

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



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

23 October 2006

Dear Premier

Annual Report

In accordance with section 8 of the *Annual Reports (Statutory Bodies) Act 1984* we submit for tabling in both Houses of Parliament the report on the operations of the Authority for the financial year ended 30 June 2006.

Yours Sincerely



Colin Barry
Chairperson



S D Lewis
Member

Table of Contents

Overview of the Authority	4
Summary Review of Operations	8
Chairperson's Report	9
Review of Operations (in detail)	10
Finance and Budget	22
Performance Statement	23
Political Education Fund	24
Audited Financials	25
Notes to the Financial Statements	33
Appendix	37



Overview of the Authority

Charter

The State Electoral Office (SEO) is the administrative unit through which the Election Funding Authority exercises its statutory responsibilities.

The Election Funding Authority of New South Wales (the Authority) 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 (in certain circumstances)
- to provide public disclosure of the source of funds used (contributions) and expenditure incurred in election campaigns.

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

The Act imposes a duty on the 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.

Aims and Objectives

The Authority is responsible for dealing with:

- (a) applications for registration of individual candidates, groups and party agents
- (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 Political Donors in respect of Parliamentary and Local Government elections
- (d) claims by registered political parties for payment from the Political Education Fund.

The 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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Hours of Business: 8.30 am to 5.00 pm

Annual Report

A total of 350 copies were produced at a cost of \$2,800 (incl. GST). This report is available on the Internet at www.efa.nsw.gov.au.

Management and Structure

The Act prescribes that the Authority consists of:

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

During the 2005/2006 year members of the Authority were:

Chairperson

Mr Colin Barry
Electoral Commissioner

Appointed on the nomination of the Premier

Mr Steven D Lewis

Appointed on the nomination of the Leader of the Opposition

Mr Edward P Pickering

Appointed members of the Authority term of office commences six months after the return of the Writs for the previous general election until six months after the return of the Writs for the next general election. Members may be re-appointed.

Re-election of Authority members or new appointments are due September 2007.

Meetings of the Authority

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

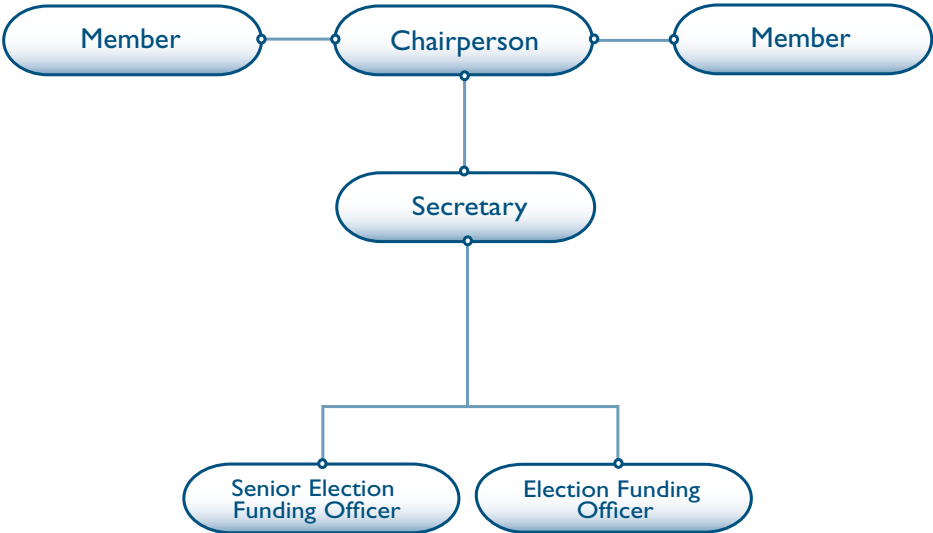
102nd Meeting held	22 November 2005
103rd Meeting held	28 February 2006
104th Meeting held	27 March 2006
105th Meeting held	3 May 2006

Mr Trevor Follett, Director Finance and Administration of the State Electoral Office, commenced in the role of Secretary on 20 October 2005.

The Structure of Authority

The SEO 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 Authority's stakeholders including candidates, groups, political parties 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 SEO.



Summary Review of Operations

General

During the year the Authority registered candidates and groups contesting a number of local government elections held throughout the year.

The Authority registered candidates who contested the Macquarie Fields, Marrickville and Maroubra by-elections held on 17 September 2005 and the Pittwater by-election held on 26 November 2005. The Authority has paid all claims and processed all declarations received that resulted from the by-elections. The reports and schedules are available on the Authority's website.

All declarations of political contributions received and electoral expenditure incurred lodged by candidates and groups contesting local government elections that became due before the end of year have been received and processed. Copies of the declarations have been provided to each council.

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 programme or operations

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

Chairperson's Report



I am pleased to provide a more detailed report on behalf of the Election Funding Authority (Authority).

The Authority is comprised of the Electoral Commissioner (Chair), the nominee of the Premier and the nominee of the Leader of the Opposition. The Authority is responsible for the administration of the *Election Funding Act 1981*. The Authority has had a particularly challenging year in dealing with issues relating to four Parliamentary by-elections, one local government ordinary election and 12 by-elections. As a result of the re-structure of the State Electoral Office (SEO), three new staff members have been appointed to the Authority. The new appointments have resulted in the Authority reviewing past practices and processes.

The environment in which the Authority operates is becoming more complex with organisations attempting to operate outside of the provisions of the legislation. There is uncertainty on the part of some people and organisations who donate to candidates and political parties with regard to their obligation to disclose such donations. The Authority is aware of the need for a community education campaign to raise the general awareness of the obligation to disclose donations where such exceed certain limits. The Authority is considering options for a public awareness campaign prior to the commencement of the 2007 NSW General Election.

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

Prior to the NSW general election the Authority will commence work on an interactive website, provide clear manuals for stakeholders and redesign forms to make it simple and clear for those who are required to lodge returns. This will be work in progress and will be completed before the September 2008 Local Government General Elections. The website will be a one stop point of information regarding Authority matters.

I am pleased to report that the Authority 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.

A handwritten signature in black ink that reads "Colin Barry". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Colin Barry
Chairperson

Review of Operations (In Detail)

Funds Granted to Non-Government Community Organisations

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

Legal change

There were no amendments to the legislation or significant judicial decisions affecting the Authority.

Economic or other factors

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

Administration of the Authority

Management and Activities

State by-elections

During the reporting period the Authority received and processed all claims for payment and declarations of political contributions and electoral expenditure lodged by candidates and parties contesting four state by-elections.

Schedules setting out a summary of political contributions received and electoral expenditure incurred by candidates at the state by-elections are located in Appendix 1 and are available from the Authority's website www.efa.nsw.gov.au.

1. Macquarie Fields by-election

The Macquarie Fields state by-election was held on Saturday 17 September 2005.

A total of seven candidates contested the by-election, six of which were endorsed by a party. All candidates were included in the Register of Candidates as at election day. One candidate appointed an official agent whose details were included in the Register of Official Agents for the by-election.

All parties contesting the election were registered as at election day for the by-election under Part 4A of the *Parliamentary Electorates and Elections Act 1912*. The parties who contested the election had appointed party agents who were included in the Register of Party Agents.

The total amount available for distribution to candidates from the Constituency Fund in accordance with the provisions of the Act was \$110,493.

There were 46,797 first preference votes cast at the by-election. Four of the candidates had at least 4% of the first preference votes cast in favour of them resulting in those candidates being eligible for election funding.

After the candidates' entitlements were calculated it was determined that \$4,001 from the Constituency Fund would be undistributed.

The following table lists the number of first preference votes received by each candidate, the entitlement of those candidates who were eligible for election funding, the payment made, and who the claim was made by:

Candidate	First Preference Votes	Entitlement	Payment	Claimed by
Barnard	2,218	\$5,696	\$5,696	Candidate
Chaytor	23,072	\$55,246	\$55,246	Party
Fraser	15,332	\$39,372	\$39,372	Party
Plant	1,568	-	-	
Raue	2,406	\$6,178	\$2,382	Party
Vinnicombe	1,066	-	-	
Woodger	1,135	-	-	
	46,797	\$106,492	\$102,696	

The candidate endorsed by The Greens applied to the Authority for an extension of time to lodge the claim for payment and declaration of political contributions received and electoral expenditure incurred. The application for an extension was granted and the claim and declaration was lodged by the extended due date.

While all claims for payment and declarations of political contributions received and electoral expenditure incurred were lodged with the Authority, not all declarations were lodged within 120 days of the return of the Writ for the election.

There were no prepayments made to parties upon lodgement of their claim for payment.

2. Maroubra by-election

The Maroubra State by-election was held on Saturday 17 September 2005.

A total of six candidates contested the by-election, four of which were endorsed by a party. All candidates were included in the Register of Candidates as at election day. One candidate appointed an official agent whose details were included in the Register of Official Agents for the by-election.

All parties contesting the election were registered as at election day for the by-election under Part 4A of the *Parliamentary Electorates and Elections Act 1912*. The parties who contested the election had appointed party agents who were included in the Register of Party Agents.

The total amount available for distribution to candidates from the Constituency Fund in accordance with the provisions of the Act was \$84,367.

There were 34,870 first preference votes cast at the by-election. Four of the candidates had at least 4% of the first preference votes cast in favour of them resulting in those candidates being eligible for election funding.

After the candidates' entitlements were calculated it was determined that \$10,211 from the Constituency Fund would be undistributed.

The following table lists the number of first preference votes received by each candidate, the entitlement of those candidates who were eligible for election funding, the payment made, and who the claim was made by:

Candidate	First Preference Votes	Entitlement	Payment	Claimed by
Daley	20,334	\$42,183	\$42,183	Party
Gardiner	6,446	\$16,609	\$9742	Candidate
Hamer	3,852	\$9,925	\$8510	Candidate
Shen	1,044	-	-	
Smith	2,111	\$5,439	\$3621	Party
Stepkovitch	1,083	-	-	
	34,870	\$74,156	\$64,057	

While all claims for payment and declarations of political contributions received and electoral expenditure incurred were lodged with the Authority, not all declarations were lodged within 120 days of the return of the Writ for the election.

There were no prepayments made to parties upon lodgement of their claim for payment.

3. Marrickville by-election

The Marrickville State by-election was held on Saturday 17 September 2005.

A total of nine candidates contested the by-election, six of which were endorsed by a party. All candidates were included in the Register of Candidates as at election day. One candidate appointed an official agent whose details were included in the Register of Official Agents for the by-election.

All parties contesting the election were registered as at election day for the by-election under Part 4A of the *Parliamentary Electorates and Elections Act 1912*. The parties who contested the election had appointed party agents who were included in the Register of Party Agents.

The total amount available for distribution to candidates from the Constituency Fund in accordance with the provisions of the Act was \$88,916.

There were 35,004 first preference votes cast at the by-election. Two of the candidates had at least 4% of the first preference votes cast in favour of them resulting in those candidates being eligible for election funding.

After the candidates' entitlements were calculated it was determined that \$5,424 from the Constituency Fund would be undistributed.

The following table lists the number of first preference votes received by each candidate, the entitlement of those candidates who were eligible for election funding, the payment made, and who the claim was made by:

Candidate	First Preference Votes	Entitlement	Payment	Claimed by
Bleicher	977	-	-	
Byrne	13,638	\$39,034	\$39,034	Party
Goldstein	1,066	-	-	
Hinman	526	-	-	
MacDonald	144	-	-	
McLachlan	397	-	-	
Tebbutt	17,428	\$44,458	\$44,458	Party
Thomson	484	-	-	
Woodward	344	-	-	
	35,004	\$83,492	\$83,492	

The candidate endorsed by The Greens applied to the Authority for an extension to lodge the claim for payment and declaration of political contributions received and electoral expenditure incurred. The application for an extension was granted and the claim and declaration was lodged by the extended due date.

The candidate endorsed by the Christian Democratic Party (Fred Nile Group) failed to lodge a declaration of political contributions received and electoral expenditure. This was brought to the attention of the Authority in the meeting held on Wednesday 3 May 2006. The Authority determined that the candidate would be given 28 days from the day of the meeting to lodge a declaration. The candidate failed to lodge within the extended period and the Authority has commenced proceedings for a breach of the Act.

While all claims for payment and declarations of political contributions received and electoral expenditure incurred were lodged with the Authority, not all declarations were lodged within 120 days of the return of the Writ for the election.

There were no prepayments made to parties upon lodgement of their claim for payment.

4. Pittwater by-election

The Pittwater State by-election was held on Saturday 26 November 2005.

A total of six candidates contested the by-election, four of which were endorsed by a party. All candidates were included in the Register of Candidates as at election day. One candidate appointed an official agent whose details were included in the Register of Official Agents for the by-election.

All parties contesting the election were registered as at election day for the by-election under Part 4A of the *Parliamentary Electorates and Elections Act 1912*. The parties who contested the election had appointed Party Agents who were included in the Register of Party Agents.

The total amount available for distribution to candidates from the Constituency Fund in accordance with the provisions of the Act was \$89,531.

There were 38,365 first preference votes cast at the by-election. Five of the candidates had at least 4% of the first preference votes cast in favour of them resulting in those candidates being eligible for election funding.

After the candidates' entitlements were calculated it was determined that no amount from the Constituency Fund would be undistributed.

The following table lists the number of first preference votes received by each candidate, the entitlement of those candidates who were eligible for election funding, the payment made, and who the claim was made by:

Candidate	First Preference Votes	Entitlement	Payment	Claimed by
McTaggart	15,052	\$35,448	\$33,065	Candidate
Nicolaou	14,622	\$34,435	\$34,435	Party
Giles	3,208	\$7,555	\$7,555	Candidate and
				Party *
Dunn	2,316	\$5,454	\$5,454	Candidate
Stevens	2,819	\$6,639	\$6,639	Candidate
Nicotra	348	-	-	
	38,365	\$89,531	\$87,148	

*The candidate endorsed by the Christian Democratic Party (Fred Nile Group) made a claim for payment in addition to the party's claim for payment. The amounts claimed by the candidate and party combined exceeded the maximum entitlement of the candidate. In accordance with the provisions of s73A(4) of the Act the amounts payable to the candidate and party were reduced proportionally so that the combined total equalled the maximum entitlement.

While all claims for payment and declarations of political contributions received and electoral expenditure incurred were lodged with the Authority, not all declarations were lodged within 120 days of the return of the Writ for the election.

There were no prepayments made to parties upon lodgement of their claim for payment.

Local Government Ordinary Elections

During the reporting period the Authority received and processed declarations of political contributions and electoral expenditure lodged by candidates and groups contesting one ordinary election in the district of Mid Western Regional.

On 26 May 2004, the Governor for NSW proclaimed the amalgamation of Coolah Shire, Mudgee Shire, Merriwa Shire and Rylstone Shire to form the Mid Western Regional Council. The Minister for Local Government announced on 25 August 2005 that the election of nine councillors for Mid Western Regional Council was to be held on 25 March 2006.

A total of 21 candidates contested the election, none of which were endorsed by a party. All candidates were included in the Local Government Register of Candidates as at election day. There were no official agents appointed by the candidates.

There were a total of two groups registered for the election, both consisting of five candidates. The remaining candidates were ungrouped.

The due date for lodgement of declarations by the candidates and groups for the election is in the 2006-2007 reporting period.

Local government ordinary elections held in the 2004-2005 reporting period where the due date for lodging a declaration fell within the current reporting period include the Bathurst Regional, Clarence Valley, Greater Hume, Upper Hunter and Warrumbungle areas.

All candidates who contested these ordinary elections lodged with the Authority a declaration of political contributions received and electoral expenditure incurred within 120 days of election day.

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

Local Government by-elections

During the reporting period local government by-elections were called in 15 council areas. Twelve of those elections were contested. A total of 55 candidates contested the by-elections. All candidates were included in the Local Government Register of Candidates as at election day.

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

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

Council Area	Election Day	No. of Candidates
Moree Plains	Saturday 9 July 2005	6
Wollondilly C Ward	Saturday 13 August 2005	8
Liverpool Plains	Saturday 22 October 2005	3
Tenterfield E Ward	Saturday 12 November 2005	2
Hunters Hill North Ward	Saturday 17 December 2005	2
Harden	Saturday 18 February 2006	6
Blue Mountains 3rd Ward	Saturday 25 February 2006	3
Ku-ring-gai Roseville Ward	Saturday 11 March 2006	4
Muswellbrook	Saturday 18 March 2006	4
Kiama	Saturday 8 April 2006	5
Eurobodalla	Saturday 8 April 2006	7
Ashfield South Ward	Saturday 29 April 2006	6

Official agents were appointed by two candidates that contested the Ku-ring-gai Roseville Ward and Moree Plains by-elections. The official agents were appointed by election day and were included in the Local Government Register of Official Agents.

Ten 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*.

In addition, three council areas, Berrigan, Guyra and Gilgandra had uncontested elections as the number of candidates who nominated was the same as the number to be elected.

One candidate who contested the Moree Plains by-election failed to lodge with the Authority a declaration of political contributions received and electoral expenditure incurred. This candidate has been referred to the NSW Crown Solicitor to commence proceedings for a breach of the Act.

Candidates who contested the by-elections held in Moree Plains, Wollondilly C Ward, Liverpool Plains, Tenterfield E Ward and Hunters Hill North Ward lodged with the Authority a declaration of political contributions received and electoral expenditure incurred within 120 days of election day.

One candidate who contested the Harden 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 Ku-ring-gai Roseville Ward, Muswellbrook, Kiama, Eurobodalla and Ashfield South Ward.

Local government by-elections held in the 2004-2005 reporting period where the due date for lodging a declaration fell within the current reporting period include Hurstville Penshurst Ward, Brewarrina, Greater Hume and Temora.

One candidate who contested the Hurstville Penshurst Ward by-election failed to lodge with the Authority a declaration of political contributions received and electoral expenditure incurred. This candidate has been referred to the Crown Solicitor to commence proceedings for a breach of the Act.

All other candidates who contested by-elections in the Hurstville Penshurst Ward, Brewarrina, Greater Hume and Temora areas lodged with the Authority a declaration of political contributions received and electoral expenditure incurred within 120 days of election day.

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 Authority is currently working with the SEO in the development of a proprietary Election Management Application (EMA) which will be used by officers of the SEO, the Authority and Returning Officers appointed by the Electoral Commissioner in the management of the 2007 General Election.

EMA will include an election funding module. The purpose and main functions of the module include:

- register candidates and groups for election funding purposes
- record and report on the declarations of contributions and expenditure made by parties, groups and candidates
- record and report on the declarations made by Political Donors contributors to candidates, groups and parties
- process and report on claims for payment.

The election funding module is expected to 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 Authority to improve the rate of compliance by targeting those non-compliant candidates, groups and parties.

The expected date of completion for the election funding module is January 2007.

Research and Development

The Authority did not undertake any new research or any major development programme. As a result of the review conducted last year into the appropriateness, completeness and effectiveness of the administrative arrangements in place relating to disclosure and claims, the Authority focused on adopting many of the recommendations made.

Human Resources

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

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

Although staff work on matters relevant to the Authority, they are employed by the SEO. Wages, salaries and allowances are included in the annual report of the SEO.

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 SEO.

The industrial relations policies and practices are found in the annual report of the SEO.

Consultants

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

Equal Employment Opportunity

The Authority has no full time permanent public sector positions. However, the 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 Authority are set out in the annual report of the SEO.

Land Disposal

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

Promotion and Consumer Response

The Authority publishes instructional handbooks for use by registered political parties, groups and candidates contesting state and local government elections. The publications explain their entitlements and obligations under the Act.

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 Authority's website.

The Authority is currently developing a website which will enhance the information available to registered political parties, candidates and the NSW electors and political donors.

The 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.

There were no overseas visitors received or visits made by the Authority.

Price Determination of NSW Government Held Information

Current pricing structures used by the Authority are consistent with government policy. There is no charge where distribution is for public policy purposes eg election funding reports.

Guarantee of Service

The Act determines that the Authority calculate entitlements and make payments for general elections or by-elections to registered political parties, within 14 days. Should the 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.

No pre-payments were made by the Authority for this reporting period.

Provision for the Authority's commitment and guarantee of service is set out as part of the SEO Guarantee of Service which is available on the SEO website.

Risk Management and Insurance Activities

Details of risk management and insurance activities are shown in the annual report of the SEO.

Disclosure of Controlled Entities

The 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 SEO.

NSW Government Action Plan for Women

The NSW Government action plan for women does not apply to the 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 SEO.

Waste Reduction Plan

The 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 Authority's website will provide for on-line inspection of registers, claims for payment and income and expenditure declarations, expanding to include electronic submission of returns as a second stage of website development.

The claims for payment and declarations have in the past been solely a paper-based activity with documents only available for inspection by visiting the SEO.

Freedom of Information

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

In the reporting year no FOI applications were received.

Privacy Management Plan

The Act requires that the 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 Authority must also be made available for public inspection in relation to claims for payment, declarations of political contributions and electoral expenditure along with any supporting documents and third party contributor 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 SEO's privacy management plan developed under the *Privacy and Personal Information Protection Act 1998*. This plan is currently under review.

The Authority does not have any statistical information, under a Part 53 review.

Departures from Subordinate Legislation Act

There have been no departures from the provisions of the *Subordinate Legislation Act 1989*. No extensions have been sought under that Act.

Government Energy Management Policy

The Authority supports energy management as a key mechanism for pursuing both environmental and financial benefits. The 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 SEO.

Electronic Service Delivery

The 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 available on the SEO website. The Authority is continuing to update this material and the general information will be available via the Authority's new website.

Details of contributions received, expenditure incurred and payments made in respect to Parliamentary elections are presently available on the SEO website.

The SEO and the Authority are working on a website project that will see the complete upgrade and improved performance of the SEO website and the introduction of a new EFA site. This will result in the ability of the Authority to provide more detailed information about election funding to its full range of stakeholders and timelier posting of reports following elections.

Credit Card Certification

The 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 Authority 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 Authority for the financial year are included in this Report.

The original budget for the Authority for 2005-06 was \$2.419m. This budget was increased to \$2.685m. The Authority's budget is detailed below:

Budget	2005-2006	
	Original	Revised
	\$000	\$000
Operating expenses		
Employee related	186	363
Other operating expenses	111	199
Depreciation and amortisation	82	83
Other expenses		
Payments to candidates, groups and parties	661	377
Political education	1,379	1,663
Total expense budget	2,419	2,685

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 Authority are sold.

Investment Performance and Liability Management Performance

The Authority has no investments or liabilities.

Major Assets

The Authority does not possess any assets.

Payment of Accounts

Accounting functions are managed by the Finance and Administration Branch of the SEO. Details of payment of accounts are set out in the annual report of that Agency.

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 2005 to 30 June 2006

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 State Electoral Office.

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

During the reporting period the Authority:

- prepared and distributed instructional material to political parties, groups and candidates contesting a deferred local government ordinary election, local government by-elections and the Legislative Assembly by-elections in the districts of Dubbo, Macquarie Fields, Maroubra, Marrickville and Pittwater
- processed the claims for payment and declarations of political contributions received and electoral expenditure incurred by groups and candidates arising from the four State by-elections and local government elections
- sought and processed declarations of political donors
- administered the Political Education Fund established to provide money to eligible parties for expenditure on political education.

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

Political Education Fund

Following a State general election, an eligible registered party is entitled to receive annual payments from the Political Education Fund, until election day for the next general 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
 - 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 the 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.

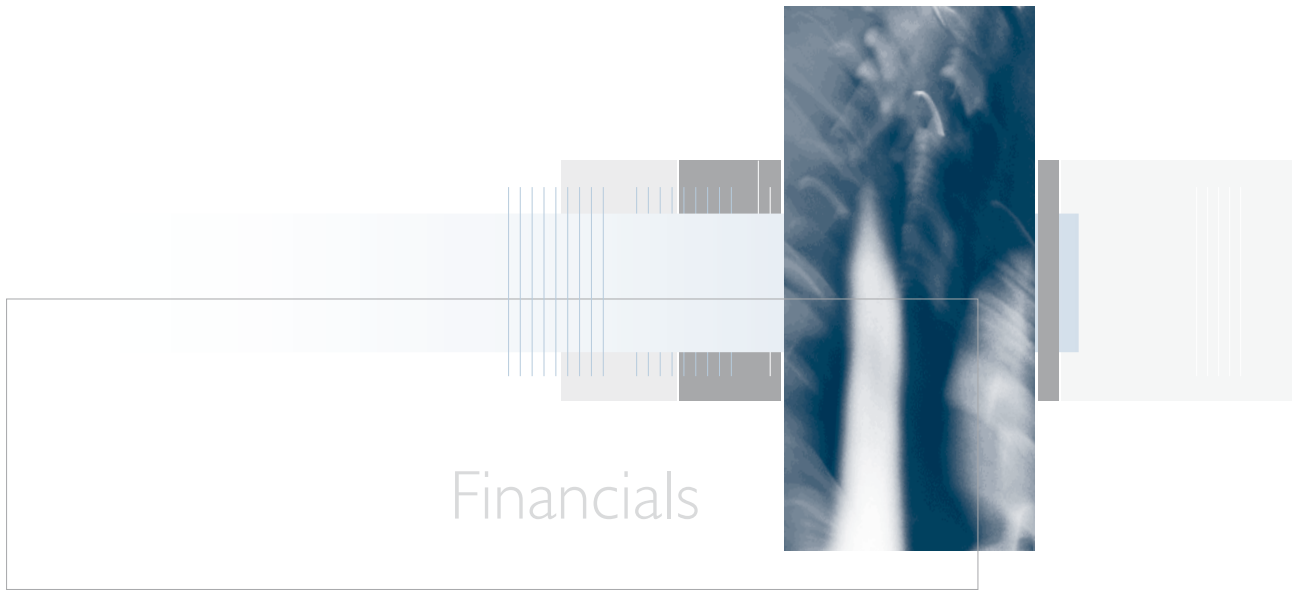
A party is eligible to participate in the distribution of the Fund if the party endorsed candidates for election to the Legislative Assembly at the general election and was entitled to receive funding from the Central Fund for the Legislative Council election.

The following parties lodged declarations for 2005 political education expenditure and received their third annual payment from the entitlements calculated after the 2003 general 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	\$472,444
National Party of Australia - NSW	\$184,002
The Greens	\$157,685
TOTAL	\$1,662,626

All parties received their maximum entitlement and payments were made within two weeks after lodgement in the proper form.

Claims for payment from the Political Education Fund and declarations of expenditure are available for inspection at the Authority.



Audited Financials

Statements and Commentary 2005 - 2006



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Election Funding Authority of New South Wales

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Election Funding Authority of New South Wales:

- presents fairly the Authority's financial position as at 30 June 2006 and its performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act), and the *Public Finance and Audit Regulation 2005*.

My opinion should be read in conjunction with the rest of this report.

Scope

The Financial Report and the Authority's Role

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the Election Funding Authority for the year ended 30 June 2006.

The members of the Election Funding Authority are responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Authority in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Election Funding Authority members had not fulfilled their reporting obligations.

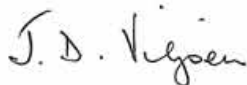
My opinion does *not* provide assurance:

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

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The 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.



John Viljoen CPA
Director, Financial Audit Services

SYDNEY
21 September 2006



Statement by Members of the Authority

Pursuant to the provisions 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:

1. The accompanying financial report exhibits a true and fair view of the financial position of the Election Funding Authority as at 30 June 2006 and transactions for the year then ended.
2. 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.

A handwritten signature in black ink that reads 'Colin Barry' with a long horizontal flourish extending to the right.

Colin Barry
Chairperson

20 September 2006

Income Statement for the Year Ended 30 June 2006

2005	Notes	2006
\$		\$
REVENUE		
Consolidated Fund: (Specially appropriated under the Election Funding Act No. 78 of 1981)		
102,918	Payments to candidates, groups and parties	337,394
1,662,626	Political Education Fund	1,662,626
1,765,544	TOTAL REVENUE	2,000,020
EXPENSES		
23,062	2003 General Election payments to individual candidates from Constituency Fund	-
79,856	Payments to individual candidates from by-election Constituency Fund	337,394
1,662,626	Payments to political parties from Political Education Fund	2 1,662,626
1,765,544	TOTAL EXPENSES	2,000,020
-	SURPLUS/(DEFICIT) FOR THE PERIOD	-

The accompanying notes form part of these financial statements

Balance Sheet as at 30 June 2006

2005	Notes	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 2006

2005		Notes	2006
\$			\$
CASH FLOWS FROM OPERATING ACTIVITIES			
	Payments		
(102,918)	Payments to candidates, groups and parties		(337,394)
(1,662,626)	Political Education Fund		(1,662,626)
	Cash Flows from Government		
1,765,544	Consolidated Fund receipts via State Electoral Office		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 2006

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 2006 has been authorised for issue by the Chairperson on 20 September 2006.

(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 (AIFRS))
- 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 one thousand dollars and are expressed in Australian currency.

(c) Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include AIFRS.

This is the first financial report prepared based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly, except as stated below.

In accordance with AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards and Treasury Mandates, the date of transition to AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement was deferred to 1 July 2005. As a result, comparative information for these two Standards is presented under the previous Australian Accounting Standards which applied to the year ended 30 June 2005.

The basis used to prepare the 2004/05 comparative information for financial instruments under previous Australian Accounting Standards is discussed in Note 1 (g) below.

(d) 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) Parliamentary Appropriations and Contributions

Parliamentary appropriations and contributions are generally recognised as income when the agency obtains control over the assets comprising the appropriations / contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at year end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue.

(e) Expense Recognition

An expense and liability are recognised for Central and Constituency Funds expenditure claims incurred but not submitted to the Authority at balance date. A corresponding revenue item and asset are recognised as the cost of claims is recovered from the State Electoral Office.

All transactions are conducted through the State Electoral Office's accounting framework. Within this framework, employee related expenses of \$385,000 and other operating expenses of \$170,000 are recognised as attributable to the Election Funding Authority. Candidates, groups and parties are eligible for payments from either the Constituency Fund or the Central Fund when the election results are announced. Expenses and liabilities for these payments are recognised when a claim is approved by the Election Funding Authority.

(f) Assets Recognition.

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

(g) Comparative Information

Comparative figures have been restated based on AEIFRS with the exception of financial instruments information, which has been prepared under previous AGAAP Standard (AAS 33) as permitted by AASB 1.36A. The transition date to AEIFRS for financial instruments was 1 July 2005.

(h) New Australian Accounting Standards issued but not effective

The impact of the following new accounting standards is not able to be reliably measured at this stage.

AASB No.	Name	Application Date
7	Financial Instruments: Disclosures	Annual reporting periods beginning on or after 1 January 2007
119	Employee Benefits (compiled version issued April 2006)	Annual reporting periods beginning on or after 1 January 2006
2004-3	Amendments to Australian Accounting Standards	Annual reporting periods beginning on or after 1 January 2006
2005-1	Amendments to Australian Accounting Standard	Annual reporting periods beginning on or after 1 January 2006
2005-4	Amendments to Australian Accounting Standards (AASB 139, AASB 132, AASB 1, AASB 1023, AASB 1038)	Annual reporting periods beginning on or after 1 January 2006
2005-5	Amendments to Australian Accounting Standards (AASB 1 and AASB 139)	Annual reporting periods beginning on or after 1 January 2006
2005-6	Amendments to Australian Accounting Standards (AASB 3)	Annual reporting periods beginning on or after 1 January 2006
2005-9	Amendments to Australian Accounting Standards (AASB 4, AASB 1023, AASB 139 and AASB 132)	Annual reporting periods beginning on or after 1 January 2006
2005-10	Amendments to Australian Accounting Standards (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 1023, AASB 1023 and AASB 1038)	Annual reporting periods beginning on or after 1 January 2007
2006-1	Amendments to Australian Accounting Standards (AASB 121)	Annual reporting periods ending on or after 31 December 2006

2. Revenue

Political Education Fund

2006		2005
\$000		\$000
688,618	Australian Labor Party (NSW Branch)	688,618
126,891	Country Labor Party	126,891
472,444	Liberal Party of Australia New South Wales Division	472,444
32,986	Christian Democratic Party (Fred Nile Group)	32,986
184,002	National Party of Australia - NSW	184,002
157,685	The Greens	157,685
1,662,626	Total Payments from Political Education Fund	1,662,626

3. Contingent liabilities

There are no known contingent liabilities at balance date (\$NIL at 30 June 2005).

4. Commitments

The Authority has no contractual commitments, nor any operating or finance leases (\$NIL at 30 June 2005).

5. Reconciliation of net cash provided by operating activities to operating surplus

2006	2005
\$000	\$000
-	-
-	-
-	-
-	-

6. The financial impact of adopting Australian equivalents to international financial reporting standards (AEIFRS)

The Election Funding Authority has applied the AEIFRS for the first time in the 2005/06 financial report.

The agency has determined the key areas where changes in accounting policies are likely to impact the financial report.

The agency has determined as at the date of preparing the 30 June 2006 financial report that there are no financial impacts of the AEIFRS on the Election Funding Authority's equity or operating result.

End of audited financial report