

REPORT OF PROCEEDINGS BEFORE

**JOINT STANDING COMMITTEE ON ELECTORAL
MATTERS**

INQUIRY INTO ADMINISTRATIVE FUNDING FOR MINOR PARTIES

At Sydney on Friday 24 August 2012

The Committee met at 9.30 a.m.

PRESENT

Mr J Rowell (Chair)

Legislative Council

The Hon. R. Borsak
The Hon. T. Khan
The Hon. Dr P. Phelps
The Hon. P. T. Primrose

Legislative Assembly

Mr A. Fraser
Mr P. Lynch
Mr D. Maguire
Mr G. Ward

CHAIR: Thank you for attending this meeting of the Joint Standing Committee on Electoral Matters. This morning the Committee will hear evidence relating to administrative funding for minor parties and specifically the amounts to be distributed to eligible minor parties. Following that, the Committee will host a roundtable discussion to review the Parliamentary Electorates Elections Act 1912 and the Election Funding, Expenditure and Disclosures Act 1981. I now declare the hearing open.

DAVID LEYONHJELM, Registered Officer, Outdoor Recreation Party and Liberal Democratic Party, affirmed and examined:

CHAIR: Before we start, do you have any questions about the material you received regarding the hearing process?

Mr LEYONHJELM: No.

CHAIR: Would you like to make a short opening statement before we commence questioning?

Mr LEYONHJELM: Yes. The Outdoor Recreation Party is registered for New South Wales State elections. The Liberal Democratic Party is registered for Federal elections, State and Territory elections in South Australia and the ACT, and local government elections in New South Wales. I would like it noted that we are minor competitors of the Shooters and Fishers Party. Robert Borsak has expressed the opinion that his party would gain most of our votes if we did not exist. Some people in The Nationals have gone further, suggesting they would gain most of our votes, plus those of the Shooters and Fishers Party, if neither of us existed. Preference flows show neither viewpoint is valid, but facts and opinions do not always coincide, especially in politics.

The Liberal Democratic Party is based on classical liberal or libertarian principles. We support small government, low taxes, individual freedom, and personal responsibility. And of course, free markets. We therefore make some in the Liberal Party quite nervous as we tend to attract a number of Liberal voters who wish their party was more like us. So for various reasons, I recognise that none of you is especially keen to help us. If you assume that democracy ought to be a free market for ideas competing for success, then in New South Wales it has become like the supermarkets—dominated by the equivalent of Coles and Woolworth, while the other parties are like Metcash and Foodland, happy not to have any more competitors. But unlike in the supermarket sector where the ACCC has some influence in preserving competition and preventing the incumbents from locking out competitors, in the New South Wales democratic market the equivalent of the ACCC is a committee comprised of representatives of the incumbents. It is like Coles and Woolworths setting the rules on competition.

In a free political market, the barriers to entry would be low. Registering a political party would be straightforward—all you need is confirmation that the party actually exists. Instead, in New South Wales there are enormous and unreasonable barriers to new parties. As a result there are far fewer parties contesting State elections than there are contesting Federal elections. People who are happy to vote for the Liberal Democratic Party in Federal elections, for example, complain that there is no equivalent party to vote for in State elections. This is reflected in the informal vote. In the last Federal election the informal vote for the Senate in New South Wales was 4.17 per cent. In the last State election, the informal vote for the Legislative Council was 5.65 per cent. Yet once a party is registered, maintaining that registration is not onerous—one of many benefits of incumbency.

The party registration system costs New South Wales taxpayers a fortune to administer and is quite unnecessary. It was designed to prevent a repeat of the 1999 tablecloth ballot paper, but that could easily have been achieved just by adopting optional preferential voting instead of group voting tickets. It would save a lot of money if New South Wales adopted the same approach as the Northern Territory and simply registered parties that were already registered federally. In a free political market, there would be no barriers to people spending their own money to promote their political views. They could spend it as individuals or in groups, as much as they like, as they chose. But New South Wales is not a free market there either.

I can just about guarantee that a majority of people would not donate money to the Outdoor Recreation Party or the Liberal Democratic Party. I would hazard a guess that the same is true for any political party, including Labor and the Coalition. Yet, under the election funding rules, some people are excluded from donating at all while only individuals can donate in their own name, not as part of a group, and only up to a low \$5,000. Despite that, millions of dollars from all taxpayers goes to fund the parties whether they like it or not. It is worse than paying Holden to keep producing cars that nobody wants to buy. It is like paying Holden and Ford to keep producing Kingswoods and Falcons while only allowing imports from Cuba; then having a race at Bathurst every four years to decide who gets the most prize money, which is paid by taxpayers, which brings me to the specific question of funding.

There are notionally three funds—election campaign, administration, and policy development funds. It is not possible to address one without touching on the others. Election campaign funding is available if you get over 4 per cent of the vote, the same as in Federal elections, except it is based on reimbursement. The Australian Electoral Commission just tallies up the final vote, multiplies it by the funding amount per vote, and pays it into the party bank account. The New South Wales system requires a very detailed claim with invoices, signed off by an auditor. Then the Electoral Funding Authority spends a lot of time verifying every word and cent. It requires a lot of time to prepare a claim and a lot of public servant time to process.

New South Wales could save a lot of money by adopting the same approach as the Federal body. Having a threshold of 4 per cent is another way in which incumbents benefit. We would prefer funding based on a simple amount per vote, as with the federal approach, with no threshold. The fund should be based on a low rate per vote with no refund of deposits. Frivolous candidates would continue to be discouraged because their funding would be less than the deposit. Serious candidates would have their deposit returned via the funding. As to administrative funding, currently only parties with elected members have access to the administration fund. I understand it is proposed to raise this from the current \$80,000 to \$350,000 per elected member, presumably with an increase in the ceiling. By an absolute coincidence, \$350,000 times two elected members is very close to what was previously donated by the Sporting Shooters Association to the Shooters and Fishers Party.

Electorate allowances are of course additional. Parties like the Outdoor Recreation Party, which no longer has an elected member, are currently only eligible for policy development funding. This is based on 25¢ per first preference vote. We were entitled to claim up to \$8,900 according to our most recent letter from the Election Funding Authority. The list of what can be claimed is the same for the Administration and Policy Development funds. The items for which we can claim expenditure are: the administration or management of the activities of the party; conferences, seminars, meetings or similar at which the policies of the party are discussed or formulated; providing information to members and supporters of the party; the audit of the financial accounts or claims for payment or disclosures; remuneration of staff; equipment or vehicles; office accommodation for staff and equipment; interest payments on loans; and the grand daddy of them all, providing information to the public or a section of the public about the party. I have attempted to discover how this differs from campaign expenditure. I think it means telling the public they should vote for you, but not asking them to vote for you. If you can enlighten me, I would be interested to know.

We claimed some money from the policy development fund last year and this year, but did not reach our limit. In fact this year we claimed less than half. There are two reasons for this. The first is that it is based on reimbursement. You have to have the money to spend it in the first place. We don't. Second, we are reluctant. Just because everyone else has their nose in the public trough does not mean we should rush to join them. Like all small parties, we rely on the goodwill of volunteers and the support of individual donations and membership fees. We have no staff, equipment or vehicles. Our preference would be to fully fund our activities ourselves, but the restrictions on donations are so limiting that that is no longer an option. Charging taxpayers is needed merely to participate in the democratic market, let alone succeed.

Were we to adopt a less principled approach to taxpayer funds, and with more planning, we could claim our full allowance every year. The obvious costs include website, conferences and meetings, communication with members, and the company auditor. I have to say that being audited by the Election Funding Authority in addition to our returns being signed off by an auditor seems to be a profound waste of money. We could better spend the extra money on providing information to the public about the party. It is unlikely we would employ staff or rent office accommodation unless funding was substantially increased and we are reasonably confident it would continue. Employing someone only to have the funding disappear would not be reasonable. It is immaterial whether the funding originates from the administration fund or the policy development fund, given they have the same criteria apart from eligibility.

The administration requirements for political parties in New South Wales are far more onerous than Federal, South Australia or Australian Capital Territory requirements. Although this is used as justification for taxpayer funding of political parties, a better solution would be to make the administration simpler. Recent history notwithstanding, New South Wales is not inherently corrupt and the Federal, South Australia or Australian Capital Territory systems of funding and disclosure do not lead to corruption in those jurisdictions. Taxpayers could be saved a lot of money by relaxing the rules on party registration and by only funding campaign expenditure. If parties like ours are to be eligible for administration funding or increased policy development funding, we will take the money. It would achieve nothing to reject it. But we will not defend the system behind it. The democratic market in New South Wales is a long way from free or fair.

CHAIR: Could you estimate the breakdown of areas of expenditure in relation to administration, especially in relation to the cost of complying with the legislative requirements?

Mr LEYONHJELM: Our auditor charges approximately \$1,500 to \$2,000 per year for the returns; but it is a bit variable, depending on how complex it is. With websites, newsletters and so forth to members, it depends on how they are done: if done by paper, they are far more expensive; if done by email, they are not very expensive; and for websites, you get away with about \$200 or \$300 a year. Emails and letters are mostly volunteer time; usually, there is not any additional cost involved. For printed newsletters, by the time you add stationery, printing and postage for say a couple of thousand members, it depends how many times a year you do it, but say \$1 a letter.

CHAIR: In terms of volunteer hours spent on administrative support, how many hours would you estimate that to be?

Mr LEYONHJELM: I have to split this between the two parties because they are both registered in New South Wales, but I personally would spend easily 20 hours a week.

CHAIR: Are there any other volunteer hours spent on administrative support?

Mr LEYONHJELM: That is quite variable; but, collectively, they would add up to about the same amount, I would think.

CHAIR: What would be the various tasks that the other volunteers and you yourself would be involved with in that 20 or so hours a week?

Mr LEYONHJELM: Meetings and communication with members; some of them work on policy; and some of them assist with a few administrative things.

CHAIR: Obviously, leading up to an election that would change.

Mr LEYONHJELM: It increases substantially, yes.

CHAIR: What would you estimate would be the volunteer hours leading up to an election, particularly for party administration purposes?

Mr LEYONHJELM: It is very difficult to answer that question. It is as much as you want to, really. If you think you are going to win, you put in more time; if you do not think you are going to win, you put in less time. It gets very close to being full time for me and a couple of other people in the State elections. In the local government elections in which we are running now, we have about six or seven councils where we are running candidates for the LDP—and I know this does not apply to the administration fund, but as an illustration—I am not doing a lot of time on it because I do not expect to win. We have some candidates that do expect to win, and they would easily be spending 20 or 30 hours a week on it.

Mr DARYL MAGUIRE: Firstly, are you finding compliance onerous under the rules? Secondly, what amounts of party funding turnover is your party dealing with, that is, the total dollar turnover of the party administratively?

Mr LEYONHJELM: Administration is extremely onerous. We have the benefit of comparison to the Federal, South Australian and Australian Capital Territory jurisdictions as well, so we know we are not talking about this in isolation. It is extremely onerous. For everything you do you get piles of forms. It is just a relentless flow of letters from the Election Funding Authority, with forms to do this, compliance forms, declarations and disclosures, and all sorts of stuff. It is just never ending. So compliance is extremely onerous; it is especially onerous in comparison with the Federal system, which is really not too bad at all to manage. As a proportion of that I do not know. We are still getting used to this idea that we can actually claim taxpayers' money. We almost, in principle, did not even look at that for the first little while. We are starting to reconcile ourselves to that idea now. The reality is that we will adjust our activities to maximise our claim, if I can put it that way. It is inevitable when you know that you can get compensated for it.

So the proportion of administration as a percentage of turnover will probably go up. We rely on memberships and donations. During non-election periods they have in the past funded the administration of the

party. You hope that you have some left over so that you have got a campaign fund available, but when the election comes around you basically pass the hat again and look for donations to fund the campaign. What we will do with the administration fund or the policy development fund is try to quarantine our expenses in a way that makes them qualify for the fund and retain as much as we can of donations and membership fees for a campaign. But we are not there yet; we are still getting our head around it. As I said, we are not enthusiastic at all about that approach.

Mr DARYL MAGUIRE: How many dollars per annum is the organisation turning over?

Mr LEYONHJELM: I did not bring that information with me, I am afraid. It is not high; it is less than \$10,000 a year, except in election years.

CHAIR: You would be happy to take that question on notice?

Mr LEYONHJELM: Yes.

Mr DARYL MAGUIRE: So \$10,000 per annum, and most of that would go in administration?

Mr LEYONHJELM: Yes. It does not get saved for campaigning, no. In terms of the definition of the policy development fund, what we are permitted to spend it on, yes. So that includes communicating with members, some of our recruiting activities, that sort of stuff.

Mr DARYL MAGUIRE: So under the rules, with access to taxpayer funds how will your party benefit and in what form dollarwise? When you are lodging a claim for taxpayer funds will it be \$50,000, \$10,000, \$100,000?

Mr LEYONHJELM: I see what you mean. We have not had that option to date. We were told our limit was \$9,800 this year and last year it was lower than that, I cannot recall now. Anything up to \$10,000 is nice to have but it is not going to make a radical difference to the way we do it.

The Hon. TREVOR KHAN: It could almost cover your expenses.

Mr LEYONHJELM: Yes, administration expenses. That is right.

The Hon. TREVOR KHAN: It is more than nice to have.

Mr LEYONHJELM: But you do not pay for much campaigning with \$9,000 or \$10,000, that is all.

The Hon. TREVOR KHAN: But in terms of your administration, it will cover, essentially, your annual administration costs?

Mr LEYONHJELM: Yes. Well, you cut your cloth to suit. If we had \$100,000 for administration we would find a way to use it productively—trust me.

Mr DARYL MAGUIRE: You said in a statement previously that you would run the hat around to members and supporters to source campaign funds. Would you have an expectation of a dollar figure that you would be able to raise for campaign funds?

Mr LEYONHJELM: It depends. It is different every election. A lot depends on individual donors. We are limited on that these days, of course, by the maximum cap on donors. We are quite concerned about it. You really have to campaign smartly. You cannot spend a lot of money because you cannot raise it. The way I am looking at it now with the administration fund or the policy development fund, that clause I mentioned, advising the public about the party, essentially we are going to be in permanent campaign mode because we cannot go into full campaign mode because we will not be able to raise the money. That is how I am looking at it. I think that is where it is leading. You are allowed to communicate to the public about the party. What is the difference between that and campaigning? I do not think there is any. I cannot see anything in the legislation that distinguishes between the two. So if we are going to have funding that allows us to do that and we are going to have rules that say we cannot pass the hat around to raise enough because individual donations cannot be that high, what else is there to do? You use that money to campaign for the four years before the election and hope like hell it works when the election arrives.

The Hon. PETER PRIMROSE: Just one question in relation to capital expenditure. I was wondering if you could talk about what your annual capital expenditure would involve and how you would cover that.

Mr LEYONHJELM: We do not recognise any capital expenditure at the moment. It would be equipment and vehicles and stuff like that, which are used by other people but also happen to be used for the party as well—fax machines; we use our own vehicles. I do not think we would recognise any capital equipment.

Mr ANDREW FRASER: I am somewhat intrigued that you actually have two parties registered and I am wondering about the difficulties that would pose, for example, if you had a Federal election campaign and a State campaign and maybe even a local government campaign in a year. How would you apportion your expenses in a year like that, number one? Number two: Are your parties running on the same manifesto and constitution?

Mr LEYONHJELM: No, they are not.

Mr ANDREW FRASER: Do you allow dual membership of the parties?

Mr LEYONHJELM: I think there are about six people who are in both. We do not encourage it, no. We keep them split; we run separate databases. Some people have said, "I want to help in any way I can", and they insist on joining both parties, but, as I said, I think there are about six people in that category. We know who they are and if push comes to shove we could compel them to choose one or the other.

The Outdoor Recreation Party is only registered for State elections. It has its own bank account and it is reasonably easy to distinguish its costs. The Liberal Democratic Party has three separate bank accounts—one for the ACT, one for Federal and one for New South Wales—so we can distinguish costs relatively simply and put them through the relevant account; it is not too hard. The administration of any political party in New South Wales is very difficult, so we have very difficult times too, but the Chinese walls process works fine.

Mr ANDREW FRASER: You are CEO of both parties are you?

Mr LEYONHJELM: Registered officer, yes. The Liberal Democratic Party is only registered for local government elections in New South Wales, not for State elections. The Outdoor Recreation Party is registered for State elections but we have chosen to stay away from the local government arena with that one.

Mr ANDREW FRASER: So how would your manifestoes differ?

Mr LEYONHJELM: The Outdoor Recreation Party is simply issue-based.

CHAIR: Mr Leyonhjelm, that is probably outside our terms of reference, but I am happy for you to answer that should you wish to.

Mr LEYONHJELM: I am happy to answer it, yes. The Outdoor Recreation Party is issue-based. It originates from around the issue of access to national parks and being locked out. I do not want to be rude to anybody here but it is a bit like Shooters and Fishers: it is a narrow, issue-based party. The Liberal Democratic Party is based on a libertarian philosophy, classical liberal philosophy. So there is no disagreement by the Liberal Democratic Party in relation to any of the Outdoor Recreation Party issues, but it goes much wider than that. We are low taxes, small government, individual responsibility, personal choice.

Mr ANDREW FRASER: So if you were to be funded an interest in that would you run two offices or one office, or one administration?

Mr LEYONHJELM: We do not run any offices, nor are we likely to; it is all volunteers. This assumption that there has to be a physical office where there are people and this is the official place of the party, that only applies when you reach a certain size. I think there are the only four parties in New South Wales that are in that category.

Mr ANDREW FRASER: I would assume that would be your aim if you are a political party.

Mr LEYONHJELM: It chews up money. At the end of the day communicating with the public and saying "vote for us" is way more important than having somebody sit in an office and chew up overheads.

Mr ANDREW FRASER: But as a political party you would have to gain government at some stage or gain a majority—

Mr LEYONHJELM: We will worry about that when we get there.

Mr ANDREW FRASER: What I am saying is if you did, would you run two offices and where would your expenses be?

Mr LEYONHJELM: I see. That would be a nice problem to have.

CHAIR: We will go to Mr Borsak, then Dr Phelps and Mr Ward. I am conscious of the time.

The Hon. ROBERT BORSAK: Just to follow on from Mr Fraser's question and with a view to control of overheads, Government funding and allocation thereof: is true that the Outdoor Recreation Party effectively is controlled by the Liberal Democratic Party?

Mr LEYONHJELM: To the extent that the President and the registered officer are the same for both parties, that is true.

The Hon. ROBERT BORSAK: It is true therefore to say that the Outdoor Recreation Party [ORP] is a front organisation for the Liberal Democratic Party [LDP]?

CHAIR: That is outside of the terms of reference of this Committee.

The Hon. TREVOR KHAN: It is not slightly out.

CHAIR: You may wish to answer but you do not need to.

The Hon. ROBERT BORSAK: It is a good question that should be answered.

Mr LEYONHJELM: I think I answered that before. The answer is, no. We run them separately. The Outdoor Recreation Party is narrow issue based and the Liberal Democratic Party is philosophy based. The answer is no. I will stop there.

The Hon. ROBERT BORSAK: As part of the administrative difficulties you are obviously having, did at one stage the ORP seek to change its name to the Liberal Democratic Party?

Mr LEYONHJELM: Yes.

The Hon. ROBERT BORSAK: Why was that not successful?

CHAIR: I would remind Committee members to keep the questions in line about the terms of the reference of the Committee and specifically funding of minor parties.

Mr LEYONHJELM: I would prefer not to communicate that with a competitor party.

The Hon. ROBERT BORSAK: That is your right. Do you understand what difficulties you had in relation to that? Was it related to administration?

Mr LEYONHJELM: no.

The Hon. ROBERT BORSAK: Was it related to party membership and cross-fertilisation of party memberships?

Mr LEYONHJELM: No.

The Hon. ROBERT BORSAK: Was it related to the validity of party members and their administration thereof?

Mr LEYONHJELM: No.

The Hon. ROBERT BORSAK: You talk about the difficulties of administering small parties, is it true to say that the Liberal Democratic Party/Outdoor Recreation Party resources in terms of administration and other matters may be used to set up the republican party?

Mr LEYONHJELM: No.

The Hon. ROBERT BORSAK: That is not true?

Mr LEYONHJELM: No.

The Hon. ROBERT BORSAK: So your name will not appear as a registered member or officer of the republican party?

Mr LEYONHJELM: Absolutely not. I have no interest in the republican issue.

The Hon. Dr PETER PHELPS: You said that all the State Government should require is confirmation that a party exists. By party existence what do you mean? What sort of evidentiary proof of the existence of a party as a party rather than one man with a fax machine?

Mr LEYONHJELM: That is a fair question. I thought about that before putting that in my statement. I do not have any quarrel with the Australian Electoral Commission [AEC] approach. They require 500 members. They prefer you to submit 550, they contact a sample of them and they require quite a low denial rate. The vast majority of the people they contact have to say, yes, they are a member. It is by no means automatic. People join political parties and forget they do it. It is still a test but I think it is a legitimate one. If you pass the AEC test you exist. There is no doubt about that and I cannot see what is being achieved by making it more difficult.

The Hon. Dr PETER PHELPS: Your chief concern with the registration process is the 750 members?

Mr LEYONHJELM: No, that is not a problem either. What happens is the 750 members is the minimum, the Electoral Commissioner then writes to all the members on your list and you have to get 750 replies back again. Needless to say, some of them do not reply, some of them have filled in a membership form for the party, and they think the whole process is ridiculous and do not cooperate. If you do not get 750 back you do not get registered.

The Hon. Dr PETER PHELPS: You only submit 750?

Mr LEYONHJELM: No. Effectively you have to submit way more than that. It amounts to probably 1,500 to get 750 back again.

Mr GARETH WARD: You made some comments about the prohibited donor categories and the difficulties you had. Is it your view you would like to see them removed?

Mr LEYONHJELM: I do not think developers who build houses are inherently more corrupt than anybody else. I cannot see why a developer, or anybody for that matter, should not be able to spend their money to promote their political views as they see fit. That was the point. We do not have a particular alliance with developers. We sympathise with them because they get beaten up by everybody else but our view would be if they are not corrupt, and most of them are not, then they should be entitled to spend their money as they choose.

Mr GARETH WARD: Above and beyond the philosophical point is that the group that supported your party in the main in terms of your fundraising?

Mr LEYONHJELM: No, we tried, but we failed. We would gladly take money from developers and we would gladly take money from tobacco companies but so far none of them have taken the bait.

Mr GARETH WARD: In relation to auditing you said you had issues with the auditing process. We had the State director of the Liberal party in his evidence where he talked about the fact that you are required to undertake a full audit and then the Election Funding Authority [EFA] essentially do the same thing; is that your point?

Mr LEYONHJELM: Not just that, you have to get the auditor to sign off on declarations, claims, every damn thing. If you want to claim for the policy development fund it is the same story. The campaign fund has to be signed off and then the EFA wants to audit your books anyway. It looks like they work in silos, they do not talk to each other. We get letters from the EFA saying why did you not report that as your campaign expenditure and we say, we claimed it as a policy development cost. They are as confused as we are about the difference between communicating with the public under administration cost or policy development fund and campaign expenditure. If they are confused I think it is legitimate that we are confused.

Mr GARETH WARD: In relation to the two organisations that you administer, do you see any room for potential conflict? There is a capacity for Federal parties to claim under certain rules as there is for State parties to claim. Is there a possibility there could be cross pollination or duplication of resources?

Mr LEYONHJELM: I do not think our Federal party is entitled to donate to our State party over \$5,000.

Mr GARETH WARD: What about the use of resources that you have purchased using those dollars?

Mr LEYONHJELM: What would they be?

Mr GARETH WARD: I do not know. That would be up to you to tell me.

Mr LEYONHJELM: Nor do I.

Mr GARETH WARD: If you received returns from votes achieved at the Federal level and you used those resources for a State campaign, how would you reflect that in your return? That is potentially a donation in kind.

CHAIR: You may wish to take that on notice.

Mr LEYONHJELM: I do not know the practical answer to that. All political parties that are competing in multiple jurisdictions have that issue.

Mr GARETH WARD: But they do not have two party organisations, they have the one, you have two.

Mr LEYONHJELM: I see. The Liberal Democratic Party does not donate money to the Outdoor Recreation Party. We run them separately. I thought you were talking about Liberal Democratic Party Federal and Liberal Democratic Party State. If you are talking about the Outdoor Recreation Party and Liberal Democratic Party, no, we run them separately. They have separate bank counts. We are subject to duplication of scrutiny by the EFA and any transfer of funds between the Outdoor Recreation Party and Liberal Democratic Party the EFA would pick up it in a heartbeat.

The Hon. ROBERT BORSAK: As the registered officer of both you change hats from one to the other?

Mr LEYONHJELM: Yes.

CHAIR: In a previous answer you talked about potentially receiving donations from developers. Obviously at a State level that is prohibited. I give you the opportunity to clarify that. Perhaps you were talking about the Federal scene.

Mr LEYONHJELM: The Liberal Democratic Party is probably the vehicle where we would encourage that sort of donation anyway. The Outdoor Recreation Party—

CHAIR: Not at a State level? At State level it is illegal.

Mr LEYONHJELM: The current local government elections are the first outing of the Liberal Democratic Party in New South Wales. There have been no donations other than candidates anyway. We have not solicited donations for local government elections because it is so local.

Mr ANDREW FRASER: If the law was changed to allow donations from developers or other prohibited donors, would you see them having to be capped or do you think it should be unlimited?

Mr LEYONHJELM: I cannot see any benefit in capping them. You have to assume that the public vote can be bought, which I do not think is legitimate. You also have to assume that politicians as a group can be bought by donations to their party. I do not think that is legitimate. Most politicians—in fact, nearly all politicians are very honest so I think the assumptions underlying this idea of—

The Hon. TREVOR KHAN: It is good to meet you.

Mr LEYONHJELM: I have some sympathy for you guys. But the assumption behind these caps on donations is that developers are inherently corrupt and that politicians are inherently corruptible. I think it is ridiculous. Neither of them is true.

CHAIR: Just to make myself perfectly clear, obviously soliciting donations at a State or local level from developers is illegal. I just wanted to give you an opportunity to clarify.

Mr LEYONHJELM: No, we have not solicited any at State level. That is not to suggest I wouldn't if I had the opportunity, but I haven't so far.

CHAIR: I thought that was what you were trying to say but I just wanted to give you the opportunity to clarify your remarks for the purposes of Hansard. Thank you for appearing before the Committee today. The Committee may wish to send you some additional questions in writing, the replies to which will form part of your evidence and be made public. Would you be happy to provide a written reply to any further questions?

Mr LEYONHJELM: Yes.

CHAIR: Thank you very much.

(The witness withdrew)

IAN EDWARD SMITH, Treasurer, Christian Democratic Party, and,

RAYMOND LEIGHTON FARLY THEW, Acting State Manager, Christian Democratic Party, sworn and examined:

CHAIR: Thank you for appearing before the Committee to give evidence. Before we proceed do you have questions concerning the procedural information sent to you in relation to witnesses and the hearing process?

Mr THEW: No

Mr I. SMITH: No.

CHAIR: For the Hansard record would you each state your full name, occupation and in what capacity you are appearing before the Committee.

Mr I. SMITH: I am Ian Edward Smith. I am the party agent and treasurer of the Christian Democratic Party.

Mr THEW: I am Raymond Leighton Farly Thew. I am the acting State manager of the Christian Democratic Party.

CHAIR: Do you wish to have your submissions included as part of your sworn evidence?

Mr I. SMITH: Yes.

Mr THEW: I have not made a submission.

CHAIR: Would either of you like to make a short opening statement before the commencement of questions?

Mr I. SMITH: Yes, without repeating what I have sent through. I think the Committee has received my addendum to my original submission, but I suppose just pointing out the fact that in relation to those figures I have reported there if you take into account the role that Mr Thew and I fulfil then you could easily add about \$120,000 to the expenditure that we incurred last year. So as a general overhead figure for administration you are looking at around \$400,000 for the Christian Democratic Party.

But I suppose, as I said, the importance of the two recommendations are that, okay, we support at least a doubling of the administration fund to small parties because of the obligation that we have for many of the requirements of disclosure and just general administration to get the message out there for a particular party to its constituents and the wider public. That requires a full office. We get plenty of requests for information not only from our own members but from people from the public so it is ongoing task, besides all the administration and general day-to-day things that occur.

Mr THEW: I support the submission that Mr Smith has put in. We are very concerned by the level of administrative bureaucracy that has been brought about by the changes in this recent legislation. I certainly feel that the Christian Democratic Party [CDP] is there, as indeed every other political party is there, to give a voice to its constituents and we seem to be bogged down more and more with bureaucratic paperwork. For financial reasons we have to rely more and more on voluntary workers. That unfortunately introduces the potential for errors. If somebody comes in for a day a week or a month of voluntary work and then moves elsewhere it may not be until later on that any errors that that person has made may come to the surface and that has to be undone.

At the local branch level I know I spent several hours in total discussing a recent expenditure because we had to check where the source of the funds had come from and could it then be legally spent on the upcoming local government election for promotional material. No, it can't but it can be spent on the hire of the venue for our monthly meeting, for example. This sort of crazy bureaucracy over a bank account that has less than a thousand dollars in it was way out of proportion with what is really intended.

I have recently applied or filled out the nomination forms to be a local government candidate in my council area. Together with the other two people that are standing alongside me, so far I have only just got off the starting blocks and I have filled out eight separate forms and that has taken me a good half day by the time everybody chases up a Justice of the Peace and crosschecks with others. There is even a concern over the receipt that I was given for the \$375, was it to be three individual receipts or was it to be one combined receipt and I had to check on that bit. There is just a general feeling of frustration amongst leadership particularly, and I am sure other parties feel the same. And the great discouragement is we are there to promote our political perspective and we seem to be bogged down and overburdened with the bureaucratic requirements, which I understand are essential to some extent, but the cost of administering them is getting to be more and more significant.

CHAIR: In terms of your administrative requirements and the expenditure, can you give us an indication of that in percentage terms, particularly what you might have done under the old regime and how that has changed in percentage terms under the new requirements?

Mr THEW: You would have to ask my colleague the treasurer to advise you there.

Mr I. SMITH: It probably has not changed in terms of dollar figures, because I am the person responsible for that and I only get paid an honorarium. Part of our constitution says the treasurer cannot be a paid employee, so I just get a small honorarium. In terms of direct impact dollar-wise it is not a huge amount.

CHAIR: What about in terms of time?

Mr I. SMITH: In time it is probably easily—prior to the new regulations I completed it within a month. This time it dragged on for over a year. As I understand it from the Election Funding Authority [EFA], our submission was one of the best submitted in terms of the level of follow up that was required, but it is just the whole aspect of numerous questions being asked. We had questions being asked by the EFA that were answered for one candidate and exactly the same question was asked for every other one of our candidates. So that meant cut, paste, copy, delete. It was a frustrating effort even though that may only take five or 10 minutes in some cases, but it was an unnecessary effort. Once they had the answer I would have thought that would have been sufficient.

CHAIR: Can you give the Committee an indication of volunteer hours that you would spend on a weekly, monthly or yearly basis and what some of those tasks are and how that changes leading up to an election as well as post election?

Mr I. SMITH: Me personally or the broader office?

CHAIR: Administratively over the party.

Mr I. SMITH: We have people who help with mail outs. We have a 40,000 strong database contact. People help with that. People help with end of year tax advice mail outs. That is a significant activity. I advise in my report the need to purchase a new computer system that we are in the process of installing.

CHAIR: If you were to break it down on a weekly basis, what would be the volunteer hours specifically administratively?

Mr I. SMITH: I would say six to seven days a week.

CHAIR: How many people would that involve?

Mr I. SMITH: Spread across three people, largely, but then we have other people come in on an ad hoc basis as the need arises.

CHAIR: Leading up to an election obviously that increases?

Mr I. SMITH: That increases dramatically, yes.

The Hon. TREVOR KHAN: Your party presently has two elected members. If you were wildly successful at the next State election and got two people up on that round, how would that affect the administrative cost of the operation of your party?

Mr THEW: Do you mean two more people?

The Hon. TREVOR KHAN: Let us say you get three members in.

Mr I. SMITH: On that basis it would not significantly increase costs, as the disclosure would be the same whether it was two elected members or three. You would have one additional parliamentary submission to put in. From the point of view of support it may generate a lot more head office inquiries from the outside public.

The Hon. TREVOR KHAN: If you were wildly unsuccessful and did not get somebody up at the next State election for the upper House, what impact would that have on the administrative burden of operating the party?

Mr I. SMITH: I do not think there would be any reduction necessarily. It may drive us to greater heights to get our message out there to see that more people were elected in the future.

The Hon. TREVOR KHAN: How would you define a minor party?

Mr I. SMITH: I think solely on the basis of the number of representatives in Parliament.

The Hon. TREVOR KHAN: What would you plump for as the definitional line that would change a party from being a minor party to a moderate party, say?

Mr I. SMITH: I think I put in my submission four members.

The Hon. TREVOR KHAN: Is that number chosen by some form of art? Is it because The Greens have five, for instance? Is that the point where you would say they are not entitled to some sort of assistance?

Mr I. SMITH: I think on the basis of the greater representation you have a greater opportunity to solicit donations and hopefully get that support that a smaller party does not have access to. In terms of media representation, that all drives the outward image that a party has. It flows on to possible inflow of funds. Until you have reached a certain level it is very hard to solicit those funds, especially with the new levels of donation cap.

Mr ANDREW FRASER: On a similar line, the Parliamentary Remuneration Tribunal basically defines a party in relation to Parliament as having 10 members or more, or not less than 10 members. I understand the Christian Democratic Party, The Greens and the Shooters and Fishers Party identify themselves as independent in relation to staff allocations within the Parliament. So, they get an extra staff member whereas someone belonging to a major party—Labor, Liberals or The Nationals—is not entitled to that. If you were to change the definition of a party to four members, do you still see yourself or your members as being entitled to that extra staff member?

Mr I. SMITH: That is not something I have specifically solicited with the members.

CHAIR: You may wish to take that on notice.

Mr ANDREW FRASER: How would you view the 10-member definition by the Parliamentary Remuneration Tribunal?

Mr I. SMITH: Obviously there is a degree of momentum you have once you attain that size of representation. You will be able to have a lot of other extra opportunities afforded to you. I think it is a reasonable level.

Mr ANDREW FRASER: In your submission you have said four members, so you would stick with that, or with the 10 as defined by the Parliamentary Remuneration Tribunal?

Mr I. SMITH: I believe it is a reasonable level.

The Hon. ROBERT BORSAK: In your submission you make the point that you have generously donated time to the Christian Democratic Party, that you would spend something like 80 per cent of your time working either for nil remuneration or minimal honoraria. I notice at the start of the evidence today you put a dollar value on that but, for yourself, what sort of dollar value would you put on that?

Mr I. SMITH: If I was paid on the basis of my previous employment, it would be well over six figures. But in terms of the specific roles, you would easily be looking at \$60,000 or \$70,000.

The Hon. ROBERT BORSAK: Would it be true to say that the party could not function without your contribution and perhaps Mr Thew's and other volunteers contributions because it could not raise the money for that administration work if it was not getting those voluntary contributions?

Mr I. SMITH: Most definitely. As I mentioned in my addendum, the time delay in getting the administration funding through this year was quite a difficult time in juggling finances. We were expecting funds to come through reasonably quickly, seeing I had this submission in by early February and it was all okayed early March and I expected it to go to the March review panel and it did not end up going through until the May review panel. So, that was a difficult time in juggling finances to meet our ongoing costs.

The Hon. ROBERT BORSAK: So in your answer just now you are alluding to another issue. You are talking about the availability of working capital, quite aside from free time donated by volunteers. I take it from what you are saying the party had cash flow issues because it was not being paid on a timely enough basis by the Election Funding Authority to reimburse validly and legally spent administration expenses?

Mr I. SMITH: Exactly.

The Hon. ROBERT BORSAK: Going to another part of your submission you talk about the difficulty in dealing with donations that may or may not be legal. Here I refer to the need to ensure that donors are on the relevant electoral roll. Can you tell us what that does to your organisation, those processes. We understand that most of that is also probably been done by volunteers?

Mr I. SMITH: Yes. We are a party that is largely funded by small donors. So, regardless of whether the donation is \$10 or \$1,000 we have to satisfy the requirements of the law. So, we now ask the relevant questions about eligibility when we make an appeal but money still comes in via our website, by direct credit to our bank account, and if we do not have that submission by the individual to say they are eligible to donate, we have to chase that person up. In some cases we may not be able to contact them.

The Hon. ROBERT BORSAK: Is it true to say that you not only have to get a declaration from them but you have to ensure that they are on the electoral roll?

Mr I. SMITH: That is right, included on the electoral roll and so if money comes from interstate—

The Hon. ROBERT BORSAK: What do you do with money that does not qualify?

Mr I. SMITH: It has to be refunded, returned. Possibly in some cases the individual may change the designation. They may change it to be specifically in relation to a Federal activity.

The Hon. ROBERT BORSAK: So you have a significant overhead and a large amount of time spent on dealing with what really is the detritus of the law because now you have to winnow and wean those donations before they come in as opposed to afterwards so you have to change your systems to try to deal with that?

Mr I. SMITH: It is not only trying to identify them beforehand; it is the whole process of recording so that you have got the correct data that then has to be put into disclosures that the Electoral Funding Authority requires in terms of the breakdown.

The Hon. ROBERT BORSAK: Is it true to say that in relation to those donations that you are accountable down to the first dollar by the Electoral Funding Commission in their audit process?

Mr I. SMITH: Down to the cent sometimes. It is ridiculous.

The Hon. ROBERT BORSAK: You have to have a record of a donation that is legally kept, perhaps down to the first cent?

Mr THEW: The dollar.

The Hon. ROBERT BORSAK: Do you think that that level of detail in terms of the audit requirements is too fine?

Mr I. SMITH: I believe so, especially as I said a lot of our donations are very small and the level of reporting and classification of those donations requires time and we would prefer not to have to do that. We could readily pull out the totals and hopefully give the information that is required in a sensible way.

The Hon. ROBERT BORSAK: I take you to another area. Do the branches of the Christian Democratic Party meet in premises owned by other organisations?

The Hon. JOHN AJAKA: Such as church halls?

Mr I. SMITH: They might be church halls or they might hire a council facility?

Mr THEW: A community hall.

The Hon. ROBERT BORSAK: At any stage do any of those branches use those premises free of charge or at a discounted rate?

Mr THEW: From my own experience we hire Mount Colah community hall once a month or once every second month and we pay the normal hire fee for the room, which is something like \$30 or \$40. Sometimes we meet in people's homes and obviously we do not pay any hire of the lounge room. Other branches may meet in a church hall and I do not know what financial arrangements they have there. Probably it is a free use of the hall but I do not know. Does that answer your question?

The Hon. ROBERT BORSAK: Yes, that answers the question. What I was getting to was: do you have an understanding of the law in relation to that area and donations in kind and how that operates in relation to branch meetings?

Mr I. SMITH: I suppose it is something we have been seeking clarification?

The Hon. Dr PETER PHELPS: Surely that would be an administrative expense rather than a campaign expense.

Mr I. SMITH: Yes.

CHAIR: Getting to the issue where you put your submission in for funding and in your submission you said you did not receive it back until 25 May or thereabouts. If that continued on a year-in, year-out basis, what would that do to your party? What pressures would it place and in some years would that mean you would not have enough money to continue your operations?

Mr I. SMITH: It would mean we would have to reduce paid staffing levels and rely a lot more on volunteering activity.

The Hon. Dr PETER PHELPS: Would you say that you would have a relatively fixed cost for administrative expenses for the administration of your party?

Mr I. SMITH: Pretty much.

The Hon. Dr PETER PHELPS: So if you were to reduce to one member, your administrative funding would reduce significantly but your fixed costs would remain the same?

Mr I. SMITH: I believe so.

The Hon. Dr PETER PHELPS: And similarly if you were to get an additional member your fixed costs for running the party would still remain the same but you could get up to \$240,000?

Mr THEW: This is an additional parliamentary member?

The Hon. Dr PETER PHELPS: Yes? Aren't we really saying that there is a fixed level beyond which the administrative funding could in fact exceed your actual requirements for administrative expenses?

Mr I. SMITH: Without actually calculating, there is a possibility of that but I would think, as the Electoral Commissioner has said, there are activities that a party is really obliged to perform and I do not think it is just filling out disclosure forms, processing donations and that type of activity; it is actually trying to get your message out to the broader public.

The Hon. Dr PETER PHELPS: But your assertion in your submission is that an increase in the quantum could allow you to effectively do that?

Mr I. SMITH: Most definitely.

CHAIR: For each elected representative could you provide the Committee with a breakdown of how many hours per week are spent on parliamentary commitments, for example chamber work, preparation for committee meetings, hearings, review of bills, before the Legislative Council or the Legislative Assembly, reviewing correspondence from members of the public and meeting with constituents? Perhaps that is something you might like to take on notice?

Mr THEW: I think I said at least 10 days.

CHAIR: Thank you for appearing before the Committee today. The Committee may wish to send you some additional questions in writing, the replies to which will form part of your evidence and will be made public. Would you be happy to provide a written reply to any further questions?

Mr THEW: Yes.

(The witnesses withdrew)

ROBERT ARTHUR SMITH, Chairman and Registered Officer, Fishing Party, sworn and examined:

CHAIR: Do you have any questions concerning the procedural information sent to you in relation to witnesses and the hearing process?

Mr R. SMITH: No, not at this stage.

CHAIR: Would you like to make a short opening statement before the commencement of questions?

Mr R. SMITH: Yes, I would just like to give a bit of an update on what the Fishing Party is. The Fishing Party was registered with the New South Wales Electoral Commission on 29 January 2002 with the required 750 members. The main aim of the party is to try and get political representation for fishing. It is really a single-issue party with other issues that we can take on. We try to get representation for recreational, commercial and indigenous fishing, with an emphasis on the recreational side of fishing and its associated activities.

I, as registered officer and chairman, ensured that since the inception the party has contested all New South Wales State elections at the two levels of Parliament and there has always been well over the 15 candidates for the upper House and sometimes there have been 20. We have always had four or five lower House candidates in various coastal communities. I have to say that the funding is very short on supply for our party. We operate on a very low budget and we rely on our candidates paying their own nomination fees for elections whereas with the upper House candidates the party usually pays the nomination fee or I even do that myself, being the instigator of the party.

I understand that the \$5,000 fee is a non-claimable expense, so there is no real lost opportunity in my just providing that money. We have also contested some local government elections, and we were involved with some Federal elections while we were registered, and we have been going for 10 years now. We also have a research officer, Mr Paul Hennelly, who is in attendance here. He does a lot of our researching on a daily basis. We have made a few submissions to and taken part in a few inquiries; we put in a submission to and attended the poverty commission and the recreational fishing inquiries. We have attended the grey nurse shark inquiry, and the court case, and we also put a submission to and attended the electricity inquiry. We did not get called as witnesses, but we were there. We rely on member affiliations and small donations from those members.

We do not have any donations from non-members. It is very difficult for a minor party that is not in the loop, as we call it, where funding is available. I am pretty sure that if that funding were available we could advance our party's aim to become better known, a bit more active and a bit more politically incorporated. My main gripe is having to pay audit fees for nil returns in election campaigns, especially when you have 15 to 20 candidates on an upper House ticket that have a nil return and have to be included in the audit; the paperwork and so on seems to be a bit of a waste of time, and unnecessary in my opinion, especially when local governments allow an audit-free return of under \$2,500 for a local government candidate. It seems a little silly to require an audit for a nil return at State level.

CHAIR: Do you think funding levels should change? And if so, why and how?

Mr R. SMITH: I would certainly like to see some funding made available for non-elected candidates. It is very difficult for minor parties to get established. Now that the electoral laws have changed and donations have to be by enrolled electors instead of entities, these days the little parties find it too hard to get the money to get established. If you are established and got involved, then it keeps leading on to more advantages of being in the system. That is the difficulty.

CHAIR: In terms of compliance with administration, what would be your level of expenditure? And, specifically, what areas do you break that down into?

Mr R. SMITH: As you are probably aware, our system involves all voluntary work. We do not have very many people doing anything; there are usually just the two of us doing the administration side of things and the research. Our expenses are mostly just time-consuming expenses. We do send out a newsletter once in a while, because we are limited by funds on what we can send out. But coming towards an election, because our membership is on a three-year cycle, we send out notices and so on to our members. We have a website, which obviously needs updating; especially around election time, when we put a bit of stuff on the website. Other than

that, it is just a matter of trying to promote the party from the best experiences we have, and it is very difficult for a minor party.

CHAIR: You spoke of volunteers helping out the party. Could you quantify that in terms of hours spent by volunteers, particularly providing administrative support for the party?

Mr R. SMITH: I am the person who is responsible for getting most of that information together. I would estimate that I would probably do about four hours a day on some form of research and administration for the party, whether that is checking enrolments of our members. I find that that is one of our main issues: a lot of members do not forward their details if they change address, and we are told by the State Electoral Commission that they are not on the roll any more, or that their addresses are invalid, and so on. We like to keep those members, so we do research. I come down to Sydney—a four-hour drive—and go to the Australian Electoral Commission office and check on the roll about three times a year.

CHAIR: Obviously, leading up to an election, that administrative support would increase.

Mr R. SMITH: That is true, especially when we seek candidates. They are not just Sydney based or Newcastle based. Our candidates come from all over the State. So it is fairly time consuming and research time consuming to make sure that all their details are correct, because it is so frustrating to come all the way down to the State Electoral Office and find out you have not put a "t" on that or a dot on that, and you have to do it all again. I have told them that a few times, and that does not go down real well.

The Hon. ROBERT BORSAK: Mr Smith, as the registered officer of a minor party, do you find it a little difficult to understand the difference between administration funding and electoral funding expenditures?

Mr R. SMITH: Yes, because of the difference between the Federal system and the State system. At the Federal level, you get so much money per vote whether you spend that money or not. We find that a lot easier, especially if you get over 4 per cent of the vote, than trying to get a return on the money that you have actually spent on electoral expenses. I know there is a limit on that, but you have to have that money to spend first before you can even put in a request for funding; and then you have to get the 4 per cent. A minor party can spend \$100,000, I think the limit is, or \$120,000, per candidate and not get elected and not get 4 per cent of the vote, so there is no return for the minor party.

The Hon. ROBERT BORSAK: Do you actually quarantine your funds in separate bank accounts?

Mr R. SMITH: We are no longer registered at the Federal level anyway, so all our funding now is at the State level.

The Hon. ROBERT BORSAK: Even at the State level and electoral funding expenditure?

Mr R. SMITH: We have not had that success yet to have electoral funding money. It has all been administration money.

The Hon. ROBERT BORSAK: So what you have stated today is that the majority, if not all, of the resources provided to your party primarily come from volunteer effort?

Mr R. SMITH: Correct, and memberships; and it is all for administration, because most of our results have been about 3.7 per cent in the elections.

The Hon. ROBERT BORSAK: You have not sought to avail yourself of the funding that is available, the development funding that is available for smaller parties?

Mr R. SMITH: No, we have not gone to that extreme.

The Hon. ROBERT BORSAK: Why is that?

Mr R. SMITH: Probably because of lack of volunteers to get involved with it. There is a lot of paperwork involved and it is sort of left up to the two of us to do it. It is probably lack of knowledge of what is entailed and how it is done and what is involved and whether we really wanted to get involved in that at this stage without having anybody elected in the system.

Mr ANDREW FRASER: You said earlier that your donations come from members and you have no donations from non-members. Is that because you do not solicit donations at all?

Mr R. SMITH: That is correct. I guess if they read our newsletters, et cetera, they can donate, but we have not been successful in getting any donations from non-members.

The Hon. Dr PETER PHELPS: This is not a question but I think you should probably contact the Election Funding Authority and take advantage of the party development funds that are available. It is just an observation. They are there; you might as well use them.

Mr DARYL MAGUIRE: How many members are you administering?

Mr R. SMITH: We only have the required membership. I think we just maintain about 755 members each year. So, as they drop out we just go and seek some more to make sure that we have just got enough members to satisfy the Electoral Commission.

Mr DARYL MAGUIRE: So you actively are not trying to grow the membership base, just to maintain—

Mr R. SMITH: That chance is always there. On our website we seek memberships. It is unlimited. We would love to have 100,000 members in the party but it does not work that way.

Mr ANDREW FRASER: Do you see yourself as a party or more as a lobby group?

Mr R. SMITH: We started off as a lobby group. We cannot really see why we could not obtain a member in the New South Wales Parliament.

Mr ANDREW FRASER: But if you are not availing yourself of funding that is available it is almost a half-hearted attempt at a political party, I would suggest.

Mr R. SMITH: For a minor party I guess you could say that. We should take advantage of it if there was money available; I have to agree with that, yes.

CHAIR: Thank you for appearing before the Committee today. The Committee may wish to send you some additional questions in writing, the replies to which will form part of your evidence and may be made public. Would you be happy to provide a written reply to any further questions?

Mr R. SMITH: Yes, I would.

(The witness withdrew)

(Short adjournment)

CHARLES MATCHAM PITT, Independent Auditor, Shooters and Fishers Party, and,

STEPHEN FRANK LARSSON, Deputy Registered Officer, Shooters and Fishers Party, sworn and examined:

CHAIR: Before we proceed do you have any questions concerning the procedural information sent to you in relation to witnesses and the hearing process?

Mr LARSSON: No.

Mr PITT: No.

CHAIR: For the record would you each please state your full name, occupation and in what capacity you are appearing before the Committee.

Mr PITT: My name is Charles Matcham Pitt. I am a chartered accountant, I am a registered company auditor and I am appearing as an independent auditor of the Shooters and Fishers Party.

Mr LARSSON: Stephen Frank Larsson. I am a consultant and I am appearing before the Committee as the deputy registered officer for the Shooters and Fishers Party.

CHAIR: Do you wish to have the Shooters and Fishers Party submission included as part of your sworn evidence?

Mr LARSSON: Yes.

CHAIR: Would you like to make a short opening statement before the commencement of questions?

Mr LARSSON: I would like to read a prepared statement, if I may.

CHAIR: That is not a problem. Please proceed.

Mr LARSSON: The Shooters and Fishers Party sees this Election Funding, Expenditure and Disclosures Act as currently amended as punitive legislation designed to attack the current Government's major opposition and nobble the minor parties. It does this in two ways. Firstly, by cutting off the main income stream, political donations, and making it illegal for clubs and associations to donate on behalf of their members. Secondly, by creating a regulatory regime in the guise of probity purporting to control and track taxpayer funded administration through overweening compliance and bureaucratic detail and burden which minor parties are simply not set up to cope with. The quarantining of funds between administration and election accounts causes major problems for small parties. We understand the need to ensure proper use of taxpayer money but, with funding available in both of these areas, compliance could best be controlled through audit; not through quarantining. There should be a capacity to combine administration and election accounts and we see no practical reason for the current arrangement.

The amendments to the Act introduced by Labor in 2010 and the Coalition in 2012 have had a profound effect on how our party operates. The Shooters and Fishers Party are on record from the two previous inquiries as opposing these reforms, which we were told would be for the good of democracy and representative Government. We were told that it would help limit the corrupting influence of external donations and, by capping expenditure, create a level playing field in the contest for ideas, minds and votes. Nothing could be further from the truth. We now see there is a more deep-seated corruption of a different kind which sees the major political parties now using electoral laws as weapons against one another and against the emergence of new ideas and players in the political game.

The Act as it stands fails to achieve any of the lofty ideals espoused by many witnesses to the previous inquiries. It is a creature of the perverse logic of The Greens and their "democracy for sale" campaigns. Democracy has not been sold; it has been sold out. The Shooters and Fishers Party, instead of devoting the bulk of our modest financial resources to advocating for and supporting our constituents, has been forced by this Act to spend a substantial part of our money and time on compliance. Our auditing and compliance costs last year increased by 322 per cent over 2010 thanks to the new compliance requirements of this Act.

We have been forced to embark on a comprehensive education campaign, again at considerable cost, to explain to our constituents the impacts of this legislation and how it affects them. We have had to change our structure from what was once a predominantly voluntary organisation to one that increasingly must employ full-time and part-time paid employees. In fact, I attended the Valleybrook Hunting Club annual general meeting in Muswellbrook last night to do just that: to inform members of the new limitations that have been placed on their right to free speech and ability to support their chosen party in the best way that the less wealthy can do; that is, through their combined voice as an association. That is, a union of citizens with a common voice and cause.

This legislation perversely tilts the political playing field acutely in favour of the major parties. It is blatantly un-Australian and inhibits participation of ordinary citizens in the political process. It imposes an effective barrier to entry for new political parties in formation and their electoral prospects. The Shooters and Fishers Party has traditionally contested only Legislative Council elections; however, we do wish to expand our campaigning into lower House seats. Unfortunately this plan has had to be put on hold indefinitely because of the fundraising issues we currently face. Thus another barrier to political free speech has been affected.

Hunting and shooting have been an essential part of Australia's cultural heritage since before the arrival of the First Fleet, just down the road from this place. The shooters and fishers in New South Wales have proudly served this country well during conflict and in peacetime. We deserve and expect better, and to be treated fairly. The Shooters and Fishers Party mission is to see that the cultural and socially healthy heritage of shooting, hunting and fishing and its related support structures and values, such as conservation, sustainable use, viable rural communities and healthy cities, amongst others, are further promulgated and continue to grow.

Frankly the current laws are regressive; they limit free speech and, therefore, representation. The Shooters and Fishers Party has been around for 20 years in May this year and we intend to be around for a long time to come and to increase our representation. To end on a positive note, I would like to thank—yes, thank—the architects of the current version of the Election Funding, Expenditure and Disclosures Act 1981 for those overly clever people have given the one million plus shooters and fishers in New South Wales even more reason to support our party and cause.

CHAIR: Thank you, Mr Larsson. Mr Pitt, do you have an opening statement?

Mr PITT: Not a lot to say. I will read from my covering letter which I attached to the submission:

Our comments and observations are that of the Party's auditor ... to communicate clearly both to the government and to the New South Wales Parliament the deleterious financial impact of the changes to the Electoral Funding, Expenditure and Disclosure Act, 1981, for the Party to operate in its current form and the scale of the administration required under the new Legislation.

There is a current an inherent inequity and uncertainty regarding the continuation of the Party if the full extent of the administrative requirements were put in place immediately, without adequate funding.

What I am seeking to say here is that if they do not get any additional funding and everything stays the same and they seek to try to implement all the requirements, they have not got the funds available to do so. Therefore the whole scale of how they are operating at the moment is put at risk and they would have to come down or change altogether.

They require funding to put in place all the administrative requirements. At the moment they do not have an office. As others have said, they are working out of offices in homes and are spread around. It needs to centralise the management. It has to have a receptionist, a chief executive officer, and people to administer the party. If they do not have that infrastructure in place what I am told is that they cannot meet the requirements of the legislation. What I am saying is if they proceed down this track they have to find the money from somewhere. It may not come from membership and they need to be funded by Government to put that infrastructure in place.

CHAIR: We heard from another party about the delay from when they put their submission in to the day they received the funding. Can you talk us through how that affected your party?

Mr PITT: Can you repeat that question?

CHAIR: We heard from another party that when they put their submission in for electoral funding it took a number of months to receive that funding and it had an impact on their party. Did that occur with your party and if so how and what were the impacts?

Mr PITT: We are the auditors so we only see the events afterwards. We are aware that there were short terms borrowings to cover them for a period and that was disclosed on the electoral return. They had to seek short term borrowing to meet their expenditure.

CHAIR: If that was to continue year-in year-out what impacts would that have?

Mr LARSSON: I do not think the party could operate in that circumstance year-in year-out, it is unsustainable. We need to move from a level of volunteerism, as we are at the moment, into a fully professional office fitted out organisation. We do not have lavish offices in William Street or Sussex Street.

The Hon. ROBERT BORSAK: We have a garage in Castle Hill.

Mr LARSSON: That is right. We need to move up to the next level and we need funding to do that.

Mr ANDREW FRASER: Parties in the past have, through their membership, funded offices. I notice in your submission you are asking for \$100,000 capital input to get yourselves established. Why would you not go back to your members for that?

Mr LARSSON: It is difficult to attract funding from volunteer organisations and clubs.

Mr ANDREW FRASER: I would suggest that all parties in the past, including the Labor Party, have started with volunteers and worked their way up to growing their assets, to the extent they have assets in relation to offices. Why should the Shooters and Fishers Party be any different?

Mr LARSSON: We need to move into a fully serviced office and that does not come at nil cost.

Mr ANDREW FRASER: It has not come at a nil cost to other parties over the years either. It has been the membership that has supported the party, through foundations, or whatever, to ensure they have the assets they have today. In other words, you have to crawl before you can walk.

Mr LARSSON: Under the funding of this legislation, the administration expenditure, that is what we would use to establish the premises we require.

Mr ANDREW FRASER: You feel \$100,000 would be enough to establish an office and if so where?

Mr LARSSON: Not in its own right. I think the figure we are looking at is in the order of \$350,000.

Mr ANDREW FRASER: Your submission says you need \$100,000 capital. If you are given that \$100,000 do you feel that other political parties, even existing political parties, should be given an equal amount of funding?

Mr LARSSON: I think that is not unreasonable.

The Hon. Dr PETER PHELPS: Putting aside the conspiracy theories of big parties being out to get little parties, can I summarise your basic argument as this: there are new and significant costs incurred by the new administrative arrangements?

Mr LARSSON: Yes.

The Hon. Dr PETER PHELPS: Because of your brief donation structure you have lost a significant amount of money through the new donation rules.

Mr LARSSON: That is correct.

The Hon. Dr PETER PHELPS: And together the two of those put you in a position where your administrative costs are significant?

Mr LARSSON: Yes.

Mr PITT: Yes.

The Hon. Dr PETER PHELPS: Through no fault of your own you find yourself in the situation of a shortfall and because these two changes were ostensibly brought about by Government legislation there is a property right argument that you should be compensated for those changes. Would that be correct?

Mr LARSSON: Yes.

Mr PITT: That is a way of saying it.

The Hon. Dr PETER PHELPS: You could have said that without saying we are out to get the smaller parties.

Mr LARSSON: I do not think we said we are out to get the bigger parties.

The Hon. Dr PETER PHELPS: I thought you implied the bigger parties were out to get the little parties.

Mr LARSSON: Of course.

The Hon. Dr PETER PHELPS: As long as they stay little.

Mr LARSSON: My point.

Mr GARETH WARD: Following on from Dr Phelps' point, surely you acknowledge that the changes affect larger parties too. We are now not going to be able to collect from a large group of people. I find it extraordinary that you feel you should be compensated for that whilst everybody else has to wear the pain.

Mr LARSSON: There are certain fixed costs.

Mr GARETH WARD: We have those too.

Mr LARSSON: We wear those. You have many more staff and volunteers.

Mr GARETH WARD: Because we have a larger membership base.

CHAIR: Order! Let Mr Larsson answer the question you asked him.

Mr LARSSON: At the moment our party has literally a handful of volunteers and staff. The onerous requirements that we have been going through in terms of audit by the Election Funding Authority, the annual returns and validating our 750 membership base each and every year puts an enormous strain on us, and for a smaller party to survive we need the funding that we have requested.

Mr GARETH WARD: I absolutely agree with you. I think that anyone who has occupied your chair from an administrative point of view for a political party would agree in relation to bringing the audit system in line with the Federal system. Do you not accept that every party will be affected by these changes in the same proportion in relation to changes to developers?

Mr LARSSON: I do not think in the same proportion, no, because the smaller parties are less able to accommodate these changes.

Mr GARETH WARD: Can I ask you something you said about free speech. You said, "These changes impinge upon free speech." Why do you think that?

Mr LARSSON: This legislation stops people in the regional areas from having their donations provided to political parties of their choice and through that mechanism they do not have a say.

Mr GARETH WARD: Putting aside there is no constitutional right to free speech.

The Hon. TREVOR KHAN: That is questionable.

Mr GARETH WARD: We can talk about that later.

The Hon. ROBERT BORSAK: Talk about it now.

CHAIR: Order! Mr Ward, can you focus on the question.

The Hon. Dr PETER PHELPS: There is no free speech in this Committee.

Mr GARETH WARD: Can I ask you to elaborate on that? If someone wants to donate to a political party they can. You can give a donation as an individual so why do you think this somehow impacts on free speech?

Mr LARSSON: It makes it harder. We see it as an impediment if individuals have to dig into their own pocket instead of having the club or association collate and aggregate those funds on their behalf.

Mr ANDREW FRASER: Surely individuals can still give?

Mr LARSSON: Of course they can.

Mr ANDREW FRASER: A club or association would be the equivalent of membership of any other political party.

Mr LARSSON: No.

The Hon. ROBERT BORSAK: A club association is not the same as a political party.

The Hon. TREVOR KHAN: This is off point.

CHAIR: Order! We are going outside the terms of reference. I remind Committee members to stick to the terms of reference of this Committee.

Mr ANDREW FRASER: Can I ask a similar question to what I asked previous witnesses. In your recommendation you state, "Funding for smaller parties, taking into account cash flow, has working capital implications for smaller parties with four or less members." There is no legislation that says a political party is recognised within the Parliament but there is basically a ruling from the parliamentary Remuneration Tribunal [PRT] that says that a political party with 10 members or more may have officer status within the party. Do you think that should be varied? Do you think it is fair that someone who claims party status also claims independent status under the Parliamentary Remuneration Tribunal and gets extra staff within the parliamentary system?

Mr LARSSON: I am not thoroughly familiar with the parliamentary process but I think we should take that question on notice and get back to you.

Mr DARYL MAGUIRE: How many members do you administer?

Mr LARSSON: I do not have that figure to hand but it is strictly confidential. That is our party policy.

Mr DARYL MAGUIRE: I am interested because of the administrative costs associated now with running a party and ensuring that those members when they donate are not developers and are not associated with certain industries being excluded. What I am trying to work out is, if you have 1,000 members or 200 members, the percentage to cost of administering that membership. It must be having a detrimental effect on your cash flow?

Mr LARSSON: Exactly. We receive donations and then we have to go through the checking process to make sure they are legitimate donations.

Mr DARYL MAGUIRE: I do not know how many members you have, I am trying to find out. What I am asking, percentage to cost, how much per member is it costing you to administer your party?

Mr LARSSON: Substantial amounts. We have had to go through that checking process. We are in the procedure at the moment of developing some rather sophisticated software that will allow us to check that against the Electoral Commission database of registered voters. That is what we are doing at the moment, so the costs are substantial.

The Hon. TREVOR KHAN: What does substantial mean?

Mr LARSSON: We have not finished yet. We paid the consultants who are developing the software a substantial cheque last week.

CHAIR: Would you be happy to take that question on notice?

Mr LARSSON: Yes.

The Hon. TREVOR KHAN: Can we get something more than substantial?

Mr LARSSON: If you are after a figure, yes, we can provide a figure.

Mr DARYL MAGUIRE: We are interested in the impact. We know what the larger parties' costings and administration are but we do not know what yours is to try to determine what is going on.

Mr PITT: I would say they would be similar because you still go through the same process. A larger party is only talking about scale but the process and the checking is the same for a larger party as for a small party.

Mr DARYL MAGUIRE: I would suggest if you have the technology available you could lessen costs, and you are working towards that, as you have stated, so if you are doing this manually the cost would be far higher than an organisation that has electronic technology and the systems that are linked into the Electoral Commission, and so on.

Mr PITT: That is what we are addressing at the moment.

Mr LARSSON: Anyway, we are happy to get back to you.

The Hon. Dr PETER PHELPS: If you are concerned about releasing total quantum of administrative costs, would you be able to do it on the basis of a cost per member for party administration?

Mr LARSSON: We do not operate that way but—

The Hon. Dr PETER PHELPS: You know how many party members you have, you do not want to tell us—

Mr LARSSON: No, I do not. I honestly do not.

The Hon. TREVOR KHAN: Fair dinkum?

Mr LARSSON: I personally do not. Our Treasurer may.

The Hon. TREVOR KHAN: Can you give us a rough count?

Mr LARSSON: I cannot. I have taken the question on notice.

The Hon. Dr PETER PHELPS: I can understand your party does not want to release its financials or its membership base. But I think it would be useful, because everyone here would know how much it costs for administration per member in our parties. It would be good to know, in view of your complaint about the costs incurred by these new arrangements, to know exactly what the administrative cost is per member. I do not think

that compromises your total quantum of financials or your total quantum of members, but it allows us a better base of comparison.

CHAIR: Mr Larsson said he would take that on notice and provide that. I think he has the feel of the Committee that that would be useful, particularly when this is an inquiry into funding for minor parties.

The Hon. Dr PETER PHELPS: And the rationale for particularised higher levels of funding to minor parties.

Mr GARETH WARD: Am I right in saying that probably the number one problem from your point of view with existing legislation is the administrative burden it places on minor parties?

Mr LARSSON: Yes.

Mr GARETH WARD: You would know something about how the Federal system operates. Do you think that system is an inequitable system but manageable?

Mr LARSSON: I think it is more sensible, yes.

The Hon. ROBERT BORSAK: Mr Fraser was quite rightly referring you to the accumulation of assets and the working capital of older parties and larger parties. In your statement you alluded to the age of the Shooters and Fishers Party, and being some 20 years old—I do not know how old The Nationals are—

The Hon. TREVOR KHAN: 1922.

The Hon. Dr PETER PHELPS: But then again we had Remo Nogarotto so that covers a lot of assets.

CHAIR: We will be here all day if Committee members have side conversations.

The Hon. ROBERT BORSAK: Would you please direct the Hon. Dr Peter Phelps to stop putting me off the question?

CHAIR: The Hon. Robert Borsak has the call.

The Hon. ROBERT BORSAK: What I was trying to tease out of Mr Larsson is, is it true to say that the net asset position of an organisation—in this case the organisation is a party—particularly with the way the current definition of administration money and the quarantining of that from electoral funding moneys is of particular relevance?

The Hon. TREVOR KHAN: Point of order: We are going to areas that are not relevant.

The Hon. ROBERT BORSAK: Let me finish the question. This is entirely relevant.

CHAIR: I am happy to hear the question.

Mr LARSSON: Me too.

The Hon. ROBERT BORSAK: Parties that have a respectable age and develop those assets and cash flow, whether they be trusts, whether they be land or buildings, whether they be people resources under an old regime that did not have the same strictures around it that the current regime has. Am I right in saying that?

Mr LARSSON: Absolutely.

The Hon. ROBERT BORSAK: Am I right in also saying that given the restrictions—

The Hon. TREVOR KHAN: Did you change your name to Dorothy?

CHAIR: Members should leave their side conversations outside. We have a full schedule today. There are a number of important questions that the inquiry needs to ask. I ask all members to provide this Committee with the respect it deserves.

The Hon. ROBERT BORSAK: All I am trying to do—

The Hon. TREVOR KHAN: I know what you are trying to do; I do not know whether the witness is required to do it.

CHAIR: The Hon. Robert Borsak will direct his questions to the witnesses.

The Hon. ROBERT BORSAK: I have been completely put off my question. I give up. I cede to the questions of the large parties.

The Hon. TREVOR KHAN: Can I go to the terms of reference? You heard me earlier put questions to the Christian Democratic Party with regard to the effect of a number of parliamentary representatives. If you were extraordinarily successful at the next State election and had two people elected to the upper House at the election; what effect would that have on the administrative costs of the operation of the party?

Mr LARSSON: As I was trying to allude to before, there are certain fixed costs, and the incremental cost would obviously be higher but how much higher we do not know.

The Hon. TREVOR KHAN: If you were wholly unsuccessful and lost a member at the next election, what effect would that have on the administrative costs of the operation?

Mr LARSSON: To the first point, that is highly unlikely, I think. Secondly, again there is a fixed cost which will still need to be borne by whatever number of members we have in Parliament.

The Hon. TREVOR KHAN: If you were extraordinarily successful at the next two elections and ended up with five members, how would you then characterise yourself? Would you characterise yourself as no longer a minor or small party?

Mr LARSSON: I think if we had five members we would, I guess, be on equal footing with The Greens and they would not like us to be calling themselves a minor party, I guess. I think that is around where the boundary is—four to five.

The Hon. TREVOR KHAN: How would you contemplate your administrative costs having increased by having five members as opposed to four?

Mr LARSSON: They would certainly increase. How would I contemplate them?

The Hon. TREVOR KHAN: Yes, what would the nature of those increased costs be?

Mr LARSSON: They would be higher obviously. I cannot say at this stage until I get there.

Mr PITT: If I could speak as an accountant, what you are saying is that you have certain fixed costs and those fixed costs will be there regardless of whether you have got five or two or 12 members because you will still need certain infrastructure in place. That is really the basis of the submission; they need to put in place infrastructure now in order to continue. Whether it comes back to if you have got one or two members, you really still have to continue; you still have to do the returns, you still have to answer the phone, you still have to do all those things.

The Hon. TREVOR KHAN: We are in extraordinary agreement in that regard.

Mr PITT: But what is a fixed cost? You really have to go to budget. It would change for every circumstance. You would have to go back and see whether you could still continue to afford it. All of that submission is how much can you afford and is the money coming in from the Government sufficient and the money coming in from your members—while some membership has been reduced—is it sufficient to continue in the same structure, the same scale and offering the same services. It changes when the funding changes.

Mr GARETH WARD: I ask for clarity in relation to minor parties and this question was asked earlier. What would you consider to be the definition of a minor party because there are some that would argue that a minor party is not just the Legislative Council representation? It may be a composition of both Legislative

Council and Legislative Assembly members rather than just Legislative Council members. What would you consider to be a responsible definition for a minor party?

Mr LARSSON: I think four members in Parliament.

Mr GARETH WARD: In Parliament—so Legislative Assembly, Legislative Council?

Mr LARSSON: Well, at the moment we are thinking of the Legislative Council—four.

Mr ANDREW FRASER: In your submission at recommendation 3 you say "funding the increase for parties with four or less members in Parliament to an amount of at least \$500,000 per annum". Does that reflect your administrative costs or would you have a surplus over and above that if you were given \$500,000 a year?

Mr PITT: What, an additional \$500,000 expenditure?

Mr ANDREW FRASER: You are saying funding the increase for parties to an amount of at least \$500,000 a year. I am saying is that your expenditure or do you have a surplus over and above? If you were given a \$500,000 a year, are you going to spend it all on administration?

Mr PITT: You could, yes. The budget at the moment would be, yes.

Mr ANDREW FRASER: How did you base that \$500,000 a year in your submission?

Mr PITT: You would have to come back to Mr Larsson. He is going through that at the moment. There is a budget and \$500,000 would be fully spent on administration.

The Hon. TREVOR KHAN: That is not correct.

The Hon. Dr PETER PHELPS: Could be.

Mr PITT: That is what I said earlier.

The Hon. Dr PETER PHELPS: Putting aside your ideological problems with the current legislation, would an increase in your annualised administrative funding at least be able to cover your administrative costs? Even though you do not like it, you could live with a situation where your administrative costs were covered by an increase in annualised funding?

Mr LARSSON: Depending on what level that increase was.

CHAIR: Thank you for appearing before the Committee today. The Committee may wish to send you some additional questions in writing, the replies to which will form part of your evidence and be made public. Would you be happy to provide a written reply to any further questions?

Mr LARSSON: Certainly.

CHAIR: Thank you for appearing today.

(The witnesses withdrew)

GRAEME EDWARD DUNNE, Party Agent, Australian Sex Party, New South Wales, affirmed and examined:

CHAIR: Thank you for appearing before the Committee today to give evidence. Before we proceed do you have any questions concerning the procedural information sent to you in relation to witnesses and the hearing process?

Mr DUNNE: No.

CHAIR: Would you like to make a short opening statement before the commencement of questions?

Mr DUNNE: Yes, I have prepared something that is very brief. Thank you for inviting me to appear on behalf of the Sex Party New South Wales. I am curious why we have been asked to appear as the Sex Party has not had a member elected to Parliament, does not receive any administrative funding and the Sex Party New South Wales is not recognised as a registered political party for New South Wales State elections. We exist as an unregistered party. New South Wales funding and disclosure laws make it very difficult for a new small party to exist.

We are currently only registered as a political party for local government purposes and are subject to the full reporting requirements of every New South Wales political party, registered or otherwise. Our receipts and expenditure are miniscule compared to the major parties, the minor parties and in fact any party that has elected representatives in New South Wales. The current system does not reflect the variety of parliamentary representation that the community expects and wants. There needs to be a greater flexibility within the system to reflect the varying sizes of political parties.

CHAIR: If I could just make a point of clarification: As Chair, we invited all parties to give evidence before this inquiry. I accept that you might not have been registered but you did run candidates as Independents because you were not a registered party and on that basis you were invited to appear before this Committee and we thank you very much for taking that opportunity. I will ask the first question. Do you think the funding levels should change and if so why and how?

Mr DUNNE: The funding levels for the administrative payments? I would say I do not know enough about them but we would be quite happy with those funding arrangements if we had elected members in the New South Wales Parliament.

The Hon. Dr PETER PHELPS: Is one of the reasons why you have not registered for State electoral events due to the administrative burdens or are there other reasons? Is it the 750 requirements?

Mr DUNNE: It is a combination of reasons. The 750 requirement is very onerous, particularly knowing that the returns required for the Electoral Commission—a statutory declaration back to the party and then when the Electoral Commissioner has checked, another declaration back, so that is at least two that a member has to return. We know that even if we attain 750 members we would be lucky if half of those and even less respond so we know we have to build up to something like 1,500 members before we can even think about applying for registration.

It is still one of our goals and we hope to be able to register in time for the next New South Wales State election. The administrative restrictions go hand in hand with that, in that we run on a shoestring, on next to nothing, and on the goodwill of volunteers. To build up the administration to in fact service 1,500 or 2,000 members, and to be able to canvass widely to build those members and retain them, and hopefully have 750 reply to the Electoral Commission, would be an administrative and cost burden.

CHAIR: Can you give us some understanding of what level of volunteering occurs in your organisation? And could you put a time on that? Is it 10 hours a week, 50 hours a week?

Mr DUNNE: It is a bit of a how long is a piece of string question, particularly for a small party. The nature of volunteering varies. In terms of actually running the party, we hold a monthly party meeting in Sydney. We would normally have around 20 people turn up to each monthly meeting; they are all party members. Decisions are made at those meetings. So they are all volunteering within the administration. To get those members to the table, and to get that meeting held, there are three officers within the party that probably do most to get the event organised on a monthly basis: the secretary, myself as the party agent, and to a lesser

degree, but it varies, the registered officer. On any given slow month, where there is not much happening except a standard agenda, that might take 10 hours work, or it might take more than that. However, if there are procedures, policies or other matters to be developed, then the amount of time involved would increase.

CHAIR: If you had to put a dollar value on that, would you be able to do that?

Mr DUNNE: I cannot put a dollar value on it, no.

The Hon. TREVOR KHAN: Can you give us an indication of the annual turnover of the party? How much do you spend?

Mr DUNNE: It is miniscule, as I said in my opening statement. In the last financial year we took in just over \$2,300 and we spent about \$1,500 or a little bit more. Interestingly, when we break down that expenditure, \$440 of it was spent on having our return for the first financial year that we existed, which was only for a few months, audited. In fact you will see, if you look at our return, that our financial statement showed that in that period we took in no money and we spent no money. We did exist somewhat on donated services, but those were miniscule as well. So a third of the money that we spent was on our audit.

CHAIR: How much time did you devote to the preparation of policy, submissions and the like?

Mr DUNNE: Again, that is somewhat of a how long is a piece of string question. I asked our registered officer, Andrew Patterson, how long he would put into submissions, because he drafts the submissions. He said, "If I have to put a figure on it, I would say 10 hours. But again, that could vary." In terms of procedural writing, again it could well be 10 hours all up, considering that procedures when drafted by a member, or policy ideas that are put, go before the monthly meeting and are considered by the membership. So, if we have 20 members there, they are putting in their hour or whatever—actually, our meetings run anything from an hour to an hour and three-quarters.

CHAIR: In your evidence you suggested that one of your goals is to increase your party membership to a figure that would allow you to then be registered. What impacts have you seen, or have you thought about, in terms of the cost of administration or policy work if you hit a certain number?

Mr DUNNE: I have not considered that.

CHAIR: Do you believe that would increase?

Mr DUNNE: Absolutely, yes. I will say that while I talked about party volunteers for administration, of course that is not at election times. As you would all know, the volunteers then come out in much larger numbers, and they are not necessarily members of the party; they are supporters or whatever. So I was not talking about volunteers outside the general administrative process.

CHAIR: I appreciate that. Thank you very much for appearing before the Committee today. The Committee may wish to send you some additional questions in writing, the replies to which will form part of your evidence and be made public. Would you be happy to provide a written reply to any further questions that the Committee may have?

Mr DUNNE: Yes.

(The witness withdrew)

(The Committee adjourned at 11.45 a.m.)