

# NSW Liberals down \$4 million over hundreds of thousands in donations cloud

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EXCLUSIVE

More than \$4 million in public funding is being withheld from the NSW Liberals by authorities until the party can prove hundreds of thousands of dollars in donations it received before the 2011 election that swept it into power were not illegal.

The donations were made by the controversial Free Enterprise Foundation, which the Independent Commission Against Corruption heard had "washed" illegal contributions from property developers before donating them to the NSW Liberals.



*Besieged mining magnate Nathan Tinkler leaves an ICAC hearing in May 2014. His Boardwalk Resources paid \$53,000 to the Free Enterprise Foundation but said it was intended for the federal Liberals. Photo: Nic Walker*

More than \$690,000 in donations remains unverified.

The NSW Electoral Commission has said it will withhold reimbursement of expenditure from last year's state election and annual administrative funding totalling \$4.3 million until the matter is resolved.

Failure to secure the funding would potentially leave the NSW division in financial dire straits just months before a federal election.

A three-member panel of the NSW Electoral Commission, chaired by a former president of the NSW Court of Appeals, Keith Mason, will convene on Wednesday.

"The meeting is expected to decide outstanding claims by the Liberal Party of Australia NSW Division," a spokeswoman for the commission said on Tuesday.

A spokeswoman for the NSW Liberal party acknowledged the money was being withheld but said that the "NSW Electoral Commission has no basis to withhold payment".

"The NSW Liberal Party is endeavouring to work with the commission to resolve this matter," the spokeswoman said.

Party officials have told members of the party state executive that the financial squeeze means the party must cut down on legal action and its mounting lawyers' fees.

Ongoing litigation, including relating to a dispute over the leadership of a Young Liberal branch in Sydney's west are believed to continue to cost the party hundreds of thousands of dollars each year.

The operations of the Free Enterprise Foundation – a federal fundraising body linked to the Liberal party – were closely examined by ICAC during its Operation Spicer investigation in 2014.

The commission heard senior Liberal officials used fundraising bodies the Millennium Forum and the Free Enterprise Foundation to funnel hundreds of thousands of dollars in prohibited donations into the Liberal party's 2011 NSW election campaign.

It was alleged donations prohibited under NSW law, including from property developers, were instead made to the Free Enterprise Foundation, which is not bound by state donations law.

The foundation would then donate to the NSW Liberals' state campaign.

ICAC has yet to release its final report into Operation Spicer.

Calls to the Free Enterprise Foundation were not returned on Tuesday.

Donations to the party have reduced dramatically in recent years. The party raised only about \$1.7 million in small and reportable donations from before the most recent state election, less than one-third of the amount brought in at the previous election.

<http://www.smh.com.au/nsw/nsw-liberals-down-4-million-over-hundreds-of-thousands-in-donations-cloud-20160322-gnokw0.html>