

**LEGISLATIVE COUNCIL STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS**  
**2019-20 Budget Estimates Hearings**

**Questions Prior to Hearing**

**Western Australian Electoral Commission**

**The Committee asked:**

1. On non-operational special purpose accounts:

(a) How many has your agency established under sections 16(1)(b) to (d) of the *Financial Management Act 2006*;

Answer: WAEC has 1 Special Purpose "Account" which is our normal operating account, in which the Special Purpose "Account" is part of the Operating Account of WAEC.

(b) In a table include: (i) the name of each account;

(ii) when it was established;

(iii) each account's purpose;

(iv) balance as at 9 May 2019;

(v) the last 12 months of activity;

Answer: (b) (i)-(v)

| (i) name of each account; | (ii) when it was established; | (iii) each account's purpose;  | (iv) balance as at 9 May 2019; | (v) the last 12 months of activity;  |
|---------------------------|-------------------------------|--|--------------------------------|--|
| WA Electoral Commission   | Unknown.                      | To capture the general operating account transactions as well as the Nomination Fee account transactions which only occur during the election periods, either General State election or By-Election. | Nil                            | <p>Cottesloe By-Election<br/> Nomination Received from candidates = \$ 1,750<br/> Returned to candidates = (\$1,000.00)<br/> Returned to Consolidated Account = (\$750)</p> <p>Darling Range By-Election<br/> Nomination Received from candidates = \$ 2,750<br/> Returned to candidates = (\$1,750.00)<br/> Returned to Consolidated Account = (\$1,000.00)</p> |

(c) Describe the (1) governance mechanisms and (2) safeguards that are in place to meet the demands of section 16(2) of the *Financial Management Act 2006*; and

Answer:

(1) *Electoral Act 1907*

(2) The following safeguards are in place:

(i) 2 different electoral officers record, receive and make final payment to either the candidates and or the Consolidated Account.

(ii) All payments have to be approved by the Electoral Commissioner or Chief Financial Officer

(d) When was your agency last audited by the Office of the Auditor General primarily about special purpose accounts: (i) If applicable, what were the findings of that audit?

Answer: WAEC has no specific audit on Special Purpose "Account". In WAEC, Special Purpose "Account" is a disclosure note within the Commission's financial statement. The last audit on Commission's financial statement (which includes the Special Purpose 'Account') is June 2018.

(i) "The financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Western Australian Electoral Commission for the year ended 30 June 2018 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the Financial Management Act 2006 and the Treasurer's Instructions."

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**Questions Prior to Hearing**

**Western Australian Electoral Commission**

**Hon Martin Aldridge MLC asked:**

1. I refer to page 91 (Budget Paper 1), the table for Spending Changes, line item Election Commitment – Disclosure of Political Donations:

(a) What specific purpose(s) is the \$250,000 per annum allocated for;

Answer: Assuming the passage of proposed legislation the Commission will be funded for two additional FTEs.

(b) When does the Government anticipate legislation will be introduced to give effect to the election commitment;

Answer: The legislation is intended to be introduced in 2019.

(c) Please provide a copy of the election commitment that related to this budget allocation; and

Answer: Copy attached.

(d) How was the \$125,000 expended in 2018/19 and was further funding allocated above the \$125,000 shown in spending changes in 2018/19?

Answer: Funding is contingent upon passage of the proposed legislation. Accordingly, no funding has been received to date.

2. I note the increased savings under 'SPENDING Changes – Voluntary Targeted Separation Scheme' and I ask:

(a) What has been the annual savings to the Commission from the VTSS for each year from 2017/18 to 2019/20 and for each year of the forward estimates; and

Answer:

2017/18 - \$20,000

2018/19 - \$164,000

2019/20 - \$165,000

2020/21 - \$168,000

2021/22 - \$170,000

(b) What are the net savings/cost to the Commission once the FTE increase from 41 FTE in 2017/18 to 44 FTE in 2019/20 is taken into consideration?

Answer: The net savings from the Voluntary Targeted Separation Scheme are outlined in the answer to Question 2(a).

It should be noted that the 3 FTEs referred to under Key Efficiency Indicator 1 are temporary staff funded from a special allocation for the Distribution. They do not fall under the Commission's normal appropriation.

3. I refer to proposed amendments to the Electoral Act in Western Australia and I ask:

(a) What role is the Commission playing in advising or preparing for government the proposed reforms; and

Answer: In keeping with its impartial role the Commission provides advice on drafting and implementation but not on policy issues.

(b) What cost is borne by the Commission giving such support to the process?

Answer: There is no cost besides staff time.

4. I refer to Legislative Council question on notice 329 relating to the electoral offences and I ask:

(a) How many FTE and how much of the Commission's budget allocation is provided for responding to and enforcement of offence provision provided under legislation within the jurisdiction of the Commission;

Answer: Two FTE include among their duties the review of alleged breaches of the Electoral Act. Given that this role forms only part of their duties and the number of complaints varies from time to time it is not possible to quantify the budget allocation precisely.

(b) Have there been any prosecutions for electoral offences since the answering of that question on 24 August 2017;

Answer: No

(c) Is the Commission hindered in any sense by appropriately upholding the offence provisions within its control as a direct result of budget resourcing; and

Answer: No

(d) What is the status of the investigation into voter fraud in the Pilbara and have WA Police provided formal notification to the Electoral Commissioner of the investigation outcome and if so what was that advice?

Answer: Following the 2017 Local Government elections the WAEC received allegations of fraudulent activity reflected in an unusually high return rate at two PO boxes in Port Hedland. The WAEC referred the matter to WA Police. The recently completed police investigation concluded that whilst it appeared that offences under the Local Government Act may have occurred, there was insufficient evidence to adequately identify an offender. Given the margin in the election it is also clear that no electoral advantage could have been obtained. This matter is now closed. Those who reported the allegations have been advised of the outcome.

Initialled by 

WA LABOR

# **Disclosure and Democracy in the Digital Age**



WA Labor Policy

November 2016

## EXECUTIVE SUMMARY

**A McGowan Labor Government will:**

- **Introduce an online electronic disclosure of donations system.**
- **Reduce public disclosure threshold for donations.**
- **Provide greater transparency around third party fundraising bodies.**
- **Implement election campaign spending caps for candidates and political parties.**
- **Promote a greater civics education in primary and secondary schools.**



## DISCLOSURE AND DEMOCRACY IN THE DIGITAL AGE

### Online electronic disclosure of donations system

All political parties, individual candidates, associated entities, groups and other persons are required to submit a return to the WA Electoral Commissioner disclosing details of gifts received and expenditure incurred for Western Australian election purposes.<sup>1</sup> Ensuring that this information rests in the public domain promotes accountability and transparency.

Currently, voters have to wait 19 weeks<sup>2</sup> after polling day to find out the source of political donations to parties and candidates.

Voters should know as much as possible about candidates and parties—including who is funding them—before polling day.

WA Labor wants to ensure greater transparency, integrity and accountability in political donations to enable a greater trust in the Western Australian election process and its Government.

- **WA Labor proposes the West Australian Electoral Commissioner implement an online electronic donation disclosure system that all political parties, associated entities, individual candidates, groups etc. must use to ensure timely and continuous disclosure to the Electoral Commission and the public.**

Initially, WA Labor would envisage weekly public updates ideally moving to daily or instantaneous donation disclosure.

Continuous disclosure systems can be seen functioning in New York whereby the New York City Campaign Finance Board uses a system in which candidates who sign up for the scheme must progressively report donations via the internet using a software package provided free of charge by the board.<sup>3</sup>

The Queensland State Government is looking to establish a similar initiative with an electronic system to be in place by 1 January 2017, which would go live by the end of February.<sup>4</sup>

In Ontario Canada, all contributions to political entities over \$100 from one source must be reported to Elections Ontario within 10 business days after deposit. Elections Ontario post these contributions on their website within 10 business days of receipt.<sup>5</sup>

WA Labor believes disclosing donations in real time will achieve three things:

1. Enable voters to make informed decisions at the ballot box (transparency);
2. Ensure voters have information about the financial arrangements of participants in the political process at critical times (integrity); and
3. Enable the Electoral Commissioner to monitor compliance with the electoral donation caps (accountability).

<sup>1</sup> Electoral Act 1907, Part VI Electoral funding and disclosure of gifts, income and expenditure

<sup>2</sup> Western Australian Electoral Commission, website, viewed 8 August 2016, <https://www.elections.wa.gov.au/candidates-and-parties-funding-and-disclosure/election-returns>

<sup>3</sup> New York City Campaign Finance Board, website, viewed 8 August 2016, <http://www.nycclb.info/follow-the-money>

<sup>4</sup> A Palaszczuk (Premier) and Y D'Ath (Attorney-General), 'Real-time disclosure of political donations to be introduced in Qld', Joint Statement, 19 July 2016, viewed 8 August 2016, <http://statements.qld.gov.au/Statement/2016/7/19/realtime-disclosure-of-political-donations-to-be-introduced-in-qld>

<sup>5</sup> Elections Ontario, website, viewed 8 August 2016, <http://www.elections.on.ca/en/about-us/online-tools.html>

## Speeding up public disclosure

Whilst a public online system is being developed WA Labor will speed up the public disclosure following an election by:

- **Amending the Electoral Act disclosure period from “within 15 weeks after polling day” to 12 weeks. Allowing, the Electoral Commissioner to review the returns and make them available to the public 14 weeks after polling day.**

## Reduction in public disclosure threshold for donations

WA Labor believes that all organisations and individuals have the right to participate in our democracy, including through the provision of financial support to election candidates and political parties.

Currently, gifts or donation amounts of less than \$2,300 do not need to be disclosed.<sup>1</sup>

WA Labor believes that any contribution greater than a \$1,000 is significant.

- **WA Labor will legislate to lower the public disclosure threshold from \$2,300 to \$1,000.**

It is important that this fundamental right is also as transparent as possible and significant contributions to election candidates and political parties are made public.

<sup>1</sup> WA Electoral Commission, website, 'Funding and Disclosure in Western Australia Guidelines' accessed 8 August 2016, [https://www.elections.wa.gov.au/sites/default/files/content/documents/Funding\\_and\\_Disclosure\\_Guidelines.pdf](https://www.elections.wa.gov.au/sites/default/files/content/documents/Funding_and_Disclosure_Guidelines.pdf)

## Greater transparency around 3rd party fundraising bodies

WA Labor believes that all donations to election candidates and political parties should be able to be traced back to their origin.

Currently there are a number of 3rd party bodies (or associated entities such as think tanks, or dedicated fundraising groups such as the 500 Club)<sup>2</sup> that fundraise and accept donations then pass those—sometimes significant amounts of money—on to election candidates and political parties without disclosing the origins of the funds raised.

This is not transparent and can lead to individuals and corporations anonymously donating indirectly to election candidates and political parties. Recent research shows is that Australian companies don't tell their shareholders or the public much about what they do with shareholders money to influence Australian politics. In the June 2016, *Corporate political expenditure in Australia Report*<sup>3</sup> from The Australasian Centre for Corporate Responsibility they said:

“In Australia, for substantial sums of money across many companies, it is impossible to tell the full amount of political expenditure or the extent to which the expenditure reflects the personal whim or short-term interests of boards or genuinely advances long-term shareholder interests. It is also impossible to tell how much these contributions actually influence Australian politics.”

- **WA Labor will conduct an inquiry into disclosure requirements for 3rd party fundraising bodies and address public concerns about who makes payments to the 3rd party, and who then subsequently decides and authorises to flow that money on to election candidates and political parties.**

<sup>2</sup> <https://the500club.com.au/>

<sup>3</sup> The Australasian Centre for Corporate Responsibility, 'Corporate political expenditure in Australia Report' website, <http://www.accr.org.au/politicsreport>



Consideration will also be given to Australian companies and their approaches to political expenditure, disclosure and oversight mechanisms. In the United Kingdom direct political expenditure by companies is illegal unless approved by shareholders as part of the *UK Companies Act 2006*.

## Campaign expenditure caps

WA Labor views the rising cost of election campaigning as a serious matter of concern.

Research has shown that the public do care about political finance and they see flaws in the current system.<sup>1</sup> One of the areas of reform considered in the research was the introduction of spending limits in election campaigns.<sup>2</sup>

Political parties gain much of their electoral campaign resources from donations and various fundraising activities. The current system results in massive funding disparity between election candidates and political parties.

Currently the candidates with the most funds available to them has a large advantage.

WA Labor supports change in this area to help reign in escalating costs associated with campaigning and restore balance and fairness to the political process.

- **WA Labor will implement election spending caps for candidates and political parties.**

Caps on electoral communication expenditure for state election campaigns in New South Wales are in place.<sup>3</sup> Some other countries have rules in place that control spending by political parties as elections, for example in the United Kingdom. Legislation to prevent excessive

spending by electoral candidates has been in place since the Corrupt and Illegal Practices Prevention Act 1883. The current law regarding campaign financing in the United Kingdom is contained in the Representation of the People Act 1983.

## Democracy

There is a general lack of civics understanding in the 18–30 year age group, in particular in relation to civics and citizenship and the concept of the ‘common good’.

- **WA Labor will task the WAEC to provide an online civics education package for primary and secondary schools.**

Civic education, and contact with parliamentarians and the Parliament, makes a positive difference to the perceptions of Parliament and its workings.

<sup>1</sup> Z Nwokora, ‘Australians care about political finance – and they want to see the system tightened’ *The Conversation* 30 May 2016, viewed 8 August 2016, <https://theconversation.com/australians-care-about-political-finance-and-they-want-to-see-the-system-tightened-59366>

<sup>2</sup> Ibid

<sup>3</sup> Election Funding, Expenditure and Disclosures Act 1981 (NSW)

WA LABOR

# **Disclosure and Democracy in the Digital Age**

**Online Electronic Disclosure of Donations System**

**Speeding Up Public Disclosure**

**Reduction in Public Disclosure Threshold for Donations**

**Greater Transparency Around 3rd Party Fundraising Bodies**

**Campaign Expenditure Caps**

**Democracy**