellaneous expenses	149	444	295	780	780	-	320
Depreciation & amortisation	120	119	(1)	477	477	-	582
Audit fees	40	40	-	160	160	-	192
Total expenses	50,209	54,461	4,252	137,038	134,193	(2,846)	74,880
Surplus / (Deficit)	(5,847)	(9,480)	3,633	(14,153)	(11,308)	(2,846)	11,608

Electoral Commission Performance Report

1 July – 30 September 2023



**ELECTORAL
COMMISSION**
TE KAITIAKI TAKE KŌWHIRI

Statement of financial position as at 30 September 2023

Statement of financial position \$000	Year-to-Date			Full Year			2022/23 Actual
	Actual	Budget	Variance	Forecast	Budget	Variance	
Assets							
Current assets							
Cash and cash equivalents	25,667	9,300	16,367	4,717	4,134	583	25,928
Debtors and other receivables	23	5	18	23	5	18	23
Goods and services tax receivable	1,654	1,508	145	752	245	507	1,367
Inventory	49	43	7	20	20	-	25
Prepayment	36	62	(27)	36	36	-	109
<i>Total current assets</i>	<i>27,428</i>	<i>10,918</i>	<i>16,510</i>	<i>5,548</i>	<i>4,440</i>	<i>1,108</i>	<i>27,453</i>
Non-current assets							
Property, plant, and equipment	500	501	(1)	412	412	-	530
Intangible assets	1,137	1,124	13	867	855	12	1,226
<i>Total non-current assets</i>	<i>1,637</i>	<i>1,625</i>	<i>12</i>	<i>1,279</i>	<i>1,267</i>	<i>12</i>	<i>1,756</i>
Total assets	29,065	12,543	16,522	6,827	5,707	1,120	29,209
Liabilities							
Current liabilities							
Revenue in advance	4,308	1,935	(2,372)	1,858	1,294	(564)	4,774
Creditors and other payables	9,197	4,584	(4,613)	1,259	752	(507)	5,211
Employee entitlements (current)	4,919	1,914	(3,005)	1,375	1,375	-	2,736
<i>Total current liabilities</i>	<i>18,424</i>	<i>8,434</i>	<i>(9,990)</i>	<i>4,492</i>	<i>3,421</i>	<i>(1,071)</i>	<i>12,721</i>
Non-current liabilities							
Employee entitlements (non-current)	76	60	(16)	76	65	(11)	76
<i>Total non-current liabilities</i>	<i>76</i>	<i>60</i>	<i>(16)</i>	<i>76</i>	<i>65</i>	<i>(11)</i>	<i>76</i>
Total liabilities	18,500	8,494	(10,006)	4,568	3,486	(1,082)	12,797
Net assets	10,565	4,049	6,516	2,259	2,221	37	16,412
Equity							
Opening equity	16,412	13,529	2,883	16,412	13,529	2,883	4,804
Surplus / (deficit)	(5,847)	(9,480)	3,633	(14,153)	(11,308)	(2,846)	11,608
Capital contributions	-	-	-	-	-	-	-
Total equity	10,565	4,049	6,516	2,259	2,221	37	16,412

Electoral Commission Performance Report

1 July – 30 September 2023



Statement of cash flows for the quarter ending 30 September 2023

Statement of cash flows \$000	Year-to-Date			Full Year			2022/23 Actual ¹
	Actual	Budget	Variance	Forecast	Budget	Variance	
Cash flow from operating activities							
Receipts from Crown	43,605	43,605	-	119,624	119,624	-	83,961
Interest received	275	30	245	120	120	-	454
Receipts from other revenue	17	38	(20)	226	1,191	(965)	4,787
Payments to employee related expenses	(19,411)	(22,511)	3,100	(72,435)	(71,788)	(647)	(32,870)
Payments to suppliers	(24,459)	(33,272)	8,813	(69,361)	(67,687)	(1,674)	(37,701)
Goods and services tax (net)	(287)	(141)	(145)	615	1,122	(507)	(1,198)
Net cash flows from operating activities	(261)	(12,252)	11,991	(21,211)	(17,418)	(3,793)	17,432
Cash flows from investing activities							
Receipts from sale of property, plant, and equipment	-	-	-	-	-	-	-
Purchase of property, plant, and equipment	-	-	-	-	-	-	(28)
Purchase of intangible assets	-	-	-	-	-	-	-
Maturity of short-term investments	-	-	-	-	-	-	30,000
Placement of short-term investments	-	-	-	-	-	-	(30,000)
Net cash flows from investing activities	-	-	-	-	-	-	(28)
Cash flows from financing activities							
Receipts of capital contributions	-	-	-	-	-	-	-
Net cash flows from financing activities	-	-	-	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	(261)	(12,252)	11,991	(21,211)	(17,418)	(3,793)	17,404
Opening balance	25,928	21,552	4,376	25,928	21,552	4,376	8,524
Surplus / (Deficit)	25,667	9,300	16,367	4,717	4,134	583	25,928

¹ Some items in the statement of cash flows have been reclassified to be consistent with the statement of revenue and expense classification. As a result, prior year comparative information has been restated. The changes are purely presentation and do not have an impact on final balances and accounting policies.

Electoral Commission Performance Report

1 July – 30 September 2023



**ELECTORAL
COMMISSION**
TE KAITIAKI TAKE KŌWHIRI

Reconciliation of net surplus / (deficit) to net cash flow from operating activities

Reconciliation of net surplus / (deficit) to net cash flow from operating activities \$000	Year-to-Date			Full Year			2022/23 Actual ²
	Actual	Budget	Variance	Forecast	Budget	Variance	
Net surplus / (deficit)	(5,847)	(9,480)	3,633	(14,153)	(11,308)	(2,846)	11,608
Add / (less) non-cash items							
Depreciation and amortisation expense	120	119	1	477	477	-	582
Loss / (gain) on disposal of assets	-	-	-	-	-	-	-
Movements in employee entitlements (non-current)	-	-	-	-	5	(5)	21
Total non-cash items	120	119	1	477	482	(5)	603
Working capital movements							
(Increase) / decrease in debtors and other receivables	1	-	1	1	-	1	2,683
(Increase) / decrease in goods and services tax receivable	(287)	(141)	(145)	615	1,122	(507)	(1,198)
(Increase) / decrease in inventory	(24)	8	(31)	5	30	(25)	19
(Increase) / decrease in prepayment	74	9	65	73	35	38	(3)
Increase / (decrease) in revenue in advance	(466)	(1,309)	842	(2,916)	(1,950)	(966)	31
Increase / (decrease) in creditors and other payables	3,986	(1,278)	5,264	(3,952)	(5,110)	1,158	2,947
Increase / (decrease) in employee entitlements (current)	2,183	(180)	2,363	(1,361)	(719)	(642)	742
Net movements in working capital	5,467	(2,891)	8,358	(7,535)	(6,592)	(943)	5,222
Net cash flows from operating activities	(261)	(12,252)	11,991	(21,211)	(17,418)	(3,793)	17,432

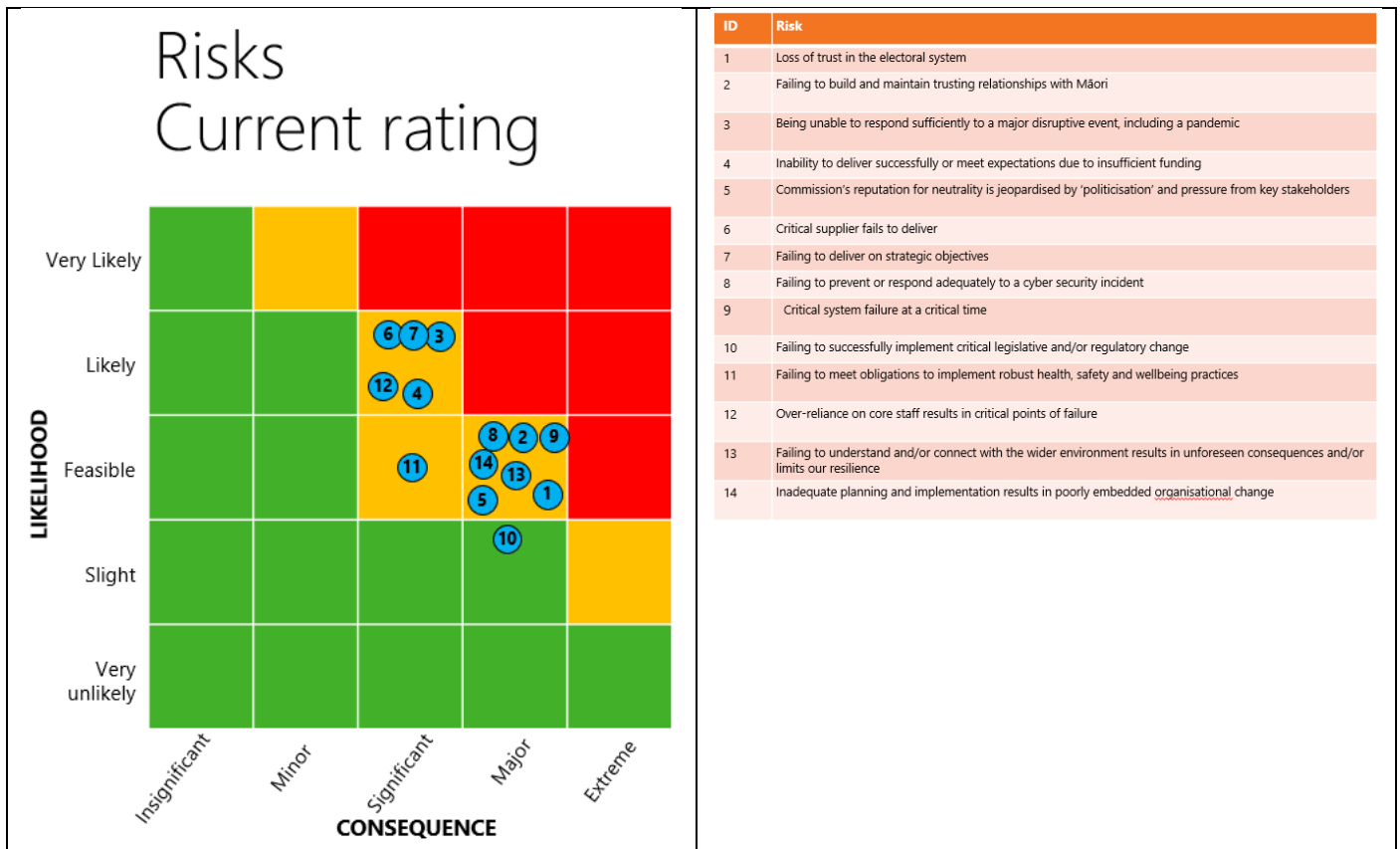
² Some items in the statement of cash flows have been reclassified to be consistent with the statement of revenue and expense classification. As a result, prior year comparative information has been restated. The changes are purely presentation and do not have an impact on final balances and accounting policies.

Electoral Commission Performance Report

1 July – 30 September 2023



Appendix C – Electoral Commission risk dashboard



Delivery highlights



Delivery

Writs returned for General Election and Port Waikato by-election.



Preparation

GE2023 review process commenced.



Organisation

Independent review of quality assurance processes commissioned.

Upcoming milestones

April 2024	Results of independent review by the Auditor-General expected
16 May 2024	Report on 2023 General Election due for delivery

Key organisational risks

Representation Commission unfunded	<p>We initiate, support and participate in the Representation Commission, which is responsible for reviewing electoral boundaries and names after each census.</p> <p>We have not yet been invited to submit a Budget 2024 bid to obtain funding to administer the Representation Commission. This function has historically been funded by a budget bid and we have no contingency to fund this.</p>
Ability to deliver – financial constraints	<p>We now have a forecast reserves position at year end and inflationary pressures forecast over the next cycle that may materially reduce our continued ability to deliver robust, timely and accessible elections.</p>
Voting systems and processes need re-evaluation	<p>We experienced challenges in delivering the 2023 General Election with our results process and some aspects of delivering voting.</p> <p>Without further visibility of the efficacy of our systems and processes and our approaches to address challenges, there is potential for erosion of trust in the electoral system.</p> <p>We are supporting the Auditor-General with his independent review of the challenges in the count period. We are identifying and planning changes to address identified risks.</p>

Non-financial performance

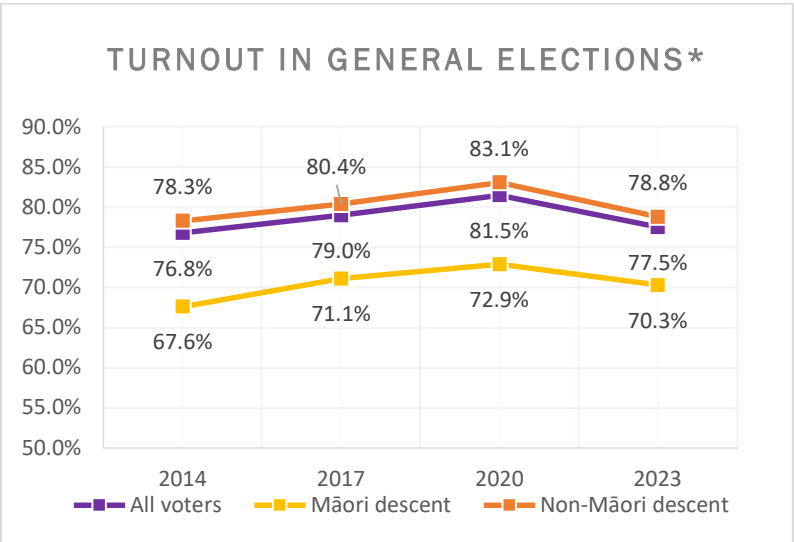
Performance measures

See Appendix A for our external performance measures results for the period 1 July to 31 December 2023.

We are forecasting to achieve most of our General Election and by-election milestones and other measures, except for our annual enrolment and General Election turnout targets.

Forecasting enrolment numbers, which inform our target-setting, is challenging as we do not receive population projections for all our populations of interest and the accuracy of projections is affected by census timing and levels of participation. Also, enrolment numbers fluctuate depending on where we are in the general election and local body election cycle, with public awareness and engagement highest just prior to an election and when more roll maintenance is occurring.

Turnout of enrolled voters for the 2023 General Election was lower than the two previous elections. Our turnout targets were based on 2020 levels.



*Note that this is turnout of enrolled voters. Variation between these figures and official results is due to factors such as votes disallowed due to the voter not being enrolled and dual votes.

Progress towards our strategic priorities

Our primary focus this quarter was on delivery of the General Election and Port Waikato by-election, including completing post-election day tasks and progressing our review of the election.

Priority 1: Building our capability

Delivery of the General Election and subsequent by-election tested how effective our recent investment in our processes, staff capability and IT systems had been.

This included the implementation our new health, safety and wellness guidelines and digital reporting channels, which were designed to ensure we can appropriately support and manage a large temporary workforce during an election event as well as for use after t.

For the first time this general election we had a specialised recruitment system in place (SnapHire). As well as streamlining the recruitment process, this provided us with more timely and comprehensive management reporting that supported recruitment decisions and related activities, such as HR compliance checks and workforce training. Use of SnapHire made it quicker and easier for us to recruit the workforce for the Port Waikato by-election and we have better quality information for future planning and modelling.

To keep up with the ever-changing cyber-threat environment, we work closely with our IT service providers and the National Cyber Security Centre (NCSC). In the lead up to General Election 2023 we made a substantial number of improvements to our existing controls to detect, prevent and respond to cyber-attacks and sought external review of our readiness. Our monitoring approach during the election period proved successful. Despite continuous attempted attacks against the Commission via a range of methods, no breaches occurred.

For this year’s general election, we established a dedicated customer services team of staff from across the organisation to respond to public enquiries and complaints. Between 31 July and 3 November, the team completed nearly 18,000 enquiries and dealt with almost 400 complaints. This coordinated approach led to clearer information flows and more joined-up responses, with most enquiries resolved in one interaction and a customer satisfaction rating of 88%.

Priority 2: Preparing for an election

Our preparations enabled us to not only deliver the General Election but also to efficiently deliver a by-election and three judicial recounts.

General Election 2023

This election, 23,289 temporary staff joined our team. 16.7% of the people we employed to work on the election identified as Māori, in comparison to 12.7% in 2020. As part of our commitment to ensure that our staff reflect the communities they serve, we had worked closely with iwi and Māori communities to ensure they were aware of general election employment opportunities.

Advance voting began on Monday 2 October, with over 400 voting places open on the first day, increasing in number over the advance voting period to 2,300 voting places on Election Day. We continue to see high interest in advance voting.

General election	2017	2020	2023
% votes cast in advance of election day	47.0%	68.3%	61.4%

Confusion about the necessity of the EasyVote card required additional communications to reassure voters that their cards and information packs were on the way, and they could vote without their card.

Election Day turnout of approximately 1,123,000 voters was slightly higher than in 2020 when approximately 1,091,000 people voted on the day, but voters were spread across fewer voting places than in 2020, as we had provided additional voting places in 2020 to meet social distancing requirements. Election Day was also busier than 2020 due to a significant increase in enrolments on the day. This was the second time that prospective voters could enrol on the day and 103,783 enrolments were completed, up from approximately 80,000 in 2020.

Issues on Election Day with our E-roll mobile app, which enables staff to search the electronic electoral rolls for voters who do not have their EasyVote card or don’t know which electorate they are in, caused delays for some voters as staff had to manually check hard copy rolls. We investigated the incident and are undertaking a series of actions to prevent this happening again. We will provide an update on this work in the Report on the 2023 General Election.

Severe weather on Election Day required us to close three voting places early in the Banks Peninsula and Kaikōura electorates. The Commission had invested in readiness for managing severe weather events prior to the Election. Timely intelligence, information and support from our partner agencies enabled us to predict and monitor the situation as it developed and respond quickly.

Official voter turnout was 78.2%, down from 82.2% in 2020. (Note this includes votes disallowed due to the voter not being enrolled and dual votes.)

Following the release of official results, three applications were made for judicial recounts. The recounts resulted in minor variations in numbers, but no overall difference to the outcomes.

Post-election tasks

The return of the writ on 16 November marked the end of the election process and a shift in focus to completing post-election tasks.

We released the 2023 General Election enrolment and voting statistics (E.9 statistics) in late November. On 15 December we released the breakdown of turnout by age and Māori or non-Māori descent.

Port Waikato by-election

The death of a candidate during the polling period for the General Election triggered a by-election for Port Waikato. We communicated promptly to voters in the electorate that their party vote would still be counted but a by-election for the candidate would need to be held.

Election Day was decided as Saturday 25 November. Candidate nominations closed at noon on 20 October. Overseas voting commenced on Wednesday 8 October and advance voting on 13 November.

On Election Day, we trialled providing access to electronic enrolment services at voting places, in addition to paper enrolment forms. We found some prospective voters were unable to complete an electronic enrolment as they did not have an email address or carry evidence of identity.

By-election	Tauranga June 2022	Hamilton West December 2022	Port Waikato November 2023
% enrolled voters who voted	40.5%	31.4%	35.9%

Priority 3: Building relationships and understanding

New Zealand

We received the results of research monitoring the effectiveness of the Māori Electoral Option awareness and information campaign (31 March to 13 July 2023). The approach included pre-campaign and post-campaign online surveys and face to face interviews with Māori from a range of demographics.

The key findings were:

- Māori easily recognised the information was from the Electoral Commission, and the campaign was well received.
- The campaign had a positive impact on understanding the electoral system and the Māori Electoral Option.

- The campaign increased understanding that Māori can change rolls at any time except in the three months prior to an election (a shift from 33% to 53% understanding), but there is still more to be done.
- Some Māori had a desire for more information about the differences between the Māori roll and general roll and why people should consider the Māori roll. (Note this is beyond our statutory mandate).

International

Every general election the Commission hosts an Election Visitor Programme for representatives from overseas electoral agencies to facilitate knowledge sharing and enduring relationships. On 12 October we welcomed 37 visitors from 13 countries across Australia and the Pacific with a pōwhiri at Pipitea Marae. Over the next three days they received presentations from Commission staff about our strategy and approach to the 2023 General Election and visited electorate headquarters and advance voting places in the Wellington region to see firsthand how we run an election. The programme was well received.

Our international liaison programme is funded by the Ministry of Foreign Affairs and Trade under the New Zealand Aid Programme.

Priority 4: Preparing for the future

We commenced our review of the 2023 General Election, gathering insights through a series of surveys and workshops from temporary and permanent staff, partner agencies, service providers and a sample of voters and non-voters. The last of these workshops are scheduled for January and outputs are currently being analysed. Insights from this process will be a key input into our planning for the next general election but will also inform development of our longer-term strategy and plans.

In November 2023, the Board said it would commission an independent review into aspects of the quality assurance processes in place for the vote count in the 2023 General Election. This was prompted by the discovery of data entry errors following the release of the 2023 General Election official results. The Auditor-General is undertaking this review. As part of their work to scope this review, staff from the Office of the Controller and Auditor-General observed the preliminary and official count for the Port Waikato by-election. The Auditor-General announced his review publicly on 5 December. Results are expected in April 2024.

Financial performance

Overview

See Appendix B for our financial statements as at 31 December 2023.

Net Surplus/(Deficit) – Year-to-date (YTD) performance resulted in a deficit of \$5.060m. This is 29% lower than budget due to the early drawdown of \$5m funding from the Crown through Ministry of Justice in December. However, this was partly offset by higher-than-expected expenditure (see section below).

Expenditure – Total operating expenditure is \$116.541m, approximately 3% higher than budget. The overspend is largely in employee-related expenses (\$2.617m), due to higher-than-expected field staff costs as headquarters and support staff were retained longer due to vote count delays and the need to run judicial recounts. Included in the overspend for employee-related expenses is \$0.768m relating to the Port Waikato by-election, fully offset by revenue. Also contributing to the overspend is occupancy and office equipment costs, which were higher than budget by \$1.486m due to unbudgeted expenses related to enhanced security and resilience requirements for voting services.

Revenue – YTD revenue is higher than budget by 5.691m (approximately 5%), mainly due to the early drawdown of \$5m funding from the Crown in December.

Budget risks

Based on the latest forecast, the expected deficit for 2023/24 is \$14.113m so this leaves a reserves balance of \$2.291m.

As the year progresses, there is a risk of depleting reserves below the Board's instructed minimum level. This minimum level was set to ensure the Commission has some financial resilience to respond to environmental and other changes. To address this risk, a number of steps are being taken. The Commission is reviewing 2023 General Election expenditure to ensure completeness and effective creditor management. Additionally, the Commission is undertaking a thorough review of forecast to identify any potential savings during the period from January to June 2024. Together these reviews will enable greater surety that the Commission retains sufficient reserves to respond to unforeseen fiscal pressures.

The table below shows the movement of operating reserves:

Movements in Reserves (\$000)	
Reserves as at 30 June 2019	\$6,070
Surplus 2019/20	\$19,345
Deficit 2020/21	(\$11,096)
Deficit 2021/22	(\$9,515)
Surplus 2022/23	\$11,600
Opening Reserves 1 July 2023	\$16,404
Less Board approved minimum reserves	(\$2,221)
FY2024 Maximum affordable deficit	\$14,183
Less expected FY2024 deficit	(\$14,113)
FY2024 projected Reserves balance	\$70

Financial sustainability

The Commission's current financial sustainability status (using the measures established by the Ministry of Justice's Monitoring Unit) is summarised below.

Measure	Test	Forecast	Actual	Notes
Cash	Net cashflow for the period is positive	Fail	Fail	Negative by \$10.077m as at 31 December 2023 compared to negative budget of \$10.960m. The variance is due to the early drawdown of \$5m funding from the Crown as well as additional funding received for the Port Waikato by-election, partly offset by higher than anticipated payments to suppliers and the overspend in employee-related expenses.
Working Capital	Current assets exceed current liabilities	Pass	Pass	Positive by \$9.911m as at 31 December 2023. This is 100% higher than budget of \$4.943m due to a higher cash balance resulting from the early drawdown of \$5m funding from the Crown. Also the Commission is expecting a GST refund from Inland Revenue. Working capital ratio reflects the fact that it factors in current assets and current liabilities, which are generally defined as being able to be converted into cash within a year. As at 31 December, the current ratio is 215% against a budget of 179%, i.e., there is \$2.15 current asset to cover for every \$1 current liability, so the Commission can theoretically pay off all its liabilities with its existing assets.
Going concern	Total assets exceed total liabilities	Pass	Pass	Positive by \$11.352m as at 31 December 2023, approximately 78% higher than budget.
Break even	The net operating result for the period is a surplus	Fail	Fail	The result for the quarter is \$5.060m deficit against a budgeted deficit of \$7.140m. The variance is due to higher revenue for the period due to the early drawdown of \$5m funding from the Crown. This is partly offset by the overspend in employee-related expenses.

Appendix A – Performance measures as at 31 December 2023

The tables below report on the measures from the Commission's Statements of Performance Expectations 2023/24. Additional information provided only for context and understanding is indicated in grey.

Year-end forecasts indicate whether we are currently on track to achieve each measure. Explanations are provided where we are forecasting to not achieve or not report on a measure.

Impact 1 Measures – People have trust and confidence in the electoral system

Measures	Result GE 2014	Result GE 2017	Result GE 2020	Target 2023/24	Result @ 31 Dec	YE Forecast
Key general election milestones achieved [Estimates measure]	(refer to Output Measure 2)					
% of surveyed population have confidence the Electoral Commission conducts Parliamentary elections fairly in New Zealand	Not a survey question*	78% total or high confidence	87% total or high confidence	87% total or high confidence	Available Q3	Achieved
% of surveyed population have confidence that Electoral Commission staff conduct Parliamentary elections impartially in New Zealand	Not a survey question*	79% total or high confidence	85% total or high confidence	85% total or high confidence	Available Q3	Achieved

*Prior to 2017 we measured the "Percentage of New Zealanders who express confidence in the administration of the electoral system."

Measures	Result 2020/21	Result 2021/22	Result 2022/23	Target 2023/24	Result @ 31 Dec	YE Forecast
Integrity of by-election results: Official by-election Result Certificates for the electorate are signed by both the electorate Returning Officer, and the attending Justice of the Peace	No by-elections held	Completed	Completed	Completed	Completed	Achieved

Impact 2 Measures – People take part in the electoral system

Measures	Result 2020/21	Result 2021/22	Result 2022/23	Target 2023/24	Result @ 30 Dec	YE Forecast
Number of people enrolled (average for the period) [Estimates measure]	3.48m	3.52m	3.441m	3.64m in SPE 3.640m in Estimates	3.565m	Not achieved**
Percentage of eligible people enrolled (average for the period) *	92.3%	92.0%	88.6%	94.1%	91.9%	-
Number of 18 to 24-year-olds enrolled (average for the period) [Estimates measure]	0.33m	0.30m	0.266m	0.34m in SPE 341,000 in Estimates	0.257m	Not achieved**
Percentage of 18 to 24-year-olds enrolled (average for the period) *	72.7%	68.8%	62.8%	81.4%	68.0%	-
Number of people of Māori descent enrolled (average for the period)	0.53m	0.53m	0.515m	0.53m	0.536m	Achieved
Number of people enrolled on the Provisional Roll (17-year-olds)	0.0066m	0.004m	0.0035m	0.0065m	0.0036m	Not achieved**

* This information is provided for context and to illustrate that enrolments peak in an election year. We do not receive population projections for people of Māori descent and 17-year-olds.

** Targets for 2023/24 total enrolments and 18 to 24-year-old enrolments appear unrealistic when considered as a percentage of the current population projections. This is because they were set to match the enrolment percentage on election night 2020. Enrolment figures peak at election night and are likely to decline over the remainder of the financial year due to roll maintenance activities, e.g. shifting uncontactable electors onto the dormant roll and removing deceased electors. Factors contributing to the decrease in youth enrolment since 2022/23 include positive net migration following the re-opening of New Zealand's borders and an increasingly mobile population. Despite significant effort to contact electors displaced by the January and February severe weather events, this displacement was also a factor.

Measures	Result GE 2014	Result GE 2017	Result GE 2020	Target 2023/24	Result @ 31 Dec	YE Forecast
Percentage of people entitled to vote enrolled on election night (3-year comparative measure)	92.6%	92.4%	94.1%	94.1%	94.7%	Achieved

Output 1 Measures – Maintain and protect the integrity of the electoral system

Measures	Result 2020/21	Result 2021/22	Result 2022/23	Target 2023/24	Result @ 31 Dec	YE Forecast
Adherence to the Commission's quality assurance practices around the integrity of the roll [Estimates measure]	100%	Completed	100%	100%	100%	Achieved
All employees and contractors understand how to maintain political neutrality in their work	New measure			>95%	Available Q4	Partially achieved*
The Commission will follow up failures by a party, candidate or third party to file any relevant return of election expenses, donations or loans within 5 working days	100%	100%	100%	>95%	100%	Achieved
Allegations of electoral finance or advertising breaches of the Electoral Act are acknowledged, and follow-up is initiated if required, within 10 working days of receipt	98.6%	100%	100%	90%	95%	Achieved

*We plan to use the annual voluntary staff survey to measure this, which will only provide a result for employees who complete the survey, not all employees and contractors employed during the financial year.

Output 2 Measures – Prepare for and conduct well-run, risk-mitigated electoral events

Measures	Target 2023/24	Result @ 31 Dec	YE Forecast
Key general election preparation milestones achieved: [Estimates measure]			
• Completion of certificates for election systems	Q1	Achieved Q1	Achieved
• Training for election-period workforce and delivery commenced	Q1	Achieved Q1	Achieved
• Candidates briefed	Q1	Achieved Q1	Achieved
• Electoral Headquarters opened	Q1	Achieved Q1	Achieved
• Advanced voting and election day properties secured	Q1	Achieved Q1	Achieved
• Final readiness testing and election night dress rehearsal complete	Q1	Achieved Q1	Achieved
• Release of preliminary election results – Beginning no later than 8pm on election day	Q2	Achieved Q2*	Achieved
• Declaration of official election results	Q2	Achieved Q2**	Achieved
• Publication of post-election report	Q4	Available Q4	Achieved
The Electoral Commission will issue the broadcasting allocation decision prior to the start of the regulated period for the General Election.	Achieved	Achieved	Achieved
By-election conduct measures (if applicable):			
• Release of preliminary results from 7.30pm on the day of the by-election	Completed if applicable	Achieved Q2*	Achieved
• Declaration of official results to schedule	Completed if applicable	Achieved Q2**	Achieved

*The first preliminary results were released at 7:02pm during both the General Election and Port Waikato by-election.

**Official General Election results were released on November 3, as planned, and amended official results were released on November 9. Official results for the Port Waikato by-election were released on December 6, as scheduled.

Output 3 Measures – Help people to understand the electoral system

Measures	Result GE 2014	Result GE 2017	Result GE 2020	Target 2023/24	Result @ 31 Dec	YE Forecast
% of people of Māori descent surveyed who are aware of and understand the Māori Electoral Option	New measure			75%	Available Q4	Achieved
% of survey respondents that report a good or very good understanding of the process for voting in New Zealand	93%	89%	89%	89% of those surveyed indicate a 'very good' or 'good' understanding	Available Q3	Achieved
Uptake of the civics education in schools programme (3-year measure)	556 schools registered	832 schools registered	1034 schools registered*	1033 schools registered	793 registrations (from 667 schools)*	Not achieved*

*There were 1034 registrations from 886 schools.

** The lower number of schools taking part this year is likely because of the timing of the general election and school holidays. Students were on holiday until 8 October so there were only two days on which schools could conduct their mock elections as legislation prohibits the distribution of replica voting papers in the three days prior to election day. Schools receive mock voting papers containing actual party and candidate information for their electorate, which can only be produced after the actual nominations process closes.

Measures	Result 2020/21	Result 2021/22	Result 2022/23	Target 2023/24	Result @ 31 Dec	YE Forecast
Advisory opinions meet the needs of stakeholders (18 monthly)	No comparable survey results		100%	100%	Not measured*	Not measured

* This stakeholder survey will next be run in Q2 2024/25.

Output 4 Measures – Make it easy and simple for people to take part

Measures	Result 2020/21	Result 2021/22	Result 2022/23	Target 2023/24	Result @ 31 Dec	YE Forecast
Percentage of enrolment transactions that are conducted digitally [Estimates measure]	44.5%	36.7%	45.2%	50% in SPE >40% in Estimates	59.4%	Achieved
Percentage of advisory opinions issued within 5 working days [Estimates measure]	Not a measure	100%	99.3%	95% in SPE >95% in Estimates	99.8%	Achieved

*The intent of this measure is to ensure our digital services are accessible for electors. For this reason, we changed our methodology on 1 July 2023 to exclude transactions that are not initiated by electors, for instance changes prompted by undelivered mail, or updates to the birth, deaths and marriage register. The result as at the end of the first quarter was 71.1% but this has decreased due to the large number of paper voting place enrolments during the General Election.

Measures	Result GE 2014	Result GE 2017	Result GE 2020	Target 2023/24	Result @ 31 Dec	YE Forecast
Increase in participation rates by enrolled youth voters across elections*	62.7%	69.3%	78.0%	76%	74.2%	Not achieved
Increase in participation by enrolled Māori voters across elections**	67.6%	71.1%	72.9%	520,000 electors of Māori descent enrolled at 2023 GE	70.3%	Unable to report against target
Percentage of enrolled voters who turned out to vote***	76.8%	79.0%	81.5%	N/A	77.5%	N/A
Survey of EAF participants reveals that the fund made their candidacy easier	New measure			75%	Available Q3	Achieved

*This measure is the percentage of enrolled 18 to 24-year-olds who turned out to vote, which was a measure in prior general election years.

**This measure is the percentage of enrolled voters of Māori descent who turned out to vote, which was a measure in prior general election years. The target for this measure has been incorrectly set as a target for enrolment not participation by enrolled voters. There were approximately 567,000 electors of Māori descent enrolled on election night.

***This information is included to provide context to the youth and voters of Māori descent participation rates. It has not been included as a measure this election year. Variation between these figures and official results is due to factors such as votes disallowed due to the voter not being enrolled and dual votes.

Appendix B – Financial information as at 31 December 2023

Statement of revenue and expense

For the period ending 31 December 2023

Statement of revenue and expense \$000	Year-to-Date			Full Year			2022/23
	Actual	Budget	Variance	Forecast	Budget	Variance	
Revenue							
Revenue from Crown	110,201	104,060	6,141	121,066	119,840	1,226	84,441
Interest received	491	60	431	551	120	431	454
International assistance programme	730	1,570	(840)	1,872	2,700	(828)	1,485
Other income	59	100	(41)	184	225	(41)	108
Total Revenue	111,481	105,790	5,691	123,673	122,885	788	86,488
Expense							
Employee related expenses	60,836	58,218	(2,618)	74,255	71,074	(3,181)	33,633
Computer & telecommunications	7,019	7,027	8	8,037	8,043	6	4,488
Occupancy costs	13,322	11,892	(1,430)	14,339	13,155	(1,184)	9,269
Office equipment	529	473	(56)	345	544	199	2,465
Specialist services	18,414	18,356	(58)	22,917	22,933	16	14,347
Travel expense	2,361	2,188	(173)	2,819	2,656	(163)	1,413
Meeting & entertainment	116	251	135	183	412	229	140
Printing, stationery & postage	13,311	13,533	222	13,829	13,959	130	8,029
Miscellaneous expenses	314	673	359	425	780	355	402
Depreciation & amortisation	239	239	-	478	477	(1)	582
Audit fees	80	80	-	160	160	-	110
Total Expenses	116,541	112,930	(3,611)	137,786	134,193	(3,593)	74,880
Surplus / (deficit)	(5,060)	(7,140)	2,080	(14,113)	(11,308)	(2,805)	11,608

Statement of financial position**As at 31 December 2023**

Statement of financial position \$000	As at 31 December 2023			Full Year			2022/23
	Actual	Budget	Variance	Forecast	Budget	Variance	
Assets							
Current Assets							
Cash and cash equivalents	15,851	10,592	5,259	6,898	4,134	2,764	25,928
Debtors and other receivables	35	5	30	35	5	30	23
Goods and services tax receivable	2,571	518	2,053	233	245	(12)	1,367
Inventory	39	35	4	20	20	-	25
Prepayment	36	54	(18)	36	36	-	109
<i>Total current assets</i>	<i>18,530</i>	<i>11,204</i>	<i>7,326</i>	<i>7,222</i>	<i>4,440</i>	<i>2,782</i>	<i>27,453</i>
Non-Current Assets							
Property, plant, and equipment	468	471	(3)	409	412	(3)	530
Intangible assets	1,049	1,034	15	869	855	14	1,226
<i>Total non-current assets</i>	<i>1,517</i>	<i>1,505</i>	<i>12</i>	<i>1,279</i>	<i>1,267</i>	<i>12</i>	<i>1,756</i>
Total Assets	20,048	12,709	7,339	8,501	5,707	2,794	29,209
Liabilities							
Current Liabilities							
Revenue in advance	4,998	1,219	(3,779)	4,010	1,294	(2,716)	4,774
Creditors and other payables	2,035	3,307	1,272	740	752	12	5,211
Employee entitlements (current)	1,586	1,735	149	1,375	1,375	-	2,736
<i>Total current liabilities</i>	<i>8,619</i>	<i>6,260</i>	<i>(2,359)</i>	<i>6,125</i>	<i>3,421</i>	<i>(2,704)</i>	<i>12,721</i>
Non-Current Liabilities							
Employee entitlements (non-)	76	60	(16)	76	65	(11)	76
<i>Total non-current liabilities</i>	<i>76</i>	<i>60</i>	<i>(16)</i>	<i>76</i>	<i>65</i>	<i>(11)</i>	<i>76</i>
Total Liabilities	8,695	6,320	(2,375)	6,202	3,486	(2,716)	12,797
Net Assets	11,352	6,389	4,963	2,299	2,221	78	16,412
Equity							
Opening equity	16,412	13,529	2,883	16,412	13,529	2,883	4,804
Surplus / (deficit)	(5,060)	(7,140)	2,080	(14,113)	(11,308)	(2,805)	11,608
Capital contributions	-	-	-	-	-	-	-
Total Equity	11,352	6,389	4,963	2,299	2,221	78	16,412

Statement of cash flows**For the period ending 31 December 2023**

Statement of cash flows \$000	Year-to-Date			Full Year			2022/23
	Actual	Budget	Variance	Forecast	Budget	Variance	
Cash flows from operating activities							
Receipts from Crown	110,195	103,605	6,590	121,214	119,624	1,590	83,961
Interest received	491	60	431	551	120	431	454
Receipts from other revenue	1,008	100	908	1,133	1,191	(58)	4,787
Payments to employee related expenses	(61,985)	(58,578)	(3,407)	(75,616)	(71,788)	(3,828)	(32,870)
Payments to suppliers	(58,581)	(56,996)	(1,585)	(67,445)	(67,687)	242	(37,701)
Goods and services tax (net)	(1,204)	849	(2,053)	1,134	1,122	12	(1,198)
<i>Net cash flows from operating activities</i>	<i>(10,077)</i>	<i>(10,960)</i>	<i>883</i>	<i>(19,029)</i>	<i>(17,418)</i>	<i>(1,611)</i>	<i>17,432</i>
Cash flows from investing activities							
Receipts from sale of property, plant, and equipment	-	-	-	-	-	-	-
Purchase of property, plant, and equipment	-	-	-	-	-	-	(28)
Purchase of intangible assets	-	-	-	-	-	-	-
Maturity of short-term investments	-	-	-	-	-	-	30,000
Placement of short-term investments	-	-	-	-	-	-	(30,000)
<i>Net cash flows from investing activities</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(28)</i>
Cash flows from financing activities							
Receipts of capital contributions	-	-	-	-	-	-	-
<i>Net cash flows from financing activities</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Net increase / (decrease) in cash and cash equivalents	(10,077)	(10,960)	883	(19,029)	(17,418)	(1,611)	17,404
Opening balance	25,928	21,552	4,376	25,928	21,552	4,376	8,524
Closing balance	15,851	10,592	5,259	6,898	4,134	2,764	25,928

Reconciliation of net surplus / (deficit) to net cash flow from operating activities

Reconciliation of net surplus/(deficit) to net cash flow from operating activities (\$000)	Year-to-Date			Full Year			2022/23 ¹
	Actual	Budget	Variance	Forecast	Budget	Variance	
Net surplus / (deficit)	(5,060)	(7,140)	2,080	(14,113)	(11,308)	(2,805)	11,608
Add / (less) non-cash items							
Depreciation and amortisation expense	239	239	-	478	477	1	582
Loss / (gain) on disposal of assets	-	-	-	-	-	-	-
Increase / (decrease) in employee entitlements (non-current)	-	-	-	-	5	(5)	21
<i>Total non-cash items</i>	<i>239</i>	<i>239</i>	<i>-</i>	<i>478</i>	<i>482</i>	<i>(4)</i>	<i>603</i>
Working capital movements							
(Increase) / decrease in debtors and other receivables	(11)	-	(11)	(11)	-	(11)	2,683
(Increase) / decrease in inventory	(13)	15	(28)	5	30	(25)	19
(Increase) / decrease in prepayment	74	18	56	73	35	38	(3)
Increase / (decrease) in revenue in advance	224	(2,025)	2,249	(764)	(1,950)	1,186	31
Increase / (decrease) in creditors and other payables	(3,176)	(2,555)	(621)	(4,471)	(5,110)	639	2,947
Increase / (decrease) in goods and services tax	(1,204)	849	(2,053)	1,134	1,122	12	(1,198)
Increase / (decrease) in employee entitlements (current)	(1,150)	(360)	(790)	(1,361)	(719)	(642)	742
<i>Net movement in working capital</i>	<i>(5,256)</i>	<i>(4,059)</i>	<i>(1,197)</i>	<i>(5,394)</i>	<i>(6,592)</i>	<i>1,198</i>	<i>5,222</i>
Net cash flows from operating activities	(10,077)	(10,960)	883	(19,029)	(17,418)	(1,611)	17,432

¹ Some items in the statement of cash flows have been reclassified to be consistent with the statement of revenue and expense classification. As a result, prior year comparative information has been restated. The changes are purely presentation and do not have an impact on final balances and accounting policies.

Board minute extracts relating to Finance papers



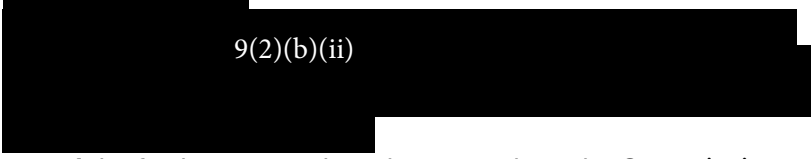
Board meeting	Minute extract
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
13 September 2023	The Board noted the July 2023 Finance Report, and welcomed the updated format. The Board agreed that reforecasting be set to commence by September this year and be reviewed quarterly thereafter. The daily ELT standup will monitor GE23 spending at a frequency yet to be determined.
6 December 2023	<p>The Board noted the Finance Report for October 2023.</p> <p>The Finance Manager outlined the Commission's current financial situation and the details of GE23 spending, particularly noting the range of spending in GE23 electorate HQ staffing. [REDACTED] 9(2)(b)(ii) [REDACTED]. The Commission's reserves are still expected to be around \$2m, and savings are being investigated where possible. The longer-term plan is still to rebuild the Commission's reserves level. The Commission agreed to meet some of the cost of the Port Waikato by-election internally.</p> <p>The Board discussed how well the Commission understands GE23 cost drivers, of which people costs are the main driver. The Commission's systems for understanding the causes of these costs and the needs of each electorate help to explain the variation in spending between electorates. [REDACTED]</p> <p>[REDACTED] Out of scope [REDACTED]</p> <p>Potential savings are being actively considered by the Finance team and spending over the January-June period is being examined closely to develop scenarios for meeting potential spending reduction requirements, [REDACTED] 9(2)(b)(ii) [REDACTED]. The team will also investigate if cost allocations of individual teams to particular electoral events is achievable. 9(2)(b)(ii) [REDACTED]</p> <p>[REDACTED] Out of scope [REDACTED]</p>
1 February 2024	[REDACTED] 9(2)(b)(ii) [REDACTED]

	<p>9(2)(b)(ii)</p> <p>9(2)(b)(ii)</p> <p>9(2)(b)(ii)</p> <p>9(2)(b)(ii)</p> <p>9(2)(b)(ii)</p> <p>9(2)(b)(ii)</p>
13 February 2024	<p>The Board:</p> <ol style="list-style-type: none"> 1. noted that: <ol style="list-style-type: none"> a. the opening Reserves as at 1 July 2023 is \$16.404m b. with the Board approved minimum reserves of \$2.221m, the maximum deficit that the Commission can afford for financial year 2023/24 is \$14.183m 2. noted that the projected total operating expenditure for 2023/24 is \$137.786m with an expected deficit of \$14.113m, approximately 25% higher than budgeted deficit of \$11.308m

	<p>The December 2023 Finance Report was noted, and Emma Gillard described recent developments since the report was completed. The current reserve levels appear to be manageable, and contractor spending is reducing as planned. There will be some minor unbudgeted costs for supplying the roll extract for the 20 July Tauranga local authority election. The Commission has placed a hold on recruitment other than for critical roles, and there has been promising progress recently on reducing staff TOIL balances over the summer months. The Board also briefly discussed GE23 budgeting on field staff rostering and costs. The Board noted that forecasted costs which could be reduced, deferred or stopped were under consideration by senior management, and that the Board would receive ongoing reports on strategic or potentially controversial spending decisions and trade-offs.</p>
13 March 2024	<i>Minutes not yet confirmed by Board</i>

Executive Leadership Team minute extracts relating to Finance papers

ELT meeting	Minute extract
25 July 2023	<div data-bbox="435 322 1358 434" style="border: 1px solid black; padding: 5px;"> <p>ELT:</p> <ol style="list-style-type: none"> 1. noted the finance report for June 2023 </div> <p>Lucy Hickman discussed the financial results reported for the June end-of-year month. The team expects little change in the results from this point. The \$11.6m surplus is \$15.3m higher than the forecast result. The timing of many capability uplift roles has meant our spending hasn't proceeded at the expected rate. Expenditure was underspent by \$17.3m on budget. The Commission is attempting to improve its ability to forecast personnel cost more accurately.</p> <p>ELT discussed cost pressures emerging from GE23 preparations. There is some leeway to address cost pressures and other requests for new initiatives. Any variation to our existing budget will need to be agreed formally. Our projected deficit for the current year is \$11m, which is somewhat better than expected. Reserves may remain at about the same level as currently. ELT will be discussing some potential requests for additional funding from project managers in future meetings. The Board will be kept informed about the budget and cost pressures through their Finance Report. ELT members should assemble any unfunded work they regard as important for consideration, and ELT should collectively identify its priorities for the next 18 months of spending. Party feedback on voting places is being incorporated into voting place plans, which will have financial implications.</p>
29 August 2023	<p>ELT noted the Finance Report.</p> <p>ELT discussed Finance report for the first month of the financial year.</p> <ul style="list-style-type: none"> • Paid NZ Post but didn't pay the advertising. • \$1.3M underspend • Tracking to budget
26 September 2023	<div data-bbox="399 1442 1358 1850" style="border: 1px solid black; padding: 5px;"> <p>ELT:</p> <ol style="list-style-type: none"> 1. noted that the total operating budget for FY23/24 is \$134.2m with an expected deficit of \$11.3m 2. noted that no forecast exercise has been undertaken this month, so for reporting purposes the financial forecast is calculated based on FY24 budget plus any approved funding request for unbudgeted operating expenditure 3. agreed that financial forecasting is set to commence by September and will be reviewed quarterly thereafter </div> <p>Lucy and Emma summarised the Commission's financial reporting for the month ending 31 August, noting the total operating budget and the expected deficit, and the phasing of spending between financial years. Reported underspends and payroll forecasts are being monitored closely, and there are</p>

	currently no significant concerns. Variation in spending by electorates is also being monitored. ELT discussed the financial implications of contingency arrangements for a party vote recount.
24 October 2023	<p>ELT:</p> <ol style="list-style-type: none"> 1. noted that the total operating budget for financial year 2023/24 is \$134.193m with an expected deficit of \$11.308m 2. noted that no forecast exercise has been undertaken this month, therefore for reporting purposes, forecast is calculated based on FY24 budget plus any approved funding request for unbudgeted operating expenditure 3. noted that forecast does not reflect the costs of running the Port Waikato By-Election <p>Lucy and Emma outlined the September Finance Report, noting a forecast underspend at the time. Forecast indicates that the Commission will end up with a deficit of \$14.153m which is approximately 25% higher than budget. Remuneration costs will be clearer in the October finances, and travel / expense claims are being submitted. Extra funding has been approved for the by-election. Broadcasting Allocation funds have yet to be invoiced by some parties.</p> <p>ELT discussed potential costs for recounts, if more are required than are currently planned. Each electorate recount costs c.\$60k, so additional ones can be accommodated within budgets. A party vote recount would be considerably more expensive and would require extra funding.</p>
	<p>ELT:</p> <ol style="list-style-type: none"> 1. noted the uncertainty around financial baselines, and the initial analysis undertaken against our forecast costs to run the next GE,  2.  9(2)(b)(ii) 3. noted the further research underway on how the Commission spends and has spent money, which will inform Board and Executive decision making and strategic choices 4. discussed the high-level FY24/25 budget planning approach, and how it interacts with external financial decision making 5. discussed the strategic decisions the Commission will likely need to consider over the next few months 6. agreed that all Commission teams should limit any new recruitment and procurement spending for the remainder of the 2023/24 financial year, if possible

	<p>7. noted that teams will proceed with their usual financial planning tasks for FY24/25, informed by the GE23 lessons learned programme</p> <p>ELT and staff discussed the Commission's financial situation in light of inflationary cost pressures, to inform the Commission's strategic and financial planning in the first half of 2024. [REDACTED]</p> <p>[REDACTED] Out of scope [REDACTED] Greater clarity is needed on team spending priorities, and the Finance team is building a picture of our financial position for the remainder of the financial year.</p> <p>Emma Gillard provided a verbal update on the Commission's financial position. Early indications are that our deficit will be higher than expected, due to higher than expected GE23 HQ support staff expenses and the phasing of broadcasting invoices. Several electorate HQs spent significantly over the projected staffing budgets.</p> <p>ELT discussed the forecast deficit of \$14.267m, which is 26 percent higher than budgeted. The Commission will need to ensure savings where possible for the remainder of the financial year. Budget projections will be prioritised in the coming financial year to ensure they are as accurate as possible. The Commission and the Ministry of Justice will be involved in the budget discussions in due course. [REDACTED]</p> <p>[REDACTED] 9(2)(b)(ii) [REDACTED]</p> <p>The GE23 lessons learned will inform our GE26 cycle spending priorities, but in the meantime any recruitment and new projects should be limited for the remainder of the financial year. Planning will continue across all teams as usual. The GE Programme team will be able to inform these discussions in early 2024, and the role of the Investment Committee will be considered with a view to prioritising effective financial planning</p> <p>[REDACTED] 9(2)(b)(ii) [REDACTED]</p> <p>ELT will prioritise communicating the planning context to their teams so they understand that funding decisions will be made in the new year, but detailed planning including GE26 election design still needs to continue as usual.</p>	
28 November 2023	<i>Paper circulated to ELT via email for information – no minuted record</i>	
19 December 2023	<p>ELT:</p> <p>1. noted that:</p> <p>a. the opening reserves as at 1 July 2023 totalled \$16.404m</p>	

	<div data-bbox="408 192 1358 651"> <p>b. with Board approved minimum reserves of \$2.221m, the maximum deficit the Commission can afford for 2023/24 is \$14.183m</p> <p>2. noted that the projected total operating expenditure for 2023/24 is \$139.436m with an expected deficit of \$15.698m, which is 39% higher than the budgeted deficit of \$11.308m</p> <p>3. noted that the forecast does not include the cost of the GE23 independent review commissioned by the Auditor-General, which is estimated to cost \$0.250m</p> <p>4. discussed forecasted costs that could be reduced, deferred or stopped during January to June 2024.</p> </div> <p>Lucy Hickman gave an overview of the Commission’s general financial situation and the discussions that may be required if the organisation is required to identify potential spending reductions. She noted that the year-to-date deficit is around four times greater than budgeted (\$6.417m actual vs \$1.576m budget). Appendices provide extra information on the reserves position; our expected position as at end June has been affected by additional GE23 delivery costs incurred in November. Most of the additional costs were personnel-based. This leaves the Commission with a small reserve. Port Waikato by-election funding will be clarified with MOJ.</p> <p>ELT discussed potential savings identified in the report, which are hypothetical and in confidence. In the meantime, costs should be managed closely and vacancy approvals should be discussed at ELT.</p>
30 January 2024	<div data-bbox="408 1189 1358 1738"> <p>ELT:</p> <p>1. noted that:</p> <p>a. the Commission’s opening reserves as at 1 July 2023 were \$16.404m</p> <p>b. with the Board-approved minimum reserves of \$2.221m the maximum deficit the Commission can afford for 2023/24 is \$14.183m</p> <p>2. noted that the projected total operating expenditure for 2023/24 is \$137.786m, with an expected deficit of \$14.113m, approximately 25 percent higher than the budgeted deficit of \$11.308m</p> <p>3. noted that forecast costs that could be reduced, deferred or stopped for the period to June 2024 will be discussed further in February.</p> </div> <p>The Finance team presented the December finance report and invited a discussion of the projected end-of-year deficit and how to keep it within Board-defined parameters. GE spending illustrated that Electorate Managers had a variety of approaches to staffing levels and costs, which could be addressed with more consistent approaches for GE26. The Commission will discuss its MYA with the Minister of Justice, and will encourage its approval to</p>

	<p>give us more certainty. Some funding has been obtained one month early from the Ministry of Justice, by mutual agreement.</p> <p>ELT noted December discussions on potential cost reductions didn't reveal any substantive savings. ELT will consider the matter again in February once 2024/25 costs are clearer. NZ Post's EasyVote costs will be confirmed.</p>
20 February 2024	<p>ELT:</p> <ol style="list-style-type: none"> 1. noted that on 1 July 2023 the Commission's opening reserves were \$16.404m 2. noted that due to the Board-approved minimum reserves threshold of \$2.221m, the maximum deficit the Commission can afford for 2023/24 is \$14.183m 3. noted that the projected total operating expenditure for 2023/24 is \$137.439m, with an expected deficit of \$11.982m, approximately 6% higher than budgeted deficit of \$11.308m 4. noted the deficit includes a \$1.900m surplus resulting from the release of unused Election Access Fund resources <p>Lucy Hickman and Emma Gillard discussed the January 2024 Finance Report. ELT discussed:</p> <ul style="list-style-type: none"> • Potential for underspend is being monitored. • A predicted \$1.9m must be returned from the EAF. • Predicted people costs are higher than expected due to the phasing of spending on regional manager roles. • There is no assigned budget to support our work for the Tauranga local election. • <div style="background-color: black; color: white; padding: 2px 10px; display: inline-block;">9(2)(b)(ii)</div>