

# Bombshell Ombudsman's report finds Labor MPs cheated taxpayer funds during 2014 state election

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PREMIER Daniel Andrews has apologised for the rorts-for-votes scheme that siphoned up to \$388,000 from taxpayers to help the Labor Party win the 2014 election.

Victorian Ombudsman Deborah Glass this morning released a damning report revealing the MPs [signed timesheets for a key team of campaign organisers](#), saying they were working for them as electorate office staff.

But Mr Andrews said no Labor minister or MP will face consequences for their actions, saying paying back the money scammed was the most important thing. "I am sorry that this happened," he said.

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"The most important thing is to ensure that we prove we are sincere in that apology and our response by firstly paying back every dollar ... and that has occurred."

Mr Andrews said MPs "were operating on the not unreasonable assumption" that the scheme was an extension of an arrangement whereby staff were pooled to operate more widely across parliament.

The Premier said he could not recall whether the idea to use electorate office staff as field organisers was discussed by Labor's Campaign Committee in 2013 or 2014. But he said: "I think it highly unlikely that the parliament being a financier ... was discussed by the Campaign Committee".

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The damning Ombudsman's report shows that the MPs — including the Premier's right hand man and Special Minister of State Gavin Jennings,

Attorney-General Martin Pakula, Sports Minister John Eren and Energy Minister Lily D'Ambrosio — hired staff under parliamentary budgets who were instead used to campaign for the party in marginal seats.

Those campaigners, who led an army of 5500 volunteers known as the red shirts, organised doorknocking and phone bank operations Labor credited with helping it win the election and for Daniel Andrews becoming premier.

Ms Glass details how more than 1100 days of work were rorted, with eight lower house MPs and 13 upper house members involved. The amount of taxpayer money each MP misused ranged from \$2300 to more than \$44,000. The scheme “crossed the line”, Ms Glass concludes, with rules being broken to “maximise the use of resources available to the Party for the 2014 campaign”.

Mastermind John Lenders, a former state treasurer, twice ignored warnings from Department of Parliamentary Services secretary Peter Lochert about hiring staff outside of an existing pooling arrangement, the report reveals. “Despite Mr Lochert’s response, the available evidence indicates that Mr Lenders (in consultation with the ALP’s Campaign Committee) implemented a strategy to persuade other ALP members of parliament to engage Field Organisers as casual Electorate Officers,” the report says.

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## 2014 ELECTION FUNDING SCANDAL



# ALP REPORTS FOR VOTES

### Taxpayer resources misused to help win poll

### Labor MPs break ranks over campaign scheme

Labor MPs and a senior figure have sensationally broken to expose how the ALP the taxpayer to help fund an election campaign staff. MPs say they and colleagues did to divert part of their tax-aided budgets, intended for its officers, to pay for campaigners instead. The initiative to involve at least a dozen

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Upper House MPs and be worth hundreds of thousands of dollars, breaches parliamentary rules that electorate staff mustn't "support the member's political or party duties".

One MP said of Premier Daniel Andrews, "He is responsible for

this". "There was no reason to doubt the advice coming from the leader's office ... You trust it's correct and it's done in a proper way," he said.

In some cases the MPs who declined to be named, told the Herald Sun they did not even meet the staff they employed for at least eight months, on the taxpayer.

The campaigners were instead co-ordinating Labor's Community

Action Network — a pioneering marginal seats blitz based on grassroots campaigns run by Barack Obama in the United States.

A volunteer who worked as a member of the CAN said some MPs were troubled by the scheme.

"There were clearly some aspects of the field campaign and its structure that were not kosher and did not sit well," the volunteer said.

"When they asked questions Field Organisers were told, 'If you don't know can't hurt you'."

Mr Andrews has said Labor couldn't have won without the 55 volunteer network, overseen about 35 of the paid field organisers.

A spokesman for Mr Andrews said last night the financing is above board.

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As revealed by the Herald Sun in 2015.

The campaign committee included senior MPs and powerbrokers, including then-opposition leader Daniel Andrews, Mr Jennings, Mr Pakula and federal Senator Kim Carr. Former state secretary Noah Carroll, who is now federal secretary of the ALP, was consulted about the model, according to the report. The cash should be paid back so the public can have confidence in how its money is used, the report says, and Ms Glass said that had been done.

Labor could also come under pressure to pay back up to \$1 million the Andrews Government is estimated to have spent trying to stop the Ombudsman investigating the rort, which was referred to her office by the Legislative Council.

But Attorney-General Martin Pakula said today that legal action came from the Ombudsman, and that the matters were fought on principle of how parliament can operate. “The legal principles that were tested in this matter were very important principals to be tested,” he said.

“The government had a strong view about that, a lot of people have a strong view about that. “The matter appears to be settled as a result of the action in the Court of Appeal but they were important principles to be tested. “Everybody is now much the wiser about the powers of the parliament to make referrals.”

Another \$420,000 or more of taxpayer money has been spent by the Legislative Council and Department of Premier and Cabinet on external legal costs.

The release of the report will put immense pressure on Mr Andrews, who insisted when the *Herald Sun* revealed the rort in 2015 that “no rules had been broken”. “I take responsibility for each and every thing that happens under my leadership of the Labor Party and my leadership of the government,” Mr Andrews said.

The report says the rort “almost invariably benefited the election prospects of others”, and that “21 Members of the 57th parliament breached the Members’ Guide”. “The effect of their (MPs’) acquiescence was that public money was used for an inappropriate purpose,” it says.

Ms Glass found dodgy timesheets for electorate officers were signed by MPs during the scheme after they were “partially pre-completed with typed information listing the dates and hours worked and the reason for



payment, which was recorded as ‘additional capacity required for electorate duties’.”

## **KEY RORTS-FOR-VOTES PLAYERS SNARE COVETED ROLES**

### **BY THE NUMBERS**

**Total rorted — \$387,842**

**Labor MPs involved — 21**

**Individual MPs offices’ paid- \$2300 to more than \$44,000 each**

**FOs paid on public purse — 21**

**Time scam ran — 8 months**

**Cost to Parliament of legal battles — Up to \$1.5 million (including government’s bill)**



The rort centred around use of the volunteer ‘red shirts’ during 2014 election.



Victorian Premier Daniel Andrews faces the media today. Picture: Alex



Coppel Mr Andrews faced the media with Gavin Jennings by his side. Picture: Alex Coppel

The Ombudsman also said Labor had claimed rival parties had similar schemes, saying “they all do it”, but she concluded: “In fact ... other parties did not have similar arrangements.”

Most of the blame for the rort is laid at the feet of Mr Lenders, who was leader of the opposition in the Legislative Council at the time of the scheme.

Whistleblowers originally revealed details of the rorting to the Herald Sun in 2015, saying they were told during the campaign not to say how they were paid. The full-time workers were paid for three days a week by the ALP, with the other two days a week paid by parliament on the false premise they were working as electorate officers.

According to the Ombudsman, Mr Lenders admitted “in practice his design ‘morphed’ into one where employees did not perform Electorate Officer work at the times and dates on their pre-filled DPS time-sheets”. But it says: “Although Mr Lenders claims that his arrangement ‘morphed’ into something that was not intended, it appears that there was no attempt at the outset to separate the roles.

“Field Organisers received no training in Electorate Officer work at the training week (although one claimed to have received on-the-job training during 2014). Most did not receive the Electorate Officer handbook at any time during 2014, and most never used the parliamentary email system.”

Ms Glass said field organisers recalled Mr Lenders insisting the scheme should not be discussed openly. “It’s not something that the public may have the same, you know, take on it,” he told participants. One participant remembered being told it was a “grey area”.

The *Herald Sun* revealed on Monday Mr Lenders had quit as the chairman of state rail asset owner VicTrack.

The report also reveals many MPs involved in the scheme hid from the investigation, with only a handful giving evidence to the Ombudsman.

About half of the field organisers were interviewed.

Opposition Leader Matthew Guy said simply paying back “some” of the money was not enough and questioned why no one had been held accountable for the rort. “If you take money from your employer, you usually lose your job, why does Daniel Andrews think it is OK that these MPs got to keep theirs?,” he said.

“The Premier’s message this morning seems to be, if you steal from your employer and pay back just a bit then that’s OK.” Mr Guy questioned whether “the Premier is lying” when he says he didn’t know about it. He also pointed out other ministers have previously lost their jobs simply because their actions did not meet public expectations.

“Do you reckon this passed the pub test? Do you reckon the ombudsman finding that you have misused taxpayers money to the tune of \$380,000, that you haven’t participated in her inquiry, that you have taken it to the High Court to try and stop it ... but I had no idea about it? That doesn’t pass the pub test.”

The Opposition will now consider the report to see if there are any potential criminal ramifications.

#### HOW IT WORKED

1. Field organisers (FOs) hired to campaign for ALP.
2. FOs undergo introductory training week and are taught recruitment, doorknocking and phone database creation techniques.
3. New recruits told ALP will pay for three days a week of their campaign work. Remaining two days will be paid by Victorian Parliament, on the false premise that they are also working as MPs’ electorate officers.
4. FOs fill out dozens of parliamentary timesheets in advance for electorate office positions and hand them to ALP. They are ordered to stay quiet about arrangement.
5. More than 20 sitting Labor MPs are told to hand over part of their office staff budgets to pay for electorate staff under a “pooling arrangement”.
6. FOs are stationed at electorate offices in marginal seats, away from the MPs they supposedly work for, campaigning full-time and not carrying out any office duties.
7. FOs help amass 5500 volunteers and report directly to ALP with weekly campaign updates

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