

Assistant minister Angus Taylor discussed Free Enterprise Foundation with key fundraiser

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Assistant Minister for Cities Angus Taylor discussed use of the controversial Free Enterprise Foundation with a former key Liberal fundraiser.

A second Turnbull government frontbencher has been caught up in the political donations row dogging the NSW Liberals over a finding that senior party officials used a controversial body to channel prohibited donations into its 2011 state election campaign.

Liberal rising star and Assistant Minister for Cities Angus Taylor discussed use of the controversial Free Enterprise Foundation with a former key Liberal fundraiser, Paul Nicolaou, and solicited a donation from a mining company to the organisation.

The revelation comes after cabinet secretary Senator Arthur Sinodinos was last week named in a damning report by the NSW Electoral Commission over the party's use of the federally registered FEF to "disguise" donations, including from banned donors such as property developers, to the NSW division of the party.

The discussion with Mr Taylor was revealed by Mr Nicolaou in his evidence to the Independent Commission Against Corruption in 2014 during Operation Spicer, its investigation of Liberal Party fundraising.

Mr Taylor was at the time a member of the NSW Liberal Party finance committee and had not yet entered parliament.

Mr Nicolaou also told the ICAC he had briefed members of the finance committee on the "option" of using the FEF to accept money from donors such as property developers who were banned from donating to NSW election campaigns.

But on Monday, Mr Taylor told Fairfax Media his recollection was that "there was always the expectation that all donations would be disclosed and be compliant [with election funding laws]".

"Any suggestion that we should accept prohibited donations from my point of view was unacceptable and is still unacceptable," he said.

"Every discussion I ever had always worked on the assumption that donations would be disclosed and compliant."

Mr Nicolaou's evidence to ICAC was that he had a conversation with Mr Taylor about the FEF. He did not know if the suggestion that otherwise-prohibited donors could donate through the FEF was made to or in front of Mr Taylor.

But Mr Nicolaou told ICAC that "we did talk about" the FEF in the context of a donation Mr Taylor was soliciting from Whitehaven Coal boss Tony Haggarty.

Mr Nicolaou said he understood from other evidence before ICAC that "the company wanted anonymity and hence why [Mr Taylor] would have been aware of the Free Enterprise Foundation".

A 2010 email from Mr Taylor to Mr Nicolaou tendered to ICAC refers to a cheque for as much as \$10,000 from Mr Haggarty that would be made out to the FEF. The Liberal Party and Mr Haggarty say the donation was never made.

Mr Haggarty said he never intended to make the donation because he knew he was considered a property developer under NSW legislation and therefore a prohibited donor.

When asked about this on Monday, Mr Taylor said: "I only ever spoke to people about making a political donation that would support the Liberal Party at a state or federal level".

Last week the NSW Electoral Commission announced it was withholding \$4.4 million in public funding to the NSW Liberals until the party formally disclosed who donated the \$693,000 via the FEF before the 2011 election.

The ruling contained the explosive finding that senior NSW Liberal officials had deliberately used the FEF to "channel and disguise donations by major political donors, some of whom were prohibited donors".

The commission said to reach the conclusion it had relied on evidence to ICAC by party officials and "through them" evidence of the "involvement" of finance committee members including Senator Sinodinos "in the arrangements touching the foundation".

The finding has led to calls for Senator Sinodinos to stand aside as cabinet secretary. But Senator Sinodinos has criticised the Electoral Commission's report as "flawed" and asked that his name be removed.

<http://www.smh.com.au/nsw/assistant-minister-angus-taylor-discussed-free-enterprise-foundation-with-key-fundraiser-20160328-gns7li.html>