

**Submission  
No 120**

## **INQUIRY INTO ELECTORAL AND POLITICAL PARTY FUNDING**

**Organisation:** The Nationals - NSW Secretariat  
**Name:** Ms Christine Ferguson  
**Position:** Chairman  
**Telephone:** 02 9299 5811  
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# THE NATIONALS

15 February 2008

The Director  
Select Committee on Electoral and Party Funding  
Legislative Council  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

Dear Sirs

The National Party of Australia – NSW appreciates the opportunity to make the following submission to the Select Committee on Electoral and Party Funding.

We appreciate your consideration of this submission as part of the Inquiry.

Yours sincerely,



Christine Ferguson  
Chairman

New South Wales Secretariat

All correspondence to: Level 5, Lisgar House 30 Carrington Street SYDNEY NSW 2000

GPO Box 4558 SYDNEY NSW 2001 Telephone 02 9299 5811 Facsimile 02 9299 5636 Toll Free 1800 672 263 email [nswnationals@nationals.org.au](mailto:nswnationals@nationals.org.au)

website [www.nsw.nationals.org.au](http://www.nsw.nationals.org.au)

NATIONAL PARTY OF AUSTRALIA – NSW  
ELECTORAL AND POLITICAL PARTY FUNDING

Terms of Reference 1

- (a) all matters associated with electoral funding and disclosure

In complying with the disclosure requirements for the State Election Funding Claims for the election held on 24 March 2007, The National Party of Australia – NSW encountered several issues which we maintain should be revised.

1. The two audit certificates required to be submitted with each State Election Funding Claim are confusing. There is currently a requirement for one audit certificate to accompany the claim and another to accompany the declaration. Many Auditors during the claims process found it confusing to have to process two different certificates. This poses the question as to whether these audit forms are both necessary or whether the required audit forms could be provided by the Electoral Funding Authority with the correct wording for signature by the auditors.

*For Consideration: That Audit Certificates be incorporated onto the front page of each of the Claim and Declaration forms, as was previously the case.*

2. In some country areas it is difficult to locate a Registered Company Auditor as required for individual candidate State Election Funding Claims. Engaging a Registered Company Auditor who is prepared to conduct Election Funding Authority audits and who is

able to meet the lodgement deadlines proves a challenge in some districts.

*For Consideration: Review the requirement that only Registered Company Auditors are required to audit claims.*

3. The requirement for the 2007 State Election Funding Claims that there be a separate page for each Fundraising Function or Event for the previous 4 years and, included in this, the disclosure of the name and address for each individual item of income of more than \$200 is time consuming. Given this information had not been required in this detail for previous State Election Funding Claims, those organising some local fundraising functions did not initially keep these details and the collation of the information became a cumbersome task for local volunteers.

*For Consideration: The disclosure threshold should be increased to \$1,500 and the requirement for specific details of each individual income item should only apply for functions and events where the total income for that function or event is more than \$10,000. These changes would eliminate a significant amount of paperwork for small functions and events that are conducted by local Party candidate volunteers.*

4. The information required by the Electoral Commission NSW for the State Election Funding Claims is, in many instances, provided by party candidate volunteers.

*For Consideration: The Electoral Commission NSW should provide a simple procedure manual and examples of completed forms for the Claim and Declaration Forms. Training sessions should also be considered in each Electoral District, to be attended by the persons completing the Claims and Declarations for each candidate.*

5. The Election Funding Claim and Declarations Forms were not provided with a handbook on Nomination Day to candidates as had been the case in previous elections. It took some time before some volunteers discovered these forms were required to be downloaded from the internet.

*For Consideration: Reintroduce the provision of the Election Funding Claim and Declarations Forms, along with a handbook, to candidates on Nomination Day as has occurred in past elections to ensure that all candidates and their support teams are aware of the requirements in a timely fashion.*

6. The forms and requirements for State Election Funding Claims are confusing to local volunteers preparing the Returns. In some cases these volunteers were practising accountants and were still encountering difficulties complying with the requirements.

*For Consideration: Simplify the Claim and Declaration forms, and consider, given the claims are under current legislative provisions, being audited by Registered Company Auditors, whether the attachments for advertising and printing are really necessary.*



7. The four year disclosure period for donors has proved to be difficult, in particular with Party Units and third party donors of large organisations. Locating records for the full four year period seems to pose a problem. Many donors who are required to disclose their donations are receiving a letter from the Election Funding Authority requesting they provide details covering the last four years. Many of these donors then contact our Party Head Office to try and obtain copies of records of events attended and donations made (or they contact the commission to advise of their difficulties). The letter received by the donors states that they need to download and complete a form from the internet.

*For Consideration: Increase the threshold for disclosure in line with the Federal Election Funding disclosure requirements and index it annually. Include the necessary forms that donors need to complete with the letter advising them of their disclosure requirements.*

8. The inclusion of all Federal Election donations and fundraising income as requested by the Electoral Commission NSW distort the total income figure as reported to the public.

*For Consideration: Require the reporting of income relating to State Elections only.*

9. The process of submitting a claim for the reimbursement of monies spent during an election campaign is unwieldy, complicated and expensive to administer.

*For Consideration: That the adoption of the model of election funding and disclosure used under the Commonwealth Electoral Act, as administered by the Australian Electoral Commission, where a fixed amount for each first preference vote is set and then allocated to political parties and candidates who achieve a minimum percentage of the total vote in the relevant Electoral District, be considered.*

*(b) the advantages and disadvantages of banning all donations from corporations, unions and organisations to parties and candidates*

*Disadvantages:*

1. The banning of all donations to political parties and candidates, other than individual donations would see the growth of third party advertising during election campaigns. As can be seen through the United States model where PAC's (Political Action Committees) are formed and place advertisements with the purpose of influencing the election outcome. While not donations to a particular candidate or party, these advertisements do contribute towards producing a particular outcome. The emergence of these groups would be inevitable under a system that banned all donations from corporations, unions and organisations and would then require further legislation to limit the third party activities.
2. Parties and candidates may struggle, financially only those parties with a large membership income base, thrive.
3. By banning donations from corporations, unions and organisations to political parties and candidates, but still leaving open donations from individuals, it could leave an open opportunity for pressure to be placed on individuals by any corporations, unions or organisations they are involved or affiliated with to donate to particular candidates or political parties. Any such undue pressure on individuals to donate would be detrimental to the democratic process.

*(c) The advantages and disadvantages of introducing limits on expenditure in election campaigns*

*Disadvantages:*

1. Limits on expenditure would be difficult to control. Again this situation would likely see the emergence of PAC's which would allow political parties or candidates to circumvent expenditure requirements. The expenditure on election campaigns would become more difficult to track, or reign in, as more people and organisations would become involved in raising and spending money on election campaigns.

(d) The impact of political donations on the democratic process.

1. Political donations are necessary for parties and candidates to fully participate in election campaigns and to operate in between elections. In order to allow full participation in the democratic process by political parties and candidates, they need to be able to obtain funding from a wide range of areas and not rely solely on membership fees and public funding.
  
2. Individuals and corporations are entitled to provide support to parties and candidates of their choice in the democratic process. If individuals, corporations, unions or organisations feel that they wish to donate funds to assist their preferred choice in an election they should be free to do so as part of the democratic process.