

Public Funding Policy

1. Introduction

The New South Wales Electoral Commission ('the NSWEC') is responsible for effectively administering public funding to eligible parties, candidates and independent elected members ('claimants').

There are three schemes of public funding administered by the NSWEC:

1. The Election Campaigns Fund – to reimburse State election campaign expenditure of eligible political parties and candidates.
2. The Administration Fund – to reimburse administrative expenditure of eligible political parties and independent elected Members of Parliament.
3. The Policy Development Fund – to reimburse policy development expenditure of eligible parties who are not eligible for payments from the Administration Fund.

The above schemes are administered under Part 5 (Election Campaigns Fund) and Part 6A (Administration Fund and Policy Development Fund) of the *Election Funding, Expenditure and Disclosures Act 1981* (EFED Act).

Officers of the NSW Electoral Commission staff agency ('the Electoral Commission agency') undertake the work for the NSWEC in relation to the administration of public funding.

2. Purpose

The purpose of this policy is to set out the overarching principles and aims of the public funding schemes.

This policy aims to:

- summarise why the schemes of public funding of political participants are in place in NSW; and
- state the NSWEC's approach to administering public funding.

Information specific to a fund, including eligibility criteria and entitlement calculations, can be found in the supporting Procedures document for that fund.

This document is not a guideline within the meaning of section 24 of the EFED Act.

3. Scope and application

This policy applies to:

- all claims for payment and payments made from the Election Campaigns Fund, the Administration Fund and the Policy Development Fund; and
- officers of the Electoral Commission agency, including contractors and third-party consultants, who are involved in the administration of these public funding schemes.

4. Policy details

4.1 Public funding objectives

The objectives of the three public funding schemes were explained by the Government of NSW in the second reading speeches for the bills that introduced the specific funds. These objectives are:

Assisting with increased compliance costs

One basis of the current public funding schemes is to help eligible parties, candidates and elected members with increased costs of compliance. These increased costs are the result of changes under the EFED Act to the disclosure and financial management requirements of those who are eligible for payments.¹

Compensating for losses in political donation revenue

The public funding schemes also make up for losses in the revenue of political parties and others as a result of caps on political donations. In 2011, Parliament capped certain political donations, and also introduced the three existing public funding schemes.²

Supporting political communication

Public funding of election campaigns allows parties and candidates to communicate their messages to the electorate despite there being caps on political donations.

Promoting active government

Public funding of the administrative and operating expenses of eligible parties and elected members promotes their active participation in the government of NSW.

Supporting political diversity

The Policy Development Fund aims to support new and emerging parties, thereby promoting political diversity.

4.2 Approach to administering public funding

In its administration of the public funding schemes established in the Act, the NSWEC aims to ensure that:

- payments from each fund are administered in accordance with the EFED Act;
- public money is used appropriately;
- the expenses that are reimbursed are reasonable in the circumstances; and
- value for money for the people of NSW is achieved.

4.2.1 Management of the funds in accordance with the EFED Act

Each fund is managed in accordance with the EFED Act by ensuring that:

- proper records of each claimant, claim and payment are kept;
- reliable sources of information are used in order to satisfy eligibility criteria; and
- payments made under each Fund are exempt from material error with regards to entitlement.

1. Parliament of NSW's Second Reading Speech for consideration of the Election Funding and Disclosures Amendment (Administrative Funding) Bill 2013 ('the 2013 amendment bill'), on 26 March 2013, which introduced increased administrative funding entitlements, a sliding scale of entitlements favouring smaller parties, and quarterly reimbursements from the Administration Fund. The amendment bill was enacted on 3 April 2013, when the amendments were inserted into the Act.

2. Parliament of NSW's Second Reading Speech for consideration of the Election Funding and Disclosures Amendment Bill 2010 ('the 2010 amendment bill'), on 10 November 2010, which introduced (among other amendments) donation caps, and the three public funding schemes. The amendment bill was enacted on 1 January 2011, when the amendments were inserted into the Act.

4.2.2 Using public money appropriately

It is the NSWEC's duty, as the custodian of each of the funds, to ensure that the money available from each fund is used appropriately. This means that the NSWEC reimburses only expenditure that is:

- expenditure as described by the EFED Act;
- consistent with the NSWEC's guidelines issued under the EFED Act;
- incurred by the claimant;
- incurred in the relevant period;
- supported by invoices or receipts or other documentation; and
- contained in a declaration that has been certified by a Registered Company Auditor.

The NSWEC takes measures to prevent abuse of each fund in addition to assessing expenditure in accordance with the above points. These measures may include:

- checking claims against other claims made by the claimant;
- assessing whether an expense is likely to be reimbursed from another government source (for example, as a GST Tax Credit, or from Parliamentary Allowances); and
- investigating suspected false declarations made in a claim.

4.2.3 Guidelines about expenditure claimed from the funds

From time to time the NSWEC determines and issues guidelines under the EFED Act. These guidelines are rules that clarify or refine a legal requirement under the Act, and must be followed by both the NSWEC and the stakeholders they affect. Some guidelines apply to the use of the funds. The NSWEC's guidelines can be found on the NSWEC's website.

5. Associated documents

1. Election Campaigns Fund Procedures
2. Administration Fund Procedures
3. Policy Development Fund Procedures

6. Definitions

Candidate in relation to an election, means a person nominated as a candidate at the election in accordance with the *Parliamentary Electorates and Elections Act 1912* and includes a person applying for registration as, or registered as, a candidate in the Register of Candidates for the election kept by the NSWEC under Part 4 of the EFED Act.

Independent elected member means a member of Parliament who was not endorsed by any party when they were elected, and is not a member or representative of any party.

Party means body or organisation, incorporated or unincorporated, having as one of its objects or activities the promotion of the election to Parliament or of a candidate or candidates endorsed by it or by a body or organisation of which it forms a part.

State election means a Legislative Assembly general election, a Legislative Council election or a by-election for the Legislative Assembly.

7. References

- Parliament of NSW's Second Reading Speech for consideration of the *Election Funding and Disclosures Amendment Bill 2010* ('the 2010 amendment bill'), on 10 November 2010
- Parliament of NSW's Second Reading Speech for consideration of the *Election Funding and Disclosures Amendment (Administrative Funding) Bill 2013* ('the 2013 amendment bill'), on 26 March 2013

8. Document control

8.1 Approval authority

The approval authority for this document is the NSWEC.

8.2 Branch responsible for content and implementation

Funding, Disclosure and Compliance Branch (FDC) of the Electoral Commission agency.

8.3 Review Record

Date	Version	Revision description
1/12/2014	V1.0	Legislative change – <i>Electoral and Lobbying Legislation Amendment (Electoral Commission) Act 2014</i>
10/08/2016	V1.1	Periodic review

8.5 Review frequency

This document will be reviewed by the FDC branch every 3 years following the anniversary of the date of approval or as required due to legislative change, whichever is the earliest.