



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

JOINT COMMITTEE ON ELECTORAL MATTERS

**Reference: Conduct of the 1998 federal election and matters related  
thereto**

TUESDAY, 22 JUNE 1999

CANBERRA

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**JOINT COMMITTEE ON ELECTORAL MATTERS**

**Tuesday, 22 June 1999**

**Members:** Mr Nairn (*Chair*), Mr Danby, Mr Laurie Ferguson, Mr Forrest, and Mr Somlyay

**Senators and members in attendance:** Senator Lightfoot and Mr Danby, Mr Laurie Ferguson, Mr Forrest, Mr Nairn, Mr Somlyay

**Terms of reference for the inquiry:**

To inquire into and report on all aspects of the conduct of the 1998 federal election and matters related thereto.

**WITNESS**

**CROSBY, Mr Lynton Keith, Federal Director, Liberal Party of Australia . . . . . 168**

**Committee met at 12.33 p.m.**

**CHAIR**—I declare opening this Joint Standing Committee on Electoral Matters inquiring into the 1998 federal election and matters related thereto. Political parties play a central role in Australian democracy by attempting to make sure that the voting public make an informed choice on election day. Party submissions to election inquiries are generally about how they can more effectively perform that task. The Liberal Party of Australia, whose witness appears today, is no exception to that rule. The Liberal Party in its submission made a suite of recommendations including streamlining the financial returns process for political parties, improving the process of selecting and providing access to polling places, improving the workability of section 44 of the Constitution to name a couple. We will discuss these and other issues today.

**CROSBY, Mr Lynton Keith, Federal Director, Liberal Party of Australia**

**CHAIR**—I welcome Mr Lynton Crosby, federal director of the Liberal Party of Australia to today's public hearing. The evidence that you give at the public hearing is to be considered part of the proceedings of parliament and therefore the usual rules and regulations that you would be well aware of apply in that respect.

The committee has received your submission No. 162 and it has been authorised for publication. Are there any corrections or amendments you would like to make to your submission?

**Mr Crosby**—No, Mr Chairman.

**CHAIR**—Would you like to make a brief opening statement before I invite members to proceed with questions?

**Mr Crosby**—Thank you very much Mr Chairman. The Liberal Party is happy to again participate in giving evidence to the Joint Standing Committee on Electoral Matters.

This committee has been reviewing elections since 1984, so many of the key issues that relate to the conduct of elections and to the administration of the Electoral Act have probably been canvassed in earlier times.

Therefore, our submission on this occasion dealt with a number of quite specific issues, but not some of the broader issues of principle that previously we have dealt with. We do strongly support the need for an open and accountable electoral system conducted in a fair and objective way. We are therefore happy to assist and believe it is our role to assist in that regard.

There are some items in our submission that I would like to very briefly touch on. The first relates to public education programs and the need to make clear to voters the system that operates at a federal level and the arrangements that apply to them. This is especially so because of increasing variances between state and local government election arrangements and the Commonwealth electoral arrangements. In that regard, issues such as compulsory voting and the fact that people of any age, once they have been admitted to the roll, are required to vote should be something that the Electoral Commission gives attention too. For example, in Victoria now, people over the age of 70 can choose whether or not they participate in local government elections. There is some confusion creeping in. We believe in relation to the conduct of the voting process—that is the capacity of lodging a formal vote, whether it is the number one, a tick or a cross—all of those explanations ought to be dealt with because increasingly there are variances between the relevant laws.

We draw attention again to something that we have had some concerns about for some time and that is section 44 of the Australian Constitution and the matters of foreign allegiance and office of profit under the Crown. We appreciate there are some complexities to those issues, but constantly they keep coming up and we believe that more consideration needs to be given to them.

We believe that since the disclosure laws were first brought into place, there have been significant changes in society and that there should be, accordingly, amendments to the levels of disclosure and the nature of disclosure. But we remain firmly committed to the principle of disclosure and always seek to satisfy our requirements under the Electoral Act in that regard.

We do believe that the strongest possible incentives should be given to participants in the electoral process, both people who seek to be candidates and people and entities that seek to support political parties and political organisations. We believe that that can be assisted by enhancing tax deductibility provisions to enable people who make contributions to political parties and candidates to have some tax recognition for that participation by way of donations.

We have also raised a number of matters. In fact, many of these matters seem to be at one with submissions of at least the other major political party, the Labor Party, in relation to the access of party workers to polling places and the management of polling booths. We need improved notice and advice in relation to pre-poll voting and such matters. We have some concerns about the need to improve the provision of information on election night with regard to two-party preferred—or two-candidate preferred—results and so forth. Certainly the Electoral Commission has come a long way in that regard, but we think there is room for further improvement.

We do have concerns about the conduct of mobile booths, the need to ensure and the opportunities to ensure satisfactory scrutineering at those mobile polling places. We have concerns about the growth in provisional voting and the practice of provisional voting and believe that issue needs to be considered with a view to tightening up provisions in relation to provisional voting.

I might leave it there, Mr Chairman. I am happy to answer any questions.

**CHAIR**—Thank you. You mentioned that in Victoria, people over 70 do not need to vote, that is even if they are registered in local government. There is no requirement for them to vote? Is that the case?

**Mr Crosby**—I am not sure of the exact detail. My understanding is it is even if they are registered. But the fact that I do not know and that there is widespread confusion in the community underscores the point that there need to be clear educational programs at the time of an election from the Electoral Commission explaining to people the circumstances that apply for this election. It is not just who is entitled to vote but also the nature of a formal vote, because as we have different arrangements in different states, and in two states we have optional preferential voting as well, confusion can exist as to the voting procedure to apply.

**CHAIR**—Do you think there should be some debate between the Commonwealth and the states and even local government about trying to standardise some of these voting procedures?

**Mr Crosby**—That is a nice thought. Some states hold out very strongly to the desire to continue to administer their electoral arrangements, and that is understandable. We have existed as a nation for almost 100 years and there are many things we have not been able to satisfy. I am not so confident that we would be able to achieve unanimity of view on these issues. If you can, then that is helpful in assisting voters by minimising confusion. I think the first step, given the arrangements within which we have to operate, is that the Electoral Commission should make those arrangements clear, in the context of federal elections, to the voters.

**CHAIR**—I will ask one more question before I give my colleagues an opportunity. We had some submissions from a variety of people in relation to postal vote applications. One aspect which was raised was some confusion as to who people were sending their postal vote application to. In some circumstances it appeared that they thought they were sending it to the Electoral Commission but they were actually sending it to a political party. Could you describe what the Liberal Party does in that respect, and is it consistent between the states?

**Mr Crosby**—Firstly, in relation to the federal elections it is essentially consistent. The key principle is that we believe that political parties and candidates should be free to facilitate the voting process for voters in whichever way they lawfully can. Anyone who has worked on a campaign knows how frequently voters come to a campaign office or to a candidate or to a political party seeking postal vote information. We have taken the view, and other political parties have taken the view, that that information should be distributed freely to people so that their voting process is made as simple and as easy as possible. So we have always undertaken the practice in recent elections of providing to voters a copy of the Electoral Commission's form in order that they can complete that form and ensure that they obtain a postal vote.

If the suggestion is that in some way there is a concern by voters that their postal vote form is not being processed, there may be the occasional breakdown in communications, but for the most part it is very much in the interests of political parties to ensure those postal vote application forms are processed. I know that on the part of the Liberal Party a great deal of attention and effort is given to ensuring that any postal vote application forms which voters provide to the Liberal Party and ask the Liberal Party in effect to convey to the Electoral Commission are promptly and appropriately processed.

The material that we produce at election time which incorporates the postal vote application form does make clear in the reply details that it has been returned to the Liberal Party. We do not seek to mislead the voters in any way on that and there is no advantage for us in doing that. As I say, it is in the interest of all political parties who have postal vote application forms provided to them for processing to ensure that they are dispatched to the Electoral Commission at the earliest possible opportunity in order that those voters can have their opportunity to vote and be properly serviced by the political parties.

**CHAIR**—Thank you.

**Mr LAURIE FERGUSON**—Mr Crosby, you would have noticed that over the last few decades, probably all this century, the coalition and its predecessors have often argued that we have closed shops around this country, that people are forced against their own

conscience to join trade unions, that often those trade unions do not reflect the membership, that perhaps some industrial action is precipitated by decisions of the executives without consultation. I am therefore intrigued as to your submission's basically broad-brush approach that everyone who is a member of a union should be denied the possibility of working on polling booths.

**Mr Crosby**—No, that is not the submission. The submission relates to unions affiliated with one political party.

**Mr LAURIE FERGUSON**—That is essentially a very big proportion of the Australian work force in trade union membership.

**Mr Crosby**—As I said at the start, it is very important that the community has confidence in the electoral process and is confident that, in every way, things are not only done properly but they are seen to be done properly. A reasonable argument can be put that there may be in the minds of some in the community a concern that members of a union which may be affiliated with one political party are involved in the actual hands-on conduct of an election. That is the concern that has been expressed. I think it is a fair concern that ought to be addressed.

**Mr LAURIE FERGUSON**—Despite this rhetoric from the coalition that essentially they were often not reflective of their membership and that people were forced in, et cetera, you are still saying that every person that belongs to a trade union in this country that is affiliated with the Labor Party, regardless of their individual views, should not be allowed to work in a polling booth?

**Mr Crosby**—What we are saying is that the Australian Electoral Commission is tasked with the responsibility of conducting a fair and impartial election. That election invariably involves the Liberal Party and the Labor Party and a whole range of other parties. It seems incongruous to some people that people could be members of an organisation that is affiliated with a political party and yet be involved in the hands-on processing of votes and the conduct of an election.

**Mr DANBY**—Would you apply that equally to members of organisations like the Institute of Public Affairs or other organisations which people freely associate with? Why single out one group of people who—

**Mr Crosby**—It is very simple. The matter we dealt with was unions affiliated with the Australian Labor Party. They are affiliated organisations and therefore, in effect, are co-members of the Labor Party, and therefore that calls into question the practice of their being involved in the actual conduct of an election. We are not saying unions should not be entitled to work on elections. We are saying that where someone is a member of a union which is affiliated with the Labor Party it could be argued that some question of conflict could arise between their role as fairly conducting an election as contractors or employees of the Australian Electoral Commission and their membership of an organisation which is actually affiliated with one of the political parties that is involved in that election.



**Mr DANBY**—But don't you think that would apply equally to people that are substantially associated with the Liberal Party who are associated with other organisations? Why are you focussing on one type of organisation only?

**Mr Crosby**—In terms of whether someone is a member of a political party, the Electoral Commission, as I understand it, takes all reasonable steps to ensure that no-one who is active or involved in a political party participates in the hands-on conduct of an election.

**Mr LAURIE FERGUSON**—We accept there is some rationality to that.

**Mr Crosby**—Except that here we have a situation with organisations that are affiliated with one political party. We are not talking about organisations that may share views with one political party or another. We are talking about organisations that are affiliated with, part of, pay fees to, one political party. Is it appropriate that members of such an organisation that is affiliated with one political party are involved in the actual hands-on conduct of the election—not handing out how to vote cards, not scrutineering for a political party, but actually conducting the electoral process in which the community must have complete and utter faith?

**Mr LAURIE FERGUSON**—Could you give us some feeling for the reconsideration by the Liberal Party with regard to compulsory voting and also the carriage by the AEC of people to remote areas? You have had a rethink on those from your previous positions.

**Mr Crosby**—We always take account of the latest circumstances. We are happy to review circumstances.

**Mr LAURIE FERGUSON**—Are there any circumstances that are of interest to the committee?

**Mr Crosby**—In relation to the issue of compulsory voting, our view is that the current system has been serving us relatively well. It is an issue, as you know, that is a matter of some debate within our party. The majority view of our federal executive and our professional staff is at present that compulsory voting should be supported, and that is why it is in the submission. We understand the dilemma between the philosophical approach of voluntary voting, which many support, and the practical difficulties involved for political parties and for the political process driven by that. That is why we have come down in the way we have.

In relation to mobile booths, we are keen to facilitate the process to ensure that there is suitable scrutineering of votes from mobile areas. This has been an issue that has been debated quite widely in the party. We take the view that, wherever there are mobile booths, there should be good access for scrutiny to ensure that we can all have complete confidence in the conduct of the election process in these remote communities. The practical reality in remote communities is that often the process is made a little difficult because the people available to conduct the election in the local community live and work amongst the people of the local community. It is important to get, as far as possible, some additional external observation into the conduct of the electoral process in those areas.

**Mr DANBY**—I just follow up on the issue of compulsory voting. In the last report of the committee that I read, this committee had gone to the trouble of recommending to the parliament, on the basis of the Liberal Party's submission—and Senator Minchin's position in particular—that we support voluntary voting. The parliament decided not to pay attention to that. It does seem to be a big change to go from support of voluntary voting to support of compulsory voting. I support your change of heart, but I am intrigued as to the process.

**Mr Crosby**—It is a bit like going to an election with a tax policy that proposes capital gains tax for all pre-1985 assets and then deciding to change your mind after the election. I have noticed that it is the capacity to change your mind that applies to all political parties. On this occasion, it applies to us.

**Mr DANBY**—Was there a federal council decision or debate about this? How did it become about?

**Mr Crosby**—There has been no recent federal council discussion of the issue, but the matter has been discussed within other forums of the party, and that is the basis for this.

**Mr LAURIE FERGUSON**—Can you give me some indication of what you mean by substantial compliance?

**Mr Crosby**—As I am sure you would appreciate, Mr Ferguson, political parties are broadly based organisations whose success rests very significantly on the efforts and contributions of volunteers. The Liberal Party has about 100,000 members and several thousand branches Australia-wide. All of those branches are supported, serviced and operated by volunteers. Under this electoral act, we already have a very significant onus on our volunteer workers in meeting the obligations of the act. I have noticed this is a view that Mr Gray from the Labor Party expresses as well.

It is very easy for there to be simple errors or mistakes. If you review returns to the Australian Electoral Commission by various political parties, you will see virtually every one lists one, two or three—or maybe four, five or six—entities within the party. For some reason or other, there has been a bit of difficulty in getting the full information. That is to be expected when you are dealing with groups of people right throughout the country offering their time on a voluntary basis. Office holders change from time to time. We believe that, rather than be so rigid as to be unrealistic, the capacity for substantial compliance should apply, provided the Australian Electoral Commission is satisfied that every reasonable endeavour has been made to complete and return and satisfy the provision of information, that should be satisfactory.

**Mr LAURIE FERGUSON**—Given the history of the operations of the Free Enterprise Foundation and the AEC's current investigations into the Greenfields Foundation as to whether it might be an associated entity, and as very low interest loans are being perceived by the general public for practical purposes as on the verge of a donation, why shouldn't the electorate be concerned about moves towards a more nebulous requirement on political parties?

**Mr Crosby**—This is not a more nebulous requirement.

**Mr LAURIE FERGUSON**—Substantial?

**Mr Crosby**—Substantial compliance—

**Mr LAURIE FERGUSON**—Why are you doing it if it is not going to change anything?

**Mr Crosby**—We have done it to take account of the practical reality that both your national secretary and myself—and many others who operate in political parties on a daily basis—recognise. That is that you have a large volunteer based organisation where inevitably people are giving of their time do their best and satisfy their requirements as far as humanly possible. There should be some recognition, that provided political parties have done everything reasonable to substantially comply, that should be the end of the matter. If you want to start dealing with the issue of associated entities and the Greenfields Foundation, which you have mentioned, then you ought to deal with some of the associated entities that exist that the Labor Party has never disclosed.

**Mr LAURIE FERGUSON**—You are quite welcome to do that.

**Mr Crosby**—We hear a lot of humbug, if I could say so, from the Labor Party on this issue. I note that in Queensland there are six companies which their chairman, Ian Brusasco, has acknowledged are Labor-controlled companies. Only two of those companies, Labor Resources Pty Ltd and Labor Holdings Pty Ltd, have ever lodged returns as associated entities. But they satisfy in every way all of the conditions which the Labor Party say are the very conditions that require the Greenfields Foundation to be treated as an associated entity.

At the last meeting of this committee, your national secretary made this point. In talking about the Greenfields Foundation and the Free Enterprise Foundation, he said that they both operated from the same post office box and they had similar trustees. We believe that this kind of match-up of personnel and addresses creates, undeniably and absolutely, an associated entity. The Labor Party in Queensland has four companies, Labor Enterprises Pty Ltd, Labor Legacy Pty Ltd, New Labor Pty Ltd and Texberg Pty Ltd, that in 1992 in the *Sunday Mail* Mr Brusasco acknowledged were Labor Party companies, which have never lodged returns as associated entities. Amongst their common board members are Wayne Swan, a frontbencher of the Australian Labor Party. Yet we have heard nothing from you about tightening up on those provisions and there has been no voluntary effort on your part to draw attention to those. The two companies that have lodged returns, Labor Resources and Labor Holdings, have both lodged AEC returns under protest. All of these companies have the same address, which is that of the Australian Labor Party headquarters in Queensland at 16 Peel Street.

**Mr LAURIE FERGUSON**—It is a fairly dark picture you are painting and I am, therefore—

**Mr Crosby**—I am hoping that you are sharing my concern about the operations of the Australian Labor Party.

**Mr LAURIE FERGUSON**—What you and Mr Gray and any other political apparatchik thinks is not really the total answer to the question. Essentially, you are highlighting what

you see as very disturbing, questionable practices, and that is what we are making about the Greenfields Foundation.

**Mr Crosby**—No, not at all.

**Mr LAURIE FERGUSON**—I am saying to you, why shouldn't the Australian electorate, independent of what you and Mr Gray think, be concerned about proposals by political parties to essentially make it even easier for these kinds of subterfuges you are putting forward?

**Mr Crosby**—Substantial compliance does not make it easier for the practice that you allege to be occurring. Let me deal with the Greenfields Foundation, because time and again, lots of claims are made. This matter has been dealt with by the Liberal Party on many occasions. The very existence of the Greenfields Foundation was known because the Liberal Party responded in its electoral return to the fact that it had a debt incurred with the Greenfields Foundation. I have not seen in any of the Labor Party's returns any acknowledgment of the indebtedness that exists between Labor Enterprises, Labor Legacy, New Labor, Texberg, Labor Resources and Labor Holdings. I have not seen any returns from Labor Legacy in Queensland, even though the ALP Legacies and Gifts Ltd in the ACT, and the ALP New South Wales Branch Gift Pty Ltd both lodged returns.

All I am saying is that the Liberal Party has made very clear the matter in relation to the Greenfields Foundation. The Liberal Party was indebted to the National Australia Bank after the 1994 election and was required to provide security for that debt. The constitution of the Liberal Party prevents the Liberal Party from mortgaging its national headquarters. Accordingly, a guarantee was given to the bank to secure continuing finance facilities.

Mr Ferguson, we well remember—and I am sure you do—that we were out of office for the bulk of the 1990s and late 1980s and, therefore, the sustaining of financial resources of the party was sometimes difficult. We had to go into debt to sustain the operations of the party. We took out a loan to effect that. We were required to provide security; we could not. A guarantee was requested to be provided. That guarantee was provided by the honorary federal treasurer, Ron Walker, post the 1996 election. When the full extent of loans could not be repaid, that guarantee was called in under law and required to be honoured by Mr Walker. He met his obligation as a guarantor by paying out the remaining indebtedness of the Liberal Party to the National Australia Bank.

It was not a gift to the Liberal Party: he responded to his obligations under law. It was not a loan to the Liberal Party, because it was an indebtedness which he subsequently assigned to the Greenfields Foundation. The Labor Party constantly says there is a loan in place and so forth. The fact is that there is not. We have made that point consistently.

**Mr LAURIE FERGUSON**—There is no loan from the Greenfields Foundation?

**Mr Crosby**—The Liberal Party, in its annual return, has consistently reported that it has a debt held with the Greenfields Foundation. That is something that we have consistently done, just as the company, Labor Resources Pty Ltd, in its most recent return—which I note is headed 'Lodged under protest. Not considered to be an associated entity'—incorporates

three of the companies I have met: Labor Enterprises, with which it has a debt of \$3.2 million; New Labor Pty Ltd, with which it has a debt of approximately \$61,000; and Texberg Pty Ltd, not to be confused with our pollster, which has a debt of \$1.4 million.

The fact is that Labor Party controlled companies have got that information in there. The Labor Party does not expect that to be the subject of lodgment of an associated entities return, yet it wants to apply that principle to the Liberal Party when there is in fact no loan. It is a debt, so it is quite a different situation.

**Mr LAURIE FERGUSON**—Why should it not apply to both parties? Why are you so defensive of it?

**Mr Crosby**—I am not defensive.

**Mr LAURIE FERGUSON**—You are pointing out how bad it is.

**Mr Crosby**—No, what I am doing is responding to your claims about the practice of the Greenfields Foundation and your suggestion that there was something improper in relation to the Greenfields Foundation, or that in some way the Liberal Party was attempting to hide something. We are not. We have been fully open and cooperative with the Electoral Commission on the matter. We have lodged the fact in our electoral—

**Mr LAURIE FERGUSON**—I thought you refused to enter into correspondence. I thought at one stage you refused to give further evidence.

**Mr Crosby**—I beg your pardon?

**Mr LAURIE FERGUSON**—The Liberal Party—

**Mr Crosby**—You are not confusing this with the Queensland Labor Party, which failed to lodge returns for four significant companies?

**Mr LAURIE FERGUSON**—I am not. You well and truly know I am not.

**Mr Crosby**—The Liberal Party has consistently and freely cooperated with and provided information to the Australian Electoral Commission. I encourage you to search for proof of your claim, because I am confident you will not find it. I am sure you will rectify the fact that—

**CHAIR**—We might move on.

**Mr LAURIE FERGUSON**—One final point on this: have you had the opportunity to read the AEC submission, or response?

**Mr Crosby**—I have read the bulk of the AEC submission.

**Mr LAURIE FERGUSON**—Paragraph 41.6 of the submission from the AEC contains a different analysis of your noble assistance to donors:

For example, for parties with separate branches in each State and Territory a total almost \$90,000 . . . could be received from the one person or organisation without being required to be disclosed by the party.

Have you got a response to that? I think that to most people it would sound like a substantial amount of money that might not have to be disclosed.

**Mr Crosby**—I have not read that estimate—

**Mr LAURIE FERGUSON**—You have not read that section of it?

**Mr Crosby**—No. I am happy to look at it and respond to the committee once I have had a chance to do that.

**Mr FORREST**—We might move on, but I would like some clarification on one point you made earlier, about voting by people over the age of 70 being voluntary. My understanding is that in Victoria that option only exists for local government voting and not for any other poll.

**Mr Crosby**—That is correct. The point is that you have got now a myriad of laws. You have got local elections, state elections and Commonwealth elections, all of which have slightly different rules with regard to how a formal vote can be lodged, slightly different rules with regard to the enrolment procedure or the voting—who is entitled to vote. That gives rise to some confusion. What we are saying is that, when it comes to a federal election, it is important that the Electoral Commission remind people of the circumstances that apply at that election.

**Mr FORREST**—I support that point. I just wanted to clear up what you meant by Victoria's position. We might move on to section 44 and the problem of definition of office under the Crown. Your submission is a little light on for suggested formats of how that particular difficulty might be reworded. I note that you rely on the report of the House of Representatives Standing Committee on Legal and Constitutional Affairs, which I have read. That addresses the issue but I am wondering if you might offer some solution to this. It is one which I have come across and have had to deal with. Any suggestions?

**Mr Crosby**—It is a difficult issue. We had more substantive proposals in our submission following the 1996 election. The changing interpretations of the provision under the Constitution, and perhaps some issues that would not have been contemplated in this regard at the time the Constitution was prepared, obviously give rise to problems. Ultimately, there may be no alternative but to have a referendum on the issue.

**Mr FORREST**—It is certainly one issue that prevents a lot of good candidates from considering being a member of parliament in the first place. That submission was made to the inquiry in 1996, was it?

**Mr Crosby**—To the Joint Standing Committee on Electoral Matters inquiry after the 1996 election.

**CHAIR**—We actually made some recommendations in regard to that. It is difficult from a legislative point of view because of the Constitution, but we should have a look at that.

**Senator LIGHTFOOT**—I wanted to ask Mr Crosby about voluntary voting. ‘Compulsory voting’ is a misnomer. A voter is compelled to attend a place of polling in a democratic election. That seems to me to be something of an oxymoron, where you go into a democratic election and yet you are forced to attend a polling booth. What do you think about that particular issue and voluntary voting as opposed to the compulsion to attend a place of polling?

**Mr Crosby**—You are quite right to draw attention to the fact that there are some quirks in the requirements. The requirement is compulsory attendance once you are on the roll. Provided you attend and take your ballot papers, what you do after that is your own business. The majority view of the party organisation at present is that the current system should be sustained. But, as with all things, we keep an open mind and are happy to continue to debate the issue.

**Senator LIGHTFOOT**—What about four-year terms?

**Mr Crosby**—Four-year terms is a policy of the Federal Council of the Liberal Party and something which the council endorsed quite strongly.

**CHAIR**—And it was recommended by this committee in its last report.

**Mr Crosby**—Yes.

**Mr DANBY**—I want to ask you a few things. In the submission, on page 774, you say that ‘foreign allegiance’ and ‘office of profit under the Crown’ need to be clarified. The AEC is a bit mystified about that and so am I. What exactly needs to be clarified?

**Mr Crosby**—In relation to foreign allegiance, we are really dealing with the process of seeking to relinquish foreign allegiance. As you would be aware, some countries will not allow a citizen to actually terminate their allegiance to the country. We have advocated previously that it would be helpful if the Electoral Commission advised of some procedural process that would be deemed to be satisfactory for people who have taken all reasonable steps to end claims of allegiance to a foreign power—so that people can be told, ‘This is what you need to do,’ with some sense of authority to it, rather than what each political party decides it ought to recommend as a basis—

**Mr DANBY**—So there ought to be a standard operating procedure for how you revoke foreign allegiance?

**Mr Crosby**—Or how you take steps to revoke it.

**Mr DANBY**—I return to Mr Ferguson’s point about \$90,000 around Australia. On page 775 you say that party donations of \$10,000 should be the minimum amount requiring a disclosure. Theoretically, around Australia you could, if those provisions operated on your recommendation, contribute \$90,000 without disclosing who you were.

**Mr Crosby**—I understand that the Liberal Party operates differently from the Labor Party. Each of our divisions is a separately registered political party and they operate—as I well know, as federal director of the Liberal Party—as entirely separate entities, free to act as they so choose. So the reality is that any money paid to one division of the Liberal Party is a gift or donation to that particular division and that self-contained political party. It is not resources that are then passed on to the national office, unlike the national office of the Labor Party, where public funding is paid centrally, or certainly commandeered by the national office. That does not occur in the Liberal Party, nor does access to donations. Each division of the Liberal Party is a separately registered political party in accordance with the act. They operate in their own way and under their own constitution.

**Mr LAURIE FERGUSON**—That is interesting but largely irrelevant to the question, isn't it? The fact is that if you are an organisation that has sought to have influence, and that campaign was designed to elect people to the national parliament of this country, if you are able to essentially increase the level of your donations that remain private to a level of \$90,000 nationally, that party, whatever its entities, whatever state organisations it has, would then be a lot more influential than the current donations allow, wouldn't it? People are not really interested in whether someone is a member of the Queensland Liberal Party and going to the federal caucus of the Liberal Party or whether they are members of the Western Australian branch.

**Mr Crosby**—The reality is that I do not think \$10,000 has any influence on a political party, because under the Liberal Party's code of conduct and financial propriety rules, no donation has any influence. We do not take donations of any size conditional upon any favour or influence and we make that very clear to donors. If you want to talk about the extent of influence, I would have thought a loan or a gift of \$3.2 million from Labor enterprises to one of the Labor Party companies in Queensland is much more likely to have influence, if any influence were to be brought to bear, than \$10,000 in one individual state.

**Mr LAURIE FERGUSON**—To you, \$90,000 is nothing. What level do you think would become relevant?

**Mr Crosby**—To me, \$90,000 is a lot.

**Mr LAURIE FERGUSON**—You were saying it would not have much influence around the place.

**Mr Crosby**—No. What I am saying is that we are talking about \$10,000. We have a strict fundraising code that prevents any influence being achieved through the size of a donation, and that is the start and finish of it.

**Mr DANBY**—Mr Crosby, on page 777, you make an interesting smaller point which I think is actually very good.

**Mr Crosby**—I am pleased that you find it interesting.



**Mr DANBY**—You state that where polling booths are on private property, provision should be made for how-to-vote workers—and you cite an example of an airport. Have there been problems on private property with handing out how-to-vote cards?

**Mr Crosby**—No. We cite places like royal shows. It is simply any facility where there is private ownership. I can guess where you are coming from in terms of airports. For example, often in the city areas, the Electoral Commission may operate a pre-polling centre or a polling place on the fifth, sixth or some other floor of a building. Party workers and representatives of candidates have to stand downstairs, accost everyone who is going into the building—it might be a multistorey building in the city—because they are not sure who is going to vote.

What we wanted to achieve was a sensible, practical arrangement whereby party workers can be put as close as possible to the voting process, so that it is convenient for people who are coming to vote to access information and, similarly, people who are not going to vote and who want to go about their normal business without being accosted by somebody handing out how-to-vote cards can do so. That is the essence of it.

**CHAIR**—Shopping centres are probably the prime example because many shopping centres have—

**Mr Crosby**—As any House of Representatives candidate knows, getting into many shopping centres is often quite difficult with respect to handing out normal campaign material, but for how-to-vote, we think that the voting process itself is different.

**Mr DANBY**—On page 781, closing of the rolls is proposed for 6 p.m. on the day of the issue of the writ. Don't you think that would disenfranchise particularly a lot of younger people who may shift home—

**Mr Crosby**—You are looking at our submission?

**Mr DANBY**—Yes. Don't you think that would disadvantage a lot of younger people who may not have got their electoral roll information up to date—they may live in flats or they may be university students, et cetera? Don't you think it would be more democratic to stay as we are at the moment and give people a few days to get on the roll in the correct place?

**Mr Crosby**—We think, frankly, that there is sufficient opportunity to get on the roll. I know from my own family experience that when my daughter turned 17 she raced out and got an enrolment form and sent it off so that she could be provisionally enrolled. There is plenty of opportunity. The provisional enrolment provision is taken up quite strongly and that can continue to be promoted. We think the avenues are there. People should understand their obligations and not leave it until the last minute. We should be encouraging people to be fully and properly enrolled. Particularly for young people, which is the group you have mentioned, the provisional enrolment provision exists.

**Mr DANBY**—I admire your daughter's enthusiasm. I agree with you theoretically about people showing their civic responsibilities, but are you aware that several hundred thousand

people change their addresses in the week after the issuing of the writs? To get themselves on the roll, practically, you would be disenfranchising those hundreds of thousands of people.

**Mr Crosby**—We take the view that, just as people very quickly change their address for mail purposes, arrange for a redirection of mail and other amendments to their address details, they should be acting to do so in relation to the electoral roll. We think it is better to close it off soon so that you can deal with the roll comfortably and easily and not have a delayed situation with the potential for large numbers of people to be rolled in towards the end of an election cycle.

**Mr DANBY**—It is only five days, isn't it?

**Mr Crosby**—That is enough. They have had three years.

**CHAIR**—On that point, Mr Crosby, you would have seen the recommendations made by this committee after the last election in relation to data matching and other aspects designed to ensure that more people are on the roll or change their enrolment sooner. Do you believe that those sorts of recommendations and provisions make it more viable to have an earlier roll cut-off time?

**Mr Crosby**—That is the point I made. There is a capacity for much improved data matching. Picking up Senator Lightfoot's point, voting is an important obligation for voters and they should be attentive to their duties. Picking up Mr Danby's point in relation to young people, there is already provision for provisional enrolment. So they have got the whole period from turning 17 until turning 18 to get themselves on the roll, and I think that is sufficient.

**Mr SOMLYAY**—I asked Mr Gray this same question when he appeared before us. Regarding public funding as it applies to independents, the public funding is made available to the candidate.

**Mr Crosby**—Yes.

**Mr SOMLYAY**—But the expenses incurred by the candidate are usually tax deductible. Should the public funding therefore be taxable?

**Mr Crosby**—We accept that these things need to be looked at. I would support that being looked at. I would support what Mr Gray said with regard to parties endeavouring to make profits from election campaigns. I do not think that is appropriate. Public funding is clearly provided for the purposes of conducting campaigns. They are not an income supplementation device. I do not know in practical terms how independent candidates operate. I try to avoid having too much contact with independent candidates. To the extent that they have tax deductibility at one end but receive the income direct—which is not something that happens for candidates of registered political parties, because those parties, as you would understand, receive the money—then that is an issue that I would support being looked at.

The ultimate point should be that scarce public sector funds are being applied to political parties and candidates for the purposes of campaigns. We therefore support constant monitoring of that provision of public funding to ensure that it is received appropriately for legitimate activities where expenditure has been incurred. In that regard, as I say, I would support a review of the process as Mr Gray outlined in his evidence to this committee.

**CHAIR**—That is the question that I was going to ask, whether you had a view on that because it was quite a point that the ALP raised in their submission, particularly in relation to the 1998 election and the funding that went to One Nation being substantially higher than the sort of money that they actually spent on the campaign.

**Mr Crosby**—I noted in public comment on the issue that there were some question marks from One Nation candidates about the practices of the party as well, and whether those candidates were being reimbursed for the costs they incurred by the party in accordance with commitments they were given. In other words, the candidates were spending money and expecting to get it paid back to them by the central organisation, but the central organisation may or may not have passed that money back to them. Certainly, public funding of Commonwealth elections should not be provided as a bankroll for the conduct of elections in some other sphere, or in some other environment.

**CHAIR**—Are you aware of what occurs in state elections with regard to provisional voting?

**Mr Crosby**—I have no intimate knowledge of individual state arrangements.

**CHAIR**—I thought that there were certainly circumstances in some states where provisional voting is not allowed, but that is something that the committee can pursue later on. Did you do much analysis of the provisional votes from the last election as compared with previous elections?

**Mr Crosby**—I do not have the numbers to hand so I am speaking in general terms, but my observation is that in most cases there has been a trend towards an increased number of provisional votes.

**CHAIR**—The number of provisional votes actually cast or actually accepted?

**Mr Crosby**—Both.

**Mr LAURIE FERGUSON**—Mr Crosby, you said earlier that you have been very cooperative with the AEC in its investigations. My understanding is that your response was that you were not required to provide further information, essentially. That was the tenor of your response to the AEC in your last—

**Mr Crosby**—Which particular inquiry are you referring to?

**Mr LAURIE FERGUSON**—The current one, Greenfields.

**Mr Crosby**—There is nothing outstanding, to the best of my recollection, from the Liberal Party with regard to the issue of Greenfields. Having said that I make the point that I have made all along publicly, we are more than happy to respond to any request of us. The most recent conversation I had with an officer of the Australian Electoral Commission, Mr Edgman, was that there were no matters further that they were seeking from the Liberal Party of Australia.

As I say, we are happy to cooperate, just as I hope the Labor Party will be happy to cooperate with any investigation the AEC may choose to undertake concerning the four companies that are clearly associated entities which the Australian Labor Party has in Queensland but for which no returns have ever been lodged.

**Mr LAURIE FERGUSON**—Let us put aside the views of yourself and Mr Gray and the secretary of the National Party and all of these other people—

**CHAIR**—Mr Gary Gray, I presume?

**Mr LAURIE FERGUSON**—Yes, Mr Gary Gray, Mr Crosby and all the other political party secretaries around the place. Why shouldn't the electorate be suspicious? Despite all the noble sentiments expressed about strict guidelines and propriety, and the claims that there is no way in which political influence is bought by donations—

**Mr Crosby**—I am speaking for the Liberal Party there, of course!

**Mr LAURIE FERGUSON**—It seems to me that people generally might be suspicious of those kinds of claims. Taking a parallel in the United States, for some reason the tobacco companies there think that it is worthwhile shifting from 50:50 donations between the Democrats and the Republicans to 78:22 in favour of the Republicans. They must do it for a reason. Given the huge amounts of money that Greenfields and its predecessor obviously had at their—

**Mr Crosby**—Can I correct that point? No money has changed hands between the Greenfields Foundation and anybody. No money has been exchanged whatsoever. There has been no loan of moneys provided by the Greenfields Foundation. There was a debt incurred by way of an obligation under the guarantee law being called upon, and that debt exists. It is a debt, it is not a loan. No money has been exchanged between any entity and the Liberal Party.

A guarantee required under law was called in by the National Australia Bank. The guarantor had to meet his obligation and honour that guarantee and did so. Arising therefrom was an indebtedness between the Liberal Party and the guarantor. The guarantor assigned the debt to the Greenfields Foundation. We therefore—that is, the Liberal Party—have a debt with the Greenfields Foundation and we have recorded in the Australian Electoral Commission returns the existence of that debt. We make the point, as the Greenfields Foundation has made the point, that the Greenfields Foundation itself is a charitable trust that is prevented under its trust deed from making gifts or contributions to political parties. Full stop. End of story.

**Mr LAURIE FERGUSON**—Let us not dwell on that. I think the general public would have an analysis of that process. Let us just leave that there. Let us go back to Free Enterprise or whatever other group we can think of, some of these Labor Party ones you have cited. When very substantial amounts of money flow through these organisations—and in some cases definitions under the Electoral Act have to be altered to cover associated entities because of the belief that money is not public, is not known and the sources of it are not revealed—why should the public not be concerned when either or both political parties come before a parliamentary committee and say that they should have a number of further liberalisations to the process, that they should basically reduce the accountability in reporting, increase the limits to which disclosure occurs, et cetera? Why should there not be concerns?

**Mr Crosby**—Firstly, you are misrepresenting what we are advocating in terms of the motivation for it and the proposals. We are dealing with a large volunteer based organisation. The obligation to meet the requirements of the Electoral Act are very onerous on political parties and the volunteers within the political parties. It is not a problem for me. I employ two professional accountants and it is very simple, but for tens of thousands of party workers it is a difficult and time consuming task. If we are saying that a democracy is strengthened when people are involved in the political process, we should not be constantly putting up barriers. I know from the concerns expressed by lots of volunteer treasurers and finance officers in branches and campaigns that there is a disincentive to continue to take positions of responsibility because they are worried that somehow they are breaching the Electoral Act and the electoral laws no matter how hard they try to be accurate.

I recall a question mark being raised following an AEC compliance audit of one division of the Liberal Party about the amount of money that had been incorporated in the return for Christmas decorations. A branch had held a Christmas party and there had been money spent on catering. There was revenue in but there was no money spent on Christmas decorations and surely a Christmas party would have Christmas decorations and, accordingly, had something been omitted? When we go down that sort of route, it just starts to get very silly.

What we have advocated—and it is not just in this return but a view we felt previously and one we believe is held by others—is substantial compliance where the major officers should certainly be treated much more rigorously than the branches because we have the capacity. We have the database systems and so forth. But that is not always the case when it comes to some other units of the party.

In terms of conducting a campaign or running a branch event in any electorate these days, \$15,000 is not a big item of income or expenditure because campaigns are expensive affairs even at an electorate level. We believe there should be some recognition of the increasing costs over time and some raising of the thresholds as a result for disclosure purposes.

**Mr LAURIE FERGUSON**—You can talk about Christmas decorations all you want but what we are talking about here is analysis by the AEC that what you are opening up here is the possibility of an organisation—not some homeless person who might find some difficulties in doing this accounting—being able to give \$90,000 without the public knowing those donations have been made.

**Mr Crosby**—You are constantly adding together contributions to different political parties. That is the point. We are separate organisations and we do not exchange funds between divisions or states and that is the reality of it.

**Mr LAURIE FERGUSON**—Equally, if a company gives money to the Queensland Branch of the Liberal Party, that is less money that your federal organisation will have to help them with, isn't it?

**Mr Crosby**—I would always encourage corporations to give to the Queensland Liberal Party.

**Mr LAURIE FERGUSON**—Under the guise of concern with the general public and all of the heavy work they have to do, what you are essentially doing here is opening up the possibility to the nation that up to \$90,000 is not being revealed. That is what it leads to, doesn't it?

**Mr Crosby**—That is your interpretation and maybe the Electoral Commission's interpretation. Our argument is simply that this act has been in place for more than a decade. It is time to modify the threshold figures to take account of the fact that we are operating in the 1990s. The costs in income and expenditure involved in political parties has risen, and there should be some sensible adjustment accordingly.

**CHAIR**—Thank you very much for your time this afternoon.

Resolved (on motion by **Mr Laurie Ferguson**):

That this committee authorises publication, including publication on the parliamentary database, of the proof transcript of the evidence given before it at public hearing this day.

**Committee adjourned at 1.31 p.m.**

