

## **ADMINISTRATIVE FUNDING FOR MINOR PARTIES**

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**CHRISTIAN DEMOCRATIC PARTY**

**SUBMISSION**

**FOR**

**REVIEW OF ADMINISTRATION FUNDING FOR MINOR PARTIES**

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## EXECUTIVE SUMMARY

The Christian Democratic Party (CDP) believes that the provision of administration funding is an essential component for the on-going viability of a diverse political system.

The comments of the NSW Electoral Commissioner, Colin Barry, to the Joint Standing Committee on Electoral Matters on 9 December 2009<sup>1</sup> are critical to the determination of the need for this type of funding. These are included as Section 1 of this report.

This provision is even more critical given the increased compliance and processing requirements of the recent changes to the Elections & Funding Acts and the additional workload that this creates as well as diverting staff from those tasks that would be more specifically associated with a political party disseminating its policies and views to its own constituency let alone the wider populace.

In this submission we have tried to identify those administrative costs that are essential for the day-to-day running of the CDP and the increase/decrease over the previous year's corresponding figure. We believe these administrative expenditure items are necessary regardless of the size of the political party.

These figures contain no component related to election expenditure. Also, because of the limited amount of funds available to CDP through the administration fund and membership and donation income there are many tasks which CDP is not currently able to effectively do even though we believe the Commissioner would say they are essential tasks a political party '*ought to perform*'.

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<sup>1</sup> [http://www.parliament.nsw.gov.au/Prod/parlment/committee.nsf/0/4f1e637b0604d9dbca2576900011b61c/\\$FILE/%231%209%20December%202009.pdf](http://www.parliament.nsw.gov.au/Prod/parlment/committee.nsf/0/4f1e637b0604d9dbca2576900011b61c/$FILE/%231%209%20December%202009.pdf)

# SUBMISSION

## 1. Commissioner Barry's comments

In his address, Commissioner Barry stated that there were four foundational pillars for a model for Public Funding:-

1. Protecting the integrity of representative government;
2. Promoting fairness in politics;
3. Supporting parties to perform their functions; and
4. Respect for political freedoms.

With respect to the second foundational pillar of promoting fairness in politics, Commissioner Barry commented:

*“It has been argued that political equality is at the heart of democracy. Indeed, the Australian Constitution has an underlying principle that citizens have “each a share, and equal share, in political power”. The principle of political equality insists not only that political freedoms be formally available to all citizens, but also that they have a genuine chance to make a difference. They must have leverage. In our complex democracy such leverage is the ability to act as a group. There are very few cases at the State parliamentary level where a citizen of ordinary means can have political leverage in their own right. It is only through groups or parties in a formal sense that citizens can muster political power.*

*“In order to have leverage, citizens need access to the public space and the forums in which public opinion is voiced. Nowadays leverage is achieved by having access to the mass media, which in itself is finite space. We have seen instances where the financial strength of some can drown out the voice of others. The objective of having a genuine chance to make a difference is weakened where the financial might of a few make it impossible for others to be heard. The political finance regime should attempt to address this risk.”*

With respect to the third foundational pillar of supporting of parties to perform their functions, Commissioner Barry made the following comment:

*“There is no doubt that political parties are the major players in the Australian representative democracy. They are the main opinion framers and the agenda setters. At Federal and State levels the Parliaments are Party Chambers. The lawmakers are Party members and, without doubt, the majority of people who participate in politics in Australia do so through the party system. The parties are central to our system of representative democracy, and in moving forward they will remain as such well into the future. Consequently, the political finance framework that the Committee recommends should acknowledge the key role played by the political parties. The parties need to be appropriately funded in order for them to fulfil their functions as a*

*Party. This does not translate into giving Parties what they think they need; it is more fundamental than this. It is to provide parties with adequate funding in order for them to do what Parties ought to perform.”*

Commissioner Barry then comments on a discussion of the functions of political parties in our representative democracy provided by Dr Joo-Cheong Tham:

*“He suggests that parties in a modern representative democracy should, first, play a representative function by representing the diverse opinions in New South Wales – the party platforms should offer genuine choice and cater for different opinions; second, the parties also should perform the function of agenda setting, by raising issues for debate and presenting ideas for consideration; third, play a participatory role by being a vehicle for citizens to become involved in the political process, debate and agenda setting; and, fourth, parties perform a governance role when their members are elected to office.*

*“In all of these functions the principle of pluralism is implicit. The parties should provide citizens with a variety of opportunities to participate in the process. At the macro level, for pluralism to exist parties will be based on diverse structures. The diversity of party structures should be respected. If this is accepted as the legitimate functions of political parties, then parties should be financed to do the things that are considered important to the health of our representative democratic system. The funding regime will need to be sufficiently flexible to enable parties to be financed on the basis of their activities in these key areas, not just on what the parties themselves consider is necessary.”*

## ***2. Additional Workload to Satisfy New Donation Rules***

The new rules associated with acceptance and processing of donations has increased our workload and therefore administration costs without any direct benefit towards those core activities which would characterize a Political Party; creation and dissemination of political information, development of policy platforms and responding to constituent queries.

Although our appeals now ask for a donor to confirm their eligibility, there are still many donations and membership payments (approximately 50% at this stage) that require follow up to confirm eligibility and therefore acceptance.

Amounts may come via mail, direct deposit, website or phone and if no indication is given then electoral information has to be checked if a NSW resident. We do not have access to a full AEC roll as we do not have branches in all States although we receive amounts from interstate. If no success with a roll, then phone follow-up is initially tried if a phone number is available. If no phone number is known or a 'left message' is not responded to then email will be tried, again, if known. Otherwise, a letter has to be sent. This all adds to the processing time (approximately an hour a day and even more when an appeal is running) and the cost of processing the transaction.

Because we are no longer able to accept State and Local donations from entities, this rules out donations from Churches or Christian Institutions. It is hard to know what the impact of this will be but it means that contact is required when such a donation has come in and having to explain the new rules and hope that they are then able to transmit this information to their congregation or members. In the longer term, we would expect the number of donations to increase whilst the average amount would decrease. This implies longer processing times and possibly a reduction in the amount donated.

## ***3. Additional Workload to Satisfy Disclosure Requirements***

The increased level of detail required for the current disclosures has meant an increase in the time taken to complete the disclosures. As I understand it from EFA staff, CDP's disclosures were submitted to a high level of accuracy and the level of queries over the 110 disclosures submitted was a lot less than for most other Parties.

This did not prevent me from being occupied almost full-time (80% of my time) for a period of 6 months in the collection and recording of information and then the generation of the disclosures. After this, there was a period of 6 months involved in responding to queries raised by the EFA. This has meant that I personally have not been able to devote as much of my experience and expertise in the area of software development and project management to the installation of a new software package we have purchased so that we would be more able to more efficiently

administer the requirements of the Electoral Commission and the Electoral Funding Authority (see next section).

#### ***4. New Computer Software for Administration***

Due to the complexities arising out of the new donation and disclosure rules we have been obliged to purchase a new administration software package so that we can more easily identify and therefore report donations and expenditure. The cost to modify our existing legacy system was going to be more than the cost of the new system.

With any new system, there is not just the purchase price but many additional overheads such as, hardware upgrades, data conversions, customization and system testing that not only involve cost but valuable time that could otherwise be spent on party political activities.

The end cost of installing and modifying this software package will be approximately \$60,000 plus staff costs.