



File: CO 02/1334

Joint Standing Committee on Electoral Matters	
Submission No.	106
Date Received	5/10/02
Secretary	

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Secretary, Joint Standing Committee on Electoral Matters
Parliament House
Canberra ACT 2600

Dear Mr Rowe

**INQUIRY INTO THE CONDUCT OF THE 2001 FEDERAL ELECTION
AEC SUPPLEMENTARY INFORMATION**

Please find enclosed a copy of supplementary information sought by the JSCEM that supports the AEC's funding situation highlighted in our main submission into the conduct of the 2001 federal election.

The AEC would welcome an opportunity to again appear before the JSCEM to respond to any questions the JSCEM may have.

Please contact Gabrielle Paten on (02) 6271-4480 if you have any questions or wish to discuss this matter further.

Yours sincerely

Tim Pickering
Acting Deputy Electoral Commissioner

2 October 2002

AUSTRALIAN ELECTORAL COMMISSION

**JOINT STANDING COMMITTEE
ON ELECTORAL MATTERS**

**INQUIRY INTO
THE CONDUCT OF THE 2001 FEDERAL ELECTION**

**ADDITIONAL INFORMATION
RELATING TO AEC FUNDING**

Canberra

October 2002

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Attachments:

1. Example of Manual Processing Prior to 1989 when On-Line Computer System for Enrolment Processing was Introduced
2. Certified Lists - Manual Markback Following Election
3. History of Continuous Roll Update (CRU)
4. History of AEC Electoral Process Change Since 1984
5. International Operations

JOINT STANDING COMMITTEE ON ELECTORAL MATTERS INQUIRY INTO THE CONDUCT OF THE 2001 FEDERAL ELECTION

ADDITIONAL INFORMATION RELATING TO AEC FUNDING

EXECUTIVE SUMMARY

Purpose

The purpose of this paper is to provide supplementary information to the JSCEM to assist the JSCEM to understand the history of AEC funding and the reasons why the AEC is approaching Department of Finance and Administration (Finance) for changed funding arrangements.

The AEC's funding model has not been reviewed for many years. The appropriate timing for such a review was identified as being part of negotiations to strike a pricing agreement with Finance for the AEC's three agreed outputs. To this end, work commenced in early April 2002 on an AEC Pricing Review.

New Funding Arrangements

AEC funding (CPI adjusted) has not increased appreciably since 1984 yet there has been considerable growth in services over the same period. The AEC has been able to manage this growth until recent years through improvements in efficiency and investment in technology. However, in latter years the AEC's funding has not kept pace with costs. In essence, efficiencies under its current structure have run dry and the AEC is currently restricting some activities and investment to pay for on-going operations.

Over the years the AEC has sought additional appropriations to fund various policy proposals, some originating from JSCEM recommendations. Some significant appropriation requests have been successful. But funding for some additional costs have not been sought, or not provided if sought, due to the amount needed being lower than a Finance "threshold", or because the AEC could not meet the requirements of a budget rule such as finding offset savings. These relatively small amounts compound over time. Also, funding in such an ad-hoc way often overlooks the longer-term impacts of introducing new business or resources.

The case to Finance will look forward, and be based on an analysis of the cost of AEC services. It will argue for a price for outcomes that will then be used as the basis for ongoing AEC funding.

Service Growth

AEC growth can be summarised in terms of:

- (a) total expenses growth of 2% (CPI adjusted) since 1984;
- (b) around 30% growth in electoral enrolment, which is one of the AEC's main indications of core business activity;
- (c) increased investment in IT and corporate governance (IT represented around 4% of budget in 1984, compared to around 12% now); and
- (d) continuous improvement in and additions to the AEC's electoral processes over time, including electoral roll management, electoral education, election management, international services, and funding and disclosure related work.

Most of the AEC's growth has been met from within its existing funding base. But the AEC has now exhausted its capacity for the funding of any future growth in services or new business initiatives without a major restructure. A new funding arrangement is essential if the AEC is to continue to deliver the range of services that it currently provides.

What is the AEC Seeking?

The AEC seeks that the JSCEM note that the AEC:

- (a) has experienced substantial growth in services and activity, and that this growth has substantially exceeded the pace of CPI adjusted funding growth, over time;
- (b) has made substantial investment in technology and delivered productivity improvements which has allowed the AEC to fund growth and new services until recent years;
- (c) has achieved much of this without supplemental funding, and
- (d) can no longer continue to fund growth and invest in new technology without some changes being made to its funding arrangements.

The AEC estimates that over time, the additional growth and new services that have been funded from past appropriations or efficiencies equate to around \$26m per annum, with an additional cumulative negative funding impact of around \$6.5m per annum due to "efficiency dividends" over the years. The total funding gap therefore is estimated at around \$33m. The AEC will not seek to recover this amount, as some was provided by efficiency gains over time, but the increase in funding required is likely to be within the range of \$15-20m per annum.

The AEC seeks JSCEM support in recognising the funding difficulties facing the AEC, and support for the AEC approaching the Department of Finance and Administration with a view to achieving a new and increased funding base for the provision of services.

Consequences of Not Receiving Additional Funding

The AEC has had to adopt quite stringent measures in FY 2002-03 in order to remain within budget. These include:

- (a) restrictions on the employment of non-ongoing and temporary staff used to assist with enrolment duties, back-filling of positions, and projects;
- (b) restrictions on filling of temporarily vacant positions, which deprives staff of the opportunity to gain experience in more senior positions;
- (c) a significant increase in temporary closures of AEC offices when only one member of staff is available for attendance; and
- (d) cancellation or deferral of some projects (including election-related) due to either the unavailability of staff or sufficient funding to undertake such project work. These projects include the extension of polling official training on the Internet, enhancements to the Senate Scrutiny system, Election Results development for the VTR and work on the electronic lodgement of FAD returns.

The AEC could not sustain such restrictions into 2003-04 without impact on service delivery, particularly in the lead-up to the next federal election.

Should the current funding arrangements continue the AEC would be forced to make considerable changes to its operations. Measures under consideration include:

- (a) a complete restructure of the AEC including its Divisional Office arrangements;
- (b) the future of Electoral Education Centres;
- (c) the future of support for most international electoral activity;
- (d) IT systems development being restricted to essential maintenance only, with a particular impact on eBusiness development; and
- (e) restricting advertising to legislated requirements only, for the next election.

Abbreviations

AEC	Australian Electoral Commission
APVIS	Automated Postal Vote Issue System
CEA	Commonwealth Electoral Act 1918
CO	Central Office
COA	Change of Address
CPI	Consumer Price Index
CRU	Continuous Roll Update
DO	Divisional Office
DRO	Divisional Returning Officer
ELIAS	Elector Information Access System
ELMS	Election Management System
ERR	Electoral Roll Review
FAD	Funding and Disclosure
Finance	Department of Finance and Administration
FY	Financial Year
GEM	General Enrolment Manual
G-NAF	Geo-coded National Address File
GST	Goods and Services Tax
HO	Head Office
IT	Information Technology
IVP	International Visitor Program
JSCEM	Joint Standing Committee on Electoral Matters
NTR	National Tally Room
PEO	Principal Executive Officers
PPMS	Polling Place Management System
RMANS	Roll Management System
TCP	Two Candidate Preferred
TENIS	The Election Night System
TODS	Training of Divisional Staff
TOOS	Training of Operational Staff
TOPS	Training of Polling Staff
UK	United Kingdom
VTR	Virtual Tally Room

1 INTRODUCTION

1.1 Preamble

1.1.1 The AEC's submission to the inquiry into the 2001 Federal Election by the JSCEM advised that the AEC is facing a tight budget situation in all output areas including election funding and will seek to address this situation in the 2003-2004 Budget. The JSCEM was asked to note this and support the AEC in its approach to the Department of Finance and Administration with a view to achieving a different funding base.

1.1.2 The JSCEM has asked the AEC to provide further documentary evidence to support the earlier submission.

1.1.3 This supplementary report is not the basis for a submission to the Department of Finance and Administration (Finance)¹. The AEC is providing this information to the JSCEM to assist the JSCEM to understand the history of AEC funding and the reasons why the existing funding base is no longer appropriate.

1.1.4 The case to Finance will look forward, and be based on an analysis of the cost of AEC services. It will argue for a price for outcomes that will then be used as the basis for ongoing AEC funding. The work to develop this case is under way, but the final submission to Finance will not be available for some weeks.

1.2 The basis for seeking JSCEM support

1.2.1 There is reason, and precedent, for the AEC seeking that the JSCEM support the AEC in its approach to Finance.

1.2.2 In the context of being a statutory body, the AEC considers the JSCEM the review body that provides at a high level a forum for discussion on the electoral process in Australia. The AEC not only looks to the JSCEM to provide recommendations and guidance on electoral legislative and operational matters, but also to understand and provide support to help overcome problems the AEC may face in terms of it operating within the wider Government arena.

1.2.3 Many of the changes to AEC operations over time originate either directly from or through the JSCEM and all, to a lesser or greater extent, impact on AEC resources.

¹ The historical figures used in this report have been obtained from a variety of sources such as annual reports, archived files, recollections of staff. They provide a picture of the funding issues that faced the AEC as it moved through the changes to its operations over the past two decades. They are useful in establishing a case that the AEC of today is vastly different than it was in 1984 when its initial funding base was struck, and that the AEC is now under-funded for its work. The figures indicate the magnitude of additional funding required for the work currently undertaken.

The AEC considers it important that recommendations are not made in isolation to the potential resource implications. Therefore the AEC considers it proper to bring to the attention of the JSCEM significant funding issues, and to seek JSCEM support where appropriate.

1.2.4 The JSCEM has in the past supported the AEC in seeking changes to funding. For instance, in 1988, after noting that the AEC had been unsuccessful in seeking additional funding for new IT systems, the JSCEM²:

“.....stated its view that the AEC has a strong case for funding and recommends that:

the Australian Electoral Commission adopt a more determined approach in seeking funds from the Federal Government for the purposes of acquiring modern computer equipment and systems.”

1.2.5 In 1997, the JSCEM made the following recommendations to Government³:

- Recommendation 65: “that when available, any government proposal for reorganisation of the AEC divisional office structure be referred to this Committee for inquiry and report.”
- Recommendation 67: “that if regionalisation does not proceed, the Government provide special project funding as a matter of urgency to enable replacement of the information technology used in AEC divisional offices.”

1.2.6 The above recommendations are examples of the JSCEM seeking input to, and providing support for, the AEC on funding issues.

1.2.7 The 1997 recommendations were accepted in the Government’s response, but additional funding for the IT replacement was not provided. In line with Government policy at the time, the AEC chose to outsource its IT as part of Cluster 3. The AEC had to absorb an IT “saving” of what became \$0.3m per annum. Yet the savings under the Cluster 3 arrangement for the AEC were notional savings based on what the AEC would have had to spend had it implemented the IT changes using then existing in-house resources⁴. IT costs were expected to rise by around \$3.1m per annum between 1996/97 and 1998/99⁵ due to the introduction of a new PC network when at the same time the AEC had to deliver an IT outsourcing dividend to the Government. The

² *‘Is this where I pay the electricity bill’*, Inquiry into the Report on the Efficiency and Scrutiny into Regionalisation within the Australian Electoral Commission, Report Number Two, October 1988. Para. 5.24.

³ *‘The 1996 federal election: report of the inquiry into the conduct of the 1996 federal election and matters related thereto’*. June 1997

⁴ The IT changes moved the AEC from a “dumb” terminal network to a modern PC based client-server network.

⁵ Source – AEC cost base developed in 1997 for the IT outsourcing initiative.

amount of IT costs absorbed has now grown to an estimated \$4m per annum, compared to 1996/97.

1.2.8 Not all recommendations of the JSCEM have resulted in additional funds being needed, but where they do, the AEC has sometimes been successful in achieving some additional appropriation. This is especially so if the JSCEM recommendation also recommends that additional funds be made available. Examples here include the additional funds provided for implementation of *Electoral Amendment Act (No 1) 1999*, and the 1996 recommendation for funding to three staff in Divisional Offices (1996 Recommendation 66). In the case of the latter, the approach to Finance was partly successful⁶.

1.2.9 Customarily, the Government response to the JSCEM recommendations is one of the avenues that the AEC uses to progress electoral innovation and reform, particularly where legislative change is required. The AEC also considers that any Government supported JSCEM recommendation assists the AEC in any approach to Finance to fund a recommendation, notwithstanding that this is not always successful.

⁶ Funds provided by Finance for Recommendation 66 (1996) amounted to \$1.5m. Yet the proposal was costed at \$1.823m. The actual amount absorbed therefore is in excess of \$0.300m per annum when corporate overheads are taken into account.

2 AEC CASE TO DEPARTMENT OF FINANCE

2.1 A Need for Change

2.1.1 The AEC's submission to Finance will argue that the nature of the AEC's structure prevents the AEC from realising any further efficiency dividends of sufficient magnitude to continue to fund investment in infrastructure and its people. This is not a new problem. The AEC has long held the view that there is a more efficient way to deliver its services. The AEC and JSCEM have attempted to obtain approval to change its structure⁷ but the approaches have not resulted in the changes sought.

2.1.2 Later sections of this paper discuss many new activities that the AEC has taken on over time without additional funding. Some have been absorbed with or without a corresponding offset in productivity and some have been funded from excesses in appropriation available at times.

2.1.3 If the AEC is to retain existing service levels, the current funding must increase to take account of increased AEC workload, preferably accompanied by a different funding model. The AEC has now exhausted its capacity for the funding of any future growth in services or new business initiatives. Nor does the AEC have any excess in appropriation. Compounding this is the significant growth in the number of clients serviced over the past two decades, the demand for increased roll accuracy, new services, and new eBusiness initiatives encompassing service delivery alternatives.

2.2 A Funding Model for the Future

2.2.1 The AEC plans to take a new funding model to Finance to seek additional funding for AEC operations. The AEC's submission will focus on negotiating an output price that provides sufficient resources to deliver agreed services to clients and government, and which supports an ongoing viable financial position.

2.2.2 The model will address the changing Government funding framework, distinguish between ongoing and event costs, funding and revenue sources, input costs and financial performance. The key issues will be whether the AEC has the capacity to meet existing commitments, to invest resources for the ongoing development and improvement of the core business capability, and can continue to deliver the required range of services at acceptable service level standards.

2.2.3 The proposal to Finance will focus on establishing a cost base for the future although it will briefly address the AEC's historical funding situation.

⁷ 1974 Scott Report; 1987 Efficiency Scrutiny - supported by the JSCEM in 1988; 1992 JSCEM "The Conduct of Elections – New Boundaries for Cooperation"; 1993 JSCEM Inquiry into the 1993 election; 1997 AEC proposal to Government.

3 AEC FINANCIAL & COST ANALYSIS

3.1 Funding History

3.1.1 The AEC's funding for the provision of electoral services is spread over the standard three-year electoral cycle⁸. The base level of funding is fixed apart from indexation movements and there is no link to external workload indicators.

3.1.2 While the AEC continues to receive departmental appropriations from Government for its services, the overall funding framework across Government has changed significantly over the last decade with the move towards accrual accounting in the mid 1990s and in recent years towards an outcome based funding arrangement. The AEC has operated under the following changing government funding framework:

- 1983-1984 to 1986-1987 Appropriation reimbursing expenditure
- 1987-1988 to 1992-1993 Cash based program funding
 - Program 1 : Parliamentary Elections and Referendums
 - Program 2 : Industrial & Analogous elections
 - Program 3 : Running costs (Program support costs),
 - Special appropriation to fund the Electoral Roll Review
- 1993-1994 Introduction of Accrual Based Reporting
- 1993-1994 to 1998-1999 Funding for programs as before.
- From 1999-2000 Outcome accrual based funding and reporting price of outputs
 - Outcome 1 : Electoral Roll Management
 - Outcome 2 : Elections, Ballots and Referendums
 - Outcome 3 : Electoral Education
 - Special appropriation to fund Electoral Roll Review (Part of Outcome 1)

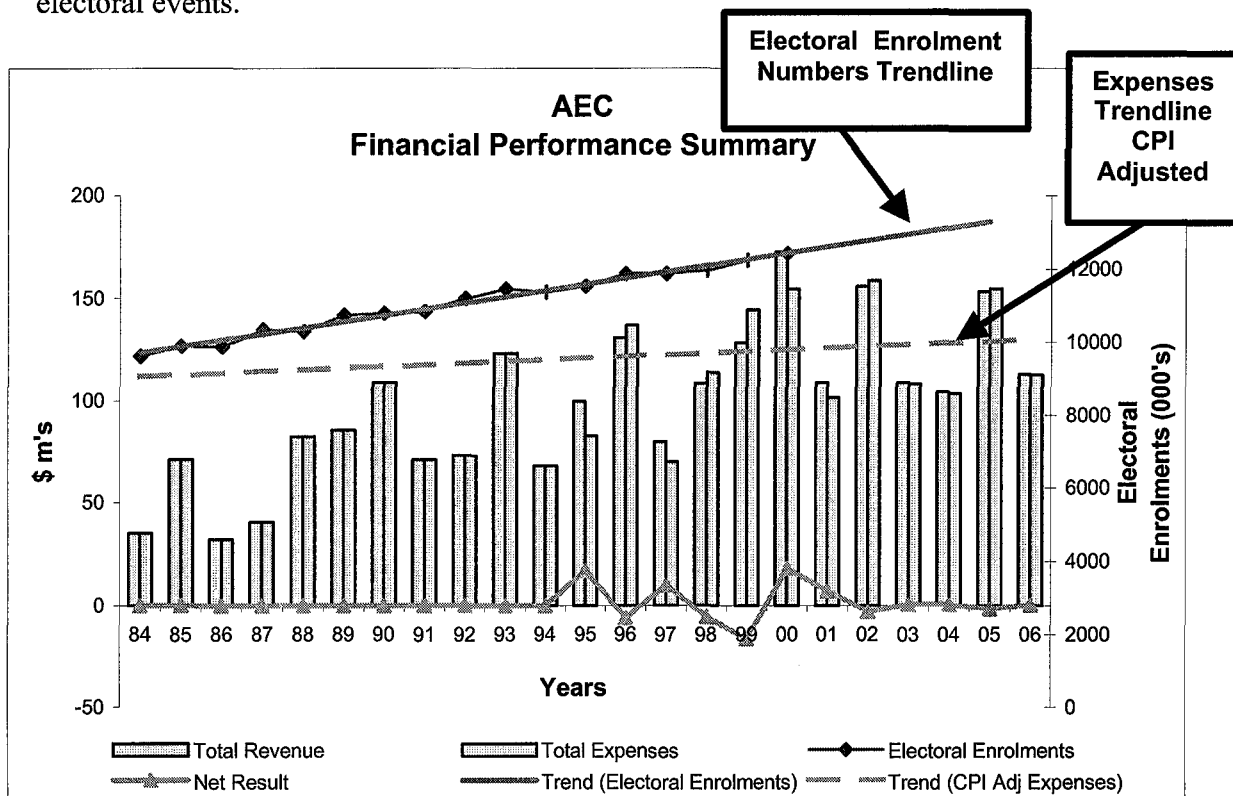
3.1.3 Until 1998-1999, Government annual appropriations were provided in the form of running cost appropriations and other program cost appropriations. Running costs were defined as those infrastructure costs necessary to provide annual ordinary services of the Agency. These include total salaries and wages, property operating expenses, legal, IT and administrative expenses.

⁸ Preparation in the year leading up to an election, conduct of the event, and finalisation of work in the year following the election

3.1.4 Like most small agencies the AEC has found it difficult to operate in this changing financial environment. The AEC has limited corporate resources with which to engineer what are sometimes quite complex changes.

3.2 Current Operating Results

3.2.1 The following diagram provides a broad overview of the AEC financial activity since 1983-1984. The peaks in revenue and expenditure coincide with the major electoral events.



3.2.2 Since the move to accrual accounting, the AEC has recorded an accounting cumulative surplus of \$23.96m up to 2000-2001. This was a result of significant one-off accounting adjustments for asset take-ups in 1994-1995 and other non core accounting revenue received (interest earned, sale of assets). The result indicates that the AEC has operated within the Budget allocation over the years with an overall small net deficit of \$0.5m cumulative to 2000-2001. The Net Result line around the X-axis illustrates this.

3.2.3 The columns on the diagram show the actual revenue and expenses from 1984 to 2002 and budget estimates for on-years⁹. Overall expenses and revenue have grown at an average of around 6% per annum. Adjusted for CPI, this represents a total

⁹ Actual expenditure for on-years may vary significantly due to election timing and election planning drawdown requirements. Figures shown for 2001-02 onwards are portfolio budget statement figures. Actual 2001-02 results will be available in the AEC's 2001-02 Annual Report.

increase in AEC expenses of around 2% since 1984, represented by the *Trend (CPI Ad. Expenses)* line. The increase in electoral enrolment over the same period has been around 30%, as shown by the *Trend (Electoral Enrolment)* line. Growth in electoral enrolment numbers is one the AEC's main indicators of overall workload¹⁰. The two trend lines are diverging.

3.2.4 The diagram is an illustration of AEC costs rising at a rate greater than CPI but much lower than that of Enrolment growth. The AEC faces a funding crisis if the trends continue without additional efficiencies being found or without a change in the AEC's funding arrangements.

3.3 Appropriation Devaluation

3.3.1 Over the years the AEC has approached Finance for additional appropriation to fund various policy proposals, some originating from JSCEM recommendations. Some significant appropriation requests have been successful (or partly so) as mentioned in paragraph 1.2.8. But funding for some additional costs have not been sought, or not provided if sought, due to the amount needed being lower than a Finance "threshold"¹¹, or because the AEC could not meet the requirements of a budget rule such as finding offset savings. Offset savings is a particularly difficult issue for the AEC to deal with given the size of the organisation and the AEC's fixed structure hampering the scope for making efficiencies. In recent years when the AEC has been successful in obtaining additional funds, such as mentioned in paragraph 1.2.8, the offset savings were found within the Department of Finance and Administration portfolio.

3.3.2 Often the AEC has had to fund the new proposals from within existing appropriations. In terms of the overall budget that Finance deals with these amounts may have been small but for the AEC they are significant, they compound over time and effectively devalue the AEC's appropriation. This is one factor in the AEC wishing to move to a different funding model, one that is based on prices set for the AEC's various business outputs.

3.4 Efficiency Dividend Impact

3.4.1 The efficiency dividend applied to the AEC was 1.25% until 1994-95 and then 1% until 2001-02. (It was already built into forward estimates when accrual budgeting was implemented.) On average, between 1988-89 and 2001-02 the AEC was required to take a cut in real funding to pay for this dividend. The accumulated dividend impact is now around \$6.5m per annum compared to the AEC's original funding base. All

¹⁰ Enrolment growth relates directly to activity required to update and maintain the Electoral Roll, the number of voters in an election, the number of potential electoral queries etc.

¹¹ Usually around 1% of running costs – in the AEC's case, any new funding requirement below around \$1m will not usually be considered by Finance for additional appropriation.

agencies have had to deliver such a dividend, but the AEC has the added constraint of being restricted in its ability to restructure. The AEC considers that this inability to effect savings by managing the AEC's major cost driver has had a disproportionate impact on the AEC funding situation over time, compared to most other agencies.

3.5 Balance Sheet & Operating Results Issues

3.5.1 At 30 June 2002, the AEC had a bank balance of around \$25.6m largely resulting from a significant boost in 1999-2000 due to a one-off operating surplus and a boost from fee for service activities. At first glance, the \$25.6m balance looks very healthy. However, \$9.6m represents cash received from Government to finance changes associated with implementation of the *Electoral Amendment Act (No 1) 1999*¹² and the remaining balance is to cover payables and other liabilities, including some employee entitlements. Effectively, the AEC has no available bank balance in reserve.

3.5.2 Non-financial assets have reduced from \$31m in 1997-1998 to \$24m in 2000-2001. This represents a shortage of funds being available for reinvestment to maintain the asset position.

3.5.3 The net operating results, over the past several years, (net of accounting adjustments), has been close to break even. However, as mentioned in paragraph 3.5.2, non-financial assets have fallen by over 20% since 1997-1998 indicating that the AEC has been unable to invest funds to maintain the investment in assets. In essence, the AEC is consuming capital to pay for on-going operations and will be reporting a significant operating loss in its 2001-02 Annual Report.

3.5.4 A viable and sustainable output price coupled with an appropriate level of operational efficiency would be expected to provide the funds to replace assets.

¹² *Electoral Amendment Act (No 1) 1999 funds are quarantined and not available for non-Act No 1 purposes.*

4 THE EARLY AEC

4.1 Early AEC Operations Impacted by Progressive Change

4.1.1 In order to provide a context for a discussion on the AEC's growth in services, it is worthwhile to describe some processes in place in the mid-1980s before the widespread use of computers. The AEC of today can then be seen in terms of changes to those processes.

4.1.2 The main activities between elections were management of the Electoral Roll and preparation for the next event.

4.2 Enrolment

4.2.1 Attachment 1 provides detail on the activity undertaken in Divisional Offices to process enrolments prior to the introduction to on-line computer services. Essentially, enrolment activity was a manual process whereby staff used Microfiche to check certain information and then coded Enrolment Forms before forwarding the forms to their Head Offices for input to the computerised system.

4.2.2 In Head Offices teams of data entry staff entered the enrolment information into the existing computer system. Additional funds were expended in managing card processing overflow through the use of contracted bureaus. These manual card-processing expenses are no longer incurred. The processes were replaced by the progressive introduction of modern IT systems from the late 1980s through to the present¹³. The table below sets out an example of enrolment card processing costs in 1987.

Enrolment Card Data Entry in AEC Head Offices as at 30 June 1987¹⁴

	NSW	VIC	QLD	SA	WA	TAS	Total
Staff FTE	15	14	10	1	2	1.5	43.5
Salaries ('87 \$)	\$289k	\$272k	\$196k	\$18k	\$46k	\$37k	\$858k
Additional Bureau Data Preparation	\$305k	\$194k	\$86k	-	\$17k	\$21k	\$623k

4.2.3 Following creation of the AEC in 1984¹⁵, the Department of the Special Minister of State's computer bureau undertook processing of enrolment data on behalf

¹³ With a consequent translation of the savings to IT costs.

¹⁴ "Efficiency Scrutiny into Regionalisation Volume Two", Attachment 16. December 1987

¹⁵ Prior to 1984, Department of Administrative Services.

of the AEC¹⁶. The cost of this off-site mainframe processing was not included in the AEC's original funding.

4.3 Manual Markback of Certified Lists

4.3.1 Prior to the late 1980s elections were characterised by processes carried out under general guidelines with little in the way of standardisation across the country, or indeed within states. Much of the planning, resourcing, recruitment, training and payment of casual staff and general election processes were undertaken manually.

4.3.2 One example of the staff intensive manual processes surrounding elections was the mark-back of the certified lists used in each polling place to record those electors who had voted. For background information a description of the process is included at Attachment 2.

4.3.3 The markback of certified lists was computerised in 1987. The introduction of a computerised scanning system for this purpose incurred costs in systems development, ongoing software and hardware maintenance, licence fees, premises hire and temporary staff for the state based scanning centres for each election, plus costs associated with a permanent scanning facility in Sydney. The overall savings achieved since the introduction of this technology is estimated at around \$12m, in 2002 dollars, or over \$1m per election. The added benefit, and some would argue the more important benefit, is timeliness and the integrity¹⁷ of the process.

4.3.4 Computerisation of the markback of certified lists is an example of savings generated by the introduction of technology being used to offset, and more, the costs associated with their introduction.

4.4 Progressive Introduction of Information Technology

4.4.1 Expenditure for provision of the wider networked computer systems to support the AEC's progressive computerisation of enrolment and election functions was for the most part absorbed by the AEC, as noted in 1992 by the then Electoral Commissioner:

“The major expansion of computerisation, achieved through drawing heavily on the carryover of unexpended funds from previous years, will provide on-going efficiency....”¹⁸.

¹⁶ AEC Annual Report 1985-86

¹⁷ The integrity of the automated scanning process is evidenced by the 99.7% accuracy of the scanning system. This is measured as the number of incorrectly flagged 'multi-' and 'non-voters' as a proportion of the total number of electors in the Division.

¹⁸ AEC Annual Report 1991-92, Page x. (Small additional budget allocations were made to purchase an election systems computer and some upgrading of infrastructure in the late 1980s).

4.4.2 As noted in the previous section, IT services in the 1980s were fairly basic. From 1989 through to 1992, on-line computing was progressively introduced to Divisions. For nearly a decade this was based on a “dumb” terminal network that was subsequently replaced by a PC-based client server network in 1998, following outsourcing¹⁹.

4.4.3 Over the past two decades growth in IT infrastructure expenditure has been significant. In the early 1980s computer services consumed less than 4% of non-election expenditure²⁰. IT infrastructure costs²¹ are now around 12% of total AEC non-election expenditure. IT growth in the future is likely to increase further as the AEC introduces more eBusiness initiatives to meet Government policy requirements and client expectations.

4.4.4 Efficiencies realised by IT have provided savings over time which for the most part funded the introduction of the IT itself. But these savings also allowed, in part, the AEC to undertake new and enhanced services often at the request of, or with encouragement by, the JSCEM. Examples include the introduction of TCP counts in polling places, declaration scrutinies and the extension of the time that the rolls close to 8pm prior to an electoral event.

¹⁹ AEC joined the Cluster 3 group of agencies to outsource all IT services.

²⁰ AEC Annual Report 1982-83 (computer services \$0.79m on a \$20m base – presumed to be primarily computer bureau costs for enrolment card data entry).

²¹ IT Infrastructure cost is used for this comparison. IT applications development costs are not included as expenditure on development is in large part discretionary in that projects can be prioritised or deferred as funding allows, whereas infrastructure is mostly fixed. ie. we have to pay infrastructure costs whether we used the systems or not. For information, the AEC also spends on average around \$3m per annum on IT applications development and continuing maintenance of its developed applications systems.

5 AEC CHANGE OVER TIME

5.1 AEC Growth

5.1.1 Over time, the AEC has seen considerable growth across all outcomes. As noted in the AEC's original submission, Australia has experienced over 30% growth in the number of electors since 1984 yet the AEC has been able to reduce the real cost per elector by 19%, as detailed in paragraph 1.3.6 of the AEC's original submission.

5.1.2 The following paragraphs detail some of the enhanced and new services that have been introduced over time and for the most part the on-going costs of these changes have been funded from within the AEC's fixed funding base. While these changes are often relatively small they compound over time.

5.2 Enrolment Numbers

5.2.1 From 30 June 1984 until 30 June 2002 the number of people on the electoral roll increased by 3,125,006, or 32.49%.

5.3 Continuous Roll Update (CRU)

5.3.1 This new way of managing the accuracy of the electoral roll was introduced in 1999 following a successful trial in Queensland in 1996/97 using Australia Post redirection notices and vacant address data. However, it was not until 2000 that the AEC was able to implement CRU nationally. CRU activity was then curtailed because of the federal election and it is not until now that the AEC has been able to fully quantify the costs.

5.3.2 One aspect of CRU that did not become apparent during the pilot was the impact on mainframe processing that resulted from the wider introduction of CRU. Mainframe processing increases due to the need to load and match various external databases. This mainframe processing increase due to CRU activity is anticipated to cost the AEC an additional \$0.75m in 2002-03, and continue to increase over time²². Also, external databases need to be purchased from other entities. For instance, the purchase of data from Australia Post and Centrelink, and Fact of Death data originating from Birth, Deaths and Marriage agencies in each state, cost in excess of \$0.51m in 2001-02. As more data becomes available through arrangements with states (for instance, motor registries), this cost is expected to increase significantly, although to what extent is unknown at this time.

²² Non-CRU mainframe processing costs around \$1.1m per annum. CRU mainframe processing is expected to almost double this cost.

5.3.3 In a CRU related initiative the AEC is part of a group²³ that examined, funded and steered a Feasibility Study into a Geo-coded National Address File (G-NAF). The intention is that all agencies in the group will use G-NAF to manage address information. The G-NAF vision is that it becomes the authoritative national address file leading to greater integrity in data matching between agencies using the system thereby assisting with mitigation of enrolment fraud. The AEC sees implementation of G-NAF as an essential tool that will lead to greater roll accuracy. Participation in the development of G-NAF has cost \$0.4m to date.

5.3.4 Further detail on the history and benefits of CRU is set out in Attachment 3.

5.4 Electoral Roll Products

5.4.1 A significant amount of roll information is now provided to Senators, Members and political parties. There has been growth in expectations for service delivery in this area in recent years. Data is now provided in CD format with additional facilities for reporting and extraction of information.

5.4.2 In response to this expectation the AEC developed and maintains ELIAS and supporting software. A permanent funding adjustment was made in 1993-94 of \$0.07m for roll product services with indexation provided since then. But there are significant additional costs in supporting roll products and these have been absorbed by the AEC over time. For instance, the cost to develop ELIAS was approximately \$0.4m and its annual support costs amount to around \$0.2m per annum.

5.5 Redistribution Activities.

5.5.1 The AEC is required to undertake redistributions in accordance with Part IV of the CEA. Until the mid-1990s, specific funding was provided for redistributions. Since that time the AEC has been expected to absorb all costs associated with the redistribution process, as well the subsequent flow-on effects such as new offices, staff relocation and required changes to AEC systems such as ELMS, and RMANS.

5.5.2 In 1996/97, redistribution committee activities cost \$0.14m, and in 1997/98 \$0.26m. By comparison, the current Victorian redistribution is expected to cost approximately \$0.45m. Next calendar year redistributions are expected in Queensland, South Australia and possibly Western Australia. Based on the recent Victorian example, the total outlay for these could exceed \$1m per annum. These figures do not include any related staff or property costs and the required changes to IT systems including infrastructure costs.

²³ AEC through the Electoral Council of Australia (ECA), Telstra, Australia Post, the Public Sector Mapping Agency Australia, the Australian Bureau of Statistics and Centrelink.

5.6 Enrolment Card Distribution.

5.6.1 Since 1988 Australia Post has charged a fee for display of Enrolment Cards. The AEC has absorbed these costs over time. The fee is anticipated to be around \$0.23m for 2002-03²⁴.

5.7 Election Management

5.7.1 The growth in the number of electors in the period 1984 to 2002 has correlations in the growth of election services provided for the same period. The formal House of Representative vote has increased by 2,809,122 or 32.41%. Over this period many changes have taken place in the way the AEC services electors to better reflect changing community expectations and demographic trends, and to implement greater efficiencies and cost savings where possible. These include:

- (a) the reduction in static polling places (of about 800) reflecting improved transport and voting alternatives;
- (b) a reduction in the number of polling staff employed, notwithstanding improved polling place management practices;
- (c) a tripling of the votes taken at overseas posts;
- (d) a 71% increase in the number of declaration votes lodged, leading to a reduction of ordinary voting of more than 4%. (It should be noted that declaration votes are significantly more expensive and time consuming to process than ordinary votes yet the reduction in ordinary votes has a negligible impact on expenses.); and
- (e) enhanced training of polling staff to ensure they can provide the best level of service possible.

5.7.2 Major changes to electoral practice were introduced in 1984 after Government consideration of the report from the 1983 Joint Select Committee on Electoral Reform. As well as establishing the AEC, the flow-on effects included an increase of the numbers of Senators from 10 to 12, and a concomitant increase in the size of the House of Representatives (an additional 23 divisions).

5.7.3 The 1980s were characterised by an emphasis on the development of uniform procedures and practice, and the introduction of computer based systems to enhance accountability, transparency, and information collection and distribution. This trend continued into the 1990s and was expanded with the introduction of the Intranet and Internet, and continuing development and improvement of systems, manuals and processes.

²⁴ Although Australia Post may be withdrawing from bulk display-type distribution, it is to be replaced by a demand-driven hard-copy printed at the time of request at a yet to be determined cost.

5.7.4 The following paragraphs illustrate some of the enhancements to election services implemented by the AEC over time, most funded from within the AEC's running-cost funding base. A chronology of significant enhancements to Electoral Services is set out in Attachment 4.

5.8 Enhanced Election Management Systems (ELMS).

5.8.1 Since the early 1990s the AEC's election systems have been under continuous development (TCP results that enhance the accuracy of predictions presented on election night is an example). The cost of developing ELMS has been around \$16.5m since the early 1990s, with ongoing enhancements and maintenance currently averaging around \$0.850m per annum. ELMS is a complex system of interdependent functions that includes the following sub-systems:

Nominations	Pre Election
Post Election Processing	Post-Election Results
Polling Place Management	Election Financial Management
Materials Management	Funding & Disclosure
Redistribution	Training Database
Referendum	Election Night Processing
Published Statistics	Polling Place Staffing Estimates
FAD Annual Returns	

5.8.2 ELMS has provided significant efficiencies to election processes. A large number of tasks that were formerly human resource intensive have been totally or partially automated, with significant savings in staff time. The processes themselves have also been improved by the development of ELMS. National databases ensure more timely and accurate election information. Management systems are utilised to ensure the consistent application of election best practice.

5.8.3 For example, ELMS manages the appointment, abolition, change of name and change of location of polling places, maintains historical polling place results, and moves polling places and their historical votes after a redistribution. It estimates the number and category of staff for each polling place and calculates the inventory of materials necessary for an election. ELMS is used to prepare a financial forecast for an election, allocate an election budget and monitor performance against the budget.

5.8.4 During an election, ELMS is used to manage the processing of nominations, the production of and accounting for ballot papers, the reconciliation of declaration votes, the recheck of ballot papers, the distribution of preferences and the provision of election results. On election night, ELMS is used to provide information for display

on the National Tally Board and the Virtual Tally Room on the AEC's website, and to transmit data to various media outlets for their own election programs.

5.8.5 ELMS needs to be reviewed continually to ensure the systems it contains reflect current legislative requirements, changed procedural requirements, and increased client expectations. Associated with these changes is staff training, review and update of systems manuals and, prior to each federal election, a trial election which enables staff to become familiar with all ELMS modules, as well as providing a full systems test.

5.9 Temporary Staff Management Systems

5.9.1 In the early 1980s, the management and payment of AEC temporary staff used for electoral events was a Divisional Office function whereby even pay cheques were manually written out. In the late 1980s, the AEC started developing management systems for its temporary staff. The driver for this was the difficulties involved in recruitment, appointment, on-going management, and payment of some 60,000 casual staff and to comply with changing employment and financial management policies implemented by Government²⁵.

5.9.2 The total cost to develop the system has been \$7.4m since 1995, with an annual maintenance cost of around \$0.15m – all funded from within AEC running cost appropriations.

5.10 Call Centres and National 132326 Number.

5.10.1 Call centres were introduced in the 1996 election to provide an enhanced delivery of information services to clients. Previously information was only available from individual AEC offices, which made the call workload difficult to manage. The use of call centres allowed for the provision of more consistent information services and the capacity to better meet peak workload demands. To alleviate an additional load on AEC operational staff during the election period in 2001, the AEC moved from in-house state-based call centres to two locations nationally, utilising an outsourced provider. The provision of the enhanced service comes at a price, with the 2001 call centre costing \$3.1m²⁶. No additional funding for call centres has been provided.

5.10.2 The AEC introduced a national call number, 132326, for the 1997 Constitutional Convention election, which remains in place on an ongoing basis. This has the advantage of streamlining advertising and focussing electors to just one key number. This 132326 service cost the AEC \$0.45m for the 2001 election (used in

²⁵ The system automates the generation of offers of employment, employment contracts, eligible termination payments, files for superannuation funds and payment summaries for taxation.

²⁶ This was significantly less than budgeted (\$5.1m) due to inadequate commercial management. Far less calls could be handled than actually received.

conjunction with the call centre), and around \$0.06m per annum during non-election periods.

5.10.3 An interpreter and translation service was introduced in 1998 to expand our service delivery to electors who did not have English as their first language. This service has cost \$0.27 over the last three years with no additional funding being provided.

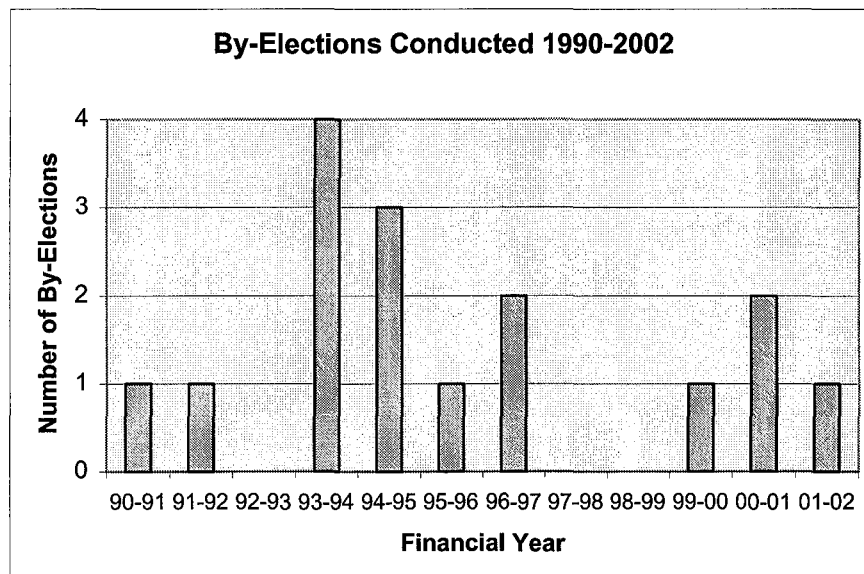
5.10.4 The total funding gap for call centre and related services is estimated at around \$1.2m per annum amortised over the three-year electoral cycle.

5.11 By-Elections

5.11.1 In the past the AEC received additional funding for by-elections. However, this funding stopped in 1996 and since then the AEC has absorbed the costs of some 7 by-elections at a total cost of \$1.928m. The cost of by-elections has increased over time with costs into the future expected to average around \$0.5m.

5.11.2 As indicated in paragraph 5.11.1, Finance has not provided additional funding on a per-event basis for by-elections for some time. These services have had to be funded from the normal on-going appropriation. There is no record that any part of the AEC's appropriation was earmarked for by-elections. In any case the number and frequency of by-elections are variable. The AEC cannot budget reliably on that basis.

5.11.3 The diagram below illustrates the variation in by-election numbers since 1990.



5.12 ATSIK

5.12.1 The basis of the relationship with ATSIK is a Memorandum of Understanding signed in 2001, which includes detail on the financial arrangements between the two

agencies. Predominantly, the AEC seeks direct costs only from ATSIC. However, it is the AEC's intention to review the funding base following the current round of ATSIC elections.

5.13 Electoral Education

5.13.1 In 1984 school and community visits involved less than 10,000 participants per annum. However, from 1987 a greater emphasis was placed on the function, which led in 1987 to more than 47,000 participants growing to 149,000 participants in 2001/2002.

5.13.2 To supplement the divisional activities, an Electoral Education Centre (EEC) was opened in Canberra in 1988. The opening of additional EECs in Melbourne (1991) and Adelaide (1999)²⁷ followed. Visitors to these centres totalled 106,000 in 2001/2002. The cost of maintaining these centres is around \$ 1.7m per annum.

5.13.3 The AEC is currently evaluating the electoral education function including the future of the EECs and a reduction in education activities by divisional staff - options being considered to help manage the AEC funding shortage.

5.14 Support for International Services

5.14.1 Legislative changes in 1991 provided the AEC with the mandate to provide assistance to foreign countries in matters relating to elections and referendums. The AEC has absorbed the cost of supporting this operation estimated at over \$1m per annum (see also Paragraph 6.4).

5.15 International Visitor Program

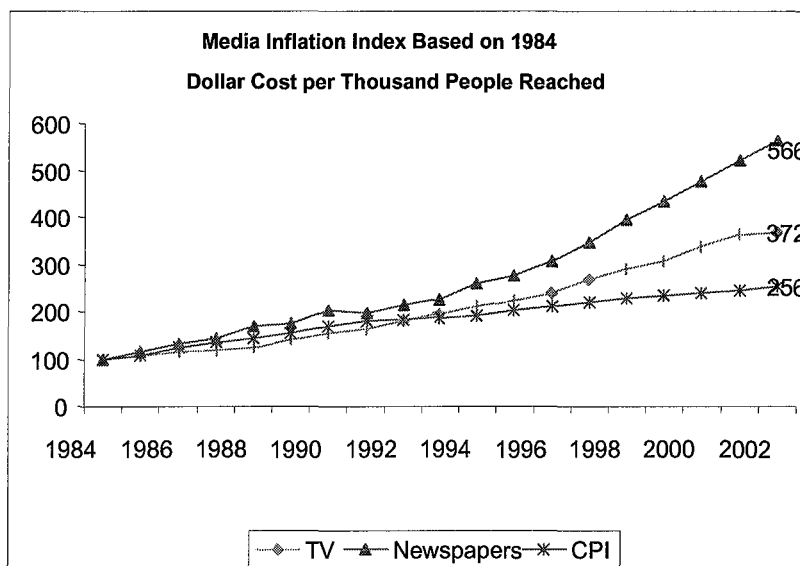
5.15.1 An International Visitor Program (IVP) is now a normal feature of all federal election events. For the 2001 election, 86 guests from 19 countries took part in a study program of electoral practices. This program is part of the AEC's ongoing commitment to encouraging communication and cooperation with international electoral bodies, particularly those in the Asia Pacific and southern African regions. It is also in line with Australia's foreign policy objectives. Feedback from participants was extremely positive. Direct costs for the 2001 IVP were \$0.12m.

5.16 Advertising

5.16.1 Media costs have risen significantly since 1984 as the accompanying graph illustrates. If 1984 is used as a base, it can be seen that the cost of placing ads in newspapers has increased by 466% and television by 272% whereas CPI has increased by 156% over the corresponding period. By way of comparison, the AEC spent

²⁷ The SA EEC is a shared facility with the SA State Electoral Office.

around \$7m (in 2001 dollars) on advertising for the 1984 election. For the 2001 election, the cost of advertising was \$10.3m. This equates to an estimated \$1.1m funding gap per annum.



5.16.2 During this time various efforts have been made to place a greater focus on public relations activities (that are cost minimal) and in ensuring that the reach and effectiveness of the campaigns are providing value for money. Nonetheless, the AEC has still had to absorb these advertising cost increases and is captive to the situation whereby some advertising is legislated²⁸ and Australia has a small population spread over a large geographical area with numerous small, local, media outlets.

5.17 Web Services.

5.17.1 The AEC has embraced the Internet with a comprehensive web presence, including a Virtual Tally Room (VTR). The move in 1996 to use the web for display of AEC publications and statistics has significantly aided public access to the AEC. Also, the AEC is progressively introducing Intranet availability for all staff to access policy, procedures, manuals, and other general information.

5.17.2 The costs of marking up and maintaining the currency of material for display, web placement, and the hosting of the sites is high. These costs totalled \$0.09m for 1998/99, and increased to \$0.26m for last financial year. Internet and Intranet website costs have been absorbed by the AEC to date. The AEC cannot avoid these costs – it is required by Government policy to provide on-line services to clients. The costs are likely to increase into the future.

²⁸ For example, polling place and Writ advertising.

5.18 FAD Compliance Investigations.

5.18.1 The AEC flagged a FAD funding issue in its second submission to the current JSCEM Inquiry into Electoral Funding and Disclosure²⁹. The submission noted that the AEC was originally funded for two additional staff to conduct compliance investigations. However, the additional load now placed by this activity means that significant additional resources have been applied³⁰.

5.18.2 For instance, the number of FAD annual returns processed since compliance investigations started has increased 10 fold³¹. The AEC sought additional funding of \$0.1m following the introduction of returns for associated entities to account for this increased workload. This additional funding was not provided.

5.18.3 Also, the availability of disclosure returns on the website since 2000 has meant that the public and the media in particular have much greater access to these documents, and they are more readily able to analyse the data. In 2000/2001 for example there were 217,501 hits on the FAD parts of the AEC website. The resultant increase in the level of inquiry has had a direct increase in workload for the section.

5.18.4 Additional funding above that required in 1991/92 to compensate for the additional workload now undertaken by FAD is estimated at around \$0.7m per annum³². The AEC has recognised the need to further supplement resourcing above current staffing levels in the FAD area to effectively meet the demands deriving from this complex legislation.

5.19 Corporate Governance.

5.19.1 The AEC has been subjected to a significant cost increase in complying with changes over time to corporate governance requirements. Corporate overheads have increased by \$4.4m³³ (2002 dollars), between 1983-1984 and 2002-2003. The AEC is now responsible for various functions, such as banking, audit, reviews, employee consultation, staff training, occupational health and safety, legal costs and recruitment. Many of these functions were previously undertaken by central agencies on AEC's behalf or, due to changed requirements, now need more overhead to manage than they did in past years.

5.19.2 Devolution of corporate service functions to agencies has meant that agencies have had to build their own infrastructure involving an increase in property, IT and

²⁹ Submission No 15 of 3 August 2001.

³⁰ FAD staff growth from 3 in 1991/92 to 8 in 2001/02.

³¹ Around 90 annual returns in 1992-93, but following the introduction of returns for associated entities and donors in 1994-95 the number of annual returns processed has grown to over 950 in 2001-02.

³² Estimate based on current cost including corporate overheads, less base funding in place in 1991/92.

³³ Not including IT, property or salary costs as these are dealt with separately in this paper.

staffing requirements. In order to be able to create this service delivery infrastructure in house the AEC had to develop policy and IT systems for payroll and financial management and take on functions in other corporate service areas, for example, fleet management.

5.19.3 The majority of the additional corporate services are delivered or coordinated by Central Office which has contributed to the growth of Central Office up to 2001-2002 as seen in the table at paragraph 5.21.6. The cost of this growth has been met from within the AEC's on-going appropriations.

5.20 Property Costs

5.20.1 The AEC has 142 rental leases located nationally. Offices corresponding to the number of divisions and state head offices in each jurisdiction are being maintained, in addition to storage and educational centres.

5.20.2 Property costs have been increasing ahead of CPI over the last three years. To maintain property costs at the current \$14.5m per annum³⁴ and to avoid, as far as possible, further significant increases, the AEC has implemented a program of property rationalisation, which requires the collocation of some divisional and state offices.

5.20.3 The following diagram illustrates the AEC's funding for property, compared to the actual AEC expenditure on property, since 1993³⁵ and overlays an index of CBD rental costs over the same period.

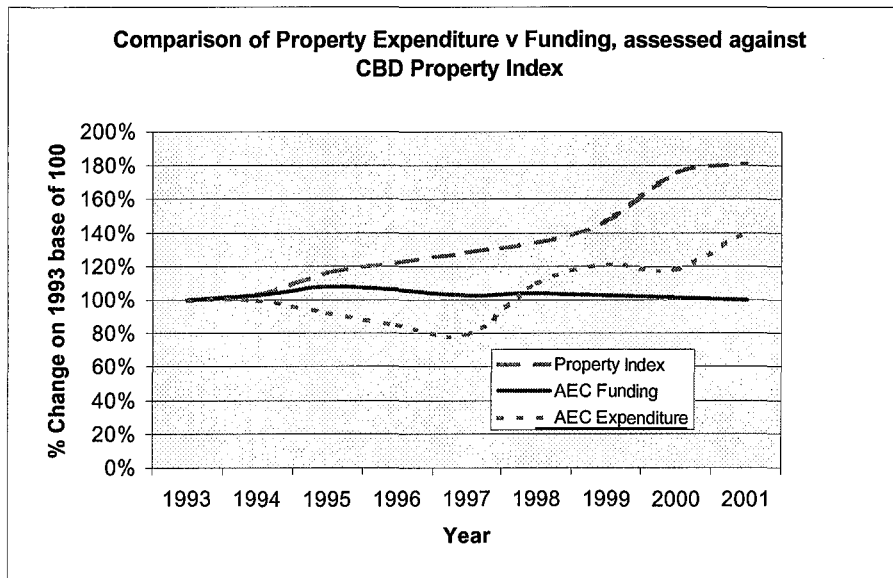
5.20.4 The diagram below shows that funding provided has not kept pace with the AEC's actual expenditure over time or with property costs in general. 1993 was the first year property funding was included in the AEC's appropriation. The base in 1993 dollars of \$10.2m followed a significant downturn in property rental costs across the country over the period 1990-93. Each year since, Finance has applied a deflator to the funding for AEC property. Current AEC funding attributed to property is \$10.6m.

5.20.5 AEC has over that time moved to less expensive locations when leases came up for renewal and cut down on investment in re-fits, with some success as indicated by the reduction in property expenditure over the period 1994-1998. In recent years however, the growth in expenditure on property has caught up to the extent that expenditure now exceeds funding by a considerable margin. The strategy mentioned in paragraph 5.20.2 is expected to arrest this growth but it will only contain costs at the

³⁴ Property costs include rent, outgoings and associated costs. In addition, the AEC incurs costs to manage and coordinate property costs (such management was previously done by DAS).

³⁵ Based on an average of capital city property rents published by Property Council of Australia.

current level, at best. With the AEC's current structure it will not be possible to make further efficiencies in property costs.



5.20.6 In addition, the AEC considers that it is currently under-investing in refurbishment of its offices. On average, the AEC should be refurbishing its offices at the rate of around 15 divisional offices and one state office, or Central Office, per year, at an estimated annual cost of around \$1.5m. In recent years the AEC has spent an average of around \$0.90m per annum on refurbishment.

5.20.7 The estimated additional property funding requirement is around \$4.5m per annum³⁶ if the current AEC structure is to be maintained.

5.21 Salary Growth

5.21.1 The AEC has had to provide salary rises to staff to keep pace with the market. After 1996, productivity offsets to fund pay rises have had to be found in non-salary expense areas as index-based additional funding provided has not provided sufficient adjustments to running costs to cover salary increases resulting from certified agreements. The AEC has managed to fund its salary increases to date, but without major restructure that incorporates a different funding model it will be unable to continue do so into the future.

³⁶ \$4.5m comprises current expenditure of \$14.5m pa less \$10.6m pa funding, plus \$0.6m pa to bring refurbishment investment to acceptable level.

5.21.2 Pay rises under certified agreements since 1998 are set out in the table below:

AEC Salary Increases under Certified Agreements 1998-2002					
	Year	1998	1999	2001	2002
Actual salary Increase		4.0%	2.0%	8.0%	6.0%
Cumulative Salary Increase		4.0%	6.1%	14.6%	21.4%

5.21.3 The salary increases, particularly in 2001 and 2002 were necessary to bring the AEC into line with other Government agencies. Non-SES staff pay is currently placed slightly above average of the cross-public service salary bands as at July 2002³⁷. But this is expected to moderate as more agencies put in place their 3rd round of certified agreements. The AEC SES (equivalent) pay is well below average public service-wide SES salaries³⁸.

5.21.4 The relative merit of individual agency salary agreements across the broader Public Service has been the subject of some discussion. It is not for this paper to debate the current policy on salary progression within the public arena. The AEC has demonstrated restraint, but a consequence of the policy is that the AEC must maintain salary parity with other Government agencies in order not to prejudice its experience and skills base.

5.21.5 The net effect of salary increases over time, in excess of the indexation provided, is that in 2002-03 the AEC would have had to find around \$3m in offsets compared to the previous year, had staffing remained the same. In July 2002, the AEC instigated tight controls, including on the employment of temporary staff, and payment of higher duties, in order to manage the latest pay increase for its staff. This has resulted in temporary closure of offices, less development opportunities for staff and has impacted on projects designed to improve or enhance AEC systems. While effective as a temporary measure it is not sustainable in the longer term.

5.21.6 The AEC's staffing profile since 1995 is set out in the table below. Note that the reduction estimated for 2002-03 is a result of the stringent funding measures put in place in July 2002.

AEC Staffing Years 1994 -2002 & Projected into 2003								
	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03²
Central Office	150	141	136	146	144	165	170	153
Head Offices	187	173	179	186	184	217	194	126
Divisions	404	443	437	512	512	479	489	456
Total	741	757	752	844	840	861	853	
FTE Equivalent ¹	801	735	756	820	815	826	807	735

Note: 1. FTE Staffing figures have been derived from annual reports and include ongoing and non-ongoing staff.

Note: 2. 2002-03 is estimated FTE based on strategies put in place to contain costs.

³⁷ July 2002 comparison of AEC non-SES remuneration against 16 other agencies.

³⁸ Mercer Human Resource Consulting were commissioned in 2001 by the Department of Employment & Workplace Relations to provide the APS with a SES remuneration survey.

5.22 Temporary Election Staff Salaries

5.22.1 Salary for polling officials and temporary staff are major cost components in any election. For example, for the 2001 federal election these costs totalled \$18.1m, representing more than 26% of the total election costs, not including public funding. Temporary staff pay rates were last reviewed during 2000, with a small increase (between 3%-5%) to rates made (the first since 1996) and implemented for the 2001 federal election.

5.22.2 A review of temporary employment practices currently underway will also consider appropriate rates of pay for the next federal election due in 2004. Current AEC rates are well below those of some State Electoral bodies. For example, the rates of pay for temporary staff set by the NSW State Electoral Office for their 2003 elections are well above AEC rates, as shown in the table below:

STAFF CLASSIFICATION	AEC	NSW	VARIATION
Temporary Assistant	\$14.93 ph	\$17.50 ph	+17.23%
OIC 8-15 Issue point Polling Place -	\$560	\$660.75	+17.99%

5.22.3 A pay rates rise of 10%³⁹ for polling place and other temporary election staff for the next federal election would present an increase of \$1.8m or \$0.6m per annum. The AEC is not funded for such an increase, nor could it be found from efficiencies.

5.23 Efficiency Gains

5.23.1 All agencies have been required to deliver greater efficiency in process and structure and to deliver enhanced services akin to those above or, in recent years, to fund staff salary increases. The AEC has not sought to receive any special consideration in this regard. The AEC's Divisional Office structure is its single biggest cost driver and it limits the AEC's ability to continue to deliver significant efficiencies. Initiatives to change this structure in the past could not be implemented. Efficiencies gained in service delivery such as that provided by modern on-line computer facilities have reached their limit. The AEC is not in a position to undertake further enhancements to services, or to invest in new infrastructure without additional funding. A change to the AEC's funding base is also required to address growth into the future.

³⁹ A 10% salary increase for temporary election staff would still be substantially less than the current NSW rates.

6 THE PUSH FOR CHANGE

6.1 JSCEM Recommendations.

6.1.1 Over time, the JSCEM has made many recommendations for additional services or enhancements to existing services, and has called for increased accuracy, for example, in the electoral roll. As mentioned in Para 1.2.3 there is a resource impact to many of these recommendations. Most of the recommendations have been funded from the AEC's existing funding base.

6.2 Public Demand.

6.2.1 In several client workshops held during 2002 members of the public were asked for their views on service delivery with respect to voting. Not surprisingly, there was an overwhelming view that voting should move with the times. This widespread sentiment is typified by one comment received – "How come I can pay my David Jones account in several different ways eg. by posting a cheque, electronic BPAY, at any DJ's cashier, the post office etc, yet the AEC still expects me to turn up on a Saturday and get in a queue to cast a paper ballot...".

6.2.2 On the question, "If electronic voting (eg. by touch phone or through the Internet), was available as a means of casting your vote, would you be likely to use it?", 74% of respondents voted Yes, 16% No and 10% were not sure.

6.2.3 This level of response cannot be ignored by the AEC, and while we are undertaking such research in a moderate way, we are not currently funded for investigation and development of alternate electoral mechanisms.

6.3 Technology Advances.

6.3.1 It is prudent management to maintain capital investment in IT and other technology. In addition, the increasing push for more eBusiness initiatives will require investment. While it is difficult to estimate this cost it is likely to be significant, initially in terms of research and capital but also in terms of on-going costs as the AEC is limited in its ability to realise significant additional efficiencies.

6.3.2 The AEC finds it difficult to maintain its investment in current technology and it does not have any funds available under current arrangements to provide for any significant investment in new eBusiness initiatives.

6.3.3 New eBusiness initiatives that need to be investigated include the following:

- (a) The AEC is currently investigating a pilot Internet voting system⁴⁰, involving a commercial election. If this limited pilot shows that the process has potential, the AEC will need legislative change and funding to extend the investigation and for development of a system that could be used for political elections. The amount required is not known at this stage but it is likely to be substantial⁴¹, when the return on investment may only be measurable in terms of convenience to the general public.
- (b) The AEC is currently investigating new enrolment technologies. One such initiative is providing the ability for the public to request an enrolment application using the mobile telephone SMS capability. Again, this is not expected to return any significant efficiency, but it is a means of directly targeting young adult enrolments due to the popularity of this technology in this cohort. Young electors are one of the AEC's more challenging target groups for enrolment. Costs are unknown at this time.
- (c) Investigation into the possibilities of on-line checking of enrolment details is planned. This has been implemented in a basic fashion by at least one State (WA). The AEC needs to investigate this technology further to ensure that the final system implemented addresses all legislative and privacy issues as well as providing a foolproof service to the community⁴².
- (d) The AEC needs to continue to develop the Virtual Tally Room (VTR). The VTR is a significant enhancement to the AEC's service to the public, politicians and media during and immediately after an election. Redevelopment is required to keep pace with technological advancements, accommodate changes in the political arena (eg creation and abolition of coalitions of parties) and meet customer expectations⁴³. The cost of the redevelopment is anticipated to be in the area of \$0.5m, along with yet to be estimated on-going maintenance costs.

6.4 International.

6.4.1 Attachment 5 provides detail on the development of the AEC's involvement in international activities. As noted in Paragraph 5.14 the AEC recovers only the direct

⁴⁰ See Paragraph 5.6.13 of the AEC's original JSCEM submission.

⁴¹ By way of illustration of the costs involved, the UK Government sought council involvement in electoral modernisation pilots for the May 2002 local government elections. The councils conducting pilots were encouraged to include a wide range of e-voting systems. Electoral modernisation pilots involving e-voting were expected to improve voter participation, build public confidence, test the robustness of the technology and attract younger voters. The initial funding for the e-voting pilots was 3.5 million pounds but rose to 4.1 million pounds during the election period.

⁴² Implementation in WA requires an exact match to all information. The AEC is keeping a watching brief on the success of the WA initiative. The system as it now stands may be too open to entry error resulting in confusion or a misinformed client.

⁴³ Client feedback during and following the 2001 election seeks an increase in the number of screens available in the VTR.

costs of its involvement in international activities⁴⁴. For the most part, the cost of the AEC's internal support for most international activities is not recovered.

6.4.2 A significant factor in the success of the AEC's international work has been the AEC's independence and neutrality. In working with counterparts in other countries, the AEC is not perceived as having any political agenda, or any objective other than the broad one of facilitating good governance. The AEC believes it is most important that this approach be maintained in the future. It highlights that such a move might be contrary to the intention of the Parliament when in 1991 legislation was enacted to formalise an international role for the AEC.

⁴⁴ The exception is the PNG Capacity Building project where AUSAID pays for two full-time Australia-based staff with overhead recovery, plus the direct cost of the AEC's outposted PNG staff.

7 SUMMARY

7.1 Funding

7.1.1 As noted in paragraph 1.1.4, the AEC is currently developing a case for a new funding model. The amount of additional funding required is estimated to be within the range of \$15-20m.

7.1.2 The table below indicates the gap in funding of around \$26m compared to that which the AEC believes its current base-funding model was intended to cover. Added to that is the accumulated efficiency dividend of around \$6.5m that the AEC has had to deliver over the years.

AEC Funding Gap		
Item	Estimated Funding Gap per annum (\$m)	Reference Paragraph
IT Costs	4.00	1.2.7
CRU Data	0.50	5.3.2
ELIAS	0.20	5.4.2
Redistributions	1.00	5.5.2
Enrolment Display at Australia Post	0.23	5.6.1
ELMS	0.85	5.8.1
Temporary Staff Management System	0.15	5.9.2
Call Centres & Related Services	1.30	5.10.4
By-elections	0.50	5.11.1
EECs	1.70	5.13.2
International	1.00	5.14.1 & 6.4.1
Visitor program	0.04	5.15.1
Advertising	1.10	5.16.1
Web Services	0.26	5.17.2
FAD	0.70	5.18.4
Additional Corporate Costs, such as responsibility for banking, audit, reviews, employee consultation, staff training, OH & S, legal, recruitment, vehicles and corporate information systems.	4.40	5.19.1
Property	4.50	5.20.7
Accumulated Unfunded Permanent Staff Salary Increases over time	3.00	5.21.5
Election Temporary Staff Salary	0.60	5.22.3
VTR	0.17	6.3.1(d)
New Activity Gap	26.20	
Plus Efficiency Dividend over time	6.50	3.4.1
Total Funding Gap	32.70	

7.1.3 The total funding gap is therefore estimated at around \$33m per annum. The AEC does not anticipate that it will seek full recovery for this gap. Some of the additional costs for new and enhanced services have been funded from productivity improvements delivered by new processes and IT including such things as on-line roll

transactions, automated Election management and results processing, and certified list scanning.

7.1.4 Instead, the AEC submission to Finance will seek funds to continue current operations, and to invest for the future. The funding model sought will be based on financing related to outcomes.

7.2 Consequences of Not Receiving Additional Funding

7.2.1 The AEC has had to adopt quite stringent measures in FY 2002-03 in order to remain within budget. These include:

- (a) restrictions on the employment of non-ongoing and temporary staff used to assist with enrolment duties, back-filling of positions, and projects;
- (b) restrictions on filling of temporarily vacant positions, which deprives staff the opportunity to gain experience in more senior positions;
- (c) temporary closure of AEC offices when only one member of staff is available for attendance; and
- (d) cancellation or deferral of some projects (including election-related) due to either the unavailability of staff or sufficient funding to undertake such project work. These projects include the extension of polling official training on the Internet, enhancements to the Senate Scrutiny system, Election Results development for the VTR and work on the electronic lodgement of FAD returns.

7.2.2 The AEC could not sustain such restrictions into 2003 without impact on service delivery, particularly in the lead-up to the next federal election.

7.2.3 Should the current funding arrangements continue, the AEC would be forced to make considerable changes to its operations. Measures under consideration include:

- (a) a complete restructure of the AEC including its Divisional Office arrangements;
- (b) the future of Electoral Education Centres;
- (c) the future of support for most international electoral activity;
- (d) IT systems development restricted to essential maintenance only, with a particular impact on Government mandated eBusiness development; and
- (e) restricting advertising to legislated requirements only, for the next election.

7.3 JSCEM Support

7.3.1 The AEC seeks that the JSCEM note that the AEC:

- (a) has experienced substantial growth both in core outcomes and innovations, that has exceeded the pace of CPI funding growth since 1984;
- (b) has made substantial investment in technology and delivered productivity improvements which has allowed the AEC to fund growth and new services until recent years;
- (c) has achieved this without significant supplemental funding; and
- (d) can no longer continue to fund its current rate of operations and projected growth, at existing service levels, and invest in new technology, without some changes being made to its funding arrangements.

7.3.2 The AEC seeks JSCEM support in recognising the funding difficulties facing the AEC, and support for the AEC's approach to the Department of Finance and Administration with a view to achieving a new and increased funding base for the provision of electoral services.

EXAMPLE OF MANUAL PROCESSING PRIOR TO 1989 WHEN ON-LINE COMPUTER SYSTEM FOR ENROLMENT PROCESSING WERE INTRODUCED

In the 1980s the method for processing Enrolment Forms (EF) required the following steps:

- Check all forms for completeness (signature of elector & witness, name & address & DOB, citizenship etc.)
- Alphabetise forms by surname
- Microfiche check for former enrolment details (on current roll) - if found, record ID number and exact name & address details on EF in red
- Street file check to determine Subdivision code - record code on EF in red
- Mark up card for data entry - using red pen, 'slash' between number range, street name, street type, locality, DOB fields, remove vowels from occupation (refer to list of standard occupation entries)
- Photocopy and dispatch to Head Office(HO) for data entry
- After data entry, a report of all exceptions (errors) was produced and sent to Divisional Offices(DO) for resolving - either by rechecking Microfiche entries or Street file entries to code report
- Error reports were then returned to HO for data entry
- Amendments & deletions were also similarly prepared by DOs and dispatched to HO for processing
- Acknowledgments of Enrolment were initially prepared in DOs and dispatched directly to electors
- All letters concerning Enrolment claims were prepared in DOs, using proformas and typing in elector details
- Special Category Enrolment Registers were kept for all categories - these had to be manually created and updated

CERTIFIED LISTS - MANUAL MARKBACK FOLLOWING ELECTION

Certified lists were printed on a subdivisional basis. The number of subdivisions to a division varied considerably according to the number of state districts or communities of interest within the division. There was one copy of the subdivision certified list for each polling place in the subdivision - the polling place certified list was split on an alphabetical basis between issuing points.

Ordinary voting was limited to an elector voting in their subdivision. An absent vote was issued for both an elector voting at a polling place outside their division and an elector voting at a polling place in their division but outside their subdivision.

Every subdivision had a master certified list, one ordinary certified list for each polling place in the subdivision, and one certified list each for postal votes, absent votes and section votes.

After polling day, about 10 - 12 casuals were engaged in marking back electors to the master list. There were four steps:

1. consolidating the alpha split certified lists back to a single volume for each polling place
2. marking names from the polling place certified list off on the master certified list. One casual per subdivision usually did this. A running sheet was maintained on which the name and address of any apparent multiple voter, and the polling place names where the apparent multiple votes had been made, was recorded
3. marking names from the declaration vote certified lists off on the master certified list
4. the "roll call". This entailed one person calling from the master certified list the names of electors that had **not been** marked off (apparent non voters). 10 - 12 casuals had in front of them the polling place certified lists (one per person if it was a large polling place, but one casual might be able to handle the certified lists for 2 or 3 smaller polling places) and they checked to confirm that the name was not marked off, and hadn't been missed in steps 2 or 3.

Steps 1 and 2 could start in the week after polling day but step 3 couldn't commence until preliminary scrutiny for declaration votes was completed. Each of the 4 steps had to be undertaken for each subdivision. Usually the "roll call" was done for all subdivisions on the one day. The whole process from step 1 through to step 4 usually took 10 - 12 people a week to complete.

At the 1984 election, alpha splits and subdivision ordinary voting were removed. There was a division-wide roll, ordinary voting throughout the division and a full certified list at each issuing point. This significantly increased the amount of work that had to be undertaken in the mark back. There was considerable under-forecasting of the resources required in 1984, with most divisions using about 20 people to complete the task and the "roll call" taking close to 2 days.

HISTORY OF CONTINUOUS ROLL UPDATE (CRU)

Following the 1993 Federal Election, the Joint Standing Committee on Electoral Matters (JSCEM) recommended that section 92 of the *Commonwealth Electoral Act 1918* (CEA) be amended to allow for continuous review of the Roll and that the AEC undertake a pilot study.

These recommendations followed representation from State electoral authorities and AEC Divisional staff questioning the effectiveness of the existing process for habitation reviews. Some of the disadvantages of habitation reviews cited were as follows:

- habitation reviews were not able to cater for State/Territory election cycles (States/Territories contribute significantly to Roll Review costs);
- many of the dwellings reviewed required no update to their enrolment status;
- difficulties in accessing a number of secure dwellings; and
- a significant workload for Divisions for the 3-4 months duration of a habitation review.

A CRU pilot was conducted in Queensland during 1996 and in the early part of 1997, using Change of Address (COA) data from Australia Post Redirection notices and RMANS Vacant Address data.

Following the success of the pilot study, both the AEC and its joint roll partners agreed to the phased implementation of CRU as the preferred option for reviewing the roll. CRU was extended nationally in early 1999, incorporating COA and Vacant Address mailing. Multiple Enrolment Limits (Melimit) were introduced into the CRU program in late 1999 followed by Resident mailing in early 2000 and Non-Response fieldwork in early 2001.

New external data sources have been introduced throughout the national implementation. The first of these was Centrelink, followed by an increasing number of State/Territory data sources.

An important change crucial to the implementation of CRU was the transfer in 1997, of RMANS to an address-based system, rather than the elector name base on which it was originally developed.

The Address Register allows addresses to be recorded as valid for enrolment, to have enrolment limits set, and to have address features described that may alter the enrolment profile (eg. hostels, flats etc). It also enables the AEC to more effectively match and compare address data with other agencies.

Benefits of CRU

The benefits of CRU include:

- more confidence in the quality of the roll by federal and State/Territory participants;
- the replacement of a proportion of objections/re-enrolments by enrolment transfers;
- the imposition of some control on the rapidly increasing cost of reviews; and
- a consistent, manageable and ongoing enrolment workload replacing the brief periods of concentrated activity associated with habitation reviews.

**Attachment 4 to
Additional Information Paper
Relating to AEC Funding**

HISTORY OF AEC ELECTORAL PROCESS CHANGE SINCE 1984

WHEN	WHAT	IMPACT
83/84	<p>AEC established. Legislative change provided for a range of new processes including the introduction of:</p> <ul style="list-style-type: none"> • Party and candidate registration, • Special category electors including General Postal Voting and Antarctic Voting, • Remote and other mobile polling, • Group Ticket voting, • Change of method of counting the Senate (full distribution of ballot papers rather than random selection), • Public funding and disclosure, • Centralised Senate Scrutiny of ATL ballot papers, • Introduction of provisional voting (in place of section votes), • Writing to declaration voters telling them when their vote was not counted, • Oral Postal votes, and • The abolition of Subdivision voting. 	<p>Enhanced range of elector services, making it easier for the elector to vote eg Above the Line voting</p> <p>These massive changes had a huge impact on election forms and procedures, impacting upon training for polling and divisional staff.</p> <p>Senate count became more complicated and took longer to complete</p>
	9,616,974 electors enrolled. Introduction of new citizenship requirements	Enrolment system based in divisional offices utilising microfiche
	Increase in number of Senators from 10 to 12 per state with a corresponding increase in the number of House of Representatives (an increase of 23)	Increase in staff and offices and associated infrastructure needs
	Training of Polling Staff (TOPS) introduced to provide formal training to some senior polling officials.	Improved knowledge of polling officials, with increased costs for training materials, formal training session's etc.
85/86	Cardboard polling place equipment developed, with cardboard ballot boxes tested at the Scullin By-election. Cardboard equipment was first used nationally at the 1987 election.	Previously all polling material was of a durable nature, which involved continuous storage and maintenance, and expensive replacement. The introduction of cardboard equipment allowed for cost savings of approximately \$162,000 over 3 years. Rising costs for storage and replacement of durable stock had been estimated at \$1.3m over 3-year period.
	Development of Divisional Office Procedures Elections manual.	This incorporated an extensive range of divisional election procedures into the one document to promote consistency.
86/87	Polling place coding commenced	This allowed the cross-linking of statistics at polling place level for election to election comparative purposes.

WHEN	WHAT	IMPACT
	Census Collector Districts (CCDs) became the building block for enrolment	ABS data could now be applied to polling place catchment data
87/88	Scanning technology introduced to replace the manual markback of certified lists.	This allowed the creation of elector records by Polling Place. It enabled the computerised generation of non-voter advice, and streamlined the post election followup processes. Certified lists in the current format were printed for the first time. Marking back the voters to the rolls, a job that once employed thousands of casuals over several weeks, was done in two weeks in a scanning centre established in each State. This saved a significant amount of funds spent on temporary staff, and improved accuracy. It did require ongoing hardware and software maintenance funding.
	Senate Scrutiny	Introduced bulk exclusions and modifications to the counting procedures that reduced scrutiny time
	At the 1987 election, almost all 8112 Polling Places were counting centres for first time, with results entered into a new election night computer package (TENIS)	Votes were counted earlier, and quicker results provided on Polling night. Special Minister of State computer system utilised for data collection
	Overseas Postal voting centre established (in Sydney) for first time	Centralisation of this process provided for better management and additional accountability
	Computerisation of some Industrial Elections Functions	Easycount and Rollmaker programs developed which caused efficiencies in the processing of rolls, nominations, and scrutiny of votes. Particularly when used for elections utilising preferential voting, reduced temporary assistance and overtime was required. These gains assisted in offsetting cost increases in other areas such as advertising and printing.
	Special Category Elector Manual introduced	This provided for increased consistency and accuracy of interpretation of these types of electors
88/89	Ballot paper counting machines purchased for all divisions and for Senate at central locations	This improved accuracy and allowed additional accountability
	Fax machines introduced into all Divisional Offices	
	A new Roll Management System (RMANS), was introduced	This allowed on-line entry and update, and excluding South Australia provided for a national roll for the first time. Much improved accuracy, turn around time of acknowledgments, and the ability to use the system for election related tasks.
	Computerised temporary staff management system introduced	
89/90	1990 election first to use RMANS	The previous system was state based, RMANS is national – led to greater efficiencies and reduction in manual processing

WHEN	WHAT	IMPACT
	A training package for permanent divisional staff called Training Of Divisional Staff (TODS) implemented	
	List of Streets and Localities (EF54) redesigned	Cheaper and smaller than previous products. Produced directly from RMANS
	Matched polling places introduced to provide swing figure for 1990 federal election after testing in the 1988 byelections.	This allowed early indication of the likely result
	Elector leaflet distributed to 6.1m households at the 1990 Election	
	1990 election - For the first time the National Tally Room (NTR) used its own computer and comms network	Equipment was the Sequent S27 purchased late 1988 and upgraded in 1989. 180 users were on system, data was entered at HO level except WA and Tas which had computers in DOs. Complex communications links installed between HOs and CO, plus high speed link between NTR and CO
90/91	ATSIC election conducted for the first time	No computer facilities were available in outposted offices. AEC staff were offline to undertake ATSIC related duties over a 7 to 12 week period
	The National Polling Place Resource Policy was reviewed.	This led to reduced maximum table loadings (as a result of unacceptable queuing at the 1990 election), greater resource flexibility in polling places (eg Part time staff) and the introduction of mini queues. An additional 2500 polling staff were subsequently employed at the 1993 election compared to the 1990 election. These changes, in conjunction with the introduction of the Two Candidate Preferred count (TCP), meant major revisions to the TOPS packages. Part time polling staff were subsequently trialed at the Menzies by-election.
	Two Candidate Preferred count (TCP) trialed at Menzies by-election.	To cater for the additional task, an additional 30 minutes was added to the polling officials package payment. This meant an increase of approximately \$540,000 for the next federal election. Additionally, there was an extra count required at the fresh scrutiny and for each Declaration scrutiny. This is estimated conservatively to have added an additional 40 hours temporary assistance to each Division – approximately \$100,000. The advantage of TCP was that it gave a very reliable indication on polling night of the likely outcome.
	National RMANS standards for street types and number conventions developed and implemented. Input and alignment of Habitation walk (AECs basic geographic unit) to CCDs carried out	

WHEN	WHAT	IMPACT
	Computer generated letters introduced for follow-up.	Computer generated letters introduced for follow-up. Uniform treatment of addresses has led to reduction in system maintenance costs.(Better grouping of addresses in walk books will also reduce costs)
	Installation of a Wide Area Network (computerisation of divisional) for eastern seaboard	Allowed data entry of enrolment forms from divisional offices instead of batch control entry from Head Offices. It also provided the basis for the automation of many divisional processes.
	The General Enrolment Manual (GEM) developed	This provided for consistent treatment of enrolment processing nationally
91/92	Centralised printing of enrolment acknowledgment cards introduced	Provided for savings associated with bulk mailings and printing and production
92/93	6 modules of the Polling Place Management System (PPMS) were used for the first time.	This provided access by all operational staff and increased efficiency and accountability
	The Declaration Vote Scrutiny system was introduced for the first time to allow onscreen checking of declaration votes.	This had previously been a manual task involving checking of microfiche
	Introduced use of PR consultants for the 1993 election for the first time	This cost was absorbed from the general advertising budget and led to wider awareness in the community because until that time the AEC had not had a formal PR campaign to provide our media messages as news stories.
	An automated system was developed in RMANS that eliminated the need for the use of an external contractor to reformat non-voter data and print notices.	This achieved savings by eliminating the reformat stage and through economies in printing and posting
	Training of Operational Staff (TOOS) package implemented to replace TODS.	This consolidated divisional knowledge and provided a uniform training resource for all staff.
93/94	Introduction of APT methodology to better manage technological developments.	
	Australian Joint Roll Council established (Subsequently renamed the Enrolment Council of Australia (ECA))	This involved all State electoral bodies with the AEC meeting quarterly. Their aim was to discuss national enrolment practices, eliminate duplications of effort and ensure cooperative processes. Additional costs for the AEC involve meeting attendance costs plus half of secretariat costs
	Development of a one hour Face to Face training package for declaration vote issuing officers endorsed to improve the level of understanding of declaration vote issuing officers and ensure the highest level of accuracy with declaration vote issue as possible. This was first implemented at the 1996 election.	The additional cost of this totalled \$285,106 for training package payments (2001 election cost), plus staff costs of approximately \$110,000, plus venue hire and materials (approx \$400,000 per election)
	Development of a new Estimates system to assist with the calculation of staff and certified lists in polling places.	Data captured within RMANS was downloaded to the Estimates system to provide a more accurate calculation of estimated voter turnout

WHEN	WHAT	IMPACT
	FAD compliance audits commenced in January 1994 following legislative change.	Some funding provided but additional staff resources required to undertake the fieldwork program.
	Published official statistics from the 1993 federal election were produced 18 months earlier than for previous federal elections. This was because of the use of increased technology, through the Election Management System (ELMS), in the management of the election results process.	
	AECPAY revision underway to incorporate it into ELMS	
94/95	Development of a computerised senate scrutiny system	Expected to achieve significant savings in temporary staff time plus deliver a much quicker result. Although intended to be used at the 1996 election for the first time, the necessary legislation was not passed in time.
	Non campaign advertising manual developed	This ensured consistency in local election advertising and made savings in design costs
	Distribution of preferences by polling place became AEC policy.	Provided better statistical analysis. Required changes to ELMS and procedures, plus development of a training package.
95/96	For 1996 election, camera-ready House of Representatives ballot paper artwork produced from ELMS. Additionally the use of numbered and butted stubs for House of Representatives ballot papers was introduced.	This expedited ballot paper production and saved the cost of artwork production. This increased accountability
	A national <i>one three</i> telephone enquiry number (132326) was introduced, together with an internet home page that contained election relevant information.	
96/97	Development of systems and procedures for Constitutional Convention	
97/98	Constitutional Convention election conducted	Largest personal mailout in Australian History. Development of barcoded envelopes and introduction of barcode technology
	The Polling Place Management System rewritten	Resulted from user demands and improved management of polling place information.
	The RMANS address register created	This changed RMANS from an elector based system to an address based one, allowing for greater accuracy and data matching
	AECPAY modified, tested and implemented.	
98/99	Computerised Senate used at the 1998 election for the first time.	This led to savings of approximately \$300,000 in casual costs.
	Following the passage of amending legislation all operational systems were reviewed to ensure compliance.	

WHEN	WHAT	IMPACT
	AEC introduced the pilot for a Continuous Roll Update (CRU) approach to roll management to replace the biennial habitation review.	
	An automated Referendum system introduced as part of ELMS	The system was used for the 1999 Referendum.
99/00	Introduction of the Automated Postal Voting system (APVIS)	This created savings in temporary assistance usage and efficiencies in Divisional Office operations.
	Completion and use of the Election Forecasting and Monitoring System (EFM) – part of the ELMS suite. This was designed to provide a more accurate means of election cost forecasting, together with budget allocation and cost monitoring modules.	Integrated into ELMS to provide a complete election system
	Significant changes introduced to RMANS to support the move to CRU	These included the change to include Delivery Point Identifiers (DPIDs), which provided for bulk mailing discounts and improved mail delivery.
	Referendum conducted in November	12.9m Yes/No Case pamphlets distributed to electors. The First referendum where voters were required to complete two ballot papers
	Introduction of electronic interactive desktop for call centre operators	Allowed for more efficient, accurate and consistent responses to calls
00/01	Polling Place Materials sub-system tested, and RMANS Declaration Vote scrutiny system enhanced	System still being refined to meet all user needs.
	Election forms placed on intranet	Savings in distribution and printing
	Election procedures manual placed on intranet	
	Computer based voting system used for the first time to conduct certified agreement ballots	

INTERNATIONAL ACTIVITIES

In undertaking international activities, the AEC is simply fulfilling one element of the mandate given to it by the Parliament. Paragraph 7(1)(fa) of the *Commonwealth Electoral Act 1918* makes it one of the functions of the AEC:

"to provide, in cases approved by the Minister for Foreign Affairs and Trade, assistance in matters relating to elections and referendums (including the secondment of personnel and the supply or loan of materiel) to authorities of foreign countries or to foreign organisations;"

This provision was inserted in the Act on the recommendation of the Senate Standing Committee on Foreign Affairs, Defence and Trade, which, in its May 1991 Report entitled *United Nations Peacekeeping and Australia*, noted, at paragraph 5.32, that:

"Work done by the Australian Electoral Commission clearly demonstrates that its expertise is second to none. It should be made available, where appropriate, overseas."

The Senate Committee also recommended that the international function should be reflected in the organisational structure of the AEC. This was achieved in 1995 with the creation of what is now the International Services Section.

The provision of international services by the AEC is a significant element of Australia's overseas aid policy. This has been emphatically confirmed in the Government's policy on overseas aid and good governance. The Minister for Foreign Affairs, in launching this policy on 4 December 2000, made the following observations.

"I am pleased today to launch the Australian Government's policy document on overseas aid and good governance, *Good Governance: Guiding Principles for Implementation*.

Reducing poverty through achieving sustainable development is the key objective of Australia's overseas aid program. Of all the activities Australia supports in achieving this objective, none is more important than our support for promoting good governance in our partner countries.

Governance is something we in Australia take for granted. It means the ways through which citizens and groups in a society voice their interests, mediate their differences and exercise their legal rights and obligations. Essentially it is the economic, social and political fabric of a country.

A democratic political system, the rule of law, freedom of speech and a free media are all building blocks of good governance. Where there is corruption, poor control of public funds, lack of accountability in governmental and economic institutions,

abuse of human rights and excessive military influence, development will be stifled and poverty prolonged.

The Good Governance policy released today outlines the priority areas in which Australian development assistance can foster good governance in partner countries and thus enhance the development process". (Minister for Foreign Affairs, Media Release AA 00 50, 4 December 2000)

The policy document *Good Governance: Guiding Principles for Implementation* makes a number of direct comments on the AEC's international program, noting, in particular that:

“THERE IS AN ESSENTIAL LINK between democratic and accountable government and the ability to achieve sustained economic and social development.

In collaboration with the Australian Electoral Commission (AEC), Australia's aid program has supported a number of elections in developing countries in recent years.

In 1993, an AEC team of polling offices worked closely with the United Nations in preparing for Cambodia's elections.

In 1999, with funding from Australia's overseas aid program, the AEC provided technical support for the Indonesian elections.

More recently, Australia played a major role in helping the United Nations oversee East Timor's referendum for independence.

By helping the Governments in developing nations such as Indonesia, Cambodia and East Timor to mount free and fair elections themselves, Australia benefits from the emergence of stable and democratic nations.

In effect, Australian aid is encouraging greater community participation in the nation's democracy. This promotes accountability, efficiency and effectiveness in the nation's development.”

In relation to the 1999 Indonesian elections, the document also notes that:

“Australia's assistance included funding for the Australian Electoral Commission, which helped its Indonesian counterparts to ensure the election was a success. ...

The significance of the elections for Indonesia and for our whole region cannot be stressed enough. The elections paved the way for Indonesia for the first time in more than a generation to be governed by a democratically elected government.”

The provision of international services by the AEC has had strong, consistent and bipartisan political support. In its December 1994 Report on *Australia's Participation in Peacekeeping*, the Joint Standing Committee on Foreign Affairs, Defence and Trade recommended, among other things, that:

“... the finances allocated to the Australian Electoral Commission take into account its peacekeeping function”.

The Joint Standing Committee on Electoral Matters, in its Report on *The 1998 Federal Election*, observed at paragraph 1.1 that:

“The Australian Electoral Commission (AEC) is regularly invited to other countries to provide advice and representatives from other countries often come to Australia during an election to observe and learn our techniques. Our electoral system is an asset and one which makes a valuable contribution to the democratic society in which we live.”

In its Report on *Australia's Role in United Nations Reform*, presented on 25 June 2001, the Joint Standing Committee on Foreign Affairs, Defence and Trade observed, at paragraph 11.22, among other things, that:

“The committee commends the AEC on its achievements in electoral work for the UN, particularly in the legitimacy it lent to the UNAMET process. The committee believes that electoral assistance is a practical way for Australia to promote the democratic values that represent such a stabilising force in our country and in many countries throughout the world. Electoral support should be seen as a central part of Australia's commitment to good governance in both the aid program and in our contributions to peacekeeping through the UN...”.

Finally, it is worth noting that the Prime Minister has pointed to the 1999 popular consultation in East Timor as one of the high achievements of his Government. As is recorded in the AEC's *Annual Report* for 1999-2000, the Director of the United Nations Electoral Assistance Division expressed the view to the AEC that without the AEC's support, the consultation would not have happened. The important role played by the AEC in underpinning the electoral elements of East Timor's transition to independence has also been noted by successive Australian Observer Delegations to the electoral events in that country.