

The cover features a central horizontal band with a blurred background of an office or laboratory. The text is centered within this band. The background is composed of several horizontal layers: a dark blue top layer, a light blue middle layer, and a bottom layer with a blurred image of a person in a white lab coat working at a desk with a computer monitor. The overall color palette is cool, dominated by blues and greys. Large, thin, light blue circular lines are overlaid on the right side of the page, creating a sense of motion or a globe.

A N N U A L R E P O R T

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The Hon Morris Iemma MP
Premier, Treasurer and Minister for Citizenship
Parliament House
SYDNEY NSW 2000

31 October 2007

Dear Premier

In accordance with section 8 of the *Annual Reports (Statutory Bodies) Act 1984* I submit for tabling in both Houses of Parliament the report on the operations of the Election Funding Authority of New South Wales for the financial year ended 30 June 2007.



Colin Barry
Chairperson

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The Election Funding Authority

Charter

The Election Funding Authority of New South Wales is established under the *Election Funding Act 1981* (the Act) for which there are two main purposes:

- to prescribe a scheme of public funding of election campaigns; and
- to provide public disclosure of contributions received and expenditure incurred in relation to election campaigns.

The Act also provides for the payment to eligible parties of funds from the Political Education Fund, which is administered by the Election Funding Authority.

The Act imposes a duty on the Election Funding Authority to exercise its functions in a manner that is not biased against or in favour of any particular party, group, candidate or other person, body or organisation.

The New South Wales Electoral Commission (NSWEC) is the administrative unit through which the Election Funding Authority exercises its statutory responsibilities.

Aims and Objectives

The Election Funding Authority is responsible for managing:

- (a) applications for registration of individual candidates, groups and registered political parties;
- (b) claims by registered political parties, groups and candidates for payment of election campaign expenditure in respect of Parliamentary elections;
- (c) declarations of political contributions received and electoral expenditure incurred by parties, groups, candidates and third parties in respect of Parliamentary and Local Government elections; and
- (d) claims by registered political parties for payment from the Political Education Fund.

The Election Funding Authority has a number of other responsibilities including a research role in relation to election funding, political contributions, electoral expenditure and other matters relating to the Act.

Access

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Postal Address:	GPO Box 832, Sydney 2001
Telephone:	(02) 9290 5999
Fax:	(02) 9290 5991
Internet:	www.efa.nsw.gov.au
Email:	enquiries@efa.nsw.gov.au
Hours of Business:	8.30 am to 5.00 pm
Annual Report	This report is available on the Internet at www.efa.nsw.gov.au

Management and Structure

The Act prescribes that the Election Funding Authority consists of:

- (a) the Electoral Commissioner for New South Wales as Chairperson;
- (b) a member appointed on the nomination of the Premier; and
- (c) a member appointed on the nomination of the Leader of the Opposition in the Legislative Assembly.

During the 2006/2007 year members of the Election Funding Authority were:

Mr Colin Barry
Electoral Commissioner
Chairperson

Mr Steven D Lewis
Appointed on the nomination of the Premier

Mr Edward P Pickering
Appointed on the nomination of the Leader of the Opposition

Appointed members' terms of office commences six months after the return of the writ for the previous State election until six months after the return of the writ for the current election. Members may be re-appointed.

Appointments are due November 2007.

Meetings of the Election Funding Authority

The Election Funding Authority held meetings on the following dates at which all members attended:

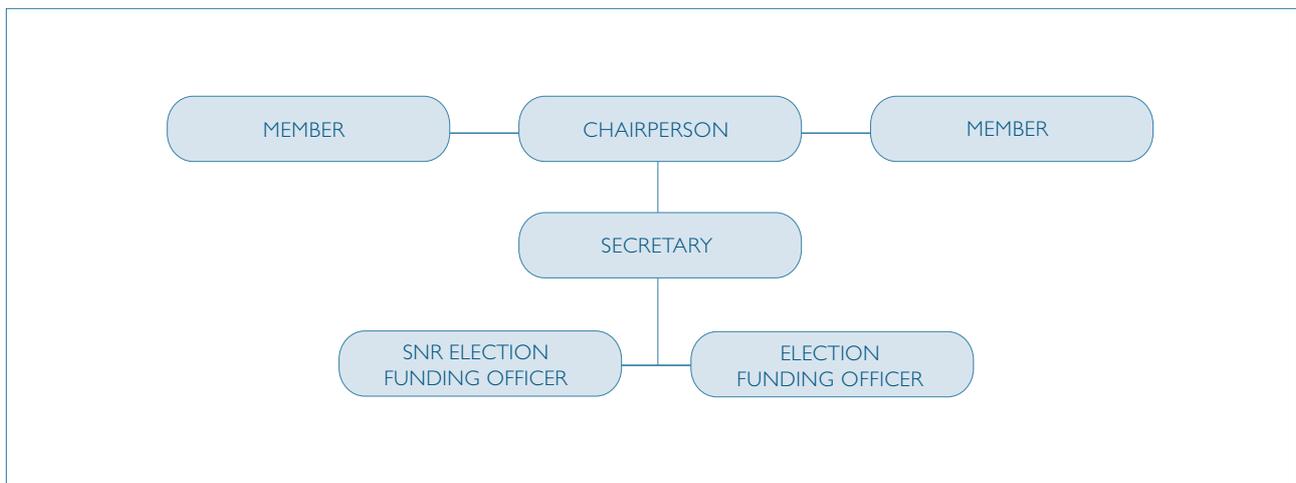
106th Meeting held	27 September 2006
107th Meeting held	13 February 2007
108th Meeting held	22 June 2007

Mr Trevor Follett, Director Finance and Administration Branch of the NSWEC, is the Secretary for the Election Funding Authority.

The Structure of Election Funding Authority

The NSWEC has two full-time officers in election funding administrative positions to ensure compliance with the Act and Regulations and to provide a full range of services to the Election Funding Authority's stakeholders including candidates, groups, political parties, political donors and the NSW electors.

In that respect key components of human resource management and industrial relations policies and practices are satisfied indirectly through the resource management planning and reporting activities of the NSWEC.



Summary Review of Operations

General

During the year the Election Funding Authority registered candidates, official agents and groups contesting the 2007 State election. Following election day the Election Funding Authority calculated the entitlements of candidates, groups and parties and has commenced processing the Claims for Payment and Declarations of Political Contributions Received and Electoral Expenditure Incurred lodged by candidates, groups, parties and political donors. The due date for lodgement of all documents relating to the 2007 State election was 30 August 2007. The Election Funding Authority has also processed returns arising from the numerous Local Government by-elections held throughout the year.

Claims for payment from the political education fund lodged by eligible registered political parties were considered and payments made.

Financial and other quantitative information for programs or operations

There were no operations conducted by the Election Funding Authority outside the normal operating budget.



Chairperson's Report

I am pleased to provide the report on behalf of the Election Funding Authority of New South Wales (EFA).

The EFA is comprised of the Electoral Commissioner (Chairperson), the nominee of the Premier and the nominee of the Leader of the Opposition. The EFA is responsible for the administration of the *Election Funding Act 1981*. This year has been especially challenging in dealing with the 2007 State election, as well as 14 Local Government council by-elections. The EFA staff reviewed past practices and processes and implemented new procedures to deal with claims for payment and disclosure obligations of candidates, groups, parties and political donors.

The environment is becoming more complex with some people and organisations operating outside the provisions of the legislation. Some people and organisations who donate to candidates and political parties are not aware or are uncertain regarding their obligation to disclose such donations. The EFA is aware of the need for a broader community education campaign to raise the general awareness of the obligation to disclose donations where such exceed certain limits. Taking first steps towards increasing awareness the EFA included information on its new website and provided information to candidates regarding their obligation to advise donors that they may be required to disclose such donations to the EFA.

The EFA website provided manuals for stakeholders and redesigned forms to make it simpler and clearer for those who are required to lodge returns. The development of the website and making it interactive for candidates and parties is work in progress and will be completed before the September 2008 Local Government elections. The website will be a one stop point of information for all EFA matters.

This report provides a new approach to the EFA reporting on its activities. The EFA will establish its own governance framework, including a corporate plan and performance measures. Previously, the governance framework was included in the NSWEC's governance structure.

I am pleased to report that the EFA has operated with the simple and clear objective to exercise the statutory obligations in an even handed manner efficiently and effectively according to the law.



Colin Barry
Chairperson

22 October 2007

Review of Operations

Funds granted to Non-government Community Organisations

There were no grants to non-Government community organisations by the Election Funding Authority.

Legal Change

On 10 November 2006 the *Election Funding Act 1981* (the Act) was amended to make further provisions with respect to election funding and the disclosure of electoral expenditure.

Section 74 relating to claims for, and approvals of, payments was amended to provide that a candidate is entitled to claim from the Election Funding Authority campaign expenditure, which has been incurred by the party for the benefit of a candidate, by presenting an invoice issued by the party to the candidate. This provision makes it possible for the party to make a claim irrespective of whether there is a formal agency arrangement in place, or whether the candidate is legally liable to the party for the expenditure.

Section 110A of the Act relating to the power to demand information regarding failure to disclose was also amended. This section relates to the disclosure of political donations and electoral expenditure incurred in connection with an election. The amendment makes provision for the Election Funding Authority, or an authorised officer of the Election Funding Authority, to have the power to demand from a person the name and address of another person where the Election Funding Authority reasonably suspects that the other person has failed to disclose political donations or electoral expenditure, as required by the Act. The power is able to be exercised only in circumstances where the Election Funding Authority or authorised officer has a reasonable suspicion that the person may have information which enables the person who incurred the electoral expenditure to be identified.

Economic or Other Factors

There were no economic or other factors that affected the achievement of the operational objectives of the Election Funding Authority during the reporting year.

Administration of the Election Funding Authority Management and Activities

The focus of the Election Funding Authority was finalising its policies and procedures, development of the website and the Election Management Application (EMA) for the 2007 State election. During the reporting period it also received and processed declarations of political contributions and electoral expenditure lodged by candidates contesting the Local Government by-elections and claims for payment from the eligible political parties for their entitlement to the Political Education Fund.

Local Government By-elections

During the reporting period 14 Local Government by-elections were held. All 14 were contested. There were a total of 57 candidates who contested the by-elections. All candidates were included in the Local Government Register of Candidates produced for each by-election as at election day.

Documents which have been lodged with the Election Funding Authority are available for inspection at the Authority or at the office of the relevant council once they have been dealt with by the Election Funding Authority.

The following table is a list of each by-election, the date the by-election was held and the number of candidates who contested each election:

Council Area	Election Day	No. of Candidates
2006		
Griffith	Saturday 01 July 2006	4
Bathurst Regional	Saturday 05 August 2006	6
Dubbo	Saturday 19 August 2006	5
Clarence Valley	Saturday 26 August 2006	5
Ashfield - South Ward	Saturday 23 September 2006	4
Murray	Saturday 23 September 2006	4
Tenterfield D Ward	Saturday 04 November 2006	2
Hornsby C Ward	Saturday 16 December 2006	6
Liverpool Plains	Saturday 16 December 2006	3
2007		
Narromine	Saturday 10 February 2007	5
Dungog	Saturday 17 February 2007	2
Hornsby C Ward	Saturday 17 February 2007	3
Waverley, Waverley Ward	Saturday 19 May 2007	6
Wentworth	Saturday 19 May 2007	2

There was only one official agent appointed by a candidate who contested the Ashfield South Ward by-election. The official agent was appointed by election day and was included in the Local Government Register of Official Agents.

The Registers are available on the Election Funding Authority website. (www.efa.nsw.gov.au)

Eleven candidates were endorsed by a party. All parties contesting an election were registered as at election day for the by-election under Chapter 10 Part 7 of the *Local Government Act 1993*.

Candidates who contested the Clarence Valley, Tenterfield, Liverpool Plains, Narromine and Dungog by-elections, lodged with the Election Funding Authority a declaration of political contributions received and electoral expenditure incurred within 120 days of election day.

There was one candidate from each of the following council areas who lodged a declaration of political contributions received and electoral expenditure incurred outside the 120 days:

Griffith
Bathurst
Dubbo
Murray
Liverpool Plains
Hornsby C Ward

One candidate from Ashfield South Ward and one from the first Hornsby C ward by-election failed to lodge with the Authority a declaration of political contributions received and electoral expenditure incurred. These candidates have been referred to the NSW Crown Solicitor to commence proceedings for a breach of the Act.

One candidate who contested the Hornsby C Ward (2nd by-election) was still to lodge a declaration as at the close of the reporting period.

As at the close of the reporting period the due date had not passed for declarations to be lodged by those candidates who contested the by-elections held in Waverley and Wentworth.

Local Government by-elections held in the 2005-2006 reporting period where the due date for lodging a declaration fell within the current reporting period include Ku-ring-gai Roseville ward, Muswellbrook, Mid-Western Regional ordinary election, Kiama, Eurobodalla and Ashfield South ward.

One candidate who contested the Muswellbrook by-election, held in the previous reporting period, failed to lodge with the Election Funding Authority a declaration of political contributions received and electoral expenditure incurred until the Election Funding Authority referred the matter to the NSW Crown Solicitor. The declaration was lodged in December 2006.

Prosecutions

Section 111 of the *Election Funding Act 1981* provides that the Election Funding Authority may approve the commencement of proceedings before a Local Court or before the Supreme Court in its summary jurisdiction for a breach of the Act or the Regulation. Proceedings in respect of an offence against the Act or the Regulation may only be commenced within 3 years after the offence was committed.

Following the 2004, 2005 and 2006 local government ordinary elections and subsequent local government by-elections, the Election Funding Authority commenced proceedings against candidates who failed to lodge a 'Declaration of Political Contributions Received and Electoral Expenditure Incurred' or who failed to adequately vouch for the expenditure disclosed in a declaration lodged with the Election Funding Authority within the prescribed time.

The following table lists the details and the outcomes of those proceedings commenced against candidates, groups of candidates and official agents.

Candidates and Groups who have not submitted a declaration of political contributions received and electoral expenditure incurred

Candidate Name	Election	District	Election Date	Party Affiliation	Date for approval of proceedings	Outcome
ADAMS, Nicholas	LG	Ashfield	27-Mar-04	Nil	03-May-06	Withdrawn - complied 1/08/06
BEALE, Peter	LG	Gunnedah	27-Mar-04	Nil	03-May-06	Withdrawn - complied 22/08/06
BELL, Aileen	LG	Coonabarabran	27-Mar-04	Nil	03-May-06	Withdrawn - deceased 17/07/06
BOLITHO, Alfred	LG	Baulkham Hills - East Ward	27-Mar-04	Nil	03-May-06	Withdrawn - complied 22/08/06
BRISCOE-HOUGH, Nicholas	LG	Hurstville	05-Mar-05	Nil	03-May-06	Withdrawn - complied 28/09/06
BROWNE, Robert	LG	Hornsby	27-Mar-04	Nil	03-May-06	Withdrawn - complied 17/10/06
CASEY-MARSHALL, Mary	LG	Walgett	27-Mar-04	Nil	03-May-06	Withdrawn - complied 25/07/06
CURTIS, Rosemary	LG	Glen Innes	04-Dec-04	Nil	03-May-06	Withdrawn - complied 25/07/06
DAY, Peter	LG	Griffith	27-Mar-04	Nil	03-May-06	Withdrawn - complied 01/08/06
DEARING, Heather	LG	Albury	27-Mar-04	Nil	03-May-06	Withdrawn - complied 17/10/06
DENNISON, Albert	LG	Moree Plains	09-Jul-05	Nil	03-May-06	Guilty -fined \$250 with court costs 22/08/06
FERNANDO, Ted	LG	Walgett	27-Mar-04	Nil	03-May-06	Withdrawn - complied 25/07/06
FRASER, Murray	LG	Forbes	27-Mar-04	Nil	03-May-06	Withdrawn - complied 22/08/06
GALAINY, Michael	LG	Holroyd	27-Mar-04	Nil	03-May-06	Guilty - fined \$5,000. No court costs 25/07/06
GOLDSTEIN, Saidi	State	Marrickville	17-Sep-05	CDP	20-Jun-06	Withdrawn - complied 19/10/06
HART, Margaret	LG	Lithgow	27-Mar-04	Nil	03-May-06	Withdrawn - complied 1/08/06
HUTCHINSON, Ross	LG	Penrith	27-Mar-04	Nil	03-May-06	Withdrawn - complied 25/07/06
MANIAS, Nicholas	LG	Wollongong - 3rd Ward	27-Mar-04	Nil	03-May-06	Guilty - bond under s.10 Crimes Act issued. 8/12/06
McFADDEN, Noel	LG	Camden	27-Mar-04	Nil	03-May-06	Withdrawn - complied 25/07/06
McGRATH, Kenneth	LG	Parkes	27-Mar-04	Nil	03-May-06	Withdrawn - complied 25/07/06

Continues >

Candidate Name	Election	District	Election Date	Party Affiliation	Date for approval of proceedings	Outcome
MUIRHEAD John	LG	Hornsby	27-Mar-04	Nil	03-May-06	Withdrawn - complied 25/07/06
MUNRO, Mary	LG	Armidale/ Dumaresq	27-Mar-04	Nil	03-May-06	Withdrawn - complied 17/11/06
ROBINSON, Barry	LG	Bland	27-Mar-04	Nil	03-May-06	Withdrawn - complied 25/07/06
ROBINSON, Julie	LG	Deniliquin	27-Mar-04	Nil	03-May-06	Withdrawn - complied 25/07/06
ROSS, Laura	LG	Deniliquin	27-Mar-04	Nil	03-May-06	Guilty - fined \$5,000. No court costs 25/07/06
SCOTT, Walter	LG	Narrandera	27-Mar-06	Nil	03-May-06	Withdrawn - complied 25/07/06
SMITH, Robert W	LG	Hunters Hill - South Ward	27-Mar-04	Nil	03-May-06	Withdrawn - complied 17/11/06
SOMERVILLE, Robert	LG	Hornsby - B Ward	27-Mar-04	Nil	03-May-06	Withdrawn - complied 1/08/06
VESCIO, Nicholas	LG	Manly	27-Mar-04	Nil	03-May-06	Withdrawn - complied 16/02/07
WILSON, Jason B	LG	Walgett	27-Mar-04	Nil	03-May-06	Withdrawn - complied 25/07/2006
ZHOU, Rong Yu	LG	Ashfield	29-Apr-06	Unity Party	27-Sep-06	Guilty – convicted and fined \$2000 and \$217 costs 13/03/07

Candidates and Groups who failed to vouch or insufficiently vouched for electoral expenditure and/or political contributions

Candidate Name	Election	District	Election Date	Party Affiliation	Date for approval of proceedings	Outcome
CHAU, Michael	LG	Paramatta -Lachlan Macquarie Ward	27-Mar-04	Unity Party	03 - May-06	Withdrawn - complied 1/08/06
COLLESS, Michael	LG	Wollondilly	27-Mar-04	Nil	03 - May-06	Withdrawn - complied 1/08/06
FRANCIS (nee PLOWMAN), Glenys	LG	Port Stephens - West Ward	27-Mar-04	Nil	03 - May-06	Withdrawn - complied 17/10/06
GIGLIO, Guisepe	LG	Fairfield	27-Mar-04	Nil	03 - May-06	Withdrawn - complied 1/08/06
HALLIGAN, Christopher	LG	Armidale/ Dumeresq	27-Mar-04	Nil	03 - May-06	Withdrawn - complied 1/08/06
HENNESSEY, John	LG	Campbelltown	27-Mar-04	Nil	03 - May-06	Pleaded guilty - matter dismissed 1/08/06
HOGAN, Shane	LG	Greater Argyle	26-Jun-04	Nil	03 - May-06	Withdrawn - complied 1/08/06
KNIGHT, Lawrence	LG	Armidale/ Dumeresq	27-Mar-04	Nil	03 - May-06	Withdrawn - complied 1/08/06
LEARY, Anthony	LG	Dubbo	27-Mar-04	Nil	03 - May-06	Withdrawn - complied 1/08/06
LEE, Phillip	LG	Wollongong	27-Mar-04	Nil	03 - May-06	Applied for annulment. Matter withdrawn for medical reasons. 17/10/06
MAHMOUD, Tosson	LG	Ashfield - South Ward	27-Mar-04	Nil	03 - May-06	Guilty - fined \$150 with no court or professional costs 1/08/06
MOSS, Amos	LG	Ballina - A Ward	27-Mar-04	Nil	03 - May-06	Withdrawn - complied 17/10/06
TONGSUMRITH, Somchai	LG	Paramatta - Elizabeth Macarthur Ward	27-Mar-04	Unity Party	03 - May-06	Withdrawn - complied 1/08/06

In 2007 the Authority commenced proceedings against the following candidates:
Candidates and Groups who have not submitted a declaration of political contributions received and electoral expenditure incurred

Candidate Name	Election	District	Election Date	Party Affiliation	Date for approval of proceedings	Outcome
Browne, Robert	LG	Hornsby Shire Council	16-Dec-06	Nil	22-Jun-07	Still in progress
Borsak, Cheryl	LG	Ashfield South Ward	23-Sep-06	Nil	22-Jun-07	Complied withdrawn 23/08/06

Candidates and Groups who failed to vouch or insufficiently vouched for electoral expenditure and/or political contributions

Candidate Name	Election	District	Election Date	Party Affiliation	Date for approval of proceedings	Outcome
GATES, William	LG	Bathurst	05-Aug-06	Nil	13-Feb-07	Withdrawn - complied 22/02/07

Internal and External Performance Reviews

There were no internal or external performance reviews conducted during the reporting period.

Major Problems and Issues

There were no major problems or issues that arose during the reporting period.

Major Works in Progress

The Election Funding Authority is continuing its work with the NSWEC in the development of the proprietary Election Management Application (EMA).

The Election Funding Module of EMA includes:

- registration of candidates and groups for election funding purposes;
- recording and reporting on the declarations of contributions and expenditure made by parties, groups; candidates and political donors; and
- processing and reporting on claims for payment.

The Election Funding Module will create efficiencies in the processing of declarations and claims for payment. The Module will also assist in reporting on the rate of compliance by candidates, groups and parties. This will enable the Election Funding Authority to improve the rate of compliance by targeting those non-compliant candidates, groups, parties, and political donors.

Research and Development

The Election Funding Authority did not undertake any new research or any major development programs.

Human Resources

The role of Secretary to the Election Funding Authority is not a statutory position and is undertaken by a permanent staff member of the NSWEC.

The Election Funding Authority, in addition to the Secretary, has two full time staff members to satisfy the administrative and legislative requirements of the Election Funding Authority. The structure of the Election Funding Authority is set out under 'Management and structure'.

Although the staff work on matters relevant to the Election Funding Authority, they are employed by the NSWEC. Wages, salaries and allowances are included in the Annual Report of the NSWEC.

In that respect key components of human resource management and industrial relations policies and practices, are satisfied indirectly through the resource management planning and reporting activities of the NSWEC.

The industrial relations policies and practices are found in the Annual Report of the NSWEC.

Consultants

The Election Funding Authority did not make use of any consultancy services in the reporting period.

Code of Conduct and Corruption Prevention Policy

The integrity and reputation of the Election Funding Authority is supported by a clear statement of expected behaviour as detailed in the NSWEC Code of Conduct. There were no reports of suspected corrupt conduct lodged via the internal reporting system.

Equal Employment Opportunity

The Election Funding Authority has no full-time permanent public sector positions. However, the Election Funding Authority acknowledges that a principle of equity and fairness in the carriage of its activities is fundamental to maintaining stakeholder confidence in its activities.

Disability Plan

Details of the Disability Strategic Plan applicable to the Election Funding Authority are set out in the Annual Report of the NSWEC.

Land Disposal

The Election Funding Authority does not own or have an interest in any realty.

Promotion and Consumer Response

The Election Funding Authority publishes instructional guide books for use by registered political parties, groups and candidates contesting State and Local Government elections. The publications explain their rights and responsibilities under the Act. The publications contain examples showing the correct manner for completion of documents to be lodged with the Election Funding Authority. The instructional guides are available on the Election Funding Authority's website, www.efa.nsw.gov.au

Reports outlining the total funds available in the Central and Constituency Funds, entitlements and payments made and details of party and candidate declarations of political contributions received and electoral expenditure incurred. These reports are made available on the Election Funding Authority's website.

The Election Funding Authority developed its own website which became available in December 2006. The website has enhanced the information available to registered political parties, candidates, political donors and the NSW electors.

The Election Funding Authority provides its clients with a range of information channels including telephone, website, email, facsimile, media, telephone typewriter and interpreting services. Information in alternative formats may be made available through the National Information Library Service.

No Overseas Visitors

No overseas visitors were received by the Election Funding Authority and no overseas travel was made.

Price Determination of NSW Government Held Information

Current pricing structures used by this office are consistent with government policy. There is no charge where distribution is for public policy purposes i.e. election funding reports.

Guarantee of Service

The Act determines that the Election Funding Authority calculates entitlements and makes payments from the Central Fund for general elections or by-elections to registered political parties, within 14 days. Should the Election Funding Authority be unable to finalise such claims for payment, a pre-payment, to the amount equal to 70% of the total amount estimated to be payable, is to be made to the registered party agent for the party.

The Election Funding Authority made one prepayment in this reporting period of \$2,398,885.

Provision for the Election Funding Authority's commitment and guarantee of service is set out as part of the NSWEC Guarantee of Service which is available on the NSWEC website (www.elections.nsw.gov.au)

Risk Management and Insurance Activities

Details of Risk Management and insurance activities are shown in the Annual Report of the NSWEC.

Disclosure of Controlled Entities

The Election Funding Authority has no controlled entities.

Ethnic Affairs Policy Statement

Details of the Ethnic Affairs Policy Statement are set out in the Annual Report of the NSWEC.

NSW Government Action Plan for Women

The NSW Government action plan for women does not apply to the Election Funding Authority as it does not employ staff.

Occupational Health and Safety

During the year there were no reported safety incidents.

In this regard our OH&S system incorporating the Return to Work Program is managed by the Human Resources function of the NSWEC.

Waste Reduction Plan

The Election Funding Authority recognises that administrative practices particularly associated with disclosure, reporting and public inspection obligations should be considered and reviewed with the objective of avoiding paper product waste, increasing the purchase of recycled product content and increasing resource recovery.

In the key area of paper products the development of the Election Funding Authority's website has provided on-line inspection of registers, entitlement to funding, claims for payment and income and expenditure information. The Election Funding Authority intends to expand the website further to include electronic submission of returns and a comprehensive search facility to view scanned claims for payment and declarations of political contributions received and electoral expenditure incurred.

The claims for payment and declarations are currently a paper-based activity with documents only available for inspection by visiting the NSWEC. Copies of all declarations relating to Local Government ordinary elections and by-elections are also made available through council offices.

Freedom of Information

The Election Funding Authority has both a Statement of Affairs and a Summary of Affairs which are available on request through the NSWEC.

In the reporting year no FOI applications were received.

Privacy Management Plan

The *Election Funding Act* requires that the Election Funding Authority maintain a Register of Candidates, a Register of Official Agents and a Register of Party Agents. These registers include certain personal particulars about the candidate or agent.

Documents lodged with the Election Funding Authority must also be made available for public inspection in relation

to claims for payment, declarations of political contributions received and electoral expenditure incurred along with any supporting documents, and political donor declarations.

The personal information is not collected, used, disclosed or accessed for purposes other than provided for in privacy legislation or the Act.

The protection of personal information and the privacy of individuals are provided for in the NSWEC's privacy management plan developed under the *Privacy and Personal Information Protection Act 1998*.

Departures from *Subordinate Legislation Act*

There have been no departures from the provisions of the *Subordinate Legislation Act*. No extensions have been sought under that Act.

Government Energy Management Policy

The Election Funding Authority supports energy management as a key mechanism for pursuing both environmental and financial benefits. The Election Funding Authority has no permanent accommodation or vehicle fleet, thus electricity, fuel and other energy consumption activities are minimised. The use of office resources is on an as required basis through the NSWEC.

Electronic Service Delivery

The Election Funding Authority moved to making its funding payments using electronic funds transfer (EFT) rather than posting cheques. This service has been warmly received, particularly by the registered political parties.

Many of the forms and instructional material necessary for parties, groups and candidates to comply with the requirements of the legislation are now available on the Election Funding Authority's website. The Election Funding Authority is continuing to update this material and the general information available via the website.

Credit Card Certification

The Election Funding Authority does not hold any credit cards.

Response to Matters Raised by Auditor-General in Management Letters

No matters were raised by the Auditor-General.

Finance and Budget

The financial statements of the Election Funding Authority are prepared in accordance with the *Public Finance and Audit Act 1983*, the Auditor-General's Certificate in relation to these statements together with a detailed budget of the Election Funding Authority for the financial year are included in this Report.

The budget for the Election Funding Authority for 2006-07 was \$8,506M. The Election Funding Authority's budget is detailed below:

	2006-07 \$000's
EXPENSE BUDGET	
Operating expenses	
Employee related	-
Other operating expenses	-
Depreciation and amortisation	-
Other expenses	-
Payments to candidates, groups and parties	6,843
Political education	1,663
TOTAL EXPENSE BUDGET	8,506

Funds are provided in a transfer payment from the NSWEC.

Grants to Community Organisations

No grants were made to non-government community organisations other than payments made to eligible parties under the Act.

Implementation of Price Determination

No publications of the Election Funding Authority are sold.

Investment Performance and Liability Management Performance

The Election Funding Authority has no investments or liabilities.

Major Assets

The Election Funding Authority does not possess any assets.

Payment of Accounts

Accounting functions are managed by the Finance Section of the NSWEC. Details of payment of accounts are set out in the Annual Report of the NSWEC.

Performance Statement

Name:	Colin Barry
Position and Level:	Electoral Commissioner and Chairperson, Election Funding Authority (Public Office Holder Group)
Period in the position:	1 July 2006 to 30 June 2007

By virtue of section 6(a) of the *Election Funding Act 1981* the Electoral Commissioner is appointed Chairperson of the Election Funding Authority.

The Electoral Commissioner is appointed by the Governor pursuant to section 21A of the *Parliamentary Electorates and Elections Act 1912* and his functions relating to that Act are set out in the Annual Report of the NSWEC.

The Election Funding Authority administers the public funding of Parliamentary election campaigns and ensures the disclosure of political contributions and electoral expenditure by registered political parties, groups, candidates and political donors.

During the reporting period:

- the Election Funding Authority prepared and distributed instructional material in relation to the 2007 State election and the local Government by-elections;
- processed the claims for payment arising from the 2007 State election, declarations of political contributions received and electoral expenditure incurred by parties, groups and candidates relating to the 2007 State election and the local Government by-elections;
- sought and processed political donor declarations; and
- administered the Political Education Fund established to provide money to eligible parties for expenditure on political education.

The Election Funding Authority, under the Chairperson, undertook all these matters together with others outlined in this Report.

Political Education Fund

Following a State election, a registered party may be eligible to receive annual payments from the Political Education Fund, until election day for the next state election, for the following purposes.

- (a) Expenditure in relation to the preparation and dissemination of material in a printed form or otherwise setting out;
 - information on the history and/or structure of the party;
 - the policies of the party including contrasts with other parties; and
 - achievements of the party.
- (b) State-wide newsletters for party members (but not local circulars).
- (c) Seminars for party members/members of the public.
- (d) Expenditure in relation to salary of staff involved in the preparation and dissemination of the matters set out in (a) - (c) above, provided that only such proportion of salary as bears to the actual time taken by staff engaged in these activities may be received or spent.
- (e) Expenditure in relation to equipment used in the preparation and dissemination of the matters set out in (a) - (c) above, provided that only such proportion of the cost and maintenance of equipment as bears to these activities may be received or spent.

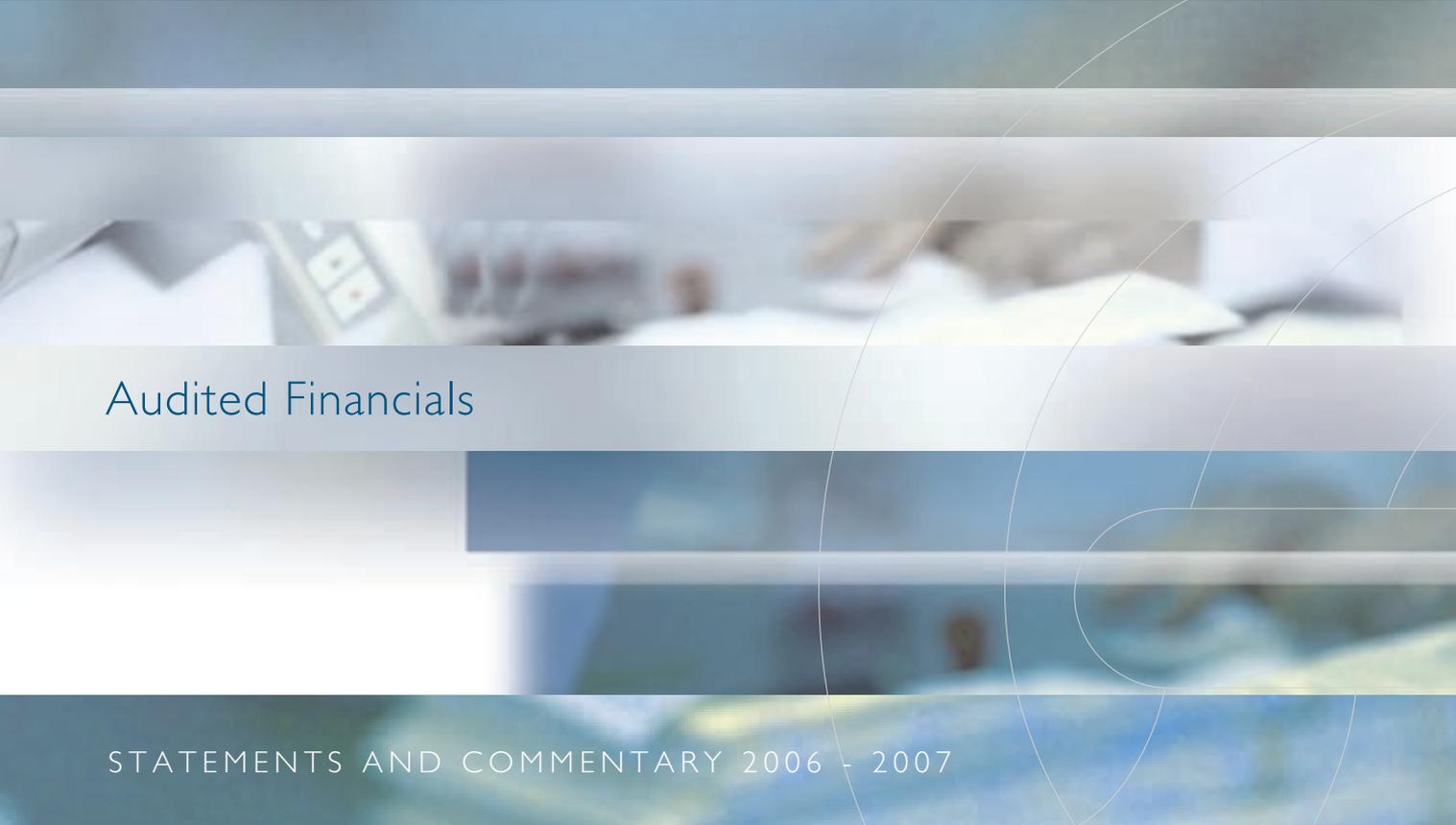
A party is eligible to participate in the distribution of the Fund if the party endorsed candidates for election to the Legislative Assembly at the state election and was entitled to receive funding from the Central Fund for the Legislative Council election.

The following parties lodged declarations for 2006 political education expenditure and received their last annual payment from the entitlements calculated after the 2003 state election.

Australian Labor Party (NSW Branch)	\$688,618
Country Labor Party	\$126,891
Christian Democratic Party (Fred Nile Group)	\$32,986
Liberal Party of Australia New South Wales Division	\$472,444
National Party of Australia - NSW	\$184,002
The Greens	\$157,685
TOTAL	\$1,662,626

All parties received their maximum entitlement.

Claims for payment from the Political Education Fund and declarations detailing 2006 expenditure are available for inspection at the Election Funding Authority.



Audited Financials

STATEMENTS AND COMMENTARY 2006 - 2007

Statement by Members of the Election Funding Authority

Pursuant to Section 41C(1B) of the *Public Finance and Audit Act 1983*, and in accordance with a resolution of the members of the Election Funding Authority, we declare that in our opinion:

The accompanying financial report exhibits a true and fair view of the financial position of the Election Funding Authority as at 30 June 2007 and transactions for the year then ended.

The report has been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, and *Public Finance and Audit Regulation 2000*.

Further, we are not aware of any circumstances which would render any particulars included in the financial report to be misleading or inaccurate.



Colin Barry
Chairperson

22 October 2007

INDEPENDENT AUDITOR'S REPORT**Election Funding Authority of New South Wales**

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Election Funding Authority of New South Wales (the Authority), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of recognised income and expense and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Authority as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Authority Head's Responsibility for the Financial Report

The Authority Head is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Authority Head, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Authority,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



Peter Barnes
Acting Director, Financial Audit Services

22 October 2007
SYDNEY

Operating Statement

For the Year Ended 30 June 2007

	NOTES	ACTUAL 2007 \$	ACTUAL 2006 \$
REVENUE			
Consolidated Fund: (Specially appropriated under the <i>Election Funding Act No. 78 of 1981</i>)			
Payments to candidates, groups and parties		2,708,222	337,394
Political Education Fund		1,662,626	1,662,626
TOTAL REVENUE		4,370,848	2,000,020
EXPENSES			
General Election payments	2(a)	2,708,222	-
By-election payments		-	337,394
Payments to political parties from Political Education Fund	2(b)	1,662,626	1,662,626
TOTAL EXPENSES		4,370,848	2,000,020
SURPLUS/(DEFICIT) FOR THE PERIOD		-	-

The accompanying notes form part of these financial statements

Statement of Recognised Income and Expense

For the Year Ended 30 June 2007

	NOTES	ACTUAL 2007 \$	ACTUAL 2006 \$
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		-	-
Surplus/(Deficit) for period		-	-
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR		-	-

The accompanying notes form part of these financial statements

Balance Sheet as at 30 June 2007

	NOTES	ACTUAL 2007 \$	ACTUAL 2006 \$
Current Assets			
Total Current Assets		-	-
Total Assets		-	-
Current Liabilities			
Total Current Liabilities		-	-
Total Liabilities		-	-
Net Assets		-	-
Equity			
Total Equity		-	-

The accompanying notes form part of these financial statements

Cash Flow Statement for the Year Ended 30 June 2007

	NOTES	ACTUAL 2007 \$	ACTUAL 2006 \$
Cash Flows from Operating Activities			
Payments			
Payments to candidates, groups and parties		(2,708,222)	(337,394)
Political Education Fund		(1,662,626)	(1,662,626)
Cash Flows from Government			
Consolidated Fund receipts via NSW Electoral Commission		4,370,848	2,000,020
Cash Flows from Operating Activities	5	-	-
Net Change in cash from Operating Activities		-	-
Opening cash and cash equivalents		-	-
Closing cash and cash equivalents		-	-

Notes to the Financial Statements for the Year Ended 30 June 2007

I. Summary of Significant Accounting Policies

(a) Reporting Entity

The *Election Funding Act 1981* provides for the public funding of Parliamentary election campaigns and for the Political Education Fund.

Payments from the Central Fund are to eligible candidates, groups and parties at a general election contesting election to the Legislative Council of New South Wales. Payments from the Constituency Fund are to eligible candidates and parties at a general election contesting election to the Legislative Assembly of New South Wales. Payments from the By-election Constituency Fund are to eligible candidates and parties at a By-election contesting election to the Legislative Assembly of New South Wales.

As amended, the *Election Funding Act 1981* provides for the establishment of a Political Education Fund from which eligible registered parties are entitled to receive annual payments for the purposes of political education.

This financial report for the year ended 30 June 2007 has been authorised for issue by the Chairperson on 22 October 2007.

(b) Basis of Preparation

The agency's financial report is a general purpose financial report which has been prepared on in accordance with:

- applicable Australian Accounting Standards (which include Australian equivalents to International Financial Reporting Standards (AEIFRS))
- the requirements of the *Public Finance and Audit Act and Regulation 2005*

Judgements, key assumptions and estimations, management has made are disclosed in the relevant notes to the financial report.

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

(c) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Appropriations

Consolidated fund appropriations under the *Election Funding Act No. 78 of 1981* are received by way of transfer payment from the NSW Electoral Commission.

(d) Expense Recognition

The Election Funding Authority makes payments from the Constituency Fund and Central Fund for valid claims made by candidates, groups and political parties. An expense is not recognised until:

1. An entitlement exists under legislation.
2. The candidate, party or group has supplied sufficient documentation supporting the claim. This documentation includes invoices incurred for electoral expenditure to substantiate the level of claim.
3. The Election Funding Authority has validated the invoices to determine if they meet the legislative requirement for payment.

Whilst a maximum entitlement exists under legislation the actual payment depends on the value of invoices submitted by candidates, parties or groups.

A corresponding revenue item is recognised as the cost of claims is recovered from the NSW Electoral Commission.

All transactions are conducted through the NSW Electoral Commission's accounting framework. Within this framework, employee related expenses of \$442,000, other operating expenses of \$105,000 and depreciation and amortisation of \$58,000 are recognised as attributable to the Election Funding Authority.

(e) Assets Recognition.

The Authority has no employees, nor does it own or control any non-current assets.

(f) New Australian Accounting Standards Issued but not yet Effective

In accordance with NSW Treasury Mandates, the following new Accounting Standards have not been applied and are not yet effective:

- AASB 7 & AASB 2005-10 regarding financial instrument disclosures;
- AASB 8 & AASB 2007-3 regarding operating segments;
- AASB 101 (Oct 2006) regarding presentation of financial statements;
- AASB 123 (June 2007) and AASB 2007-6 regarding borrowing costs;
- AASB 1049 regarding the general government sector and GFS/GAAP convergence;
- AASB 2007-4 regarding Australian additions to and deletions from IFRSs;
- AASB 2007-5 regarding inventories held for distribution by not-for-profit entities;
- Interpretation 4 (Feb 2007) regarding determining whether an arrangement contains a lease;
- Interpretation 10 regarding interim financial reporting;
- Interpretation 11 & AASB 2007-1 regarding group and treasury share transactions;
- Interpretation 12 & AASB 2007-2 regarding service concession arrangements;
- Interpretation 129 (Feb 2007) regarding service concession disclosures.

It is not anticipated that there will be any material impact for the Election Funding Authority during the period of initial application of these standards.

2. Expense

(a) General Election Payments

	2007 \$000	2006 \$000
Central Fund:		
Payments to Political Parties	2,634,174	-
Constituency Fund:		
Payments to Candidates	74,048	-
Total General Election payments	2,708,222	-

(b) Payments to Political Parties from Political Education Fund

	2007 \$000	2006 \$000
Australian Labor Party (NSW Branch)	688,618	688,618
Country Labor Party	126,891	126,891
Liberal Party of Australia New South Wales Division	472,444	472,444
Christian Democratic Party (Fred Nile Group)	32,986	32,986
National Party of Australia - NSW	184,002	184,002
The Greens	157,685	157,685
Total Payments to Political Parties from Political Education Fund	1,662,626	1,662,626

3. Contingent Liabilities

There are no known contingent liabilities at balance date (\$NIL at 30 June 2006).

4. Commitments

The Authority has no contractual commitments, nor any operating or finance leases (\$NIL at 30 June 2006).

5. Reconciliation of Net Cash Provided by Operating Activities to Operating Surplus

	2007 \$000	2006 \$000
Operating surplus/(deficit)	-	-
Net Cash From Operating Activities	-	-

End of audited financial report

Report Production Details

350 copies were produced. Total external costs incurred were \$4,693.70 (incl GST) for printing. Editorial and design was undertaken by the NSWEC.