



Ministerial Submission

MS26-000011

Cleared by: Jeff Pope

Date sent to MO: 20 March 2026

FOR: Special Minister of State

INFO: Minister for Finance

Action requested by: 27 March 2026

Reason for urgency: To support the Minister's consideration to defer the commencement date of the provisions in the *Electoral Legislation Amendment (Electoral Reform) Act 2025* not already in effect to 1 January 2027

Supplementary Program Update

Key issues:

1. The Australian Electoral Commission (AEC) was progressing well for the implementation of phase 1 of the Funding and Disclosure (FAD) reforms **s47C(1)**, the upcoming Farrer by-election (polling day 9 May 2026) creates several critical risks to the successful implementation of the reforms due on 1 July 2026.
2. Most notably, due to the AEC's ageing and fragile election systems it is standard and safe practice for the AEC to implement a technology 'change moratorium' during critical electoral events to protect the systems' ability to successfully support the delivery of the election. This has been a long-standing practice which underscores the importance of our current Election Systems Modernisation (Indigo) Program to modernise our electoral management systems for the future.
3. A change moratorium will be implemented for the Farrer by-election upon the issue of the writ on 1 April 2026 and is not able to be lifted until the result from the election are fully finalised. The AEC is planning for a close election result in Farrer that will potentially be further complicated by a large number of candidates, new political contestants and varying and unpredictable preference flows. It is possible the result may not be known until a full distribution of preferences is completed. If that is the case, counting may still be occurring in early June 2026, and longer if there is a requirement for a recount.
4. As a result of this moratorium, the FAD Reform Program's ability to undertake the full range of pre-implementation integration and assurance activities for the new FAD system will be significantly compromised. Whilst limited development and testing efforts may continue, the system change moratorium also significantly constrains the FAD Reform Program's ability to undertake critical performance, security and stability testing and to rectify defects identified.
5. Insufficient opportunity to undertake assurance activities prior to the 1 July 2026 commencement date may lead to systems instability and cyber security issues. Inability to rectify system defects identified may also lead to very poor user experiences and reputational damage associated with this flagship initiative.
6. Further, noting that some key stakeholders for the new FAD scheme will be involved in the Farrer by-election, they may not have capacity to participate in external user acceptance testing of the new FAD system, currently scheduled between April – May 2026 for a 1 July implementation. The diversion of their capacity and attention to the Farrer by-election is also likely to impact stakeholder preparations for the implementation of the scheme, and their engagement in the AEC's external education and engagement program. Lack of stakeholder engagement compromises their preparedness and increases risks of system errors, poor user experience, poor compliance with the legislative requirements and reputational damage associated with the new FAD scheme.
7. Finally, the by-election introduces resourcing conflict within the AEC as specialist resources are redeployed to support priority by-election activities. This is particularly the case for specialist Information and Communications Technology (ICT) resources and staff assisting with internal user acceptance testing, both of which are critical to a smooth start for 1 July.
8. The AEC therefore recommends that you agree to defer the commencement of all remaining provisions in the Electoral Legislation Amendment (Electoral Reform) Act 2025 (the Reform Act) that are not yet in effect until 1 January 2027. This will enable the AEC to better mitigate the risks and issues outlined above and support the readiness of stakeholders.
9. The Reform Act provides you with the power to make Transitional Rules about how the current FAD scheme transitions to the future scheme. This includes deferring the application of certain provisions under the Reform Act. **s47C(1)**
10. The AEC will also need to consider future risks to the FAD Reform Program associated with future by-elections. Until such time as legacy systems and platforms are fully modernised as part of the Indigo Program, the change moratorium process outlined earlier will continue to be necessary.

Recommendation: That you: • Agree to defer the commencement date of all provisions in the <i>Electoral Legislation Amendment (Electoral Reform) Act 2025</i> not yet in effect to 1 January 2027. • Note the Electoral Commissioner will formally write to you in the coming week to complement this brief and recommend a delayed implementation. / / ----- Don Farrell	Decision: <u>Agree / Not Agreed</u> <u>Noted / Please Discuss</u>
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S47C(1)

Attachments: Att A: Draft AEC media talking points	
From: Jeff Pope Electoral Commissioner Australian Electoral Commission S 22	Contact: Rachel Houghton Chief Operating Officer Funding and Disclosure Reform Program S 22

Background:*Farrer by-election impacts*

1. On 5 March 2026 the Speaker of the House of Representatives announced a by-election would occur in the Division of Farrer on 9 May 2026. The writ will be issued on 1 April 2026 and returned no later than 10 July 2026.

2. These timeframes for the Farrer by-election overlap with the legislative commencement date for the new FAD Scheme of 1 July 2026, as well as planned stakeholder engagement activities, educational activities and technical development, testing and release of new ICT capabilities to support the implementation of the Scheme. This overlap creates several critical risks to the successful implementation of the reforms due on 1 July 2026 as outlined earlier in this submission.

Deferral of legislative commencement date

3. The AEC recommends deferring the current legislative commencement date by 6 months to 1 January 2027.

4. If agreed, the new FAD system would be deployed to environments to prepare for testing and release in late October/early November 2026. This will avoid overlapping with the change moratorium period and enable the Program to conduct system testing sequentially. This will increase the AEC's ability to identify, isolate and resolve defects and maintains trust in government and the AEC's reputation.

5. This deferral reduces conflict between by-election activities and delivery of both the FAD Reform Program and the Indigo Program and alleviates resourcing pressures.

6. This extended timeframe will provide pre-implementation visibility of the new systems to stakeholders for testing, which will mitigate any timing pressures caused by an extended count for the Farrer by-election. In addition to being able to effectively identify and remediate defects, it will also enhance the overall stakeholder experience when the new FAD system is released.

7. Further, a commencement date of 1 January 2027 aligns with the first day of the new reporting period, as the new Scheme changes the reporting period to operate from financial year to calendar year. This alignment simplifies the transition period for stakeholders and provides additional time for stakeholders to become familiar with their obligations and manage changes to their own systems to integrate with the AEC's new systems. This will also address concerns received from various political parties and entities about the short timeframe for stakeholders to be ready to operate under the new FAD Scheme, and lead to a better compliance culture.

8. Registered political parties will have longer time to plan and consult closely with state branches/offices to adapt their legal processes, administrative operations and technical systems, train staff, and communicate with their donors about the new FAD Scheme. This increases accountability on recipients and will lead to a better compliance and transparency culture.

9. If additional by-elections are announced, this extension option will provide sufficient time to enable the Program to effectively coordinate work priorities and resourcing efforts, without overlapping with peak delivery and release periods for the Indigo Program.

10. Should you agree to defer the commencement of the scheme by six months, the AEC has drafted Talking Points for use with our stakeholders. These are included **at Attachment A** for your reference.

Ministerial Submission

MS26-000011

Cleared by: Jeff Pope

Date sent to MO: 23 March 2026

FOR: Special Minister of State

INFO: Minister for Finance

Action requested by: 27 March 2026

Reason for urgency: To support the Minister's consideration to defer the commencement date of the provisions in the *Electoral Legislation Amendment (Electoral Reform) Act 2025* not already in effect to 1 January 2027

Supplementary Funding and Disclosure Program Update

Key issues:

1. The Australian Electoral Commission (AEC) was progressing well for the implementation of phase 1 of the Funding and Disclosure (FAD) reforms s47C(1) the upcoming Farrer by-election (polling day 9 May 2026) creates several critical risks to the successful implementation of the reforms due on 1 July 2026.
2. Most notably, due to the AEC's ageing and fragile election systems it is standard and safe practice for the AEC to implement a technology 'change moratorium' during critical electoral events to protect the systems' ability to successfully support the delivery of the election. This has been a long-standing practice which underscores the importance of our current Election Systems Modernisation (Indigo) Program to modernise our electoral management systems for the future.
3. A change moratorium will be implemented for the Farrer by-election upon the issue of the writ on 1 April 2026 and is not able to be lifted until the result from the election are fully finalised. The AEC is planning for a close election result in Farrer that will potentially be further complicated by a large number of candidates, new political contestants and varying and unpredictable preference flows. It is possible the result may not be known until a full distribution of preferences is completed. If that is the case, counting may still be occurring in early June 2026, and longer if there is a requirement for a recount.
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5. Insufficient opportunity to undertake assurance activities prior to the 1 July 2026 commencement date may lead to systems instability and cyber security issues. Inability to rectify system defects identified may also lead to very poor user experiences and reputational damage associated with this flagship initiative.
6. Further, noting that some key stakeholders for the new FAD scheme will be involved in the Farrer by-election, they may not have capacity to participate in external user acceptance testing of the new FAD system, currently scheduled between April – May 2026 for a 1 July implementation. The diversion of their capacity and attention to the Farrer by-election is also likely to impact stakeholder preparations for the implementation of the scheme, and their engagement in the AEC's external education and engagement program. Lack of stakeholder engagement compromises their preparedness and increases risks of system errors, poor user experience, poor compliance with the legislative requirements and reputational damage associated with the new FAD scheme.
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9. The Reform Act provides you with the power to make Transitional Rules about how the current FAD scheme transitions to the future scheme. This includes deferring the application of certain provisions under the Reform Act. s47C(1)
10. The AEC will also need to consider future risks to the FAD Reform Program associated with future by-elections. Until such time as legacy systems and platforms are fully modernised as part of the Indigo Program, the change moratorium process outlined earlier will continue to be necessary.

Recommendation:

That you:

- **Agree** to defer the commencement date of all provisions in the *Electoral Legislation Amendment (Electoral Reform) Act 2025* not yet in effect to 1 January 2027.
- **Note** the Electoral Commissioner will formally write to you in the coming week to complement this brief and recommend a delayed implementation.


 Don Farrell

31/3/26.

Decision:Agree / Not AgreedNoted / Please Discuss

s47C(1)

Attachments:

Att A: Draft AEC media talking points

From:
 Jeff Pope
 Electoral Commissioner
 Australian Electoral Commission

s 22

Contact:
 Rachel Houghton
 Chief Operating Officer
 Funding and Disclosure Reform Program

s 22

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1. On 5 March 2026 the Speaker of the House of Representatives announced a by-election would occur in the Division of Farrer on 9 May 2026. The writ will be issued on 1 April 2026 and returned no later than 10 July 2026.

2. These timeframes for the Farrer by-election overlap with the legislative commencement date for the new FAD Scheme of 1 July 2026, as well as planned stakeholder engagement activities, educational activities and technical development, testing and release of new ICT capabilities to support the implementation of the Scheme. This overlap creates several critical risks to the successful implementation of the reforms due on 1 July 2026 as outlined earlier in this submission.

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5. This deferral reduces conflict between by-election activities and delivery of both the FAD Reform Program and the Indigo Program and alleviates resourcing pressures.

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7. Further, a commencement date of 1 January 2027 aligns with the first day of the new reporting period, as the new Scheme changes the reporting period to operate from financial year to calendar year. This alignment simplifies the transition period for stakeholders and provides additional time for stakeholders to become familiar with their obligations and manage changes to their own systems to integrate with the AEC's new systems. This will also address concerns received from various political parties and entities about the short timeframe for stakeholders to be ready to operate under the new FAD Scheme, and lead to a better compliance culture.

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10. Should you agree to defer the commencement of the scheme by six months, the AEC has drafted Talking Points for use with our stakeholders. These are included **at Attachment A** for your reference.

Electoral Commissioner

Senator the Hon. Don Farrell
Special Minister of State
PO Box 6100
Parliament House
Canberra ACT 2600

Sent by email: senator.farrell@aph.gov.au

Dear Minister

I am writing in relation to the Funding and Disclosure (FAD) Reform Program. This letter follows my recent ministerial brief and discussions with you.

As you are aware, the Australian Electoral Commission (AEC) has adopted a comprehensive program management approach to implement the FAD reforms. As I outlined in the Finance and Public Administration Legislation Committee on 9 February 2026, the AEC remains focused on implementing these reforms from 1 July 2026 as a key agency priority and we are making significant progress.

However, you may recall at that hearing I also foreshadowed that a by-election during this implementation period could complicate delivery and would require careful management. With the recent announcement of a by-election in the Division of Farrer, the risk of a by-election has now transpired. This creates a major challenge for the current FAD reform delivery timetable.

Most notably, due to the AEC's ageing and fragile election systems it is standard and safe practice for the AEC to implement a technology 'change moratorium' during critical electoral events to protect the systems' ability to successfully support the delivery of the election. This has been a long-standing practice which underscores the importance of our current Election Systems Modernisation (Indigo) Program to modernise our electoral management systems for the future.

For the Farrer by-election, a change moratorium will commence following the issue of the writ on 1 April 2026, as announced by the Speaker of the House of Representatives on 5 March 2026. The change moratorium is expected to remain in place until all election results are fully finalised. Finalisation could take several weeks after polling day depending on the number of candidates, the number of postal votes and the complexity of the distribution of preferences. It is possible that finalisation of the by-election may extend into the first half of June 2026. The AEC necessarily needs to plan for a long and complicated count scenario.

Consequently, the FAD Reform Program's ability to undertake the full range of pre-implementation integration and assurance activities for the new FAD system for the 1 July 2026 commencement date will be significantly compromised. While limited development and testing efforts can continue, the moratorium also significantly constrains the FAD Reform Program's ability to undertake critical performance, security and stability testing and to rectify defects identified.

Reduced time for assurance and the remedy of defects prior to commencement may lead to system issues at the go-live stage, including performance and cyber security risks. If defects cannot be addressed within the compressed period, the user experience and confidence in the new FAD scheme is likely to be compromised.

In addition, some stakeholders who will use the new FAD scheme are expected to be involved in the Farrer by-election. As a result, they may have limited capacity to participate in external user acceptance testing of the new FAD system, currently scheduled for April to May 2026 for a 1 July 2026 commencement. This may also affect stakeholder preparedness activities and engagement with the AEC's education and outreach program ahead of commencement. Lack of stakeholder engagement compromises their preparedness and increases risks of system errors, poor user experience, poor compliance with the legislative requirements and reputational damage associated with the new FAD scheme.

Finally, management of the existing legacy election management systems during the by-election will place additional demands on specialist AEC staff who are required to support final testing and readiness activities for the reforms, including Information and Communications Technology resources and staff supporting internal user acceptance testing. This resourcing pressure further reduces the time available to complete pre-commencement activities.

As a result of the issues outlined above, the planned implementation date of 1 July 2026 is significantly compromised, with the AEC unlikely to be able to successfully mitigate the risks before going live with the system and the new FAD scheme. It is consequently likely to be a poor experience for stakeholders.

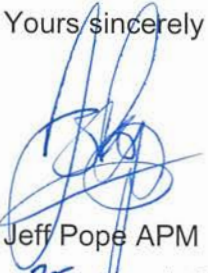
Delaying the implementation of complex reform programs is not unprecedented. In June 2025, commencement of the New Aged Care Act was deferred to 1 November 2025 following advice that additional time would improve implementation, reduce disruption, and allow key operational and digital processes and supporting legislation to be finalised. Similarly, a short deferral of the commencement of the FAD reforms would help ensure the new scheme starts in a stable and secure way, maintaining stakeholder confidence and minimising the risk of disruption.

Noting the significant complexity of the FAD Reform legislation and program, Parliament included a delay mechanism of up to 1 July 2027 in Schedule 11 of the *Electoral Legislation Amendment (Electoral Reform) Act 2025* (FAD Reform Act).

Having regard to the above, I recommend that you defer the operation of the remaining provisions of the FAD Reform Act that are not yet in effect until at least 1 January 2027. This would provide additional time to complete assurance and readiness activities and to support stakeholder preparedness. The delayed commencement of the reforms would also allow more time for stakeholders to become familiar with the rules that will govern the transition from the current FAD scheme to the reformed scheme, including a change from financial year to calendar year reporting.

The AEC will continue to consider risks to delivery that might arise if future by-elections were to occur. Until the modernisation of our major election systems is fully and successfully completed and implemented, a change moratorium during electoral events will remain a crucial operational control.

Yours sincerely



Jeff Pope APM

25 March 2026

Document 5

From: [Commissioner](#)
To: senator.farrell@aph.gov.au
Cc: §22; DLO-SMOS; Rillo, Benjamin (Sen D. Farrell)
Subject: Letter from the Commissioner | Funding and Disclosure (FAD) Reform Program
Date: Wednesday, 25 March 2026 2:12:58 PM
Attachments: [image001.gif](#)
[image002.gif](#)
[2026 03 25 -letter to SMOS re FAD Reform.pdf](#)

Dear Minister
Please see the attached correspondence from the Commissioner, Mr Jeff Pope.

Regards
§22
§22 | Personal Assistant to the Commissioner
Executive Leadership Team
Australian Electoral Commission
§22
