

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