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Ms Melissa Stutsel
Principal Research Officer
House of Representatives Standing Committee on
Economics, Finance and Public Administration
Parliament House
PARKES ACT 2600

Dear Ms Stutsel

**INQUIRY INTO THE MANAGEMENT OF TAX FILE NUMBERS -
REVIEW OF THE ANAO AUDIT REPORT NO 37 1998-99**

On 14 June 2000 you wrote to the former Electoral Commissioner, Mr Bill Gray, advising that, during the course of your inquiry, the Australian Electoral Commission (AEC) was raised as an example of good practice in relation to the management of data and systems. You say that the Commonwealth Electoral Roll was considered to be of very high quality, in contrast to the TFN database, which was shown to be of very poor quality.

In subsequent discussions with AEC staff, including Mr Paul Dacey, Assistant Commissioner Elections and Enrolment Branch, and Mr Jim Doyle, Director Enrolment, it became apparent that formal advice from the AEC would be useful for the inquiry. Accordingly, you requested responses to a list of questions.

I have pleasure in forwarding to the House of Representatives Standing Committee on Economics, Finance and Public Administration the AEC submission as requested.

The AEC thanks the Committee for allowing an extension of time on the submission deadline. The AEC liaison officer for the inquiry is Ms Peta Dawson, Director Parliamentary and Litigation Section, on ph: 62714428.

Yours sincerely

Andy Becker
Electoral Commissioner

12 July 2000

AUSTRALIAN ELECTORAL COMMISSION

**SUBMISSION TO THE HOUSE OF REPRESENTATIVES STANDING
COMMITTEE ON ECONOMICS, FINANCE AND PUBLIC
ADMINISTRATION**

**INQUIRY INTO THE MANAGEMENT OF TAX FILE NUMBERS -
REVIEW OF THE ANAO REPORT No 371998-99**

Canberra

12 July 2000

Preamble

On 14 June 2000 the Principal Research Officer of the House of Representatives Standing Committee on Economics, Finance and Public Administration invited the Australian Electoral Commission (AEC) to provide a formal written submission to the inquiry into the Management of Tax File Numbers (TFN) and the ANAO Report No 37 of 1998-99.

The AEC was apparently raised during the inquiry as an agency engaging in good practice in the management of data and systems. It was considered that the Commonwealth Electoral Roll was of very high quality, in contrast to the TFN database, which has been shown to be of very poor quality.

During the course of drafting the Committee Report, discussions between AEC officers and the Committee Secretariat suggested that formal AEC advice to the Committee on administrative procedures and the legislative framework in the *Commonwealth Electoral Act 1918* (the Electoral Act) would be useful. Accordingly, a list of questions was compiled, to which the AEC now responds in this submission. (The Electoral Act can be accessed on the AEC website at www.aec.gov.au.)

1. What is the extent of data matching by the AEC against Fact of Death date, and when did this matching commence?

1.1 Under section 108 of the Electoral Act, the State Registrars-General (of Births, Deaths and Marriages) are required to forward to the Divisional Returning Officers (DROs) in that State, a list of all persons over the age of 17 years of age in each Division, whose deaths have been recorded in the preceding month, including their name, address, occupation, age, gender and date of death. Each Registrar-General provides this information in various formats separately to the Australian Electoral Officer (AEO) in the relevant State and the Northern Territory.

1.2 This requirement has been in force since the turn of the century. Section 66 of the *Commonwealth Electoral Act 1902* required the Registrar-General of Deaths in each State to forward to the DRO in March, June, September and December, the names, addresses and occupations of people aged 21 and over, who had died in the preceding three months. The DROs were required to strike these names from the rolls.

1.3 Section 110 of the Electoral Act requires the AEO for the State (or the DRO as the case requires) to take action to alter the rolls as necessary, on receipt of information from the Registrars-General under section 108. Death information from the Registrars-General, and other sources, is therefore matched by computer with enrolment information on the AEC Roll Management System (RMANS) on an ongoing basis.

1.4 Where death information received from a Registrar-General is found to match enrolment information on the Current File of RMANS, the enrolment record is moved to the Deleted File and coded to indicate death as the reason for deletion. Where no match is found with an enrolment record on the Current File, but a match is found on the Deleted File (and the deletion reason was not because of death, such as "left address") the enrolment record is notated to indicate that death has since occurred.

1.5 At all times, but especially during election periods when roll accuracy is a critical issue, death notices in newspapers, and advice provided by the relatives of deceased persons, are monitored by DROs in each Division, and confirmed information is applied to RMANS.

1.6 In addition to the above data-matching procedures undertaken in accordance with the requirements of the Electoral Act, the AEC is currently establishing administrative procedures to verify the death information received from each of the State Registrars-General.

1.7 The AEC has recently purchased the 1999 Fact of Death File, a national compilation of death information from all State and Territory Registrars-General. This information is to be matched on RMANS and any anomalies will be followed up by Divisional office staff. Monthly data from the Fact of Death File is also to be supplied to the AEC for all of 2000. This verification process is currently being tested and will go into production within the next month.

2. What process does the AEC use for the archiving of electronic records?

2.1 The AEC maintains all current enrolment records on-line in the computerised RMANS system. Previous records are also held on-line extending back to 1997 in the case of South Australia, and at least to 1991 for all other States and Territories. Records are identified within the database as being on the Current File, the Deleted File or the Archived File. The main benefit of such file attribution within a single database is that it limits the number of searches required to match existing records.

2.2 An enrolment record on the RMANS Current File is moved to the Deleted File under the following circumstances:

- The elector provides an enrolment application form indicating a change of information, for example, that the elector has transferred address;
- Amendments to an enrolment record to correct an administrative error;
- Administrative amendments made for reasons such as street and locality name changes, and rural road re-numbering;
- It is determined that an elector is no longer entitled to remain enrolled due to non-residence, or for other reasons such as unsound mind;
- Information is received that the elector is deceased.

2.3 A record on the Deleted File is moved to the Archived File only if there are two or more records relating to the elector on the Deleted File. The most recent record on the Deleted File is retained on the Deleted File.

3. What checks does the AEC carry out on new registrants to check that they do not have an existing registration on the Electoral Roll?

3.1 When a person applies for enrolment, they must complete an enrolment application form providing details of name, address, date of birth, citizenship etc. The enrolment form also contains a declaration that the information they have provided is true and complete. The enrolment application form must also be witnessed. When signing the form, witnesses declare that they saw the applicant sign the form and that they are satisfied that all statements made by the applicant in the form are true.

3.2 The information on the enrolment application is then entered onto RMANS and an automatic check is made of the new application against existing records. Where a match is found with a record on the Current File, the information on the new application is linked, and the matched previous record is moved to the Deleted File.

3.3 RMANS uses "Sounds-like" (Soundex) name matching software for on-line enrolment inquiries by Divisional staff and other authorised personnel. In addition, the AEC has developed a number of in-house software applications for RMANS that allow various inquiry criteria to be used. These include inquiry by address and by name.

3.4 In cases where a match is found with a deleted record, RMANS provides a warning if the deletion reason indicates that the matched record belongs to a deceased person. Any such matches are followed up by Divisional staff. Where no match with a previous enrolment record is found, the enrolment is flagged as new to RMANS. In cases where it appears that an enrolment applicant may have a previous enrolment history or where there is a possibility of change of name (such as by marriage) further RMANS searches are undertaken and enrolment applicants may be required to provide further information.

3.6 It should be noted that, on the passage of enabling regulations, the *Electoral and Referendum Amendment Act 1999* amends the Electoral Act to require new enrolment applicants to produce at least one original proof of identity document. It will also restrict witnessing of enrolment application forms to a prescribed class of witness.

4. What range of quality assurance mechanisms does the AEC have in place to ensure the quality and veracity of Electoral Roll applications and changes?

4.1 In 1999-2000, a total of 2.46 million enrolment application forms were processed on RMANS. This figure includes changes to enrolment details, transfers of enrolment and re-enrolments, as well as new enrolments. In addition there were 393,552 deletions to the Roll, made up of 283,737 objections, 100,265 deaths and 9,550 duplications.

4.2 As mentioned above, every enrolment application form must be witnessed and this information is then checked on RMANS. In addition, the AEC writes to every elector when they enrol for the first time and each time they change their enrolment details. Any of this mail that is marked "Return To Sendee" is followed up by Divisional staff and, where necessary, action is taken to correct enrolment details or remove names from the Roll.

4.3 Section 92 of the Electoral Act enables the AEC to demand information from other agencies in relation to the preparation, maintenance or revision of the Rolls, and requires the AEC to conduct periodic reviews of the Roll. In accordance with these provisions, the AEC undertakes a range of activities to maintain the accuracy of the Roll. The traditional two yearly Electoral Roll Review (ERR) or national door-knock has not been undertaken since 1998. On the recommendation of the Joint

Standing Committee on Electoral Matters (JSCEM), the ERR is being replaced by a wider range of alternative enrolment maintenance activities collectively described as Continuous Roll Update (CRU).

4.4 CRU activities range from localised door-knocks to mail reviews targeted at people who complete Australia Post Change of Address Advices, and more recently, Centrelink Change of Address Advices. The AEC also conducts CRU mailings on behalf of the Joint Roll partners (see section 84 of the Electoral Act), using data from State agencies such as Motor Registries.

4.5 RMANS also allows de-duplication procedures which can disclose entries on RMANS for applicants who were not matched at the time of enrolment. De-duplication is undertaken regularly and before all major federal and State/Territory electoral events. In 1999-2000 there were 7586 duplicates detected and corrected.

4.6 RMANS also contains an Address Register containing approximately 6.9 million addresses which are valid for enrolment and against which all enrolment transactions are matched. Enrolment applications received for addresses not known to RMANS or marked as "invalid" on the Register are followed up by Divisional staff.

4.7 The AEC is reviewing addresses on the Address Register at which, for example, no electors are enrolled, or where a number of electors with different surnames are enrolled. This last situation generally occurs where people have moved address without updating their enrolment. They remain enrolled for their previous address where new residents may have subsequently enrolled.

4.8 The AEC is undertaking extensive matching of the RMANS Address Register with Australia Post to improve the accuracy of the Address Files of both agencies. In addition, the AEC has received address data from lands departments in a number of States and the ACT. This information is used to improve the Address File.

4.9 The AEC also processes all enrolment information collected at State/Territory and local government elections. This is used to amend elector enrolment details or to commence objection action to remove electors from the Roll on the basis that they no longer reside in the federal Division for which they are enrolled.

4.10 Finally, it should be noted that all Electoral Enrolment Forms are electronically imaged and stored. When there is a problem with an enrolment application which cannot be resolved in any other way, the signatures on the original enrolment application form can be checked. Signatures are also compared to resolve identification link inconsistencies disclosed during data integrity checks.

5. The ATO has advised the Committee that it gets regular updates of electoral information, and that this information is used on a case by case basis. Are there any legislative impediments to the ATO using this information for more systematic data matching? If so, what are they?

5.1 The AEC is responding to this question only in relation to the relevant provisions of the Electoral Act, which can be accessed on the AEC Website at www.aec.gov.au. The ATO should seek further and more specific comment from the Privacy Commissioner, who is responsible for the service-wide guidelines on data matching, within the terms of the Privacy Act 1988.

5.2 Section 91(10) of the Electoral Act allows the AEC to provide prescribed authorities with a microfiche of the Roll, showing publicly available name and address information, as well as personal information such as date of birth, gender and occupation. Schedule 2 to the Electoral and Referendum Regulations lists the prescribed authorities, which are all Commonwealth government departments and agencies, including the ATO. Legal advice from the Attorney-General's

Department and the Australian Government Solicitor, dating as far back as 1991, indicated that section 91(10) of the Electoral Act permitted the AEC to provide prescribed authorities with electoral information in electronic format, in addition to microfiche format.

5.3 On 8 June 2000 the Solicitor-General advised that section 91(10) of the Electoral Act did not allow the AEC to provide prescribed authorities with enrolment information in electronic format, but could provide in electronic format under paragraph 91(4A)(e) of the Act. However, the supply of enrolment information in electronic format under paragraph 91(4A)(e) will require regulations under section 91A of the Electoral Act, in order for prescribed authorities to be able to make use of the information.

5.4 The AEC has, for the time being, stopped the provision of electoral information in electronic format to prescribed authorities. The Government is currently considering the need for, and possible options for, continuing provision of electoral information to Commonwealth departments and agencies by the AEC.

5.5 At present therefore, the ATO is not legally authorised to make use of electoral information supplied to it by the AEC in electronic format, and is not authorised to make use of any information already supplied to it electronically by the AEC, including for "more systematic data matching". Any regulations introduced to allow the ATO to make use of enrolment information provided by the AEC will have to specify those purposes. Note that subsection 91A(1) of the Electoral Act provides that information supplied under subsection 91(4A) may only be used for a permitted purpose and imposes a penalty of 110 penalty units for any breach.

5.6 Further, the supply of enrolment information under paragraph 91(4A)(e) of the Electoral Act is at the discretion of the Electoral Commission and prescribed authorities will have to satisfy the Electoral Commission that supply is appropriate. Prescribed authorities will continue to be required to sign "Safeguard Agreements" with the AEC which cover the specific detail of the use to which enrolment information is put, and they will not be permitted to use enrolment information for any purposes other than those detailed in their "Safeguard Agreement".

6. To what extent is additional information, such as the AEC "deletions" file available to the Australian Taxation Office (ATO) and yet not accessed? To what extent has the deletions file been used by other Commonwealth agencies?

6.1 As mentioned above, the Solicitor-General has advised that, under the existing legislation, the AEC is not permitted to provide prescribed authorities with enrolment information in electronic format. However, in January 1999, before the Solicitor-General's advice, Centrelink was provided with the Deletions File for the Australian Capital Territory, on a demonstration basis. This file included deletions for all reasons, including those electors who had been removed from the Roll because they had died.

6.2 The AEC has been recently advised that:

[Centrelink] carried out a one-off pilot match of a sample of AEC deletions records marked as deceased against the AEC's current file. This identified a number of discrepancies that needed to be followed up, and Centrelink did not undertake further matching. Notwithstanding the results of the pilot, the AEC's Electoral Roll data plays a critical role in the prevention and detection of identity fraud against Centrelink.

6.3 Unfortunately, the data sample provided to Centrelink did not include sufficient additional data that would have allowed follow-up work on the discrepancies. Despite the limitations evident in the pilot, the AEC shares Centrelink's view that data-matching between departments and

agencies could provide an important check on data integrity. However, it is apparent that the AEC will need to undertake further research before it can make use of data supplied from outside agencies, to check death deletions on RMANS.

6.4 In one of its submissions to this inquiry, the ATO has advised that it has purchased the national Fact of Death File from the Registrars-General. Provided that the Fact of Death File is accurate, data-matching with this information would be more appropriate for the ATO than data-matching with the AEC Death Deletions File. This is because the Fact of Death File would list all deaths, including those of non-citizens and people under 18 years of age, and not just deaths relevant for the Commonwealth Electoral Roll.

7. The Committee notes that the AEC was removed from the Data-matching Program in 1995. The ATO have advised that the HIC and the AEC were removed from the program 'as they were not considered to benefit in the same way as the assistance agencies'. Can you provide more detail on the decision to remove the AEC from this program

7.1 In relation to the decision to remove the AEC from the Data-matching Program, Centrelink has advised as follows:

Personal identity data from the AEC and HIC was removed from the Data-matching Program by legislative amendment in 1995. This data had been used as an additional check on the validity of identity data matched under the Program, but improvements in the quality of data provided by the assistance agencies and the ATO by 1995 meant that the AEC and HIC identity data was no longer required. There was never any issue of "benefit" to the AEC and HIC as they were only suppliers of identity data for this specific purpose and did not otherwise participate in the Data-matching Program.

8. The Committee notes that in reporting on the 1996 Federal Election, the Joint Standing Committee on Electoral Matters recommended that the AEC investigate options for expanding data matching of enrolment data. What contact has the AEC had with the ATO on this proposal?

8.1 Recommendation 4 of the June 1997 JSCEM Report was as follows:

that in cooperation with relevant Commonwealth, State and Territory departments and agencies, the AEC conduct a study identifying costs, benefits, methods of implementation, and requirements for legislative amendment of the following options for the expanded matching of enrolment data:

- (a) manual provision of data in response to requests for information relating to individual enrolments.
- (b) bulk comparison of data held by the AEC and other departments and agencies;
- (c) on-line connections between the AEC's Roll Management System (RMANS) and the computer systems of other government departments and agencies, enabling validation of data as an enrolment form is entered onto the system; and
- (d) such other options as may appear as a result of the study to appear viable.

8.2 The Government Response to recommendation 4, of 8 April 1998, was as follows:

Supported. The Government considers that the integrity of enrolment and voting are fundamental to democracy and as such the AEC should be afforded the facilities to use the data held in other government controlled databases to check the accuracy of the electoral Roll.

8.3 The AEC wrote in relation to this recommendation to a number of agencies, including the ATO, on 7 May 1998. There has been no response to date from the ATO. Due to other more pressing priorities that followed soon after, including the conduct of the 1998 federal election and the 1999 Referendums, and the JSCEM inquiry into the 1998 federal election, the AEC has not progressed the study.

9. To what extent does the AEC advise the ATO of fraudulent or suspect enrolments? Would it be possible for the AEC to provide the ATO with a fraud alert list and how useful do you consider this would be?

9.1 Under section 101 of the Electoral Act enrolment is compulsory. Under section 339(1)(k) of the Electoral Act it is an offence to make a statement in any application, such as an enrolment application, that is false or misleading in a material particular. Other offences relating to "enrolment fraud" include section 336 (signature to electoral paper), section 337 (witnessing electoral papers) and section 344 (forging or uttering electoral papers). The penalties for these offences are relatively minor (\$1,000 or 6 months).

9.2 There are two obvious reasons why a person might attempt to enrol fraudulently. Firstly, from an electoral perspective, a person might attempt to enrol fraudulently in order to affect the balance of power in the Parliament. To effect this, the marginal Divisions across Australia would have to be targeted, and the organised efforts of some thousands of people would be required, all working to a specified agenda. Since the establishment of the AEC in 1984, successive inquiries by the JSCEM after every federal election have concluded that there is no evidence of widespread and organised enrolment fraud, targeting marginal Divisions in order to influence the outcome of a federal election.

9.3 On the relatively rare occasions when suspicions of enrolment fraud do arise, such as occurred two years ago in the Division of Herbert in north Queensland during a party preselection ballot, the AEC refers the matter to the Australian Federal Police (AFP) for investigation. In this case, Divisional staff picked up inconsistencies in claims made on some enrolment forms, and by the application of RMANS programs were able to disclose inconsistencies in other enrolments.

9.4 The AFP is a prescribed agency under the Electoral Act and has, in the past, received national enrolment information in electronic format for the purposes of law enforcement. The AFP is also presumably authorised to undertake any necessary data-matching with other agencies and departments, including the ATO, in the course of their investigations.

9.5 The Commonwealth Director of Public Prosecutions is, then responsible for prosecutions of breaches of the Electoral Act. In the particular case mentioned, successful prosecutions for forgery under the Crimes Act 1914 followed. The important issue in this context is that such cases are relatively few and far between.

9.6 The second most obvious reason for attempting to enrol fraudulently would be to establish a fraudulent identity in order to obtain financial benefit from the government, such as for example, from the social security system or the taxation system. It should be appreciated that with a client base of 12 million electors, the AEC does not have the resources or the expertise to undertake police-style investigations into individual cases of possible enrolment fraud, even assuming that the AEC was routinely able to identify such cases as fraud against the Commonwealth. Such individual cases generally only surface as the result of investigations initiated by other departments and agencies.

9.7 The AEC does not routinely advise the ATO or any other department or agency about fraudulent or suspect enrolments. Further, the proposition that the AEC might provide the ATO with a "fraud alert

list” assumes that the AEC routinely identifies significant numbers of suspicious enrolments at a national level. This is not the case, for the reasons explained above.

9.8 However, the AEC does not discount the benefits that could flow in minimising fraud against the Commonwealth, were data-matching between the AEC and the ATO to be permitted by an appropriate legislative framework and privacy safeguards. This would be properly within the terms of the June 1997 JSCEM Report recommendation discussed above, but would require further research and development.