

**ELECTION FUNDING, EXPENDITURE AND DISCLOSURES AMENDMENT
(ADMINISTRATIVE FUNDING) BILL 2013**

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Bill introduced by Mr Barry O'Farrell, read a first time and printed.

Second Reading

Mr BARRY O'FARRELL (Ku-ring-gai—Premier, and Minister for Western Sydney) [3.48 p.m.]: I move:

That this bill be now read a second time.

The Election Funding, Expenditure and Disclosures Amendment (Administrative Funding) Bill 2013 implements the recommendations made by the Joint Standing Committee on Electoral Matters late last year following its inquiry into administrative funding for minor parties in New South Wales. Part 6A of the current Act establishes an Administration Fund to be managed by the Election Funding Authority. The fund is designed to assist with the costs of managing the day-to-day activities of political parties and independent elected members. It does not cover costs associated with election campaigns. Under the current Act, parties and independent elected members are entitled to receive a single annual payment from an Administration Fund to cover their actual administrative and operating expenses. The maximum amount that can be claimed per year is the lesser of \$80,000 per elected member or \$2 million dollars.

Over the past four years, the Act has been amended substantially to improve transparency in relation to election campaign funding. In 2010, caps were imposed on the value of political donations that parties and elected members can receive from particular donors. The most recent amendments to campaign funding in the Act saw the realisation of my Government's commitment to ban political donations from corporations and other entities—and end the decisions for donations culture that had developed under the former Labor Government. There is no doubt that reforms to the Act over the years have increased the record-keeping and compliance burden faced by parties and members to meet growing public expectations of transparency in this area. The Administration Fund was established as part of the 2010 amendments to the Act to help offset the cost of complying with the new rules, and to make up for the loss of revenue available to parties and independent members to meet their administrative expenses as a result of caps on political donations.

Last year, I made a reference to the Joint Standing Committee on Electoral Matters to inquire into and report on matters relating to the administrative funding of smaller parties. The reference was made following concerns raised by the select committee on the Election Funding Bill 2011 that donations reforms may be having a disproportionate financial impact on smaller political parties. During its inquiry, the joint standing committee heard evidence

from a range of stakeholders, including representatives of the smaller parties. The committee heard evidence that smaller parties can no longer rely solely on volunteers, but must employ staff with professional skills in order to meet their disclosure and administrative obligations under the Act. The committee observed that as a result of amendments to the Act, there is "an increased administrative burden on minor parties, resulting in higher administrative costs". Overall, the committee concluded, "There has been a particular impact on minor parties with respect to the administrative costs related to complying with the Act".

The committee issued its report in November 2012. Its recommendations are primarily aimed at improving the timeliness and frequency of payments from the Administration Fund so that independent members and parties are not disadvantaged by undue delays. It also recommends an increase in the maximum annual amounts available from the Administration Fund. Instead of applying the existing flat rate per endorsed member or independent member, adjusted for inflation, the committee recommends that the maximum amount of funding should be determined on a sliding scale according to the number of elected members endorsed by the party.

The committee's recommended funding formula was: \$200,000 for the first elected member of a party and \$200,000 for independent elected members; \$150,000 for the second elected member of a party; \$100,000 for the third elected member of a party; and \$83,000 for each elected member thereafter, up to a cap of 25 elected members. The committee suggests that these amounts should apply to the upcoming round of claims for administrative expenditure, which relate to expenses incurred in the 2012 calendar year. The committee also recommends that parties and independent members be reimbursed from the administration fund on a quarterly basis and within one month of lodging their claim for payment with the authority. This bill seeks to implement the recommendations of the committee with respect to the Administration Fund.

The department has consulted with the Election Funding Authority in relation to the amendments proposed by the committee. During consultation, the authority raised concerns with respect to the proposed one-month deadline for the processing and payment of administrative funding claims. To address the authority's concerns, the bill imposes a six-week deadline on the authority with respect to the payment of claims for administrative funding. Minor parties and independent members contribute to the quality and diversity of our democracy, and their long-term viability should be supported in the best interests of that democracy. The Government looks forward to the views of the Joint Select Committee on Electoral Matters on how the Act might be further improved when it reports on its review of the State's electoral legislation. I commend the bill to the House.

Debate adjourned on motion by Mr Ron Hoenig and set down as an order of the day for a future day.