COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## JOINT STANDING COMMITTEE ON ELECTORAL MATTERS

**Reference: Conduct of the 2007 federal election and matters related thereto**

## TUESDAY, 12 AUGUST 2008

MELBOURNE

**Tuesday, 12 August 2008**

**Members:** Mr Melham *(Chair)*, Mr Morrison *(Deputy Chair)*, Senators Birmingham, Bob Brown, Carol Brown, Hutchins and Ronaldson and Mr Danby, Mr Bruce Scott and Mr Sullivan

**Members in attendance:** Senators Birmingham, Bob Brown Carol Brown and Ronaldson and Mr Melham and Mr Morrison

**Terms of reference for the inquiry:**

To inquire into and report on:

The conduct of the 2007 federal election and matters related thereto, including the Commonwealth Electoral (Above-the-Line Voting) Amendment Bill 2008, with particular reference to:

a.   the level of donations, income and expenditure received by political parties, associated entities and third parties at recent local, state and federal elections;

b.   the extent to which political fundraising and expenditure by third parties is conducted in concert with registered political parties;

c.   the take up, by whom and by what groups, of current provisions for tax deductibility for political donations as well as other groups with tax deductibility that involve themselves in the political process without disclosing that tax deductible funds are being used;

d.   the provisions of the Act that relate to disclosure and the activities of associated entities, and third parties not covered by the disclosure provisions;

e.   the appropriateness of current levels of public funding provided for political parties and candidates contesting federal elections;

f.   the availability and efficacy of 'free time' provided to political parties in relation to federal elections in print and electronic media at local, state and national levels;

g.   the public funding of candidates whose eligibility is questionable before, during and after an election with the view to ensuring public confidence in the public funding system;

h.   the relationship between public funding and campaign expenditure; and

i.   the harmonisation of state and federal laws that relate to political donations, gifts and expenditure.

**WITNESSES**

**Committee met at 9.17 am**

**THAM, Dr Joo-Cheong, Private capacity**

**CHAIR**—I declare open this public hearing of the Joint Standing Committee on Electoral Matters inquiry into the conduct of the 2007 federal election. Today we will hear from Dr Joo-Cheong Tham primarily about funding and disclosure matters and from the state manager and Australian electoral officer for Tasmania about the conduct of the election in that state. We will then examine the use of the electoral roll by the financial services sector in meeting some of its obligations under anti-money-laundering and antiterrorism laws.

We will conclude with a focused discussion with electronic voting service providers and an academic with some expertise in the area of secure electronic voting systems. I would like to thank today's witnesses for appearing. The evidence given today will be recorded by Hansard and will be covered by parliamentary privilege.

I now welcome Dr Joo-Cheong Tham to today's hearing. Although the committee does not require you to give evidence on oath I should advise you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the respective houses. We have received a written submission from you and have also received some additional material. I will get a resolution that the committee agree to receiving this document as a submission to the 2007 election inquiry and authorise it for publication. There being no objection, it is resolved. Do you wish to make an opening statement to the committee, Doctor?

**Dr Tham**—Yes, I do. Thank you very much to the committee for inviting me here to give evidence. In essence, my position is that there needs to be far-reaching changes to the Commonwealth political funding regime, for a number of reasons. There are problems with transparency. There is pervasive corruption due to undue influence. There is severe unfairness in terms of electoral contests. All these various practices in terms of fundraising and expenditure pose quite a serious threat to the health of the parties.

What I propose in response to these fairly serious and significant problems are changes that include greater transparency, contribution limits for individuals and tailored limits for organisations. I also propose for there to be expenditure limits and a new scheme of public or state funding.

I should emphasise that if I was to nominate the two most important areas for reform, it would be provisions aimed at greater transparency and campaign spending limits. Campaign spending limits in my view are particularly crucial. They can be seen as a kind of regulatory armistice that, properly designed, will promote fairness in electoral contests; not only that, it will take the heat out of the competitive extravagance that is driving the more unsavoury fundraising practices. I should stress the last point. Any proposal for change or any agenda for reform must deal with the demand side of political funding in order to tackle the supply side problems. One implication of saying that is that contribution limits might very well not work without effective spending limits.

The last point I make about spending limits is that adopting spending limits should not be seen as either radical or novel. In fact, adoption of such spending limits would be reverting to a position that actually existed for nearly eight decades in the history of Commonwealth electoral

regulation. The very first Commonwealth Electoral Act in 1902 had spending limits applying to candidates of the House of Representatives and the Senate. These spending limits lasted until they were repealed in 1980.

I am opposed to contribution limits that treat corporate contributions and trade union affiliation fees in an identical fashion. The main reason why I am opposed to the uniform treatment of these two types of contributions is that trade union affiliation fees are membership fees. Being membership fees, there is greater transparency accompanying such contributions. They also implicate freedom of party association in a way that is much more profound than that effected by corporate contributions.

This was the position adopted by the New South Wales Legislative Council report on political funding. As members would be aware, this particular report recommended a ban on organisational contributions or contributions from entities. But, importantly for our purposes, it exempted membership fees from that ban and it expressly stated that membership fees included trade union affiliation fees. This is particularly noteworthy because, as members would be aware, this Legislative Council committee only had a minority of ALP members. This exemption for membership fees was in fact unanimously supported by all members of the committee.

The final point I would like to make is about the process of reform itself and observations which I elaborate upon in my supplementary submission. The process would be deficient if, for instance, key features of a new legislative package were settled through an agreement amongst the Prime Minister, the premiers and chief ministers and presented as a fait accompli to their respective parliaments. For this process of change and reform to be inclusive and deliberative, parliaments need to be centrally involved in the discussion and the debate of whatever changes are to be made. To this end, I suggest a forum bringing together members of the various electoral matters committees to debate and discuss the green paper when it is released.

This measure will significantly enhance the democratic credentials of the reform process and will give effect to what, after all, is a fundamental principle of Australian politics—that Australia is a parliamentary democracy. Thank you.

**CHAIR**—Doctor, can I indicate at the outset that I anticipate that this committee will have a role, when the green paper is put out there for exposure, in hopefully bringing together people to make a contribution. I want this committee to be basically the vehicle for key public participation. So obviously we will look forward to your involvement in that process as well.

**Mr MORRISON**—Thanks, Dr Tham. I want to start with your supplementary submission and I would welcome your comments. Currently we have had one bill that has gone through the parliament, and you have made a submission to that bill as part of an earlier inquiry. There is a green paper on its way, there is some other legislation before the Senate at the moment, and there is of course the activities of this committee which, as you know, has very specific terms of reference dealing with donations and like matters put forward by the Senate.

I am wondering whether that sort of a process, which is effectively looking at a whole range of discrete aspects but not really together, is a good way to go forward in trying to design fundamentally a new system of electoral finance in this country.

**Dr Tham**—As I understand the green paper process and also the inquiry of the committee, both are meant to be broad ranging in their terms of reference, and both are meant to cover various aspects of a political funding regime.

**Mr MORRISON**—But we have already had one bill through the parliament. There is one currently before the parliament.

**Dr Tham**—Yes.

**Mr MORRISON**—So, to use the analogy of the chair before, don't you think we are jumping the gun with these sorts of things? Wouldn't it be better for us to complete both the processes of this committee and for that to be joined at the hip with the green paper process so we can actually come up with a system that deals comprehensively with the situation rather than predetermining a number of matters early and then seeing where we go after that?

**Dr Tham**—Of course, in evaluating the desirability of any particular measure, one has to take a broader view of the regime, as you mentioned, that it actually exists in. But it seems to me that taking a broader view does not necessarily mean that you cannot deal with particular measures as they come up. Whether measures are linked or are so integrated that you have to discuss them together depends on the particular measure.

Let me elaborate upon that. It seems to me that, as I mentioned in my opening statement, contribution limits cannot be discussed in an adequate fashion without talking about expenditure limits. But by the same token one could have quite a meaningful discussion about expenditure limits without talking about contribution limits.

**Mr MORRISON**—Can you have a discussion about contribution limits without having a discussion about tax credits or tax deductibility?

**Dr Tham**—Yes, I think you could have a meaningful discussion about that.

**Mr MORRISON**—So in complete isolation to disclosure limits or in complete isolation to contribution limits and who would be entitled to make contributions, the issues of tax credits and tax donations is something that could be considered completely in isolation?

**Dr Tham**—I suppose one could see two versions of taking a holistic view on this matter. One is that you consider a particular measure, having an eye towards whatever exists in the political funding regime. Secondly, you could take a more demanding view of what requires holistic assessment—that is, everything has to be on the table before you discuss it. My view is that you need to take the former view; you need to consider one measure in its context. But you do actually have to have everything on the table before you can have a meaningful discussion.

**Mr MORRISON**—Everything on the table, I think, is a good way forward. There are a lot of things on the table before this committee as well, and you have raised quite a number of those in your submission. In New South Wales there has been a very comprehensive inquiry undertaken by the select committee and the deputy chairman of that committee appeared before this committee in Sydney recently. I would be interested in your view about whether you believe that

that report was able to deal with all these matters on the table at once and whether you think that assisted them, putting forward such a comprehensive package with checks and balances.

**Dr Tham**—As committee members may be aware, I gave evidence to that committee and participated in the process of that committee. I think that committee report, while I do not agree with every single detail, is a very commendable report. It is a good example, too, of how things can be taken holistically. What I am saying is that, in terms of my earlier comments, I do not think it is a necessity with every single measure.

**Mr MORRISON**—On that then, I wonder if you could share with us what you think are some of the positive features of that report and what some of your criticisms may be.

**Dr Tham**—Yes. In terms of positive features, I will go back to my submission. I put in a submission to that committee that, in broad features, was similar to the one that I have put before this committee. I support their recommendation that there be spending limits; I support their recommendation that there be biannual disclosure of contributions. My views as to contribution limits probably differ somewhat from the committee's recommendations but, as I mentioned in my opening statement, I think their view that trade union affiliation fees should be exempted because of concern with freedom of party association and the impact on party structures—and this was an argument that I put before the committee—is a very valid one.

**Mr MORRISON**—So you do not agree with the committee in New South Wales that contributions should be limited to individuals?

**Dr Tham**—No. This comes to the role of collective entities in politics, as I elaborate on in my submission. We should recognise that collective entities are essential and very valuable in the political process. After all, political parties are collective entities.

**Mr MORRISON**—They also contest elections and they put forward candidates.

**Dr Tham**—That is correct.

**Mr MORRISON**—So I am puzzled as to what the difference is between a trade union and an employers association, or any other third party that might engage itself in public policy debate, and why they should be treated differently to any of those organisations.

**Dr Tham**—I will come back to the point that I made in the opening statement. They are different because of how they choose to fund politics. In this country, the trade unions fund in various ways, but the principal method is that you fund politics by taking up membership in a particular party.

**Mr MORRISON**—There are two big donors to our political opponents—the trade union movement and the Australian Hotels Association. They are both membership organisations; they all pay fees. In many cases, the individual members of the AHA are individuals, registered on the roll; proprietors.

**Dr Tham**—The difference is quite simple. The point I am focusing on is the relationship between the contributor and the party, not the relationship that your questions would imply

between the organisation and the members and so on. The point I am making is that trade unions which are affiliated with the ALP are members of that party, whereas the Australian Hotels Association, when it contributes to the ALP or contributes to the Liberal Party, does so as contributors, not as members. Very important implications follow from that: when one signs up as a member, there is an open declaration that the member actually believes and supports the platforms and the policies of that party. So there is greater transparency in terms of motives. There is greater transparency in terms of the method of participation; so, as members, how they choose to participate is set out in the constitution of a particular party.

**Mr MORRISON**—So you are arguing for a special dispensation for unions, on the basis that when you join a trade union, because of some organisational structure you are de facto a member of the Australian Labor Party; that the ALP should be able to benefit from collective contributions from those not-for-profit organisations and that dispensation should be available to no other not-for-profit organisation in the country?

**Dr Tham**—No. That misunderstands my position. My position is simply that, if there is any organisation that seeks to be a member of a party—they could be trade unions; they could be, for example, National Farmers Federation in relation to the National Party; they could be a group of small business men; it could be an environmental group—when they choose to affiliate with a party, they do so as members of the party, and those kinds of contributions—

**Mr MORRISON**—Okay. You have also argued for expenditure caps. Assuming then that they are a part of that organisation—in this case, the ALP—you would therefore think that they should also be then tied up in the expenditure caps.

**Dr Tham**—They should be tied up in two ways, I agree with that, or covered by the expenditure caps in two ways. If they run campaigns that are coordinated with the ALP, whatever spending they devote towards that purpose should count towards the ALP's spending limits. If they run campaigns independent of the ALP they should be covered by—

**Mr MORRISON**—So they can have it both ways basically: because they are part of the ALP, they therefore can donate as much as they like to the ALP and, to the extent that that money is used in what the ALP does, that is ALP funds, but they can also be an independent third party and do their own thing.

**Dr Tham**—Yes.

**Mr MORRISON**—You do not think that presents a fairly major inequity in terms of any other organisations who may choose to be independent in the political process?

**Dr Tham**—No. As I said—

**Mr MORRISON**—They can have their cake and eat it.

**Dr Tham**—No. If you let me finish, that would be really good. As I mentioned a few moments ago, the point I make about trade union affiliation fees is the point I make about membership: it is by collective entities. If there are to be any farmers associations, for example,

that affiliate as a member of the National Party, they would be in the same position as the trade unions.

**Mr MORRISON**—But these organisations may choose to be independent and pursue solely the interests of their members and not seek to be part of any political party, so why would you want to penalise them in the political process? Why not have one rule for all? You decide to be a not-for-profit organisation that looks after the interests of your members or you are part of a political party: I do not see how, under your system, you can have it both ways.

**Dr Tham**—The principle is simple, I think. The principle is basically that Australian politics should be based on party politics. I am strongly supportive of party politics for a number of reasons: the parties do stand candidates, as you mentioned, but parties having to stand candidates tend to have broader agendas in terms of what they put before the voters. If that is the case, as opposed to, for example, third parties running on particular issues—whether it be the ACTU Your Rights at Work or Get Up For Tibet! and so on—if we prefer politics that are broader, then what we need to think about—it is not a question of penalising—is that, because we actually support and endorse people being members of parties, we are supporting party politics.

**CHAIR**—We will pause there. We have a limited time and there are other members who want to ask questions.

**Senator BOB BROWN**—I am interested in third party expenditure. We still have the case in Tasmania where there was a massive input at the last state election by a third party collective, and the members of that collective still remain a mystery.

**Dr Tham**—Yes.

**Senator BOB BROWN**—How would you get around that problem of a group of wealthy people getting together to set up a trust or a fund and then donating money but remaining secret as to their own identity?

**Dr Tham**—One has to deal with it in two ways: one is making more robust the authorisation requirements with political advertising so that when the ads turn up it is quite clear who is behind those particular ads.

**Senator BOB BROWN**—But how do you do that? The ads might turn up as authorised by Tasmanians for a Better Future; but behind that is a coalmining enterprise that wants to dig up a national park.

**Dr Tham**—The way they do it, for example, in the United Kingdom where there are expenditure limits for third parties, is that before third parties can engage in political expenditure, they have to register. They might be the debate minimis amounts, like a few hundred dollars. Where you are spending that amount you do not have to register, but upon registration you have to provide various information as to who controls the third party. That is one effective way to deal with the problem you just posed.

**Senator BOB BROWN**—Maybe, as a committee, it would be good for us to look at the UK established system for registration of third parties.

**Dr Tham**—Yes, I would definitely support that.

**Senator BOB BROWN**—Do you know how long that has been law in the UK?

**Dr Tham**—The expenditure limits for parties and third parties were established by the Political Parties, Elections and Referendums Act. That was enacted in 1998.

**Senator BOB BROWN**—You said that there is a pervasive corruption in politics from election expenditure. Do you want to expand on that?

**Dr Tham**—What I was referring to, in terms of corruption due to undue influence, was basically all the various vehicles that are with the ALP or the Liberal Party that peddle an influence, where access and influence are being sold for thousands of dollars, whether it be by Progressive Business, Millennium Forum, or through ad hoc fundraisers, whether they be held at Kirribilli House or—

**Mr MORRISON**—Since we are throwing names around, would you include the Business Dialogue in New South Wales in that list of names that you have just suggested as peddling influence?

**Dr Tham**—Just so that I am clear about what you are referring to, is this the event that New South Wales Premier Morris Iemma held?

**Mr MORRISON**—No. The New South Wales ALP has an organisation called the Business Dialogue. It runs on a subscription program of events, not unlike some of the organisations that you have just mentioned. The only difference is that it raises about four times as much money. I think if you are going to list and cast aspersions on organisations, you should at least be comprehensive.

**CHAIR**—Hang on. The questioning occurred in silence and respect when Mr Morrison asked it. You will have an opportunity to supplement the question. Let Senator Brown ask his questions and the witness can respond.

**Dr Tham**—Can I respond?

**CHAIR**—You can respond.

**Dr Tham**—Mr Morrison, if you more carefully read my submission, you will find that on page 13, the last paragraph, I include the New South Wales ALP Business Dialogue.

**Mr MORRISON**—I am talking about the comments you have just made here.

**CHAIR**—He is telling you that he has not ignored them. It is in his submission. He is entitled to answer without being harassed.

**Mr MORRISON**—No. I was referring to his comments in the hearing.

**CHAIR**—I understand that, but he is telling you that, if you read his submission, it is on page 13.

**Mr MORRISON**—I am glad he said so.

**CHAIR**—Senator Brown, continue.

**Senator BOB BROWN**—Can I just return to say that I agree that donations are corrupting, in that they buy influence. Would you like to generally comment on the $10,000 at a table process that we see growing in Australia, so that you can sit next to an elected member of parliament in whatever her or his capacity is? Is there any way in which you can see that could be construed as not winning influence?

**Dr Tham**—It is exceedingly difficult. To elaborate, News Ltd put in a submission to the Victorian inquiry into political funding. It referred to the events that you mentioned of purchasing places next to ministers. It expressly said in its submission that its motivation was commercial.

**Senator BOB BROWN**—This is News Ltd?

**Dr Tham**—That is correct.

**Senator BOB BROWN**—It cannot be anything else. How do you regulate against that?

**Dr Tham**—The regulation has to be through a range of measures. As I mentioned in my opening statement, spending limits are crucial in terms of reducing the demand for funds.

**Senator BOB BROWN**—What would you put those limits at?

**Dr Tham**—One can see it in two ways. As I put forward in my submission, in terms of setting a level of spending limits, one can see spending as having a prophylactic function. If that is the case, you can take for example the largest amount spent by a particular party in the last federal election, divide that by the number of House of Representatives seats and set that as a constituency limit and set that large amount as the national limit; or if the judgement is that current levels of spending are excessive, one could go back to the spending figures in the previous federal election.

**Senator BOB BROWN**—Do you gauge spending limits according to the size of representation in the parliament or the previous ability to raise funds? The obvious problem that arises here is for new players wanting to come into politics who do not have the money behind them of the established players.

**Dr Tham**—Yes.

**Senator BOB BROWN**—I commented yesterday that the Greens are rapidly getting a bigger donation base and I am very aware that that does not come without strings attached, and it worries me greatly that this is so established in Australian politics: the pervasive corruption that

is inherent in the political donation system. Wouldn't we be better to go to a wholly public funded alternative?

**Dr Tham**—I am strongly opposed to a system of complete public funding.

**Senator BOB BROWN**—Why?

**Dr Tham**—The point I make is that it is not political contributions per se that are the problem. It is the types of political contributions. The problem arises from large contributions, and large contributions that are used in the way that we have been discussing, to purchase access and influence. For instance, a situation where there is big money in small sums is highly desirable. That is the first point I would make. Political contributions in small amounts can be seen as a legitimate form of civic participation.

A related point is that, as I argued in my submission, parties have a participatory function and, so long as they are small amounts that do not give rise to the problems that we have just been discussing, that should be seen as a good thing. The third problem that you alluded to is that, whatever system of state funding, however equitable we try to make it, there would tend to be a bias towards established players and perhaps that is unavoidable in terms of design features. If that is the case, then we need to have a particular avenue for new entries or the minor players to be levelled up. That includes by raising private funds in small amounts.

**Senator BOB BROWN**—What about the Canadian system?

**Dr Tham**—I am generally supportive of the design features of the Canadian system. The key reservation I have deals with contribution limits.

**Senator BOB BROWN**—Which are about $1,000 per person, aren't they?

**Dr Tham**—Yes. I am not opposed to that particular aspect. I am opposed to that aspect which bans contributions from corporations and trade unions for the reasons I mentioned earlier.

**Senator BOB BROWN**—What about the system in Canada where there is public funding for the political parties every year, not just in one lump sum after the election?

**Dr Tham**—As I mentioned in my submission, that is a good way to go in terms of public funding. The scheme of public funding I recommend is a three-tiered scheme. One is what I dub election funding payments, which essentially picks up on the current system, where people are funded according to the number of first preference votes that they have received. The second tier are annual allowances; they pick up on the idea from the Canadian scheme. The third stream is policy development grants, that pick up on a similar sort of grant system under the UK system.

**Senator BOB BROWN**—Thank you.

**Senator BIRMINGHAM**—Dr Tham, has any of your research work been funded by trade unions or affiliated organisations?

**Dr Tham**—That is reminiscent of the questions I got from Ms Panopoulos the last time I appeared before the Joint Standing Committee on Electoral Matters.

**Senator BIRMINGHAM**—What a compliment!

**Dr Tham**—The answer is no.

**Senator BIRMINGHAM**—It is always worth asking and checking. What do you define to be a membership contribution?

**Dr Tham**—What do I define to be a membership contribution? It is a contribution that is made in order to become a member of the party.

**Senator BIRMINGHAM**—Are there any boundaries you put around how such a contribution might be constructed? Are there limits to it?

**Dr Tham**—That would be the general definition I give. I am not quite understanding the question you are putting to me.

**Senator BIRMINGHAM**—Okay. How much is a reasonable membership contribution?

**Dr Tham**—I would tailor it. If the question is directed towards collective entities, then I would tailor it according to the number of members they have as natural persons.

**Senator BIRMINGHAM**—The recommendation you are putting to us is that somehow unions or third parties who choose to affiliate with a political party should be treated separately.

**Dr Tham**—Yes.

**Senator BIRMINGHAM**—How would you structure those contributions to ensure you don't just see that as an alternative means for millions of dollars to pour into a political party?

**Dr Tham**—That membership affiliation fee has to be accompanied, for instance, as I mentioned a few moments ago, with an open declaration to actually support the party's policies and platforms, and a declaration that this fee is to participate in the internal affairs of the party.

**Senator BIRMINGHAM**—If I get you correctly, you are saying it should be based on the number of natural persons that are a member of the third party. Should those natural persons not have some choice as to whether or not, theoretically, a component of their membership fee goes towards a political party?

**Dr Tham**—I believe that should be the case. As I argue in my submission, I do think that trade unions need to be subject to authorisation requirements, so—let's say every three years—there needs to be a resolution put to the members that they intend to affiliate with the ALP, for example, or they intend to use the money for political campaigns. So I agree with what you are saying.

**Senator BIRMINGHAM**—No, you are not quite agreeing with what I am saying, in that I was asking about the individual members of a union having a choice as to whether or not they provide funding to a political party, rather than necessarily the organisation of that union deciding to spend its members' money affiliating to a political party. There is a difference.

**Dr Tham**—The difference comes from perhaps our conception of what those organisations are for and what constitutes legitimate decision making within those organisations. Within the union there is a choice to participate in the debate and discussion that accompanies any resolution that is periodically put to the members and, so long as the process is fair and transparent, if a resolution is passed that the union should affiliate to the ALP, I would see that as quite a legitimate decision made by the members.

**Senator BIRMINGHAM**—Why would it not be a fairer and more transparent mechanism for the union to offer each of its members the option of taking an affiliate membership of a political party?

**Dr Tham**—That could be one option. I do not think it is a necessary option at all. These are collective entities. Like any other party, members can choose to join. If they choose to join, then one of the important things they are saying is, 'We're going to abide by the majority decision even if the majority decision is something I've opposed.' If they are not really happy with the union affiliating with the ALP or with the political campaigns that are being run, they have the option of leaving the union.

**Senator BIRMINGHAM**—The option I just put would not prevent a union from attempting to organise its members to join a political party, any more than it would prevent the Conservation Foundation from organising its members to join the Greens or the Farmers Federation from organising its members to join the National Party, but it would install in the party system a recognition that individual voters make the decision to join a political party of their choice. Surely that would be preferable. Third parties can play a role in facilitating and organising that, but why should those third parties have the special power to affiliate for their group of members?

**Dr Tham**—I can approach it this way: if the Liberal Party, by a majority decision, decided to support a particular position of the Business Council of Australia and some members are not happy with that, what you are proposing is an opt-out provision for those Liberal Party parliamentarians. Would we see that as necessary in terms of democracy?

**Senator BIRMINGHAM**—Actually, they do have an opt-out to not support a policy position of the Liberal Party of Australia and I am very proud, as a member of the Liberal Party of Australia, that I have that opt-out provision. The principle I am putting to you is: wouldn't we have an even clearer and more transparent system—and you seem to be advocating transparency in the membership as the key thing—if every individual in Australia could choose to be part of that political process rather than special rights being set up for third party entities to be able to affiliate people without necessarily their direct approval?

**Dr Tham**—I do not agree with that. It comes to the point I made at the beginning of my evidence: if we recognise that collective entities have an essential and valuable role to play within Australian politics, whether they be parties or non-government organisations and so on and so forth, what seems to follow, for me, is that, as collective entities, it is perfectly legitimate

for decisions to be made by a majority decision, which necessarily means that particular people do not support it. If they do not like the idea that particular decisions are being made by the organisation, as I said, they can choose to leave the organisation and join a different organisation.

**Senator RONALDSON**—When that special levy was levied on union members last year as part of the Your Rights at Work campaign, were declarations signed then by union members?

**Dr Tham**—I am not completely familiar with that special levy. Can I get you to elaborate upon the nature of the levy?

**Senator RONALDSON**—You are not aware of the special levy?

**Dr Tham**—No, I am not completely familiar with it.

**Senator RONALDSON**—Are you aware that there was a special levy on union members prior to the last federal election to support the Your Rights at Work campaign?

**Dr Tham**—I am not fully aware, but let's take that as a matter of fact. I am happy to proceed on that basis.

**Senator RONALDSON**—If you are not sure, there is not much point in me pursuing it, but I am putting to you that there was certainly no declaration signed by union members prior to that compulsory levy being imposed on them, and they had no choice in relation to the payment of that levy. You are clearly more versed than I am on union matters: when someone joins a union, what does the declaration form actually say?

**Dr Tham**—I am a member of the National Tertiary Education Union and I am only familiar with the form that I signed. It is to abide by the constitution, rules and procedures of the particular union.

**Senator RONALDSON**—Did you automatically become a member of the Labor Party when you signed the union form?

**Dr Tham**—No, but that is the point of distinction. The organisation itself is the member. Particular members are not individual members of the ALP. The broader point I make is a point I elaborate upon in my submission: that there are different party structures. Let me start one step back. In terms of the quality of Australian democracy, one important principle is that of pluralism and diversity. For that pluralism and diversity to be sustained, what you have are different parties that organise themselves in different ways. Some parties might, as I point out in my submission, organise themselves by saying, 'Look, we only take individual members,' and some parties, like the ALP, or as the constitution of the federal branch of the National Party allows or as the New South Wales constitutions of group Greens allow, also allow both individual members and members which are collective entities. That is a diversity that should be recognised and, in my view, encouraged, because it does sustain pluralism and diversity.

**Senator RONALDSON**—Is any form of corruption acceptable in a public policy sense?

**Dr Tham**—Is any form of corruption acceptable?

**Senator RONALDSON**—Yes.

**Dr Tham**—Corruption, by definition, is not acceptable behaviour.

**Senator RONALDSON**—Can I just read from page 30 of your submission:

There will be times, of course, when trade union officials informally leverage the fees paid by their unions to secure policy outcomes and also times when ALP party officials secretly alter the content of party policy because of the party's structural dependence on union funds. In such situations, there will be corruption as undue influence with dependence on union funds conflicting with the public functions of the ALP.

So you acknowledge that the process can be corrupted by that level of undue influence and the dependence of the Labor Party on union fees.

**Dr Tham**—That is correct.

**Senator RONALDSON**—That is acceptable?

**Dr Tham**—That is unacceptable.

**Senator RONALDSON**—Thank you. So how can you sustain, in a public policy sense, a situation that allows the potential for that corruption by separating out union dues from other contributions, when you acknowledge that there is the potential for corruption as undue influence? On what basis do you sustain that argument?

**Dr Tham**—The basis on which I sustain it is basically as I set out in the submission: in my view, that is not characteristic in terms of the influence that accompanies trade union affiliation fees.

**Senator RONALDSON**—But, Dr Tham, this is as much about perceptions and the ability for undue influence, because you have used a number of these forums—the Millennium Forum and Progressive Business and Business Dialogue. I am sure you are not suggesting that every one of those people and every one of the ministers at that table are involved in corrupt practices. What you have told the committee is that there is the potential for undue influence by those very mechanisms. I put to you: what is the difference between that and the undue influence that you have said here? In fact, it has gone from the potential for undue influence to your allegation of corruption because of the undue influence of the unions over the ALP because they sustain it. What, in a public policy sense, is the difference between those two, please?

**Dr Tham**—I go further in terms of the instances involving sale of access and influence. I do not say it has a potential for corruption as undue influence. My argument is that there actually is corruption as undue influence.

**Senator RONALDSON**—Exactly. Indeed, on page 30—

**Dr Tham**—Sorry. I do not feel I am getting a fair opportunity to fully answer—

**Senator RONALDSON**—I think you have had a great opportunity actually.

**CHAIR**—He wants to answer the question. Let him answer.

**Senator RONALDSON**—That is fine.

**CHAIR**—You asked your question; he answers.

**Dr Tham**—Point after point I will make a sentence and I will be cut in in my answer. That is quite unfair. I am happy to listen—

**Senator RONALDSON**—All right. Go on, answer it.

**Dr Tham**—The point I was about to make was that I say the sale of access and influence is a form of corruption as undue influence. It is not a potential for corruption and undue influence, it actually constitutes corruption as undue influence. What I do say about trade union affiliation fees is that they are attended by an element of publicness that does not attend such events as Progressive Business or Business Dialogue or Millennium Forum which involve a thousand dollars being paid to, for example, secure off-the-record briefings, and so on and so forth.

One example of the degree of publicness is through the debate going on with privatisation in New South Wales. The trade unions are performing their role as members within the party. Whether one accepts the policy position or not is a different matter, but there is a degree of publicness in terms of that. People know what the unions are arguing, people know the unions are exercising influence within the ALP. If they do not like that, that is perfectly acceptable, too, from one point of view. They can choose not to vote for the New South Wales ALP.

**Senator RONALDSON**—So when do those people become aware that the ALP party officials are secretly altering the content of party policy because of the party's structural dependence on union funds? At what stage do they get to vote on those secrete negotiations between the two bodies? Where is the openness and transparency of that?

**Dr Tham**—The point of me characterising as corruption as undue influence in that type of instance is to say that it is unacceptable.

**Senator RONALDSON**—So it is unacceptable—

**CHAIR**—Let him answer the question.

**Senator RONALDSON**—He said, 'It's unacceptable'.

**CHAIR**—Yes, and he was continuing to answer. Dr Tham, finish your answer and then we will get another question.

**Dr Tham**—It is unacceptable behaviour. The question is how it is to be policed. What is quite important in terms of the internal affairs of any particular party is that power not be centralised. The word I use in the submission is that oligarchies not be allowed to form within particular parties. That includes the ALP, whether it be groups of trade union officials and party officials

holding on to power and exercising power in a way that is antithetical to the interests of the members of the public or the members of their party.

**Senator RONALDSON**—Are you suggesting that every trade union member willingly signs up to the policy platform of the ALP?

**Dr Tham**—This is a point that seems to be misunderstood. It is a point I made a few moments ago. It is the trade union that is the member and the trade union becomes a member through a majority decision of its members. Individual union members are not members of the ALP.

**Senator RONALDSON**—What happens if the union member is forced to join the union? I am sure you are not suggesting to us that 'No ticket, no start' is still not prevalent in working Australia. You know as well as I do that there are a large number of corporations that have unionised work sites and, if you do not join the union, you do not get a job.

**Dr Tham**—I would see that as a question of enforcing, I think it is, part 10A of the Workplace Relations Act entitled 'Freedom of association', which prohibits arrangements like those. So I would see that as unacceptable and it is a matter of enforcing the law in those situations.

**Senator BIRMINGHAM**—What happens to the housekeeper at the hotel I stayed at last night who wants some industrial representation but does not want to pay affiliation fees for a political party? Where do they go? What is their individual right?

**Dr Tham**—They can participate in the process of decision making within the union. The no-overlap rule in terms of monopolies that particular unions have over representation has been loosened up a lot by industrial legislation in the past few years. So in many cases there will be a choice between one or more unions in terms of representation.

**Mr MORRISON**—So are you suggesting that if someone wants to join a union, de facto in that decision is that they have to support the ALP?

**Dr Tham**—Yes, in some cases.

**Mr MORRISON**—You are deriving the collective rights of a union to make contributions to the ALP on the basis that it draws its mandate from individual memberships.

**Dr Tham**—I think that is right, yes.

**Mr MORRISON**—You are saying that if people do not like that, if they do not like the collective decision that the Electrical Trades Union is a member of the ALP, then they should not join the union. So their decision to join the union has to be conditional upon their support for the ALP, even though, as you have said, they are not members of the ALP, and even though, as you said in your own membership of the union, there was no disclosure about it either.

**Dr Tham**—Yes. That is not the only option open to a particular union member. The exit option is a clear option.

**Mr MORRISON**—Yes, they can choose not to be a member of the union.

**Dr Tham**—That is right.

**Mr MORRISON**—That is true. But if they want to be a member of the union, on what you are proposing in order to sustain the contribution of unions to the ALP, they have to support that notion, because otherwise that union has no mandate to do it, on your own logic.

**Dr Tham**—They do not have to support it. Members have to give consent to a majority decision before the union affiliates. That is the other very important option any union member has.

**Mr MORRISON**—When was your union affiliated with the ALP? When was that decision taken?

**Dr Tham**—I cannot recall.

**Mr MORRISON**—Have you ever expressed a view about that affiliation in a membership forum? Has it ever come up on an agenda at a meeting or has it ever been raised with you by any official about the affiliation? Have you ever had a say on it?

**Dr Tham**—That is why—

**Mr MORRISON**—I am making my question clear.

**CHAIR**—There are a number of questions there. We will allow the witness to answer those particular questions, then Senator Bob Brown wants a quick question and I will come back to you.

**Dr Tham**—I do think, Mr Morrison, that there are certain deficiencies in terms of those things that you have mentioned. That is why in my submission I do recommend that unions need to periodically seek authorisation from their members in order to engage in political expenditure. That would include affiliating with the ALP.

**Mr MORRISON**—So, in answer to my question, no, you have never had that opportunity as a member of the union to voice your opinion on the affiliation between your union and the ALP?

**Dr Tham**—That is correct.

**Senator BOB BROWN**—We are hearing a very clear argument from my colleagues that corporations should not give donations to political parties because they do not consult with their shareholders, let alone with their customers who buy the product. Can you see some situation in which we could get over this collective problem that we all have on this committee of people being involved in donations without their consultation? In other words, would you entertain the idea that corporations which go to shareholders and seek permission for a donation to be made ought to be validly able to donate to political parties?

**Dr Tham**—Yes. In the same part of my submission where I recommend authorisation requirements for trade unions, I also advocate similar authorisation requirements in terms of

corporations. They should be required to seek authorisation from their shareholders before contributing.

**Senator BOB BROWN**—Yes, that is logical, from what we are hearing from both sides of the table here. Do you know if the third party registration in the UK includes unions or not?

**Dr Tham**—Yes, it does include unions, if they choose to engage in independent campaigns.

**Senator BOB BROWN**—There again, Chair, is a good reason for us to look at the UK registration of third parties, because they have obviously dealt with exactly the same questions that are arising here this morning and found a form of registration which requires at least some publication of the bona fides of the third party that is going to donate to political parties, no matter which sector of the community it is representing. Thank you.

**Mr MORRISON**—Are donations to the ALP from unions solely sourced from membership fees of union members?

**Dr Tham**—That is a factual question. I suppose it would depend on particular unions. Some unions would, for example, receive rental income from properties that they have.

**Mr MORRISON**—Are you arguing that, because the union derives, under your system, a right to make donations free of any limits, that is a product of the consent of the individual member? Should it only be their fees, or should the ALP have access to all the assets and income, such as a property that the unions owned up at Kurrawang in Pittwater, which was sold, I think, for about $15 million and made available to the ALP at the last campaign, as I understand it? They should have access to those things?

**Dr Tham**—My view—and this is a point I have made several times—is that basically, if particular decisions are made in a free transparent way by a majority decision to contribute particular amounts, then that money should be made available.

**Mr MORRISON**—So the ALP has access, under your system, to every dollar and every asset of the union movement, if the union movement wishes to release it to them?

**Dr Tham**—If the union members through a majority decision in their particular unions decide they should authorise that expenditure, and under a system of periodic authorisation.

**Mr MORRISON**—You also mentioned before that power should not be centralised and oligarchies should not be allowed to be formed within political parties. Do you believe that in the ALP, with the collective union membership and the role of union officials in the Labor Party, rank and file members of the Labor Party have the same voice around the policy table of the national convention and other policy forums of the party as union officials? The union officials and rank and file members have the same say?

**Dr Tham**—No, I do not believe so, and I do think it is a very—

**Mr MORRISON**—Why is that?

**Dr Tham**—And I do think it is a very serious problem, for a number of reasons; there are serious problems in terms of democracy of a party. Why is that? One could point to different reasons. One is that, in terms of parliamentary leadership, parliamentarians have much greater resources financially and non-financially compared to rank and file members.

**Mr MORRISON**—I am talking about the national convention—the national convention, on the floor.

**Dr Tham**—Yes.

**Mr MORRISON**—Party policy is determined at the national convention.

**Dr Tham**—Yes.

**Mr MORRISON**—Does a union official have a greater say than a rank and file member?

**Dr Tham**—As I understand the system, it operates by the delegate system. So unless the rank and file member is elected as a delegate to the national conference, then his or her say will be through the election of the delegate.

**Mr MORRISON**—What I am suggesting is that unions have a greater say at the national convention than rank and file delegates.

**Dr Tham**—The rules of the party are that unions are guaranteed 50 per cent of the—

**Mr MORRISON**—Don't you think that comprises a centralisation element?

**CHAIR**—He has not finished his answer.

**Mr MORRISON**—It is a centralisation of power and an oligarchy to be formed in the ALP.

**Dr Tham**—Not necessarily. That rule in itself does not necessarily mean that so long as—

**Mr MORRISON**—I will defer to my colleague.

**Dr Tham**—So long as—

**Mr MORRISON**—We are limited by time, Chair, so I think we should move on.

**Dr Tham**—Sorry, Mr Melham, if I could continue?

**CHAIR**—Yes, of course you can.

**Dr Tham**—The point I make in the submission is that that in itself does not present oligarchy, so long as the officials are democratically accountable.

**Mr MORRISON**—It is a block vote.

**Dr Tham**—There are problems there. There are—

**Mr MORRISON**—It is a block vote.

**CHAIR**—Let him answer the question, please.

**Dr Tham**—And I do point out that there is a real risk in terms of trade union oligarchies, and there will be measures that need to take place in this particular area, including periodic authorisation.

**Mr MORRISON**—Do you think your suggestion of allowing union donations to go ahead, unfettered, unlimited under a system, should be allowed to continue now, without any reforms to the ALP or the influence or role of unions in the ALP or influence on how membership forms are directed and how votes are taken? Do you think those reforms should take place before there is any free rein given to unions, or do you think that your system should apply now under the current system?

**Dr Tham**—I am not proposing that the status quo continue. As I have mentioned numerous times now, I specifically endorse a system of periodic authorisation that will inject an element of democratic accountability in terms of an—

**Mr MORRISON**—That does not exist now.

**Dr Tham**—Which does not exist now.

**Mr MORRISON**—So it should not proceed until those types of reforms are taken up by the union movement?

**Dr Tham**—I would see it as an essential element of my proposal.

**Senator BOB BROWN**—We got onto oligarchies and that makes me think of Mr Putin. Are the boards of corporations or the CEOs of corporations and boards oligarchies?

**Dr Tham**—I would want to make a general response to that. Let me approach it in a different way. There is a real issue in terms of authorisation of corporate contributions by the board of directors in various companies. It is quite interesting to note that the position of the Australian Shareholders Association is basically to ban all corporate contributions. In fact, if you go to their website, the policy in fact is very similar to the distinction I make, where they distinguish between the role of trade unions and the role of commercial corporations. Basically, the Australian Shareholders Association's position on why they propose a complete ban on corporate contributions is to simply say, 'The business of business is business.'

**Senator BOB BROWN**—Can you conceive of any way in which a corporation could legitimately make a donation to a political party without seeking to gain influence in return?

**Dr Tham**—I think it is exceedingly difficult to say—as I elaborate on in my submission—simply because of the duties that directors have to their shareholders and, by implication, to enhance the profitability of the companies.

**Senator BOB BROWN**—Thank you.

**Senator RONALDSON**—Doctor, I am going to move off the trade union issue. I do not think your position is sustainable vis-a-vis corporate donations and I think your colleague Dr Young disagrees with you as well. I do want to move on to third parties, and I think this is something where you and I might have some agreement. I quote page 35:

If uniform limits applying to party contributions are enacted without limits on contributions to third parties and their spending then money will very well flow on to third party activity.

Then on page 42:

For instance, if there were substantial third-party electoral activity, a regulatory framework centred upon parties and their associated entities would, in many ways, miss the mark by failing to regulate key political actors.

I presume what you are talking about there is the potential for the Americanisation of the system, if we do not do something about third parties as part of an overall reform. So I presume you are talking about the potential for political action committees and 527s and other such organisations. Is that right?

**Dr Tham**—That is correct, yes.

**Senator RONALDSON**—Can I just finish up on this note, from the top of page 2 of your supplementary submission:

There would, for example, be a democratic deficit if key features of a reform agenda were to be settled through an agreement amongst the Prime Minister, State and Territory Premiers and Chief Ministers, all of whom are from the Australian Labor Party, and then presented as a *fait accompli* to their respective Parliaments. The absence of meaningful parliamentary deliberation will mean that most elected representatives, especially those from the Opposition and the minor parties, are deprived of a fair chance to debate these matters.

Are you aware that, on the whole framework for this reform agenda, the green paper which will actually lay out the principles for reform, there has been no consultation whatsoever with anyone other than those people that I mentioned before, excluding the opposition and the minor parties? This has all been done through the state premiers and the Australian Labor Party itself as a political party, without any input at all from any other persons, and this will establish the framework for this debate. I would assume that you believe that is inappropriate.

**Dr Tham**—I stand by the statements that you just mentioned. The green paper, as I understand it, signifies the government's position, so I do not think it is inappropriate in itself that the green paper be developed internally within the ALP, but the process of debating and marking out the agenda more broadly, as I say, should be both inclusive and deliberative.

**Senator RONALDSON**—But the green paper will be the principles upon which this debate is framed and debated. There has been no input from Senator Brown on behalf of the Greens and there has been no input requested from the coalition in relation to the document which will frame the debate, and, as the chair said before, this committee will be involved in the discussion of the green paper.

**CHAIR**—Before green turns to white, we will be involved.

**Senator RONALDSON**—But the green paper will frame the terms of this debate. Do you believe there should have been wider consultation, if the government is serious about this, in the formation of the paper that will guide the discussions and the debate?

**Dr Tham**—Not necessarily so. I do not see the government's position as the final word on these matters, I suppose. That is the thing to be said. It is their position and it is one stage in a longer process. The important thing is that the broader process be both inclusive and deliberative.

**CHAIR**—Thank you, Dr Tham. I am going to close the questioning there. Thanks for your attendance today. If you have any other material that you want to place before the committee as a result of submissions, please feel free to do so. I appreciate your attendance today and the robust discussion that took place.

**Dr Tham**—Thank you very much.

[10.20 am]

**NEILSON, Ms Marie, Australian Electoral Officer and State Manager for Tasmania, Australian Electoral Commission**

**PICKERING, Mr Tim, First Assistant Commissioner, Electoral Operations, Australian Electoral Commission**

**CHAIR**—I welcome Ms Marie Neilson and Mr Tim Pickering from the Australian Electoral Commission to today's hearing. Although the committee does not require you to give evidence on oath, I should advise you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the respective houses. While we have received a submission from the Australian Electoral Commission, it does not directly deal with the conduct of the election in Tasmania, so if you want to make an opening statement to the committee in that regard, we would appreciate it, Ms Neilson.

**Ms Neilson**—Thanks for the invitation to address the committee and for the opportunity to provide a bit of a perspective on the election in Tasmania. I will address the major issues we faced over the next couple of minutes and then I will be happy to answer any questions that you might have.

**CHAIR**—Sure.

**Ms Neilson**—I will start off with enrolment and the lead-up to the close of rolls last year. On 1 January 2007, our enrolment was just under 339,800 and only 200 more than the close of rolls figure at the 2004 election, so our major focus for 2007 was to get those roll numbers up to a higher level. We undertook our own fieldwork and we participated in the national campaign, which I think you have already heard about. It involved targeted doorknocks throughout February, March and April. In all, we visited some 25,000 houses across the state and we collected some 8,000 enrolment forms from people. We had hoped to extend that reach-out into community programs like shopping centres and malls, but we had indemnity issues, and I think that will continue to challenge us in extending our reach in the future. We were well supported by the national advertising campaign, and major follow-up activity was by phone, by mail, some limited further doorknocks, and we also undertook a review of all vacant houses across the state, and vacant houses are those where no-one is actually enrolled. We targeted young people with our birthday card campaign and school, college, university enrolment drives.

As a consequence, at the 2007 close of rolls there were an extra 10,000 people on the roll, which was three per cent up on the 2004 close of rolls figures, and there are some detailed stats in the AEC's submission. At the actual close of rolls week, the transactions were down some 20 per cent on 2004 and, just from an observer's point of view, the close of rolls was very quiet in comparison to 2004.

In terms of preparation and polling itself, there were 31 nominations across the state, so seven in one division and six in the others. For the Senate we had 28 nominations, which were in 11 groups, and no ungrouped candidates, and it is the first time—in my memory, certainly—that

there were no ungrouped candidates. In terms of postal voting, we were assisted by a lot better information from Australia Post this time, and I think that was the combination of the national relationship that was built up and also the state relationship with our own Australia Post people. We issued close to 20,000 postal votes and, with that better information, all but five of those were delivered through the postal system. In terms of prepoll voting, we had the same number of early voting centres as last time, but we had longer opening hours and we also had one sited in a shopping centre for the first time. We took close to 20,000 prepolls, and that was a large increase over 2004, and a very large increase in the shopping centre polling centre.

Antarctic voting is run out of my office. We had 140 people registered as Antarctic voters and 13 of those either voted before they left Australia or had come back to Australia before the election and, of the remaining 127, 124 voted at the five Antarctic voting centres. Servicing those electors is a fairly large task for the office, given the small numbers. First of all we have to liaise with the Australian Antarctic Division to find out where each individual will be on election day, and that was complicated this time because the *Aurora Australis* was in transit, and, with the weather, we were not quite sure: was it going to land at Mawson or Davis? Where were people going to be? So it was quite close to the day before we could actually bed down where everyone was going to be and where we were to send ballot paper details.

Appointing and training returning officers is a bit of an issue when they are lots and lots of miles away and the only communication is by mail or telephone. We have to transmit ballot papers down to each of the bases. This time we did it by emailing whereas previously it had been done by fax, so that was a little bit more efficient, but still it is a fairly large exercise, and then we spend all day Sunday phoning the bases and transcribing everyone's vote onto an individual ballot paper, putting it into an envelope and then sending it off to the home division. I note that the committee is considering and hearing from people about electronic voting options and, from an administrative point of view, if there were a way that that process could be made electronic voting as well, that would certainly be fully supported by my office. Electronic voting for blind and vision-impaired electors was conducted at two sites. It was very well received. Although there was not a large take-up, it was certainly very popular. We had 13 votes taken in Launceston and 15 in Hobart.

In all, we had some 335,000 votes counted for Tasmania, which was three per cent up on 2004. The turnout was 95.76 per cent, which is about 0.1 of a per cent up on 2004. The proportion of ordinary votes in was roughly the same. There was a small—two per cent—increase in absent voting, which is outside the division voting; eight per cent up on postal voting; and 40 per cent on prepoll voting. Provisional votes were close to 20 per cent down on the 2004 number, and just under 14 per cent of those were admitted to the scrutiny.

The informality rate dropped from 3.59 per cent to 2.92 per cent in 2007. That is possibly influenced by the national awareness campaign and some changes to our polling official training materials where we emphasised explaining to electors, as they were handed their ballot papers, how to cast a formal vote for both the Senate and for the House of Representatives. All House of Representatives polls were declared on Wednesday, 12 December and the Senate was declared two days later and returned on 14 December.

I will give you a short rundown on what we have been doing since the election in terms of enrolment strategies. The national programs are continuing and our divisions are placing more

emphasis on local initiatives for actually growing the roll in their own area. Our major focus in Tasmania is on young people and we are continuing our birthday card program, we are continuing with school visits. We have just completed the national Enrol To Vote Week. Our other target is on people who are moving and getting them to change their enrolment.

Currently, our roll numbers are within, by my assessment, a couple of hundred of where we would like them to be, but the number of people who are marked for potential deletion, because we know they do not live at their enrolled address any more, is our particular focus. Our efforts in the divisional offices at the moment are on contacting them and encouraging them to actually change their enrolment before they drop off the roll and reduce the numbers. We have had some success but that will be our challenge over the next couple of years into the next event.

**Senator BOB BROWN**—What would be involved in getting electronic voting to the Antarctic stations?

**Ms Neilson**—I will not even claim to be an expert on electronic voting. All I am saying is that, if there is a way that it can be done, it would be popular with the expeditioners and administratively popular with us.

**Senator BOB BROWN**—It is a very good idea.

**Mr Pickering**—I might add that the challenges for electronic voting are mainly around the issues of the connectivity to the Antarctic bases and doing that inside a firewall that enables a high degree of trust of the transmission of the votes. The two key things that you will hear about from other witnesses in relation to e-voting are authentication of the voter and also the security of the transmission of the vote.

The thing that made the trials for the Australian Defence Force so successful in the 2007 election was that we were able to use the Defence restricted network, which was an intranet, not using the internet. That made a big difference in regard to confidence of the security of the transmission.

**Senator BOB BROWN**—The security of the transmission was achieved in getting those Antarctic votes back to Hobart in 2007. Is there no good reason why electronic voting would not enhance that system?

**Mr Pickering**—The system that Ms Neilson was talking about was in terms of using email and the system that I am talking about is using a different mechanism—different software and different systems. If the e-voting system can be used inside a secure network, similar to email, then that is highly feasible. If it has to go outside a firewall and be transmitted across the World Wide Web it is a different issue.

**Senator BOB BROWN**—Can it be used then? The question is: can this be applied to Antarctica?

**Mr Pickering**—I am not aware of there being a secure network in place with Antarctica at the moment, but that is something we could take on notice and advise the committee.

**Ms Neilson**—I might clarify if I can. The email was getting the details of the candidates down to Antarctica, it was not transmitting the votes back. The votes are transmitted back by telephone.

**Senator BOB BROWN**—By telephone?

**Mr Pickering**—Yes.

**Senator BOB BROWN**—Thank you. The 40 per cent increase in prepoll votes: have you got any breakdown of who those voters were?

**Mr Pickering**—It was across the board, but there was a large increase in the Hobart prepoll voting centre at Eastlands, because previously we have had offices up in behind—no-one else is familiar with Eastlands.

**Senator BOB BROWN**—Outside the shopping centre.

**Mr Pickering**—Yes, outside the shopping centre. Certainly we attracted a bit of passing trade as well. So it went from a couple of hundred to a couple of thousand just in that single polling place.

**Senator BOB BROWN**—Yesterday we heard from your Victorian counterparts that there are restrictions on who can cast a prepoll vote—you have to be eight kilometres or more distance from a voting booth and so on. I guess the same applies in Tasmania. There is no way of checking back to see whether prepoll voters had a valid reason for their prepoll vote. You might know that, Mr Pickering. I am interested in the national phenomenon of the rapidly growing prepoll vote, which seems to me to be as much a vote of convenience as anything else so that people do not have to turn up on Saturday.

**Ms Neilson**—It is fair to say that we do not go behind the reason why someone is casting a prepoll vote, but we do require people to declare that they are entitled to a prepoll vote. So they do sign to say that they are entitled to vote.

**Senator BOB BROWN**—It is a very loose area because anybody can do that saying, 'I think I'll be away on Saturday,' and in fact they end up not being away. It is something that the committee must look at because de facto we are moving there to prepoll voting on a broad scale. I think this is going to escalate rapidly, particularly with the advent of prepoll facilities at airports and shopping centres and so on.

With the voting for sight-impaired people—14 votes in Launceston and 15 in Hobart—how well was that facility publicised to voters and how was that done?

**Ms Neilson**—Do you want to talk about the national awareness first?

**Mr Pickering**—No, you talk about Tasmania first.

**Ms Neilson**—Certainly there were media releases; there were radio interviews. We contacted the Royal Society for the Blind. We took each opportunity to actually get that message out and we had some awareness raising by national office as well, dealing with the peak bodies.

**Senator BOB BROWN**—Do you know if the organisations representing the blind and sight impaired contacted their members to say that this facility was available?

**Ms Neilson**—No, I do not know that. But we did get some publicity in the newspapers—like, at the start of early voting each of the papers had a picture of someone voting at the centre.

**Senator BOB BROWN**—How many mobile polling booths were there in Tasmania?

**Ms Neilson**—I cannot tell you how many hospitals and nursing homes we visited, but we had 17 teams around the state visiting in that last week and we went to each of the major hospitals on polling day itself as well.

**Senator BOB BROWN**—We had representation from the organisation representing the homeless yesterday, saying that it would be a good idea if mobile polling booths could go to places where homeless people tend to congregate, including overnight accommodation. Mr Pickering, you might be able to answer this. Is that being looked at as a potential for future elections, or will it be looked at?

**Mr Pickering**—The AEC is restricted in the areas that mobile polling can take place because of the Commonwealth Electoral Act and it is a matter for possibly this committee to look at broadening the scope for mobile polling that might include areas such as those discussed yesterday.

**Senator BOB BROWN**—Good point. Do you think that would increase the vote from that sector of the community if we did have mobile polling booths going to, for example, overnight accommodation where homeless people congregate?

**Mr Pickering**—The issue with mobile polling is that, if we take the facility to voters who are not able to attend polling places in the traditional sense, it will increase the vote. By how much is a matter yet to be determined. It was interesting to hear the evidence yesterday in terms of the major cluster areas that were identified in the capital cities for people experiencing homelessness and that is something the committee might want to consider.

**Senator BOB BROWN**—The other question that arose there was the ability to get such people enrolled because of the identification or the carrying of identification documents. Do you have any suggestions to the committee as to how that might be facilitated to ensure that citizens are not deprived of their vote?

**Mr Pickering**—The enrolment question for people experiencing homelessness is the hardest question to answer. It is the biggest challenge. We heard yesterday in evidence that being enrolled is not a major priority of that particular group of the community—they have other priorities—so it is always a challenge. We made an effort, as we said in our submission, to contact the lobby groups and interested peak bodies associated with the homeless to work out a strategy in the lead-up to the last election. The advice that we got from them was to continue to

deal through them to get to the electors as distinct from trying to contact the electors themselves, or the potential electors, to get on the roll; so that is the approach that we would probably continue to follow if those peak bodies continue suggesting that method.

**Senator BOB BROWN**—My last question—and either of you might know—is how Tasmania compared to other states and territories in below-the-line voting in the Senate; the proportion of voters who went below the line?

**Ms Neilson**—It was slightly down on 2004 but it is around the 20 per cent mark. From memory, it was 19 or 18 but I do not have that actual figure with me.

**Senator BOB BROWN**—Do you know what the national average was?

**Ms Neilson**—That is on a par with the ACT but the national average is only about three per cent.

**Mr Pickering**—Yes, for below the line.

**Senator BOB BROWN**—About three per cent, and in Tasmania and the ACT, which have proportional representation in their state assemblies, the vote goes up quite enormously: the number of people opting to go below the line and vote?

**Ms Neilson**—Yes, below the line is significantly higher than the national average.

**Senator BOB BROWN**—Thank you.

**Senator CAROL BROWN**—I will follow up on a couple of points that Senator Brown made. Regarding the increase in prepolling to 40 per cent, can you tell me what percentage of prepollings were taken from the Eastlands location?

**Ms Neilson**—I am sorry, I do not have that number, but it went up from a couple of hundred to a couple of thousand.

**Senator CAROL BROWN**—That is a busy shopping centre. Were there any issues surrounding parties being able to conduct their business on those premises, in terms of the right to hand out how-to-vote cards?

**Ms Neilson**—My understanding is that there were no restrictions on parties being able to do that. We did have a table where parties could put their how-to-vote material and most parties took up that facility. It was quite crowded.

**Senator CAROL BROWN**—Could they stand outside and hand out how-to-vote cards? Was there a discussion between the AEC and the centre to determine what activities could be taken on, on the site?

**Ms Neilson**—To my knowledge there was no discussion with the centre about that. I understand that was an issue in other places but I do not think it was an issue at Eastlands.

**Senator CAROL BROWN**—So how-to-vote cards were placed on a table inside the AEC office there?

**Ms Neilson**—Near the voting facility, yes.

**Senator CAROL BROWN**—What about the special hospital visits? You visited high-care people in nursing homes?

**Ms Neilson**—Yes, we had 17 teams around the state and we visited every nursing home with 10 or more residents. That is our general rule of thumb.

**Senator CAROL BROWN**—Are all those residents able to vote, or just those deemed high care?

**Ms Neilson**—Residents are able to vote.

**Senator CAROL BROWN**—Even those low-care people that are able to get out to go to the polling booth? Not everyone in a nursing home requires special attention.

**Ms Neilson**—There are different rules. Those that were able to vote within the rules were given the opportunity to vote, yes.

**Senator CAROL BROWN**—I am trying to ascertain whether all residents in a nursing home, when you turn up, are able to vote or whether it is determined whether they are high care and cannot get down to a polling booth to vote, or is it that just because you are a resident, you are able to vote?

**Ms Neilson**—I understand it is part of our submission that there is a problem with the definition of 'nursing home resident' and that there are some—

**Senator CAROL BROWN**—What I am trying to ascertain from you is whether there were any issues in Tasmania at nursing homes?

**Ms Neilson**—Not to my knowledge.

**Senator CAROL BROWN**—So everyone that wanted to vote, regardless of what category—

**Ms Neilson**—We did not turn people away and say, 'No, you can't vote.'

**Senator CAROL BROWN**—Tasmania does well in terms of our statistics that the AEC provide on page 62; the informal vote shows Tasmania at 2.92 per cent, which you indicated earlier. You talked about some extra training given in that area. That is quite low. It is second only to the ACT. Do you have any other view as to why we might have such a good—as in low—informal rating?

**Ms Neilson**—Only that there is a body of research that shows that the lower the number of candidates, the higher the formality. Perhaps that has something to do with it. Our highest number of candidates was seven in Bass.

**Senator CAROL BROWN**—I do want to ask another question.

**Senator BOB BROWN**—You have no evidence that Tasmanian voters are more discriminating?

**Senator CAROL BROWN**—I thought it might be to do with it being Hare-Clark and you are used to voting all the way through.

**Senator BOB BROWN**—It probably does help.

**Senator CAROL BROWN**—It seems to make some sense.

**Mr Pickering**—We also put down a number of other initiatives that we used in the lead-up to the election including this last minute explanation of both the green and the white ballot paper—as it was handed to the elector—that Ms Neilson spoke about. With those issues, as I gave in evidence in Queensland, it is difficult to identify which one was successful and which one was not. The one that Senator Brown just mentioned, the issue of the relationship to the type of voting in the state, may also be another factor contributing.

**Senator CAROL BROWN**—According to your table, Tasmania went down 0.67, which is a lot smaller than other states but we already had a low informal rate.

**Ms Neilson**—That is right.

**Senator CAROL BROWN**—Some might be attributed to the activities that Mr Pickering has just stated but there are obvious other reasons. One is that Tasmania is keenly interested in the electoral process and voting and also I have a view that the Hare-Clark system, where people are already educated in voting all the way through a ticket, may assist.

On page 10 we talk about your enrolment forms process. One of the columns has state office mail-outs/initiatives and Tasmania again does well. Can you tell me what those initiatives were?

**Ms Neilson**—There is probably an element of birthday cards in there—posting out birthday cards. I mentioned that we wrote to each house where no-one was enrolled. That was our vacant-house mail-out. They were our two major initiatives that involved a post-out. Also, we get data from Service Tasmania which we mail out.

**Senator CAROL BROWN**—You mentioned that your enrolment activities from 2007 to the election resulted in, I think it was, another 10,000 people added to the roll. Is that right?

**Ms Neilson**—Including close of rolls week.

**Senator CAROL BROWN**—Yes, but prior to undertaking those activities, there were only a few hundred extra from the 2004 roll? Is that right?

**Ms Neilson**—At 1 January 2007 we were about 200 more than we had at the 2004 close of rolls.

**Senator CAROL BROWN**—Prior to the 1 January 2007 starting date for the 2007 activities, what activities did you undertake in 2005 and 2006?

**Ms Neilson**—We undertook some, perhaps not well-structured, enrolment-generating activities—we participated in the national CRU program—but I think it is fair to say that we took our eye off the ball a little bit in 2006 and the roll went down as a result; there were more people coming off than going back on.

**Senator CAROL BROWN**—What will be happening from here on in? Will the level of activity that you have undertaken—that obviously you did very well—be continued?

**Ms Neilson**—We are doing a lot more local initiatives at the divisional office level, and we are concentrating very heavily on the electors that we know have moved—that we have marked to come off the roll, if we cannot re-enrol them—and we are looking at ways of contacting them and encouraging them to re-enrol before we take them off. The roll is at a level that is pretty good, except for these little elephants in the corner that are going to come off if we do not find them and get them to re-enrol.

**Senator CAROL BROWN**—But if you do not keep your eye on the ball, and have your continuous roll updates and your enrolment initiatives, you could get to the situation where again you find yourself with a roll that has not basically changed since the last one. Then you have to do a massive set of activities to get it up to what can be achieved.

**Ms Neilson**—Yes. We are very conscious of that and we are very aware that that is our challenge between now and the next federal event—to keep our focus on the enrolment.

**Mr Pickering**—I might add that the responsibility for enrolment lies with the elector and, whilst we might saturate Tasmania with enrolment forms, having picked them up through change of address and the rest of it, the incentive to complete that enrolment form and send it back to the Electoral Commission is the thing that completes the cycle. It is always our challenge to get that percentage of return mail as high as we possibly can.

**Senator CAROL BROWN**—I understand that, Mr Pickering. But it does seem, as Ms Neilson has already said, that there was a concerted effort in 2007 to make sure that those who were eligible to vote were on the roll, and in 2005 and 2006 that level of activity was drastically less.

There is another question that I want to ask, and perhaps you could provide the answer later. I want to know the activities that the AEC in Tassie undertake with the state Electoral Commission in terms of enrolments and continual roll updates. I do not know if you have some relationship with the state AEC and the state government in terms of licences and car registrations and the like.

**Ms Neilson**—We do nationally get the motor vehicle registry data as part of our ongoing continuous roll update program. We get a lot of cooperation from the state Electoral Commission in getting schools data, and we are looking at getting TAFE data as well. We are nearly at the stage of an agreement to get that. We do get a lot of cooperation from the state Electoral Commission on sourcing data from state government departments.

**Senator CAROL BROWN**—All right. I would appreciate it if you could provide me with information as to those activities.

**Ms Neilson**—Yes.

**Senator CAROL BROWN**—Thank you.

**CHAIR**—There are no other questions. I thank you both for your attendance here today.

[10.52 am]

**SEDGLEY, Mr Edward, Director, The Global Data Company**

**CHAIR**—I welcome the representative from the Global Data Co. to today's hearing. Although the committee does not require you to give evidence on oath, I should advise you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings of the respective houses. We have received a written submission from you. I do not know if you have any additional submissions, or would you like to make an opening statement to the committee, Mr Sedgley?

**Mr Sedgley**—Thank you for the opportunity to appear before you today. I would like to make a brief opening statement which quickly addresses three main points: who is the Global Data Co.? Why are we interested in the electoral roll? Precisely what reforms to the Commonwealth Electoral Act would assist the industry that we service?

The Global Data Co., which is abbreviated to GDC, is an Australian company that assists financial institutions and other relevant organisations to comply with their identity verification and 'know your customer' obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act. Specifically, we do this by undertaking electronic verification of individuals and companies on behalf of financial institutions, which are known as reporting entities under the act.

In practice, a reporting entity will collect certain personal information about the individual that is a prospective or existing client. This information is then securely transmitted to us. We check that information against the databases that we hold and that we maintain. We then advise the reporting entity whether or not the information on that relevant individual represents a match to the information that we hold. This is the only information that we provide to a reporting entity. We do not disclose any personal information from our databases to any other entities. The limited information that we do provide forms a basis for reporting activities for clients with the EV and KYC requirements under the AML/CTF legislation.

Why are we interested in the electoral roll? GDC is a prescribed organisation under regulation 7 of the Electoral and Referendum Regulations. Accordingly, pursuant to section 90B(4) of the Commonwealth Electoral Act, the AEC may give GDC information in relation to the electoral roll for the purpose of facilitating the carrying out of an applicable customer identification procedure. GDC can only use the electoral roll for identity verification of Australian individuals, for entities bound by AML/CTF, and for no other purpose.

Under the current regime, the AML/CTF rules and specifically paragraph 4.2.12 of schedule 2 envisage the use of date of birth information for customer identification purposes. However, the Electoral Act currently prohibits such information from being obtained from the electoral roll. In our view, the electoral roll is the most obvious and the best source for date of birth information to be accessed for compliance with AML/CTF obligations.

Precisely what reforms to the Commonwealth Electoral Act would assist the industry that we service? We would like to see the Electoral Act amended to allow for the provision of date of birth information to organisations such as ours who already have access to name and address information from the electoral roll; again, purely for AML/CTF purposes. Section 90B(4) of the Electoral Act authorises the AEC to provide the electoral roll or an extract of the electoral roll to prescribed organisations such as ours. Section 90B(7) of the Electoral Act prohibits the AEC from disclosing date of birth information, except as otherwise provided by this act. So we would respectfully suggest a minor amendment to the Electoral Act along the lines set out in our written submission.

**CHAIR**—Thank you. I am not a computer expert. Can you explain to the committee in plain English how this works? Do you get an electronic copy of the electoral roll with the name and address of individuals and then use that as a match on your computer?

**Mr Sedgley**—Yes, I will explain it. Let me give you an example as well.

**CHAIR**—Yes.

**Mr Sedgley**—We are given, on a quarterly basis, a disk from the AEC which contains the current electoral roll. That is then uploaded and stored securely by us. Then, for instance, if you are opening a savings account online, you might go to a web portal; you would enter your name, address, telephone number, and date of birth, not dissimilar to going to a bank and giving them your drivers licence and recording that information. Once you press 'submit', that data is encrypted, sent to our different databases, and then all we provide back is whether that was a match to the data on our databases, or no match. I think it is important to note that we do not give back any physical data at all; it is only allowing the reporting entity to know that that person is who they say they are.

**CHAIR**—How many transactions would you do on a monthly basis?

**Mr Sedgley**—Currently, electronic verification is a pretty immature industry in Australia. Internationally, in America and in the UK, it is on a much larger scale. We would probably do thousands to tens of thousands of transactions monthly at the moment, whereas internationally you are talking millions.

**CHAIR**—So it is not feasible, for instance, to in effect make a request of particular names as against handing over a roll that has all those details for all the electors in Australia?

**Mr Sedgley**—Not really, because the way the legislation is enacted with the provision for electronic verification, a whole range of different individuals are going to want to utilise electronic verification to set up, for instance, a bank account or to perform a variety of tasks. To be able to verify only some would not really assist with the internal legislation or would not allow us to provide a service that was workable.

**CHAIR**—How secure is the industry in terms of people abusing the databases that they have got? I know there are sanctions, but—

**Mr Sedgley**—Yes. Obviously I can mainly only speak for myself, although I do—

**CHAIR**—You are aware of what happens.

**Mr Sedgley**—Yes, I am aware of what happens.

**CHAIR**—I am just interested in general terms.

**Mr Sedgley**—We obviously take very seriously the obligations that were given to us with the provision of the roll. It was nearly a year-long process to be able to gain access to the roll, and we have had significant legal training, which has then led into IT training, deed polls, and people accessing the data. There are a whole variety of processes that need to be in place before we are even allowed access to the data for our clients and, obviously, there is up to two years in gaol for any misuse of the data. So, as far as I am aware of the industry as a whole, the electoral roll is a sacrosanct roll and everyone treats their obligations very seriously.

**CHAIR**—Why wasn't this information provided in the first instance? There must have been a reason that it was withheld.

**Mr Sedgley**—The electoral roll?

**CHAIR**—The date of birth situation. I did not participate in the debate at the time. That is why I am asking the question. You would have asked for the date of birth at the time. I cannot imagine that your industry did not ask for name, address and date of birth.

**Mr Sedgley**—We did, because name, address and date of birth is spelt out in the legislation.

**CHAIR**—So what were the reasons you were knocked back?

**Mr Sedgley**—I was a bit surprised. I think they did not want to go the entire way with the reform. That is how it appears. There was name and address, and then date of birth was in a slightly different category according to the Electoral Act. According to the act, certain particulars about an individual, such as date of birth, religion and other factors, are in a slightly different category to name and address.

**CHAIR**—They are regarded as pretty sacrosanct.

**Mr Sedgley**—Pretty sacrosanct, exactly. From what we can understand, they realised that the electoral roll is the most reliable and independent source of name and address data in Australia, and the AML legislation does require a reliable and independent source, but at that time they were not willing or they were not able to go that further step forward. I did also get told at the time that they wanted to make sure, over a period of time, that the name and address extract from the electoral roll was securely housed, that there were no breaches, and then at a later date additional information could potentially be provided.

**CHAIR**—Was there a worry that, if they provided all those intimate details, members of the public might be less inclined to want to enrol if they knew that information was shared across the spectrum other than for their electoral purposes?

**Mr Sedgley**—I am not sure if that was a major consideration.

**CHAIR**—That is why I am asking the question.

**Mr Sedgley**—Yes. I do not think that was a major consideration. I think it was more that name and address can be more easily provided and information like date of birth needs further assessment.

**Mr MORRISON**—To pick up the chair's question, did they provide any written reasons in response to your application as to what you were allowed to have and what you were not allowed to have?

**Mr Sedgley**—When we applied, it was already set out that we were only applying for name and address. Part of our application did state that we would ideally like date of birth to allow us to assist our clients to comply at a stronger level, but, yes, as I said, we only really applied for name and address. I can come back to you with further information on the exact reasons why it was not initially provided.

**Mr MORRISON**—Yes. How long have you been operating now with the roll?

**Mr Sedgley**—We have been operating with the roll for just up to a year.

**Mr MORRISON**—And how many breaches have occurred?

**Mr Sedgley**—None.

**Mr MORRISON**—Which department are you dealing with on this matter? The AEC, I assume.

**Mr Sedgley**—Yes.

**Mr MORRISON**—Did they indicate to you when they might review the arrangement in terms of providing potential access to other information?

**Mr Sedgley**—No, they did not give definitive dates. We have had a number of discussions with them, and obviously it is one data element which is suppressed, but I think they thought it was out of their hands.

**Mr MORRISON**—Is this the only additional data that you are seeking?

**Mr Sedgley**—Yes.

**Mr MORRISON**—How many other companies are out there doing what you guys do and have access to the roll, to your knowledge?

**Mr Sedgley**—To my knowledge five companies have been given access to the roll for AML/CTF purposes. There are three that are really active in the space and two that either have not developed a solution, or I am not sure what they are doing, but when we are tendering to a bank, there are generally three, at the maximum four of us, who would be providing that service.

**Mr MORRISON**—And are you aware of any breaches?

**Mr Sedgley**—No, I am not.

**Mr MORRISON**—I am happy for you to answer this question in camera or confidentially to the committee: I am interested to know who your clients are, who is using your services. Again, if that is not something you want to answer in a public forum, I can understand.

**CHAIR**—You can provide it in a supplementary submission.

**Mr MORRISON**—I am happy to do that.

**CHAIR**—We will take that as a confidential submission.

**Mr Sedgley**—Okay, I will do that.

**CHAIR**—I think it is important that we know the breadth of your clientele.

**Mr MORRISON**—Who is looking at the information.

**Mr Sedgley**—People that are currently using the system?

**Mr MORRISON**—Certainly.

**Senator CAROL BROWN**—I was just going to follow up whether you could tell us now what types of organisations use your services.

**Mr Sedgley**—It is currently financial institutions predominantly, and I did read a transcript of Ms Gordon from the Australian Finance Conference, who was arguing a similar point on behalf of most of the major banks. At the moment all of the big five banks are looking into developing an electronic verification solution for some of their products, but there are limitations because of the lack of date of birth.

**Mr MORRISON**—This is a question that I think generically we are more interested in: what do you conceive are the public good benefits of this information being made available to commercial services such as yours?

**Mr Sedgley**—There are two factors. As a country, it enables us to better comply with our global money-laundering requirements. Date of birth is really the global indicator of someone, with name and address, so without that it is hard to properly mirror the intent of the legislation. From an individual's perspective, when opening a bank account you want as many safeguards in place as possible to ensure that someone cannot open a bank account on your behalf, and you want to protect your identity, and date of birth again is something that is an individual characteristic that prevents someone from doing that, as much as possible.

**Mr MORRISON**—Just tell us a bit about your company: who owns you and where you are funded from. Is there an overseas interest in your company? Are there any restrictions placed on you by the AEC as the result of any foreign ownership?

**Mr Sedgley**—We are an Australian owned entity.

**Mr MORRISON**—One hundred per cent?

**Mr Sedgley**—Yes.

**Senator BIRMINGHAM**—Mr Sedgley, what other data sources do you rely upon for information?

**Mr Sedgley**—Currently in Australia it is more limited than we would hope for, but there is the Sensis telephone directory, so name, address and telephone files. There are historical telephone directories, and what they enable is, potentially, security questions: 'Have you lived at a previous address?' It is, again, trying to get information that other people would not know about you. As well as that, we are currently looking into uploading a home owners database, so that is just the names and addresses of people who own their own home, and we are investigating linking into the Department of Immigration and Citizenship, which provides name, country of origin, date of birth and passport number of people that have entered the country.

**Senator BIRMINGHAM**—When someone tries to set up a new bank account, or such information, are those details stored by you?

**Mr Sedgley**—The information is provided to us. Then we store a unique identifier and the match code that was sent back. In some cases, for smaller companies, we do need to take on the responsibility of storing the information for audit purposes. Large companies, such as big banks, do not want that information stored by us, so we just store the unique code to that transaction, the actual match code—that is, what the match was—and a time and date stamp, and that can marry up to their data at any time for audit purposes.

**Senator BIRMINGHAM**—By the sound of things, overwhelmingly the electoral roll is your main source of verification.

**Mr Sedgley**—It is, throughout the industry. It is commonly regarded as the most independent, reliable and comprehensive source of data.

**Senator BIRMINGHAM**—Is that the case overseas?

**Mr Sedgley**—No. In the US it is quite different. In the US you can have access direct to the drivers licence database, the social security database, the voters roll, mobile phone databases, telephone databases. So they have opened a whole range of datasets for this purpose. But they are six or seven years more advanced in electronic verification than we are. In the UK the electoral roll is the primary one. They do release date of birth with the electoral roll. Then there is also a range of other telephone based databases. Probably the US started it, it went to the UK, and now we are catching up.

**Senator RONALDSON**—Are you working closely with other government agencies in relation to these matters? Are you getting information from other agencies? Do you meet with them? I am trying to ascertain the level of engagement of government at a multilevel in relation to AML requirements.

**Mr Sedgley**—We do. We have had discussions obviously with the Department of Immigration and Citizenship to allow us to have access to that for the purpose of filling the gap of people in Australia that would not be on the electoral roll. We have also had submissions into the Law Reform Commission, because I think they have just completed a review of a whole range of issues relating to credit data, and they do make a comment in regard to the release of date of birth with the electoral roll.

So as an industry we are lobbying—the more datasets we have access to securely then the better service we provide to our clients and the less the risk of money laundering through electronic verification, but it is obviously a fairly long process.

**Senator RONALDSON**—You might have discussed—if you have, my apologies—the mechanisms for the use of data and the protection of data and also your internal starting requirements. Do your staff have to go through police or other checks? Are there any mandatory requirements in that regard, or are they all voluntary?

**Mr Sedgley**—There are mandatory requirements when we were provided with the electoral roll and so we had our legal team run through them and prepare training. Everyone needs to sign the deed poll. Only certain people can have access to the data and they need to be authorised. So there are certain obligations obviously from the AEC and then there are certainly internal obligations that we have the processes regardless.

**Senator RONALDSON**—What are your internal safety mechanisms?

**Mr Sedgley**—Obviously all data is secured very strongly. We have random checks on the database to see if there have been any breaches. All the data we send is encrypted. Again, as I said earlier, we do not actually send data, we just send confidence on data that was presented to us. So it is imperative that all of our processes are as strong and as strict as possible, because if there was a breach and the electoral roll was to be taken off us, then obviously that is a huge part of our business.

**Senator RONALDSON**—You will appreciate what the issues are with this.

**Mr Sedgley**—Yes.

**Senator RONALDSON**—It is privacy issues and how we might deal with that. You might have answered this question: is there any halfway house in relation to the potential provision of information on a transaction-by-transaction basis?

**CHAIR**—I asked all of this in Sydney.

**Senator RONALDSON**—You have asked the question. Okay.

**Mr Sedgley**—Yes, there is one way that data is transmitted internationally where the data would be stored, for instance, by the AEC or by the drivers licence authority, and we would simply, on a transactional basis—sorry, I may not have answered your question properly before—interrogate that data. So that is one way it is done internationally. It means that we

would not actually physically hold the data; we would just have access via the internet to the master database.

**Mr MORRISON**—So that is possible?

**Mr Sedgley**—That is possible.

**Mr MORRISON**—Why isn't that your preferred approach?

**Mr Sedgley**—Really it is just as preferred to us, if the data is to be held by a government body and we are just simply—

**Mr MORRISON**—You want to bounce it from outside.

**Mr Sedgley**—Yes, exactly. That can be done very securely. That is how it is done with the drivers licence database and the social security database in the US.

**CHAIR**—Thank you very much for your attendance today. Sorry for the delay, but we had a robust discussion with an earlier witness. We will take an adjournment.

**Proceedings suspended from 11.13 am to 11.44 am**

**BURTON, Mr Craig Alexander, Chief Technology Officer, Everyone Counts Inc, and Registries Ltd**

**PITMAN, Ms Debra Leslie, Business Manager, Voting, Registries Ltd, and Everyone Counts Inc**

**TEAGUE, Dr Vanessa Joy, Computing Research and Education Association of Australasia**

**CHAIR**—I welcome Ms Debra Pitman from Registries Ltd and Mr Craig Burton from Everyone Counts to today's hearing. Although the committee does not require you to give evidence on oath, I should advise you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings in the respective houses. We have received a written submission from you and if you have any additional material, you can present that. Otherwise, please feel free to make an opening statement to the committee.

**Ms Pitman**—We would like to thank the Joint Standing Committee on Electoral Matters for inviting us to present our experiences with electronic or e-voting. Our introduction is based around our submission to the committee dated 4 June 2008. The AEC and ADF pilot is the first of its kind in the world that saw active military personnel from any or all jurisdictions in their home country able to vote remotely.

This is an important first for Australia, and both Registries and E1C are very proud to have contributed to this pioneering work. This pilot and the AEC's use of technology put Australia in a world leadership position, much as has been the case for the Australian ballot. It is our understanding that the committee are aware of the report submitted by the Australian Electoral Commission which gave an objective analysis of the ADF pilot. The purpose of our introduction is to provide a brief understanding of e-voting and to address some frequently asked questions to assist the committee in formulating queries in relation to electronic voting. We will open for discussion at the end of this introduction.

Registries was the prime contractor for this project. With more than 25 years experience as a service provider for both listed and unlisted Australian companies, Registries offers an extensive and proven track record in providing specialist share registry and voting management services. Registries offers ballot and election services for a broad spectrum of both government and non-government organisations' electoral needs. This includes secret ballots for board of directors elections, academic and student union elections, consultative committee and collective agreement ballots, as well as proxy voting and annual general meetings.

We have a highly qualified core team who have the required knowledge, skills and capabilities for critical areas required to manage voting projects and processes and, depending on the size and complexity of the ballot or election, our support staff and polling official numbers expand to the scope of the project and our clients' requirements.

Registries entered into a formal technology partnership with Everyone Counts in 2004 and we believe we are uniquely placed to meet the increasing demand for electronic ballots and related e-governance services within Australia. Everyone Counts is a Melbourne company with a 10-

year track record, providing high-integrity, secured, internet based elections that improve access for both remote—for example, overseas and military—and non-able-bodied voters.

Everyone Counts has been involved in several pilots of remote and poll place voting technology outside of Australia and they have facilitated over 400 projects across 85 clients in the US, UK and Australia in a 10-year period. Using open-source technology software to ensure transparency in elections, E1C provided the first preferential election over the internet in October 1997 with voters in eight countries. All technology is developed within Australia in accordance with global best practice standards.

Everyone Counts has established an international headquarters recently in San Diego with a US investor. Since 2002, Everyone Counts has provided voting services for the UK Labour Party, most recently enabling remote members of the party to vote via telephone and the internet, contributing to the election of the UK Deputy PM Harriet Harman. Everyone Counts' voting solution has also been used by the Green Party of Canada and the US Democratic Party in 2008 for the US presidential primary. In addition, E1C has provided voting services for the big four global auditors of Deloitte, KPMG, PricewaterhouseCoopers, and Ernst and Young.

We would like to introduce the benefits and the opportunities demonstrated by the utilisation of this technology in the ADF voting trial, how it is utilised in overseas elections, as well as in commercial ballots and elections, such as collective agreement ballots and board of directors elections.

I request that the committee cast their minds to when Australians go to vote at their local school or hall. They queue to verbally identify themselves, they do not have to provide any identification and they get their names crossed off a paper list. The voter is given a paper ballot and they go to a cardboard voting screen where they mark their preferences with a pencil. When they have marked their vote, they fold the paper ballot and put it into a cardboard ballot box. When the ballot closes, the boxes are opened by the divisional returning officer, with scrutineers present, and the laborious vote counting commences by hand. The results are then reported in the central tally room for all interested Australians to watch on television.

In Australia, our elections are run according to a set of principles designed to ensure free and fair elections. These principles include the bullet points of security, transparency, professionalism, accuracy, secrecy, timeliness, accountability and equity. This is the same set of principles that are the foundation of both Registries and Everyone Counts, and our electronic voting solutions are based on and replicated around similar processes to voting by paper ballot. In fact, in our commercial elections it is quite common to offer the voter a choice of internet or paper voting; we term it a 'hybrid' election.

In differentiating the ADF trial and electronic voting already being used for the House of Representatives and Senate elections with the ACT elections, neither utilised the public internet; the ADF utilised its restricted intranet; and the ACT blind voting pilot comprised electronic stand-alone voting terminals with no transmission over a public network.

This leads us to some key issues that we would like to highlight to the committee today, these being access to voters in remote locations, postal voting and scalability, increased formality rate,

and access for non-able-bodied voters. I will now hand over to my colleague Mr Craig Burton to continue.

**Mr Burton**—Thank you for having us come and speak. I have about 10 minutes of material here. I am the chief technology officer, but my presentation is not a technical presentation. I have previously enjoyed this privilege in front of the Scrutiny of Acts and Regulations Committee in 2005 as an expert witness on their inquiry into Victorian electronic democracy. I was asked to speak at length about some of the very hard questions in front of internet voting at the time.

I am going to talk about internet voting as different from what I call e-voting. We are specifically a provider of networked electronic voting, as opposed to stand-alone. I will visit that definition again in here. Internet voting has made progress since 2005's parliamentary inquiry. I would like to start off by saying that internet voting and electronic voting machines, such as those which have attracted so much criticism in the United States, are actually not closely related technologies.

It has emerged in recent academic audits that the United States e-voting machine design has not benefited from any recent information security techniques, say post 1995, and this is the reason for their demonstrated weaknesses. Internet voting, in contrast, is certainly more up to date and makes proper use of cryptographic techniques and other technologies. As an example, internet voting and voting machines have very different risk profiles. For example, a remote internet voter's personal computer captures and transports perhaps two or three votes only, whereas an e-voting machine captures many hundreds and records them internally.

For this reason, the e-voting machine is an attractive target for fraud, the single home voter's PC much less so. For this and other reasons, internet voting is in broad active use and so far has had quite a high success rate, reaching remote voters in perhaps tens of thousands of elections, as Debra has characterised, ranging from popular voting such as for sporting awards right up to binding elections at the national government level in several countries. Everyone Counts has been fortunate to provide some of these international pilots.

Controversy and reported problems around real internet elections are infrequent. In contrast, calls for remote internet voting in the US press in the lead-up to the 4 November presidential elections are gaining in frequency and sonority. The most appropriate group of remote voters to be given a new electronic channel on which to vote is those voters that postal voting most struggles to reach.

Here I would like to pick up on one of Debra's first items, which is about access to voters in remote locations. I would like to commend the AEC and the ADF and the Joint Standing Committee on Electoral Matters for the November 2007 pilot. On 22 May this year, the AEC-ADF pilot was cited positively in a new bill introduced by 23 United States senators making a similar request for US stationed military and US overseas citizens to gain more reliable access to the vote via internet voting. The legislation is known as the Military Voting Protection Act of 2008, section 3037.

The next stage for piloting internet voting is one of controlled, increased scale. The two main challenges remaining for scaling internet voting are remote identity checking and system transparency. This is not to say that internet voting will not continue to benefit from a number of

research projects in allied fields. I list identity and transparency because these are the practical problems we have had to address after deploying elaborate technical solutions. The problem of identifying far away, remote voters is more a problem of voter registration.

To provide a remote channel currently requires sending a voter a letter by standard mail. It would be more desirable to have the voter use some other information, or a secret, issued to them prior to travel. However, in a pilot with a short lead time, there is often no time taken to take part in the registration canvass. For the AEC-ADF pilot, letters were sent to voters issuing a secret PIN under a tamper-proof foil. Future ADF pilots could make use of military identification systems, as are being used in an upcoming remote registration pilot for the US military. This US project will allow remote military to use the existing common access card infrastructure—which is their military ID card that they have with them—and starts next year.

Another important milestone in the introduction and scaling of remote internet voting is the emergence of standards. Voting standards define the features that systems must have and provide a backbone for testing voting systems.

Until 2004, there was no concept of data networks being involved in voting in government elections at all. However, the Help America Vote Act, which provided $3.9 billion for electoral modernisation in the US, also provided the Help America Vote Act standards, which define a networked voting machine and how to test and certify it. Before this, in 2004, the Council of Europe released remote voting standards which, while non-technical, did introduce for the first time an official position on remote electronic voting. Since then a new security standard is being promoted for remote electronic voting, resting on an established information assessment process called the 'common criteria'.

I offer that internet voting, which sends the votes it collects to one central system immediately, requires one central system to be adequately shored up. It does not require lots of postal branches to be heavily guarded. Internet voting can report to the voter immediately that their vote has been recorded centrally. This is an important step towards what is known as voter verified count inclusion. No other system can provide this assurance to the voter in real time while they are still voting: not paper, not e-voting machines. It takes a network to do this.

Integrating this new technology with traditional voting channels has also advanced and I am pleased to learn that the Australian Electoral Commission's system for electoral reporting was adapted in 2007 to use an international open standard among e-voting components, called the election markup language, an international standard, first adopted in Great Britain.

Everyone Counts has implemented this standard and we can connect to UK electoral register systems already. The election markup language is important for openness and auditing. I hope the AEC continues its work and provides the markup language interfaces for its registration systems.

I would like to explain part of Debra's introduction in more detail. I would also like to explain what I have discussed with a member of CORE, the Computing Research and Education Association of Australasia, Dr Vanessa Teague, who has submitted to the JSCEM and is with us today and will present after us. Dr Teague and I met two weeks ago in San Francisco at the Electronic Voting Technology Workshop and I was able to discuss some of her interests with her.

**Senator RONALDSON**—I would like to do that as well, but I am mindful of the time.

**CHAIR**—Do you want to talk about it now?

**Senator RONALDSON**—Dr Teague was quite damning in her critique of eLect I think, from recollection. I am going to ask her in due course, but have those discussions in any way put her mind at ease in relation to some of these issues?

**Mr Burton**—After speaking to Dr Teague, her primary concern—please, correct me if I am wrong—was to do with the transparency of the pilot. She was concerned that the software used in the systems that were set up were not publicly documented and that an audit report done by an auditor hired to examine our systems was not made public early in the process. Her main concerns were to do with what was the system and how did it work. I agree with her concerns in that regard and I do have some advice that the AEC, should it run another pilot like this, can be more open. I have had good discussions with the AEC about how our system can be opened up.

Since this pilot, in May of this year we ran another big pilot for the Democratic Party in its primary. After that we gave the source codes to some prominent American critics of internet voting. They have had the source code to pick through. To date they have not raised any serious issues. A third researcher has published on the basis of examining the source codes for the election.

**Senator RONALDSON**—It was the verification of vote issue, I think, that Dr Teague has—

**Mr Burton**—With voters verifying that their votes had been collected?

**Senator RONALDSON**—We cannot have a cross-bench discussion.

**CHAIR**—If you want, we can bring Dr Teague to the table and she can just interpose for this part.

**Senator RONALDSON**—It might be useful.

**CHAIR**—Do you want to come up, Dr Teague? I believe in roundtable discussions. You are going to give evidence shortly, anyway. Is there anything else you would like to explain about CORE?

**Dr Teague**—CORE is an association of university computer science departments.

**CHAIR**—Thank you.

**Senator RONALDSON**—Maybe, Dr Teague, you can talk about the verification issues, and then Mr Burton can.

**Dr Teague**—I had two issues. The first was the transparency issue that Mr Burton discussed and the second was this issue of how the voter and then the scrutineers can check whether or not the data recorded by the system really reflects their own intentions. Obviously, it is possible for a computer to do something other than what you ask it to do. It is possible to write a program that

prints up a message saying, 'I am recording a vote for such and such a party,' when in fact it is recording something different, and this might happen for all sorts of reasons, some of which might be perfectly innocent—a configuration or hardware accident or errors—and others of which might result from deliberate hacking or malicious attempts to interfere with the software. Either way, it is important for voters to be able to check.

**CHAIR**—Can I come in on that then. That comes, for me, to the sanctity of the secrecy of the vote. Let's say we assume that all is well and that no-one has hacked in and the results are counted. What I am concerned about is the ability to subsequently find out how people voted.

**Ms Pitman**—Yes, I agree. I think that is the important issue.

**CHAIR**—How has that been dealt with in this instance?

**Mr Burton**—The system was provided, such that the voters logged in with personal information, and during the session while they are actively voting, it is the case that, yes, their identifying details were held in session with their vote. But as soon as the session ended and they submitted the vote, these details were separated and, effectively, the voter was marked off the roll with their identifying information, and their vote, which was encrypted, was dropped into the equivalent of a box, the database.

**CHAIR**—There is no capacity to retrieve the information as to how a particular person voted? You are nodding. What does that mean—yes or no?

**Ms Pitman**—Correct. That is the basis on which we run our collective agreement ballots and board of directors ballots. Basically, the way that we explain it to our clients is that the voter access code is consumed and the vote is ticked off and placed in another bucket, essentially, and there is no way that you can go back and verify or even find out how that individual has voted.

**Senator BIRMINGHAM**—When you talk about 'source codes', what is a source code?

**Mr Burton**—The source code of the voting system is the computer code that has been written by programmers to basically tell the computer what to do, in terms of letting people log in and vote. The source code controls how the candidates are presented; whether you can choose more than one—that kind of thing. I should say that there is a source code for the entire system which is very large, and probably too large to audit practically. We have a model where certain parts of the system—which are the only parts of the system that can make or modify votes—can be taken out and examined practically in a person-week for errors or omissions in the source codes, which are then digitally signed so that they cannot be changed.

The AEC hired an auditor and the auditor had the privilege of being given all of this code and picking through it, and then the auditor signed it, so that when it was provided out to the voters by the voting servers it could not be changed or it would not function. It was effectively locked down by the audit and signature of the code.

**CHAIR**—So you have a transaction record, in effect, of who voted but you are then not able to identify how they voted.

**Mr Burton**—Correct.

**CHAIR**—In any way whatsoever. Can I ask you, Dr Teague?

**Dr Teague**—I have tried to read all of the information that is available, and I have obviously talked to Craig about this.

**CHAIR**—Yes.

**Dr Teague**—The auditor's report is extremely confusing on this point, and I think I have written that in my submission. In response to this question, it contains two completely different explanations of how a voter's privacy is preserved, one of which says that the voter's name and their vote are never stored together, and then one sentence later it says they are 'handled according to existing AEC procedures for postal ballots to protect the secrecy of the votes through separation of the votes from the voter information.' That does not make any sense, because postal votes obviously have the person's name written on the outside, and there is a procedure for removing the ballot from the postal vote without looking at the ballot and looking at the person's name at the same time. That procedure would not make any sense if the system never recorded people's names and votes at the same time. So by reading the auditor's report, I was very confused.

In listening to Craig's explanation, my main response is to say that I still need more detail. It is all very well to say, 'There's a list of people's names and identifying information, together with encrypted votes,' and the obvious question that occurs to me is: who has the key to decrypt the encrypted votes? How is the key protected? What happens to that list of data items subsequent to the election? A lot of the details matter here and there is not enough information available to me to be confident either way.

**CHAIR**—There are a number of questions there that I would not mind answers to.

**Mr Burton**—Okay. The votes were decrypted by a quorum of people. They were convened by Doug Orr and there were six of them; at least three were required to attend to cooperatively decrypt the votes. It was a threshold encryption design, requiring three of six people; any three. Once decrypted, the votes were made into facsimile printouts, and to perhaps provide a bit more information, Vanessa, they were printed out en masse by electorate; they were not printed out as a vote and then a covering identifying letter, as would be the case when opening the outer envelope of postal voter's letters. They were counted with the postal ballots, but they were mailed off in overnight registered mail bags, together, with just one covering report saying, 'These are the people,' and then underneath, 'These are the votes.' So it is as if it had gone through the postal process after the removal of the covering letters.

**CHAIR**—Sure.

**Senator RONALDSON**—Chair, may I interrupt? There is a lot of technical information here that, quite frankly, I am finding a bit hard to grasp as Mr Burton is talking. I wonder whether it might be useful for the committee if Mr Burton in the fullness of time were to answer some of these questions with—

**CHAIR**—A supplementary submission.

**Senator RONALDSON**—a supplementary submission. I just do not know whether we are going to do proper justice to both the questions and the answers in the 15 or 20 minutes that we have got.

**CHAIR**—Yes, that is okay. I will get you to continue your opening statement because you have not yet finished.

**Mr Burton**—Okay.

**Senator RONALDSON**—We are talking about a slightly different thing at the moment, but can we include the verification issue as well in that response, if possible.

**Mr Burton**—Okay. I will just ad lib on the verification issue. Do you want me to explain how that works? I do not really touch on that here.

**Senator RONALDSON**—Through you, Chair: if you are happy to put in that additional submission, then it might be useful to get more information on the verification issue.

**Mr Burton**—In explaining what I have just done before about source codes and so forth, I have covered a fair bit of this. It is the case that we perhaps could have provided source codes in the AEC-ADF pilot, but at the time we did not really have time to do this and we had to work within the ADF's concept of information system security. So the open-source movement, which is this movement of providing software codes for the world to see, to prove that they work the way that you claim they do, is becoming very popular but it has not reached all the way into organisations like the ADF. We strongly advise that ongoing pilots could see the early publication of system codes for academic and public review. I want to say that after the AEC-ADF pilot we did run this other very large election and we gave the codes over to critics, and so far so good.

I have only really referred to military pilots so far, but I would also like to say that the technology is applicable; the remote voting technology is applicable to the disabled. We have just finished building a system where a blind voter can speak and listen as they interact with the voting system, so they can drive it with their voice and they can hear things read back to them. We have finished a hardware device which allows a very severely disabled person—someone who can only sip and puff or just tilt their head—to be able to vote in a polling station using a phone. We are looking at a site where there are phones in the polling stations and if someone comes in who is severely disabled, with a universal accessibility device that we have made, they can tap their foot or nod.

**CHAIR**—What is the capacity, Mr Burton, in terms of servicing an electorate? If we were having a number of places where blind or impaired voters were to go to, what is the capacity for providing those services in the Australian context?

**Mr Burton**—Do you mean the technical capacity of the company?

**CHAIR**—Yes.

**Mr Burton**—The most recent pilot we looked at had 1,800 polling stations. We made a proposal where we would deliver services to that scale.

**CHAIR**—That answers it.

**Mr Burton**—That is all I really wanted to say on the technical part of this presentation, so Debra will wrap this up.

**Ms Pitman**—Craig briefly mentioned additional benefits with regard to internet voting. There are some other areas that we could consider, such as networked remote voting, which allows for the provision of canvass materials to be provided in an environment that voters can actually see, whereas they may not necessarily be able to access at the time of voting. Also, the advantage of electronic voting is that back at that polling station they do not need to vacate the poll for others who might be queued. So you have the advantages of having additional information provided over the internet that may not be at polling places, such as candidate biographies, party manifestos, the full text of referenda, and other sorts of documents, and even audio-feeds for the blind, in other formats and other media, can be available over the internet. Also, remote electronic voting does not impinge on the ability of parties to canvass, as it allows for the delivery of rich media in the context that it can be received by the individual voter at the time of their choosing prior to polling. So there is an engagement with the voter. An argument could be made that at the polling station, in that brief flurry of activity, even though it is brief, you may be able to capture some votes, but people remotely will have time to review that document.

In the UK there are services for sending questions to MPs and lords. Voters can also use the network to engage with other voters real-time and on bulletin boards and forums. These allied activities build voters' trust in the network and their engagement in an election. These facilities provide a viable second channel, along with attendance at the polling places.

Thirdly, Registries have noted an increase in the uptake of electronic ballot in elections specifically for collective agreement ballots and board of directors elections, that I mentioned previously, and, in a recent collective agreement ballot for a government department, the Registries and E1C solution combined with a telephone provider to facilitate a ballot for employees who were in remote locations and out at sea up to 200 kilometres offshore. This experience could be extended, we suggest, to naval vessels in time and as long as the system could be tested prior to execution, such as in a further ADF pilot. In theory, a voter could be offered a choice of voting by telephone or internet, and this registry is called a hybrid electronic ballot.

Fourthly, there are other considerations outside the scope of our introduction, such as reduction in paper creation and destruction, and the logistics and transport costs of actual paper. Electronic solutions could include, in the future, serving millions of remote and non-able-bodied voters, and E1C have provided a solution for authenticating voters in polling places, called Vote Anywhere, utilising a networked electronic roll. This approach allows voters to attend any polling station in the pilot city, whereas voters could normally be required to vote at one station. The solution also ensured that voters had one vote in real time and ensured that other channels, such as the telephone, did not allow a voter to vote more than once.

Everyone Counts and related research includes the use of peer-to-peer networks to deflect network borne social networks to replace postal voting declarations as endorsements and other work over the last 10 years. As previously mentioned by my colleague Craig Burton, in the UK, E1C has evaluated a variety of projects and produced reliable statistics on the provision of new e-voting channels. Typically, 95 per cent of survey respondents want such services to be ongoing, and it is evidenced in the UK trials and, most recently, in the Democrats Abroad experience.

In conclusion, both Registries and E1C believe the uptake and demand for electronic voting is quite strong, and at a grassroots level there is considerable global evidence to support this general statement. We hope that you would like to consider extending the ADF pilot to citizens living abroad in the future. Remote e-voting channels have reached a level of maturity, we believe, that warrants future piloting and potential deployment, and this will provide a better concession to marginal voters than relaxing the law for attendance based elections. That completes our introduction. Please direct any technical questions to Mr Craig Burton, and I am able to answer more generic voting queries. Thank you.

**Senator RONALDSON**—Is it possible for the committee, if we find the time to do so, to have a demonstration of this technology?

**CHAIR**—We are doing that in October in Canberra, and I understand Mr Burton might be attending that. I am not sure.

**Mr Burton**—Sounds good.

**CHAIR**—I have arranged it.

**Senator RONALDSON**—Good.

**CHAIR**—I'm ahead of you! I think it is important for us to be able to see it.

**Senator RONALDSON**—Absolutely.

**Dr Teague**—Could I possibly get an invitation?

**CHAIR**—I am happy to have you there, Dr Teague. We will make sure the communication is done. I do not have any problem with Dr Teague coming.

**Senator RONALDSON**—No. I suppose we should have a discussion with Mr Burton about that and make sure there are no commercial-in-confidence or other issues that they have concerns with.

**Mr Burton**—No, I have none.

**CHAIR**—I think it is important to have that.

**Senator RONALDSON**—Certainly from my point of view it would be very useful, Chair, so thanks for doing that.

**CHAIR**—You've got to pay your own way, Dr Teague!

**Dr Teague**—Fair enough.

**Senator RONALDSON**—Can I just quote from page 4 of your submission:

Because E1C systems provide feedback and guidance to the voter on the formality of their choices (strongly segregating votes to above- or below- line and reporting any missed preferences on confirmation of their vote) we are confident more votes were counted per capita from the pilot voter group than from Australians as a whole in the 2007 Federal election.

I assume from that that when you are talking about 'formality' you are talking about limited formality feedback. There would be no feedback provided for an informal vote where all the boxes, for example, had been filled in?

**Mr Burton**—The system does tell the voter if they have missed filling in boxes anywhere.

**Senator RONALDSON**—Yes, but is that the only element of formality? Presumably they cannot feed back on misplaced numbers.

**Mr Burton**—They cannot really enter non-sequential numbers.

**Mr MORRISON**—They can't?

**Mr Burton**—No.

**Senator RONALDSON**—So the feedback would only be in relation to informality associated with not completing the correct number of boxes. Is that right?

**Mr Burton**—This is correct.

**Senator RONALDSON**—Are they advised of that post vote—that is, the system will tell them what they have lodged is an informal vote and they need to recheck it? Is that the way it works?

**Mr Burton**—The way it worked was that you visited your House of Representatives ballot first, you made your choices, and the very next page was a summary of what you had chosen, so it showed, in preference order, the choices you had made, and if you had not numbered six or whatever the full list was, at the very top of the summary it said, 'You've missed two.'

**CHAIR**—Or if you numbered two 6s?

**Mr Burton**—You could not do it. On this interface, it would not let you.

**Senator RONALDSON**—If you lodge an informal vote into the box, no-one is telling you that it is informal, so I do not expect that the system is going to do that, but it will identify where boxes have not been completed?

**Mr Burton**—Yes. As soon as possible, it tried to tell the voter, in red on the summary page, after the ballot page, that they had missed some. The same went for the above- or below-line representation of the Senate.

**Senator BIRMINGHAM**—Why is it set up such that it will tell you if you have missed a box, so it allows you to submit having missed a box, but it won't allow you to submit having put in identical numbers?

**Mr Burton**—The way the system worked, you could not put in invalid numbers. You started at 1 and then the next click was 2. You could go backwards and undo that, back to 1 and then the next one was 2; you could wipe the lot and start again at 1; but there was no way that you could enter 1, 2, 2, 3.

**Senator BIRMINGHAM**—So the voters themselves do not actually keyboard-hit the number?

**Mr Burton**—No.

**CHAIR**—Is that because you have fed into the system the voting as described in the Electoral Act to qualify for a formal vote, which is sequential numbers?

**Mr Burton**—Yes, I guess it is kind of enforcing.

**Mr MORRISON**—So the system does not allow you to register an informal vote?

**Mr Burton**—It does. An 'incomplete' would be its only concept of informality.

**Mr MORRISON**—What does that mean—an incomplete line?

**Mr Burton**—Numbering three when you were meant to number six in House of Reps.

**CHAIR**—Optional preferential.

**Senator BIRMINGHAM**—Can you lodge a blank ballot paper?

**Mr Burton**—Yes.

**Senator RONALDSON**—Prior to you verifying the way that you want to vote, the system will tell you whether it is a formal or an informal vote? This is perhaps why we need to see it.

**Mr Burton**—Yes. I cannot remember the exact language, but it is made fairly clear in a bright, visible statement that you have missed some and that the vote will not count.

**Senator RONALDSON**—This is preregistration of the vote—

**Mr Burton**—Yes.

**Senator RONALDSON**—that you have the opportunity to revisit it?

**Mr Burton**—Correct.

**Senator RONALDSON**—If the numbering is incorrect, then it will identify that as well?

**Mr Burton**—As I said, the only mistakes are unnumbered candidates required in a full House of Reps ballot or a full below-line Senate ballot.

**Senator RONALDSON**—And sequential votes?

**Mr Burton**—You could not enter them. It would not allow it.

**Senator RONALDSON**—I see. In some respects, it actually demands formality by what you can or cannot enter?

**Mr Burton**—In some respects, yes.

**Senator RONALDSON**—It is only at the end of the process that it is picking up on the boxes that have not been filled in.

**Mr Burton**—Yes.

**Senator RONALDSON**—It is a double formality program in effect.

**Mr Burton**—Effectively.

**Mr MORRISON**—If you wanted to go 1, 2, 2, 2, 2, 2, it would not let you do it.

**Senator RONALDSON**—It will not enter it?

**Mr Burton**—No.

**Mr MORRISON**—But it will allow you to go 1, 2, 3 and not number any further squares, if there are, say, seven candidates?

**Mr Burton**—Yes. That is correct.

**Mr MORRISON**—Or a blank ballot or 1, 2, 4, 5, 6. Why they would want to do this, I do not know.

**Mr Burton**—It would not allow you to skip a number like that.

**Mr MORRISON**—And it would not allow you to mark the ballot paper in any other way; initial or—

**Mr Burton**—No.

**Senator RONALDSON**—When this red banner comes up, it will say, 'This is an informal vote.' Do you then have to push a button to formally register that?

**Mr Burton**—You move on then to the Senate. From the House of Reps you move to the Senate. As I said, at the summary of House of Reps it will tell you if you have missed people and it will tell you that that is not a formal vote, but you can go back and correct that situation by choosing the last two or whatever it was, or you can just go on to the Senate, and then you decide whether you are going to vote above or below. So, again, it is enforcing formality perhaps at a third layer by obliging you to go above or below. The system would not allow you to go below and number them all and then go back out and put a number above.

**CHAIR**—But I repeat: the entry into the system is based on formal voting as defined in the Electoral Act. So in terms of the Senate, there is a different computation because you can just vote '1' above the line.

**Mr Burton**—Correct.

**Senator BIRMINGHAM**—Do voters see an equivalent to a Senate ballot paper or something before they make that decision to vote above or below the line?

**Mr Burton**—No, they do not. They are prompted to vote above or below, and they can proceed then to see just the top row of parties and whatnot; rendered exactly as it would appear on paper, I should add. They can vote on that. If they change their mind and they want to vote below, they can just go back to that question and say, 'I'm going below.' The above-line vote is erased. Then they go below and then they start the process of numbering all of the candidates and, at the end of this, they are warned again if they missed a column at the far right. But we did our best to render the ballot on the screen as best we could. It would not all fit, but we had a sign saying, 'There are more candidates this way.'

**CHAIR**—Is this the message that they get as well: 'Your vote is incomplete. Would you like to go back and complete it?'

**Mr Burton**—I am sorry, I would have to check that.

**CHAIR**—We will see that in the demonstration.

**Mr Burton**—Yes.

**Senator RONALDSON**—My obvious question, until I got that answer, was in the case of a recount: obviously you cannot have a recount with the system. But what you are saying is that you do not need to have a recount because it is a deliberate informality decision or the vote has got to be formal.

**Mr Burton**—The vote data themselves could be exported from the system in a raw format and counted in a third party counter perhaps. So there are mechanisms to just export the marks as a spreadsheet, and then that can be run through another count.

**Senator RONALDSON**—As long as the system is programmed to meet the AEC formality requirements, you are never going to have a situation where that would need to be part of a recount anyway, are you? It is either a deliberate decision to make it an informal vote—

**Mr Burton**—It has to be a deliberate decision, yes.

**Senator RONALDSON**—Thanks.

**Senator BIRMINGHAM**—Ms Pitman, at the conclusion of the opening statement you made mention of a tool in terms of managing the roll in live terms. Have you trialled that technology? How applicable do you think that would be for a rollout, and what requirements would there be for a rollout or a test of that technology in a single electorate, to manage that roll in live terms and ensure there was only single voting by one person?

**Ms Pitman**—I think Craig might be the better person to answer that.

**Senator BIRMINGHAM**—Okay, fine. Whoever.

**Mr Burton**—It was used in Swindon in the United Kingdom and, effectively, a computer was provided at the poll place, and it let you look someone up by their surname, their first name or their register number. If they had voted, the system said so; if they had not voted, you could give them an electronic vote or a paper vote. If you pressed a button to indicate the voter will get a paper ballot, the system remembered that, and then you handed the voter a paper ballot.

**Senator BIRMINGHAM**—Ignoring electronic voting for a moment, that system of networked voter information between polling booths could be applied to our current traditional form of paper voting, could it not?

**Mr Burton**—I think it could, yes, given the infrastructure to wire these polling places, which was a hurdle that we had to overcome in Swindon. A centralised live register is quite an attractive system.

**Senator BIRMINGHAM**—How many booths were you dealing with in the Swindon example?

**Mr Burton**—Sixty-five.

**Senator BIRMINGHAM**—They were all networked to be able to provide a live-time feed of voter information across those 65 booths?

**Mr Burton**—Correct, yes.

**Senator BIRMINGHAM**—It would probably be quite useful for the committee if you have reference material to that trial that you could provide to us. Frankly, without wishing to prejudge people, I think there is more enthusiasm for better ways to manage the roll than there necessarily is for electronic voting. So business wise, I think you are on a better winner there in some ways if you provide us with some information as to how you could assist the AEC to manage that roll

in live time to facilitate voting across different booths or ensure that multiple voting becomes impossible. That would be very useful information for us.

**Mr Burton**—Sure.

**CHAIR**—I have been advised by Senator Carol Brown that she would like to raise some questions on notice with you following the hearing. She has had to leave early, so we will get those to you in due course, and perhaps you can provide the answers at the same time as those other matters, when you get a chance to properly look at it.

**Mr Burton**—Okay.

**CHAIR**—There a couple of things I want to ask you before I finish your session. I take it that the more people that participate in this, the more that it is rolled out, in terms of cost and efficiency, the more the costs are going to come down?

**Mr Burton**—They most certainly will. Always with these pilots, the short lead time and the kind of newness of the infrastructure is quite a burden initially. But the good thing about internet voting is that it is using existing infrastructure. It is using the internet, so it has scaled—

**CHAIR**—My understanding of the costs of this trial were that it cost the AEC $786,915 and Defence costs were $964,000. So that was $1,750,915; 2,012 people registered, and there were 1,511 people who participated. So that came in at about $1,159 a vote. What are the efficiencies that we are looking at if this is extended?

**Mr Burton**—The system provided for the AEC is there now. It could be fired up again tomorrow morning.

**CHAIR**—So it was initial installation costs?

**Mr Burton**—Yes, and also even just coming to an arrangement with the amount of support from the ADF side, the number of people involved in the AEC side in terms of staff costs and infrastructure costs. A lot of this work would not need to be repeated. Expertise has been exchanged with the AEC: they were taught how to operate this system on their own.

**CHAIR**—Right.

**Senator RONALDSON**—Chair, I have to say that if someone said the cost was double, I would not have been surprised.

**CHAIR**—I am just putting it on the record. I know a way of getting 100,000 voters back into the voting system at no cost, just a little line in the Electoral Act to do with savings provisions, but we will not go there yet. And I noticed in relation to visually impaired, that was $2.2 million at 850 votes, which is $2,597 per vote. I agree with Senator Ronaldson that what we want to do is bring these people into the voting process and that we should manage cost. There comes a time, though, where, if you roll out some of these systems, unless there are some efficiencies and economies of scale, it might be seen to be prohibitive.

**Mr Burton**—Yes.

**CHAIR**—So you are confident that, if these pilots are expanded, costs would come down considerably?

**Mr Burton**—Certainly, yes. Absolutely.

**Senator RONALDSON**—Chair, I missed the point. Why would the blind trial be more expensive than the ADF one, if I have the chair's figures right?

**CHAIR**—Yes. I pulled them out of the AEC's submission.

**Senator RONALDSON**—Why would one be so much more expensive than the other?

**Mr Burton**—I was not a provider for the blind trial, so I really do not know.

**CHAIR**—I think there were 29 sites in terms of the blind one.

**Senator RONALDSON**—Eight-hundred-odd votes.

**CHAIR**—There were 850 votes. The average was $2,597.

**Senator RONALDSON**—And the other trial was what?

**CHAIR**—$1,750,915 with 1,511.

**Mr Burton**—I think the logistics were more demanding.

**CHAIR**—They are different sorts of trials though, aren't they?

**Mr Burton**—Very different.

**CHAIR**—It is not your machinery that was used in the blind trial.

**Mr Burton**—No.

**CHAIR**—That is why it is almost $4 million in these trials for 2,350 votes. I am just raising the issue because there are bean counters in the finance department, and it is about costs. Can I thank you for your attendance today and say to you that if you can provide us with answers to those questions that have already been asked and will be asked, it is much appreciated, because we want to be able to have accurate material in front of us and not be proceeding on misconceptions.

**Mr Burton**—Sure.

**Senator RONALDSON**—Just a matter of clarity: I presume we are authorising Mr Burton to respond to Dr Teague's submission, not just those couple of issues that—

**CHAIR**—I am about to come to that. I am about to make that offer. If there is other material placed before the committee that you feel that you need to respond to, feel free to do a supplementary submission.

**Mr Burton**—Okay.

**CHAIR**—It is not a situation where you are limited to an initial submission and no more.

**Mr Burton**—Right.

**CHAIR**—Thank you both.

**Mr Burton**—Thank you very much. We interact with the secretariat with regard to any ongoing submissions?

**CHAIR**—Absolutely. Don't ever interact with members! We are useless when it comes to that. Interact with the secretariat. In relation to the trial, I understand there is a date in mind during the sitting week which we will let members and others know. We will get a date where everyone is available. I now welcome Dr Vanessa Teague to today's hearing. Although the committee does not require you to give evidence on oath, I should advise you that these hearings are legal proceedings of the parliament and therefore have the same standing as proceedings in the respective houses. We have received written submissions from you, and I understand some of the material we accepted as confidential, and your supplementary submission can now be made public.

**Dr Teague**—Yes.

**CHAIR**—I require a resolution that pages 5 and 6, supplementary submission No. 116.1, received from CORE as a confidential submission to the inquiry into the 2007 election be authorised for publication, if there is no objection.

**Senator RONALDSON**—So moved.

**CHAIR**—Thank you. So moved. Resolved in the affirmative. Do you wish to make an opening statement, Dr Teague?

**Dr Teague**—Yes. My main criticism to make of this trial is that for neither of these systems did the trial meet even basic standards of transparency, and I would like to contrast with the paper based scrutineering system that is familiar, and think about the way that we insist that the Australian Electoral Commission open up all the important parts of a paper based counting process to observation by scrutineers. This is a vital part of the whole process of counting the elections because it provides evidence of having got the right answer at the end of the day. There was no equivalent level of transparency provided for either of these electronic systems, and I strongly believe there should be. In a nutshell, that is my point of view.

**CHAIR**—When you say 'no transparency', what do you say should be provided? You tell me what should be provided to overcome your criticisms.

**Dr Teague**—There are two different kinds of transparency that are appropriate for these kinds of electronic voting systems. First, there should be more openness of the details of the system, the source code and the system design, available months before the election to more security experts so that they can look at the system and identify possible security errors and, hopefully, contribute to fixing them. The more security experts who look at the system, the more secure it is likely to become.

The second important kind of transparency is to recognise that the first thing still does not guarantee that the system that was so carefully looked at is necessarily the system that is running on the computers on the day, so the second kind of transparency is to try to design the system so that it provides evidence to voters that what they are asking the computer to do is in fact what the computer is doing for them. This is very difficult for internet voting—in fact, probably basically impossible. I think it is quite feasible for computers in the polling place kind of voting, like voting for visually impaired voters.

I know I have already said this, but I think the important thing to realise is that the computer is not necessarily doing what you think it is doing, so these kinds of things that look like verification, where you are asking the computer, 'Did you record the right vote on my behalf?' actually do not achieve what you think they are achieving. It actually does not achieve the same level of verification as—

**CHAIR**—Do we have any instances, Dr Teague, of where that is the case or has been the case, or are we just talking theoretically?

**Dr Teague**—We are just talking theoretically. There are examples in the United States where the output of the direct recording electronic voting machines has been inconsistent with other information about how many voters there were walking into the box and that sort of thing.

**Senator RONALDSON**—That was described as very old technology though, I think, earlier on by Mr Burton or Ms Pitman.

**Dr Teague**—Sure. Fair enough. The point that I am making is that, unless the system is designed to provide evidence that it is doing the right thing, you would not necessarily notice if it were not.

**CHAIR**—How do you propose that we do that, when we are talking about the secrecy of the vote? You cannot have another person providing that verification. How do you have the voter in turn see or verify what they want?

**Dr Teague**—For network voting I think that is extremely difficult; basically impossible. For computers in the ballot box I think it is quite a solvable problem. Let's talk about the system for visually impaired voters. This involved a person walking into the polling station. There was a computer sitting inside a ballot box and there was a printer connected to the computer. The issue is: does the printout reflect exactly the intentions of the voter when they were interacting with the computer? The printout was designed to be not human readable, which is of course a feature for people who need help in folding up their ballot paper and putting it in, their own declaration and all that.

I wrote this in my submission: it would be possible during the polling period to test that the machine was functioning properly as it went along. Polling officials could go in, cast a particular vote, print it out and then check, either on the spot or later, whether or not the barcode decoder did the thing they asked for.

Furthermore, the AEC has been talking about extending this kind of system to other voters with special needs and some of those voters might be perfectly capable of reading their own printout, folding it up themselves and putting it in their own declaration envelope. For those voters, it is important to give them the option to print out a human readable ballot that they can check directly.

I have said everything I was going to say, apart from some particular issues about the Defence Force voters trial. The relevant contrast is with postal voting. Craig talked about this a little himself. I want to emphasise that I do not mean any criticism of Registries or Everyone Counts and I am not attacking the way that they have done this. I think they have attempted to solve an essentially unsolvable problem. I do not think that remote electronic voting can be as secure and transparent as postal voting. I do not believe that this particular instance was. I do not think that was their fault. I think it cannot be done.

So let me again contrast both verification and privacy of postal voting versus this system. We have already touched on privacy and maybe I should just leave that alone. But for verification, in postal voting the voter gets to write out their own piece of paper, look at it, put it in the declaration envelope or postal vote envelope and send it off. I do not think anybody would argue that this system is absolutely perfect. There is some trust associated with the postal system, but at least they get to see whether they wrote down what they meant to write down.

By contrast, there is not meaningful verification with this system. Despite the fact that the statement of requirement says that the voter has to be provided with a receipt or similar that will verify to them that their vote has been accepted, and despite the fact that the little 'How to cast a vote' pamphlet said, 'You can check to see whether your vote was successfully accepted,' this is not strictly true. You can ask the system whether or not it recorded a vote for you but you cannot check whether it is telling you the truth.

Again, let me say that if someone had hacked into the system, they could very easily do so in such a way as to make these verification steps appear to work just fine. I could easily write a program that says, 'Yes, I recorded your vote correctly,' when in fact they recorded something completely different.

The paper printout is required by legislation to come out at the end of the system. I think section 202AK says something like, 'The regulations have to provide for paper printouts to be produced at the end,' and from that point on they will be treated just like ordinary paper ballots. They are not ordinary paper ballots. They have not come directly from a voter. There is this huge system that has to be trusted to have behaved perfectly from the point where the voter entered their preferences on a computer to the point where they were printed out and there is no evidence provided that this whole chain of data transfer actually worked correctly.

I respect that there is a problem with the timing of postal voting. I am not saying that we should necessarily go back to that, but we should be looking at alternative ways of using the

communications advantage of the internet without having to trust a software program to behave perfectly and be perfectly secure. For example, we could consider setting up remote voting kiosks that had a printer attached and which then produced postal votes. We could consider using the internet as a way of delivering postal vote information to voters and they could then put it in an envelope and send it across. Either way, we could rely on the security of the postal system rather than relying on the security of the internet or the particular piece of software.

**CHAIR**—I understand that at the last election you asked the AEC for permission to observe their system as a scrutineer.

**Dr Teague**—Yes.

**CHAIR**—You were told there were no opportunities for scrutineers to do so.

**Dr Teague**—Yes.

**CHAIR**—What were you looking to do in terms of observing?

**Dr Teague**—Mostly I was curious to know what the opportunities for observing were. What was I looking to do? I do not know. Mostly I wanted to find out what the opportunities were.

**CHAIR**—What do you say the opportunities should be in terms of scrutinising a system?

**Dr Teague**—Again, contrast with the opportunities that there are for postal voting, which is the system that this replaces.

**CHAIR**—There are no scrutineers for postal votes. There are witnesses.

**Dr Teague**—But as a scrutineer you can watch the divisional returning officer looking at the envelopes and pulling them open.

**CHAIR**—So you are saying that at least that should be available?

**Dr Teague**—I am saying that something that provides a comparable level of assurance should be available. I am not saying that it is technically possible for an internet voting system to provide such a level of assurance. I do not think that it is. I am saying that it is not acceptable to field a system that inputs this many votes into the tally in such a way that it cannot be scrutineered.

**Senator BIRMINGHAM**—To provide an effective scrutiny for electronic voting, you would need scrutineers of reasonably high levels of technical capability, wouldn't you?

**Dr Teague**—I think you would for looking at the source code of the system, yes. Looking at the suggestions that I have made for the computers in the ballot box scrutineering, you would not need anybody of particularly high technical awareness. You would just need somebody to look at the counting of the printed paper ballots that I am saying should be printed out, so you would not need somebody of particularly high technical expertise.

**Senator BIRMINGHAM**—But for network voting—

**CHAIR**—I have just been shown the Electoral Act. 202AC says:

There must be a record of who has voted using the electronically assisted voting method.

202AD says:

There must be a printed record of the vote

(1) The regulations must provide, in relation to each vote cast by a person using the electronically assisted voting method, for the production of a printed record (a vote record) of the vote the person has cast. The vote record must not contain any means identifying the person who cast the vote.

(2) The regulations must provide for each vote to be placed, by a DRO or a pre-poll voting officer, in an envelope that bears a declaration in the approved form. The regulations may specify other requirements relating to the envelope or the declaration.

I do not know whether I have all the relevant sections, but it seems to me that that would allow scrutiny of the votes as they come into the count.

**Dr Teague**—As I understand it, that section—correct me if I am wrong—only applies to the trial for vision-impaired voters. There is a similar section saying that at the end of the Defence Force trial a set of paper printouts should be made. The point that I am making is that you still have to trust the system to have printed out the right pieces of paper, that there is no opportunity for the voter or the scrutineers to verify that the pieces of paper being printed out actually reflect what the voter has asked for.

**CHAIR**—That is a theoretical matter that probably can never be overcome.

**Dr Teague**—It can be overcome.

**CHAIR**—Tell me how.

**Dr Teague**—It can be overcome with printers in the ballot box, because the voter can just look at the printout and see whether it says the right thing. In the case of internet voting, I agree, I know no way. I do not think it is acceptable to run a system in which we do not have good evidence that the ballots we are putting into the tally are what the voters intended in the first place.

**CHAIR**—If there is evidence that there has been irregularity, and those bundles of votes make a difference, there is a provision to overturn the result.

**Dr Teague**—The opportunity for hacking into a system without providing any evidence that there has been an irregularity is the thing that is at issue.

**CHAIR**—What I am worried about is that these trials, as I understand it, are about trying to bring more people into the voting process. We can sit back and say, 'The world is going to end tomorrow in relation to these particular systems, or it could end tomorrow, so let's not even try.'

What is the greater evil? People not having the opportunity to vote because they are serving overseas—I am not saying we cannot service them in other ways—or visually impaired people not having the opportunity to vote, or at least going down this path and securing it as best we can? I am not talking about an unsecured system. Maybe my colleagues can make some suggestions. That is why I am interested to hear from you, as an expert in the systems, what is the best way we can secure the system to engender confidence in the system. I am interested in outcomes or solutions, and if there are no solutions then that becomes a policy question.

**Dr Teague**—In the case of the visually impaired voters, there are some simple suggestions that I made in my submission that I think would increase the verifiability of the system greatly. In the case of internet voting, I strongly suggest using the internet as a means of improving the speed with which postal materials can be delivered to voters. I gather that that would solve most of the important issues.

**CHAIR**—So do it that way?

**Dr Teague**—Yes.

**CHAIR**—So, in effect, have a paper trial at the other end.

**Dr Teague**—Yes.

**CHAIR**—But use the internet to transfer the material that gives them the ability to vote.

**Dr Teague**—Yes. The other thing that you could do—and it obviously depends on what it looks like on the ground—is set up, effectively, polling stations out at the remote sites. Again, they could be computerised and you could use that remote polling station to bring the ballot materials to the voters, and then you could print something out and they could post it back.

**Senator RONALDSON**—Can you tell me a bit about your organisation, please. Is this just a group based in Melbourne or is it an international organisation?

**Dr Teague**—It is a collection of university departments of computer science in Australia and New Zealand.

**Senator RONALDSON**—Any exposure internationally?

**Dr Teague**—No, it is just Australia and New Zealand. I am an honorary fellow of the department of computer science and software engineering at Melbourne University, and that department is a member of this association.

**Senator RONALDSON**—Is this the first time that CORE has had input into parliamentary inquiries here or overseas?

**Dr Teague**—I am not entirely sure. This is the first time that I have had input into a parliamentary inquiry. I am not sure about the rest of CORE.

**Senator RONALDSON**—Is your group, just as a matter of principle, opposed to electronic voting?

**Dr Teague**—No, not at all. I am actively interested. My area of research is electronic voting. I have a PhD in cryptography and I am interested in the mathematical details of secure electronic voting and, in particular, in the ways of achieving verifiably correct and secure electronic voting.

**Senator RONALDSON**—You say on the last page of your submission, which is on 244 in our papers:

I believe that the source code should be made available to more than one group of experts for analysis.

Is that what I would understand to be an open-source process?

**Dr Teague**—I did not advocate for full and complete open source.

**Senator RONALDSON**—Could you explain to us what you mean by that.

**Dr Teague**—Yes. When you design a software system, you write the instructions for the computer in a sort of special dedicated language with a precise meaning. It is sort of readable to humans who have studied the language, but it looks a bit like gobbledegook to people who have not studied the particular language. Then you sort of transform that language into specific instructions for the computer. The human readable language is called source code and it contains all the instructions for running the system. When people talk about 'open source' they tend to mean that that source code should be made public. Sometimes they mean that that source code should be available for writing by anybody, which is absolutely not advocated.

**CHAIR**—Does that make a system more vulnerable to hacking, though?

**Dr Teague**—Some people argue that, if you give away too much detail, that also gives hackers too much information about the system, which is partly why, instead of saying that I believe this should be absolutely open source, I said that I believe this should be available to more experts for more analysis. There are some people who think that all voting systems should be completely open source and there are other people who accept the argument that, at least sometimes, it is better to keep at least some of the detail a bit out of the public.

**Senator RONALDSON**—What process did the AEC use in relation to these two trials?

**Dr Teague**—As far as I know, none. They had a certification by a single auditor.

**CHAIR**—You say when you read it you were confused.

**Dr Teague**—It made very little sense indeed.

**Senator RONALDSON**—I am just wondering whether Mr Pickering is able to comment on that at all.

**CHAIR**—If he wants to, we can bring him back into the process, or we can get a supplementary submission from the commission directly on it if you want.

**Mr Pickering**—We can talk about it at the trials.

**CHAIR**—All right, during the trials we will talk about it.

**Senator RONALDSON**—If you are not opposed to electronic voting and you do not want a complete open source, but you do not want—I suppose 'a closed source' is about the only other way of putting it—

**Dr Teague**—I am not necessarily opposed to a completely open source. I just think that at least it should be available to at least some more security experts. I think a completely open source would be fine and I also think that—

**CHAIR**—Or the commission could get a number of other people, not just an auditor, to have a look at it.

**Dr Teague**—At least.

**CHAIR**—And try and get some further verification on it.

**Dr Teague**—Yes.

**CHAIR**—Isn't that an even better proposal than what you are suggesting in terms of putting it out into the marketplace? There are experts that the commission could bring in, aren't there, to further look at it, as against putting it out there in the marketplace?

**Dr Teague**—Yes, I think that would be good.

**Senator RONALDSON**—Open source carries with it extraordinary risks, doesn't it, if you go full open source? I would have thought you are just inviting the outcome that I suspect you would probably get.

**Dr Teague**—There is an argument either way. I think what is really important is that at least some, a decent number of, security experts have a very careful look at it.

**CHAIR**—Not just an auditor.

**Dr Teague**—Yes, not just one single auditor.

**Senator RONALDSON**—How would you choose those people, do you think?

**Dr Teague**—Yes, a good question. How do you choose those people? I do not know for sure. The SERVE project chose a bunch of American academics. Perhaps I should think about that a little more carefully.

**CHAIR**—If you think about it and want to let us know, that would be good.

**Senator RONALDSON**—I think that has clarified it. Now I understand your position. You are not driving the open-source argument and you would be prepared to accept a smaller group of independent security analysts.

**Dr Teague**—Yes.

**CHAIR**—I thank you for your attendance today. If you want to make further supplementary submissions in your area of expertise arising out of material that the committee might receive, we would appreciate that. On behalf of the committee I would like to thank all the witnesses who have given evidence at today's public hearing.

Resolved (on motion by **Senator Birmingham**):

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

**Committee adjourned at 1.04 pm**