

Annual report

NSW Electoral Commission
2018–19

The Hon Gladys Berejiklian MP
Premier of New South Wales
52 Martin Place
SYDNEY NSW 2000

31 October 2019

Dear Premier

Annual report of the NSW Electoral Commission

We are pleased to submit our *Annual report* for the financial year ended 30 June 2019 for presentation to Parliament.

This report is presented in accordance with the requirements of the *Annual Reports (Statutory Bodies) Act 1984* and the *Public Finance and Audit Act 1983*. It details our election operations and activities, including the conduct of the 2019 NSW State election and local-government and State by-elections; services provided to registered clubs, statutory boards and industrial organisations and assistance to other electoral authorities.

It also outlines our activity in regulating election funding and third-party lobbyists – including administering public funding and ensuring compliance with election funding, expenditure and disclosure requirements. We detail our management of electoral funding, disclosure and compliance, the maintenance of the NSW Register of Third-Party Lobbyists, and our actions in responding to allegations about breaches of the relevant statutory obligations.

Yours sincerely,



John Schmidt
Electoral Commissioner



The Hon Keith Mason AC QC
Chairperson, NSW Electoral Commission

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To reduce our environmental impact, this report can be downloaded from the Electoral Commission's website: elections.nsw.gov.au



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Foreword by the Chairperson of the Electoral Commission



I am pleased to present the New South Wales Electoral Commission's *Annual report* for 2018–19.

This report sets out the work undertaken by the three-member Electoral Commission, the Electoral Commissioner and the NSW Electoral Commission Staff Agency over the past financial year.

The three-member Electoral Commission

The three-member Electoral Commission has continued to meet regularly, meeting six times in the last financial year, as well as conducting business out of session as required. While the Electoral Commission has delegated certain functions to the Electoral Commissioner or a senior officer in the staff agency, the members of the Electoral Commission continue to deal with a large number of matters directly. These matters include the approval of funding applications and the commencement of prosecutions, civil actions and administrative actions under the *Electoral Funding Act 2018* (NSW).

NSW State election and new regulatory requirements

A key focus of this financial year has been the 2019 NSW State general election.

This election was the first to be held under the *Electoral Act 2017* (NSW) and the *Electoral Funding Act 2018* (NSW). There were further changes to the legislative scheme in the lead-up to the 2019 State general election. These included an amendment to regulations to provide that the previous expenditure caps that applied to third-party campaigners at the 2015 NSW State election applied to the 2019 NSW State election, following a High Court decision that the original third-party campaigner caps

under the *Electoral Funding Act 2018* (NSW) were invalid. Changes were also made to the registration requirements of third-party lobbyists for clients that are foreign principals. This reflected reforms at the Commonwealth level to the regulation of foreign involvement in Australian political processes.

The Electoral Commission has implemented changes across its policies, forms and procedures to respond to these significant legislative reforms. For the first time, the Electoral Commission also conducted a State-wide compliance operation during a general election, collaborating closely with other State and Commonwealth agencies. In addition, Electoral Commission staff also engaged with key stakeholders to ensure that people were aware of, and complied with, their disclosure requirements under the new legislation. The education task of the Electoral Commission is always an important one, made even more so when a new regulatory scheme is implemented during an election year.

Commendation

I have noted before that the tasks of conducting elections, administering electoral rolls and monitoring compliance with complex funding, donation and lobbying regulations are strenuous activities that must function efficiently and to strict timeframes. While this is always the case, many of the challenges faced are heightened in the year of a general election. Given this dynamic environment, I congratulate the NSW Electoral Commission's dedicated staff for their hard work in the diligent and skilful management of the 2019 general election, as well as regulating the funding and disclosure obligations that flow from participation in it.

I also thank my fellow members Len Scanlan and John Schmidt, as well as my Deputy as Chairperson, the Hon Joseph Campbell QC, for their commitment, support and effort in ensuring that the Electoral Commission continues to deliver trusted and independent systems, processes, oversight and engagement that support democracy in New South Wales.

A handwritten signature in black ink, appearing to read 'Keith Mason'.

The Hon Keith Mason, AC QC
Chairperson

Report of the Electoral Commissioner



The 2018–19 year was an extremely busy period for the NSW Electoral Commission with preparations for, and conduct of, the 2019 State general election. The State election is one of the largest public events held in Australia, with a total of 4,714,783 electors casting their votes in 2019.

The election was conducted within the new legislative framework introduced by the *Electoral Act 2017*, which replaced the *Parliamentary Electorates and Elections Act 1912*, and the *Electoral Funding Act 2018*, which replaced the *Election Funding, Expenditure and Disclosures Act 1981*.

The successful delivery of a State general election requires the engagement of every staff member within the Electoral Commission. The Information Services Division implemented and operated the information technology systems which underpin all our electoral activities. The Funding, Disclosure and Compliance Division was responsible for candidate registration, regulation of political donations and enforcing compliance with electoral legislation. The Corporate Division provided legal, financial, human resources, communications and project management services. The Elections Division was responsible for a wide range of election services, including candidate nominations, venue procurement, logistics support, operation of the various voting channels and ballot counting and results. Staff across the Commission also supported election operations in various roles at voting centres on election day and at the centralised count centres after close of voting.

In addition to delivering the State election in 2018–19, we conducted 18 commercial elections, 10 local government by-elections and one State by-election.

Photograph: Jason McCormack/The LSJ.

Looking to 2019–20 and beyond, we are engaged in preparations for the NSW Aboriginal Land Council election in November 2019 and the local government elections to be held in September 2020.

Since becoming Electoral Commissioner in August 2016, I have had growing concerns regarding the Commission's sustainability under its current funding model. The Commission has historically been funded on an events and project basis. This approach no longer matches the Commission's operations, where a large portion of our business is 'core' and requires support on an ongoing business-as-usual delivery basis. The Commission has, unsuccessfully, sought to resolve aspects of this issue through the State's annual budget process.

I have raised these concerns with both the Department of Premier and Cabinet and the Treasury and believe that an external review should be conducted to determine an appropriate funding and staffing model for the Commission. In this context, I welcome the establishment of the Inquiry into the Budget process for independent oversight bodies and the Parliament of New South Wales, which is to be conducted by the NSW Legislative Council's Public Accountability Committee.

In a statement to the House of Representatives on 18 February 2019, the Prime Minister, the Hon. Scott Morrison, MP, observed that:

"Australia's democratic process is our greatest asset: our most critical piece of national infrastructure."

The NSW Electoral Commission remains committed to protecting and preserving the democratic process in New South Wales.

Finally, I would like to take this opportunity to thank the staff of the NSW Electoral Commission for their hard work, dedication and professionalism throughout the year.

A handwritten signature in black ink that reads "John Schmidt". The signature is written in a cursive, slightly slanted style.

John Schmidt
Electoral Commissioner for New South Wales

2019 NSW State election

The NSW State election on Saturday, 23 March 2019 elected the 57th Parliament of New South Wales, including all of the 93 seats in the Legislative Assembly and 21 of the 42 seats in the Legislative Council.

Enrolment for the 2019 NSW State election reached an historical high, equating to an enrolment rate of 98 per cent of the estimated eligible voting population. Voter turnout remained strong, at 90.16 per cent of enrolled electors.

Eighteen political parties registered for the election, with 568 candidates nominating for the Legislative Assembly and 346 candidates nominating for the Legislative Council.

All formal and informal feedback from key stakeholders, and all evaluative measures show the 2019 State election was conducted fairly and impartially, reflecting modern electoral practices and advances in technology.

With no challenge to the results, the writs containing the names of the elected members of the Legislative Assembly and Legislative Council were returned to the His Excellency the Governor David Hurley AC DSC FTSE on Wednesday, 17 April 2019.

See our *Report on the conduct of the 2019 NSW State election*, available at elections.nsw.gov.au



Establishment of the NSW Electoral Commission

Charter

The *Electoral Act 2017* establishes a three-member independent statutory body called the NSW Electoral Commission. The Act also establishes the independent role of the NSW Electoral Commissioner. The statutory body and the Electoral Commissioner each has distinct but complementary statutory functions for delivering elections and regulating participation in the political process.

The Electoral Commissioner is an *ex-officio* member of the NSW Electoral Commission. The Governor of New South Wales appoints two other members, one of whom is also appointed as Chairperson. The Governor may also appoint a deputy to an appointed member. The primary responsibilities of the NSW Electoral Commission statutory body are to:

- enforce the electoral laws
- approve or decline the payment of public funds to eligible political participants
- commence prosecutions for breaches of electoral laws
- conduct and promote research into electoral matters
- promote public awareness of electoral matters that are in the general public interest by means of education and information programs.

The primary statutory function of the NSW Electoral Commissioner is to conduct elections in the State.

The three-member Electoral Commission and the Electoral Commissioner are supported in carrying out their statutory functions by a staff agency, also known as the NSW Electoral Commission. The NSW Electoral Commission agency is a NSW Public Service staff agency under Part 3 of Schedule 1 of the *Government Sector Employment Act 2013*.

The three-member NSW Electoral Commission provides advice to the Electoral Commissioner when requested, but cannot direct the staff agency (which is led by the Electoral Commissioner), or the conduct of elections or matters relating to the electoral roll.

References to the NSW Electoral Commission in this report may be to either the three-member statutory body or the Public Service staff agency, as the context requires.

Our legislative environment

We are governed by various pieces of New South Wales legislation that set out how we conduct and regulate elections and the obligations of voters and political participants. This legislation includes:

- *Constitution Act 1902*
- *Electoral Act 2017*
- *Electoral Regulation 2017*
- *Electoral Funding Act 2018*
- *Electoral Funding Regulation 2018*
- *Local Government Act 1993*
- *Local Government (General) Regulation 2005*
- *The City of Sydney Act 1988*
- *Registered Clubs Act 1976*
- *Industrial Relations Act 1996*
- *Aboriginal Land Rights Act 1983*
- *Privacy and Personal Information Protection Act 1998*
- *Government Information (Public Access) Act 2009*
- *Government Sector Finance Act 2018*
- *Government Sector Employment Act 2013*
- *Lobbying of Government Officials Act 2011*
- *Lobbying of Government Officials (Lobbyist Code of Conduct) Regulation 2014*.

Relationship to Parliament

As a public sector agency, the NSW Electoral Commission is required to report to Parliament on its work and activities. In addition, the Parliament's Joint Standing Committee on Electoral Matters inquires into, and reports on, electoral laws and practices and the spending and public funding of political parties.

What we do

The Electoral Commission is responsible for public funding to eligible registered political parties, candidates and independent members of Parliament. We also regulate donations and other disclosures by political participants and enforces electoral and lobbying laws.

The NSW Electoral Commissioner is a member of the Electoral Commission and conducts State elections, local council elections, NSW Aboriginal Land Council elections and certain statutory elections. The Commissioner is also the head of the Public Service staff agency (also known as the NSW Electoral Commission) that supports the functions of the Commission and Commissioner.

The NSW Electoral Commission is a NSW Government entity. The NSW Electoral Commission is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The NSW Electoral Commission, as a reporting entity, comprises all the entities under its control, namely the parent entity and the NSW Electoral Commission staff agency.

Our work includes:

- running independent, fair and accessible elections
- providing transparent processes and guidance to assist political participants (including candidates, parties, elected members, donors, third-party campaigners and lobbyists) to comply with their legal obligations
- publishing political donation and expenditure disclosures and registers of political parties, candidates' agents, third-party campaigners and political lobbyists
- engaging with the public to make it easier for people to understand and participate in the democratic process
- investigating possible offences and enforcing breaches of electoral, funding and disclosure, and lobbying laws.

Members of the NSW Electoral Commission



Hon Keith Mason
AC QC BALLB LLM

Chairperson

Keith Mason was admitted to the New South Wales Bar in 1972 and appointed Queen's Counsel in 1981. From 1985 to 1987, and again from 1989 to 1990, Keith was Chairman of the NSW Law Reform Commission. Keith was Solicitor-General for NSW from 1987 to 1997, until his appointment as President of the NSW Court of Appeal in 1997. Keith retired from the Court in 2008 and is currently an Adjunct Professor at the University of New South Wales. In 2013, Keith chaired the redistribution of NSW Electoral Districts required by the *Constitution Act 1902* (NSW).



Len Scanlan
BBus BAMPubAd FAICD

Member

Len Scanlan was Auditor-General of Queensland from 1997 to 2004, during which time he was also the CEO, Queensland Audit Office. Len has since pursued a successful career as an independent consultant, which has included service on audit committees, as a non-executive director and general consulting work. Len is a Fellow of the Institute of Public Administration Australia and an Adjunct Professor at the University of Queensland.



John Schmidt
BALLB MA

Electoral Commissioner

John Schmidt was appointed Electoral Commissioner for a seven-year term from 8 August 2016. From 2009 to 2014, John was the Chief Executive Officer of the Australian Transactions Reports and Analysis Centre (AUSTRAC). Previously John held senior NSW Government positions within the Department of Premier and Cabinet and the Department of Fair Trading.



The Hon Joseph Campbell QC

Deputy to the Chairperson

The *Electoral Act 2017* provides that the Governor may appoint a deputy for each member. The Hon Joseph (Joe) Campbell QC was appointed as the deputy of the Chairperson in December 2014.

Joe was a judge of the NSW Supreme Court from 2001 until his retirement in 2012, serving first as a judge in the Equity Division and then as a Justice of the Court of Appeal. Joe has held a wide range of positions, including as a Member of the Legal Profession Admission Board, and as Member and Deputy Chair of the Legal Qualifications Sub-Committee (both positions were held until 2009). In 2013, Joe was elected as a Fellow of the Australian Academy of Law and became an Adjunct Professor at the University of Sydney.

Appointment and terms of the members of the NSW Electoral Commission

The activities of the NSW Electoral Commission are governed by the *Electoral Act 2017*, the *Electoral Funding Act 2018* and the *Lobbying of Government Officials Act 2011*. Pursuant to the *Electoral Act 2017*, the Electoral Commission consists of:

- Chairperson, who must be a former Judge appointed by the Governor – Hon Keith Mason AC QC
- Appointed member, who must be a person with financial or audit skills and qualifications relevant to the Commission's functions appointed by the Governor – Mr Len Scanlan (former Auditor-General of Queensland), and
- the Electoral Commissioner for NSW *ex officio* – Mr John Schmidt.

The periods of appointment of the Chairperson, the Chairperson's Deputy and the appointed Member all expire on 30 November 2021. The period of appointment of the Electoral Commissioner expires on 8 August 2023.

Table 1. Meetings of the three-member Electoral Commission 2018–19

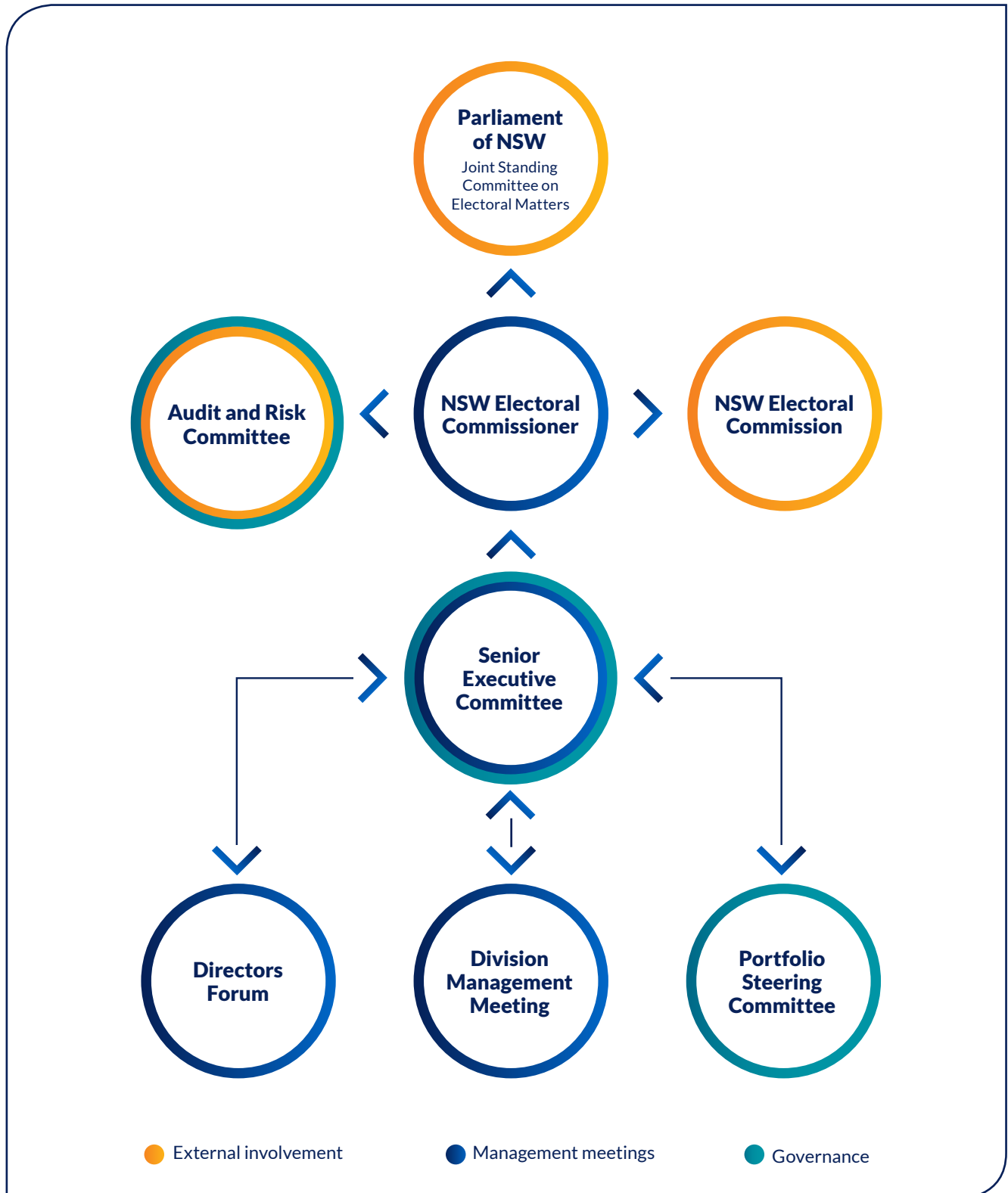
Date	Attendees
8 August 2018	Keith Mason, Joe Campbell, Len Scanlan, John Schmidt
10 October 2018	Keith Mason, Joe Campbell, Len Scanlan, John Schmidt
12 December 2018	Keith Mason, Joe Campbell, Len Scanlan (by teleconference), John Schmidt
13 February 2019	Keith Mason, Joe Campbell, Len Scanlan, John Schmidt
10 April 2019	Keith Mason, Len Scanlan, John Schmidt. Apology: Joe Campbell
12 June 2019	Keith Mason, Joe Campbell, Len Scanlan, John Schmidt

Source: NSW Electoral Commission.



Governance within the NSW Electoral Commission

The Electoral Commissioner is assisted in the management of the NSW Electoral Commission by a range of internal and independent committees.

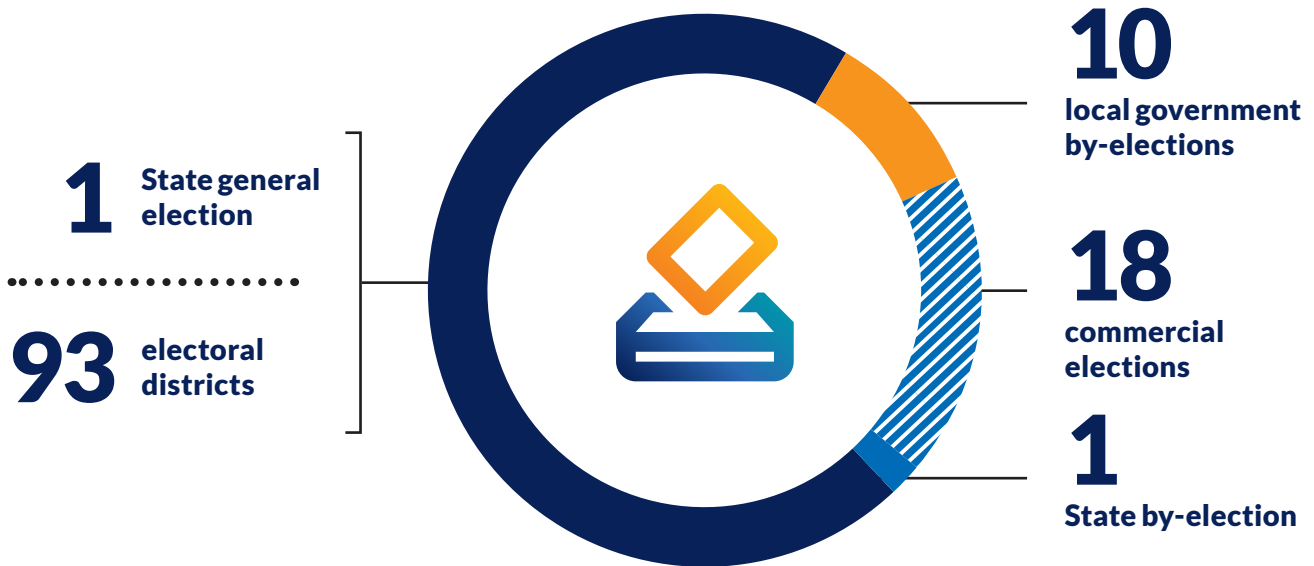


Management and structure

(as at 30 June 2019)



2018-19 at a glance



\$28,976,000

paid to candidates, MPs and political parties in public funding



7,135

disclosures of donations and expenditure processed and published



1,070

candidates, groups and third-party campaigners registered for State and local government elections



5.27 million

enrolled voters in New South Wales



23,408

temporary staff employed by the NSW Electoral Commission for the 2019 NSW State election

Legislative change

The *Electoral Funding Act 2018* and the *Electoral Act 2017* commenced on 1 July 2018. These Acts replaced the *Parliamentary Electorates and Elections Act 1912* and the *Election Funding, Expenditure and Disclosures Act 1981*, respectively.

Electoral Funding Act 2018

The *Electoral Funding Act 2018* regulates political donations and electoral expenditure at NSW State and local government elections and provides public funding to eligible political parties, candidates and elected members of the NSW Parliament.

The objects of the Act are to:

- establish a fair and transparent electoral funding, expenditure and disclosure scheme
- facilitate public awareness of political donations
- help prevent corruption and undue influence in State and local government elections
- provide effective administration of public funding of elections, recognising the importance of the appropriate use of public revenue for that purpose
- promote compliance by candidates, groups, elected members, political parties, associated entities, and third-party campaigners with the requirements of the electoral funding, expenditure and disclosure scheme.

With the new Act commencing on 1 July 2018, all political participants were required to comply with the new requirements for the first time throughout the year.

This included:

- more frequent disclosure of political donations
- new rules for who is responsible for making disclosures and managing campaign accounts
- expenditure caps for local government elections
- new duties of parties and senior office holders of parties
- associated entities of registered parties and elected members to be registered.

The Act aims to provide greater transparency and accountability, with the NSW Electoral Commission required to publish more information online, including:

- disclosures of political donations within 21 days in the lead-up to the 2019 NSW State election
- registers of candidates, third-party campaigners, associated entities, party agents and official agents
- the names, roles and responsibilities of senior office holders of parties
- claims for public funding.

The political donations and electoral expenditure of political participants at the following elections were regulated under the new *Electoral Funding Act 2018* during the year:

- 8 September 2018 Wagga Wagga State by-election
- 27 October 2018 Ku-ring-gai St Ives ward local government by-election
- 24 November 2018 City of Wollongong ward 3 local government by-election
- 24 November 2018 Greater Hume Shire East ward local government by-election
- 8 December 2018 Cobar local government by-election
- 16 February 2019 Uralla ward A local government by-election
- 16 February 2019 Lachlan ward D local government by-election
- 16 February 2019 City of Griffith local government by-election
- 23 March 2019 NSW State election
- 29 June 2019 Coonamble Shire local government by-election.

Legislative change continued

Electoral Act 2017

The *Electoral Act 2017*:

- constitutes the NSW Electoral Commission and provides for the appointment of the NSW Electoral Commissioner
- sets out an electoral system for the election of members to the NSW Parliament
- provides a system for distributing New South Wales into electoral districts
- enables electors to vote
- provides for the registration of political parties in the Register of Parties and
- allows the Electoral Commission to enforce breaches of the Act.

The 2019 State election was the first to be conducted under the provisions of the *Electoral Act 2017*, which replaced the *Parliamentary Electorates and Elections Act 1912* from 1 July 2018.

The *Electoral Act 2017* updates much of the terminology of the previous legislation and reflects the reality of a 21st century electoral event, in which technology has made some longstanding processes obsolete, allowing for the Electoral Commissioner to be the returning officer for every electoral district and providing for the centralisation of ballot paper counting at appointed metropolitan venues.

Lobbying of Government Officials Act 2011

The NSW Electoral Commission regulates third-party lobbyists in NSW according to the provisions of the *Lobbying of Government Officials Act 2011*. The Commission maintains the Register of Third-Party Lobbyists.

The objects of the *Lobbying of Government Officials Act 2011* are to promote transparency, integrity and honesty by:

- ensuring that lobbyists comply with ethical standards of conduct and other requirements set out in the Lobbyists Code
- conferring on the Electoral Commission the function of enforcing compliance with the Lobbyists Code and the provisions of this Act
- enabling the Electoral Commission to investigate alleged breaches of the Lobbyists Code, this Act and the regulation and impose sanctions
- banning success fees for lobbying
- restricting lobbying by former Ministers and Parliamentary Secretaries.

Our strategy: Democracy delivered

Purpose

Our purpose is to deliver trusted and independent systems, processes, oversight and engagement that support democracy in New South Wales.

Vision

Our vision is to maintain confidence in the integrity of the democratic process and make it easy for people to understand and participate.

Values

Our core values are the NSW Public Service values: integrity, accountability, service and trust. For details on what these values mean in practice, visit psc.nsw.gov.au

Behaviours

Our behaviours define what is distinctive about how we work and what we need to do to deliver on our shared goals. We are each accountable for bringing these behaviours to life in our work.

Responsive

We recognise the need to be flexible in dealing with our changing environment, while always meeting our obligations. We look for opportunities to build on ideas and adapt and innovate in how we work, to keep improving our services and enhance the experience people have when dealing with us.

Transparent

To demonstrate our integrity and build trust in our services, we are open with each other and our customers, clients, stakeholders and audiences. This keeps us accountable and creates opportunities for others to work more effectively with us.

Solution focused

We are focused on outcomes and delivering on our shared goals. We move quickly beyond identifying a problem to working out how best to solve it, while keeping our strategic goals top of mind.

Customer centred

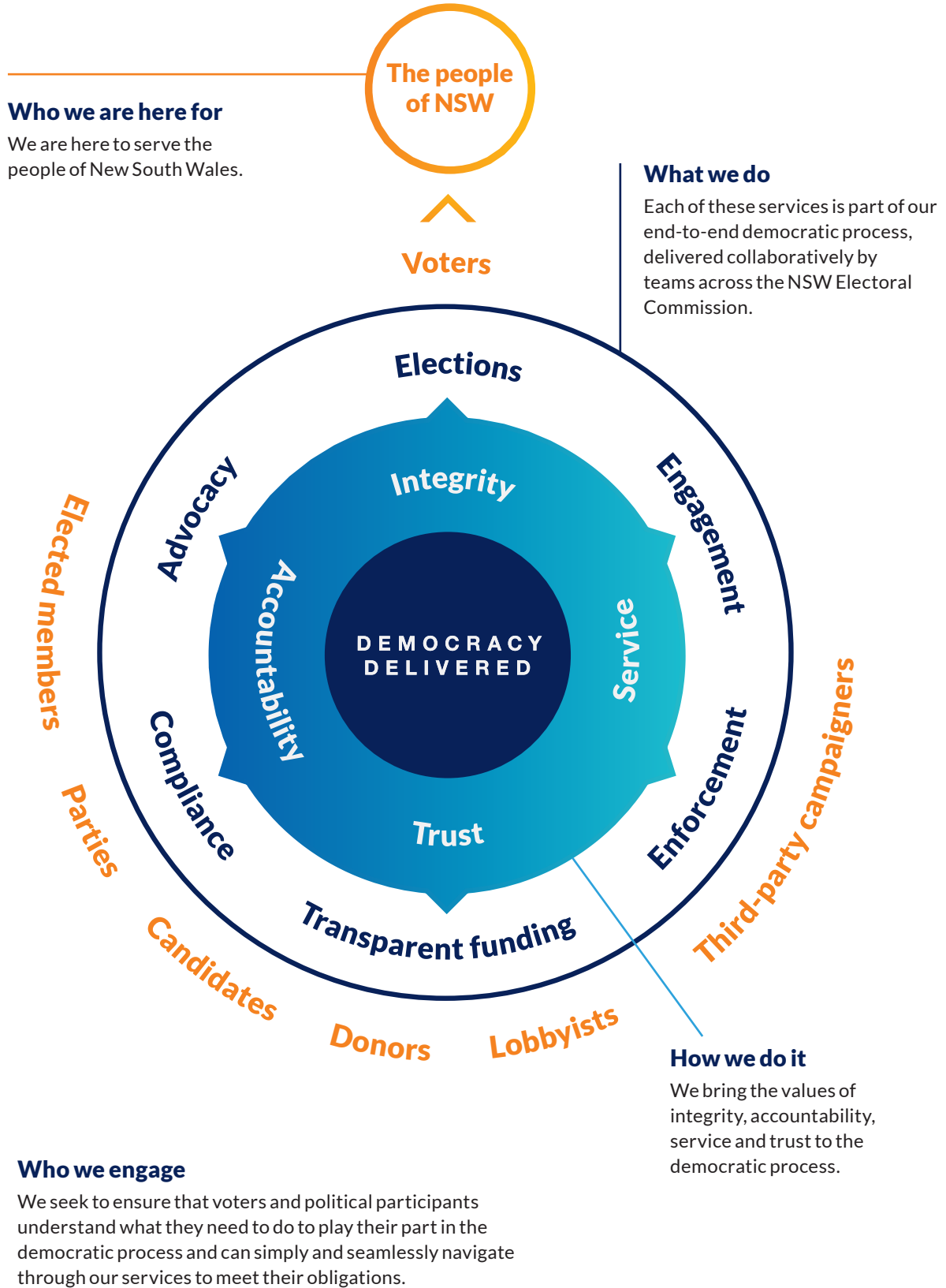
We start by considering the needs of our customers, clients, stakeholders and audiences and find the best way to serve them, while meeting our legal and business requirements. We believe this is essential to make it easy for people to participate in democratic processes.

Collaborative

We look for opportunities to share ideas and knowledge and work as partners internally and externally because we know this is how we get the best results.



Our strategic themes






Our objectives for 2018–19

For most of 2018–19, our work focused on preparations for, and delivery of, the NSW State election, held Saturday, 23 March 2019.

Our *Strategic Plan 2017–2020: Democracy Delivered* sets out what we want to achieve and how we plan to achieve it. In particular, we have identified opportunities for improvement in three priority areas across the organisation:

1. customer-focused products and services
2. engagement, influence and advocacy
3. effectiveness as an organisation.

The information in the following sections reports against our work during 2018–19 in these priority areas.

Goal	Initiative	Achieved
 Customer-focused products and services	Deliver 2019 NSW State election	✓
	Review and implement new electoral legislation	✓
	Deliver service improvements	✓
	Deliver upgrade to iVote	✓
 Engagement, influence and advocacy	Launch new user-centred digital presence	✓
	Engage new partners in voter engagement collaborations	✓
 Effectiveness as an organisation	Continue efficiency reviews and embed findings	✓
	Implement new funding model	✗
	Implement new workforce management strategies	✓
	Relocate our staff to a single workplace	✓



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Strategic initiatives

Customer-focused products and services	22
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Effectiveness as an organisation	30

Customer-focused products and services

Deliver seamless services for voters and political participants

Use insights to drive service improvements

We have a legislated responsibility to conduct, regulate and report on elections. We also commission independent research of voters, political participants and other stakeholders. These activities provide an evidence base from which we draw insights. By better understanding the needs of our customers we can develop products and services that meet their expectations and improve their experience when interacting with us.

Data and insights to inform our election planning

Our data analytics and geospatial capability provides analyses and metrics to inform our decision making. Insights from each election we conduct are used to better plan the execution of future elections and facilitate operational and service improvements.

Data from the 2015 NSW State election, information from the Australian Electoral Commission and population growth and movement insights provided by the Australian Bureau of Statistics were used to support our preparations for the 2019 State election. This included the review and selection of venues, and vote projections to determine an appropriate level of staffing and allocation of services at voting centres.

We implemented a prototype central data repository to store data from a range of our proprietary systems. This was used for the 2019 State election and over the coming year will be utilised for planning and preparation for the 2020 local government elections.

At the time of the 2019 NSW State election, Australia's national terrorism threat rating was *probable*. We engaged with the NSW Police Force, the NSW State Emergency Service, and fire and ambulance services to provide a greater awareness of election activities taking place during the election period. Information was shared about the management of security risks and threats to ensure an appropriate level of security was available for the election. We also engaged with Commonwealth agencies to ensure we were informed of security matters that could impact on a NSW election.

We also worked with other electoral commissions in Australia to share knowledge and experiences. This included observation of the 2018 Victorian and South Australian elections, and continued collaboration with the Australian Electoral Commission.

Post-election surveys

We commissioned an independent program of research as part of our legislated responsibility to report on the 2019 NSW State election. The aim was to provide a robust and representative picture of voter and political participant perceptions of, and satisfaction with, the services offered at the election. The research results form a valuable evidence base to help improve our products and services.

Customer research to inform our website redesign

We researched the information needs of our customers to inform the design of our new website. The results showed that voters and political participants look for information generally based on an election lifecycle:

- upcoming elections – dates and associated legislative obligations and disclosure requirements
- election day updates – with information needs changing throughout the course of the day (for example, how to vote, where and when to vote)
- vote counting and election results
- general business-as-usual information about the Electoral Commission and what we do.

These insights enabled us to create a content hierarchy and develop a website that served information in response to the changing needs of our customers.

We also researched where and when our customers look for information and their preferred method of engaging with us. Results suggest our customers want to:

- use the device of their choice to access information – this is increasingly a mobile device
- control their own account subscription preferences (self-service)
- vote online
- have a consistent experience from a trusted authority.

The new website (which launched in December 2018) was underpinned with an analytics package, the quantitative results from analytics validated the customer research. This provided evidence-based insights of customer behaviour and information needs to be used for future elections. For further analytics information, see page 27.

Online products and services

Changes to our legislative environment have enabled us to leverage opportunities from new technology. Our digital products and services provide electors and political participants with easy, secure, effective and trusted channels to transact with us.

Online disclosure of pre-election donations

Under the *Electoral Funding Act 2018*, reportable political donations made or received in the six month pre-election period are required to be disclosed within 21 days and published on the Electoral Commission's website. To support this legislative requirement, an online publication system was developed and implemented for the disclosure of reportable political donations in the lead-up to the 2019 State election.

iVote

iVote® (technology assisted voting) enables an elector to cast a vote online, or via telephone using a telephone keypad or with assistance from an iVote operator.

Updates to the iVote voting platform during 2018–19 delivered enhanced system security. To meet voter needs, we introduced multi-language voting support, in Arabic, Chinese (Simplified), Chinese (Traditional), Greek, Italian and Vietnamese. These languages cover 50 per cent of people in New South Wales who speak a language other than English.

To support transparency, we published critical sections of the voting system source code for review and comment.

Functionality introduced to support voting protocol integrity included a verification app (available for android and iOS). Verification assures electors that their vote has been cast as intended. Previously, a voter could only verify via telephone, with 1.7 per cent of voters verifying their vote in 2015. The verification app introduced for the 2019 State election saw the verification rate increase to 47.6 per cent.

Online nominations system

During the year we implemented an online nominations system to make it easier for candidates and parties to submit their nomination forms, and to streamline the processing of this information. The system enables:

- online entry and lodgement of nominations
- online validation of nominations according to legislative requirements
- preparation and storage of nomination forms
- online entry of Child Protection Declarations
- processing of online credit card payment for nomination deposits.

The online system was available for nominations for the 2019 State election. Manual nomination processes remained available for those candidates or parties who did not wish to utilise the online system. The new system delivered significant benefits by:

- reducing errors in the completion of nominations
- supporting political parties, especially minor parties with fewer administrative personnel, in meeting nomination requirements
- providing simple access to nominate via the Electoral Commission's website, enabling efficient and timely completion of nominations
- enabling error-free generation of ballot papers based on nomination data.

Feedback received from political parties, candidates and Electoral Commission staff on the use of the online system was positive, with all noting that the system was a significant improvement over the manual process.

Customer-focused products and services

continued

Election innovations

Our online tools and services for political participants provide easy, secure, effective and trusted channels for transaction.

Online registration of electoral material

During the year, we implemented an online system to enable candidates, registered political parties, third-party campaigners and members of the public to register their 2019 NSW State election electoral material (how-to-vote cards) for approval by the Electoral Commissioner for distribution on election day and for display to the public.

Roll management

The NSW Electoral Commission and Australian Electoral Commission (AEC) share enrolment information to grow the New South Wales electoral roll and reduce variations in roll data.

Rolls are produced for State and local government elections and by-elections, or as required subject to legislation (and our privacy policies) to members, parties and candidates for an election; agencies such as the Independent Commission Against Corruption (ICAC) and the NSW Crime Commission; and requests from organisations such as BreastScreen NSW for medical research purposes. Roll products also include the preliminary, authorised and supplementary rolls created for election events and the jury roll for the Office of the Sheriff of NSW.

The following provision of enrolment information requests were made under section 50 of the *Electoral Act 2017*.

Table 2. Provision of enrolment information requests 2018–19

Date	Request	Finding	Reason
30-Jul-18	Request by university for purpose of inviting persons to participate in a medical research study	Refused	The public interest in providing the requested information did not outweigh the public interest of protecting the privacy of the information
30-Jul-18	Request by person for address of former spouse for personal reasons	Refused	No public interest identified
07-Feb-19	Request by local government council for all enrolment information in area for purpose of maintaining records of the death of non-rate payers	Refused	The request was not directly relevant to public interest of protection of public revenue, and was outweighed by the public interest in not revealing personal information of all electors in area
15-Mar-19	Request by local government council for purpose of surveying electors about proposed major public works	Approved	The public interest in providing the requested information outweighed the public interest of protecting the privacy of the information
21-Mar-19	Request by person for address to locate a company shareholder	Refused	No public interest identified

Source: NSW Electoral Commission.



Engagement, influence and advocacy

Build reach, impact, influence and collaboration with our key stakeholders; improve our engagement and delivery

Integrated communications and engagement strategy

Our goal is to make it easy for people to participate in the democratic process by engaging them in ways that work for them. This includes communicating through their preferred channels and formats to provide consistent, timely and accurate messaging.

The *Electoral Act 2017* requires us to advertise certain electoral activities, including milestone dates and obligations. In addition to this statutory obligation, during 2018–19 we implemented an integrated communications campaign for the 2019 NSW State election. We aligned campaign messages across the Commission’s proprietary channels including our call centre, website and social media, and through direct communication to voters and political participants.

Political participant engagement

We aim to deliver relevant, consistent and timely communications about electoral matters to political participants to increase their understanding and compliance, and ensure they have a consistent experience across all interactions with the Commission.

Supporting transition to the new legislation

The *Electoral Act 2017* and the *Electoral Funding Act 2018* commenced 1 July 2018. To support transition to the new legislation, we implemented operational and system changes to support our administration of the new laws, and developed a suite of innovations to support compliance and make it easier for our stakeholders to transact with us.

Communicating the implementation of our new legislative framework

Legislation sets out how we must conduct and regulate elections and the obligations of voters and political participants. These rules can be complex. During the year we focussed on raising the awareness of political participants and political donors about their obligations and entitlements. They needed to know what to do, when and, just as importantly, what not to do.

Our communication activities during 2018–19 aimed to inform the following political participants about their obligations and entitlements:

- candidates
- elected members
- political parties and their workers
- third-party campaigners
- associated entities
- third-party lobbyists
- political donors.

We also communicated with the public and the media about what political participants needed to do to comply with the legislation and how to access the information we were authorised to make publicly available. This included the details of political donations and electoral expenditure of political participants, registered political participants and public funding paid to political participants.

Information services and resources

During 2018–19 we provided stakeholders with access to information via our website, dedicated telephone help desks, enquiry services and email. Like many service providers, the Electoral Commission increasingly relies on digital channels. We continued to integrate our products, services and communications onto a single online platform.

We used a range of communications to inform political participants about their legal requirements, including face-to-face and telephone communication, SMS text messages, email and letters. We offered support and general information via online resources, social media, traditional media and advertising.

While we endeavour to support all political participants in meeting their legal obligations, we do not provide legal advice. Opinions expressed by the NSW Electoral Commission are not a substitute for the law. All political participants must satisfy themselves as to their legal position including, where appropriate, obtaining advice from their own legal advisers. It is the responsibility of individual political participants to ensure that they comply with NSW electoral law.

User-centred digital presence

The Electoral Commission's website is key to our customer-centred digital presence to help voters, political participants and other stakeholders understand and participate in our democracy.

Digital transformation

In 2017–18, we implemented the first of a three-phase digital program of work, which included:

- extensive audience research to gain insights into the current needs and future expectations of our key users and external stakeholders
- procurement of a new digital platform
- implementation of a new content strategy based on customer research insights, business needs and legislative requirements
- development of a new, consolidated, mobile-first digital presence.

Phase two saw the new website launch in December 2018. This consolidated several online sources of information from across the Electoral Commission, making it easier for people to find what they are looking for.

The website was developed to respond to the changing needs of our customers, based on insights gained from customer research conducted in phase one (see *Customer research to inform our website redesign* on page 22). A focus for 2018–19 was the provision of information relating to the NSW State election. This included information for voters about early voting options and how and where to vote on election day, as well as the legislative funding, disclosure and compliance obligations for political participants at various stages of the election cycle.

Website analytics for the NSW State election

The website was underpinned with an analytics package, which recorded a five-fold increase in traffic. This can be attributed to a number of factors, including the consolidation of several online sources of information into a single website, our digital-first strategy and promotion of the website to drive organic growth. Supporting these factors is the increase in the digital consumption of information by the general public. Other website statistics include:

- 2.4 million page views on election day (23 March 2019)
- more than 1 million website users during the week leading up to the election
- 150 per cent increase (versus the 2015 election) in website traffic during election week

- more than 9,000 real-time concurrent users at a given time on election day
- 79 per cent mobile and tablet users on election day
- reduced bounce rate from 30 per cent to 3 per cent
- the 'Where do I vote?' page was the most popular page visited by 27 per cent of users during election week.

Improved communications and digital services

Voter and non-voter engagement

Our advertising campaign for the 2019 NSW State election targeted five core audience groups – Aboriginal people, people with disability, youth, culturally and linguistically diverse (CALD) communities, and voters who were out of New South Wales on election day.

The election reminder service was identified as a key tool to drive participation. This is a free service that sends email or SMS reminders to voters when there is a State or local government election in their district, local government area or ward.

Vote Talk in-language radio broadcasts and podcasts

The NSW Electoral Commission partnered with the Australian Electoral Commission and Ethnic Communities Council of NSW to conduct conversations in-language about voting. Called Vote Talk, the initiative trained bilingual facilitators to deliver key messages about enrolment, voting and working at elections, to influence change within their communities.

Facilitators generated in-language content for multicultural radio stations by interviewing community members about their attitudes and experiences of enrolment and voting, and by participating in radio interviews which were then edited and published as podcasts. Content was broadcast in the lead-up to the NSW State election (23 March 2019) and the federal election (18 May 2019).

The conversations were broadcast in Tamil, Spanish, Urdu, Hindi, Arabic, Chinese and Vietnamese. Conversations were also run in English on Aboriginal radio and youth broadcasts. People were reminded about how important it is to vote at elections and to vote correctly so that every vote counts.

Engagement, influence and advocacy

continued

Community engagement

Our target audiences include Aboriginal people, culturally and linguistically diverse communities and people with disability. During 2018–19, our engagement approach included consulting community reference groups and partner collaborations.

Community reference groups and action plans

The Electoral Commission consulted with the following community reference groups to determine the barriers to participation for our target communities and discuss strategies to engage electors and address these barriers:

- Aboriginal Reference Group
- Culturally and Linguistically Diverse Reference Group
- Equal Access to Democracy Disability Reference Group.

The groups provided valuable insights and feedback on our election products and services. They also provided access to wider networks and distribution channels to help us engage with their communities.

Disability Inclusion Action Plan

The Disability Inclusion Action Plan was developed according to the NSW Disability Inclusion Plan for all of NSW government. This supports the *Disability Inclusion Act 2014*. The Disability Inclusion Plan ensures NSW government mainstream services are accessible.

Multicultural policies and services

The Multicultural Action Plan has been developed according to the Multicultural NSW Multicultural Policies and Services Program (MPSP). The MPSP is the mechanism for New South Wales government agencies to show they are planning effectively for people of culturally and linguistically diverse backgrounds and supports the *Multicultural NSW Act 2000*. The MPSP ensures agencies embed multicultural planning within core business operations.

iVote stakeholder feedback

We acknowledge the valuable feedback for iVote (our internet and telephone voting platform) from users and stakeholder groups. In particular, we wish to thank Blind Citizens Australia, Guide Dogs Australia and Vision Australia for their feedback and Vision Australia for systems testing.

Targeted material and special assistance

The provision of special-purpose content, products and services helped voters to understand the purpose and processes of elections and to participate in democracy.

Multicultural language support

In addition to the Translating and Interpreting Service (via telephone), which gives electors access to assistance in more than 160 languages free of charge, we appointed multilingual staff to voting centres in communities identified as requiring English language support. Staff working at the 2019 NSW State election spoke more than 90 languages and were identified by in-language badges offering assistance.

How-to-vote video

In collaboration with the NSW Council for Intellectual Disability, we developed a video for people with intellectual disability about how to participate in the election. The video, which was co-designed with the NSW Council for Intellectual Disability Board, was shared on the Council's Facebook page and released on their blog. The video on Facebook had more than 18,000 views and was shared 155 times.

Auslan interpreters on election day

The Deaf Society provided Auslan interpreters for the 2019 NSW State election on election day. Electors requiring assistance about the election were connected by Skype video to an Auslan interpreter. The Deaf Society conducted a Facebook live session on Wednesday, 20 March, in collaboration with the Electoral Commission, to answer questions about the election, with 2,700 views, 14 shares and 72 comments.

Other assistance at voting centres

During the year, all voting centres were equipped with assistive resources, including wheelchair accessible voting screens, maxi pens, magnifying sheets and large-print posters.

Build external collaborations

External collaborations help us improve our services, increase election efficiencies and build awareness among our target audiences. We aim to capture and leverage the work done in other electoral jurisdictions and by academic institutions and identify opportunities for collaboration.

Engagement with agencies to support a safe and secure election

We worked closely with the NSW Police Force, other NSW emergency and specialist services and Commonwealth agencies to ensure a safe and secure State election in 2019. In particular, the Electoral Commission appreciated the active engagement by NSW Police to help plan for the election event.

Electoral Integrity Assurance Taskforce

We were also grateful for the support provided by the Commonwealth through its Electoral Integrity Assurance Taskforce (EIAT). The EIAT is comprised of various Commonwealth agencies with a responsibility for electoral matters, including security agencies. We liaised closely with EIAT members to support the integrity of the State election. This included the provision of assistance to maintain cyber security of election systems and support for liaison with social media organisations. These collaborative arrangements were particularly important and productive given the close proximity of the federal election to the NSW State election in 2019.

Collaboration with the Australian Electoral Commission

Our continued collaboration with the Australian Electoral Commission (AEC) throughout 2018–19 enabled the sharing of ideas, staff and feedback on election events. The NSW Electoral Commission and the AEC share a range of enrolment activities to grow the New South Wales roll and reduce roll divergence (variation). The success of this relationship is evidenced by the high enrolment rate in NSW.

Local councils

We met with the Joint Organisations/Regional Organisation of Councils during 2018–19 about the forthcoming 2020 local government elections. Topics presented included the legislated timeframes and services provided by the Commission should councils engage us to conduct their elections.

Electoral Council of Australia and New Zealand

The Electoral Council of Australia and New Zealand (ECANZ) is a forum of all electoral commissions from Australia and New Zealand. ECANZ meets to discuss all aspects of electoral administration, encourage mutual cooperation and consider contemporary electoral challenges aimed at improving access and equality for all eligible electors. The NSW Electoral Commissioner is the current ECANZ Chair.

Electoral Regulation Research Network

The Electoral Regulation Research Network (ERRN) fosters exchange and discussion among academics, electoral commissions and other interested groups on research relating to electoral regulation. The ERRN is jointly funded by the NSW Electoral Commission, the Victorian Electoral Commission, and Melbourne Law School (at the University of Melbourne).

Effectiveness as an organisation

To create an efficient business with a strong and positive culture

Sustainable financial framework to manage our resources

We have historically been funded on an events and project basis. This approach no longer matches our operations, where a large portion of our business is 'core' and requires support on an ongoing business-as-usual delivery basis.

We operate within a complex funding model. Strict constraints on the use of different funding sources have resulted in an increasing proportion of staff being employed to do the core work of the organisation on non-ongoing employment terms. As a consequence, we have a high-cost employment model and a highly transient workforce. Relatively few staff are employed on an ongoing basis and the organisation relies heavily on a contractor pool, which costs significantly more per head.

Our current workforce structure has the following characteristics:

- fragility – 50 per cent of staff are contractors or temporary, including the Senior Executive
- key person risk – over-reliance on key subject matter experts who work excessive hours during major election events
- over-reliance on temporary and expensive contract staff to deliver core services
- limited capacity for succession planning or knowledge transfer/capability building
- high turnover – 16 per cent compared with the Public Sector average of 10 per cent
- workplace health and safety risks – excessive hours, overtime, fatigue and wellbeing.

In late 2016, we engaged PwC Australia to review our labour funding model. This review recommended a more sustainable model in order to reduce workforce risks (for example, knowledge retention, key person risks, over reliance on contingent labour), and the budget risks that require us to rely on non-recurrent funding sources to sustain service delivery.

In April 2017, the Auditor General released a report on the use of contingent labour in the NSW Public Sector, *Contingent Workforce: Management and Procurement*. This report noted the over-reliance on contingent labour in select government agencies and concluded that none of the reviewed agencies were able to demonstrate that the use of contingent labour is the best resourcing strategy to meet their business needs or delivers value for money.

Informed by the Auditor-General's report, in October 2018 we engaged Bendelta to assist in developing a workforce strategy and four-year resourcing plan. In its report, Bendelta commented:

The staffing profile is characterised by fragility – fragility that drives inefficiencies: in salaries and wages spend, in work and initiative discontinuities, in hiring and engagement processes and in the lack of investment in training and upskilling. This fragility presents a risk management issue for the NSW Electoral Commission and calls into question the sustainability of the organisation over the longer term.

The capacity of the Commission to deliver high-quality elections and exercise regulatory functions with integrity requires certainty of funding. A model that would provide this certainty, and reflect the independent character of the NSW Electoral Commission can be found in Victoria. Funding for the Victorian Electoral Commission is directly authorised pursuant to section 181(2) of the *Electoral Act 2002 VIC* which provides that:

Except as otherwise provided... the money required for the administration of this Act... is to be paid out of the Consolidated Fund, which is by virtue of this section appropriated to the necessary extent.

To seek to address this issue we have pursued, and will continue to pursue, funding bids through the annual budget process and engagement with the Department of Premier and Cabinet and the Treasury.

New financial performance reporting

Our business intelligence reporting system was expanded during the year, delivering new financial performance reporting in business-as-usual and project reporting.

New contractor timesheet system

During the year we completed a successful pilot of a contractor time recording system. Full rollout has been approved for the first quarter of 2019–20.

Independent Pricing and Regulatory Tribunal review

Review of costs of conducting local government elections

In February 2019, the NSW Government engaged the Independent Pricing and Regulatory Tribunal (IPART) of New South Wales to review the costs of conducting local government elections.

Service and resource collaborations

With the State election taking place in 2018–19, a primary focus for the Electoral Commission was ensuring that staff had the tools and applications to work effectively and in collaboration.

Delivery of applications for day-to-day use

Information Services Division implemented a robust methodology and supporting framework for staff to follow to set up processes and procedures, including the creation and retrieval of vital records.

During the year we completed an upgrade (including additional features and associated licencing) of Office365 and unified the software source code processes for developers.

Information Services provided the systems and support necessary to conduct the 2019 NSW State election.

Strategic supplier management

Contract status reports were produced monthly during 2018–19. The resulting engagement with directors in reviewing the reports delivered quality improvements to the contract register and helped us to meet contract renewal lead times through timely market engagement.

Our people, culture and work environment

We aim to create an organisation that supports collaboration and continuous improvement and builds skill and capacity within a learning environment.

Internal communications strategy

Improved internal communications supported a more engaged workforce with an understanding of the organisation's goals and vision. We developed a learning management system that offers compliance programs and more than 9,500 online professional development courses through LinkedIn Learning. Courses can be added to personal development plans to ensure our workforce is meeting their professional goals.

Multicultural NSW and the *Multicultural NSW Act 2000*

The Electoral Commission supports the Multicultural Policies and Services Program. We embrace diversity and inclusion and are committed to creating a workplace that reflects the State's population by:

- increasing diversity in the pool of job applicants (multilingual speakers, Aboriginal people and people living with disability)
- being inclusive in our selection practices
- improving access to employment opportunities.

We provide language support through the Translating and Interpreting Service (TIS) to help voters to participate in elections.

During 2018–19, we utilised culturally and linguistically diverse (CALD) State data to assist in the recruitment of voting centre election officials and actively promoted work opportunities in areas requiring language support.

The Electoral Commission encourages people from all backgrounds to apply to work at elections in New South Wales. During 2018–19, we collaborated with our CALD reference group to engage their communities to promote opportunities to work at elections.

Table 3. Diversity of election staff employed for the 2019 NSW State election

Election day staff and office assistants	Proportion of staff
Speak a language other than English	20.83%
Identify as being Aboriginal	2.57%
People with disability	2.56%

Source: NSW Electoral Commission. As self-identified. See Table 9 for the diversity breakdown of the Commission's staff.

Effectiveness as an organisation continued

Staff profile

The Electoral Commission's staff profile is shown in the following table.

Table 4. Staff numbers as at 30 June 2019

	Female	Male	Total
Senior executives (equivalent)*	4	12	16
Ongoing officers	33	29	62
Temporary officers	45	21	66
Total	82	62	144

Source: NSW Electoral Commission. *Excludes the Public Office Holder.

The Electoral Commission is actively working towards increasing the proportion of women in leadership positions. Our target is for 50 per cent of all shortlists for executive positions to be women.

Table 5. Women in leadership pipeline positions at the NSW Electoral Commission

Grade	Proportion of women at grade
Grade 11/12	57%
Grade 9/10	50%

Source: NSW Electoral Commission. As at 30 June 2019. Does not capture contractors or consultants.

Staffing changes

As per Table 6, separations increased in 2018–19 compared with the previous year due to mobility and career development opportunities external to the Commission in addition to funding constraints and the end of the election cycle.

Table 6. Staff separations and movements

	2014–15	2015–16	2016–17	2017–18	2018–19
Total commencements	14	14	26	70	23
Total continuing	54	57	69	67	122
Total separated	10	11	17	21	47
Separation rate (%)	12.8%	12.0%	15.6%	14.5%	24.5%

Source: NSW Electoral Commission. Does not capture contractors.

Numbers and remuneration of senior executives

Table 7. Senior executive staffing profile as at 30 June 2019 (versus 30 June 2018*)

	Female	Male	Total
Public Office Holder	0 (0)	1 (1)	1 (1)
Band 3 (equivalent)**	0 (0)	0 (0)	0 (0)
Band 2 (equivalent)	0 (0)	4 (4)	4 (4)
Band 1 (equivalent)	4 (4)	8 (7)	12 (11)
Total	4 (4)	13 (12)	17 (16)

Source: NSW Electoral Commission. *The numbers in brackets are as at 30 June 2018 for comparison.

**The NSW Electoral Commission does not have Band 3 employees.

Table 8. Remuneration profile of executive officers

Band	Range (\$)	Average remuneration 2019 (\$)
Band 2 (equivalent)	268,001–337,100	294,385
Band 1 (equivalent)	178,900–268,000	224,078

Source: NSW Electoral Commission. No band 3 (equivalent) employees as at 30 June 2019.

In 2018–19, 9.27 per cent of the Electoral Commission's employee-related expenditure was for senior executives, compared to 14.4 per cent the previous year.

Diversity in the workplace

Table 9. Trends in the representation of equal employment opportunity (EEO) groups

EEO target group	Target	2016	2017	2018	2019 ²
Women ¹	50%	55.55%	52.63%	54.48%	56.55%
People who identified themselves as Aboriginal and Torres Strait Islander	2%	-	-	2.50%	0.69%
People whose first language is not English (self-identified)	20%	17.86%	14.81%	27.50%	11.03%
People who identified themselves as having a disability	12%	7.14%	-	2.06%	1.38%
People who identified themselves as having a disability requiring work-related adjustment	7%	-	-	1.25%	0.69%
People who identified themselves as coming from a racial, ethnic or ethno-religious group ³	-	21.43%	16.67%	55.17%	11.72%

Source: NSW Electoral Commission. Temporary election staff not included in the above table.

Notes: ¹ Annual Workforce Profile report. ² Staff profile changed as at 30 June 2019 with the expiry of many election-related roles.

³ While not an EEO target group, the Commission elects to report this figure.

Effectiveness as an organisation continued

Secondments

The *Government Sector Employment Act 2013* and the *Government Sector Employment Rules 2014* provide mobility provisions to support employees and employers as they respond to workforce needs and develop employee capabilities.

Mobility provides a way for employees to experience new areas of work, increase their knowledge and develop new capabilities, and enables new ideas to be brought into a workplace.

The Electoral Commission supports staff mobility and opportunities for secondment. During 2018–19, two secondments were organised from other agencies to the Electoral Commission, and one secondment occurred from the Commission to another agency. We also participate in the Public Service Commission's 2019 NSW Government Graduate Program.

People Matter Employee Survey

Each year, our staff are given the opportunity in the People Matter Employee Survey to provide feedback about the Electoral Commission as a place to work. The survey is open to all employees across the NSW Government. Our response rate is consistently one of the highest in the sector, and our employee engagement level is well above other agencies.

The survey is an important indicator of staff satisfaction, and provides an opportunity to reflect on our strengths and identify areas where we can further develop and improve our performance based on actionable data. Our results reflect the strong team culture that exists across the organisation.

Feedback from the 2018 survey revealed that, while we have improved in our provision of learning and development opportunities and clearer performance planning and objectives, there is scope for further improvement. Our staff want clearer career development opportunities, further cross-team collaboration and greater access to flexible working arrangements. In response, during 2018–19 we:

- strengthened our performance development processes and workforce management strategies and developed a leadership baseline benchmark
- collaborated with the Public Service Commission to develop a flexible working strategy, for implementation in 2019–20.

Leadership development

Over the past 12 months we conducted a leadership benchmarking process. This provided an evidence-based baseline of individual behaviours that align with the Commission's strategic objectives and corporate behaviours. This enabled us to define leadership expectations, create clear development paths, develop succession planning and formalise our leadership recruitment strategies.

Three staff members attended the Executive Leadership Essentials program run by the NSW Public Service Commission.

During 2018–19, two Commission staff attended the NSW Leadership Academy's Leading Managers program – a pipeline program for high-potential 11/12-level managers aspiring to directorship.

Cross-team collaboration for the 2019 State election

To promote cross-team collaboration and support our core election team, an internal recruitment drive encouraged non-election head office staff to work at the 2019 NSW State election at voting centres on election day and at the centralised count centres after close of voting. More than 80 staff members participated in a variety of roles and functions. This contributed to the election delivery, provided support for operational staff and enabled valuable development opportunities.

Workplace health and wellbeing

The workplace health and wellbeing strategy developed in June 2018 was implemented during 2018–19. The strategy reinforced the importance of our duty of care as an organisation to provide support and training in critical areas of health and wellbeing.

In line with the strategy, during 2018–19 we implemented an education program focussing on mental health essentials, fatigue management using a mock trial format, lunch-and-learn sessions on managing stress, resilience and promoting better sleep. An online learning module has been added to the compliance learning program for all staff including contractors at the Commission and fatigue management guidelines were developed for head office and elections staff.

Project management capability support

Building project management capability was identified as a key development area across the Commission. This capability enables staff to understand and apply effective planning, coordination and control methods to support successful project delivery. A project management capability uplift program was launched in August 2018, with 95 staff members participating.

Learning and development opportunities

During 2018–19, 146 Commission staff undertook 2,736 hours of training, giving an average of 2.7 training days per person.

Table 10. Staff training during 2018–19

Training type	Number of staff	Number of training days
Internal courses	89	32.4
External courses	254	358.5
Study assistance	5	2 semesters/year

Source: NSW Electoral Commission.

Table 11. Staff development attendance during 2018–19

Development program	Number of staff	Number of training days or equivalent
GIPA training	35	7.5
Project management fundamentals	84	84
WHS mock trials	54	27
Team building	33	16.5
Cyber security awareness	175	87.5
Mental health essentials	65	32.5
Dealing with aggressive persons	10	10
Managing stress and building resilience	42	4
Managing fatigue and sleep	38	3.6

Source: NSW Electoral Commission.

Staff relocation to a single workplace

The Electoral Commission operated out of two Sydney head office locations – Kent Street and Queen’s Square (Macquarie Street) – for a period of 22 months during 2017–19. Working across two sites presented challenges for staff meetings and effective collaboration. Our lease at Queen’s Square concluded at the end of the 2018 calendar year*. Affected staff (predominantly our Funding, Disclosure and Compliance Division and Legal and Governance business unit) were relocated to our Kent Street head office. This move helped foster a more effective and efficient working environment. (*We secured an extension to enable the location of staff undertaking centralised operations for the 2019 State election.)

Centralised knowledge management

We use the HP Records Management (TRIM) system for secure record keeping and document management, conforming to the standards and codes of best practice under the *State Records Act*. A dedicated records manager was appointed during the year and Commission staff received training on the use of TRIM. Records management forms part of the new staff onboarding and induction processes.

Effectiveness as an organisation continued

Customer feedback

During 2018–19, we received complaints and feedback from our customers via a number of feedback channels (for example, our website contact page, email inboxes, the call centre and social media channels) on a range of topics. Being a State election year, the volume of complaints was much greater than non-election years.

A complaint, as per our complaints management policy, is defined as being an expression of dissatisfaction about the NSW Electoral Commission (in its service delivery or exercise of functions). The policy was revised in December 2018 to ensure that allegations or reports of a failure to comply with laws enforced by the NSW Electoral Commission were handled separately. Such matters are always now referred to the Commission's Funding, Disclosure and Compliance division. Insights from trends will be used to improve our services.

Enterprise Portfolio Management Office

The Enterprise Portfolio Management Office (EPMO) is responsible for the annual portfolio planning cycle, to identify new priorities for the upcoming financial year and balance short-term operational priorities with long-term strategic needs. The EPMO works to develop the business case for submission to NSW Treasury for funding.

Table 12. Major projects delivered during 2018–19

Project	Scope
iVote refresh	Improvements to iVote for the 2019 NSW State election. Delivery of a core online voting system with enhanced functionality and greater system security and voting protocol integrity.
Online nominations	Provide an online nominations system to facilitate candidate and party nominations and payment online for the 2019 State election. Based on the new content management system (CMS) platform procured for the website (see below).
Content management system (CMS)	Deliver a new platform for the Electoral Commission website for the 2019 State election.
Implementation of new legislation	To align the Commission's processes and systems with the new <i>Electoral Funding Act 2018</i> . To enable administration and enforcement of the new Act, and to streamline this process for internal and external stakeholders.
Disclosure system enhancements	An interim application to deliver key enhancements as specified by the <i>Electoral Funding Act 2018</i> – disclosures required six months before the State election in March 2019. The full system will deliver an online disclosure system to facilitate online registration, donations, expenditure, public funding claims, website and smart alerts.
Office accommodation	Relocation of staff from Queen's Square to Kent Street, Sydney, including renovation works for levels 21 and 25 Kent Street.
State election 2019	Deliver the 2019 NSW State election.
GovDC	Relocate the Commission's core infrastructure from head office (Kent Street, Sydney) and Riverwood to a secure purpose-built NSW Government data centre, enabling better support of election requirements (particularly replacement of server hardware before the 2019 NSW election). See <i>Streamlined digital infrastructure</i> on page 37.

Source: NSW Electoral Commission.

Build an integrated infrastructure and technology capability

Streamlined digital infrastructure

During 2018–19, we continued our migration to the NSW Government Data Centre (GovDC). Two data centres have been built in Silverwater and Wollongong to replace the ageing server infrastructure individually held and maintained by State departments and agencies. The NSW Government’s digital strategy highlights the benefits of consolidation as:

- known and transparent costs into the future
- improved technical and operational standards
- modern, certified facilities improving information and communications technology (ICT) reliability and security
- reduced data centre electricity usage, reducing environmental impact and costs.

GovDC has enabled us to move away from owning ICT hardware and managing the associated maintenance and support services required with ownership and provided greater flexibility to scale up or down our ICT requirements.

IT improvement roadmap and plans

The Electoral Commission’s restructure, completed in 2017–18, was a driver of change for our IT services. It centralised business systems, security and infrastructure functions that were previously carried out in separate areas across the organisation. This consolidation provided a solid foundation for the development of our information services roadmap.

Information security standards

A focus for our Information Services Division during 2018–19 was the preparation for, and delivery of, the 2019 State election and associated security standards. Controls implemented for the election protected the electoral roll and other election data. To support this work:

- A security working group tracked and delivered projects across the organisation that included cyber security.
- A cyber security risk governance committee provided overall governance on cyber security risks and evaluated appropriate treatment.
- A resilience framework included how to manage a cyber crisis with assigned roles and responsibilities.
- A cyber security incident response plan was developed and reviewed and a table-top exercise was conducted to test the plan, with full participation from the Senior Executive.
- A Security Operations Centre was established to actively monitor and respond to cyber security incidents for critical systems.
- A number of minor cyber security technical projects were delivered to mitigate high-severity cyber security risks within the limited budget and resources made available.

During 2018–19, the Commission managed cyber security risks following the guidance of the NSW Government Cyber Security Policy. Risks to the information and systems of the Commission were assessed and managed within our capabilities, with governance in place to manage our cyber security maturity and initiatives. The cyber incident response plan in place for the 2019 NSW State election will be updated to cover non-election operations.



3

Governance, conducting and regulating elections

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Governance, risk management and audit

Risk management

Risk management is a fundamental component of our governance framework. Our risk management practices identify and analyse the risks faced by the Electoral Commission, in order to set risk limits and controls and to monitor risks. Our internal policies and control framework provide arrangements for designing, implementing, monitoring, reviewing and continually improving risk management for all election events and business processes.

Our Senior Executive team reviews the corporate risk register and the treatment plans for identified risks each month. Identified risks are actively managed as part of our corporate risk management, enterprise portfolio project and program management processes. We also revised our fraud and corruption control framework during the year, and developed a work program to strengthen our fraud and corruption control environment in 2018–19.

To manage cyber security risks, a Cyber Security Risk and Governance Steering Committee was established in September 2018. Cyber security risks are identified and recorded in Cyber Security Risk Register.

Risks are periodically reported to the Senior Executive Committee and Audit and Risk Governance Committee.

Audit and Risk Committee

The Audit and Risk Committee continued to provide independent assistance to the Electoral Commissioner and the NSW Electoral Commission during 2018–19, by monitoring, reviewing and advising on governance processes, risk management and control frameworks, management of audit actions and external accountability obligations.

Audit and Risk Committee meetings were held in 2018–19 as follows:

- 4 September 2018
- 27 September 2018
- 6 December 2018
- 28 February 2019
- 23 May 2019

All Audit and Risk Committee members attended these meetings.

Members

The Chair and members of the Audit and Risk Committee during 2018–19 were:

- Independent Chair, Greg Fletcher, appointed as a member on 22 February 2018 for four years with the term ending 22 February 2022. John Gordon's term as Chair ended in October 2018.
- Independent Member, Mark Sercombe, appointed on 1 June 2018 for four years with the term ending 1 June 2022.
- Independent Member, Elizabeth Gavey, appointed on 1 October 2018 for four years with the term ending 1 October 2022.

The following were members of the Audit and Risk Committee during the year:

- Independent Chair, Greg Fletcher
- Independent Chair, John Gordon (term ended 13 October 2018).

Regular attendees

- John Schmidt, Electoral Commissioner
- Matt Phillips, Chief Audit Executive
- Trevor Follett, Director Finance and CFO
- Rachel McCallum, Director Legal and Governance
- Neil Pfister, Manager Governance and CRO
- Dominika Ryan, Director Financial Audit Services, Audit Office of NSW
- Aubrey Perez, Audit Manager, Audit Office of NSW
- Gavin Moss, Partner, PwC Australia
- Alan Murray, Senior Manager, PwC Australia

Completed internal audits 2018–19

- Procurement management report
- Workplace health and safety gap analysis report
- Project governance (IT) review
- 2019 NSW State election governance review
- IT contracts management
- Investigations management review

Internal audit work plan for 2019–20

- Workplace health and safety (election related)
- Risk behaviour and culture (cyber focused)
- Cyber policy alignment
- IT strategy implementation
- Local government elections workforce management

Risk management framework

During 2018–19, each of our four divisions agreed on their risk appetite, risk ratings and the method for risk assessment. We revised our risk management policy and drafted a new risk management procedure. The risk management policy was revised with reference to the ‘three lines of defence’ model¹, clarification of the role of Audit and Risk Committee and inclusion of the role of Chief Audit Executive.

Identified risks are actively managed as part of our corporate risk management, enterprise portfolio project and program management processes.

Cyber security risks are managed by our Cyber Security Risk and Governance Steering Committee. Identified cyber security risks are recorded in the Cyber Security Risk Register.

We are working to finalise our risk management procedure with the introduction of risk assessment matrix. Regular risk and audit review sessions with each business unit will be conducted. All material risks identified will be captured in the risk register, including the treatments and actions required. Each division will manage their risks for regular reporting, and key material risks will be the subject of regular audits.

Governance framework

A draft governance framework document was prepared during 2018–19, to be finalised in 2019–20. The document sets out the purpose and scope of governance at the Electoral Commission as well as the basis and structure of the framework. It details our governance arrangements, listing the eight principles and 17 components of the Audit Office of NSW Governance Lighthouse Model and details how we comply with this model. The framework also details roles and responsibilities for each principle within the model. <https://www.audit.nsw.gov.au/our-work/resources/governance-lighthouse>

¹This is a risk management control model. It explains the relationship between functions that own and manage risks, functions that oversee or specialise in compliance or the management of risk, and functions that provide independent assurance.

Internal audit and risk management policy attestation



Office of the Electoral Commissioner

Internal Audit and Risk Management Attestation Statement for the 2018 – 2019 Financial Year for New South Wales Electoral Commission Staff Agency

I, John Schmidt am of the opinion that the NSW Electoral Commission Staff Agency has internal audit and risk management processes in operation that are, excluding the exceptions or transitional arrangements described below, compliant with the eight (8) core requirements set out in *the Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

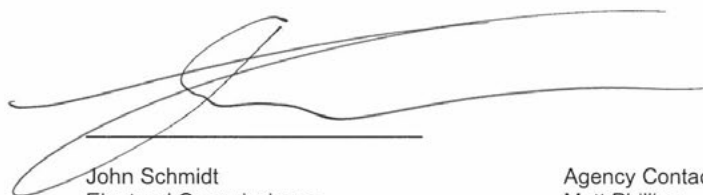
Core Requirements

For each requirement please specify whether compliant, non-compliant, or in transition

Core Requirements	For each requirement please specify whether compliant, non-compliant, or in transition
Risk Management Framework	
1.1 The Electoral Commissioner is ultimately responsible and accountable for risk management in the NSWEC.	Compliant
1.2 A risk management framework that is appropriate to the NSWEC has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
Internal Audit Function	
2.1 An internal audit function has been established and maintained	Compliant
2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3 The NSWEC has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee	
3.1 An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2 The Audit and Risk Committee is an advisory committee providing assistance to the Electoral Commissioner on the NSWEC's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

The chair and members of the Audit and Risk Committee are:

- Independent Chair, Greg Fletcher, appointed on 22 February 2018 for four years with the term ending 22 February 2022.
- Independent Member, Mark Sercombe, appointed on 1 June 2018 for four years with the term ending 1 June 2022.
- Independent Member, Elizabeth Gavey, appointed on 14 October 2018 for four years with the term ending 14 October 2022.



John Schmidt
Electoral Commissioner
New South Wales Electoral Commission
17 October 2019

Agency Contact Officer
Matt Phillips
Chief Audit Executive
Ph: 02 9290 5453

Governance, risk management and audit

continued

Fraud and corruption control

The Electoral Commission did not refer any matters relating to corporate fraud and corruption to the Independent Commission Against Corruption in 2018–19.

In line with all NSW agencies, we have a fraud and corruption prevention policy and strategy. The policy and strategy are being updated as part of a broader process of continuous improvement in our fraud and corruption control framework. Governance, finance and human resources staff members undertake professional development in fraud and corruption prevention.

Privacy and Personal Information Protection Act 1998

The NSW Electoral Commission holds a large amount of data, including personal and health information. Staff have privacy protection responsibilities in relation to our agency functions, such as maintaining the NSW electoral roll, conducting State and local government elections, enforcing failure to vote offences and regulating election campaign finance. We take these responsibilities seriously, and inform staff of their obligations under the *Privacy and Personal Information Protection Act 1998* (PPIP Act).

Privacy management plan

Clause 6 of the *Annual Reports (Departments) Regulation 2010* requires a statement of the action taken by the NSW Electoral Commission in complying with the requirements of the PPIP Act, and statistical details of any review conducted by us, or on our behalf under Part 5 of that Act.

The NSW Electoral Commission conducted one review under the PPIP Act in 2018–19.

In compliance with the provisions of the PPIP Act, we have a privacy management plan (which is reviewed on an ongoing basis) and a designated privacy officer. Queries regarding privacy should be addressed as follows:

The Privacy Officer
NSW Electoral Commission
GPO Box 832
Sydney NSW 2001

You can also contact us by phone on (02) 9290 5999, or by email at enquiries@elections.nsw.gov.au

Government Information (Public Access) Act 2009

Section 125 of the *Government Information (Public Access) Act 2009* (GIPA Act) requires an agency to prepare an annual report on the agency's obligations under the GIPA Act. The *Government Information (Public Access) Regulation 2009* (GIPA Regulation) sets out the information to be included in the annual report.

The following report is that required under Section 125 of the GIPA Act, and concerns access to government information pertaining to the NSW Electoral Commission.

Obligations under the Government Information (Public Access) Act 2009

Clause 8(a): Review of proactive release program under section 7 of the GIPA Act, agencies must review their programs for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months.

Our program for proactive release of information is detailed in our [Government Information \(Public Access\) Policy and Procedures](#), available on our website. The Commission makes significant data available through its website. Directors are periodically invited to identify any additional information in the public interest that could be released proactively.

Clause 8(b): Number of access applications received

During the reporting period we received three formal applications for access to information. This figure includes withdrawn applications but not invalid applications.

Clause 8(c): Number of refused applications for Schedule 1 information

No applications were refused during the reporting period.

Clause 8(d) and Schedule 2: Statistical information about access applications

Table 13. Number of applications by type of applicant and outcome*

Applicant type	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media				1				
Members of Parliament								
Private sector business								
Not for profit organisations or community groups								
Members of the public (application by legal representative)								
Members of the public (other)	1	1						

Source: NSW Electoral Commission.

*More than one decision can be made in respect of a particular access application. If so, a record must be made in relation to each decision.

Table 14. Number of applications by type of application and outcome**

Application type	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*								
Access applications (other than personal information applications)	1	1		1				
Access applications that are partly personal information applications and partly other								

Source: NSW Electoral Commission.

*A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

** More than one decision can be made in respect of a particular access application. If so, a record must be made in relation to each decision.

Governance, risk management and audit

continued

Table 15. Invalid applications

Reason for invalidity	No of applications
Application does not comply with formal requirements (section 41 of the Act)	1
Application is for excluded information of the agency (section 43 of the Act)	2
Application contravenes restraint order (section 110 of the Act)	
Total number of invalid applications received	3
Invalid applications that subsequently became valid applications	1

Source: NSW Electoral Commission.

Table 16. Conclusive presumption of overriding public interest against disclosure (matters listed in Schedule 1 to Act)

	Number of times consideration used*
Overriding secrecy laws	
Cabinet information	
Executive Council information	
Contempt	
Legal professional privilege	1
Excluded information	2
Documents affecting law enforcement and public safety	
Transport safety	
Adoption	
Care and protection of children	
Ministerial code of conduct	
Aboriginal and environmental heritage	
Information about complaints to Judicial Commission	
Information about authorised transactions under <i>Electricity Network Assets (Authorised Transactions) Act 2015</i>	
Information about authorised transaction under <i>Land and Property Information NSW (Authorised Transaction) Act 2016</i>	

Source: NSW Electoral Commission.

*More than one public interest consideration may apply in relation to a particular access application and each such consideration is recorded (but only once per application).

Table 17. Other public interest considerations against disclosure (matters listed in table to section 14 of Act)

	Number of occasions when application not successful*
Responsible and effective government	-
Law enforcement and security	-
Individual rights, judicial processes and natural justice	-
Business interests of agencies and other persons	-
Environment, culture, economy and general matters	-
Secrecy provisions	-
Exempt documents under interstate Freedom of Information legislation	-

Source: NSW Electoral Commission.

*More than one public interest consideration may apply in relation to a particular access application and each such consideration is recorded (but only once per application).

Table 18. Decisions made within statutory timeframe

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	3
Decided after 35 days (by agreement with applicant)	
Not decided within time (deemed refusal)	
Total	3

Source: NSW Electoral Commission.

Table 19. Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review			-
Review by Information Commissioner*			-
Internal review following recommendation under section 93 of Act			-
Review by NCAT			-
Total			-

Source: NSW Electoral Commission.

*The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision maker.

Table 20. Applications for review under Part 5 of the Act (by type of applicant)

Applicant type	Number of applications for review
Applications by access applicants	-
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	-

Source: NSW Electoral Commission.

Governance, risk management and audit

continued

Table 21. Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)

Transfer type	Number of applications transferred
Agency-initiated transfers	-
Applicant-initiated transfers	-

Source: NSW Electoral Commission.

Public Interest Disclosures

No disclosures under the *Public Interest Disclosures Act 1994* were made or received by the Electoral Commission during 2018–19. The Commission's Public Interest Disclosures (PID) report was submitted to NSW Ombudsman for the financial year 2018–19.

- Public Interest Disclosures report for July to December 2018 submitted on 8 February 2019
- Public Interest Disclosures report for January to June 2019 submitted on 25 July 2019.

To help ensure our staff are aware of their responsibilities under s6E(1)(b) of the PIDA, we:

- publish our Public Interest Disclosures (PID) Policy to enable staff and the general public to easily access information regarding PID and to know how to report a wrongdoing.
- offer staff attendance at training forums provided by the Ombudsman (for example, PID practitioner forum, fraud and corruption seminar)
- provide a Code of conduct handbook to all staff, detailing staff responsibilities and information on PID.

Cyber security policy attestation



Office of the Electoral Commissioner

Cyber Security Annual Attestation Statement for the 2018-2019 Financial Year for NSW Electoral Commission

I, John Schmidt, am of the opinion that NSW Electoral Commission have managed cyber security risks following the guidance of the NSW Government Cyber Security Policy; however the NSW Electoral Commission is not compliant with the policy.

Risks to the information and systems of NSW Electoral Commission have been assessed and are being managed within the existing capabilities of the Electoral Commission.

Governance is in place to manage the cyber-security maturity and initiatives of NSW Electoral Commission.

There exists a current cyber incident response plan for NSW Electoral Commission, the response plan was developed for the State General Election in 2019 and has been tested as part of the preparation for this event. The response plan will be updated to cover non-election operations in the coming financial year.

An independent review of the Agency's ISMS and the effectiveness of controls against both the NIST Standards and compliance with ISO27001 was undertaken by PwC in 2017. The review identified a number of areas for improvement and provided recommendations of actions required to achieve compliance. The Agency is still in the process of implementing recommendations. An independent review of progress will be conducted in the coming financial year.

NSWEC is attempting to carry out remediation and implement the review's recommendations in a timely manner using existing internal resources. In the absence of additional resources, it is not possible to forecast if, and when, compliance can be achieved.

A handwritten signature in black ink, appearing to read 'John Schmidt', written over a light grey background.

John Schmidt
Electoral Commissioner

Date: 03 September 2019

Conducting elections

The NSW Electoral Commission is responsible for conducting:

- State elections and by-elections
- NSW Aboriginal Land Council elections
- local government general elections and by-elections (if engaged to do so)
- elections for office holders in commercial, statutory and service organisations (if engaged to do so).

We also provide voting services for other Australian jurisdictions. This enables voters from these jurisdictions, who are in NSW during the election period, to participate in their elections.

Elections conducted during 2018–19

In addition to conducting the NSW State general election, we conducted 18 commercial elections, 10 local government by-elections and one State by-election.

Table 22. State government by-elections conducted

District	Date
Wagga Wagga	8 September 2018

Source: NSW Electoral Commission.

Table 23. Local government by-elections conducted

Council	Date
Berrigan	14 July 2018
The Hills Shire – West Ward	28 July 2018
Ku-ring-gai St Ives Ward	27 October 2018
City of Wollongong – Ward 3	24 November 2018
Greater Hume Shire – East Ward	24 November 2018
Cobar	8 December 2018
Uralla Ward A	16 February 2019
Lachlan D Ward	16 February 2019
City of Griffith	16 February 2019
Coonamble	29 June 2019

Source: NSW Electoral Commission.

Table 24. Commercial elections conducted

Registered clubs	Date
NSW Gun Club Ltd	26 August 2018
Bankstown Sports Club	3 November 2018
Canada Bay Club	16 November 2018
West Tradies Club	22 November 2018
Cronulla-Sutherland Leagues Club	20 March 2019
Canley Heights RSL & Sporting Club Ltd	11 May 2019
Petersham RSL Club Ltd	18 May 2019
Miranda RSL Sub-Branch Club Ltd	25 May 2019

Source: NSW Electoral Commission.

Table 25. Statutory/industrial elections conducted (commercial)

Statutory/industrial	Date
ClubsNSW	10 September 2018
Silverton Village Committee Inc	3 November 2018
Pharmacy Council of NSW	29 November 2018
Transport Workers Union of NSW	30 November 2018
CSR Ltd (t/a CSR Lightweight Systems)	3 December 2018
NSW Rural Fire Service 2018	10 December 2018
Wine Grapes Marketing Board	13 February 2019
NSW Rural Fire Service 2019	25 February 2019
Professionals Australia (APESMA NSW Branch)	15 April 2019
Australian Paramedics Association NSW	12 June 2019

Source: NSW Electoral Commission.

Election reports published

Table 26. Local government by-election reports

	Date published*
Murrumbidgee Council	27 August 2018
Coonamble Council	16 October 2018
Berrigan	18 December 2018
The Hills West Ward	20 December 2018
Ku-ring-gai St Ives Ward	17 May 2019
Greater Hume Shire East Ward	31 May 2019
City of Wollongong Ward 3	31 May 2019
Cobar	20 June 2019

Source: NSW Electoral Commission.

*Date published on the NSW Electoral Commission's website.

Early voting services for other electoral commissions

Early voting services were made available during 2018–19 for the Tasmanian Electoral Commission, the Electoral Commission of South Australia, the Victorian Electoral Commission and the Western Australian Electoral Commission. Early voting for these elections was available in the NSW Electoral Commission head office.

- Tasmania: Legislative Council election – Montgomery, Nelson and Pembroke** (4 May 2019)
 Early voting from 15 April to 3 May 2019
- South Australia: Enfield and Cheltenham State by-elections** (9 February 2019)
 Early voting from 29 January to 8 February 2019
- Victoria: State election** (24 November 2019)
 Early voting from 12 November to 23 November 2018
- Western Australia: Darling Range State by-election** (23 June 2018)
 Early voting from 6 June to 22 June 2018.

Regulating the electoral environment

As a regulator, the NSW Electoral Commission is responsible for:

- regulating the registration, funding and disclosure obligations of political parties, elected members, candidates, associated entities and third-party campaigners
- maintaining registers of political parties, candidates, third-party campaigners, associated entities and third-party lobbyists
- publishing disclosures of political donations and electoral expenditure made by parties, candidates, groups, elected members, third-party campaigners, associated entities and major political donors
- regulating compliance with the legislation for State and local government elections, enrolment, voting, lobbying and election campaign finances
- administering public funds to eligible political parties, candidates and members of Parliament.

The Electoral Commission also has an educational role to promote public awareness of electoral matters, facilitate public awareness of political donations and promote compliance with requirements. We support stakeholders by providing information across a range of channels and formats: on our website, responding to enquiries to our call centres, targeted education and information at seminars and presentations, and resources including guides, fact sheets and policy documents.

Adherence to legislative requirements

We undertake financial auditing and compliance work to help ensure adherence to the legislative requirements for election campaign finances, lobbying and elections under the following legislation:

- *Electoral Act 2017*
- *Electoral Funding Act 2018*
- *Local Government Act 1993* (electoral provisions only).
- *Lobbying of Government Official Act 2011*

The *Electoral Funding Act 2018*:

- provides for the registration of candidates, groups, third-party campaigners, associated entities and agents at State and local government elections
- provides public funding to eligible parties, members of Parliament and candidates

- requires the disclosure of political donations and electoral expenditure by parties, elected members, candidates, groups, third-party campaigners, associated entities and major political donors
- regulates political donations and electoral expenditure.

The *Electoral Act 2017* established the NSW Electoral Commission, appoints the Electoral Commissioner, provides for the conduct of State elections, the registration of political parties and the maintenance of the electoral roll.

The *Lobbying of Government Officials Act 2011* provides for the registration of third-party lobbyists and a code of conduct for lobbyists in NSW.

The electoral provisions of the *Local Government Act 1993* provide for the conduct of local government elections and empowers a local government council to resolve that the Electoral Commissioner be engaged to administer an election on its behalf.

Registration of political parties

The Electoral Commissioner maintains publicly available registers of political parties.

State elections

As at 30 June 2019, 18 political parties were registered for State elections in New South Wales. Parties registered for State elections are also registered for local government elections. Between 1 July 2018 and 30 June 2019, no new parties were registered and no parties were deregistered for State elections.

Table 27. State registered political parties during 2018–19

Party name
Advance Australia Party (Building Australia Party)
Animal Justice Party
Australian Conservatives (NSW)
Australian Labor Party (NSW Branch)
Christian Democratic Party (Fred Nile Group)
Country Labor Party
Flux Party (NSW)
Keep Sydney Open Party
Liberal Democratic Party
The Liberal Party of Australia, New South Wales Division

Table 27. State registered political parties during 2018–19 continued

Party name
National Party of Australia – NSW
Pauline Hanson’s One Nation
Shooters, Fishers and Farmers Party (NSW) Incorporated
The Small Business Party (formerly Small Business Matters)
Socialist Alliance
Sustainable Australia (NSW)
The Greens NSW
Voluntary Euthanasia Party (NSW)

Source: NSW Electoral Commission.

Local government elections

As at 30 June 2019, 44 political parties were registered for local government elections in New South Wales including parties registered for State elections that are automatically registered for local government elections. During the year two new parties were registered and one party was deregistered.

Table 28. Local government registered political parties during 2018–19

Party name	Registration date	Deregistration date
Advance Australia Party (Building Australia Party)		
Albury Citizens and Ratepayers Movement		
Animal Justice Party		
The Arts Party NSW		
Australia First Party (NSW) Incorporated (Councils)		
Australian Conservatives (NSW)		
Australian Labor Party (NSW Branch)		
Australian Women’s Party	26 March 2019	
Bob Thompson’s Independent Team		
Battler	30 July 2018	
Christian Democratic Party (Fred Nile Group)		
Clover Moore Independent Team		
Community First Team		
Country Labor Party		
Cumberland Independents		16 July 2018
Democratic Labour Party		
Good for Manly		

Regulating the electoral environment

continued

Table 28. Local government registered political parties during 2018–19 continued

Party name	Registration date	Deregistration date
The Greens NSW		
Flux Party (NSW)		
Independent Community Voice		
Keep Sydney Open Party		
Kogarah Residents' Association		
Lake Mac Independents		
Liberal Democratic Party		
The Liberal Party of Australia, New South Wales Division		
Liverpool Community Independents Team		
The Local Independent Party		
Lorraine Wearne Independents		
Manly Independents – Putting Residents First		
National Party of Australia – NSW		
Northern Beaches Community Alliance		
Our Local Community		
Our Sustainable Future		
Pauline Hanson's One Nation		
Residents Action Group Cumberland		
Residents First Woollahra		
Save Tuggerah Lakes		
Serving Mosman		
Shoalhaven Independents Group		
Shooters, Fishers and Farmers Party (NSW) Incorporated		
The Small Business Party (formerly Small Business Matters)		
Socialist Alliance		
Sustainable Australia (NSW)		
Totally Locally Committed Party		
Voluntary Euthanasia Party (NSW)		
Your Northern Beaches Independent Team		

Source: NSW Electoral Commission.

Annual continued registration of political parties

Between 1 June and 30 June each year, the registered officer of a registered party must demonstrate to the Electoral Commissioner that the party continues to be eligible for registration. This includes, that a party has the requisite number of members.

At the conclusion of the continued registration process for 2019, 40 registered parties had demonstrated continued eligibility for registration. One party registered for State elections (Advance Australia Party) failed to satisfactorily demonstrate to the Electoral Commissioner the party's eligibility to remain registered. This party's registration was cancelled and the party name removed from the Register of Parties after 30 June 2019.

While outside of the reporting period, in July 2019 the registration of two parties registered for local government elections, the *Northern Beaches Community Alliance* and *Albury Citizens & Ratepayers Movement* were cancelled at the request of the registered officer of each of those parties.

One party registered for local government elections, the *Australian Women's Party*, was not required to demonstrate its continued eligibility for registration as it became a registered party within the preceding six-month period.

Registration of electoral participants

The Electoral Commission registered 984 candidates, 65 third-party campaigners and 20 groups during 2018–19 for State and local government elections.

Table 29. Candidate, group and third-party campaigner registrations 2018–19

Election event	Registered candidates	Registered groups (if applicable)	Registered third-party campaigners
14 July 2018 Berrigan Shire Council by-election*	2	N/A	0
28 July 2018 The Hills Shire Council West Ward by-election*	2	N/A	0
8 September 2018 Wagga Wagga State by-election	8	N/A	0
27 October 2018 Ku-ring-gai Council St Ives Ward by-election	8	N/A	1
24 November 2018 Greater Hume Shire East Ward by-election	5	N/A	0
24 November 2018 Wollongong City Council Ward 3 by-election	4	N/A	0
8 December 2018 Cobar Shire by-election	3	N/A	0
16 February 2019 Lachlan Shire Council D Ward 2019 by-election	4	0	0
16 February 2019 Griffith City Council by-election	8	N/A	0
16 February 2019 Uralla A Ward local government by-election	3	N/A	0
23 March 2019 2019 NSW State general election	931	20	64
29 June 2019 Coonamble Shire Council by-election**	4	0	0
12 September 2020 local government general elections***	2	0	0
Total	984	20	65

Source: NSW Electoral Commission. Note: "N/A" means that it is not possible for a group to be registered for an election. Groups are only permitted at an election where there are two or more vacancies to be filled. At each of the Lachlan and Coonamble by-elections there were two positions so it was possible there could have been groups but none were registered. *Candidates at the 2018 local government by-elections for The Hills West ward and Berrigan Shire Council were registered under the now repealed *Election Funding, Expenditure and Disclosures Act 1981*, which remained in force in relation to these two elections despite the commencement of the new *Electoral Funding Act 2018*. Where "0" appears in the table, groups and third-party campaigners were able to register for the election but no such registrations were received. ** Twenty-two registered candidates for the 2019 NSW State election had their registration cancelled during 2018–19. These candidates are still required to make disclosures of political donations and electoral expenditure in relation to the 2018–19 period. These 22 candidates are not included in the overall figure of registered candidates for the election. *** The registration period has already opened for the 2020 local government general elections. Candidates registered during 2018–19 are required to make disclosures of political donations and electoral expenditure in relation to the 2018–19 period.

Regulating the electoral environment

continued

Under the *Electoral Funding Act 2018*, associated entities of registered parties and elected members are required to be registered. An associated entity is a corporation or other entity that operates solely for the benefit of one or more registered parties or elected members. During 2018–19, four associated entities were registered.

Associated entities and third-party campaigners are required to have an official agent who is responsible for the management and disclosure of an associated entity's political donations and electoral expenditure. During the period, each of the 66 registered third-party campaigners and four registered associated entities had a registered official agent.

Each political party, whether or not a registered party, must appoint a party agent. Party agents are responsible for the disclosure of the party's political donations and electoral expenditure. Party agents of parties that are registered for State elections are also responsible for the management and disclosure of political donations and electoral expenditure of State election candidates, groups and members of Parliament who are members of the party. As at 30 June 2019, six parties did not have a registered party agent and the registered officers of those parties acted in the role of party agent.

To be eligible to be appointed as a party agent or official agent a person must satisfy a number of criteria including successfully completing an online agent training program provided by the Electoral Commission. Individuals who have certain accounting qualifications are not required to complete the agent training program. During 2018–19, 68 people completed this training.

Registration of third-party lobbyists (lobbyists register)

Registered third-party lobbyists are included in the publicly available Register of Third-Party Lobbyists. During 2018–19, 30 new third-party lobbyists were registered. As at 30 June 2019, 130 third-party lobbyists were included on the register.

From 1 July 2018, each registered third-party lobbyist was required to appoint a person as the officer who is responsible for the lobbyist's compliance with NSW lobbying laws. Such officers are responsible for completing the Electoral Commission's online training on an annual basis. As at 30 June 2019, two third-party lobbyists had not appointed a 'responsible officer' and on 3 July 2019 the registrations for these lobbyists were cancelled. Failure to appoint a responsible officer is a breach of the Lobbyists Code of Conduct and can result in the suspension or cancellation of a lobbyist's registration.

During 2018–19, the registrations of 26 third-party lobbyists were cancelled and the registration of 12 third-party lobbyists were suspended. Reasons for the suspension or cancellation of a lobbyist's registration can include if the lobbyist is no longer conducting the business of lobbying or if there is a breach of NSW lobbying laws. Details of the decisions made by the Commission and the reasons for those decisions are published on the [NSW Electoral Commission website](#).

Caps on political donations and electoral expenditure

Political donations

Political donations are capped in NSW and the caps apply to:

- parties (registered and unregistered)
- groups of candidates
- candidates
- elected members
- third-party campaigners
- associated entities.

The caps are adjusted for inflation each financial year.

Table 30. Caps on political donations for 2018–19

Stakeholder type	Cap
Registered parties	\$6,300
Unregistered parties	\$2,800
Groups of candidates	\$6,300
Candidates	\$2,800
Elected members	\$2,800
Third-party campaigners	\$2,800

Source: *Electoral Funding Act 2018*.

Electoral expenditure

Electoral expenditure is capped at State elections and the caps apply to:

- parties (registered and unregistered)
- independent groups for a Legislative Council election
- candidates
- third-party campaigners.

Expenditure caps are adjusted for inflation every four years after each State general election.

Table 31. Caps on State elections and State by-elections electoral expenditure[#]

Political participants	Caps applicable to State elections held during 2018-19	Caps applicable to State elections held in the four-year period up to and including the 2023 NSW State election
Parties with more than 10 Legislative Assembly candidates in a general election	\$122,900 multiplied by the number of endorsed Legislative Assembly candidates of the party	\$132,600 multiplied by the number of endorsed Legislative Assembly candidates of the party
All other parties	\$1,288,500	\$1,389,900
Independent groups of candidates in periodic Legislative Council elections	\$1,288,500	\$1,389,900
Party candidates in Legislative Assembly general election	\$122,900	\$132,600
Non-grouped candidates in periodic Legislative Council elections	\$184,200	\$198,700
Candidates in Legislative Assembly by-elections	\$245,600	\$265,000
Independent candidates in Legislative Assembly general election	\$184,200	\$198,700
Third-party campaigners for a State general election registered before the commencement of the capped State expenditure period	\$1,288,500 [†]	*
Third-party campaigners for a State general election registered from or after the commencement of the capped State expenditure period	\$644,300 [†]	*
Third-party campaigners at a State by-election	\$24,700	\$21,600
Electorate cap for parties for a State general election or where more than one by-election is held on the same day	\$61,500 per electorate	\$66,400 per electorate
Electorate cap for third-party campaigners for a State election or where more than one by-election is held on the same day	\$24,700 per electorate	\$26,700 per electorate

Source: *Electoral Funding Act 2018*.

[#]For the 2019 NSW State election, 2018 Wagga Wagga State by-election and for State elections in the four-year period up to and including the 2023 NSW State election. *The applicable caps for third-party campaigners were not adjusted following the 2019 NSW State election as the caps in the *Electoral Funding Act 2018* were found by the High Court to be invalid in *Unions NSW v New South Wales (2019) High Court of Australia*. [†]These caps apply until 31 December 2019.

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Under the *Electoral Funding Act 2018*, electoral expenditure at local government elections is also subject to expenditure caps. The current caps apply to local government elections up to and including the 2020 local government elections. The caps apply to:

- parties (registered and unregistered)
- groups of candidates
- ungrouped candidates
- mayoral candidates
- third-party campaigners
- candidates for a Legislative Assembly election
- ungrouped candidates for a Legislative Council election
- third-party campaigners.

Table 32. Caps on electoral expenditure for local government elections up to and including the 2020 local government general elections

Political participant	Cap applicable to local government elections up to and including the 2020 local government elections
Party that endorses candidates at a general election	\$5,000 multiplied by the number of wards (for divided councils) and local government areas (for undivided councils) in which the party has endorsed candidates
Endorsed candidate who is not in a group or who is not contesting a mayoral election at a general election	\$20,000 for all local government areas and wards
Independent candidate who is not in a group or who is not contesting a mayoral election at a general election	\$25,000 for all local government areas and wards
Endorsed group of candidates at a general election	\$30,000 for all local government areas and wards
Independent group of candidates at a general election	\$35,000 for all local government areas and wards
Candidate for mayor who is a member of a group at a general election	\$15,000 for all local government areas
Candidate for mayor who is not a member of a group at a general election	\$30,000 for all local government areas
Candidate at a by-election	\$40,000 for all local government areas
Third-party campaigner at a general election	\$2,500 multiplied by the number of wards (for divided councils) and local government areas (for undivided councils) in which the third-party campaigner incurs electoral expenditure
Third-party campaigner at a by-election	\$2,500 for each by-election
Area or ward cap for a party	\$5,000 within the party's overall expenditure cap
Area or ward cap for a third-party campaigner	\$2,500 within the third-party campaigner's overall expenditure cap

Source: *Electoral Funding Act 2018*.

Disclosures of political donations and electoral expenditure

During 2018–19, the Electoral Commission received disclosures of political donations and electoral expenditure under the *Election Funding, Expenditure and Disclosures Act 1981* and the *Electoral Funding Act 2018*. This is because the disclosures for the 2017–18 disclosure period under the *Election Funding, Expenditure and Disclosures Act 1981* were received in the 2018–19 financial year, after the commencement of the *Electoral Funding Act 2018*.

The *Electoral Funding Act 2018* requires political donations to be disclosed every six-months – by 28 January and 28 July – and electoral expenditure to be disclosed annually by 22 September. Political donors are required to disclose annually, which is the same as under the *Election Funding, Expenditure and Disclosures Act 1981*, except the disclosures are due by 28 July instead of 22 September.

Because the NSW State election was held 23 March 2019, political donations of \$1,000 or more made or received in the period 1 October 2018 to 23 March 2019 were required to be disclosed within 21 days. This is a new requirement under the *Electoral Funding Act 2018*. Pre-election period disclosures do not apply to political donations for local government elections and major political donors do not need to disclose during the pre-election period.

2017–18 disclosure period

Disclosures for the 2017–18 disclosure period were required to be lodged in the accordance with the *Election Funding, Expenditure and Disclosures Act 1981*. The disclosures were required to be made to the NSW Electoral Commission between 1 July and 22 September (or between 1 July and 20 October for major political donors). The disclosures are published on the NSW Electoral Commission website.

Political donations and electoral expenditure were required to be disclosed in accordance with the legislation by:

- political parties
- elected members of the NSW Parliament and local government councils
- candidates and groups
- third-party campaigners
- major political donors.

The disclosures included candidates and groups that contested the 2017 local government elections and newly elected councillors from those elections.

For the 2017–18 disclosure period, we received 5,436 validly lodged disclosures and 116 validly lodged amended disclosures. As at 30 June 2019, 524 disclosures were not lodged or not validly lodged. People who did not lodge, or who did not validly lodge, a disclosure were notified of an apparent breach of the legislation. This was dealt with in accordance with our compliance and enforcement policies (refer to the *Compliance and enforcement* section of this report on page 74).

A validly lodged disclosure is one that is lodged by the person responsible for making the disclosure using the approved form of the NSW Electoral Commission and has been certified by a registered company auditor.

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Table 33. Disclosure obligations for the 2017–18 disclosure period and disclosures validly lodged

Political participant	Number of disclosure obligations	Lodged on time	Lodged late during 2018–19	Not lodged during 2018–19	On time lodgement rate
Political parties	54	39	14	1	72%
Elected members	1,542	1,139	330	73	74%
Candidates	2,165	1,289	693	183	60%
Groups of candidates	502	291	169	42	58%
Third-party campaigners	15	7	6	2	47%
Donors	1,156	549	386	221	47%
Total	5,436	3,314	1,598	524	61%

Source: NSW Electoral Commission.

In addition to the disclosures lodged for the 2017–18 disclosure period, 116 amended disclosures were lodged in relation to that disclosure period. These were made up of one amended disclosure for a State election candidate, eight amended disclosures by political parties, 11 by major political donors and 96 by local government elected members.

A comparison of 'on-time' lodgement rates shows fluctuations in the level of compliance over the past five years.

Table 34. 'On-time' lodgement rates for disclosures lodged since the 2013–14 financial year

Political participant	2017–18	2016–17	2015–16	2014–15	2013–14
Political parties	72%	64%	78%	81%	61%
Elected members	74%	67%	76%	83%	83%
Candidates	60%	64%	71%	63%	N/A
Groups of candidates	58%	65%	67%	71%	82%
Third-party campaigners	47%	54%	N/A	85%	67%
Donors	47%	50%	57%	52%	28%

Source: NSW Electoral Commission. Where "N/A" is shown, the item was not applicable to these political participants.

In relation to the 2017–18 disclosure period, there were 1,208 'nil' disclosures lodged. A 'nil' disclosure occurs where a person has not received or made any political donations or incurred any electoral expenditure in the disclosure period.

Table 35. Nil' disclosures received for the 2017–18 disclosure period

Political participant	Number of "nil" disclosures	% of "nil" disclosures
Political parties	15	28
Elected members	897	61
Candidates	256	13
Groups of candidates	36	8
Third-party campaigners	4	31
Total	1,208	25

Source: NSW Electoral Commission.

The total amount of electoral expenditure disclosed for the 2017–18 disclosure period was \$8,131,998.

Table 36. Electoral expenditure disclosed for the 2017-18 disclosure period

Political participant	Advertising	Production & distribution of election material	Internet and utilities	Staff costs	Office accommodation	Research	Travel	Other	Total \$
Political parties	474,093	222,055	96,248	128,021	2,719	311,499	21,079	1,408,635	2,664,349
Elected members	245,134	93,303	14,860	4,172	16,408	2,564	326	178,931	555,698
Candidate	897,573	222,009	53,624	114,849	3,967	17,218	61,273	72,536	1,443,049
Groups	1,690,496	1,234,320	169,749	46,124	33,868	3,733	2,015	245,207	3,425,512
Third-party campaigners	37,997	4,546	0	847	0	0	0	0	43,390
Total \$	3,345,293	1,776,233	334,481	294,013	56,962	335,014	84,693	1,905,309	8,131,998

Source: NSW Electoral Commission.

The total amount of political donations received, proceeds from fundraising ventures and “self-funding” was \$20,816,274.

Table 37. Political donations received, proceeds from fundraising ventures and ‘self-funding’ for the 2017–18 disclosure period

Political participant	Small political donations	Reportable political donations	Membership and affiliation fees	Reportable loans	Net or gross proceeds from fundraisers	Self-funding contributions	Total \$
Political parties	2,996,616	4,771,736	2,239,831	1,817,728	3,088,474	N/A	14,914,385
Elected members	335,701	138,985	N/A	12,864	408,302	357,085	1,252,937
Candidates	146,692	90,912	N/A	5,000	91,277	523,246	857,127
Groups	630,765	480,367	N/A	23,200	420,971	2,236,522	3,791,824
Third-party campaigners	0	0	N/A	N/A	N/A	N/A	0
Total \$	4,109,775	5,482,000	2,239,831	1,858,791	4,009,024	3,116,853	20,816,274

Source: NSW Electoral Commission. Where “N/A” is shown, the item was not applicable to these political participants.

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The total amount of political donations made was \$5,537,472.

Table 38. Political donations

Political Participant	Small political donations	Reportable political donations	Total \$
Political parties	0	6,100	6,100
Elected members	171,411	903,678	1,075,089
Candidates	11,944	27,294	39,238
Groups	59,815	118,595	178,410
Third-party campaigners	1,585	18,300	19,885
Donors	N/A	4,218,749	4,218,749
Total \$	244,755	5,292,717	5,537,472

Source: NSW Electoral Commission. Where “N/A” is shown, the item was not applicable to these political participants.

Requests for extension to lodge a disclosure

During 2018–19, we received 61 requests for extension to lodge a disclosure form in relation to the 2017–18 disclosure period. A person can be given an extension of time to lodge a disclosure if we are satisfied there is good cause to do so and the person has requested the extension before the due date. The due date for lodging a declaration was extended in 49 cases. The main reason for these requests for extension were to do with the requirement to have the disclosure certified by a registered company auditor before being lodged with us. The audit requirement has subsequently been removed following commencement of *Electoral Funding Act 2018*.

Waiving of the audit requirement

Disclosures and amended disclosures made by political parties, elected members, candidates, groups and third-party campaigners were required to be certified by a registered company auditor before being lodged with us. This requirement could be waived under certain circumstances, except for political parties. The circumstances were prescribed in the *Election Funding, Expenditure and Disclosures Act 1981* and include:

- where the person is not entitled to receive public funding payments from us
- where the person does not have political donations or electoral expenditure to disclose
- where the cost to comply with the audit requirement was unreasonable.

We applied a general waiver of the audit requirement for candidates, groups and elected members who were not entitled to receive public funding and whose disclosures or amended disclosures were below a monetary threshold (\$2,500 for elected members and candidates and \$5,000 for groups of candidates). For the 2017–18 disclosure period, the audit requirement was waived in 2,525 cases for disclosures and 86 cases for amended disclosures. The following table shows the number of times the audit requirement was waived for the 2017–18 disclosure period for each category of political participants.

Table 39. Audit requirement waived for 2017–18 disclosures

Political participant	Number of disclosures	Number of amended disclosures	Total disclosure
Elected members	1,274	28	1,302
Groups	219	15	234
Candidates	1,031	43	1,074
Third-party campaigners	1	0	1
Total	2,525	86	2,611

Source: NSW Electoral Commission

Financial records of political parties

Political parties were required to lodge copies of their audited annual financial statements and associated financial records with their disclosures for the 2017–18 disclosure period. These records help us undertake compliance audits. The following table shows the number of parties that complied with this requirement.

Table 40. Lodgement of financial records of parties for the 2017–18 disclosure period

Document	Lodged with disclosure	Not lodged with disclosure	Not available/not lodged	Total
Audited financial statements	25	2	27	54
Financial records	14	5	35	54
Chart of accounts	19	6	29	54
Trial balance	19	5	30	54
Bank statements	26	9	19	54

Source: NSW Electoral Commission.

2016–17 disclosure period

In the year to 30 June 2019, we also received five disclosures for the 2016–17 disclosure period. These disclosures were due to be lodged with us by 22 September 2017, but were lodged significantly after the due date. These disclosures were lodged by one political party, two candidates for local government elections and two major political donors (those making political donations of \$1,000 or more).

The late lodgement of these disclosures were dealt with in accordance with our compliance and enforcement policies.

In addition, 57 amended disclosures were lodged for the 2016–17 disclosure period. The amended disclosures are generally lodged as a result of the findings of our compliance audits. The amended disclosures were lodged by one local government councillor, two members of Parliament, eight groups of candidates and 25 candidates at local government elections, 13 major political donors and eight political parties.

2015–16 disclosure period and prior

In the year to 30 June 2019, we also received one disclosure from a local government councillor for the 2015–16 disclosure period. This disclosure was due to be lodged by 22 September 2016. The late lodgement of the disclosure was dealt with in accordance with our compliance and enforcement policies.

There were also two amended disclosures lodged for the 2015–16 disclosure period by a member of Parliament and a political party.

There were no disclosures lodged during 2018–19 for the 2014–15 disclosure period but there were five amended disclosures lodged for that period by three political parties, one candidate for a State election and one major political donor.

1 July 2018 to 31 December 2018 half-yearly disclosure period

Disclosures for the half-yearly disclosure period ending 31 December 2018 were required to be lodged in accordance with the *Electoral Funding Act 2018*. These were the first half-yearly disclosures lodged under that Act. The disclosures were required to be made to the NSW Electoral Commission between 1 January 2019 and 28 January 2019. The disclosures are published on the [NSW Electoral Commission website](#).

Political donations were required to be disclosed in accordance with the legislation by:

- political parties
- associated entities
- elected members of the NSW Parliament and local government councils
- candidates and groups
- third-party campaigners.

The disclosures included candidates, groups and third-party campaigners that were already registered during the half-yearly period for the 2019 NSW State election. Political donations that were required to be disclosed in a pre-election period disclosure were not required to be disclosed in a half-yearly disclosure.

For the half-yearly period, we received 1,715 validly lodged disclosures and 34 validly lodged amended disclosures. As at 30 June 2019, 51 disclosures were not lodged or not validly lodged. People who did not lodge, or who did not validly lodge, a disclosure were notified of an apparent breach of the legislation. This was dealt with in accordance with our compliance and enforcement policies (refer to *Compliance and enforcement* on page 74).

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Under the *Electoral Funding Act 2018* there are new rules to determine who is responsible for making disclosures. Party agents of political parties registered for State elections are responsible for making disclosures on behalf of State election candidates, groups and members of Parliament who are members of that party. Generally, all local government councillors, candidates and groups are responsible for making their own disclosures. This is the case for State election candidates, groups and members of Parliament who are not members of a political party that is registered for State elections. Third-party campaigners and associated entities are required to have an official agent who is responsible for making disclosures and the party agents are responsible for making political party disclosures.

Table 41. Disclosure obligations for the half-yearly disclosure period ending 31 December 2018 and disclosures validly lodged

Political participant	Number of disclosure obligations	Lodged on time	Lodged Late during 2018–19	Not lodged during 2018–19	On time lodgement rate
Political parties	46	35	11	0	76%
Associated entities	4	4	0	0	100%
Elected members	1,431	880	503	48	61%
Candidates	246	151	92	3	61%
Groups of candidates	1	1	0	0	100%
Third-party campaigners	38	15	23	0	39%
Total	1,766	1,086	629	51	61%

Source: NSW Electoral Commission.

In addition to the disclosures lodged for the half-yearly disclosure period, 34 amended disclosures were lodged in relation to that disclosure period. These were made up of two amended disclosures by political parties, three amended disclosures by third-party campaigners, three amended disclosures by members of Parliament, five amended disclosures by State election candidates, and 21 by local government elected members.

The total amount of political donations received, proceeds from fundraising ventures and 'self-funding' was \$7,880,217.

Table 42. Political donations received, proceeds from fundraising ventures and 'self-funding' for the half-yearly disclosure period ending 31 December 2018

Political participant	Small political donations	Reportable political donations	Membership and affiliation fees	Reportable loans	Net or gross proceeds from fundraisers	Self-funding contributions	Total \$
Political parties	1,546,005	1,211,083	923,905	1,226,446	1,223,354	N/A	6,130,792
Elected members	299,823	60,523	N/A	15,662	314,480	78,886	769,374
Candidates	365,282	41,255	N/A	0	304,037	254,778	965,351
Groups	0	0	N/A	0	0	0	0
Associated entities	0	0	N/A	0	0	0	0
Third-party campaigners	N/A	14,700	N/A	0	0	N/A	14,700
Total \$	2,211,110	1,327,561	923,905	1,242,108	1,841,870	333,664	7,880,217

Source: NSW Electoral Commission. Where "N/A" is shown, the item was not applicable to these political participants.

The total amount of political donations made by political participants was \$892,860.

Table 43. Political donations made* for the half-yearly disclosure period ending 31 December 2018

Political participant	Small political donations	Reportable political donations	Total \$
Political parties	0	0	0
Elected members	146,761	335,783	482,544
Candidates	20,028	73,522	93,550
Groups	0	0	0
Associated entities	0	0	0
Third-party campaigners	0	316,767	316,767
Total \$	166,789	726,071	892,860

Source: NSW Electoral Commission.

*Major political donors are not required to disclose political donations made until after the end of the financial year.

Requests for extension to lodge a disclosure

In relation to the half-yearly disclosure period, we received 10 requests for extension to lodge a disclosure form. A person can be given an extension of time to lodge a disclosure if we are satisfied there is good cause do so and the person has requested the extension before the due date. The due date for lodging a declaration was extended in all 10 cases. We observed a significant reduction in the number of requests for extension. This can mainly be attributed to the *Electoral Funding Act 2018* not requiring disclosures to be certified by a registered company auditor before being lodged with us.

'Nil' disclosures

In relation to the half-yearly disclosure period there were 1,060 'nil' disclosures lodged. A 'nil' disclosure occurs where a person has not received or made any political donations in the half yearly period. A breakdown of the 'nil' disclosures is in the table below:

Table 44. 'Nil' disclosures breakdown

Political participant	Number of 'nil' disclosures	% of 'nil' disclosures
Political parties	22	48%
Associated entities	4	100%
Elected members	929	67%
Candidates	83	34%
Groups of candidates	1	100%
Third-party campaigners	20	53%
Total	1,059	61%

Source: NSW Electoral Commission.

2019 NSW State election pre-election disclosure period

Under the *Electoral Funding Act 2018*, political donations of \$1,000 made or received in the lead-up to a State general election are required to be disclosed within 21 days. The pre-election disclosure period starts on 1 October in the year before a State general election and ends on election day. As the 2019 NSW State election was held during the 2018-19 financial year, pre-election period disclosures were required to be lodged from 1 October 2018. The disclosures are published on the [NSW Electoral Commission website](#).

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Pre-election period disclosures do not apply to donations for local government elections and do not apply to major political donors.

Political donations were required to be disclosed in accordance with the legislation by:

- political parties
- associated entities
- elected members of the NSW Parliament and local government councils
- candidates and groups
- third-party campaigners.

For the pre-election period, there were 85 political parties, elected members, candidates and third-party campaigners who lodged a total of 293 pre-election disclosure forms.

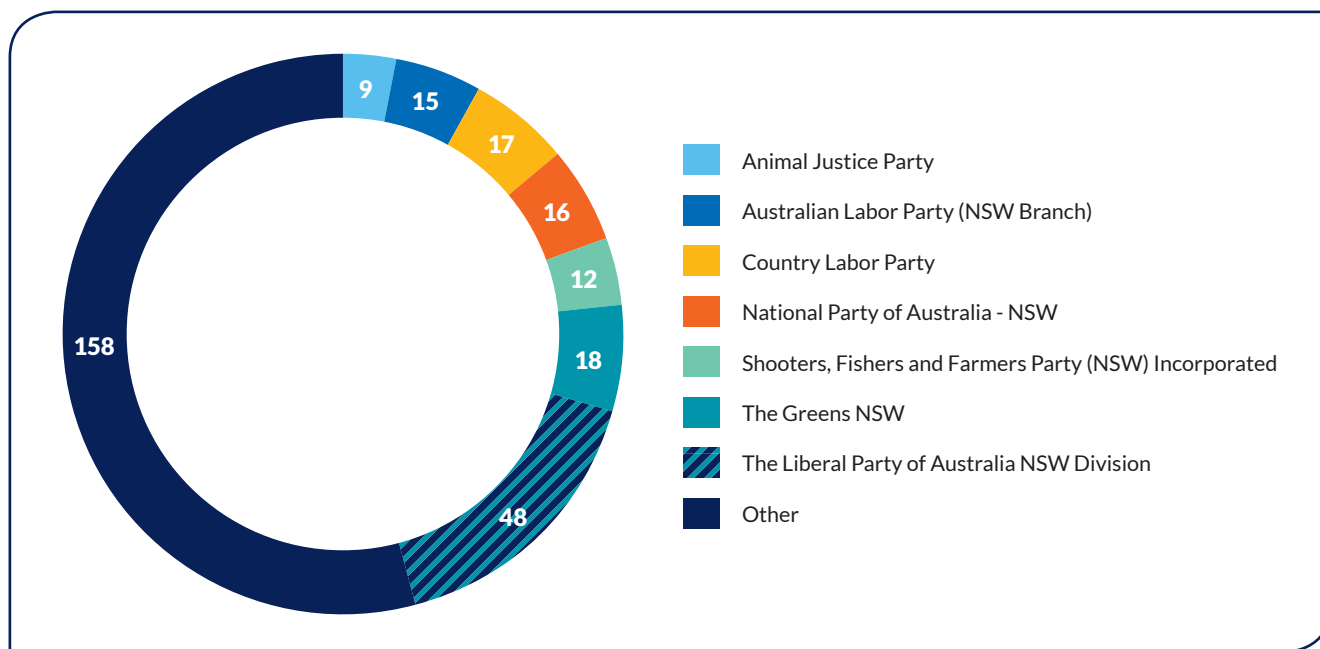
As at 30 June 2019, we were still in the process of determining whether any political donations of \$1,000 or more were required to be disclosed in a pre-election disclosure, but were not. Any failures to disclose political donations in a pre-election disclosure will be dealt with in accordance with our compliance and enforcement policies.

A total of \$52,201 in political donations made and \$3,766,977 in political donations, reportable loans and proceeds from fundraising ventures received were disclosed in relation to the pre-election disclosure period. Donations made or received of \$1,000 disclosed in a pre-election disclosure are not included in the half-yearly disclosures of political donations. Donors were not required to make pre-election disclosures. Donors disclose donations made after the end of the financial year. Donations for local government elections were not required to be disclosed in a pre-election disclosure. They are disclosed in a half-yearly disclosure.

Online disclosure of pre-election donations

Under the *Electoral Funding Act 2018*, reportable political donations made or received in the six month pre-election period are required to be disclosed within 21 days and published on the Electoral Commission’s website. To support this legislative requirement, an online publication system was developed and implemented for the disclosure of reportable political donations in the lead-up to the 2019 State election. The commencement of the new disclosure requirement on 1 July 2018 (being close to the start of the pre-election period) meant that the development of our online portal for managing all funding and disclosure obligations was deferred until 2019-20.

Figure 1. Number of pre-election disclosures for the 2019 NSW State election



Source: NSW Electoral Commission. “Other” includes political parties not shown separately, candidates, elected members and third-party campaigners. The value of these disclosures is shown in Table 45.

Table 45. Pre-election disclosure period disclosures

Political participant	Political donations made	Political donations received	Net or gross proceeds of fundraising events	Reportable loans
Political parties	0	2,184,303	719,448	370,370
Elected members	2,651	72,035	73,389	73,389
Candidates	6,000	132,258	5,950	5,950
Groups	0	0	0	0
Associated entities	0	0	0	0
Third-party campaigners	43,550	120,852	9,033	0
Total \$	52,201	2,509,448	807,820	449,709

Source: NSW Electoral Commission.

Public funding

Public funding is available to reimburse eligible registered political parties, candidates and elected members for certain expenditure incurred up to limits specified in the *Electoral Funding Act 2018*.

Eligible State registered parties, candidates and elected members can claim public funding from:

- the Election Campaigns Fund, which provides public funding to eligible parties and candidates for electoral communication expenditure incurred at a State election or by-election
- the Administration Fund, which distributes public funds to eligible parties and independent members of Parliament in respect of their administrative expenditure
- the New Parties Fund, which distributes funds to eligible parties that are not eligible for payments from the Administration Fund, for their expenditure on policy development.

There is no public funding for parties or candidates at local government elections in New South Wales or for elected members of local councils.

Election Campaigns Fund

The Election Campaigns Fund exists to reimburse eligible candidates and political parties for electoral communication expenditure incurred during the capped expenditure period for a State election or by-election.

The amount of expenditure reimbursed to eligible parties and candidates from the Election Campaigns Fund is a proportion of actual electoral communication expenditure incurred for a State election, during the capped expenditure period for the election. It is subject to an expenditure cap and expenditure in excess of the cap is not reimbursed.

In 2018–19, we processed claims for payment from eligible candidates for reimbursement of campaign expenditure incurred at the 2018 Wagga Wagga State by-election.

Risk-based reviews were undertaken for each claim for payment made. Our risk-based approach may include auditing a sample of expenditure included in a claim. A risk profile is determined for a party or candidate based on the likelihood and consequence of potential incidents of non-compliance.

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A total of \$161,539.11 was paid from the Election Campaigns Fund to five candidates for electoral communication expenditure incurred in relation to the Wagga Wagga State by-election.

Table 46. Election Campaigns Fund payments for electoral communication expenditure 2018–19

Candidate	Election	Party affiliation	Claim lodged	Amount paid	Paid date
Daniel Hayes	Wagga Wagga 2018	Country Labor Party	18 Feb 2019	\$42,900.06	7 Mar 2019
Sebastian McDonagh	Wagga Wagga 2018	Shooters, Fishers and Farmers Party (NSW) Incorporated	14 Nov 2018	\$18,728.00	14 Dec 2018
Julia Ham	Wagga Wagga 2018	The Liberal Party of Australia NSW Division	31 Jan 2019	\$48,124.00	14 Feb 2019
Joseph McGirr	Wagga Wagga 2018	Independent	8 Feb 2019	\$31,675.05	21 Feb 2019
Paul Funnell	Wagga Wagga 2018	Independent	15 Feb 2019	\$20,112.00	23 May 2019
				\$161,539.11	

Source: NSW Electoral Commission. The Wagga Wagga State by-election held in September 2018 was the only State by-election conducted during 2018–19.

2019 NSW State election payments from the Election Campaigns Fund

Parties and candidates that satisfy the eligibility criteria of the *Electoral Funding Act 2018* and the *Electoral Funding Regulation 2018* are eligible to receive payments from the Election Campaigns Fund for campaign expenditure in the 2019 NSW State election. A party can receive its entitlement in up to three instalments:

1. Advance payment: 50 per cent of the party's entitlement in the 2015 NSW State election, paid between 1 October and 23 March 2019.
2. Prepayment: 90 per cent of the party's estimated entitlement for the 2019 NSW State election less the advance payment, if the entitlement amount cannot be finalised within 14 days of the claim for payment being lodged. Paid within 14 days of claim lodged (after 2019 NSW State election).
3. Final payment: the balance of the party's finalised entitlement, if the full entitlement was not paid within 14 days of claim lodgement.

To receive a payment for an election, a claim for payment must be lodged with the NSW Electoral Commission within 120 days of the day for the return of the writ for the election. Following the March 2019 State election, the Electoral Commission advised each eligible party and candidate how and when to make a claim, and the maximum amount they were entitled to claim. Claims for the Election Campaigns Fund were due before 2 September, unless the Electoral Commission is satisfied that proper reasons exist to justify an extension.

Auditing a claim

We audit claims for payment made by a party or candidate. The party agent or candidate must assist the Commission in conducting the audit by:

- giving full and free access at all reasonable times to all accounts, records, documents and papers of the party agent and of the party or candidate, as the case may require, relating directly or indirectly to the expenditure referred to in the claim
- giving all information and explanations that the NSW Electoral Commission reasonably asks for with respect to the expenditure referred to in the claim.

The Commission will disallow items of expenditure included in a claim, if it is proper to do so. No payments are made to a party or a candidate while:

- the party or candidate has an outstanding declaration of political donations and electoral expenditure
- the party has not provided the Commission with its audited annual financial statements, or
- the party has not provided the Commission with a list of senior office holders.

We may deduct from a payment any amount it is authorised to recover from a party; for example, an amount for an unlawful political donation.

Payments to political parties

The following table shows parties that have and/or may receive payments from the Election Campaigns Fund for electoral expenditure in connection with the 2019 NSW State election. As at 30 June 2019, the Electoral Commission was processing claims for payment, and as claims are assessed and finalised, details are published on the Electoral Commission's website.

Table 47. Election Campaigns Fund payments to political parties for the 2019 NSW State Election

Party name	Estimated maximum entitlement (by First Preference Vote)	Advance payments made pre-election
Animal Justice Party	\$578,174.76	\$1,912.11
Australian Labor Party (NSW Branch)	\$5,133,398.76	\$4,293,544.00
Christian Democratic Party (Fred Nile Group)	\$486,306.72	Nil*
Country Labor Party	\$5,697,833.76	\$721,080.50
The Liberal Party of Australia NSW Division	\$11,301,138.36	\$4,929,788.00
National Party of Australia – NSW	\$1,897,020.00	\$1,849,032.00
Pauline Hanson's One Nation	\$1,210,238.28	Nil**
Shooters, Fishers and Farmers Party (NSW) Incorporated	\$1,479,573.00	\$377,709.75
The Greens NSW	\$3,283,849.08	\$1,443,540.21

Source: NSW Electoral Commission. *Claim for advance payment not made by party. **Party not eligible for advance payment.

Administration Fund

The Administration Fund exists to reimburse eligible political parties and independent elected members of Parliament for administrative and operating expenditure incurred quarterly.

The quarterly amount payable to eligible parties and independent elected members is the amount of administrative expenditure incurred by the party or elected member during the quarter, up to a maximum amount. The maximum amount is adjusted for inflation each year.

Table 48. Administration Fund maximum quarterly reimbursement for administrative and operating expenditure

Category	Amount
For parties	
If the party has one endorsed elected member	\$89,300
If the party has two endorsed elected members	\$153,000
If the party has three endorsed elected members	\$191,200
If the party has more than three endorsed elected members	\$191,200 + \$30,600 for each additional member up to 22 members
For independent elected members	
Maximum amount payable per quarter	\$57,600

Source: *Electoral Funding Act 2018*. The values in this table are for the 2019 calendar year.

Regulating the electoral environment

continued

The Electoral Commission paid over \$13 million from the Administration Fund to eight political parties and three independent elected members during the 2018–19 financial year.

Table 49. Amounts paid for administrative expenditure incurred in 2018–19 financial year

Claimant	Quarterly maximum entitlement	Payment type	Year	Date of payment	Amount
Alexander Greenwich	\$56,450.00	3rd quarterly advance	2018	16/07/2018	\$28,225.00
	\$56,450.00	1st quarterly payment	2018	17/08/2018	\$11,091.09
	\$56,450.00	4th quarterly advance	2018	2/10/2018	\$28,225.00
	\$56,450.00	3rd quarterly payment	2018	14/12/2018	\$23,830.45
	\$56,450.00	4th quarterly payment	2018	7/03/2019	\$28,225.00
	\$57,600.00	1st quarterly advance	2019	2/01/2019	\$28,800.00
	\$57,600.00	2nd quarterly advance	2019	1/04/2019	\$28,800.00
Animal Justice Party	\$87,500.00	3rd quarterly advance	2018	16/07/2018	\$43,750.00
	\$87,500.00	1st quarterly payment	2018	5/09/2018	\$33,383.50
	\$87,500.00	4th quarterly advance	2018	2/10/2018	\$43,750.00
	\$87,500.00	2nd quarterly payment	2018	29/11/2018	\$13,329.90
	\$87,500.00	3rd quarterly payment	2018	21/01/2019	\$43,750.00
	\$87,500.00	4th quarterly payment	2018	24/04/2019	\$39,509.49
	\$89,300.00	1st quarterly advance	2019	2/01/2019	\$44,650.00
	\$153,000.00	2nd quarterly advance	2019	1/04/2019	\$44,650.00
Australian Labor Party (NSW Branch)	\$847,500.00	3rd quarterly advance	2018	16/07/2018	\$423,750.00
	\$847,500.00	4th quarterly advance	2018	2/10/2018	\$423,750.00
	\$847,500.00	1st quarterly payment	2018	17/01/2019	\$469,025.00
	\$847,500.00	2nd quarterly payment	2018	17/01/2019	\$279,787.50
	\$847,500.00	3rd quarterly payment	2018	21/02/2019	\$423,750.00
	\$847,500.00	4th quarterly payment	2018	18/04/2019	\$423,750.00
	\$864,400.00	1st quarterly advance	2019	2/01/2019	\$432,200.00
	\$864,400.00	2nd quarterly advance	2019	1/04/2019	\$432,200.00
Christian Democratic Party (Fred Nile Group)	\$150,000.00	3rd quarterly advance	2018	16/07/2018	\$75,000.00
	\$150,000.00	1st quarterly payment	2018	3/08/2018	\$18,997.51
	\$150,000.00	2nd quarterly payment	2018	5/09/2018	\$58,950.00
	\$150,000.00	4th quarterly advance	2018	2/10/2018	\$75,000.00

Table 49. Amounts paid for administrative expenditure incurred in 2018–19 financial year continued

Claimant	Quarterly maximum entitlement	Payment type	Year	Date of payment	Amount
Country Labor Party	\$217,500.00	3rd quarterly advance	2018	16/07/2018	\$108,750.00
	\$217,500.00	4th quarterly advance	2018	2/10/2018	\$108,750.00
	\$217,500.00	1st quarterly payment	2018	21/01/2019	\$123,050.00
	\$217,500.00	2nd quarterly payment	2018	21/01/2019	\$75,825.00
	\$217,500.00	3rd quarterly payment	2018	21/02/2019	\$108,750.00
	\$217,500.00	4th quarterly payment	2018	18/04/2019	\$108,750.00
	\$221,800.00	1st quarterly advance	2019	2/01/2019	\$110,900.00
	\$283,000.00	2nd quarterly advance	2019	1/04/2019	\$110,900.00
Gregory Piper	\$56,450.00	3rd quarterly advance	2018	16/07/2018	\$28,225.00
	\$56,450.00	1st quarterly payment	2018	3/08/2018	\$9,565.03
	\$56,450.00	4th quarterly advance	2018	2/10/2018	\$28,225.00
	\$56,450.00	4th quarterly payment	2018	14/02/2019	\$7,146.21
	\$57,600.00	1st quarterly advance	2019	2/01/2019	\$28,800.00
	\$57,600.00	2nd quarterly advance	2019	1/04/2019	\$28,800.00
Joseph McGirr	\$56,450.00	4th quarterly advance	2018	2/10/2018	\$28,225.00
	\$56,450.00	3rd quarterly payment	2018	30/04/2019	\$1,478.00
	\$57,600.00	1st quarterly advance	2019	2/01/2019	\$28,800.00
	\$57,600.00	2nd quarterly advance	2019	1/04/2019	\$28,800.00
National Party of Australia – NSW	\$787,500.00	3rd quarterly advance	2018	16/07/2018	\$393,750.00
	\$787,500.00	4th quarterly advance	2018	2/10/2018	\$393,750.00
	\$787,500.00	1st quarterly payment	2018	14/12/2018	\$422,550.00
	\$787,500.00	2nd quarterly payment	2018	20/12/2018	\$267,125.00
	\$787,500.00	3rd quarterly payment	2018	15/01/2019	\$393,750.00
	\$787,500.00	4th quarterly payment	2018	24/04/2019	\$393,750.00
	\$803,200.00	1st quarterly advance	2019	2/01/2019	\$401,600.00
	\$680,800.00	2nd quarterly advance	2019	1/04/2019	\$401,600.00

Regulating the electoral environment

continued

Table 49. Amounts paid for administrative expenditure incurred in 2018–19 financial year continued

Claimant	Quarterly maximum entitlement	Payment type	Year	Date of payment	Amount
Shooters, Fishers and Farmers Party (NSW) Incorporated	\$187,500.00	3rd quarterly advance	2018	16/07/2018	\$93,750.00
	\$187,500.00	1st quarterly payment	2018	3/08/2018	\$25,650.00
	\$187,500.00	2nd quarterly payment	2018	17/08/2018	\$66,112.50
	\$187,500.00	4th quarterly advance	2018	2/10/2018	\$93,750.00
	\$187,500.00	3rd quarterly payment	2018	14/12/2018	\$93,750.00
	\$187,500.00	4th quarterly payment	2018	14/02/2019	\$93,750.00
	\$191,200.00	1st quarterly advance	2019	2/01/2019	\$95,600.00
	\$252,400.00	2nd quarterly advance	2019	1/04/2019	\$95,600.00
	\$191,200.00	1st quarterly payment	2019	13/06/2019	\$95,600.00
The Greens NSW	\$337,500.00	3rd quarterly advance	2018	16/07/2018	\$168,750.00
	\$337,500.00	1st quarterly payment	2018	5/07/2018	\$148,550.00
	\$337,500.00	1st quarterly payment	2018	17/08/2018	\$40,400.00
	\$337,500.00	2nd quarterly payment	2018	5/09/2018	\$114,675.00
	\$337,500.00	4th quarterly advance	2018	2/10/2018	\$168,750.00
	\$337,500.00	3rd quarterly payment	2018	10/01/2019	\$168,750.00
	\$337,500.00	4th quarterly payment	2018	28/03/2019	\$138,750.00
	\$313,600.00	1st quarterly advance	2019	2/01/2019	\$172,100.00
	\$283,000.00	2nd quarterly advance	2019	1/04/2019	\$156,800.00
The Liberal Party of Australia, NSW Division	\$847,500.00	3rd quarterly advance	2018	16/07/2018	\$423,750.00
	\$847,500.00	1st quarterly payment	2018	30/08/2019	\$469,025.00
	\$847,500.00	2nd quarterly payment	2018	30/08/2019	\$279,787.50
	\$847,500.00	4th quarterly advance	2018	2/10/2018	\$423,750.00
	\$847,500.00	3rd quarterly payment	2018	6/12/2018	\$423,750.00
	\$847,500.00	4th quarterly payment	2018	7/03/2019	\$423,750.00
	\$864,400.00	1st quarterly advance	2019	2/01/2019	\$432,200.00
	\$864,400.00	2nd quarterly advance	2019	1/04/2019	\$432,200.00
	\$864,400.00	1st quarterly payment	2019	6/06/2019	\$432,200.00
Total					\$13,933,243.68

Source: NSW Electoral Commission.

New Parties Fund

The New Parties Fund exists to reimburse eligible political parties² for policy development expenditure incurred in a calendar year. The annual amount payable to eligible parties is the amount of policy development expenditure incurred by the party during the calendar year, capped, up to a maximum amount. The maximum amount is adjusted for inflation each year.

The annual maximum amounts for 2018 are:

- either 63 cents for each first preference vote received by any candidate at the 2015 State election who was endorsed by the party, or \$12,300, whichever is the greater.

The annual maximum amounts for 2019 are:

- either 65 cents for each first preference vote received by any candidate at the previous State general election who was endorsed by the party, or \$12,600, whichever is the greater.

A total of \$44,111.22 was paid from the New Parties Fund to three political parties for expenditure incurred in the 2018 calendar year.

Table 50. Amounts paid to political parties from the New Parties Fund for policy development expenditure

Name of party	Annual entitlement	Status	Payment made	Date of payment
Voluntary Euthanasia Party (NSW)	\$25,647.30	Paid	\$20,788.16	21 Feb 2019
Socialist Alliance	\$6,163.92	Paid	\$6,163.92	14 Feb 2019
Advance Australia Party (Building Australia Party)	\$12,300.00	*	*	*
Total	\$44,111.22		\$26,952.08	

Source: NSW Electoral Commission. *Party did not claim and party was de-registered in 2019.

Public funding withheld in 2018–19

The Electoral Commission has the power under the *Electoral Funding Act 2018* to withhold funding from a political party, elected member or candidate if the party, elected member or candidate has any outstanding declarations of disclosure, or, in the case of parties, the party failed to provide audited annual financial statements. No public funding payments were withheld during 2018–19.

Overpayments of public funding

The Electoral Commission is authorised under the *Electoral Funding Act 2018* to recover any excess public funding amounts paid to a party or member of Parliament from the Administration Fund or New Parties Fund.

There were three repayments of unspent advance payments during the year.

Table 51. Repayments 2018–19

Fund	Name	Amount recovered	Date recovered
Administration Fund	Gregory Piper	\$13,376.01	22 Nov 18
Administration Fund	Joseph McGirr	\$26,104.70	11 Apr 19
Administration Fund	Alexander Greenwich	\$16,682.01	19 Jun 19

Source: NSW Electoral Commission.

²An eligible party is a party registered for a State election that is not eligible to claim from the Administration Fund.

Compliance and enforcement

The Electoral Commission is responsible for the monitoring and enforcement of compliance with NSW election, campaign finance and lobbyist laws. During 2018–19, we commenced enforcement of the *Electoral Act 2017* and the *Electoral Funding Act 2018*, each of which came into force on 1 July 2018. We continued to regulate and enforce the, now repealed, *Parliamentary, Electorates and Elections Act 1912* and the *Election Funding, Expenditure and Disclosures Act 1981*, for matters occurring before 1 July 2018.

Additionally, we enforce and regulate matters concerning the:

- *Local Government Act 1993* (electoral provisions only)
- *Lobbying of Government Officials Act 2011*.

In relation to the above legislation, we seek to identify, detect, review and investigate potential non-compliance, initiating enforcement actions as appropriate and operate in accordance with key policies and procedures such as our:

- Compliance Audit Policy
- Compliance and Enforcement Policy
- Compliance and Enforcement Procedures
- Prosecution Policy.

It should be noted that the Electoral Commission is not authorised under its present statutory framework to publish information about the outcome of specific investigations, unless expressly authorised by legislation or there has been public enforcement action (for example, court proceedings).

Structure and functions

Our Compliance unit is structured around our core audit and investigation capabilities with the work, processes and procedures supported by high volume compliance and intelligence functions. High volume compliance deals with common administrative non-compliance matters.

We conduct compliance audits of political parties, elected members, candidates and groups to determine compliance by those political participants with the requirements for political donations and electoral expenditure under the applicable legislation. We also conduct compliance reviews of disclosures lodged by third-party campaigners and major political donors.

Using a risk-based approach, the audit team determines the validity and completeness of disclosures and verifies supporting documentation such as financial records, invoices and receipts relating to the disclosures that are lodged.

The following table shows a summary of the audits finalised and commenced in the year to 30 June 2019.

Table 52. Audits finalised and commenced in 2018–19

Political Participant	Audits finalised for the 2016–17 disclosure period	Audits finalised for the 2017–18 disclosure period	Audits commenced for the 2017–18 disclosure period	Audits to be started for the 2017–18 disclosure period
Political parties	2	5	2	46
Elected members	161	992	9	469
Groups of candidates	60	180	66	215
Candidates	397	1,144	8	835
Third-party campaigners	19	-	-	13
Major political donors	68	512	8	418
Total	707	2,833	93	1,996

Source: NSW Electoral Commission.

The high volume compliance team reviews compliance issues identified by the audit team and may take actions such as issuing warnings, cautions or penalty notices for matters such as failing to lodge a disclosure or failures in campaign account processes. The high volume compliance team also reviews the Third-Party Lobbyist Register and may issue warnings or recommend suspensions or cancellations where there are failures to update the register or comply with the Lobbyists Code of Conduct.

The investigations team receives more complex referrals from the audit team where financial or factual anomalies or more serious non-compliance concerns are identified. The investigations team may also receive referrals or allegations directly from stakeholders outside the Commission, including members of the general public, the media, political stakeholders or other government agencies. The team works closely with our legal unit if prosecutions may be considered appropriate or refer matters to partner integrity agencies such as the Independent Commission Against Corruption.

Our intelligence function supports the audit and investigations teams by conducting focused reviews, research, analysis or feedback.

All matters reviewed, examined or referred to the audit and investigation teams are dealt with in accordance with the frameworks set out and established in our compliance and enforcement policies.

Information management and case recording

The audit team utilises the funding and disclosure management system (FADMS), a data-management and workflow platform that enhances collaboration and the ability of the team to receive and manage the substantial number of disclosures reviewed and processed. The team also manages the workflow for processing public funding claims.

The investigations matter management system (IMMS) is used to manage our compliance reviews and investigations. IMMS ensures that cases can be easily tracked with workflows of actions, activities and milestones. Commission investigators can securely share and transmit case-related information within their team and produce statistical reports and access auditing functions.

Both FADMS and IMMS store our audit, high volume compliance, investigation and intelligence data securely in HP Records Manager, our secure document and record management repository.

Audit and high volume compliance activities

Focused reviews following audits of disclosures

During the reporting period, the audit team identified 84 matters arising from its compliance audits where further review was warranted. These related to suspected failures to:

- operate a campaign account
- pay expenditure from a campaign account
- disclose reportable political donations or ensure donors are on the electoral roll
- provide sufficient vouching³
- disclose electoral expenditure
- remain within donation or expenditure caps
- provide receipts for donations, which include statements regarding donors' obligation to disclose.

In relation to the above matters, the following warnings were issued. The warning is issued to the person who was responsible for complying with the disclosure requirements. Under the *Election Funding, Expenditure and Disclosures Act 1981* the persons responsible were generally the party agents of political parties and official agents of elected members, candidates, groups and third-party campaigners. Under the *Electoral Funding Act 2018* elected members, candidates and groups do not have official agents.

Table 53. Warnings issued as a result of compliance audit referrals to the high volume compliance team

Stakeholder	Warnings issued
Official agent for candidate	14
Official agent group of candidates	16
Party agent	2
Official agent of elected member	1
Official agent of third-party campaigner	-
Major political donor	3

Source: NSW Electoral Commission.

³ Vouching is the provision of copies of the relevant invoices and receipts in relation to expenditure, political donations or repayments to a party by a candidate.

Compliance and enforcement continued

Failure to lodge disclosures

It is an offence to fail to lodge a disclosure by the due date. We may issue penalties or prosecute a person who commits an offence in relation to a disclosure. Failing to lodge a disclosure by the due date is managed by our high volume compliance team. A 'first level warning' is issued after the due date has passed. Final enforcement decisions taken by the high volume compliance unit consider any aggravating or mitigating circumstance around the alleged breach.

During the year, the high volume compliance team worked on examining those who had failed to lodge disclosures for the 2017–18 disclosure period under the *Election Funding, Expenditure and Disclosures Act 1981* and those who failed to lodge a half-yearly disclosure for the period ending 31 December 2018 under the *Electoral Funding Act 2018*. The table below shows the number of first level warnings through to enforcement decisions issued in response to late disclosures or a failure to lodge.

Table 54. Enforcement actions* in response to late disclosures

Enforcement action	2017–18 disclosures	H1 2019 disclosures**
Warning	1,242	401
Caution	347	-
Penalty Notice	11	-
Prosecutions	1	-

Source: NSW Electoral Commission. *Issued to political parties, elected members, candidates, groups, third-party campaigners and donors. **The high volume compliance unit's work will continue on the first-half 2019 disclosures post 30 June 2019.

Major political donors

A similar process of engagement to raise compliance and lodgement rates is undertaken in relation to major political donors (that is, persons or entities making political donations of \$1,000 or more).

During the reporting period, the following warnings, cautions or penalty notices were issued to major political donors in relation to obligations relevant to the 2017–18 disclosure period.

Table 55. Enforcement actions against major political donors in response to late disclosures or failures to lodge in 2017–18

Enforcement action	2017–18 year
Warning	553
Caution	215
Penalty Notice	2
Prosecution	-

Source: NSW Electoral Commission.

Investigations

Reviews and investigations

During 2018–19, we considered 207 matters of non-compliance and potential breaches under the various Acts. This number is a significant increase from previous years, in part due to the 2019 NSW State election, with 61 per cent of new matters referred in March 2019.

Electoral Funding, Expenditure and Disclosures Act 1981 and Electoral Funding Act 2018

In the reporting period we reviewed 52 matters relating to potential breaches under the *Electoral Funding, Expenditure and Disclosures Act 1981* (EFED Act) and *Electoral Funding Act 2018* (EF Act), including unlawful donations, over the cap donations and unregistered third-party campaigners. In addition, we provided guidance to three entities as to whether they may be a third-party campaigner and made one determination that a corporation was not a prohibited donor.

Table 56. Results of reviews conducted into breaches of the EFED Act

Activity	Total	No further action	Warning	Voluntary recovery	Prosecution	Ongoing
Review/Investigation	19	9	1	2	3	4

Source: NSW Electoral Commission.

Table 57. Results of reviews conducted into breaches of the EF Act

Activity	Total	No further action	Warning	Voluntary recovery	Prosecution	Ongoing
Review/Investigation	33	22	10	-	-	1

Source: NSW Electoral Commission.

Parliamentary Electorates and Elections Act 1912 and Electoral Act 2017

During the reporting period two state election events were held – the Wagga Wagga State by-election and the 2019 NSW State election. We reviewed 150 matters during the reporting period arising from these elections, noting the Wagga Wagga State by-election was conducted under the now repealed *Parliamentary Electorates and Elections Act* (PEE Act). These included matters relating to non-compliant electoral material and conduct at voting centres.

Table 58. Results of reviews conducted into breaches of the PEE Act

Activity	Total	No further action	Warning	Ongoing
Review/Investigation	3	-	3	-

Source: NSW Electoral Commission.

Table 59. Results of reviews conducted into breaches of the Electoral Act 2017

Activity	Total	No further action	Warning	Ongoing
Review/Investigation	147	96	43	8

Source: NSW Electoral Commission.

Local Government Regulation 2005

During the reporting period, local government by-elections were conducted at Ku-ring-gai and the Lachlan Shire council, which resulted in the referral of five matters relating to electoral material and behaviour at polling booths.

Table 60. Results of reviews conducted into breaches of the LG Act

Activity	Total	No further action	Warning	Ongoing
Reviews/Investigations	5	2	3	-

Source: NSW Electoral Commission.

Investigations continued

Lobbying of Government Officials Act 2011

We administer the *Lobbying of Government Officials Act 2011* (LOGO Act) and the *Lobbying of Government Officials (Lobbyists Code of Conduct) Regulation 2014*.

The Act provides for the establishment of a Register of Third-Party Lobbyists. Third-party lobbyists must confirm their details in the register by 31 January, 31 May and 30 September each year and update registered details within 10 days of a change occurring. Our high volume compliance unit manages our review of compliance in relation to the register and may recommend actions such as suspension or cancellation of registrations, or placing third-party lobbyists on the watch list.

During the reporting period, the requirement for third-party lobbyists to nominate a 'responsible person' was introduced. By the first confirmation period (30 September) approximately 44 per cent of third-party lobbyists were either late in appointing a responsible officer or failed to appoint a responsible officer despite being advised by us to do so. In some cases, the registration of a third-party lobbyist was cancelled because of a failure to appoint a responsible officer. By 30 June 2019, two third-party lobbyists had not appointed a responsible officer and on 3 July 2019, the registrations for these lobbyists were cancelled.

The following table shows the number of warnings, suspensions or cancellations of third-party lobbyist registrations due to detected failings in updating the lobbyist register information.

Table 61. Third-party lobbyist warnings, suspensions or cancellations

Investigation activity	Warning	Suspension	Cancelled*
30 Sep 2018	45	3	-
31 Jan 2019	32	3	2
31 May 2019	51	6	3

Source: NSW Electoral Commission. *During 2018-19, the registrations of other third-party lobbyists were cancelled as they were no longer carrying out the business of lobbying.

During the reporting period one matter was reviewed in regard to a potential breach of the *Lobbying of Government Officials Act 2011* (LOGO Act).

A full list of decisions made by the Electoral Commission in relation to suspending or cancelling the registration of a third-party lobbyist is published on our website (elections.nsw.gov.au).

The Electoral Commission is not otherwise authorised to publish details about the outcomes of its compliance activities, including if it finds that a lobbyist did not comply with its obligations but determines the matter did not warrant cancellation, suspension or placement on the watch list.

Enforcement powers

Each matter referred to the investigations team (either from the audit team or other internal or external stakeholders) is reviewed in accordance with our compliance and enforcement policies and procedures.

Section 138 of the *Electoral Funding Act 2018* provides us with the powers to issue notices in writing to require the provision of information, documents or attendance to answer questions. These powers enable us to conduct investigations and are exercised by investigators appointed as inspectors. Powers under the Act could also be used to investigate offences under the *Electoral Act 2017*, the *Lobbying of Government Officials Act 2011*, election offences under the *Local Government Act 1993* as well as matters under the now superseded *Parliamentary Electorates and Elections Act 1912* and *Election Funding, Expenditure and Disclosures Act 1981*.

Table 62. Notices issued

Notice type	Purpose	Number
s.67(3) (b) Electoral Act	Information relating to party registration	1
s.138(a) Electoral Funding Act	Information	15
s.138(b) Electoral Funding Act	Documents	45
s.138(c) Electoral Funding Act	Answer questions	8
s.138(d) Electoral Funding Act	Attend interview	3
Total		72

Source: NSW Electoral Commission.

Recovery of unlawful donations

We have the authority to recover the value of unlawful political donations made or accepted and pay these amounts to the State under the relevant provisions of either the *Electoral Funding Act 2018* or the earlier *Election Funding, Expenditure and Disclosures Act 1981*, if appropriate.

During 2018–19, the NSW Court of Appeal upheld the Supreme Court’s decision that the Liberal Party of Australia (NSW Division) pay to the State \$200,000 plus \$45,480.20 in interest for unlawful political donations received in the lead-up to the 2015 NSW State election.

Additionally, we finalised the investigation of six matters that resulted in the voluntary recovery of unlawful donations to the value of \$15,265. These donations were unlawful due to the donor not being on the electoral roll or received from a prohibited donor.

Table 63. Voluntary recoveries

Voluntary recoveries	Amount	Total
Parties	4	\$8,775
Groups of candidates	2	\$6,490
Total		\$15,265

Source: NSW Electoral Commission.

Compliance operations

A substantial compliance operation was conducted during both the 2018 Wagga Wagga State by-election and NSW State election in March 2019. Investigators, supported by other Electoral Commission staff and externally engaged investigators, were deployed across the State, including Metropolitan Sydney; North, Central and South coast regions; and Central, South Western, and Western New South Wales.

The objective of the compliance operation was to identify, detect and deter threats, respond to reported allegations and promote compliance with the *Electoral Act 2017* and *Electoral Funding Act 2018* in order to contribute to the fair and transparent conduct of the State election.

Once deployed throughout the State, the teams liaised with the voting centre managers and staff, undertook observations of the general conduct of volunteers and candidate campaign personnel.

By the conclusion of the compliance operation the teams had travelled thousands of kilometres, visiting dozens of regional towns, voting centres and districts. A total of 179 compliance matters were created in the lead-up to and shortly after the State election. Matters included issues relating to non-complying electoral material (which made up the majority of cases), unregistered third-party campaigners and canvassing within the six-metre exclusion zone.

Compliance agreements

We can enter into a written agreement (a compliance agreement) with any person for the purpose of ensuring that the person complies with or remedies an apparent contravention of electoral funding laws. A compliance agreement can specify the measures to be taken by the person to ensure compliance and where an agreement is not complied with, the Supreme Court can make a declaration that a person has contravened a compliance agreement and make orders to enforce the agreement.

During 2018–19, compliance agreements were entered into with two registered political parties. The contraventions related to failures in complying with the campaign account requirements of the *Electoral Funding Act 2018* in past disclosure periods and the compliance agreements supplemented warnings that were issued in relation to those contraventions. We continue to monitor and work with the two parties to ensure their compliance obligations are met.

Assistance to ICAC for Operation Aero

During 2017–18, we referred matters arising under our investigation into cash donations received by NSW Labor during the 2014–15 disclosure period to the Independent Commission Against Corruption (ICAC). In 2018–19, we provided additional investigation resources to the ICAC to support our inquiry, which is referred to by the ICAC as Operation Aero.

Litigation

Criminal enforcement proceedings by the NSW Electoral Commission

2016 Shoalhaven local government election

An investigation into campaigning activities in the 2016 Shoalhaven local government election identified a member of the public as distributing flyers to the value of more than \$2,000 while not registered as a third-party campaigner. Proceedings were commenced under the *Election Funding, Expenditure and Disclosures Act 1981* (EFED Act). During the course of the investigation, the accused provided a falsified invoice to support the earlier assertion that he had spent less than \$2,000 and was not therefore a third-party campaigner. The matter was referred to NSW Police to consider prosecution for using a false document under s 254 of the *Crimes Act 1900*.

In August 2018, the accused entered guilty pleas in relation to the EFED Act offence and the s 254 offence. He was sentenced to a 30-month good behaviour bond, a \$3,000 fine plus \$15,000 in court costs for the EFED Act offence; and 18 months imprisonment under an Intensive Corrections Order, with community service and supervision by a community corrections officer for the Crimes Act offence. The magistrate said the offences struck at the heart of democracy, that is, the need to maintain a fair and transparent democratic process, adding that the use of a false document undermined this principle and that the sentence imposed must reflect this to ensure others are deterred.

2017 Orange local government election

In the September 2017 Orange local government election, a worker at a healthcare facility interfered with postal vote certificates intended for the facility's residents. This conduct was identified when anomalies in returned postal votes were identified by the returning officer. None of these ballot papers were included in the election count and the affected residents were given a fresh opportunity to cast a vote. The accused pleaded guilty on 8 October 2018 to unlawfully marking 35 ballot papers. In sentencing, the Magistrate noted the seriousness of the offences, given the fragility of the democratic system and the need for trust for its survival.

Other proceedings

On 2 October 2018, a former local government councillor pled guilty to failing to lodge a disclosure declaration for the 2016–17 disclosure period. This was the second time the Electoral Commission instituted proceedings for failure to lodge a disclosure against this individual. The accused was fined \$3,500 and ordered to pay \$966 of the prosecutor's costs.

Failure to vote proceedings by the Electoral Commissioner

The Electoral Commissioner commenced 83 prosecutions for failure to vote during the 2018–19 financial year, mostly in relation to the 2017 local government elections:

- 75 related to the 2017 local government elections
- one related to the 2016 local government elections
- two related to the State by-election for Cootamundra
- two related to the State by-election for Murray
- three related to the Port Macquarie-Hastings local government by-election.

All but four of these matters have concluded.

The Electoral Commissioner appealed in the Supreme Court of NSW against two decisions in failure to vote prosecutions during the 2018–19 financial year, in which magistrates accepted that not knowing about a local government election was a sufficient reason for failure to vote.

Other court proceedings

A 2016 compliance audit identified potential over-the-cap donations accepted by the Liberal Party of Australia NSW Division from two of its endorsed candidates at the 2015 State general election. A statement of claim was lodged to recover the value of the unlawful political donations; in February 2018, the party was ordered by the Supreme Court of NSW to pay to the State \$200,000 plus \$45,480 in interest as well as costs. The party appealed the decision but the appeal was dismissed with costs in December 2018. The party has now paid the value of the unlawful donations to the Commission, as well as costs as agreed, and the matter has been finalised.

In 2017–18, the Electoral Commission was also named as a respondent in two civil litigation matters. One has now been finalised and the other is ongoing. These matters both relate to injuries occurring at voting centres.

Table 64. Prosecutions commenced 2017-18 and 2018-19

Act	Matter	Number of matters in 2017-18	Number of matters in 2018-19
EFED Act	Failure to lodge a declaration of disclosure of political donations and electoral expenditure	1	3
EFED Act	Unregistered third-party campaigner making payment for electoral expenditure	1	0
EFED Act	False statements in a claim lodged with the Electoral Commission for a payment.	0	3
EFED Act	Recovery of donation over the applicable cap	1	0
EFED Act	Response to application relating to reviewing a decision made by a Local Court	0	1
LG (G) R	Print and distribute non-complying electoral material – obscene/offensive	1	0
LG (G) R	Failure to have name and address of authoriser and printer on electoral material	1	0
LG (G) R	Misconduct in relation to postal voting	0	1
PE&E Act	Failure to vote	2	4
LG Act	Failure to vote	78	79
LG Act	Response to appeal application relating to failure to vote	2	3
LG Act	Appeal application relating to failure to vote	0	2

Source: NSW Electoral Commission.



4

Financial performance

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Financial position

Payment of accounts

Table 65. Payment of accounts in 2018–19

Quarter	Current (\$)	Less than 30 days (\$)	Between 30 and 60 days (\$)	Between 60 and 90 days (\$)	More than 90 days (\$)	Target	Actual	Total (\$)
September	13,745,529	2,799	1,907	0	16,288	100%	99.85%	13,765,813
December	31,022,563	16,653	104	0	0	100%	99.95%	31,039,320
March	24,985,577	0	0	0	0	100%	100.00%	24,985,578
June	38,016,352	82,352	0	0	0	100%	99.78%	38,098,704
Total	107,770,021	101,804	2,011	0	16,288	100%	99.98%	107,889,415

Source: NSW Electoral Commission.

Time for payment of accounts

Our performance in payments continues to be high with an average of 99.98 per cent of all accounts being paid on time. There were no instances where interest was paid due to late payments.

Major works

Table 66. Projects completed during 2018–19

	iVote refresh	Online nominations	FDC Lite
1 July 2018 costs to date	1,964,000	348,000	457,000
2018–19 expenditure	3,487,000	2,263,000	1,541,000
30 June 2019 costs to date	5,451,000	2,611,000	1,998,000

Source: NSW Electoral Commission.

Consultants

Consultancies of value less than \$50,000

During the year, we engaged four consultants at a total cost of \$47,296. The consultancy work was categorised as management services.

Consultancies of value equal or more than \$50,000

During the year, we engaged one consultant of value equal or greater than \$50,000.

Consultant	PwC Australia
Project	Data analytics support
Cost	\$125,000

Overseas travel

In November 2018, the Electoral Commissioner visited New Zealand to attend a meeting of The Electoral Council of Australia and New Zealand (ECANZ). ECANZ is a consultative council of the Electoral Commissioners from Australia and New Zealand. The NSW Electoral Commissioner is the current ECANZ Chair.

Date	21–22 November 2018.
Expenses	Return flight, transfers and accommodation: AUD2,700.

Efficiency program

We continued our efficiency reviews during the year, with the identification and quantification of benefits that were described in our funding business cases submitted to Treasury. Benefits were tracked monthly and this information made available to the Portfolio Steering Committee for review.

Efficiency dividend

The Dividend efficiency program implemented by NSW Treasury to deliver savings by State government agencies was met by the Electoral Commission. Monthly reporting to the Senior Executive against budget targets was in place to help ensure activity could be maximised while still delivering on the savings targets.

The Commission delivered savings during the year to meet the required efficiency dividend target, which for 2018–19 stood at \$1.2m. The savings measures were applied against corporate overhead, which excludes the protected funds for the conduct of elections. The efficiency dividends are cumulative and additional savings targets have been levied for the coming years. The savings are to increase to \$1.4m for 2019–20 and \$2.8m the year after. A review of service levels will be required to meet these targets.

Statement by the Electoral Commissioner



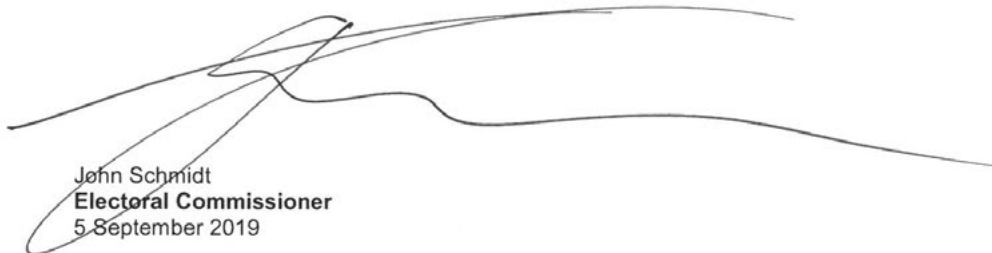
Statement by the Electoral Commissioner

Pursuant to Section 41C(1B) of the *Public Finance and Audit Act 1983*, I, to the best of my knowledge and belief state that:

(a) The accompanying financial statements of the New South Wales Electoral Commission have been prepared in accordance with Australian Accounting Standards (which include Australian Accounting Interpretations); the requirements of the *Public Finance and Audit Act 1983* and Public Finance and Audit Regulation 2015; and Treasurer's Directions issued under the Act

(b) The statements exhibit a true and fair view of the financial position as at 30 June 2019 of the New South Wales Electoral Commission and financial performance for the year then ended; and

(c) There are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



John Schmidt
Electoral Commissioner
5 September 2019

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT New South Wales Electoral Commission

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the New South Wales Electoral Commission (the Commission), which comprise the Statement of comprehensive income and the Statement of changes in equity for the year ended 30 June 2019, the Statement of financial position as at 30 June 2019, and the Statement of cash flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information of the Commission and the consolidated entity. The consolidated entity comprises the Commission and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Commission and the consolidated entity as at 30 June 2019, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Commission and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report continued

Other Information

The Commission's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Electoral Commissioner of the Commission is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Electoral Commissioner.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Electoral Commissioner's Responsibilities for the Financial Statements

The Electoral Commissioner is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Electoral Commissioner determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Electoral Commissioner is responsible for assessing the ability of the Commission and the consolidated entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where operations will be dissolved by an Act of Parliament or otherwise cease.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Commission or the consolidated entity carried out their activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Margaret Crawford
Auditor-General for NSW

9 September 2019
SYDNEY

Start of the Audited Financial Statements

Statement of comprehensive income

for the year ended 30 June 2019

	Notes	Consolidated			Parent	
		Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Expenses excluding losses						
Operating expenses						
Employee related	2(a)	49,016	67,607	27,873	686	641
Personnel services	2(b)	-	-	-	47,182	26,437
Other operating expenses	2(c)	59,268	10,332	30,457	59,268	30,457
Depreciation and amortisation	2(d)	3,381	3,757	2,681	3,381	2,681
Other expenses	2(e)	31,329	61,017	14,378	31,329	14,378
Total expenses excluding losses		142,994	142,713	75,389	141,846	74,594
Revenue						
Appropriations	3(a)	143,268	158,699	68,788	143,268	68,788
(Transfers to the Crown Entity)		-	-	(16,919)	-	(16,919)
Sale of goods and services	3(b)	1,128	1,311	3,050	1,128	3,050
Acceptance by the Crown Entity of employee benefits and other liabilities	3(c)	1,148	500	795	-	-
Grants and other contributions	3(d)	-	-	2,444	-	2,444
Other revenue	3(e)	-	-	13,355	-	13,355
Total revenue		145,544	160,510	71,513	144,396	70,718
Gains on disposal	4	29	-	3	29	3
Net result	17	2,579	17,797	(3,873)	2,579	(3,873)
Other comprehensive income		-	-	-	-	-
Total other comprehensive income		-	-	-	-	-
Total comprehensive income		2,579	17,797	(3,873)	2,579	(3,873)

The accompanying notes form part of these financial statements.

Statement of changes in equity

for the year ended 30 June 2019

	Accumulated funds	
	Consolidated	Parent
	\$'000	\$'000
Balance at 1 July 2018	12,680	12,680
Net result for the year	2,579	2,579
Total other comprehensive income	-	-
Total comprehensive income for the year	2,579	2,579
Balance at 30 June 2019	15,259	15,259
Balance at 1 July 2017	16,553	16,553
Net result for the year	(3,873)	(3,873)
Total other comprehensive income	-	-
Total comprehensive income for the year	(3,873)	(3,873)
Balance at 30 June 2018	12,680	12,680

The accompanying notes form part of these financial statements.

Statement of financial position

as at 30 June 2019

	Notes	Consolidated			Parent	
		Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Assets						
Current assets						
Cash and cash equivalents	6	695	2,965	1,932	695	1,932
Receivables	7	1,632	5,132	1,948	1,632	1,948
Inventories	8	102	100	52	102	52
Total current assets		2,429	8,197	3,932	2,429	3,932
Non-current assets						
Plant and equipment	9	1,919	2,385	1,026	1,919	1,026
Intangible assets	10	18,442	28,338	13,191	18,442	13,191
Total non-current assets		20,361	30,723	14,217	20,361	14,217
Total assets		22,790	38,920	18,149	22,790	18,149
Liabilities						
Current liabilities						
Payables	11	3,909	1,919	2,712	3,909	2,712
Provisions	12	2,796	1,441	2,065	2,796	2,065
Other		-	1	-	-	-
Total current liabilities		6,705	3,361	4,777	6,705	4,777
Non-current liabilities						
Provisions	12	826	546	692	826	692
Total non-current liabilities		826	546	692	826	692
Total liabilities		7,531	3,907	5,469	7,531	5,469
Net assets		15,259	35,013	12,680	15,259	12,680
Equity						
Accumulated funds	13	15,259	35,013	12,680	15,259	12,680
Total equity		15,259	35,013	12,680	15,259	12,680

The accompanying notes form part of these financial statements.

Statement of cash flows

for the year ended 30 June 2019

	Notes	Consolidated			Parent	
		Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Cash flows from operating activities						
Payments						
Employee related		(46,929)	(67,106)	(27,670)	-	-
Personnel services		-	-	-	(46,929)	(27,670)
Supplies and services		(65,114)	-	(35,221)	(65,114)	(35,221)
Other expenses		(31,313)	(76,350)	(14,556)	(31,313)	(14,556)
Total payments		(143,356)	(143,456)	(77,447)	(143,356)	(77,447)
Receipts						
Appropriation (excluding equity appropriations)		143,268	158,699	68,788	143,268	68,788
Sale of goods and services		1,388	1,311	25,754	1,388	25,754
Cash transfers to the Crown Entity		-	-	(16,919)	-	(16,919)
Other		6,959	5,000	4,429	6,959	4,429
Total receipts		151,615	165,010	82,052	151,615	82,052
Net cash flows from operating activities	17	8,259	21,554	4,605	8,259	4,605
Cash flows from investing activities						
Proceeds from sale of plant and equipment		37	-	18	37	18
Purchase of plant and equipment		(1,615)	(2,519)	(631)	(1,615)	(631)
Purchase of intangible assets		(7,918)	(18,247)	(4,224)	(7,918)	(4,224)
Net cash flows from investing activities		(9,496)	(20,766)	(4,837)	(9,496)	(4,837)
Cash flows from financing activities						
Net cash flows from financing activities		-	-	-	-	-
Net increase/(decrease) in cash and cash equivalents		(1,237)	788	(232)	(1,237)	(232)
Opening cash and cash equivalents		1,932	2,177	2,164	1,932	2,164
Closing cash and cash equivalents	6	695	2,965	1,932	695	1,932

The accompanying notes form part of these financial statements.

Notes to the financial statements

for the year ended 30 June 2019

1. Summary of significant accounting policies

a) Reporting entity

The New South Wales Electoral Commission (NSWEC) is an independent statutory authority established under *Electoral Act 2017*. We conduct state elections, local council elections, NSW Aboriginal Land Councils and certain statutory elections.

The NSWEC is responsible for public funding to eligible registered political parties, candidates and independent members of Parliament.

The NSWEC is a NSW Government entity. The NSWEC is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The NSWEC, as a reporting entity, comprises all the entities under its control, namely the parent entity and the New South Wales Electoral Commission Staff Agency.

In the process of preparing the consolidated financial statements for the economic entity, consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

These consolidated financial statements for the year ended 30 June 2019 have been authorised for issue by the NSWEC on 5 September 2019.

b) Basis of preparation

The NSWEC's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*; and
- Treasurer's Directions issued under the Act.

The NSWEC's financial statements have been prepared on a going concern basis, which contemplates the continuity of normal operating activity and the realisation of assets and the settlement of liabilities in the normal course of operations. The NSWEC held cash on hand and at bank as at 30 June 2019 of \$695,000. As at 30 June 2019 the NSWEC had a net working capital deficit of \$4,276,000. This is a consequence of the cash management reforms implemented by the Treasury on 1 July 2015, where agencies funded from the Consolidated Fund are funded on a cash flow needs basis and should only hold unrestricted cash balances to cover their immediate operational requirements. The NSWEC draws down appropriations from the Treasury based on its allocated budget that is sufficient to fund its ongoing operations.

Plant and equipment is measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

d) Administered activities

The NSWEC administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have the discretion, for example, to deploy the resources for the achievement of the NSWEC's own objectives.

Transactions and balances relating to the administered activities are not recognised as the NSWEC's revenue, expenses, assets and liabilities, but are disclosed in the accompanying schedules as "Administered Assets", "Administered Liabilities", "Administered Income" and "Administered Expenses".

The accrual basis of accounting and applicable accounting standards have been adopted.

Responsibility for administered receivables are transferred to the Office of State Revenue for debt collection after 12 months.

e) Accounting for the Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the NSWEC as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

f) Foreign currency translation

Transactions in foreign currencies are recorded using the spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the end of the reporting date.

Differences arising on settlement or translation of monetary items are recognised in net result.

g) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements. Where appropriate, comparative figures have been reclassified to conform to the basis of presentation and classification used in the current year.

h) Changes in accounting policy, including new or revised Australian Accounting Standards

i) Effective for the first time in 2018-19

The NSWEC has adopted AASB 9 Financial Instruments (AASB 9), which resulted in changes in accounting policies in respect of recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. AASB 9 also significantly amends other standards dealing with financial instruments such as the revised AASB 7 Financial Instruments: Disclosures (AASB 7R).

The adoption of AASB 9 has not had any impact on the financial performance or position of the NSWEC.

a) Classification and measurement of financial instruments

The classification and measurement requirements of AASB 9 did not have a material impact to the NSWEC. The NSWEC continued measuring at fair value, all financial assets previously held at fair value under AASB 139.

The following are the changes in the classification of the NSWEC's financial assets and liabilities:

- Trade receivables classified as 'Loans and receivables' under AASB 139 as at 30 June 2018 are held to collect contractual cash flows representing solely payments of principal and interest. At 1 July 2018, these are classified and measured as debt instruments at amortised cost.
- The NSWEC has not designated any financial liabilities at fair value through profit or loss. There are no changes in the classification and measurement for the NSWEC's financial liabilities.

b) Impairment

The adoption of AASB 9 has changed the NSWEC's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the NSWEC to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss. There is no material impact to NSWEC on adopting the new impairment model.

All other accounting policies applied in 2018-19 are consistent with those of the previous financial year.

ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Accounting Standards have not been applied and are not yet effective:

- AASB 15, AASB 2014-5, AASB 2015-8, and 2016-3 regarding Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 1058 Income of Not-for-Profit Entities
- AASB 1059 Service Concession Agreements: Grantors
- AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
- AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
- AASB 2018-5 Amendments to Australian Accounting Standards – Deferral of AASB 1059
- AASB 2018-7 Amendment to Australian Accounting Standards – Definition of Material
- AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

Notes to the financial statements

for the year ended 30 June 2019

AASB 16 Leases

AASB 16 Leases (AASB 16) is effective from reporting periods commencing on or after 1 January 2019.

For lessees, AASB 16 will result in most leases being recognised on the Statement of Financial Position, as the distinction between operating and finance leases is largely removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised at the commencement of the lease. The only exceptions are short-term and low-value leases. AASB 16 will therefore increase assets and liabilities reported on the Statement of Financial Position. It will also increase depreciation and interest expenses and reduce operating lease rental expenses on the Statement of Comprehensive Income. Expenses recognised in the earlier years of the lease term will be higher as the interest charges will be calculated on a larger lease liability balance. Existing finance leases are not expected to be significantly impacted from the transition to AASB 16.

NSWEC will adopt AASB 16 on 1 July 2019 through application of the partial retrospective approach, where only the current year is adjusted as though AASB 16 had always applied. Comparative information will not be restated. NSWEC will also adopt the practical expedient whereby the fair value of the right-of use asset will be the same as the lease liability at 1 July 2019.

Based on the impact assessments NSWEC has undertaken on currently available information, NSWEC estimates additional lease liabilities of \$4.548 million and right-of-use assets of \$4.548 million will be recognised as at 1 July 2019 for leases in which NSWEC is a lessee. Most operating lease expenses will be replaced by depreciation of the right of use asset and interest on the lease liability. The impact on the statement of comprehensive income for year-end 2020 is expected to be an increase in expense of \$0.060 million being \$2.729 million in amortisation and \$0.082 million in interest offset by non-recognition of \$2.751 million in rental expense.

NSWEC anticipates that the adoption of the other Standards in the period of initial application will have no material impact on the financial statements.

2. Expenses excluding losses

a) Employee related expenses

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Salaries and wages (including annual leave)	41,906	23,545	568	541
Superannuation				
defined benefit plan	50	48	-	-
defined contribution plan	2,906	1,757	36	42
Long service leave	1,248	829	46	23
Workers' compensation insurance	177	170	2	4
Payroll tax and fringe benefits tax	2,453	1,367	34	31
Redundancy	276	157	-	-
	49,016	27,873	686	641

\$33,520 of employee related expenses were attributable to the development of new software and was capitalised and excluded from employee related expenses during the year ended 30 June 2019 (2018: \$192,517).

b) Personnel services expenses

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Personnel services expense	-	-	47,182	26,437

These relate to expenses for personnel services provided by the NSW Electoral Commission Staff Agency.

Notes to the financial statements

for the year ended 30 June 2019

c) Other operating expenses include the following:

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Auditor's remuneration				
– audit of the financial statements	79	81	79	81
Advertising	2,737	2,181	2,737	2,181
Consultants	162	180	162	180
Contractors – agency staff	18,989	7,183	18,989	7,183
Contractors – professional services	4,155	3,722	4,155	3,722
Electricity	168	158	168	158
Facility hire	5,571	986	5,571	986
Insurance	54	53	54	53
Internal audit	233	157	233	157
IT hosting services	2,761	651	2,761	651
Legal fees	2	9	2	9
Low pool assets	96	71	96	71
Maintenance **	20	8	20	8
Operating lease rental expense				
– minimum lease payments	3,264	2,802	3,264	2,802
Provision of services	3,819	2,491	3,819	2,491
Postage	2,928	2,142	2,928	2,142
Printing	4,269	1,903	4,269	1,903
Rental of furniture and equipment	2,085	268	2,085	268
Security	980	278	980	278
Software maintenance and licences	3,565	3,142	3,565	3,142
Stationery	879	163	879	163
Storage	24	533	24	533
Telephone	283	108	283	108
Training	267	378	267	378
Travel	297	141	297	141
Other	1,581	668	1,581	668
	59,268	30,457	59,268	30,457

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Included in other operating expenses are the following election expenses:				
Local Government Election	78	4,304	78	4,304
General Election	46,508	2,870	46,508	2,870
By Election	652	1,321	652	1,321
Total election expenses included in note 2(c)	47,238	8,495	47,238	8,495

**Reconciliation – total maintenance

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Maintenance expense – contracted labour and other (non-employee related)	20	8	20	8
Total maintenance expense included in note 2(c)	20	8	20	8

Recognition and measurement

Other operating expenses

Other operating expenses are recognised as an expense in the period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Maintenance expense

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

Insurance

The NSWEC's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government agencies, branded as icare. The expense (premium) is determined by the Fund Manager based on past claims experience.

Operating leases

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight line basis over the lease term.

d) Depreciation and amortisation expense

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Depreciation				
Computer hardware	475	590	475	590
Furniture, fittings and leasehold improvement	210	350	210	350
Plant and equipment	29	36	29	36
Amortisation – software	2,667	1,705	2,667	1,705
	3,381	2,681	3,381	2,681

Notes to the financial statements

for the year ended 30 June 2019

e) Other expenses

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Joint Roll Agreement (payment to the Commonwealth) ¹	2,353	2,317	2,353	2,317
Funding of candidates, groups and political parties	28,976	12,061	28,976	12,061
	31,329	14,378	31,329	14,378

¹ Joint Roll Agreement

An Arrangement between the Governor General of the Commonwealth and the Governor of New South Wales to provide for a joint electoral enrolment procedure was signed on 21 October 2010. The 'Exchange of Information Agreement' between the Australian Electoral Commission (AEC) and the NSWEC pursuant to this arrangement was executed on the same day. This agreement sets a cost per elector rate and allows for escalation at the Sydney Consumer Price Index. The charge is payable from the NSWEC to the AEC. For the year ending 30 June 2019 the amount payable per elector is \$0.857(2018: \$0.839). AEC has agreed to provide NSWEC a 50 per cent reduction on the full national per elector rate for a three year period ending 30 June 2020.

Recognition and measurement

Other expenses are recognised as an expense in the period in which they are incurred.

3. Revenue

Recognition and measurement

Revenue is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

a) Appropriations and transfers to the Crown Entity

Summary of compliance

	2019 \$'000s		2018 \$'000s	
	Appropriation	Expenditure	Appropriation	Expenditure
Original budget per appropriation act	158,699	143,268	81,772	68,788
Total appropriations/expenditure/net claim on consolidated fund (includes transfer payments)	158,699	143,268	81,772	68,788
Appropriation draw down*	-	143,268	-	68,788
Liability for unspent appropriations drawn down	-	-	-	-
*Comprising:				
Transfer payments	-	-	-	-
Appropriations (per statement of comprehensive income)**	158,699	143,268	81,772	68,788
	158,699	143,268	81,772	68,788
**Appropriations:				
Recurrent	137,933	132,753	68,888	64,190
Capital	20,766	10,515	12,884	4,598
	158,699	143,268	81,772	68,788

Recognition and measurement

Except as specified below, Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as revenue when the NSWEC obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

Appropriations are not recognised as revenue when the appropriations are unspent at year end. Unspent appropriations are recognised as liabilities rather than revenue, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund.

Any liability in respect of transfer payments is disclosed in Note 18 "Administered assets and liabilities".

b) Sale of goods and services

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Sales of goods	-	51	-	51
Rendering of services	963	805	963	805
Election administration costs recovered	165	2,194	165	2,194
	1,128	3,050	1,128	3,050

Recognition and measurement

Sale of goods

Revenue from the sale of goods is recognised as revenue when the NSWEC transfers the significant risks and rewards of ownership of the assets.

Rendering of services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

c) Acceptance by the Crown Entity of employee benefits and other liabilities

The following liabilities and/or expenses have been assumed by the Crown Entity:

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Superannuation-defined benefit	49	48	-	-
Long service leave	1,096	744	-	-
Payroll tax	3	3	-	-
	1,148	795	-	-

d) Grants and contributions

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Recurrent grant received from the Department of Premier and Cabinet	-	2,444	-	2,444
	-	2,444	-	2,444

Notes to the financial statements

for the year ended 30 June 2019

Recognition and measurement

Income from grants (other than contribution by owners) is recognised when the NSWEC obtains control over the contribution. The NSWEC is deemed to have assumed control when the grant is received or receivable.

Contributions are recognised at their fair value. Contributions of services are recognised when and only when a fair value of those services can be reliably determined and the services would be purchased if not donated.

e) Other revenue

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Rendering of services-local government elections	-	13,355	-	13,355
	-	13,355	-	13,355

4. Gain on disposal

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Plant and equipment				
Plant and equipment (gross carrying amount)	1,580	1,045	1,580	1,045
Less: accumulated depreciation	(1,572)	(1,040)	(1,572)	(1,040)
Written down value	8	5	8	5
Proceeds	37	18	37	18
Net gain on disposal of plant and equipment	29	13	29	13
Intangible assets				
Intangible assets (gross carrying amount)	675	16,667	675	16,667
Less: accumulated amortisation	(675)	(16,657)	(675)	(16,657)
Written down value	-	10	-	10
Proceeds	-	-	-	-
Net loss on disposal of intangible assets	-	(10)	-	(10)
Net gain on disposal of plant, equipment and intangible assets	29	3	29	3

5. Program group statement

The NSWEC has one program group only. This program group covers the delivery of elections and related services. Details of the expenses, revenues, assets and liabilities for this program group are available in the Statement of Comprehensive Income and Statement of Financial Position. Program group statements therefore have not been prepared. Administered Assets and Liabilities are shown in Note 18. Administered expenses and income are shown in notes 19 and 20 respectively.

6. Current assets – cash and cash equivalents

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash at bank and on hand	695	1,932	695	1,932
	695	1,932	695	1,932

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and cash at bank.

Cash and cash equivalents assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash and cash equivalents (per statement of financial position)	695	1,932	695	1,932
Closing cash and cash equivalents (per statement of cash flows)	695	1,932	695	1,932

Refer Note 21 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. Current assets – receivables

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Sale of goods and services	31	157	31	157
Accrued income	46	19	46	19
GST recoverable from the taxation authority	542	498	542	498
Prepayments	957	1,174	957	1,174
Deposits recoverable	36	3	36	3
Payments for long service leave recoverable from New South Wales Treasury	20	97	20	97
	1,632	1,948	1,632	1,948

For the year ended 30 June 2019, there were no impairment of trade receivables (2018: \$Nil).

Details regarding credit risk of trade debtors that are neither past due nor impaired, are disclosed in Note 21.

Notes to the financial statements

for the year ended 30 June 2019

Recognition and measurement

All 'regular way' purchases or sales of financial asset are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement under AASB 9 (from 1 July 2018)

The NSWEC holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Subsequent measurement under AASB 139 (for comparative period ended 30 June 2018)

Subsequent measurement is at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment under AASB 9 (from 1 July 2018)

The NSWEC recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the NSWEC expects to receive, discounted at the original effective interest rate.

For trade receivables, the NSWEC applies a simplified approach in calculating ECLs. The NSWEC recognises a loss allowance based on lifetime ECLs at each reporting date. The NSWEC has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

Impairment under AASB 139 (for comparative period ended 30 June 2018)

Receivables are subject to an annual review for impairment. These are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

The NSWEC first assesses whether impairment exists individually for receivables that are individually significant, or collectively for those that are not individually significant. Further, receivables are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, if objectively related to an event occurring after the impairment was recognised. Reversals of impairment losses cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

8. Current assets - inventories

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Held for distribution				
Requisite election materials - at cost	102	52	102	52
	102	52	102	52

Recognition and measurement

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount. Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value.

9. Non-current assets – plant and equipment consolidated and parent

	Computer hardware	Furniture, fittings and leasehold improvement	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2018 – fair value				
Gross carrying amount	3,875	3,759	651	8,285
Accumulated depreciation	(3,261)	(3,466)	(532)	(7,259)
Net carrying amount	614	293	119	1,026
At 30 June 2019 – fair value				
Gross carrying amount	3,908	4,432	655	8,995
Accumulated depreciation	(3,036)	(3,523)	(517)	(7,076)
Net carrying amount	872	909	138	1,919

Reconciliation

A reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current reporting period is set out below:

	Computer hardware	Furniture, fittings and leasehold improvement	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2019				
Net carrying amount at start of the year	614	293	119	1,026
Additions	733	826	56	1,615
Disposals	-	-	(8)	(8)
Depreciation expense	(475)	(210)	(29)	(714)
Net carrying amount at end of the year	872	909	138	1,919
At 1 July 2017 – fair value				
Gross carrying amount	4,149	3,848	701	8,698
Accumulated depreciation	(3,379)	(3,377)	(566)	(7,322)
Net carrying amount	770	471	135	1,376
At 30 June 2018 – fair value				
Gross carrying amount	3,875	3,759	651	8,285
Accumulated depreciation	(3,261)	(3,466)	(532)	(7,259)
Net carrying amount	614	293	119	1,026

Notes to the financial statements

for the year ended 30 June 2019

Reconciliation

A reconciliation of the carrying amounts of plant and equipment at the beginning and end of the prior reporting period is set out below:

	Computer hardware	Furniture, fittings and leasehold improvement	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2018				
Net carrying amount at start of the year	770	471	135	1,376
Additions	436	175	20	631
Disposals	(2)	(3)	-	(5)
Depreciation expense	(590)	(350)	(36)	(976)
Net carrying amount at end of the year	614	293	119	1,026

Recognition and measurement

Acquisition of plant and equipment

Property, plant and equipment are initially measured at cost and subsequently valued at fair value less accumulated depreciation and impairment.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

Capitalisation thresholds

Plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

Depreciation of plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the NSWEC.

All material separately identifiable components of assets are depreciated over their useful lives.

Asset type	Useful life
Computer hardware	4 Years
Plant and equipment	7 Years
Furniture and fixtures	8 Years
Leasehold improvements	7 Years*

* Or to the end of the lease, if shorter

Revaluation of plant and equipment

Consistent with the "Valuation of Physical Non-Current assets at Fair Value" Policy and Guidelines Paper (TPP 14-01) NSWEC measures its physical non-current assets at fair value. This policy adopts fair value in accordance with AASB 13 Fair Value Measurement and AASB 116 Property, Plant and Equipment.

The NSWEC does not have any assets that are subject to fair value measurement. Its plant and equipment assets are measured using depreciated historical cost as a surrogate for fair value.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value. The NSWEC has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

Impairment of plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 Impairment of Assets is unlikely to arise. As plant and equipment is carried at fair value, or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

10. Intangible assets – consolidated and parent

	Software \$'000	Total \$'000
At 1 July 2018		
Gross carrying amount	28,237	28,237
Accumulated amortisation	(15,046)	(15,046)
Net carrying amount	13,191	13,191
At 30 June 2019		
Gross carrying amount	35,481	35,481
Accumulated amortisation	(17,039)	(17,039)
Net carrying amount	18,442	18,442

Reconciliation

A reconciliation of the carrying amounts of intangible assets at the beginning and end of the current reporting period is set out below:

	Software \$'000	Total \$'000
Year ended 30 June 2019		
Net carrying amount at start of the year	13,191	13,191
Additions	7,918	7,918
Disposals	-	-
Amortisation expense	(2,667)	(2,667)
Net carrying amount at end of the year	18,442	18,442

Notes to the financial statements

for the year ended 30 June 2019

A reconciliation of the carrying amounts of intangible assets at the beginning and end of the prior reporting period is set out below:

	Software	Total
	\$'000	\$'000
Year ended 30 June 2018		
Net carrying amount at start of the year	10,682	10,682
Additions	4,224	4,224
Disposals	(10)	(10)
Amortisation expense	(1,705)	(1,705)
Net carrying amount at end of the year	13,191	13,191

Recognition and measurement

The NSWEC recognises intangible assets only if it is probable that future economic benefits will flow to the NSWEC and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the NSWEC's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

Currently, the NSWEC's intangible assets solely comprise software.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

The NSWEC's intangible assets are amortised using the straight-line method over a period of between 4 years and 8 years. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

11. Current liabilities – payables

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Accrued salaries, wages and on-costs	266	70	-	-
Accrued personnel services	-	-	266	70
Creditors	3,643	2,642	3,643	2,642
	3,909	2,712	3,909	2,712

Accrued personnel services payable relate to the accrued cost of personnel services provided by the New South Wales Electoral Commission Staff Agency. Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in note 21.

Recognition and measurement

Payables represent liabilities for goods and services provided to the NSWEC and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through amortisation.

12. Current/non-current liabilities – provisions

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current				
Personnel services and employee benefits (a)				
Annual leave	2,392	1,802	42	44
Long service leave on-costs	404	263	12	6
Personnel services	-	-	2,742	2,015
Total current provisions	2,796	2,065	2,796	2,065
Non-current				
Long service leave on-costs	35	23	-	-
Personnel services	-	-	35	23
	35	23	35	23
Other provisions				
Lease make good	791	669	791	669
Total non-current provisions	826	692	826	692
Aggregate personnel services, employee benefits and related on-costs				
Provisions – current	2,796	2,065	2,796	2,065
Provisions – non-current	35	23	35	23
Accrued salaries, wages and on-costs (note 11)	266	70	-	-
Accrued personnel services (note 11)	-	-	266	70
	3,097	2,158	3,097	2,158

Notes to the financial statements

for the year ended 30 June 2019

The personnel services provision and the employee benefits provision include a value of leave and on-costs expected to be taken within twelve months and after twelve months as follows:

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Short term - less than 12 months				
Annual leave	1,626	1,215	42	44
Long service leave on-costs	404	263	12	6
Personnel services	-	-	1,976	1,428
	2,030	1,478	2,030	1,478
Long term - after 12 months				
Annual leave	766	587	-	-
Long service leave on-costs	35	23	-	-
Personnel services	-	-	801	610
	801	610	801	610

Movements in other provisions (other than personnel services or employee benefits)

Movements in each class of provisions during the financial year, other than employee benefits, are set out below:

	Lease make good	Total
	\$'000	\$'000
Carrying amount at the beginning of financial year	669	669
Amounts used	-	-
Additional provisions recognised	86	86
Unwinding/change in the discount rate	36	36
Carrying amount at end of financial year	791	791

Recognition and measurement

Employee benefits and related on-costs

The New South Wales Electoral Commission Staff Agency provides employees to the NSWEC entity to enable it to carry out its functions. Personnel services provision relates to employee related provisions for those employees employed by the New South Wales Electoral Commission Staff Agency.

Employee benefits provision relates to employees directly employed by the NSWEC.

Employee related provisions include:

a) Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such it is required to be measured at present value in accordance with AASB 119 Employee Benefits (although shortcut methods are permitted). Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The NSWEC has assessed the actuarial advice based on the NSWEC's circumstances and has determined that the effect of discounting is immaterial to annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

b) Long service leave and superannuation

The NSWEC's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The NSWEC accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using the Commonwealth government bond rate at the reporting date.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employee's salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employee's superannuation contributions.

c) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation, insurance premiums and fringe benefits tax.

Other provisions

Other provisions are recognised when: the NSWEC has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the NSWEC expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

Any provisions for restructuring are recognised only when NSWEC has a detailed formal plan and the NSWEC has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

Notes to the financial statements

for the year ended 30 June 2019

13. Equity

Recognition and measurement

Accumulated funds

The category accumulated funds includes all current and prior period retained funds.

14. Commitments for expenditure

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Capital commitments				
Aggregate capital expenditure contracted for at balance date and not provided for:				
Not later than one year	2,668	3,559	2,668	3,559
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total (including GST)	2,668	3,559	2,668	3,559
Operating lease commitments				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	3,027	3,096	3,027	3,096
Later than one year and not later than five years	2,085	2,306	2,085	2,306
Later than five years	-	-	-	-
Total (including GST)	5,112	5,402	5,112	5,402

These capital and operating lease commitments are not recognised in the financial statements as liabilities. The amount of tax recoverable from the Australian Taxation Office included within commitments is \$707,000 (2018: \$815,000).

15. Contingent liabilities and contingent assets

The NSWEC has no contingent liability as at 30 June 2019 (2018: Nil).

The NSWEC has no contingent assets as at 30 June 2019 (2018: Nil).

16. Budget review

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below.

Net result

The net result of \$2.6m is \$15.2m less than the full year budgeted \$17.8m net result. Appropriations revenue is down by \$15.4m. This was mainly due to the transfer from 2018/19 to 2019/20 of carry forward amounts of \$10.1m capital funding and \$4.2m operating expenses.

Assets and liabilities

Intangible Assets represent the largest variance to budget at \$9.9m against a Full Year budget of \$28.3m. The variance is due to delay in delivery of capital projects resulting in a reduction in Intangible asset investment. Cash and Cash Equivalents of \$0.7m and Receivables of \$1.6m are both below the budgeted amounts by \$2.2m and \$3.5m respectively. The variance in Cash is due to an extra \$0.9m spent from the Administration Fund to make payments to candidates and parties and an additional \$0.3m above the funding level, spent on the State By-Election delivery. Receivables were down against budget as there were no elections around year end, with only \$0.03m in Receivables for the Sale of Goods and Services against a budget of \$2.7m and only \$0.96m in Prepayments against a budget of \$1.95m

Cash flows

There is an \$11.3m reduction in investing activity cash flow against a budget of \$20.8m. This was mainly due to 4 capital projects being delayed in their delivery.

17. Reconciliation of cash flows from operating activities to net result

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Net cash flows from operating activities	8,259	4,605	8,259	4,605
Depreciation and amortisation	(3,381)	(2,681)	(3,381)	(2,681)
Decrease/(increase) in provisions and other liabilities	(865)	(438)	(865)	(438)
Increase/(decrease) in receivables and other assets	(266)	(5,577)	(266)	(5,577)
Decrease/(increase) in payables	(1,197)	215	(1,197)	215
Net gain/(loss) on disposal of plant and equipment and intangible assets	29	3	29	3
Net result	2,579	(3,873)	2,579	(3,873)

Notes to the financial statements

for the year ended 30 June 2019

18. Administered assets and liabilities

The NSWEC administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have the discretion, for example, to deploy the resources for the achievement of the NSWEC's own objectives.

Transactions and balances relating to the administered activities are not recognised as the NSWEC's revenue, expenses, assets and liabilities, but are disclosed in the accompanying schedules as "Administered Assets", "Administered Liabilities", "Administered Income" and "Administered Expenses".

	2019	2018
	\$'000	\$'000
Administered assets:		
Receivables – fines for failure to vote	20,663	15
Cash at bank	45	-
Administered liabilities:		
Payables – refund of fines for failure to vote	(6)	(23)
Payable to Crown Entity	(45)	-
Reconciliation of administered assets		
Opening balance	(8)	10,043
New fines issued	24,220	25,921
Fines written back	(1,803)	(11,817)
Fines paid	(895)	(4,934)
Referred for collection to Office of State Revenue	(857)	(19,221)
Administered assets/(liabilities)	20,657	(8)

19. Administered expenses – debts written off

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Fines written back	(1,803)	(11,817)	(1,803)	(11,817)

20. Administered income

	Consolidated		Parent	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Fines for failure to vote	24,220	25,921	24,220	25,921

21. Financial instruments (parent and consolidated)

The NSWEC's principal financial instruments are outlined below. These financial instruments arise directly from the NSWEC's operations or are required to finance the NSWEC's operations. The NSWEC does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The NSWEC's main risks arising from financial instruments are outlined below, together with the NSWEC's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Electoral Commissioner has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the NSWEC, to set risk limits and controls and to monitor risks. From time to time, compliance with policies is reviewed by the Audit & Risk Committee.

a) Financial instrument categories

i) As at 30 June 2019 under AASB 9

		Carrying amount	
	Note	Category	2019 \$'000
Financial assets			
Class:			
Cash and cash equivalents	6	N/A	695
Receivables *	7	Amortised cost	133
Financial liabilities			
Class:			
Payables **	11	Financial liabilities measured at amortised cost	3,824

Notes: * Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

** Excludes statutory payables and unearned income (i.e. not within scope of AASB 7).

ii) As at 30 June 2018 under AASB 139 (comparative period)

		Carrying amount	
	Note	Category	2018 \$'000
Financial assets			
Class:			
Cash and cash equivalents	6	N/A	1,932
Receivables *	7	Loans and receivables (at amortised cost)	276
Financial liabilities			
Class:			
Payables **	11	Financial liabilities measured at amortised cost	2,694

Notes: * Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

** Excludes statutory payables and unearned income (i.e. not within scope of AASB 7).

Notes to the financial statements

for the year ended 30 June 2019

The entity determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

b) Financial risk

i) Credit risk

Credit risk arises when there is the possibility of the NSWEC's debtors defaulting on their contractual obligations, resulting in a financial loss to the NSWEC. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses or impairment).

Credit risk arises from the financial assets of the NSWEC, including cash and receivables. No collateral is held by the NSWEC. The NSWEC has not granted any financial guarantees.

Credit risk associated with the NSWEC's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Accounting policy for impairment of trade debtors and other financial assets under AASB 9

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. No interest is earned on trade debtors. Sales are made on 30 day terms. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off.

The NSWEC applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

The expected loss rates are based on historical observed loss rates. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings.

Trade debtors are written off when there is no reasonable expectation of recovery.

NSWEC does not have a history of impairment losses. The loss allowance for trade debtors as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) is \$Nil.

Based on past experience, debtors that are not past due (past due 2019: \$Nil and 2018: \$Nil) represent 100% of the total trade debtors.

Accounting policy for impairment of trade debtors and other financial assets under AASB 139 (comparative period only).

Receivables – trade debtors

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debtors which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

For the comparative period 30 June 2018, the ageing analysis of trade debtors is as follows:

	\$'000
Neither past due nor impaired	82
< 3 months overdue	63
3 months – 6 months overdue	12
> 6 months overdue	-
	157
Impaired	
< 3 months overdue	-
3 months – 6 months overdue	-
> 6 months overdue	-
Total receivables – gross of allowance for impairment	157

Notes: The ageing analysis excludes statutory receivables and prepayments, as these are not within the scope of AASB 7. Therefore, the 'total' will not reconcile to the receivables total in Note 7.

ii) Liquidity risk

Liquidity risk is the risk that the NSWEC will be unable to meet its payment obligations when they fall due. The NSWEC continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The NSWEC's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12.

For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest.

The table below summarises the maturity profile of NSWEC's financial liabilities, together with the interest rate exposure.

	Weighted average effective interest rate	Nominal amount	Interest rate exposure			Maturity dates		
			Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 yr.	1-5 yrs.	> 5 yrs.
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019								
Payables	-	3,824	-	-	3,824	3,824	-	-
2018								
Payables	-	2,694	-	-	2,694	2,694	-	-

iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. NSWEC has no exposure to borrowings or foreign currency risk and does not enter into commodity contracts.

Notes to the financial statements

for the year ended 30 June 2019

iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. NSWEC does not have exposure to interest rate risk through interest bearing liabilities. NSWEC does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale (until 30 June 2018). Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The NSWEC's exposure to interest rate risk is set out below:

	Carrying amount	Profit	-1% equity	Profit	1% equity
	\$'000	\$'000	\$'000	\$'000	\$'000
2019					
Financial assets					
Cash and cash equivalents	695	-	-	-	-
Receivables	133	-	-	-	-
Financial liabilities					
Payables	3,824	-	-	-	-
2018					
Financial assets					
Cash and cash equivalents	1,932	-	-	-	-
Receivables	276	-	-	-	-
Financial liabilities					
Payables	2,694	-	-	-	-

c) Fair value measurement

i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

ii) Fair value recognised in the statement of financial position

The NSWEC does not have any financial assets at fair value recognised in the statement of financial position.

22. Related party disclosures

The reporting entity is controlled by the State of New South Wales (and is consolidated as part of the NSW Total State Sector Accounts), which is the ultimate parent.

The Key Management Personnel are defined as, the Electoral Commissioner, Electoral Commission members and Executive Directors.

The NSWEC's key management personnel compensation are as follows:

	Consolidated	
	2019 \$'000	2018 \$'000
Short-term employee benefits		
Salaries	1,527	1,516
Other monetary allowances	77	7
Non-monetary benefits	-	-
Other long-term employee benefits	94	45
Post-employment benefits	116	118
Termination benefits	-	-
Total remuneration	1,814	1,686

No material transactions took place between the NSWEC and Key Management Personnel, their close family members and controlled or jointly controlled entities thereof during the year.

During the year, the NSWEC entered into transactions on arm's length terms and conditions with other entities controlled by the NSW Government. These transactions include:

- Appropriations from the Crown Entity
- Administering income, expenses, assets and liabilities on behalf of the Crown Entity
- Leasing of properties from Government Property NSW
- Long Service Leave and Defined Benefit Superannuation assumed by the Crown Entity
- Payments into the icare TMF Scheme
- Payment to the Audit Office of NSW for the audit of our financial statements
- Provision of data centre services with The Department of Finance, Services and Innovation.

23. Events after reporting period

There are no events subsequent to balance date which affect the financial statements.



5

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Index to NSW Treasury annual report requirements

Requirement		Page
Letter of submission (letter of transmittal)	ARSBA s9A	Inside front cover
Application for extension of time	ARSBA s13(5)	N/A
Charter	ARSBR Sch.1	8
Aims and objectives	ARSBR Sch.1	9
Access	ARSBR Sch.1	Back cover
Management and structure	ARSBR Sch.1	13
Summary review of operations	ARSBR Sch.1	Section 2, section 3
Funds granted to non- government community organisations	ARSBR Sch.1	N/A
Legal change	ARSBR Sch.1 ARSBA s9(1)(f)	15
Economic or other factors	ARSBR Sch.1	N/A
Management and activities	ARSBR Sch.1	Section 2, section 3
Research and development	ARSBR Sch.1	N/A
Human resources	ARSBR Sch.1	31
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Workforce diversity	PSC Circular 2014- 09, ARSBR Sch.1, ARSBR c18 TC 15/18	33
Disability inclusion action plans	DIA s12n and 13, ARSBR Sch.1	28
Land disposal	ARSBR Sch.1	N/A
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Payment of accounts	TC 11/21 ARSBR Sch.1	84
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Risk management and insurance activities	ARSBR Sch.1	40
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Disclosure of controlled entities	ARSBR Sch.1	N/A
Disclosure of subsidiaries	PM 06-02	N/A
Multicultural Policies and Services Program	ARSBR Sch.1, ARSBR c18 TC15-18	28
Agreements with Multicultural NSW	ARSBR Sch.1	31
Work health and safety (WHS)	ARSBR Sch.1, ARSBR c18, TC15-18	34
Budgets	ARSBA s7(1)(a)(iii), ARSBR c7(1)	N/A

Requirement		Page
Financial statements	ARSBA s7(1)(a)(i)-(iia)	84
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Inclusion of unaudited financial statements	ARSBR c6	N/A
Additional matters for inclusion in annual reports	ARSBR c8	N/A
Investment performance	ARSBR c10; TC 17/02	N/A
Liability management performance	ARSBR c11; TC 17/02	N/A
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Glossary

Name/Title	Definition
Applicable cap on electoral expenditure	Electoral expenditure incurred by parties, groups, candidates and third-party campaigners is capped during the capped expenditure period of a state general election. There are different caps applicable to parties, groups, candidates and third-party campaigners.
Applicable cap on political donations	Political donations made to registered political parties, unregistered parties, elected members, groups, candidates, associated entities and third-party campaigners are subject to caps. There are different caps applicable to registered political parties, unregistered parties, elected members, groups, candidates, associated entities and third-party campaigners.
Associated entity	A corporation or other entity that operates solely for the benefit of a party that is registered for State elections or a member of the NSW Parliament.
Australian Electoral Commission (AEC)	The independent statutory authority that maintains and updates the Commonwealth electoral roll and conducts federal elections and referendums. Visit the Australian Electoral Commission website: aec.gov.au .
By-election	An election held to fill a casual vacancy, usually caused by retirement, death or resignation of the member for a district, ward or council area. Takes place other than at a general election (State) or ordinary election (council).
Candidate	A person who is nominated in accordance with the <i>Electoral Act 2017</i> for election to political office and whose nomination has been accepted by the Electoral Commissioner. Only duly nominated candidates have their names included on a ballot paper. Under the <i>Electoral Funding Act 2018</i> , a candidate includes a person registered as a candidate under the <i>Electoral Funding Act 2018</i> for the purpose of accepting political donations and electoral expenditure. A candidate under the <i>Electoral Funding Act 2018</i> also includes an unregistered candidate who has accepted a political donation or made a payment for electoral expenditure for the election.
Capped expenditure period	The period in which the electoral expenditure of parties, groups, candidates and third-party campaigners is capped. For the 2019 NSW State election, the period commenced 1 October 2018 and ends on the period in which the electoral expenditure of parties, candidates and other election participants is capped. The period commenced 1 October 2018 and ends on election day.
Disclosure	The disclosure of political donations and electoral expenditure by a party, elected member, candidate, group, third-party campaigner, associated entity or major political donor to the NSW Electoral Commission.
Donor	A person or entity who makes a political donation to a party, elected member, candidate, group or other person or entity (including a third-party campaigner or associated entity). See also: Major political donor.
Early voting	Electors who will not be able to vote on election day, for certain specified reasons, can vote before election day at the office of an election manager or an early voting centre.
Elector	A person eligible to vote at an election. To be eligible to vote, a person must be aged 18 years or over on the election day, an Australian citizen, and resident at an address in NSW for at least one month before they enrol. Note that a person can enrol to vote at a voting centre on election day.

Name/Title	Definition
Electoral expenditure	Electoral expenditure is money or its equivalent spent: promoting or opposing a political party or political participant (directly or indirectly) influencing (directly or indirectly) the voting at an election.
Electorate	The population of electors or the region in which electors live. Electorates have clearly defined boundaries which are shown on electoral district maps.
Enrolment	The process of officially registering to be on the list of voters.
Election reminder service	A free service that sends email or SMS reminders to voters when there is a State or local government election in their district, local government area or ward. Voters must register for the service with the NSW Electoral Commission.
<i>Electoral Act 2017</i>	The <i>Electoral Act 2017</i> sets out how elections to the NSW Parliament are conducted.
Electoral Commissioner	Appointed by the Governor under section 11 of the <i>Electoral Act 2017</i> . The Commissioner is responsible for the conduct of elections under the <i>Electoral Act 2017</i> including the enrolment of electors, the maintenance of the Electoral Information Register and the preparation of the authorised rolls for use in elections. The Commissioner is also an ex officio member of the NSW Electoral Commission.
<i>Electoral Funding Act 2018</i>	The <i>Electoral Funding Act 2018</i> sets out the rules for political donations and electoral expenditure, and for public funding of elections and registered political parties in NSW.
Endorsed	Endorsed, in relation to a party, means endorsed, selected or otherwise accredited to stand as a representative of the party in an election.
Independent	An independent is a candidate for election/member of Parliament who is not endorsed by a political party.
iVote	iVote refers to the iVote internet and telephone voting system. iVote® is a registered trade mark of the State of New South Wales.
Legislative Assembly	The lower house of Parliament in NSW. It has 93 members each representing an electoral district. All 93 members are elected at a general election, every four years.
Legislative Council	The upper house of the Parliament of New South Wales consisting of 42 members elected for an eight-year term, half of whom (that is, 21) are elected at each general election every four years.
Lobbyist/Third-party lobbyist	A third-party lobbyist is an individual or body carrying on the business (generally for money or other valuable consideration) of lobbying government officials on behalf of another individual or body.
Local government area	A subdivision of the State into a geographical area for which a council is responsible.
Major political donor	A person or entity (other than a party, elected member, group or candidate) who makes a reportable political donation of or exceeding \$1,000. See also: donor.
Nomination	The process by which a person applies to become a candidate for election. Note that this is different from 'registration' under the <i>Electoral Funding Act 2018</i> .
Political donation	A political donation is a gift made to, or for the benefit of, a political participant. The precise meaning of political donation is different for each type of political participant.

Glossary

continued

Name/Title	Definition
Political participant	Individuals and groups actively involved in the electoral process. Political participants include: <ul style="list-style-type: none"> • candidates and groups • political parties • members of Parliament and councillors • party agents and official agents • associated entities • third-party campaigners • political donors • third-party lobbyists.
Registered party	A political party on the Register of Parties kept by the Electoral Commissioner under the <i>Electoral Act 2017</i> . To be eligible to be registered, a party must have at least 750 members, and have a written constitution, however that is expressed.
Registration	In relation to a candidate, group of candidates or third-party campaigner for the election, means being registered under the <i>Electoral Funding Act 2018</i> for the purposes of accepting political donations and making payments for electoral expenditure. See also: Nomination .
Reportable political donation	A political donation of or more than \$1,000 made to or for the benefit of a party, elected member, group, candidate, associated entity or third-party campaigner.
Returning Officer	The election official responsible for conducting a local government election or a council; or the NSW Electoral Commissioner as the returning officer for all Legislative Assembly districts and for the Legislative Council.
Silent elector	An elector whose address is not included on any authorised roll or list of electors. A person must apply to the NSW Electoral Commissioner to be a silent elector.
Vote	The process of choosing/selecting a candidate for political office.
Voting centre	A building, such as a school, that has been designated as a place for voters to cast their vote for State elections.
Ward	Subdivision of a local government area, consisting of approximately equal numbers of voters, which elects one or more councillors for that local government area's council.
Writ	The document by which the Governor of New South Wales directs the Electoral Commissioner to conduct an election.

NSW Electoral Commission
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