

# Policy Development Fund Procedures

## 1. Introduction

The New South Wales Electoral Commission ('the NSWEC') is responsible for keeping a Policy Development Fund for State-registered parties in accordance with the law.

The purpose of the Policy Development Fund is to reimburse relevant policy development expenses of eligible political parties.

The Policy Development 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 Policy Development 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:

- how eligibility for payment from the Policy Development Fund is determined;
- calculation of annual entitlements; and
- the payment claim process (from notification of eligibility to payment).

This document supports the Public Funding Policy by providing specific, factual information about the Policy Development 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 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 Policy Development Fund operates on a calendar year basis and payments made from the Fund reimburse eligible parties for expenditure incurred in a calendar year. In order for a payment to be made, a claim for payment and a declaration of expenditure must be lodged by an eligible party. A claim for payment must be made within 6 months after the end of the calendar year for which payment is to be made.

All payments must be paid within 30 days of the NSWEC receiving all the required documents.

## 5. Eligibility for payments from the Fund

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

- it is a registered party and has been a registered party for at least the entire calendar year;
- the NSWEC is satisfied that it operates as a genuine political party; and
- it is not entitled to payments from the Administration Fund.

## 6. Calculation of annual entitlements

The annual amount payable to an eligible party is the amount of actual policy development expenditure (see Definitions) incurred during the calendar year, but not exceeding a maximum amount.

### 6.1 Maximum annual payment amount

The maximum amount for a calendar year depends on the number of first preference votes ('FPVs') received by candidates endorsed by the party at the last State general election. FPVs are multiplied by an amount of cents (parameter 1) to reach a maximum amount.

If that maximum amount is below a certain threshold (parameter 2), the maximum amount is the threshold amount. In other words, the greater amount becomes the maximum amount. This threshold (parameter 2) only applies to a party until:

- 31 December 2018 – if the party was registered on or before 1 January 2011; or
- the first 8 calendar years after a party first becomes a registered party – if the party was registered after 1 January 2011.

The parameters are adjusted for inflation each year. The adjusted amounts can be found on the NSWEC's [website](#).

#### 6.1.1 Example

Party XYZ is eligible to receive a payment from the Policy Development Fund and claims a payment. Candidates endorsed by Party XYZ in a State general election receive a total of 20,000 FPVs. The parameters are as follows:

- Parameter 1 (amount of cents per vote) – 60 cents; and
- Parameter 2 (threshold amount) – \$11,800.

Party XYZ's FPV-based maximum amount:  $20,000 \times 60 \text{ cents} = \$12,000$

Greater of FPV-based maximum amount, and threshold amount: \$12,000

Party XYZ can be paid up to \$12,000.

#### Scenario 1:

Party XYZ claims a payment from the Policy Development Fund and shows that it incurred \$10,000 of actual policy development expenditure in the last calendar year.

Party XYZ can be paid \$10,000 from the Policy Development Fund, because the amount payable to the party is the amount of *actual policy development expenditure*, up to the maximum amount.

#### Scenario 2:

Party XYZ claims a payment from the Policy Development Fund and shows that it incurred \$15,000 of actual policy development expenditure in the last calendar year.

Party XYZ can be paid \$12,000 from the Policy Development Fund, because that is the amount of actual policy development expenditure that does not exceed the maximum amount of \$12,000.

## 7. Making a claim from the Fund

### 7.1 Identification and advice of eligibility

Following a State general election, officers of the Electoral Commission agency assess potentially eligible parties in accordance with the EFED Act, using reliable sources of information to check the eligibility criteria. Relevant to each condition of eligibility, the following sources are checked:

- **That a party is a registered party and has been a registered party for at least the entire calendar year:** party registration records held by the NSWEC.
- **That the party operates as a genuine political party:** the most recent State general election results showing that the party endorsed candidates in that election.
- **That the party is not entitled to payments from the Administration Fund:** the most recent State general election results showing that none of the candidates endorsed by the party were elected.

In the lead up to a payment period, officers of the Electoral Commission agency advise each eligible party. The advice contains information about the party's eligibility to receive a payment, and the maximum payment available. Forms are also provided to enable eligible claimants to make a claim for payment.

### 7.2 Completing, lodging, and reviewing a claim

The claim lodgement and payment process is as follows:

1. Following advice of eligibility (as detailed above), an eligible party lodges a claim for payment, which is accompanied by a declaration of expenditure. The declaration includes any policy development expenditure incurred by the party in the calendar year, and is certified by a registered company auditor. The claim is lodged by 30 June of the year following the calendar year of expenditure.
2. Officers of the Electoral Commission agency undertake a review of each claim to determine the entitlement of the party. The review looks at the expenditure claimed and the supporting documents provided. It results in a recommended payment amount, which is the amount of actual policy development expenditure incurred by the party during the calendar year, up to the party's maximum amount.
3. Officers of the Electoral Commission agency may disallow items or elements of expenditure for reasons including: if the expenditure is not policy development expenditure, does not meet the NSWEC's *General Guidelines*, was not incurred in the calendar year, was not incurred by the party or there is no supporting documentation of that expenditure. Officers also check whether the party has any outstanding declarations of disclosure or outstanding annual financial statements. This is because payments are conditional on the party complying with disclosure obligations under the EFED Act. That is, a party is not eligible for payment if it has failed to lodge a declaration of disclosures, or an annual financial statement.
4. If the NSWEC is satisfied that the party is eligible to receive the payment, a payment will be made by the NSWEC to the party's nominated bank account within 30 days after the NSWEC has received all the required information with the claim.

## 8. Associated documents

1. Public Funding Policy

## 9. Definitions

**Actual policy development expenditure** means policy development expenditure (defined below) shown by adequate supporting documentation such as invoices and receipts.

**First preference votes (FPVs)** means the first preference votes recorded for a candidate that are not rejected as informal at the election.

**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.

**Policy development expenditure** includes expenditure on or for:

- providing information to the public or a section of the public about the eligible party;
- conferences, seminars, meetings or similar functions at which the policies of the eligible party are discussed or formulated;
- providing information to members and supporters of the eligible party;
- the audit of the financial accounts of, or claims for payment or disclosures under this Act of, the eligible party;
- the remuneration of staff engaged in the above activities for the eligible party (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.

Policy development expenditure does not include:

- electoral expenditure; or
- expenditure incurred substantially in respect of activities that relate to the election of members to a Parliament other than the NSW Parliament.

**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 EFED Act.

**State General Election** means a Legislative Assembly general election and a periodic Council election held or to be held concurrently.

## 10. Document control

### 10.1 Approval authority

The approval authority for this document is the NSWEC.

### 10.2 Branch responsible for content and implementation

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

### 10.3 Review Record

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

### 10.4 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.