



# Funding and Disclosure Information for Registered Political Parties

The *Electoral Act 2002* has been amended, introducing new political funding and disclosure laws for Victoria.

The laws apply to a person or an organisation that gives or receives political donations in relation to elections in Victoria, being registered political parties, candidates, groups of candidates, elected members, associated entities, third party campaigners, nominated entities and donors.

The Registered Officer of a registered political party is the Agent of the party, responsible for ensuring the party, all endorsed candidates, elected members and groups, and, if applicable, its nominated entity comply with the funding and disclosure laws.

This includes disclosing all donations, maintaining the State campaign account, submitting annual returns and managing receipt of public funding, administrative expenditure funding and policy development funding.

## Political donations

A political donation is:

- any gift (be it money, services, a loan, a guarantee or giving of property) given to a registered political party, a candidate, a group of candidates, an elected member, or a nominated entity
- a gift to an associated entity or third party campaigner for the purpose of helping the associated entity or third party campaigner make a political donation, or incur political expenditure.

A gift does not include:

- gifts made in a private capacity for personal use
- annual subscription fees paid to political parties
- annual affiliation fees paid to political parties
- annual levies paid to political parties
- gifts made between a registered political party and its nominated entity
- gifts made for Commonwealth electoral purposes that are not paid into the State campaign account
- volunteer labour
- labour shared between branches

- property used by a shared labour resource between branches (e.g. a telephone used by a worker).

Political expenditure is any expenditure for the main purpose of directing how a person should vote at an election by promoting or opposing a candidate, elected member or registered political party.

## Disclosing donations

From 25 November 2018, both donors and recipients must disclose political donations worth \$1,000 or more, made in a financial year, via the Victorian Electoral Commission (VEC) website. These donations must be disclosed within 21 days of giving or receiving that donation. Details to be included in these disclosures are:

- name and address of the donor (only the suburb and state of individual donors will be published and no address details of silent electors will be published)
- name of the recipient
- date the donation was made
- type of donation (e.g. money, service, loan, guarantee, property)

- amount of the donation (which may require supporting evidence in the case of services or property).

The Registered Officer is responsible for entering all donations received by or on behalf of the party via the VEC website. The Registered Officer must also ensure the donor is aware of their obligation to disclose the donation.

Before disclosing donations, recipients must be registered on the VEC website. It is the responsibility of the Registered Officer to register all endorsed candidates, elected members and groups and, if applicable, its nominated entity.

## Banned donations

From 1 August 2018, the following political donations are banned:

- donations from foreign donors (i.e. the donor is not an Australian citizen or resident, or a business with a relevant Australian Business Number)
- anonymous donations of \$1,000 or more (i.e. the donor must provide their name and address for any donation of or above \$1,000).

## Limits on donations

From 25 November 2018, there is a cap of \$4,000 from any one donor to any one recipient within an election period (the period between a general election and the next—this is usually a four-year period).

A registered political party, its endorsed candidates, groups and elected members, and its nominated entity are all considered as one recipient for the purpose of the cap.

This means that a donor cannot donate, for example, \$4,000 to each candidate endorsed by a registered political party.

## Nominated entities

A registered political party can appoint an organisation as its nominated entity. Any gifts made between a registered political party and its nominated entity are not considered political donations.

To be eligible to be appointed as a nominated entity, the organisation must be an incorporated body that:

- operates for the **principal** benefit of the registered political party, or is established and maintained or is the trustee of a trust established and maintained for the **principal** benefit of the

members of the registered political party, and

- does not have voting rights in the registered political party
- is not already the nominated entity of another registered political party
- has not been convicted of an offence under Part 12 of the *Electoral Act 2002* (nor has an officer of the organisation).

For any appointments made after 1 July 2020, or further appointments beyond the first appointment of a nominated entity before 30 June 2020, the organisation must be an incorporated body that:

- is controlled by the registered political party
- operates for the **sole** benefit of the members of the registered political party, or is established and maintained or is the trustee of a trust established and maintained for the **sole** benefit of members of the registered political party
- does not have voting rights in the party
- is not already the nominated entity of another registered political party
- has not been convicted of an offence under Part 12 of the *Electoral Act 2002* (nor has an officer of the organisation).

For this appointment to come into effect, the VEC must have accepted the party's written application to appoint a nominated entity (which must include written consent from the proposed nominated entity) and formally added the organisation to the Register of Nominated Entities.

A registered political party can only have one nominated entity.

The VEC is required to publish a register of nominated entities on its website.

## State campaign account

From 25 November 2018, the Registered Officer must maintain a State campaign account(s) for the purpose of State elections.

The State campaign account must be with an authorised deposit-taking institution (e.g. bank, credit union, building society) within Australia.

All political donations received for State electoral purposes must be paid into the State campaign account and all political and electoral expenditure must be paid from the State campaign account.

All public funding must also be paid into the State campaign account.

Administrative expenditure funding payments, policy development funding payments, money for Commonwealth electoral purposes, and annual subscription fees, affiliation fees and levies must not be paid into the State campaign account.

## Annual returns

The Registered Officer is required to submit an annual return at the end of each financial year that covers the registered political party and all endorsed candidates, elected members and groups. If the party also has a nominated entity, a separate return will need to be submitted for the nominated entity.

From 2019, annual returns must be submitted to the VEC by 20 October each year.

A registered political party annual return requires the following information:

- the total amount received by, or on behalf of, the party
- the details of amounts received that exceed the \$1,000 disclosure limit for the year
- the total amount paid by, or on behalf of, the party
- the total amount of all outstanding debts incurred by, or on behalf of the party
- the details of outstanding debts that exceed the \$1,000 disclosure limit for the year.

For the nominated entity annual return, the above details only need to be provided in relation to the State campaign account. Other information is also required for the nominated entity, to be submitted either with the annual return, or as soon as practical after it has been completed, including copies of:

- loan, grant or donation statements under *section 237 of the Fair Work (Registered Organisations) Act 2009* (Cth)
- general purpose financial statements under *section 253 of the Fair Work (Registered Organisations) Act 2009* (Cth)
- financial statements under *section 102 of the Associations Incorporation Reform Act 2012*
- financial reports under *section 319 or 320 of the Corporations Act 2001* (Cth).

## Public funding

Public funding is available to State election candidates that receive at least 4% of first preference votes in the election being contested or that are elected.

For the 2018 State election, registered political parties with eligible candidates will receive \$1.75 per first preference vote.

For the 2022 State election, and all subsequent State elections, registered political parties can elect to receive their funding in advance at new rates. This amount will be based on results for eligible parties from the immediately preceding election at a rate of \$6 for Legislative Assembly candidates, and \$3 for Legislative Council candidates (this will be indexed annually from 2019). These advance payments will be paid in four instalments over four years.

Before any payments are made, parties must submit an audited Statement of Expenditure (SoE) in relation to the immediately preceding election (i.e. to receive advance funding for the 2022 State election, a SoE will need to be submitted for the 2018 State election). Statements of expenditure must be lodged with the VEC within 20 weeks of election day.

Following submission of the SoE for the 2018 State election from eligible candidates, a retrospective payment will be made for the 2018 State election expenditure, as well as the first advance payment (40%) for the 2022 State election. The remaining 60% will be paid in three 20% instalments as follows:

- 20% on 30 April two years prior to the next election
- 20% on 30 April one year prior to the next election
- 20% on 30 April in the year of the next election.

Parties that spent less on their campaign than their entitlement will only receive the amount spent.

Parties that spent more on their campaign than their entitlement will only receive the amount they are entitled to.

Payments for public funding must be paid into the State campaign account.

## Administrative expenditure funding

From 1 August 2018, administrative expenditure funding is available to all elected members quarterly in advance for each day they are an elected member (funding amounts are calculated on a daily, pro-rata basis).

Payments for elected members endorsed by a registered political party are paid to the party. The amount payable is tiered based on the number of elected members and is capped at 45 members.

Payments start at \$200,000 per year for the first member and scale down to \$70,000 per year for the second member, and \$35,000 per year for the third to forty-fifth members.

Administrative expenditure funding payments must only be used for administrative purposes. They must not be used for:

- political expenditure
- electoral expenditure
- expenditure for which an elected member has claimed a parliamentary allowance as a member
- expenditure related to the election of members of the party to a Parliament other than the Parliament of Victoria.

Before any payments are made, parties must submit an application to receive funding. Applications should be submitted:

- for the period 1 August to 24 November 2018, as soon as practicable after 1 August, but before 24 November 2018
- for a new parliamentary term, as soon as practicable after the commencement of the new parliamentary term, but before 31 December of that year
- for the period 1 July to the day of the election during an election year after 2018, by 1 July of that year
- when the number of elected members of a party increases, as soon as practicable after the increase.

In an election year, for the period 1 July to the day of the election, parties are only eligible to receive funding for elected members that intend to recontest the next election.

In a quarter in which an election is held (either a general election or a by-election), payment is only until the day of the election (including the day of the election). Following the election, payments are made in arrears from the day after the election until the end of that quarter. These payments are made with the next regular quarterly payment.

Eligibility for administrative expenditure funding will stop when a person ceases to be an elected member for any reason. Registered political parties must let the VEC know within 28 days if the number of elected members of the party decreases.

Following the end of each calendar year, registered political parties are required to submit an audited return in relation to administrative expenses. These returns must be submitted via the VEC website within

16 weeks of the end of the calendar year, with the first annual return due on or before 22 April 2019.

If the return specifies the party has spent less on administrative expenses than the entitlement received, or has been overpaid for whatever reason, the party must either repay the amount or, where applicable, elect to have future payments reduced.

## Policy development funding

From the end of the 2018 calendar year, registered political parties that did not receive public funding in that year, were not eligible to receive administrative expenditure funding, and were registered with the VEC as a registered political party for the entire year, are eligible to receive policy development funding.

The amount parties are eligible to receive is \$1 per first preference vote from the previous general election, or \$25,000, whichever is greater.

Before any payments are made, parties must submit an audited statement in relation to policy development expenditure for the calendar year. Statements must be lodged with the VEC within 20 weeks of the end of the calendar year. Parties that have spent less than their entitlement will only receive the amount spent.

Policy development funding must not be paid into the State campaign account or used for political or electoral expenditure.

## Penalties

Significant penalties apply for failing to comply with the legislation, including fines and imprisonment.

*Please note, the information contained in this document is general in nature and does not take into account your individual circumstances; it is not legal advice. If in doubt you should seek professional advice.*

## More Information

More information on the obligations in relation to funding and disclosure can be found at [vec.vic.gov.au](http://vec.vic.gov.au)

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