

Administration Fund Procedures

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1. Introduction

The New South Wales Electoral Commission ('the NSWEC') is responsible for keeping an Administration Fund for registered parties and elected members in accordance with the law.

The purpose of the Administration Fund is to reimburse relevant administrative and operating expenses of eligible political parties and independent elected Members of Parliament.

The Administration Fund is administered under Part 6A of the *Election Funding, Expenditure and Disclosures Act 1981* ('the EFED Act').

The overarching principles and aims of the Administration Fund, along with the NSWEC's functions in managing the fund, are included in the Public Funding Policy.

2. Purpose

The purpose of these Procedures is to provide a guide as to how the NSWEC meets the principles and objectives stated in the Public Funding Policy in relation to:

- eligibility and annual amounts;
- quarterly and quarterly advance payments; and
- the claim process.

This document supports the Public Funding Policy in relation to the Administration Fund by providing specific, factual information about the Administration Fund.

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

3. Scope and application

These procedures apply to

- all claims for payment and payments made from the Administration Fund; and
- officers of the NSW Electoral Commission staff agency ('Electoral Commission agency'), including contractors and third-party consultants, who are involved in the administration of this public funding scheme.

4. How the Fund works

The Administration Fund operates on a calendar year basis and claims for payment can be made each quarter, both in advance of a quarter (a quarterly advance payment) and following the end of a quarter (a quarterly payment).

In order for a payment to be made a claim for payment must be lodged and, in the case of a quarterly payment, a declaration of expenditure must be lodged with the claim. All payments (except quarterly advance payments) must be paid within 30 calendar days of the NSWEC receiving all the required documents.

Quarterly advance payments are made at the beginning of each quarter in the calendar year. To receive a quarterly advance payment a party or elected member is required to claim the advance payment no later than two weeks before the commencement of the quarter.

Quarterly payments in respect of the 1st, 2nd and 3rd quarters of a calendar year are made following the end of a quarter. A claim for the annual, or 4th quarter, payment must be made within 6 months after the end of the calendar year for which payment is to be made.

5. Eligibility and annual amounts

5.1 Parties

A party is eligible for payments from the Administration Fund for a calendar year if:

- it was a registered party at the previous State election, and the party continued to be a registered party on 31 December of the calendar year;
- it endorsed candidates who were elected at that election, and the NSWEC is satisfied that the elected members claimed to be endorsed by the party;
- the NSWEC is satisfied that the elected members continued to be members or representatives of the party on 31 December of the calendar year; and
- the party has no outstanding declarations of political donations and electoral expenditure or annual financial statements.

The **annual amount** payable to an eligible party is the amount of administrative expenditure incurred by the party during the calendar year up to a maximum annual amount.

The **maximum annual amount** for a party for a calendar year is based on the number of elected members of Parliament who are endorsed by the party. The amounts are adjusted for inflation each year. The adjusted amounts can be found on the NSWEC's [website](#).

The maximum annual amount for a party is determined as at 31 December of the calendar year as it depends on the party's eligibility status at that date, including the number of members of Parliament endorsed by the party. This means that the party's annual amount is only known once the party has lodged a claim for an annual payment after the end of the calendar year. For this reason, quarterly advance payments and quarterly payments made to a party during a calendar year are based on an estimate of the number of members of Parliament endorsed by the party as at end of the calendar year (31 December).

5.2 Independent Members of Parliament

An elected member is eligible for payments from the Administration Fund for a calendar year if:

- the elected member was not an endorsed candidate of any party at the State election at which they were elected;
- the NSWEC is satisfied that the elected member is not a member or representative of any party on 31 December in the calendar year; and
- the elected member has no outstanding declarations of disclosure.

The **annual amount** payable to an eligible elected member is the amount of administration expenditure incurred by the elected member during the calendar year up to a maximum annual amount.

The **maximum annual amount** for an elected member for a calendar year is adjusted for inflation each year. The adjusted amounts can be found on the NSWEC's [website](#).

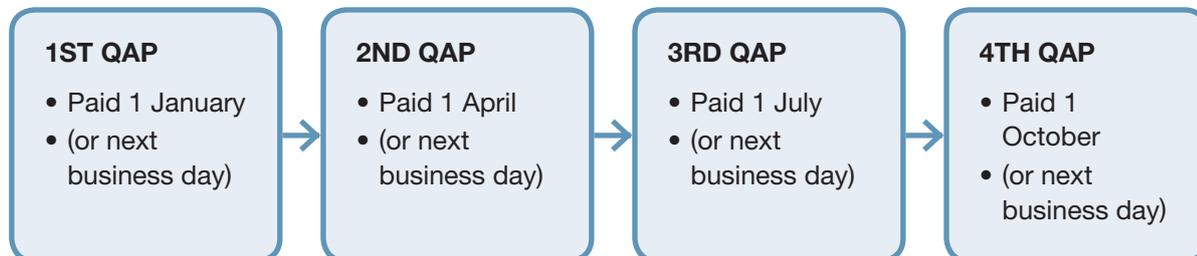
The maximum annual amount for an elected member is determined as at 31 December of the calendar year as it depends on the elected member's status at that date. This means that the elected member's annual amount is only known once the elected member has lodged a claim for an annual payment after the end of the calendar year. For this reason, quarterly advance payments and quarterly payments made to an elected member during a calendar year are based on an estimated entitlement of the elected member as at end of the calendar year (31 December).

6. Payments

6.1 Quarterly advance payments

Eligible parties and elected members ('claimants') may claim up to four quarterly advance payments: one for each of the first three quarters, and one for the annual payment.

Quarterly advance payments ('QAPs') are payable at the beginning of the relevant quarter. For the purposes of the fourth QAP, the 'fourth quarter' is 1 October to 31 December.



The QAP for a quarter, or for the year, is 50% of:

- the claimant's estimated maximum quarterly amount for the quarter (refer to 6.2 below for quarterly payments); or
- the claimant's estimated maximum annual amount.

A QAP for a quarter is then deducted from the quarterly amount for that quarter (paid following end of the quarter) or the annual amount for the year.

6.2 Quarterly payments

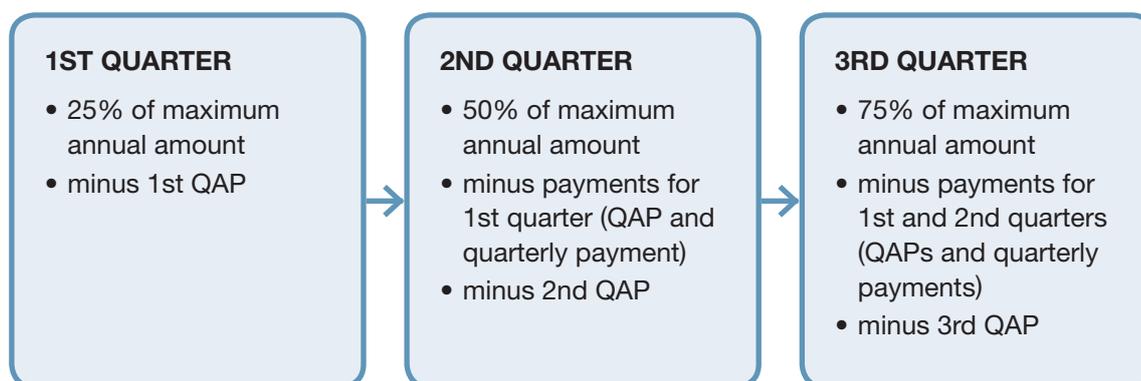
Eligible parties and elected members ('claimants') may claim quarterly payments for each of the first three quarters of the calendar year, as instalments of the annual amount.

The first three quarters of a calendar year are:

- 1st quarter: 1 January to 31 March;
- 2nd quarter: 1 April to 30 June; and
- 3rd quarter: 1 July to 30 September.

The **quarterly amount** payable to an eligible party or elected member is the amount of administrative expenditure incurred during the calendar year up to a maximum quarterly amount.

The **maximum quarterly amount** is calculated as a portion of a claimant's maximum annual amount:



*QAP = quarterly advance payment

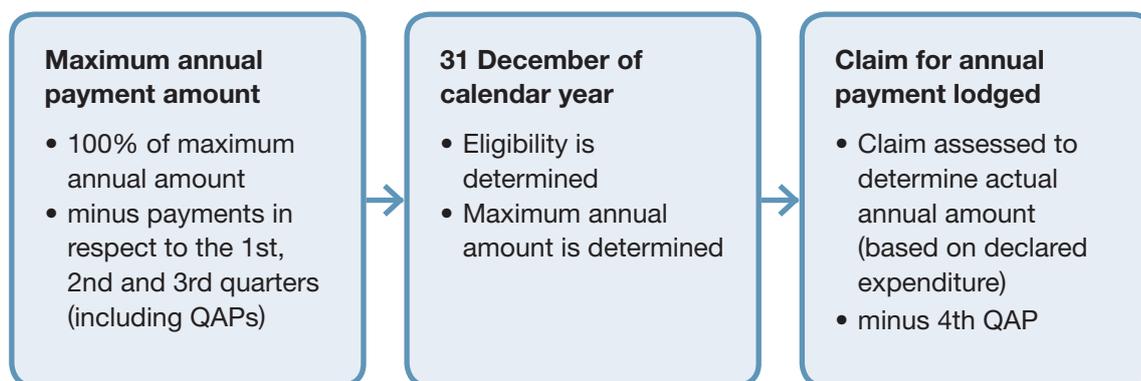
6.2.1 How are quarterly payments determined before 31 December?

As stated above, a claimant's eligibility and maximum annual amount is determined on 31 December of the calendar year in question. However, quarterly payments are made before 31 December. This means that quarterly payments are determined before the annual entitlement is known as follows:

- maximum quarterly amounts are based on an 'expected' maximum annual amount; and
- the expected maximum annual amount is determined on the assumption that:
 - a party claimant will have the same number of endorsed elected members on 31 December that they do when the claim for the quarterly payment is determined; and
 - an elected member claimant will continue to be an elected member at 31 December.

6.3 Annual payments

Any quarterly payments are deducted from the maximum annual amount to determine the maximum final payment. The final annual payment is made following the end of the calendar year, a determination of eligibility and the lodgement of a claim for annual payment:



If a claimant's annual amount is less than their expected maximum annual amount (meaning that their quarterly payments were more than they should have been), the annual payment will be adjusted to ensure that only the balance of the annual amount is paid.

If a claimant has been paid more than their annual amount (for example because a party has fewer endorsed elected members than expected as at 31 December), the overpayment will be dealt with as explained in section 8 ('Overpayments') below.

7. The claim process

7.1 Advice of eligibility

Following a State election, officers of the Electoral Commission agency identify eligible claimants in accordance with the EFED Act, using reliable sources of information to check each claimant's eligibility. Reliable sources of information include election results and registration details. The officers then make a record of each claimant's eligibility.

Before an upcoming payment period, officers of the Electoral Commission agency advise each claimant of their eligibility to receive a payment, and the maximum payment available. The NSWEC provides forms for making a claim for payment.

7.2 Completing and lodging a claim

7.2.1 Claims for quarterly and annual payments

A claim for payment must be lodged after the end of a quarter, after the claimant receives advice of eligibility from the NSWEC.

The claim:

- must be made in writing by the claimant or their agent (a Claim Form is provided with advice of eligibility);
- can be for an amount of actual incurred administrative expenditure up to the maximum quarterly amount, minus the corresponding QAP; and
- must be accompanied by a declaration of expenditure.

The declaration:

- must be made by the agent of the claimant (a Declaration Form is provided with the Claim Form);
- must include an amount of administrative expenditure incurred by the claimant in the calendar year (that has not already been included in a previous declaration); and
- must be certified by a registered company auditor.

The expenditure included in the declaration must be supported with invoices, receipts and any other required documents.

A claim for an annual payment must be made by 30 June of the following year. There is no due date for making a claim for a quarterly payment; however, it would naturally be made before a claim for an annual payment.

7.2.2 Claims for quarterly advance payments

A claim for QAP is lodged 2 weeks before the first business day of the relevant quarter, after the claimant receives advice of eligibility from the NSWEC.

The claim:

- must be made in the manner determined by the NSWEC (a Claim Form is provided with advice of eligibility); and
- is for a predetermined amount, which is 50% of the estimated quarterly maximum amount for the corresponding quarter.

There is no declaration of expenditure at this stage, as the payment is an advance.

In order to remain entitled to keep a QAP, the claimant must validly declare and vouch for an amount of expenditure in their claim for the corresponding quarterly payment that at least equals the amount of the QAP.

If a claimant does not validly declare and vouch for an amount received in a QAP, this means the claimant has been paid more than the amount of expenditure incurred, and the excess amount will be deducted from the following payment or be recovered by notice from the NSWEC (see section 8 ('Overpayments') for more information).

7.3 Assessing claims

A claim for payment is assessed to ensure it complies with the EFED Act. If the NSWEC is satisfied that the claimant is eligible to receive the payment, a payment will be made to the nominated bank account via Electronic Funds Transfer (EFT).

The assessment is undertaken by officers of the Electoral Commission agency. It first involves a check of the claimant's eligibility. Payments are also conditional on compliance with other obligations under the EFED Act, such as whether all required declarations of disclosure for past periods (and for parties, all required annual financial statements) have been lodged.

For a claim for a quarterly or annual payment, the expenditure is then assessed to determine the relevant payment amount. The relevant payment amount is the amount of validly declared and vouched administrative expenditure up to the relevant maximum amount.

A risk-based approach may be used to plan and execute the assessment. Officers of the Electoral Commission agency may contact the agent of a claimant to seek further information about particular items of expenditure, and the reimbursement of those items of expenditure may depend on that information being provided.

The NSWEC may reject items of expenditure for reasons including: the expenditure does not meet the definition of administrative expenditure (under [section 97B of the EFED Act](#) and the [General Guidelines](#)); the expenditure has previously been reimbursed; the expenditure was not incurred in the relevant calendar year or was not incurred by the claimant.

For all claims, the NSWEC's satisfaction of the claimant's eligibility is then sought before a payment is processed.

7.4 Making payments

Quarterly and annual payments are made within 30 days of the date that a valid claim was received by the NSWEC.

QAPs are made on the first business day of the relevant quarter.

Payments are made to the agent of the party or elected member, by Electronic Funds Transfer in the nominated account.

7.5 Summary of claim lodgement, assessment and payment process

7.5.1 Quarterly or annual payment

Advice of eligibility

- Notified to eligible parties and elected members by email after the end of the quarter/calendar year
- Includes information about maximum payment amount
- Includes Claim Form, Declaration Form and EFT Form.

Documents to lodge

- Claim Form **EF.697**
- Declaration Form **EF.698**
- Copies of invoices, receipts and other supporting documents for declared expenditure
- Certificate of Registered Company Auditor (on first page of Declaration Form)
- Electronic Funds Transfer (EFT) Authority **EF.689**

Lodgement due date

- Claim for quarterly payment – no due date, but before the claim for annual payment
- Claim for annual payment – 30 June the year following the calendar year of expenditure

Assessment of claim

- Confirmation of claimant's eligibility
- Check of claimant's disclosure status
- Assessment of expenditure to determine payment amount
- Confirmation of NSWEC's satisfaction of eligibility

Payment

- Made to agent of party or elected member
- Made within 30 days of lodgement of valid claim

7.5.2 Quarterly advance payment

Advice of eligibility

- Notified to eligible parties and elected members by email early in the month before the start of the quarter
- Includes information about payment amount
- Includes attached Claim Form and EFT Form

Documents to lodge

- Claim Form **EF.707**
- Electronic Funds Transfer (EFT) Authority **EF.689**

Lodgement due date

- 2 weeks before the first business day of the quarter

Assessment of claim

- Confirmation of claimant's eligibility
- Check of claimant's disclosure status
- Confirmation of NSWEC's satisfaction of eligibility

Payment

- Made to agent of party or elected member
- Made on the first business day of the quarter

8. Overpayments

In some circumstances, it is possible for quarterly and quarterly advance payments, in aggregate, to exceed a claimant's estimated maximum annual amount.

If an upcoming quarterly or quarterly advance payment (in aggregate with previous payments for that calendar year) will exceed the claimant's estimated maximum annual amount, the NSWEC will contact the agent of the party or elected member to advise them that:

- the upcoming payment will exceed the annual entitlement; and
- request the party or elected member agree in writing for the NSWEC to reduce the upcoming payment by the amount that exceeds the annual entitlement.

If the party or elected member does not agree to the NSWEC reducing the amount payable, so as not to exceed the annual entitlement, the NSWEC will send a notice of repayment for any excess amount that is payable to the NSWEC. Such an amount is payable within 60 days of the party or elected member receiving notice.

9. Associated documents

1. Public Funding Policy

10. Definitions

Administrative expenditure means expenditure for administrative and operating expenses and includes expenditure on or for:

- the administration or management of the activities of the eligible party or elected member;
- conferences, seminars, meetings or similar functions at which the policies of the eligible party or elected member are discussed or formulated;
- providing information to the public or a section of the public about the eligible party or elected member;
- providing information to members and supporters of the eligible party or elected member;
- the audit of the financial accounts of, or claims for payment or disclosures under this Act of, the eligible party or elected member;
- the remuneration of staff engaged in the above activities for the eligible party or elected member (being the proportion of that remuneration that relates to the time spent on those activities);
- equipment or vehicles used for the purposes of the above activities (being the proportion of the cost of their acquisition and operation that relates to the use of the equipment or vehicles for those activities);
- office accommodation for the above staff and equipment; and
- interest payments on loans.

Administrative expenditure does not include:

- electoral expenditure;
- expenditure for which a member may claim a parliamentary allowance as a member; and
- expenditure incurred substantially in respect of operations or activities that relate to the election of members to a Parliament other than the NSW Parliament.

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 of a candidate or candidates endorsed by it or by a body or organisation of which it forms a part.

Registered Party means a party registered under Part 4A of the *Parliamentary Electorates and Elections Act 1912*, being a party which stated in its application for registration that it wished to be registered for the purposes of the *Election Funding, Expenditure and Disclosures Act 1981*.

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

11. Document control

11.1 Approval authority

The approval authority for this document is the NSWEC.

11.2 Branch responsible for content and implementation

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

11.3 Review Record

Date	Version	Revision description
10/08/2016	V1.0	New Procedures

11.5 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.