REPORT ON PROCEEDINGS BEFORE

JOINT STANDING COMMITTEE ON ELECTORAL MATTERS

INQUIRY INTO THE ANNUAL AMOUNT DISTRIBUTED TO MINOR PARTIES FROM THE ADMINISTRATION FUND

At Jubilee Room, Parliament House, Sydney on Monday 17 November 2025

The Committee met at 9:45 am

PRESENT

The Hon. Peter Primrose (Chair)

Legislative Council

The Hon. Robert Borsak (Deputy Chair)
The Hon. Nichole Overall
The Hon. Chris Rath

Legislative Assembly

PRESENT VIA VIDEOCONFERENCE

Ms Cate Faehrmann
The Hon. Bob Nanva

Mr Stephen Bali
Mr Nathan Hagarty
Ms Karen McKeown
Mrs Sally Quinnell

* Please note:

[inaudible] is used when audio words cannot be deciphered.
[audio malfunction] is used when words are lost due to a technical malfunction.
[disorder] is used when members or witnesses speak over one another.

The CHAIR: I declare the meeting officially open. Before we start, I'd like to acknowledge the Gadigal people, who are the traditional custodians of the lands we're meeting on here at Parliament. I also pay my respects to Elders past and present of the Eora nation and extend that respect to other Aboriginal and Torres Strait Islander people who may be present here or watching proceedings online. Welcome to this hearing of the Joint Standing Committee on Electoral Matters inquiry into the annual amount distributed to minor parties from the administration fund.

My name is Peter Primrose, Committee Chair. I am joined by my colleagues Deputy Chair the Hon. Robert Borsak, the Hon. Nichole Overall and the Hon. Chris Rath. Mr Stephen Bali, Ms Cate Faehrmann, Mr Nathan Hagarty, Ms Karen McKeown, Mrs Sally Quinnell and the Hon. Bob Nanva are joining us on videoconference. We thank the witnesses who are appearing before us today and the stakeholders who have made written submissions. We appreciate your input into this inquiry.

Mr GREG HENDERSON, Secretary, The Greens NSW, affirmed and examined

Mr SEAMUS LEE, Registered Officer, The Greens NSW, affirmed and examined

The CHAIR: We will now begin with our first witnesses. Thank you for appearing before the Committee today to give evidence. Please note that Committee staff will be taking photos and videos during the hearing. The photos and videos may be used for social media and public engagement purposes on the Legislative Assembly's social media pages and websites. Please inform the Committee staff if you object to having photos and videos taken today. Before we start, do you have any questions about the hearing process?

GREG HENDERSON: No.

The CHAIR: Would one or either of you like to make a short opening statement before we begin the questions?

GREG HENDERSON: Yes, I'd like to make a short opening statement on behalf of The Greens. I'm the party secretary and public officer. I thank the Committee for the opportunity for The Greens NSW to provide a submission and to appear before this hearing. The Greens recognise that public funds must be managed with integrity, transparency and accountability. They are vital in any democracy. We also agree with the former Electoral Commissioner, who identified the principles of a democratic funding scheme are: protection of the integrity of representative government; promotion of fairness in politics; support for parties to perform their functions; and respect for political freedoms.

On to the costs of those functions. Compliance, registration and audit comprise a large proportion of minor party costs. In recent years, we've seen these costs increase quite a lot. We've seen increases in physical security. We've had vandalism at our office. We've had threats of violence. We've had a report to the police requiring an extra layer of security in the office. We're looking at having an extra exit for egress in the event of a violent situation. Digital security, cyberthreats, distributed denial of service attacks, malware—all of these increased IT costs. Firewalls, monitoring, external IT contractors—these are costs that are ever-increasing in this world. Compliance is a very much core Greens NSW policy. We just recently brought all our 60 local groups' bank accounts into central management so that we can oversee compliance of 100 per cent of those.

We also draw attention to the Australian Labor Party submission, which affirms its support for the recommendations of the Independent Commission Against Corruption Operation Aero. The Greens NSW also fully supports these recommendations. In summary, payments from the administration fund should be contingent on acceptable standards of party governance and internal control. Establishment of an Electoral Commission working group to develop applicable minimum standards so that we know how we comply—if we comply or not. The Electoral Commission should be given the powers to assess, audit and enforce noncompliance. I don't think it has that power now.

The Electoral Commission should also be given the power to publish findings on parties' adherence to governance and control standards. I'll end with this. On the weekend, the new committee of management of The Greens NSW held its induction, where the finance and compliance manager drilled into us that compliance is essential. He left us with these two quotes. "If you think compliance is expensive, try noncompliance," and, "Finance is about the money you make. Compliance is about the money you keep."

SEAMUS LEE: I have no opening statement.

The CHAIR: The Committee has heard conflicting evidence of what defines a minor party. How should a minor party be defined? Should a definition be included in the legislation?

SEAMUS LEE: We would say that we don't think that there needs to be a definition of minor party. If you speak to political sociologists and other things, they probably all have different definitions of what they would classify as a minor party. Obviously, we've got major parties. We know what that is broadly—all parties of government. Then, of course, what is a minor party? Would The Greens qualify? Would it just be based on the number of seats? Obviously, the number of parties that are represented in state Parliament doesn't capture the full field of all registered political parties in this state. Obviously, there are some political parties that are just registered for local government elections that are not registered for state elections. The Clover Moore Independent Team is a political party under the Local Government Act, not under the state.

I would suggest that we probably shouldn't necessarily look at including the definition of a minor party. I think it would be easy to stick with the current dollar per member-type formulation, and maybe having another level, which is if a political party doesn't have representation in state Parliament, maybe they get some funding if we're going to put more compliance onto those parties as well. In Operation Aero, there was some discussion about some elements of it going to the parties that receive administration funding, but I think there was also some discussion about some model standards or something that would apply to all political parties in this state.

Ms CATE FAEHRMANN: I wondered if you could comment on the experience of claiming from the administration fund. Firstly, do you have any recommendations for improving the balance between the ease of compliance and the public financial accountability aspect? Secondly, I have a question about the overall admin fund in terms of the amounts and what you are recommending there. The first one is around the ease of compliance, or the ease of administration.

GREG HENDERSON: I'm not sure.

Ms CATE FAEHRMANN: We should've brought in our treasurer.

SEAMUS LEE: Yes. Sadly, we don't have our treasurer with us. I will say that the Electoral Commission's online tools have certainly made it a bit more easy. Also, if my memory serves, the administration funding is dealt with in two—you get an advanced payment of, I think, up to 50 per cent of a quarterly amount and then have to verify that. Another thing is the time it takes, sometimes, for the Electoral Commission to be able to audit all the claims. I think that's been getting better, but we'll take that on notice, in terms of our experience, and get our finance people to give us some further advice on that.

In terms of the rates, we don't have a particular figure in mind, but we do feel that all tiers should probably go up. Like, at the moment, for one member, two members, three members and then the additional members—I think it'd be good to have that go up because, as Greg said, all parties probably would be having to deal with increases in IT security, potentially physical security as well. There are all manner of costs that are coming through. Also, with new regimes coming in at the Commonwealth level, parties are going to have to deal with compliance in that area as well, so there's going to be generally more compliance for political parties.

Ms CATE FAEHRMANN: Finally, you've made an important point in The Greens submission on the substantial and ongoing costs of support programs and strategies in relation to the health and wellbeing of staff. Could you expand on that a bit, in terms of the costs of the programs and what you've been able to claim through the admin fund?

GREG HENDERSON: It would be good if we had our treasurer here. We do not have the actual numbers for this. We will have to take on notice the amounts involved in these particular areas of the admin fund and get that answer back to the Committee.

Ms CATE FAEHRMANN: I can put the questions on notice to you, in terms of what I think would be helpful for the Committee. I'll stop asking questions about funded amounts and put that in later, but could you give a bit more of a description? We know that workplaces have changed a lot in the past 10 years, political parties in particular have had to upgrade a lot in that regard. Can you expand further on that?

SEAMUS LEE: In the last five years, I'd say we've certainly overhauled all of our email security and everything. From the state point of view, we've invested in new technology in our office, certainly a new firewall and other things, and we've gone to external contractors to assist us with our IT security. I think there's been more need for work health and safety aspects. I think Greg has dealt a bit more with staffing-related matters than I have. I am more on a volunteer capacity in this particular role, and I deal mostly with nominating the candidates in a lot of ways. I think we've also seen that candidates are having a harder time, so we've had to build in more support for them. A lot of times we've found that when someone says something, for example, on 2GB radio or whatever, attacking The Greens or something, we will have people call our office—not necessarily our elected members—to make their feelings known to our staff. But we're the party office; we're not dealing with the day-to-day political machinations in this place or in Canberra.

The CHAIR: Do you have any comments, Mr Henderson?

GREG HENDERSON: I just want to reiterate that definitely workplace health and safety has become a much higher cost. Protection of staff is definitely a priority for The Greens NSW, that's for sure.

The Hon. ROBERT BORSAK: I don't know that I actually heard an explanation of why The Greens are a minor party.

SEAMUS LEE: I'd say some political scientists would probably say that we are a minor party. I'm not wanting to say that we are or not directly, but I'd say that we are. I don't think it's necessary to have a definition of a minor party, as opposed to a major party. You could do it by just the number of seats in Parliament. That is a raw and hard measure. You could say that we are a minor party if you had just a binary situation of major versus minor, and you could say that major parties are those that are likely to form governments—Labor, Liberal, National—and everyone else is a minor party, in that sense. I note that your party, the Shooters party, did come in sort of mid-tier in their submission. I'm not sure that's helpful in a sense. But I understand that there is some pushing to try to make a definitional—

The Hon. ROBERT BORSAK: That's okay. I'm just trying to understand what backs you up in terms of what your thoughts are. I see The Greens are already getting over $1½ million per annum in admin funding, yet you've not in your submission given us any numbers as to where that money's going and are then asking for more. How do you justify the expenditure of that? I don't doubt that you do have issues around the areas you're talking about, but those areas are not significant areas of expenditure, in the long run anyway. Can you elaborate a bit more on where your money's going?

GREG HENDERSON: I can't exactly say, but I will say that we're receiving the funding and, of course, there are compliance requirements for receiving that money.

The Hon. ROBERT BORSAK: I'm not suggesting that you're not complying. If you weren't complying, you wouldn't be getting it.

GREG HENDERSON: That's correct.

The Hon. ROBERT BORSAK: I think that's fine.

SEAMUS LEE: Just off the back of the hand, I think we've got maybe half a million dollars at least on direct compliance staffing costs. Rough numbers, I think we're now spending at least $100,000 on IT security at the very least. Obviously, we have an office here in Sydney, and that cost is never decreasing but always increasing. I can get a more accurate figure on notice.

The Hon. ROBERT BORSAK: Every year, it's indexed, for example. Do you have a view on what form of indexing they're using?

SEAMUS LEE: I think it's just a Sydney CPI. Our rental costs would be indexed every year, and that would be at a higher rate, just because I think they use a different calculation—we can confirm exactly what indexation that would take—but I don't have a particular opinion on the indexation at this point in time. We can take that on notice and come back to you.

The Hon. ROBERT BORSAK: Yes, please. Just in relation to the maximum amounts paid out of the admin fund, do you have a view in terms of how that should be calculated at all?

SEAMUS LEE: Some maximum claimable amounts. It probably makes sense to stick with the current regime, but I do understand the point that that does favour parties that have lower House members over upper House members because of the different electoral systems. I think it's just that simpler routine, but you could weight it even further towards the first three MPs: still have the additional X amount for an additional MP but maybe have the weight a bit more towards the first three as a way of balancing that out.

But obviously if the Committee was contemplating potentially saying that some of the requirements coming out of Operation Aero should apply to all political parties in this state, or at least all state registered political parties, then we would need to consider what that would mean in terms of those that don't have any representation in this Parliament at the moment, such as the Public Education Party, Family First—these sorts of parties that are on the register, and obviously have been on the register, but are still required to maintain 750 names and all the same requirements that all the political parties that have members do at this point in time.

The Hon. ROBERT BORSAK: Do you have a view on the frequency of payments? For example, it's been quarterly since it started in 2010.

SEAMUS LEE: I think quarterly is fine for us at this point. I don't think we've had any particular cash flow issues in regards to that. I think quarterly makes the most amount—I think if you went to monthly, you're

probably going to put too much effort on the Electoral Commission trying to have to audit on a fairly regular basis.

The Hon. ROBERT BORSAK: Probably too much effort on your organisation too.

SEAMUS LEE: As well, yes.

The Hon. ROBERT BORSAK: Doing monthly claims and acquittals would be a nightmare.

SEAMUS LEE: And, of course, you'd be putting in a claim for January as you were putting in the advance for February at the same time, sort of thing, and so you'd have this very constant cycle.

The Hon. ROBERT BORSAK: Do you think there's a role, for example, for automating the returns rather than having this form-based approach? In other words, for example, if everyone was required to use Xero as their system of accounting, you could then lodge your forms in an automated way from a tailored Xero. Maybe that's too technical for you; I'm just thinking of ways and means to cut overheads.

SEAMUS LEE: The problem is my day job is in IT and so my mind immediately, when you start saying that, just goes to start the solution architecting. I try not to, but I do digress. Possibly. I'm not so sure if that's the best route, but it would be a possible route. I think the Electoral Commission has obviously come a long way, even to the point where we've got this online submission of the forms, and that's made life particularly helpful for us, particularly with our treasurer living in the south of the state and so it makes it a lot easier for him to sign documents and other things. I would say that there's possibly more automation that could be done, but of course anything further would require more investment into the state Electoral Commission and they are always saying they don't have enough money, even just to do what they are currently doing, in a sense.

The Hon. ROBERT BORSAK: Do you have a view in relation to any particular items that come out of the eligibility criteria that the commission administers? For example, our party has seen times when one month, one quarter, that's okay and then 12 months later some other type of expenditure, the same sort of thing, suddenly has changed.

SEAMUS LEE: Yes.

The Hon. ROBERT BORSAK: When we ask for explanations we're told, "It's just a new interpretation", with no justification given. I'm sure you've experienced that too.

SEAMUS LEE: I'm sure we have. I obviously can't speak for the day-to-day actual—but that sort of constant change in interpretations is a big concern, a significant concern. But I think if you ask five lawyers for the definition of one word you'll probably get five different definitions.

The Hon. ROBERT BORSAK: Yes. But if you ask five accountants, you'll get one definition.

SEAMUS LEE: That's right, yes. As we know, we don't ask the accountants to interpret law. But, yes, it is certainly a challenging thing and, of course, dealing with amendments to electoral Acts and other things as well, that can cause the Electoral Commission to relook at and come up with different advice. But, yes, it is a challenging thing. I will take on notice about if we've had any particular issues with the processing of our claims.

The Hon. ROBERT BORSAK: As a follow-on from that, before I hand over, are there any expenses that you believe should be claimable that are not currently claimable, or that you've had knocked back?

SEAMUS LEE: Great question. It's not a current expense, but I believe when we had a working group exploring the idea of us purchasing a building as opposed to just renting a space, I think we got told that maybe the interest payments on a loan wouldn't necessarily be claimable. I can't recall if that was exactly right or not, but I'll take that. I think—

The Hon. ROBERT BORSAK: That doesn't sound right, actually.

SEAMUS LEE: I might be incorrect. I will take it on notice.

The Hon. ROBERT BORSAK: Do you want to take the whole thing on notice? Because it would be interesting to get something from your treasurer in some detail. I think the Committee would be well informed to do that.

SEAMUS LEE: I'm certainly happy to get something from the treasurer.

The Hon. ROBERT BORSAK: If you could do that, that would be great.

The Hon. NICHOLE OVERALL: You may need to take this on notice, but I do think it's an important thing for us to have on the record. I go back to the point raised by Ms Faehrmann about psychosocial health

programs and strategies that you're employing and whether they've been able to be claimed through the administration fund. I don't know if you are aware? If not, you can take that on notice.

SEAMUS LEE: I think we'll take that on notice. I know that we've got an EAP program, but I think that might be a national EAP program with the Australian Greens. I'm not certain if that means that we've been able to claim any of that as part of our administration fund. Probably not. I'm just trying to think of anything but we will take on notice anything else, in particular about the—

The Hon. NICHOLE OVERALL: And probably just a little bit of detail on that, as well. When has this started to be employed by The Greens? Is this the first time that it's been raised in terms of increasing and ongoing costs to support these programs? I'd be interested to hear that.

SEAMUS LEE: Just going off personal recollection, I know that the state party had an EAP program, but I think it's been in the recent years that we've had this national one that's taken over from that. We will take on notice about just employment-related matters.

The Hon. NICHOLE OVERALL: You raise the point about the need for increasing digital security and the threats. Obviously, this isn't individual to The Greens. Parties across the board are experiencing such things. You also mentioned that all tiers should go up. If you're looking at additional funding for your party to address such things, do you agree that it would be something that really should be looked at for parties across the board?

SEAMUS LEE: I would say yes. We know that political parties are becoming a vector for attacks generally. Whether you've currently got MPs or whether you currently don't have MPs—if we were having this discussion four years ago, would we include the Libertarian Party, for example? They've now got an MP, so they now get administration funding, as an example. I think we need to consider how we fund all parties in this state, not just those that have MPs, for assistance in some of these areas. We know that all political parties, whatever their stripes, are having to deal with that same problem, whether they are a major party, a minor party, whatever. That's why I think it's better that we stick with the way the current tiers are and not try to introduce additional definition of what a minor party is. The current process angles towards those that have members in this building. It leads to a very clear thing of, "No matter what your political party is, if you've got one member, you get this amount. If you've got two, you get—

The Hon. NICHOLE OVERALL: So you feel that a definition could potentially be too restrictive?

SEAMUS LEE: Potentially. Then you get into argy-bargy. What is the cap? Is three members, which is what the Electoral Commission did in their submission—they made an assumption, saying, "Okay, a minor party will be a party with three members or less", for the purposes of doing their analysis. Is that a minor party? Or is it just a minor party is any party that isn't going to hold ministries or shadow ministries. I feel like then you'd have a hard time making a definition of what a minor party is. Maybe it is on the raw number of members. Because these challenges are more generic, I think it's easier to just do what we've currently got and increase those tier thresholds.

The Hon. NICHOLE OVERALL: You talked earlier in your opening statement about the need for transparency, integrity and rigour around overseeing something like the administration fund, but would you, in your experience—again, you may need to take this on notice to have it addressed—feel that the compliance requirements are unduly onerous, particularly for smaller/minor parties?

GREG HENDERSON: They're not too onerous, because they're necessary. Onerous versus necessary is not really a trade-off there. We have to have the integrity, we have to have the compliance, but I will admit that for a very small party that does not receive much administration funding, obviously, there's a baseline of the compliance requirements. For a very minor party, I'm sure that that would be onerous. Would I describe The Greens considering it onerous? I would say no.

SEAMUS LEE: I would also just add that this probably falls into what the working group would look at if you took up what Operation Aero says, if it's like what I'd say is a Boolean- or a yes/no-type criteria, "Do you have a regular AGM and do you report that to the Electoral Commission? Do you have a policy on bullying and harassment of staff and volunteers?" That sort of level of compliance is probably not excessively overarching to add onto, because for any political party worth their stripe, they should be regularly having all these things anyway. Just telling the commission every year as part of our annual return, "Yes, we've still got this policy. Here's a copy of it," or whatever, wouldn't be that hard. I think one of the aspects that is a little bit more difficult, I suppose, with the Operation Aero is asking the Electoral Commission to publish findings about adherence to the controls and other things. I think that becomes difficult in two layers.

One is does it look like the commission is starting to target certain parties because they are regularly noncompliant and does that seem political? Hopefully not. Also, what does adherence mean? In our 2023 state election, I think the Labor general secretary talked about how they had some issues around potential interactions with parliamentary privilege if they were trying to deal with a bullying or harassment complaint against an MP or something. I think there's some scope for issues there if you've got a policy and you're trying to adhere to it but then you've got legal roadblocks or things: how would the commission then deal with that? I think a lot of that detail probably would get thrashed out if that working group proposal got taken up, but if there was a working group, you'd want this Committee to also have some oversight of that process as well, to make sure that rules are being made fairly and everybody's getting a good chance to have their say about what those rules should be and other things.

Mr STEPHEN BALI: Just for a baseline for my understanding, are we referring to in the Act where it talks about the administration fund grants if you have one, two or three members elected, there are different levels of funding? Is that what we're talking about?

SEAMUS LEE: Correct.

Mr STEPHEN BALI: Obviously, it's adjusted with CPI, as you said. Thank you for your submission and your discussion so far; it's been valuable. I'm just wondering, it's one thing asking for money. The other aspect is how efficient is the money being spent. Compliance costs are on every organisation, whether you're a domestic violence support organisation—they and many other organisations are saying that government funding predominantly now focuses on the service, not the administration. Why should political parties be totally different to charities and other social enterprises?

I suppose the question is how do we ensure that the money is being efficiently and effectively spent and what measures have you got within your party that make sure that you're not just throwing money, because there's a problem internally and you just throw money at it and then go to the Electoral Commission and say, "Give us more money"?

SEAMUS LEE: I'll let Greg respond to the internal question, but I think it's a great question in terms of how. One of the other things is, as opposed to administration, what sort of services would a political party be producing, in a sense, compared to homeless services or whatever. You can sort of quantify that, whereas I think with a political party, because we are much more geared towards running, doing administration and obviously we have a particular role in the political climate—and so I think there's a certain level of, yes, we understand that the Government feels that you should support political organising in a particular way and that means registered political parties. But, of course, lower House MPs—and I think the Shooters in their submission brought up a comparison to lower House MP funding, and I think it's also worth just pointing out that lower House MPs do a lot more work than what political parties do. They have responsibilities to their constituencies and the geographical size of some of those—

The Hon. ROBERT BORSAK: I think our guys would argue with you about that.

SEAMUS LEE: Some of the geographical sizes of those regional electorates I think are really problematic just from a notional service delivery point of view. But I digress on that. Greg, do you want to try and answer the second half of that question?

GREG HENDERSON: Yes, the bit about the effectiveness of the expense and are we wasting money on admin things because we know we can get it back—I believe that was the crux of the question as well. The Greens NSW runs on the smell of an oily rag. We are certainly not looking for ways to spend money on admin, which would imply more compliance costs and for an administrative benefit. What sort of benefit is that really? I mean, The Greens are not looking to do that, that is for sure.

The Hon. ROBERT BORSAK: You're saying you don't want any more money?

GREG HENDERSON: We do, but only if we have—when we have more costs in admin that are genuine costs that we're not looking for and our admin costs are increasing, then we do need more money for that.

Mr STEPHEN BALI: Just on that, I have two really brief questions. Your submission doesn't address exactly what you are looking at potentially—your ambit claim to increase. How much would you like to see us consider? Secondly, picking up on your earlier points about how you recognise a minor party, especially those who aren't in Parliament, how do you feel in relation to that if you just simply do an ambit amount of money for all political parties? Would that actually encourage lobby groups—one issue groups—to then turn themselves into a party just to get funding? That may not be great for democracy in the end if people are getting elected on one issue. Obviously, in the Parliament we talk about a lot of issues and no-one has any idea what that person or party

stands for. Essentially, how much would you like your ambit claim to increase, and do you see a challenge in creating a general fund for all parties, which will just encourage parties to be created?

SEAMUS LEE: We'll take the first part of that on notice as to what our ambit claim is. In terms of the second part, I would say I don't think so because obviously there are already requirements around what is a political party in the Act. Some people might say that the Animal Justice Party is a single issue party about animal justice. That's their end. But I think if lobby groups wanted to turn into political parties, they could right now. As long as they had 750 New South Wales electors that were willing to sign a declaration, they could become a political party if they wanted to. What advantage—

Mr STEPHEN BALI: They don't get funding at the moment. They only get the—

SEAMUS LEE: There's another fund that's not the administration fund. Then obviously also during election campaigns there is the electoral campaign fund. That covers any political party as long as they get over 4 per cent in the election. That's not the fund that we're talking about here. One thing to remember with all these funds is they are reimbursement based. Yes, there is advance funding but you still have to back that up with receipts and everything. One thing that could happen is that the Electoral Commission could actually publish, and I don't know if they do or not at the moment—it might be a question for the Electoral Commission later today around publishing the administration claims that all parties are making as part of the transparency aspect. I think they do for the electoral campaigns fund, but I don't know if they do it for the admin fund claims.

The Hon. CHRIS RATH: Thanks for your time today. I assume the largest proportion of your admin fund expenses is probably rent and staff. Is that a fair assessment?

SEAMUS LEE: Yes. I would also say, depending on the year, some of our staff get seconded to help on election campaigns. In a year like we're facing in this current year where there is no electoral campaigns on, I would say our staffing costs overall will go close to exceeding what we can actually claim back in admin fund, let alone our rental costs.

The Hon. CHRIS RATH: Right. So it could be that 100 per cent of it is staff, or over 100 per cent potentially.

SEAMUS LEE: Potentially just in staff and rent, yes, in some years.

The Hon. CHRIS RATH: The amount you get per year, is that indexed to inflation? Or that goes up at a certain rate, I assume. Like it's not just a—

SEAMUS LEE: I want to say it's something to do with inflation, I just can't remember if it's the general inflation or Sydney specific. I think the details about the indexation are contained in the Electoral Funding Act. It's not like the Electoral Commission is just making up their mind.

The Hon. CHRIS RATH: I'll ask the Electoral Commission this afternoon as well. This might have to be taken on notice, unless you have got any evidence at the moment. If rent and staff costs are going up at a higher rate than what the indexation rate is at, that could be some interesting information for the Committee. I know that staff and rent costs probably are going up quite considerably over the last couple of years and it's probably higher than if it's a 2 per cent increase year on year. Your staff and rent costs are probably going up at 6 or 7 per cent.

SEAMUS LEE: I can say our rents have got some kind of commercial CPI increase which will not be what is in the electoral fund. We can definitely take that on notice for you and come back with some more information on that.

The Hon. CHRIS RATH: Great. The only other one, and I'm not sure if you'll be able to answer this—it's probably more to The Greens MPs, who aren't appearing. I think we tidied it up in the state Parliament recently with a bill, but it is the interaction between the admin fund and other expenses here, like the electoral allowance, for instance. Has it been difficult navigating what you can claim under the electoral allowance which is given to MPs versus what you can claim as part of the admin fund? I think it probably impacts more independent MPs than it does minor parties, but is there anything you wanted to contribute on that?

SEAMUS LEE: I don't think we've had any issues. I can take it on notice to confirm, but I don't think we've ever claimed anything that would otherwise be claimable under the electoral allowance. I know what you're talking about, and I think you're right in that it probably does impact your Independent MPs more so because obviously they don't have—

The Hon. CHRIS RATH: They don't have a head office. Yes.

SEAMUS LEE: They don't have a head office, and they also don't have any administration funding, because they're not a political party, obviously. We're focusing very much on the administration fund, and we also

talk about political parties. Generally when we're talking about that, we're referring to the state registered political parties. We know that we have quite a large number of very small political parties that are registered just up for the local government elections. Whether we want to extend some of the rules to those parties, I think, is an open question as well. I think of your northern beaches team or the Clover Moore Independent Team. These are parties that are registered at a local government—they only need, I think, 100 members if my memory serves. Obviously, they can't run in state elections, but they can run in local government. If the Committee and the Parliament expect political parties of all persuasions to be able to meet these certain requirements, do we want that also in the local government sphere as well?

The CHAIR: Thank you for appearing before us today. You will be provided with a copy of the transcript of your evidence for corrections. Committee staff will also email any questions taken on notice from today and any supplementary questions from the Committee.

(The witnesses withdrew.)

(Short adjournment)

Mr GRANT LAYLAND, Treasurer, Shooters, Fishers and Farmers Party NSW, sworn and examined

Mr ROBERT CZESLAW BORSAK, Director, Shooters, Fishers and Farmers Party NSW, sworn and examined

Mr JOHN HOWDEN, Chairman, Shooters, Fishers and Farmers Party NSW, before the Committee via videoconference, affirmed and examined

The CHAIR: I welcome our next witnesses. Thank you for appearing before the Committee today to give evidence. Please note that Committee staff will be taking photos and videos during the hearing. The photos and videos may be used for social media and public engagement purposes on the Legislative Assembly's social media pages and websites. Please inform the Committee staff if you object to having photos and videos taken. Before we start, do you have any questions about the hearing process?

ROBERT CZESLAW BORSAK: No.

GRANT LAYLAND: No.

JOHN HOWDEN: No.

The CHAIR: Would any of you like to make a short opening statement before we begin the questions?

ROBERT CZESLAW BORSAK: Chair and members of the Committee, thank you for inviting us as witnesses today. I'm Robert Borsak, State Director of the Shooters, Fishers and Farmers Party in New South Wales. I'm joined by Grant Layland, our party treasurer and our finance and compliance officer, along with our party chairman John Howden. We're here to speak to our submission on administrative funding. Our position is simple: The current funding model is structurally unfair to minor parties like ours, especially those resident in the Legislative Council.

The law expects us to meet the same high standards of compliance, governance and transparency as major parties, but without anything close to the same resources. We operate across the entirety of New South Wales. We carry the costs of administrative office, employ staff, lodge audited financial returns, manage membership systems, respond to electoral audits and ensure compliance with the Electoral Funding Act—just like Labor, Liberal or The Greens. But, unlike them, we fund all of this from a small capped administrative grant. We have no donor war chest, no shared Federal infrastructure and no Parliament-funded electorate office or adequate comparable allowances, or staff paid well to market rates like Independent Legislative Assembly members. Currently, our finance and compliance officer—the person who carries direct legal responsibility for meeting statutory reporting standards—works almost entirely as a volunteer. That's simply not a sustainable or ethical model for modern political accountability.

Let me continue the comparison. The district of Barwon has three electorate offices, more than 10 staff and a travel allowance of over $100,000 per annum. The district of Murray is quite similar, as is Orange, yet these districts serve only a small fraction of the number of electors and carry no other party statutory obligations under law that minor parties must comply with, whereas the Shooters, Fishers and Farmers Party, serving a statewide mandate, receives minimal support by comparison. We lease and equip our own offices, also travel many tens of thousands of kilometres per year and still carry the full weight of party compliance under law.

We are not asking for handouts, just equity. We're asking for recognition of the role of minor parties—that fixed compliance obligations come with fixed costs and those costs must be properly resourced. Servicing a

statewide franchise with virtually no dedicated travel allowances, with staff salary and conditions well below market is, simply put, unfair. We propose a model based on equity and proportionality. We ask that you define minor, mid-tier and major parties by actual parliamentary representation; fund fixed costs like audit and payroll accruals; recognise that technology and staff based in Sydney cost more and index accordingly; and recognise the modern role of Legislative Council members in minor parties as vital to governance in the twenty-first century.

This isn't just about fairness to us; it's also about integrity in the system. You can't demand professional governance and transparency from small parties without giving them the means to deliver it. Minor parties, especially those in the upper House, are playing an increasingly important role in representing regional and diverse voices. If those voices are to remain active and represented in public life, then they must be supported properly. We thank the Committee for taking this issue seriously and for giving us the chance to speak today.

The CHAIR: Would Mr Layland or Mr Howden like to make any opening statements?

GRANT LAYLAND: No. That will cover us, Chair.

The CHAIR: You just mentioned the issue about defining a minor party as a party with one to five parliamentary members, which appears in your submission. I was wondering if you could expand on that a little bit more, please.

ROBERT CZESLAW BORSAK: I think the Electoral Commission agrees with us that there should be a definition, because they put it in their submission that we noticed. We came up with five as the number, five MPs, because we believed when we were a party that had five members of Parliament we were moving into that mid-tier, which is what we defined it as in our submission. The fact that there is no definition leaves it wide open. We think having a definition there is important so we can understand what a minor party is with some sort of foundation, so we can move from there. As I said, the Electoral Commission agrees. They believe it's one to three. That's okay; we're happy. Our example was we believed that when we were at five we were moving into a mid-tier party, it was no longer simply fair to be put as a minor party. That was where it came from.

The CHAIR: Can I also ask you in relation to funding arrangements for minor parties, however they are defined in other jurisdictions, are there any aspects of those that you would like to see adopted in New South Wales? I'm talking about other States and Territories or the Federal Parliament.

ROBERT CZESLAW BORSAK: Sure. Things that we would like from other jurisdictions here? Something that Legislative Councils in other States, Tasmania and Victoria—they have electorate offices funded for their upper House members. That's certainly something that we'd look at. I know that there are fixed compliance costs in the ACT, where those numbers are obviously very different because they are very small geographically, but that is an example of fixed compliance costs that are recognised and that are paid for. That's just two that I think make a lot of sense. In our jurisdiction, in New South Wales, we mention the lower House comparison. We recognise the regional members of Parliament there with travel costs as a fixed cost. We recognise the geographical aspect of those seats with constituent offices. A party like ours where we are in the regions—we aren't a Sydney-based party—that's something within our jurisdiction that we think should be recognised and available as well.

GRANT LAYLAND: I'd go down the same line as Robert here. Our constituents aren't sitting in Sydney. They are in the regions. To actually get out to them, to talk policy, to address public requests, deal with members— we are disadvantaged cost-wise to do that.

ROBERT CZESLAW BORSAK: Just our party members, our party branches, we have to visit them. A party can't operate if we're doing branch meetings and branch contacts on Skype. That's just not suitable.

The CHAIR: Mr Howden, do you have any comments on any of that?

JOHN HOWDEN: No, I don't.

The Hon. ROBERT BORSAK: Thinking about the definition of administrative expenditure, and maybe this is one for you, Mr Layland, are there any expenses that are not claimable that should be funded through the admin fund?

GRANT LAYLAND: There are a few things that I'd like to raise that fall into that. It's more around the structure of how the funding works. It follows to some degree concepts on tax incurring and the expenditure that you do. It's a cash-type system in most cases. There are deferrals and spreading some costs, the way we claim it. Two examples that I'd like to raise would be around leave provisions of employees. Obviously we want to manage them as they build up, but being a small party with few employees, often you can't have people on leave, so they do build up. What happens is you can't claim them as they build up; you can only claim them when you pay them.

Over time, you're doing your accounts on an accrual basis, providing all this money, you can't claim it, and all of a sudden someone leaves and you have a large lump sum to pay.

The Hon. ROBERT BORSAK: How is that lump sum funded, then?

GRANT LAYLAND: A lot of the cases, we defer employing other people. We won't employ someone to replace them until we come back and it's funded again.

The Hon. ROBERT BORSAK: So you could end up as much as a quarter behind?

GRANT LAYLAND: Yes, easily, and you've got things like long service leave. We have had a couple of people hit long service leave. Generally people just don't take it off, so you end up having to pay it out. The other example where we've hit hurdles, as we mentioned, our constituents are in the regions, so our people drive. We have to have motor vehicles. It's a bit hard asking them to use their own vehicles. We have some of our employees racking up 30,000 or 40,000 kilometres a year so we want to provide a motor vehicle, and a safe one. We've had issues around procuring the vehicles. What is funded is interest on loans, payments on hire purchase or lease. Hire purchase and lease have fallen out of favour in the commercial marketplace, so it's hard. The last vehicle we purchased, we couldn't get it financed through hire purchase or lease, so we ended up just paying cash. Ultimately, when we get to the year, we would have overspent on that.

The Hon. ROBERT BORSAK: If it's overspent, you don't get it back?

GRANT LAYLAND: Yes. Payments on loans aren't permitted to be funded, but if it was on a piece of equipment and you're paying it over time to own it, I can't see why you wouldn't be funding it. We're using it for administration purposes.

The Hon. ROBERT BORSAK: You're saying loan repayments should be funded?

GRANT LAYLAND: Yes, for things that you're using for admin, just like a lease payment. It's the equivalent of a lease payment that you're making, but because the Electoral Commission takes on the taxation approach of deductibility-type funding—

The Hon. ROBERT BORSAK: That sounds arrantly nonsensical, doesn't it?

GRANT LAYLAND: It does. I've interacted with the Electoral Commission on it, and they said there's nothing they can do about it. That's the rules at the moment.

The Hon. ROBERT BORSAK: But it's their rules.

GRANT LAYLAND: Yes, that's their interpretation.

The Hon. ROBERT BORSAK: What is the estimated cost of compliance to the party? You just mentioned there that there may well be the cost of compliance because of timing differences and other things. Is the cost of compliance higher than what you're actually being funded for?

GRANT LAYLAND: We believe it is. We work around it through, as Robert has mentioned, volunteer time. Our IT isn't what it should be for what we do. Again, we work around the funding we have. One of the restrictions is we have legislation in New South Wales to comply with, which is distinct, so having software to comply with that is difficult in such a small market, which is the parties elected in New South Wales.

ROBERT CZESLAW BORSAK: And we can't afford to build our own.

GRANT LAYLAND: Yes. Building your own software, we've found very difficult. That's an area where there's a whole lot of unfunded compliance, basically. We're doing it with labour where we can, and volunteer labour. The actual amount of compliance—I know Robert looked at some numbers.

ROBERT CZESLAW BORSAK: I'd say over $80,000 a year. When we had a look through it, that was what came up, just strictly on compliance and audit.

GRANT LAYLAND: That doesn't include things like insurances that we would like to have if we could afford them.

The Hon. ROBERT BORSAK: Turning now to party governance and internal control, ICAC's Operation Aero recommended that payments from the admin fund be contingent upon achieving acceptable standards of party governance and internal control. What's your view in relation to these recommendations?

GRANT LAYLAND: I think there should be a certain level of governance and controls. Some of it's already there. There were changes made around responsible officers and donations, for instance, which address something specific. But if you have one size fits all, obviously it would discriminate against minor parties like us where, if you have three employees versus someone with 50 employees, what level of governance do you need?

The Hon. ROBERT BORSAK: How do you define internal control in those circumstances?

GRANT LAYLAND: Yes, that's right. There's a basic level and the actual structure of the party also influences the level of governance. I think there was a study of the parties and what their legal structures were and how they functioned. Ours is, I suppose, suited to us as not-for-profit that were incorporated associations, so there's certain governance written into that legislation for incorporated associations. Then you have the overlay of the Electoral Act, because there's a lot in there around the funding that, if we didn't have the right governance in there, we wouldn't be having expenditure approved, for instance. Every record we have goes to the Electoral Commission.

The Hon. ROBERT BORSAK: Every record you have?

GRANT LAYLAND: Every record, or our general ledger is sent to the Electoral Commission. So they have an overview of every transaction. I suppose you can have your own governance internally, then you've got the regulator sitting over you. I'm not quite sure, from the ICAC findings and recommendations, whether they understood—

The Hon. ROBERT BORSAK: There was a recommendation talking about the commission basically being able to tell you who you can appoint to committees, who can become involved in the governance. What's your view on that?

GRANT LAYLAND: I think that ends up with the regulator interfering in the political system. The political system has to be able to function rather than putting a regulator basically in the party to say who can be involved and who can't.

The Hon. ROBERT BORSAK: You don't believe there should be background checks of party officers?

GRANT LAYLAND: I think that should be up to the party. I suppose it's the same as the candidates. There's basic things that parties do on the candidates and there's the legislative requirements. There's also a structure within the Act around having a party agent, and now they move the party agent on the committees and a lot of the responsibilities are on the agent, and you have the concept of the responsible officers that have come in as well.

The Hon. ROBERT BORSAK: You're the party agent, I think, for the Shooters?

GRANT LAYLAND: Yes.

The Hon. ROBERT BORSAK: But you're a volunteer?

GRANT LAYLAND: Yes.

The Hon. ROBERT BORSAK: Do you think that's fair?

GRANT LAYLAND: Considering the workload, no. I know prior to the requirement to have the agent as part of the committee or the governance structure that some of it was outsourced to accounting firms, so it brought it into the parties. I don't think that's fair. It's a lot of work and responsibility. And there are educational requirements to be the agent, and that is something that the Electoral Commission has to approve. That's one position they do have to approve.

The Hon. ROBERT BORSAK: The administration fund is funded quarterly at the moment. Do you think that's adequate?

GRANT LAYLAND: It's adequate for us. It may not be for other parties. I say that because we've built up working capital and there is the avenue of funding in advance where that didn't exist before, so the requirements for working capital and managing it have changed over time. If you're able to claim in advance, then you only have to manage seasonality within the year. I could see other parties, new parties, may not have any working capital so may not like that. They might want monthly payments.

The Hon. ROBERT BORSAK: You touch on seasonality. Do you want to explain what that means?

GRANT LAYLAND: The funding year is a calendar year. You have different levels of activity during the year. As you're aware, being in Australia, nearly everything shuts down in January and shuts down before Christmas. The level of activity in the first quarter is a lot less than in the quarters at the end of the year. For our party our most active quarter would be September, through spring, where we are out there in the country visiting constituents, going to shows—that's our most active. That's when we incur a lot of our expenditure. That's what I mean when I mention seasonality.

The CHAIR: Mr Howden, please feel free to jump in or put your hand up if you'd like to make any comments on any of these questions.

The Hon. NICHOLE OVERALL: To come back to Mr Borsak's point there and questions around the estimated cost of compliance for the party, you're suggesting around the $80,000 mark. But have the compliance requirements brought on any additional costs potentially not budgeted for when this current framework was introduced?

ROBERT CZESLAW BORSAK: I came up with that because that's my definition of compliance. But what's your definition of compliance? What sorts of things are we talking about?

The Hon. NICHOLE OVERALL: That's an interesting point, then. Do you feel the definition of compliance is being covered by the current framework? Are there things outside of that, which potentially leads to a different question on is enough being covered by what the existing definition is in that regard? So it makes it difficult for you to break down what additional costs not being addressed might be. We can narrow that a little bit by suggesting is it too complex, then? If you're not able to directly answer that question as it stands, the complexity of the system is part of the difficulty in what you're dealing with?

ROBERT CZESLAW BORSAK: Definitely. That was why I asked that clarifying question. Just because what are we going to put in there as fixed compliance costs. Is it maintaining IT services? Is it maintaining membership databases? Is it visiting members? Is it compliance with the Electoral Act? Is it compliance with the funding Act? That stuff adds up. Again, it all comes down to the EC's guidelines on what qualifies and what doesn't. Just at the moment for us to operate completely, as in all compliance—everything we work on, not including my staff or anything but just having an office, having things moving, those costs keeps going up. They are all things that we have to take out because we have no fixed budget for that. That has to come out of whatever we do. Grant touched on just having a car so we're compliant meeting our members. Having member meetings. Having an operating system of branches under our constitution. Is that compliance? It keeps adding, it keeps stacking, it keeps multiplying.

GRANT LAYLAND: Robert, your $80,000 you quoted didn't include any labour.

ROBERT CZESLAW BORSAK: No. Absolutely not. That's what I'm seeking to clarify.

GRANT LAYLAND: Labour is the biggest cost.

ROBERT CZESLAW BORSAK: Definitely our biggest cost.

The Hon. NICHOLE OVERALL: It's really the breakdown, the definition of what may or may not come under that heading of compliance requirements also muddies the water to a degree.

ROBERT CZESLAW BORSAK: It does, and that was why in our submission we talked about having, for want of a better phrase, separate buckets that are allocated so we can use them. That was why we drew comparisons from the lower House—similar geographically, similar regional constituents. Because it made sense in that system. They have a system that appears to be set up that way already. We believe that's a functional one. That's why we were using that as a comparison. Just as a clarifying comparison, more that way. Especially with things like travel, as well. Is travel a compliance cost, for example?

The Hon. NICHOLE OVERALL: Okay. So that leads me to my next point. You're talking about an uplift for SFF in these circumstances due to predominately regional and regionally based constituency.

ROBERT CZESLAW BORSAK: Yes.

The Hon. NICHOLE OVERALL: The Nationals are also regionally based. I am an LC member who is regionally based, and the travel allowance is not anywhere near what it is for the lower House members who hold seats as well. In talking about an uplift for your party, for minor parties, would it not need to be an uplift across the board or, in these circumstances, in the way in which you're looking at it, for regionally based parties?

ROBERT CZESLAW BORSAK: We're looking at minor parties here, so from the minor parties perspective—I hear what you're saying. The infrastructure that the majors have, which I think I mentioned in my submission and my opening statement, we simply don't have access to that kind of infrastructure. You have members of all forms of government, across the whole state, across the whole country. We don't have the war chest like anyone else has. When it comes to minor parties like ours, we don't want to have to be at risk of being noncompliant with the Act or anything like that just because of sheer size or sheer circumstance. That's where we're coming from. We want to be completely aboveboard, at the same playing field as everyone else—equity is what we're looking at—and that's where it's coming from. I hear what you're saying, but as us managing our members, we can't rely on the overlap with other jurisdictions to help us out. We can't rely on anything else to help us. We don't have the infrastructure to do that. That's where we're coming from.

The Hon. NICHOLE OVERALL: I appreciate that, and the distinction here is that we are looking at minor parties. But even when it comes to the major parties, there's the economies of scale as well, isn't it?

ROBERT CZESLAW BORSAK: Certainly.

The Hon. NICHOLE OVERALL: You are dealing with greater constituent numbers, larger member numbers, but your staffing and all of that plays into that as well. I also take your point that we are looking at minor parties specifically in this. The Greens had raised the higher cost and ongoing costs of support programs and strategies around safeguarding the psychosocial health of staff members. Has SFF ever looked at anything in that regard or, again, it would be an additional funding impost that would just not be possible even if it was something that you wanted to implement?

ROBERT CZESLAW BORSAK: Forgive me, are you from The Nationals as well?

The Hon. NICHOLE OVERALL: I am.

ROBERT CZESLAW BORSAK: So you're regional; you live regional?

The Hon. NICHOLE OVERALL: I am.

ROBERT CZESLAW BORSAK: We do have an HR policy, and I do say this with a relative tongue-in-cheek response, but for us, people from our party, our constituents, I think big sky and fresh air is the best thing for your mental health. We have never invested in EAP or anything like that. Our staffing is also very small because of our current constraints. I have one staff in the north of New South Wales, one part-time membership officer there, and I have one regional organiser who runs all over the state. Part of my role as director is to support him personally, to make sure he's okay, because he is technically in an isolated working environment all the time. But we simply don't have the money to support people that way. The nature of his role means he spends more time in the bush, so he gets to do a lot more hunting and spend more time on the land—as I said, fresh air and big sky—than the rest of us. Again, with tongue in cheek, if we had more access to admin funding, travelling to regional spaces, some of the beautiful regional spots in New South Wales, I think that would do the trick for us, as the Shooters party.

The Hon. NICHOLE OVERALL: I won't argue with you about any of that point. Finally, you and The Greens had also raised the increasing threats, both physical security and digital security, and the need—again, across the board—for there to be an uplift in all of this. Obviously that is an additional impost, and you did mention that you can't fund the development of programs et cetera. Are you finding that an undue stress when it comes to the current arrangements?

ROBERT CZESLAW BORSAK: Yes. We have an IT service that we use that we have to pay a retainer to, because it's actually cheaper than paying them when things come up or getting things set up. I didn't mention in the submission or my opening statement, but something that's very important, especially now as it's developing so fast, is people are using AI a lot more. Maybe I saw it in another submission, but the safety around AI and data security. Just in a small party like ours, when I'm doing work and I don't have the funding for someone to assist me with certain things, I need to use AI tools.

We don't know what happens with that data. We know what they tell us, but we've had a decade now of us using messaging apps on our smartphones, for example, and we know they listen and we know they read what we say. We already don't have privacy in everyday use, so what on earth is it like when it comes to this sort of thing—this, our game? People's private information, who knows what access they have? Who knows how far those data streams or tentacles, you might say, go into anything else? If I have more funding to put people managing that data, that's always a benefit. Or I have more funding for IT to be securing my data, hosting my data, and that's also a good thing, because at the moment you can use remote software.

I actually asked someone about this because it was something where we said that we wanted to do this and I had someone who's a bit of an expert on AI and data security. He said a lot of these big companies now, or people that can afford it—I'm sure the major parties are already doing it—use this AI software that hosts their data locally. Let's say you're using ChatGPT, you have ChatGPT on your server and ChatGPT has all its models doing everything, but it doesn't send anything back. It secures everything with your systems, just like we have secure networks. You can do that with AI now. But I don't have the money for an IT room with an IT person that's managing it.

We've all seen IT rooms. I don't have the money for that. I just need a server room. We simply don't have the money for that. So we're not asking for something like that, but some sort of security uptick would be always beneficial for everyone. We don't want to hear about anything—you know, there's companies everywhere with data breaches going on already, even some of the biggest and the most secure that we all trust with our health information, for example. Any additional funding or any additional support with that, again, would be fantastic. You didn't ask about physical security.

The Hon. NICHOLE OVERALL: I did. I raised physical security and the fact that The Greens had raised that as well.

ROBERT CZESLAW BORSAK: I believe their office is right in Newtown, so they're right in the heart of it. That's a pretty unsafe place. We don't operate our offices in unsafe places like that, so we don't have—

The Hon. CHRIS RATH: It's not that unsafe.

ROBERT CZESLAW BORSAK: Have you walked up King Street and said no to someone who asks for money? That's a pretty unsafe situation. I know because I used to work for a homeless service, so I know the unsafe places. I'm just saying, general nature—I'm not discounting anything that they say or anything about personal safety. Obviously you should be free to work in a safe environment and it shouldn't matter which political party you work for. That hasn't come onto our radar with personal safety. We get the normal stuff online, but it's all, you know—what do you call it?

The Hon. NICHOLE OVERALL: Don't have an office in Moree then.

ROBERT CZESLAW BORSAK: We're talking about an administrative office, so no, no administrative office.

Mr STEPHEN BALI: I'm just trying to get it right in my mind as far as this inquiry is concerned. There are two key issues, especially from the current presentation. What would be the Shooters, Fishers and Farmers Party's perspective as far as their ambit claim? What would you like to see as changes in the funding, because the way I interpret the Act, it doesn't matter whether you're an upper House or lower House MP, it's based on the number of MPs and then a sliding scale. How would you like to see that change?

ROBERT CZESLAW BORSAK: I've done a lot of talking. Do you want to take it?

GRANT LAYLAND: We have views, as Robert mentioned, around representation or being able to get to constituents in regional areas. So to fund that, to have offices in those areas where people vote for us and look to us for assistance, just like a lower House member would. In our submission we've talked about some of the seats there and the levels of support they get as lower House members, where we get none of that. We have opened offices previously to disseminate information, interact with members of the public in regional areas. We'd like to do that and have that sort of funding to allow an office and people to be there for part-time openings, which we did before.

Mr STEPHEN BALI: Can I just pick up on that point? At the moment, the Act is based on funding parties based on representation in Parliament. Are you suggesting to change that to allow all parties? If you don't have representation in the country areas, in the regional areas, why should you get funding over a different political party that may not have representation as well? At the moment, in section 87(3), it lists how the funding works. Are you suggesting that to be changed, and what would you like to see it changed to?

GRANT LAYLAND: I'm not saying that the eligibility having members elected should change. I'm saying how the funding actually works changes. If you have Legislative Council members and you look at where is their constituency, it's not in the middle of Sydney, it's not in Macquarie Street. Some of them—some may be, but that's not us. Our constituency is in regional New South Wales. So whether you have some sort of mechanism—

Mr STEPHEN BALI: At the moment, if you have only one person, you get $87,000 towards your administration fund. Are you saying that needs to be changed? What you would like to see come out of this inquiry is one. The second question, which you're addressing, I'm also reading and trying to get my head around—and I'll be asking the Electoral Commission, but I'd like to get your advice—section 85(1), it kind of broadly writes out what you can spend your funding on. I looked at the regulations. It doesn't say anything about accrual versus cash basis accounting. I'm trying to find out, is it the Electoral Commissioner's decision to say—picking up on your point about accrued leave. Here it says "expenditure". Parts (1), (2) and (3) really cover anything to do with information to the public, in part (1); part (2), expenditures on having meetings with your members et cetera; part (3), any expenditure on providing information to members of your party and supporters. From my perspective, the administration fund, you can spend almost on anything, and I can take this up with the Electoral Commissioner, but where does the cash versus accrual basis come in?

GRANT LAYLAND: I believe it's in their interpretation of what expenditure is, that you have to spend it. They're following a tax interpretation of having things incurred. For tax, you can't claim leave entitlements until they're paid. That's the same way they're dealing with the admin funding. You have to actually pay it.

Mr STEPHEN BALI: It doesn't say anywhere in the Act or regulations the tax—

ROBERT CZESLAW BORSAK: Correct.

GRANT LAYLAND: It's an interpretation of what expenditure is.

Mr STEPHEN BALI: Finally, just from your perspective, to make life really easy, should we actually have in the Act a subsection that says, "To be clear, the administration fund should not be spent on X, Y, and Z"? Would that be a lot better to look at rather than saying, "Here's a couple of ideas," and then good luck whether you fit in or not?

GRANT LAYLAND: It could be. It might remove some of the judgement involved if you do that.

ROBERT CZESLAW BORSAK: Grant was saying that before: when it comes to what's in the Act versus what the Electoral Commission interprets from the Act, that's where it gets into those sorts of things. If the Act was more clear, that could only be a benefit, I think, especially on accruals.

The Hon. ROBERT BORSAK: Just one accountant to another accountant, unfortunately, the issue around accrual and cash basis is, if you're a company, you have to accrual-account, and your tax deductibility is on accrual basis. If you are an individual, you are done on a cash basis. What's happening with political parties, especially ours—and any others that are incorporated—we're stuck, and any other party is stuck, with that divergent approach. In other words, you have to report an audited set of accounts that says your expenses are X, Y, Z plus 20 per cent for overheads, but when you're spending the 100 per cent on your ordinary salaries and wages and other types of expenses—when you actually have to make that 20 per cent up—you don't have the ongoing funding to do that. Is that right?

GRANT LAYLAND: Yes, that's correct.

The Hon. ROBERT BORSAK: You cannot build the working capital up to fund it for when you need it?

GRANT LAYLAND: Yes. There are various interpretations that are made when you're making claims for admin funding and they look at when things are incurred, the timing, and whether it's refundable as well. If you enter, say, a lease for the premises, they're allowing us to claim the rent when we pay it because we're not going to get it back for that month, for instance, rather than—and pro rata it out to the end of the quarter, and things like that.

The Hon. ROBERT BORSAK: What happens when you have to pay a three-month bond?

GRANT LAYLAND: The bond is not—

The Hon. ROBERT BORSAK: Not claimable?

GRANT LAYLAND: We haven't claimed it or attempted to claim it because it's refundable at the end. That's how things have been looked at with our interactions with the Electoral Commission.

The Hon. ROBERT BORSAK: The Greens gave evidence that they sought a loan, but had it refused, I think to buy property or whatever it was.

GRANT LAYLAND: Yes.

The Hon. ROBERT BORSAK: What's your view in relation to making loan repayments, because you touched on it in relation to the purchase of a motor vehicle?

GRANT LAYLAND: Yes, the same view, that if you're paying for a loan rather than rent, while you're using the premises for administration, why would you not be able to claim the loan payment? Obviously, it would stop if you stopped using the premises. We funded ours through interest only. We claim the interest, but not the principal in the past.

The CHAIR: Can I ask in our last couple of minutes together, not being an accountant but a humble social worker, you're recommending classification thresholds, one to five, six to eight and nine-plus. There would therefore be, by definition, a benefit in having the parties being in the lower tiers of that. Can you comment on why you believe that minor parties, however defined, wouldn't game that so that they actually continue to be in the lower tiers?

ROBERT CZESLAW BORSAK: When you do the maths on it, that isn't really how it plays out. It doesn't make sense for a political party not to succeed and not to shoot higher. If you want to undercut yourself in a race, that's always a question mark in every seat you run in, in every upper House you run in. That's probably the most complicated gaming of a system that I can think of and almost impossible to do. But I hear what you're saying. If you set up bands, you have to think about what is worst-case scenario. I don't believe it would play out that way because, again, you have to win those seats. And we're talking about any party that reaches five members and it's clearly gaining momentum, whichever persuasion they are politically, then they would want to keep

themselves there when they're gaining momentum. Because five is a decent thing. I can't imagine why a party wouldn't want to push further because certainly a party with five seats in any Parliament, just speaking from our experience, we then look to Federal Government, we'd look to local government. You'd be looking wider.

GRANT LAYLAND: To have more people elected.

ROBERT CZESLAW BORSAK: Exactly. You'd always be looking for more people to be elected because you would be, by then, building more of a movement rather than just being a minor party operating on something. You'd be well and truly already springboarding by then. I'm so sorry, and please excuse me, Chair, the member Stephen Bali, MP, asked about what we want and I realise now we're running out of time. So just a bit of an explanation of what we're seeking. Again, we are only talking about minor parties here. This is the minor party discussion. I talked about compliance costs and those sorts of things out of our budget, operating an office, operating costs for us—it's $400,000 to $500,000 of our budget every year. Then I have to pay staff.

Grant gets paid a stipend to cover expenses, but Grant is our finance and compliance person. He's also our registered officer. He's also our party treasurer. He does all that work because I can't afford a CPA—and I certainly can't afford a CPA on Sydney wages. We're very lucky that Grant has that work experience and he's been with us for so long that we're able to do that. On top of that, I can't afford a full-time membership person and I can't afford to pay them scalable wages with anybody else. I have a digital organiser who I can't afford to pay, likewise, Sydney wages.

I took a pay cut coming into this role, when I came in, and I certainly can't afford to hire anyone new. I can't afford to give anyone pay rises. Sure, things go up with CPI, but if you've looked at the way costs have gone up in Sydney in the last however long—I wish we could operate perfectly fine from Dubbo, but we can't. We need to be near this place. I wish this place was in Dubbo, because then everything would be cheaper; everything would be easier. But it's not. It's here, in Sydney, so we have to be in Sydney. A party like ours, that goes all the way to the western border, all the way back to Sydney Harbour, that is something we need to manage. A party like ours is unique in that sense. The increase that we're seeking is so I can pay people Sydney wages. If we're talking about professionalism, accountability, insulating ourselves from risk, I need to be able to pay people professionally for the job.

Hiring young people who are learning, on the way up—we've had that in the past, where people have used us because they're climbing a ladder, and they come and go, and they have to move on. Again, with staffing costs the way that they are, the way the funding works with that, we've had to hold off on hiring people in that period. That again exposes us to more risk. If I can get people that are professionally—in the past, especially in the last five, six, seven years, we've had to hire people well under the threshold of what you might think would be someone you're looking for. I can't get the people that I want. I can only get the people that we can afford. Again, we don't have any party infrastructure or union movement or any young political parties to draw on for those people to learn from. Finding interns is very hard. Again, they're in the regions and we're operating in Sydney.

What we will be seeking is enough that we can have our constituent contacts, our branch contacts. We need more member organisers because we travel all over the place. That's why our comparison has to come to Barwon, Murray and Orange. That's the only example that helps you get your head around it. If we're comparing to major parties, that's irrelevant. It's regional. It's geographical. That's where the comparison is important. Again, this is me offering this without any questioning. If you look at what the member for Barwon gets, just for his parliamentary staff and constituent staff, he gets probably more than double what we get, just for staff.

He'd be tipping the scales at almost $1½ to $2 million, as an Independent member, with no party burden. He has no Act to be compliant with. All those other functions that run, they have none of that. That's just for serving their constituents. On top of that, those lower House people are also paid a lot more. The staffers for those Independent members in the regions, for example, they get paid more than me. They're on a good wicket, doing what they're doing. We're not saying what they're doing is wrong; we're just saying we want fairness. That's all we're saying.

The CHAIR: I think we could continue this conversation for a lot longer, but our time has expired. Thank you for appearing before us today. You'll be provided with a copy of the transcript of your evidence for corrections. Committee staff will also email any questions taken on notice from today and any supplementary questions. Genuinely, on behalf of the Committee, thank you very much for your efforts today. I'm sorry, Mr Bali. You may want to put your question on notice.

(The witnesses withdrew.)

Mr CRAIG ELLIS, Secretary, Legalise Cannabis Party NSW, before the Committee via videoconference, sworn and examined

Ms NADA SALE, Treasurer and Party Agent, Legalise Cannabis Party NSW, before the Committee via videoconference, affirmed and examined

The CHAIR: I welcome our next witnesses. Thank you for appearing before the Committee today to give evidence. Please note that Committee staff will be taking photos and videos during the hearing. The photos and videos may be used for social media and public engagement purposes on the Legislative Assembly's social media pages and websites. Please inform the Committee staff if you object to having photos and videos taken. Before we start, do either of you have any questions about the hearing process?

NADA SALE: No.

The CHAIR: Can you hear me, Mr. Ellis?

The Hon. ROBERT BORSAK: Maybe not.

NADA SALE: Craig, can you not hear?

CRAIG ELLIS: I can't hear it. Can you hear anything?

NADA SALE: Yes, I can hear everything.

CRAIG ELLIS: I can't hear anything.

The CHAIR: I will ask the secretariat to sort out the issues. Mr Ellis, can you hear us now?

CRAIG ELLIS: Yes.

The CHAIR: I will ask Ms Sale if she has something she wishes to say before we begin with questioning while we sort out Mr Ellis's headphones. Ms Sale, do you have an opening statement you'd like to make to the Committee?

NADA SALE: Yes, I do. Chair, members of the Committee, thank you for the opportunity to appear before the Joint Standing Committee on Electoral Matters today as part of this very important inquiry into the annual amount distributed from the administration fund to eligible minor parties under the Electoral Funding Act 2018. My name is Nada Sale and I am the party agent and treasurer of the Legalise Cannabis NSW Party, responsible for all statutory reporting and financial management.

We are grateful for the chance to elaborate on our written submission dated 20 October 2025, which underscores the critical yet inadequate role of the administration fund in supporting minor parties like ours to fulfil our democratic obligations. While our submission covers the broader operational challenges faced by smaller parties in New South Wales, I would like to focus my opening remarks specifically on the disproportionate compliance burden imposed by the State's electoral framework—a burden that is uniquely onerous compared to other jurisdictions and one that the current funding levels simply cannot sustain.

As we noted in section 2 of our submission, New South Wales imposes the most stringent and ongoing requirements on registered political parties of any Australian state. Unlike periodic reviews elsewhere, the NSW Electoral Commission demands continual proof of eligibility, including verified member thresholds, alongside exhaustive financial reporting, disclosures, audits and quarterly administration fund claims. These are fixed costs that do not scale with the party's size, yet they consume a vast proportion of our limited resources, time, expertise and finances that would otherwise advance policy engagement and voter outreach.

To illustrate the real-world impact, allow me to share our direct experiences this year alone. The party and our candidates have been subject to multiple intensive audits, each requiring extensive documentation and responses that strain our volunteer-driven operations: Firstly, an audit letter regarding the Legalise Cannabis NSW Party's half-year and annual disclosures for 2022-2023, reference number 107703; secondly, an audit letter for Megan May Mathew's elections campaign fund related to the Port Macquarie 2025 state by-election, reference number 128040; thirdly, an ongoing audit letter for the party's half-year and annual disclosure for 2024-2025, reference number 129164; and, fourthly, an audit letter for Ms Mathew's candidate half-yearly and annual disclosures for 2024-2025, reference number 129126.

Compounding this, every quarterly administration fund has triggered detailed scrutiny far beyond what might reasonably be expected for minor parties operating on shoestring budgets. Our party secretary, Craig Ellis, who joins me today, would certainly agree that the NSW Electoral Commission is pushing boundaries with its recent audit letter for our Q2 2025 claim, which initially listed 32 items, for a total of $635. After subsequent liaison with the NSW Electoral Commission manager audit, the list of disallowed items totalled just three, for an amount of $25.87—in the main, a taxi tip in the US—yet the initial process demanded hours of painstaking record keeping and justification, including manually entering data into the NSW Electoral Commission's template for

quarterly claims, as there is no process for exporting data directly from our accounting software system, often for expenditures that are patently legitimate and minor.

A stark example is our Port Macquarie by-election claim for just $1,832, out of a maximum entitlement of $19,583.50. Despite the NSW Electoral Commission already holding our bank statements from prior disclosures, we were required to resubmit them alongside proof of payment advices for every single item, including a $43.50 Australia Post charge for mailing materials. This level of granular demands verges on the disproportionate, ignoring the concept of insignificant expenditures that any reasonable administrative body in the private sector would deprioritise.

For a minor party without dedicated compliance staff, these exercises are not mere formalities. They divert us from core political work and risk deregistration if not met perfectly. In essence, these compliance demands are essential for transparency, but their scale and frequency in New South Wales create an uneven playing field that sidelines minor parties from meaningful participation. Our recommendation in section (4) is clear: The administration fund must be significantly increased to cover these genuine costs, not just indexed to CPI but benchmarked against actual expenses, including potential staffing to handle audits and claims. Without this, we erode the diversity that strengthens our democracy. I look forward to your questions and to discussing how we can reform this system for fairness and sustainability.

CRAIG ELLIS: At the moment, we're only just getting by with one full-time state director—that's me—a few part-timers and a bunch of hardworking volunteers. The events of last week are a good example of why we urgently need more funding to build our capacity, particularly the ability to properly assess and develop policy on legislation. The Legalise Cannabis Party doesn't have a comprehensive policy on workers compensation. That's what I spent all of last week on. I had to drop everything so that we could be fully across the workers compensation amendment bill, an extraordinarily complex piece of legislation, and a contentious piece of legislation at that. We simply do not have the financial capacity to employ a qualified policy analyst or researcher, but we should. Democracy isn't served unless every party has the capacity to properly study and assess legislation coming through the Parliament. Minor parties face the same legislative workload as the majors, and the funding framework has to reflect that reality. A lack of capacity is not good for us and, frankly, it's not good for the Parliament either. So I just wanted to add that to the submission that we put in.

The CHAIR: Can I begin by asking this of both of you, or either, as you wish: The Committee has heard conflicting evidence of what defines a minor party. How should a minor party be defined and should a definition, in your view, be included in the legislation? Would either of you have any comments on that? Please feel free to take it on notice, if you wish.

NADA SALE: Personally, I think a minor party should be defined. But the definition of minor party—we go from very small party representation to medium size, being The Greens, and then the two large parties. I think somewhere between one to three members is certainly a minor party, in my opinion. Craig?

CRAIG ELLIS: Definitely. I probably would take that on notice. I haven't given that a terrible lot of thought. However, the fact of the matter is that any party with one member of Parliament, as I've just referred to the capacity to be able to have a look at legislation—any party with one member of Parliament needs the capacity to be able to look at legislation to perform. As I say, I'd take on notice what constitutes a minor party, but any party with at least one member of Parliament needs to have the capacity.

The CHAIR: Please take it on notice and include in your comments, if you would, any comment you have on whether it should be defined in legislation.

Mr STEPHEN BALI: I am picking up on the Chair's point and really the crux of trying to work out exactly what you would like to see this Committee examine, because I see that everyone's coming from, quite rightly, the need for additional funding. It's based around section 87(3), which defines how much money per person there is. Picking up on the Chair's point, is it better to change that section? There's obviously the Treasurer and the Government—it's a money bill that we're looking at, I suppose. But would you like to see a recommendation from this Committee that says a minor party that is between one and three elected members will get a flat fee?

I'm making this up because we've got to start with an ambit claim, and I get it that no-one wants to respond with an ambit claim, but I'm just putting it out there that at the moment it's about $87,000 per elected member and then $157,000. Should we actually say one to three members you just get $250,000 and three to six would be a mid-sized party and that's $400,000, so it doesn't matter if you have three, four, five or six members? Sorry, one to three would be $250,000. Four to six would be $400,000. Then plus-six, as it is currently, would be $30,000 per member. Is that a better system rather than us just flapping around with what's in and out? The second part of the question is do you find the same confusion as far as accrual versus cash and what you can claim? We

should simplify that so that administration is clearly the administration, running the party and policy development. Say, for instance, you've got three or less members, there's $250,000 available—as long as you can justify that you spent $250,000 to either run the party, meet with members or develop policies?

CRAIG ELLIS: I'll let Nada speak to the accounting question on that, but my belief is that any party with one member, there needs to be a baseline, and that baseline needs to be higher than it is. At the moment, I think it's just over $400,000. Any party with one member needs to actually have a higher baseline.

Mr STEPHEN BALI: Is it $400,000? I'm just looking in the Act. It says eighty—

CRAIG ELLIS: I think it's $400,000. What is it now, Nada?

NADA SALE: We are receiving $109,300 per quarter.

Mr STEPHEN BALI: Maybe it's my lack of understanding, I'd like to really get a view from the Electoral Commission how are parties funded before we start throwing out ambit claims. Lucky I prefaced my remarks by saying section 87(3) is what I was looking at as far as the funding, but probably a better understanding of how political parties are funded.

The CHAIR: You can definitely put that to the commission this afternoon, Mr Bali, and ask them where does it appear in their submission to the inquiry.

The Hon. ROBERT BORSAK: Thanks very much for attending today. I'm sorry about the difficulty in you hearing us and we hearing you. In your submission at item (3), "Comparison with Victoria", do you want to talk to that for us, please?

CRAIG ELLIS: I thought this was a good case study to look at. In Victoria, the people that are employed as parliamentary advisers can do party political work. The party can get full briefings from the parliamentary advisers. They're not restricted. In New South Wales, they are. That's my understanding. We can't do any party political work in the Parliament. That's why by definition, by necessity, we need to actually have our party office in Macquarie Street, close to the Parliament. In Victoria, that's not the case. Also in Victoria, the other thing is that MLCs get electorate offices.

I also think it's worth putting on the record that we feel that our one parliamentarian, our MP, Jeremy Buckingham, is woefully under-resourced, with only two people working for him, with a massive workload, and without the benefit of having electorate officers to be able to look after the huge amount of work that comes into their inbox all the time. There's quite a difference with the way that it operates in Victoria to the way that it operates in New South Wales. The party can actually avail themselves of the parliamentary advisers, whereas we can't. That's why I say, in that short opening statement, in respect to legislation, we need to be able to have the capacity to be able to analyse legislation so we can formulate party policy. We can do that with parliamentary advisers in Victoria but we can't do it up here.

The Hon. ROBERT BORSAK: I know that in 2023, you only used 80 per cent of your maximum annual entitlement. Can you clarify why that was the case?

CRAIG ELLIS: Maybe Nada can speak more to that, but that was our first year.

NADA SALE: Yes, that is correct. We didn't have systems in place. We didn't have procedures in place. We slowly worked towards getting things done in the latter part of the calendar year, but we didn't even get our full-time staff member until the August of that year. We hadn't actually planned what we were going to do. It just evolved from the time that Jeremy was elected to Parliament.

The Hon. ROBERT BORSAK: It was just a timing difference, basically?

NADA SALE: Yes, and just getting ourselves organised, working out what needs to be done and how much time it takes to be done, because none of us had the experience of knowing how long reporting, disclosures and everything else was going to take.

The Hon. ROBERT BORSAK: The Shooters, Fishers and Farmers Party talk about accrual versus cash-basis funding. Do you have a view on that?

NADA SALE: What I've been discussing with the auditors—I think I know what they're alluding to. They want all the larger expenses, or certainly most of the expenses, amortised over the period of the expense. I think what they were trying to say is maybe if we can bring this into a prior period or current period, that would make it a lot easier, because I'm finding a lot of the amortisation I have to do I have to do manually. Although I did have a good liaison with the manager in our last claim, because a lot of the queries were to do with amounts that went into the next quarter, even though they could have been a small subscription that went for a month from the 15th to the 14th, for example. They wanted to knock back the 14th and put that into the next period, and that

is definitely manual. We're talking about very small amounts that we were discussing—$20 or $50, things like that.

The Hon. ROBERT BORSAK: I think you may have misunderstood their evidence. What they were saying was that they should be able to claim future expenses that have been incurred but not paid in cash. Their experience was that, for example, you would incur holiday pay for an employee, and you're paying him the maximum amount that you're able to get away with in terms of the market rate, and you incur a liability for holiday pay and sick leave, for example. When those people take that leave, especially holiday pay, you're not funded to do it or, should they leave your employ, you have to pay the whole lot out. It's more about future liabilities being incurred and not funded. That's where they were coming from.

NADA SALE: The holiday pay I totally understand, and I actually agree with that, because this was a factor in negotiating Craig's employment contract—periods of notice et cetera. Basically, we had to cut that right down to the bone and say, firstly, you'll need to take holidays in the year that you accrue them and, secondly, your notice period will be a lot less than is the commercially accepted time. Yes, certainly the holiday pay and, when applicable, long service leave accrual would be useful to be funded.

The Hon. ROBERT BORSAK: In relation to governance, ICAC's Operation Aero talked about recommendations in relation to acceptable standards of party governance and internal control. Do you have a view on those recommendations? In other words, you have to meet their requirements before you can actually be funded for administration.

NADA SALE: I don't have details. I'd have to take that on notice.

Ms CATE FAEHRMANN: I was hoping that you—possibly both of you—could just expand on the issue around the difference between members of the Legislative Council and lower House members, who communicate with their electorate. I assume LCP is similar to The Greens. You've kind of got a statewide constituency, if you like, having to appear in different places and communicate with different audiences right across the state. You've got candidates everywhere as well. What is the difference? You've talked about parliamentary staff and how they're constrained in terms of what they can do in terms of political campaigning. But why do you think an office somewhere outside of Parliament, as well as potential additional staff, is so important for Legislative Council members?

CRAIG ELLIS: The fact is that our offices need to be close to Parliament, by definition, and the fact is that our vote actually isn't within the catchment area of Macquarie Street. Our vote is possibly more similar to the Shooters than it is to The Greens, Ms Faehrmann. It's stronger in the regions and outer metro. Particularly with the absence of having electorate offices for MLC up here in New South Wales, versus having electorate offices down in Victoria—we have two—the ability to actually have organising capacity and a presence in the regions, where our vote actually is, would appear to me to be a natural support for a political party such as ours, or any minor party. Does that answer your question?

The CHAIR: Do you have any follow-up questions, Ms Faehrmann?

Ms CATE FAEHRMANN: Yes, thank you. Also just about the compliance, you as a party—and I think the Shooters were making this point as well—having that base as the party in terms of compliance, compliant staff also have to be somewhere, if you like, for parties. They just have members in the Legislative Council. There's nowhere for them as a party to have—they cannot afford, through this admin funding, to actually have a base. Especially, I suppose, for you, with one member of Parliament, it's impossible in terms of the low amount given with admin funding to actually have any other office outside of the parliamentary office. So it's more than just votes; I'm also talking about compliance and what's requested of you for the admin funding.

CRAIG ELLIS: I was having difficulty hearing that. Maybe Nada can speak to compliance.

NADA SALE: Well, yes, you are correct: The admin funding is inadequate for, certainly, staffing levels just with having one member. For the statutory reporting, disclosures, claims et cetera, I'm only remunerated 10 hours per week. As you can appreciate, this is a full-time job in a lot of parties. Whatever doesn't get met, I just have to do as volunteer, because I have legal obligations to fulfil. But as far as the policy officer or whatever you want to call her, we do actually find that we need—because the parliamentary staff can't work with us, so to speak, and we need someone who can pull everything together. I know Craig gave the example of the workers comp. All the committee got into it, read everything they could, so we could have a last-minute meeting prior to the bill being read. It was just exhaustive, and there was so much that we couldn't even cover in that time, whereas a person dedicated to this would have had the information on hand and been able to give it to the committee so we could make informed decisions.

The Hon. NICHOLE OVERALL: I have just two questions for you based on your submission. One of the calls that you're making is for a review of what "adequate funding" means. Can you talk to us a little bit more about that?

CRAIG ELLIS: I think that speaks to what I was raising before, that is that there's a baseline, and it needs to be higher than we're currently getting—so a baseline for any party that actually has at least one member of Parliament. And [audio malfunction] to cover all the things that we need to do as a party just doesn't cut it.

The Hon. NICHOLE OVERALL: But you're talking about adjusting the funding specifically, for the review to be based on actual costs. You feel that hasn't been done in a manner which really expresses what you're dealing with as a minor party, as a single-member party, at this point?

CRAIG ELLIS: Absolutely. It's not adequate.

The Hon. NICHOLE OVERALL: Sorry, what was that?

CRAIG ELLIS: I don't feel that it is—$400,000 is not enough money. It's not enough funding to be able to do what we need to do as a single-member party.

The Hon. NICHOLE OVERALL: You also contend that because many of the compliance costs are fixed—meaning that they don't scale with party size—this creates again an additional or disproportionate burden that you're addressing or trying to address or dealing with. I thought that was an interesting point.

CRAIG ELLIS: Absolutely.

NADA SALE: Pretty much all I'm involved in is the financial accounting and, as party agent, all the disclosures and funding claims et cetera. That's pretty much all I do. I don't actually have time, unless it's on my own time, to look at legislation, look at what's coming up and input a lot into policy development. As a committee member, I should be doing that.

The Hon. NICHOLE OVERALL: You're saying that the major parties do have the advantage in that—that you are being not just impacted but quite notably impacted because of those fixed costs that you need to meet those compliance requirements.

NADA SALE: Yes, I have to do those first, before anything else.

Ms CATE FAEHRMANN: Has LCP worked out a basic core level of funding to do what you think is required of you? Have you calculated that, and do you have that for the Committee today?

CRAIG ELLIS: Sorry, what was that, Ms Faehrmann?

Ms CATE FAEHRMANN: Have you calculated what, ideally, you would like to see in terms of an annual administration fund amount so that you can undertake what is required of you as a party, in terms of compliance and other things?

CRAIG ELLIS: I think we should take that on notice because it's a very important issue but, no, in answer to your question, we haven't calculated it. We'd be very happy to come back to the Committee with that answer.

The CHAIR: Thank you both very much for appearing before us today. We apologise for the technical issues. As I said, it's very reminiscent of using a Ouija board and calling out into the ether to see if people can hear us.

CRAIG ELLIS: Like an episode of *Get Smart*—

The CHAIR: I think the shoe phone may have worked better. You'll be provided with a copy of the transcript of your evidence for corrections. Committee staff will also email any questions taken on notice from today and any supplementary questions from the Committee.

(The witnesses withdrew.)

Mr GLEN STELZER, Secretary and Registered Officer, Public Education Party, before the Committee via videoconference, affirmed and examined

The CHAIR: I welcome our next witness. Thank you for appearing before the Committee today to give evidence. Please note that Committee staff will be taking photos and videos during the hearing. The photos and videos may be used for social media and public engagement purposes on the Legislative Assembly's social media pages and websites. Please inform the Committee staff if you object to having photos and videos taken. Before we start, do you have any questions about the hearing process?

GLEN STELZER: No, but I'll ask my mother if she gives permission for me to have my photos on social media.

The CHAIR: We'll need that in writing. Would you like to make a short opening statement before we begin the questions?

GLEN STELZER: I'll say warami and didgerigura. For those of you who don't know, "warami" is the Dharug word for "It's good to be here". "Didgerigura" is the Dharug word of the local Aboriginal people in Sydney. But thank you for allowing myself, on behalf of the Public Education Party, to make some contribution to your inquiry. As you may be aware, we are a very young party. We only became registered about six months before the previous election. This was a new world for all of us. Our committee is made up of retired public school principals like myself. We hit the ground running, trying to get ourselves organised to undertake a campaign to contest the election and, considering the short notice of our gathering, we were pleased with the result of the election. We've continued, obviously, to maintain our registration with the Electoral Commission, and we now are, like all the parties, planning for the next election in 2027.

I was just giving you some background to the party. We came out of the conclusion of the Reason Party, and we adopted the Reason Party situation because they had decided to discontinue their party. Through connections, we adopted their situation and were able to maintain that party under a new name with a new constitution, et cetera. As I said, even though in relative terms we didn't do as well as we would have liked at the state election, under the circumstances we were pleased and we've continued—as a committee and also as a membership group—to work to support the party with plans in place for contesting the next election. That's probably all I need to say at the beginning, I think.

The CHAIR: The Committee has heard conflicting evidence of what defines a minor party. How should, in your view, a minor party be defined and should a definition be included in legislation?

GLEN STELZER: My presence here today is slightly accidental in that we received funding as a new party because we do not have any of our members representing the party as a member of Parliament. The fund your inquiry is into is the administration fund. We receive funds from the new parties fund. So I would think any party that is able to be registered and meets the quite stringent requirements of the Electoral Commission, as you would be aware, I would consider to be a minor party. Then you've got the difference between a minor party like us without any parliamentarians and obviously the other minor parties that do have representation in Parliament. I noted that the Shooters, Fishers and Farmers have put a proposal for describing the different levels of minor parties according to the number of representation. In terms of our situation, we are definitely a very minor party and we don't really have any view on that definition of what a minor party might be.

The CHAIR: In terms of the new parties fund, have you identified any differences in the expenses that are claimable between the administration fund and the new parties fund?

GLEN STELZER: No, because we don't receive administration fund because we are a new party. All I know is, based upon our first preference vote, we receive a certain amount of money. In 2024-25 it was 78¢ for every first preference vote that we received. That allowed us with our approximately 35,000 votes to be allocated approximately $24,000 to help us manage and maintain our administration of the party. I'm not familiar with that difference between the two. We only receive the money from the new parties fund.

The Hon. CHRIS RATH: Are you suggesting or proposing that you should receive money from the administration fund?

GLEN STELZER: No. I think we are recommending, just like the other parties who've made submissions, that we're finding the cost of maintaining our services through the administration costs, the social media costs, the labour costs et cetera—we're finding that the CPI doesn't keep up with the real costs that we're facing on a day-to-day basis. Our request would be that the per capita funding, or per vote funding I guess you would say, would be increased so that it takes in the real cost terms that all of the parties face with increased pressures from increased costs across the board.

What that looks like for us, we received $24,000 last year. We do not charge a fee for membership, so we don't have any income stream there. We received $1,690 in donations in one year, so we've received very minimal donations, and we're highly reliant upon the new parties fund to maintain our maintenance and the costs of the administration, our social media platform, the administrative platform we use, NationBuilder, which you may be familiar with. All of those costs don't go up at CPI. CPI at the moment is 3.5 per cent, whereas I think across the board generally, my personal experience is that our costs have gone up much greater than 3.5 per cent per annum.

The Hon. CHRIS RATH: To get funding from the new parties fund, you have to reach a certain threshold of votes, don't you? It's a couple of per cent or 3 per cent or something, isn't it?

GLEN STELZER: Yes. As I said, we received 35,000 votes, I think. There is a cap on it. I'm not sure if there's a minimum number of votes. I'd have to check the Electoral Commission website, which I'm doing right now. We received 0.75 per cent of the total vote for the Legislative Council, with 34,000, and that entitled us to that amount of $24,000.

The Hon. CHRIS RATH: But there's a pretty big gap, you would say, between—say you got one member of the Legislative Council elected. You need a few per cent of the vote to get that. There's a huge difference between if you're a minor party, for instance, that just fell short of getting a member of the Legislative Council elected, and then if you got a member of the Legislative Council elected, you would end up getting $437,000 in administration funding.

GLEN STELZER: Yes.

The Hon. CHRIS RATH: There's a huge sort of threshold leap almost between a party that might get 2 per cent of the vote and a party that gets 4 per cent of the vote and ends up getting one member of the Legislative Council elected, in terms of the funding that you receive from the Electoral Commission?

GLEN STELZER: Yes, that's very true, as you know, because once you receive that percentage to get at least one parliamentarian, you were then provided with that money for office, salaries, office staff, rental of offices and so on. We run on a shoestring, like a lot of similar parties, and it's a huge amount of voluntary work. We're arguing that the CPI isn't enough to cover the ongoing increasing costs for our administration. What that figure might be, I'm not quite sure, but at the moment we spend all of our money—I think we kept a buffer of $2½ thousand from our total budget of $26,000, so we kept a buffer from the end of the last financial year.

The Hon. NICHOLE OVERALL: Your submission is calling to simplify the eligibility requirements. Is that correct?

GLEN STELZER: Yes. From our point of view, being new to the game, we've found that the registration and compliance requirements were very strict. Some might even say, "Well, that's good," and generally we would agree with that. It needs to be thorough. We represent a legitimate group, and we are doing exactly what we say that we are doing, and we're complying with the legislation. We were just wondering whether it's possible to simplify the processes. Partly this is to do with the Electoral Commission's processes in terms of checking off to make sure that our members are on the electoral roll to be guaranteed a registration. That was very time consuming and we provided feedback to the Electoral Commission about simplifying their processes so that the compliance is not as onerous as it has been. I think they've taken that feedback on board, not only from us but also from other parties as well. At the same time, we believe that there must be stringent—it must be a process that is professional and ensures that every party is legitimate in its own right.

The Hon. NICHOLE OVERALL: In saying that the Electoral Commission has taken the feedback on board, have they provided any response or any suggestion that they will provide a response?

GLEN STELZER: I'm not aware of that. My convenor, Cheryl McBride, met with the commissioner earlier on in the year and that discussion took place. But I'm not aware of any feedback or improvements that are being made to the suggestions that were made to improve the systems.

The CHAIR: In terms of funding arrangements in other jurisdictions, are you aware of any that might be worthwhile considering for New South Wales that work better?

GLEN STELZER: I'm not personally over that but I've read the submissions made by the other parties and I noted that the cannabis party was using the Victorian model as something that could be looked at for New South Wales to use as a model for going forward from here. The fine detail of all of those other places, I don't have the fine detail. I can only see what the cannabis party said that they—my impression was, because they were in Victoria, they undertake a different set of guidelines which they compare with New South Wales. From their submission recommendation, they obviously considered the Victorian model a better model for efficiency and possibly even funding. But I'm not aware of the Victorian situation.

Ms CATE FAEHRMANN: Remind me, what is the requirement for parties like yours, that don't have an elected representative, to validate your membership with the Electoral Commission? What is the requirement in terms of frequency and validation there?

GLEN STELZER: It's an annual event, and it's stringent. That's probably one of the feedbacks that we've made. As you know, our party needs 750 members who are on the electoral roll to maintain our registration. We then have to ensure that we put in more than 750 members, because then the Electoral Commission, as you're probably aware, cross-references the members' details against the electoral roll. We need to have a buffer there. Because we're a small party, we do have difficulty maintaining our membership base, because people decide they want to leave, or deaths, as you would be aware, and all of that. To submit the names for registration requires us to undertake this really thorough checking system to make sure that we aren't submitting ghosts to the Electoral Commission so that we don't have any worry about what the situation might be. On one hand, you could say, "That's good. We agree with it." It's probably more how we could streamline that process, I think, is the feedback that we gave.

The CHAIR: We really appreciate the time you've taken today and the questions you've answered. You'll be provided with a copy of the transcript of your evidence for corrections. Committee staff will also email any questions taken on notice from today and any supplementary questions. Again, thank you very much for your time today and the evidence you've provided.

GLEN STELZER: My pleasure. Didgerigura, and good luck with your deliberations.

(The witness withdrew.)

(Luncheon adjournment)

Mr HUGO BERGERON, Acting Executive Director, Safeguards and Integrity, NSW Electoral Commission, affirmed and examined

Ms RACHEL McCALLUM, NSW Electoral Commissioner, NSW Electoral Commission, affirmed and examined

The CHAIR: I formally welcome our next witnesses. Thank you for appearing before the Committee today to give evidence. Please note the Committee staff will be taking photos and videos during the hearing. The photos and videos may be used for social media and public engagement purposes on the Legislative Assembly's social media pages and websites. Please inform the Committee staff if you object to having photos and videos taken. Before we start, do you have any questions about the hearing process?

RACHEL McCALLUM: No.

HUGO BERGERON: No.

The CHAIR: Would you like to make a short opening statement?

RACHEL McCALLUM: No, thank you.

The CHAIR: In your submission you define a minor party as any party with three or fewer endorsed elected members. I appreciate that's not in the legislation, but how did you arrive at this definition, please?

RACHEL McCALLUM: Yes, it's not a legislative term. For expediency, really, is why we thought it would provide the Committee with a useful illustration. We chose three in light of there being no specific legislative definition to assist the Committee with considering what we imagined were its policy considerations.

HUGO BERGERON: The arbitrary measure. I guess the administration fund maximum entitlement is specific for up to three members and after that is a single amount per additional member, so we just used three as a threshold.

The CHAIR: The Shooters, Fishers and Farmers Party New South Wales recommend that the definition of minor party be included in legislation. Would this assist you in administering the fund in any way, or would there be any unforeseen consequences that you might be able to foresee?

RACHEL McCALLUM: I would say I don't see how that would assist the commission in the performance of its functions. We applied a statutory formula that is set out clearly in the Act as it is. I would probably need to understand more about the policy intent of including a definition and whether there were any

consequential amendments to that that differentiated a party that was defined as a minor party in terms of its applications for administration fund payments.

The CHAIR: Can I ask are you aware—and I am not—of what the situation is in other jurisdictions? Are there any other legislated definitions?

RACHEL McCALLUM: I'm not aware, but I'm happy to take that on notice if that would assist the Committee.

The Hon. ROBERT BORSAK: I think the commission may have at some stage made some recommendations in relation to ICAC's Operation Aero report on payments to administration funds being based on the achieving of acceptable standards of party governance and internal control. Do you still stick to that view, or have you changed view, or are you not aware of that view?

RACHEL McCALLUM: No, I am aware of the recommendations of the ICAC in Operation Aero in relation to party governance, and that was a view that was advanced by the commission at the time. I probably would have to take on notice if that remained the view of the commission. As you know, Mr Borsak, I'm one member of a three-person commission in relation to the administration of the public funding scheme.

The Hon. ROBERT BORSAK: If you could do that, that would be good. My recollection—it's not perfect—was that there were a couple of items in that that our party would have had some problem with. That's why I'd like to have it ventilated if possible. Are you aware of any areas where the Electoral Funding Act's definition of administrative expenditure could be clarified?

RACHEL McCALLUM: The short answer to that is yes, but—

The Hon. ROBERT BORSAK: Can we have the long answer in detail?

RACHEL McCALLUM: Could I take it on notice for a long answer in detail?

The Hon. ROBERT BORSAK: Yes.

RACHEL McCALLUM: As you would be aware, there is a long list of examples of what is administrative expenditure, and clarifications to that list would assist us from time to time. I'm not sure that I can point to specific examples that the commission has previously indicated in various of its annual reports, but I could take on notice and provide a list of some of the specifics.

The Hon. ROBERT BORSAK: I think that's probably a good thing to do, because there has been some question around interpretation from previous witnesses. If that needs refreshing or needs the Parliament to think about it again, it wouldn't be a bad idea if the commission put forward what the current situation is and also comment if you've got any misgivings or need clarification in any way. I think it would probably be not a bad idea to do that.

RACHEL McCALLUM: Thank you.

The Hon. ROBERT BORSAK: I suppose you're quite happy with the current quarterly basis of allocation?

RACHEL McCALLUM: Well, I'm not sure whether happiness is relevant there, but we do understand the way the scheme works at the moment. It obviously is now with 100 per cent advance payments—that is different from not so long ago—but that's a policy question rather than an administrative question, I suppose, for us. I don't know if Mr Bergeron would like to add anything, from administration of the payments perspective.

HUGO BERGERON: One of the anomalies is the beginning of the quarter, where the quarterly advance payment needs to be made. The first quarter obviously falls on 2 January or the first business day, which sometimes is administratively a bit difficult for us to operate, but we manage to do it.

The Hon. ROBERT BORSAK: Sorry, you've got difficulty administering what?

HUGO BERGERON: Sorry, the quarterly advance payments to be distributed from the administration fund need to be paid on the first business day of the quarter, which generally is not an issue, but obviously on the first quarter, it falls on 2 January or the first business day of the year, which is usually during the government shutdown period. It does provide some challenges, but we manage to operate the fund in accordance with the law.

The Hon. ROBERT BORSAK: We had evidence this morning that loan repayments are not covered by administrative expenditure, yet interest payments are on loans. What is the administrative reason for that?

HUGO BERGERON: The fund is there to reimburse administrative expenditure. If you, for example, buy a car and then finance it through a loan, the expenditure incurred is the cost of the car at the outset, not the

loan repayment. Repayment of the loan is a reduction of liability, hence why it is not expenditure itself. The interest on the loan is, but not the repayment of the capital.

The Hon. ROBERT BORSAK: Explain to me why a lease or a hire purchase is different.

HUGO BERGERON: A lease is a monthly fee in exchange for the service, which is expenditure.

The Hon. ROBERT BORSAK: Purchase of a car up-front is expenditure.

HUGO BERGERON: The purchase up-front is expenditure, just not the loan repayment in the future.

The Hon. ROBERT BORSAK: Why is that not expenditure? What's the difference between that? In accounting terms, it's treated exactly the same, in the accrual-based accounts that the auditors sign off on.

HUGO BERGERON: It is the legal definition of expenditure rather than the accounting definition of expenditure.

The Hon. ROBERT BORSAK: Can you point me to the definition?

HUGO BERGERON: It is not defined in the Act further than to say expenditure.

The Hon. ROBERT BORSAK: Then why give me that answer? Is it in the regulations or is it just your interpretation?

HUGO BERGERON: It is the interpretation the commission has taken.

The Hon. ROBERT BORSAK: On what basis is the interpretation grounded?

HUGO BERGERON: I might have to take that on notice.

The Hon. ROBERT BORSAK: That's a major problem from my party's point of view, understanding where the line is drawn and on what basis it is drawn.

HUGO BERGERON: I understand that.

The Hon. ROBERT BORSAK: It's still expenditure. As I said, from an accounting point of view, from an audited accounts point of view, how you finance an asset is irrelevant. Whether it's a lease, whether it's any other form of timed payment, it gets treated in the accounts as if it was a purchased asset and it's amortised. What I'm saying is, you can't have your cake and eat it as well. You can't say on one hand you've got to treat it on a cash basis but then get a set of accounts off us lodged at the end of the year audited on an accruals basis.

HUGO BERGERON: I agree with you that there is difference between the accounting treatment and the treatment within the provision of the admin fund. I think if there was one area where the definition could be improved—

The Hon. ROBERT BORSAK: Does the Parliament in the regulations need to be more prescriptive?

HUGO BERGERON: It would be open to the Government to make a regulation to amend the definition, yes.

Mr STEPHEN BALI: I've got a couple of questions that probably run on from Mr Borsak. Without making this too much of an accounting issue, I assume where you guys are coming from is an asset is a long-term investment which is not really an expense, because you expense it over a period of time. So the question if you're buying a building or you're buying it because it can appreciate—this fund is essentially to do with an expenditure that you're writing off, that's arguably "dying" that you've used, so hence the expenditure. I suppose the question, picking up on Mr Borsak's point of view, is at what point—like, a car if you're buying it, or a building if you're buying it, it's a major asset. What's the minimum? If you're buying a computer for $5,000, is that expensed straightaway or is that depreciated over a period of time?

HUGO BERGERON: If it's bought outright, the claimant can claim the full cost of the computer at the time it is purchased.

Mr STEPHEN BALI: I suppose that would be the interesting aspect. At what point does the asset that you can write off in one go, versus that you need to depreciate—depreciation off an asset is part of the admin expenses as well, isn't it?

HUGO BERGERON: It is not because it's not a disposition of property, so there's no actual payment, which goes back to the legal definition of expenditure. So amortisation or depreciation of assets is not something that can be claimed from the admin fund.

Mr STEPHEN BALI: I suppose that's where the confusion comes in. Accounting rules are recognised in law. Therefore, maybe it's something to explore further with you guys as far as getting an understanding of what is an administration expense. Because when you have a list of expenses in the annual accounts, I would assume everything that's recognised as an expense can be—if it's to do with administration as per the electoral thing, then that should just be simply ticked off. The other couple of things is the question that came up in the number of presentations is like accrued leave. As much as it may not be paid at that time, the liability is created that you've got to pay out the employee. It's recognised as an expense at the time of the accrual. I can understand maybe sick leave, because you can lose sick leave at the end if you don't use it, but annual leave you can't lose, arguably. Why doesn't annual leave, as it accrues, get seen as an expense?

HUGO BERGERON: It would be claimable from the admin fund. If there's a provision taken and there's a legal liability to pay it down the road, that annual leave, then it can be claimed at the time.

Mr STEPHEN BALI: As it accrues?

HUGO BERGERON: Yes.

Mr STEPHEN BALI: Because maybe that's something that came out from all the different organisations. They felt that their understanding was that they can't accrue an expense against the administration fund. The expenses that you gave—so that may be something to clear up. Do you think it adds any value?

At the moment, as you said, section 85 in the Act lists the nine different elements that are allowable. Would it add any value to actually have a section in the Act that clearly defines what isn't a part of the admin fund that a person can claim? At the moment, there's a lot of interpretation.

HUGO BERGERON: Just to clarify, for the administration fund, it's section 84 that applies. Section 85 is really for the new parties fund for the policy development expenditure.

Mr STEPHEN BALI: Sorry, you're right. I've got pieces of paper everywhere.

HUGO BERGERON: There would be room for a deeming provision to modify when expenditure is taken to be incurred. I think that could be helpful.

Mr STEPHEN BALI: Would you say—or you can comment in writing later—that there's room for reviewing the regulations? I've noticed they're really around how do you maintain a receipt book with a carbon copy. Apart from some of us on this Committee, no-one would have seen carbon paper before. The regulations also talk about how you must keep a chequebook. I know, federally, the law lasts through to 2030, but most banks aren't issuing cheques or chequebooks anymore. Should we look at the regulations and get them updated, so to speak?

HUGO BERGERON: You're right, probably people don't issue cheques anymore. They would not be required, I think, to maintain. We would not seek to obtain a chequebook if the party doesn't issue a cheque.

Mr STEPHEN BALI: The regulations say you have to have one.

HUGO BERGERON: Yes, which is probably something we're not enforcing. If someone tells us, "We don't issue cheques," then we would leave it at that. In terms of the other provision, we'd have to look in detail. But, obviously, there is a provision in the regulations that allows political parties to keep their party records in an electronic format. What we see usually is that the cash receipts and all of this old accounting terminology really have an equivalent in the electronic space, and that's what we're looking at when we look at political parties' accounting records.

Mr STEPHEN BALI: When I'm looking at the Act and trying to work out exactly what the minor political parties get, obviously there are different amounts, whether it's the admin fund or the new parties fund or the election. The smaller parties that are elected to Parliament are all saying that there really needs to be a look at increasing the fixed element. At the moment, I think the Act says something around $87,000, and I know it's been increased by CPI. But parties are actually saying that there needs to be—regardless if you're one or three, and hence the definition of a small party, if you've got less than three MPs elected, the party has administration costs to bear. Should that be increased to cover at least a baseline of administration expenses, rather than the minimal amount and then increasing per person? Do you see an advantage to a small party being one to three elected people, a medium party being four to six, and then everybody else is seven and above? Should it be a stepped approach per member, as opposed to what it is now?

RACHEL McCALLUM: I'm not sure, as I said earlier, that there's necessarily an advantage from an administration perspective, from our administrative tasks, to have that definition. I think whether the Parliament is able to ascertain what a base level of administrative funding should be to assist parties with only one, two or three members to discharge their Electoral Funding Act obligations or other administrative activities—that really

is a policy question, about what that level should be. As long as the drafting was clear and did not inadvertently create different decision-making—for example, in working out what administrative expenditure actually was—for different categories of parties, there wouldn't necessarily be an administrative disadvantage or advantage for the Electoral Commission.

Mr STEPHEN BALI: Section 152 says, "The Electoral Commission may, from time to time, determine and issue guidelines, not consistent with this Act or the regulations, for or with respect to any matters dealt with in the Act". I just find it interesting that you can basically ignore the Act and be inconsistent. Are there any examples of any inconsistencies between what you guys have decided versus what is written in the Act?

RACHEL McCALLUM: I think that there's a double negative in that provision, actually. You'll find it's that we can't issue guidelines that are "not inconsistent"—or rather, we can issue guidelines that are not inconsistent. See? I've done it myself there. We can only issue guidelines that are consistent with the Act.

Mr STEPHEN BALI: You can tell I'm an accountant, not a lawyer. Thank God for that.

The Hon. CHRIS RATH: Thank you for your time today. I assume the amounts in the admin fund given per member, starting at the $437,000 amount, are indexed to inflation at some level?

HUGO BERGERON: Yes, CPI for Sydney and rounded up.

The Hon. CHRIS RATH: Is any consideration given for—I suppose probably not, if the Act says it's got to be CPI for Sydney. We've heard some evidence about costs going up for various political parties at a higher rate than CPI for Sydney would be—for instance, staff costs, rent or things like that. I assume it's just that your hands are tied and you've got to push it up at CPI, rather than whatever the cost base might be going up for political parties.

HUGO BERGERON: We applied a strict formula in schedule 1 to the Electoral Funding Act. Yes, CPI for Sydney is the reference measure.

The Hon. CHRIS RATH: So you can't budge at all from that. The other question I had was about the relationship between the admin fund and the electoral allowance, which I think we've changed here in the New South Wales Parliament. How have you found that transition recently between the two different funds? I know it's probably more for Independents than it was for minor parties or major parties, but how has that process been in terms of potentially making it a bit easier for Independents, when they're claiming expenses, to make sure they're using the right fund and not double-claiming expenses?

RACHEL McCALLUM: I'll just start that and perhaps Mr Bergeron can provide some details about the process. It is a potentially more straightforward process now, I would say, for making the declaration that there isn't double-dipping, rather than having to assess expenditure against parliamentary entitlements and allowances and the admin fund. I think we're still in the early stages, so in terms of commenting on the transition, we are still probably in the transition, I would say, because there was a retrospective element to the recent amendments that mean we are still processing claims. I don't think we're quite seeing a typical pattern yet in relation to that. But, certainly, amendments in the future could make our job a little more straightforward in that space. If you would like more, I'm sure Mr Bergeron could provide some information.

HUGO BERGERON: It did clarify an ambiguity that existed, so we're quite grateful for that. One of the aspects is there is a retrospective aspect to the amendment. But also, in the same amendment, the legislation allows for more time for claimants to actually amend their prior claims—a lot of claims that still haven't been re-lodged or haven't been lodged under the current provision of the Act. As Ms McCallum was saying, it is too early to really say for sure that has resolved the ambiguity that existed.

The Hon. CHRIS RATH: If a member were elected in a political party and then went to become an Independent—which has happened in the upper House a few times, probably less so in the lower House—or they were elected as an Independent and then joined a political party, or they went from one political party to another, does that admin funding amount cease? Does the party they were elected to have to be continuous throughout that term of Parliament?

HUGO BERGERON: That's correct. We calculate the quarterly entitlement at the end of the relevant quarter, in accordance with section 94(3). If a member was to resign from their party and would no longer be a representative of the party during the quarter, the entitlement of the party would be reduced for that quarter.

The Hon. CHRIS RATH: That's what I thought. That's good to know.

Ms KAREN McKEOWN: We've heard a few times today about the increasing costs of cybersecurity and recommendations that technology and compliance software is included as an eligible administration expense. Can I get your thoughts on this, because it is quite prevalent.

HUGO BERGERON: Software is currently claimable from the administration funds. Section 84(1)(a) is a bit wide in terms of what can be claimed from that. If it's expenditure for the administration or management of the activities of the eligible party or elected member, which software would fall within, the parties can claim that expenditure.

Ms KAREN McKEOWN: So cybersecurity compliance software and technology is claimable?

HUGO BERGERON: Yes.

RACHEL McCALLUM: I might add something, if I could, to the answer, which is to agree that the costs of cybersecurity are rising. I would note that is true for the commission as much as it may be true for the parties and members who need to administer their affairs.

Ms KAREN McKEOWN: Because we have heard about that today. Indeed, there were submissions around those costs, so there must be some ambiguity about what is available to be claimed against that, obviously. If we're hearing that it's not, there must be a way of getting that information out to the respective parties.

HUGO BERGERON: Yes, we often provide guidance when asked by political parties. I guess my only restriction would be it needs to be expenditure in connection with the management of the activities of the party. If it's cybersecurity for the party's systems, definitely that's something that can be claimed. If it's cybersecurity for systems that don't belong to the party, maybe that would not fall within the definition. But, generally speaking, all of those types of IT expenditure are claimable as long as they are for the benefit of the party.

RACHEL McCALLUM: Perhaps I could add to that. Thank you for raising the issue. As Mr Bergeron said, we do provide guidance from time to time when we're asked, but if this is a matter that is coming up frequently then it is something that we could take away and think about whether some additional guidance is useful to provide to the stakeholders. We will certainly do that. We'll take that back to the commission.

The Hon. NICHOLE OVERALL: As part of the submission, some of the concerns that were raised included inconsistent guidance around some of those factors there, as well as onerous documentation requirements. When you previously answered that the definition of administrative expenditure could be clarified in areas—and obviously you've taken that on notice—is a streamlining of process at least a consideration at this point in time?

A number of the submitters have requested a simplification, for example, around the eligibility requirements. Is a streamlining or a simplification something that's being considered, or you don't feel from the EC's perspective it is necessary?

RACHEL McCALLUM: Perhaps I could start by saying that relatively recently we have introduced online public funding claims. That's a very recent development for the commission, as part of a longer term program to bring many of our transactions with our external stakeholders into the online environment, with the aim of both increasing the accuracy and validity of those claims but also to assist the claimants in making them as it guides the claimants through what they need to do in order to make the public funding claim.

The Hon. NICHOLE OVERALL: I'm sorry to interrupt, but is that proving successful?

RACHEL McCALLUM: My understanding is that has been relatively well received by the parties; that's been our feedback so far. That's not to say we're not taking notice of any issues that may be raised, and we get quite helpful feedback from the users of our systems, noting where there might be an unusual way in which we've framed the questions or the layout, so we are very mindful of any suggestions for improvement. In relation to the more general point about the complexity of the—I'm taking the question to be about the complexity of the information we might require in order to verify the expenditure. That material is required, as we see it, and I'm not personally aware of any specific examples of where that has proven to be a barrier for anyone claiming. It is public funding, so it does need to be verified, and that can mean a very long list of items of receipts and vouching, and that is quite an involved process. I'm not sure that I can offer any solutions to that, because we do need to be satisfied that it has been incurred and it is by virtue of the material that we see that it does at least fall within the broad definition of what administrative expenditure is.

The Hon. NICHOLE OVERALL: The wrap-up of that is the idea that it is as rigorous as it needs to be to ensure full and qualitative compliance, but the EC then also consistently takes into account feedback as you move towards improvement? You are taking that, acknowledging and potentially trying to move towards things that assist in the space, such as these public funding claims that they're doing online now?

RACHEL McCALLUM: Yes. I'm sorry, I didn't answer the first part of your question, which was about consistency of guidance as well. I think probably all regulators or administrators of some kind hear from time to time that the answers that people get when they ring and ask for clarification are not as clear as they could be or

appear to be at odds with something they've heard from another stakeholder. We are conscious of that, and that's why we have the guidelines power that I think Mr Bali was referring to before, where these issues come up frequently and we try to issue a guideline that puts a very clear position in front of all of the stakeholders about a particular issue. But we do like to also provide, through our client services team, fairly flexible access for stakeholders to call us and talk through some of their issues. We are mindful that if people do raise concerns in that, yes, we of course want to act upon them if it's reasonable to do so.

But there is a very diverse range of views, I suppose, that are brought to us by stakeholders about the provisions of the Act and the way that we administer it. So, whilst we're very keen to hear from our stakeholders about ways we can improve, it won't always be consistent with the requirement to administer the Act in a way that is compliant with the scheme as envisaged, that we can make a change or make it easier for some people to lodge. That said, I would be very open, and I think I can speak for the other commission members here—that the commission would definitely be open to feedback from stakeholders about any specific matter that they thought was not being dealt with appropriately.

The Hon. NICHOLE OVERALL: There have also been some recommendations received that New South Wales implements funding arrangements for minor parties similar to those in other States. Specifically, Victoria has been mentioned. Are you able to comment at all on similarities or differences in other jurisdictions that might be considered, or potentially considered, for any prospective changes of this nature?

RACHEL McCALLUM: I think I took on notice an earlier question that I would provide our understanding of other jurisdictions. I can't probably comment specifically, therefore, on Victoria now, but as part of answering that question, perhaps we could include a view if there was—as I said, we won't comment on the policy and whether specific amounts or anything should be given.

The Hon. NICHOLE OVERALL: Do you ever do that type of comparison with other jurisdictions? Do you look at others and say, "Well, they're doing this and that's working. We could implement it"? Does that happen?

RACHEL McCALLUM: We do from time to time, more from an administrative perspective. If the law is actually different in another jurisdiction, it provides less of an example for how we might go about something, but certainly when there's legislative reform being considered, that would be absolutely a matter to take into account, not that the commission itself would make a recommendation about how necessarily parties should be or how much they should be funded. But if there was an administrative advantage, for example, to the way it was being run in another state, we would look at that in the context of a reform. Or if something had come up here that was obviously causing us difficulties, we might proactively go and look at that other jurisdiction and then make a recommendation about it.

The Hon. NICHOLE OVERALL: Yes. When it comes to legislative reform, that's our job, isn't it?

The Hon. ROBERT BORSAK: I don't think I've heard this question yet, but stakeholders have recommended that maximum payments from the fund be reviewed periodically. I think the Shooters, for example, put in theirs that maybe a triennial review against actual costs would be useful, rather than I think we've just got now general CPI. For example, there hasn't been a review to actual I don't know since when. Do you think there's any merit in that?

RACHEL McCALLUM: I think there's merit in looking at data to inform policy. Looking at the actual expenditure, for example, if any particular party has incurred expenditure that exceeds the maximum amount claimable, I think it would be of interest, and to look at both that particular circumstance and see if that was more generally being experienced by parties to inform what the amount should be. But that is not a job for the commission to do, or not under the current law. It's not the job of the commission to review.

The Hon. ROBERT BORSAK: I'm not asking you in that way. The evidence we've been hearing really centres around the parties cutting their cloth to suit the amount of money they're paid. In other words, we've heard evidence that, "We can't pay staff at what would be a reasonable rate to hire the best people for the job," for example, "We've had to limit the amount of money that could be spent on systems development because there's not enough money in the overall pot," et cetera, hence my question. I suppose really what you're saying, and I don't want to put words in your mouth, is that if the Government were to say, "Well, a comparison to actual in terms of adjustment every three years or every five years, whenever it happens to be"—would be something that perhaps could be looked at? Another question for you is are you adequately staffed to do this job: the administration of the administration fund? I note that you're smirking.

RACHEL McCALLUM: That's a vexed question to ask an administrator. We do have a very skilled compliance audit team and a skilled client services team that deals with the disclosure part of the process. The Committee will be aware that we did seek additional funding not in the last budget but in the budget before that

would have increased the amount of people beyond what we now have. We were fortunate to get an increase in the last budget, for which we are appreciative, but there is always potentially more that can be done.

We have used, though, some of the funding that we did receive in the most recent budget towards some additional positions, which haven't been filled yet, to allow us to focus more on some of the matters that were actually raised before in relation to the provision of guidance and engagement with stakeholders—in this case, the political stakeholders—on not specifically the administration fund but in relation to public funding or electoral funding, I should say, more generally. We've got some additional resources. More would be welcome. We could do more engagement if we had more resources. But right now we are looking to fill the positions we have been funded for, so I'm focusing on that for the time being.

The Hon. ROBERT BORSAK: Commissioner, I note that as part of your brief in relation to this area of your work, as part of your duties, you are meant to, or you do try to, from time to time, invite parties in for discussion and education.

RACHEL McCALLUM: Yes.

The Hon. ROBERT BORSAK: I note that we haven't had an invitation like that to our party for over five years. Would you like to comment on that?

RACHEL McCALLUM: I did write to your party to invite—

The Hon. ROBERT BORSAK: No, until recently.

RACHEL McCALLUM: I am very keen to hear, and I was hoping to write again to all the parties and invite them in again—and Independent members, I should say, as well. So that will happen again, and I'm very open to meeting. I did meet with a number of parties following that initial invitation earlier this year. I am optimistic that the additional funding we have been given will actually allow us to do more in terms of our education and engagement functions. But in relation to your specific question about being invited in, yes, you are. My door is open. I am very happy to speak with you about specific issues that you might have and pass those on to—if it is related to electoral funding, which, as I've said, is a statutory function of the commission, of which I'm a member, I'm very happy to convey those.

The Hon. BOB NANVA: Apologies if this has been covered; I missed the beginning of the session. Commissioner, thank you for your time today. I'm just wondering, in the decade or so since our electoral laws have been in place, do you know if there's been a, I suppose, root-and-branch review of the quantum of administrative funding—not accounting for the increases in inflation that obviously take place but just a sort of needs-based analysis of the actual funding that's provided to political parties?

RACHEL McCALLUM: I think, as I did allude to in an earlier question, we are not usually asked to advise on what should be the levels of public funding provided. I will just maybe draw your attention to our submission on page 5. We do outline, as you say, it's been over a decade now since the most significant reforms to electoral funding started to happen in New South Wales. So there's a series of reforms there that raised the entitlements. How the Parliament came to the views to inform these numbers, I am probably not able to comment on those. But those are there. I think there are four main reforms and, of course, the Electoral Funding Act is only a 2018 Act, so it commenced in 2018. I'm not personally aware of any other reviews of the kind that you're describing in that question.

The Hon. BOB NANVA: Just accepting that you can't give substantive advice on increases and why increases might be a worthwhile objective and that's a matter for the Parliament, would you agree nonetheless that there are costs being borne by political parties with respect to culture, governance and compliance that weren't originally foreseen when the administrative funding laws were conceived a decade or so ago? We've heard evidence today of issues like cybersecurity—

RACHEL McCALLUM: Yes. I would concede that, because that is my view generally about organisations and the costs of meeting governance obligations, which are varied and much more extensive than they were originally, starting, say, in 2010. Yes, I think the costs of governance for all organisations have gone up. I wouldn't imagine, although I have no direct evidence of that—I haven't done the analysis in terms of the proportions of expenditure that you might be able to attribute to being about governance. I haven't done that analysis. But I would say, generally speaking, the costs of organisational governance have gone up.

The Hon. BOB NANVA: I am conscious we are over time. I will save my further questions for supplementaries.

The CHAIR: We're at the end of our time together. Thank you very much for appearing before us today. You'll be provided with a copy of the transcript of your evidence for corrections. Committee staff will also email

any questions taken on notice from today and any supplementary questions from the Committee. I'd also again like to thank the witnesses who appeared today. I also thank Committee members, Hansard, the staff of the Department of Parliamentary Services and Committee staff for their assistance.

(The witnesses withdrew.)

The Committee adjourned at 14:50.