

B. Final assessment of state funding for 2005

1. Parties entitled to receive state funding

The following 21 parties were entitled to receive state funding in 2005 under section 18 (4) of the Law on Political Parties (listed in descending order of votes won, cf. vote account for 2005, as at: 31 December 2005, Annex 1):

<u>Bundestag parties</u>	<u>Other parties</u>	
CDU	NPD	DIE FRAUEN
SPD	REP	Deutschland
ALLIANCE 90/THE GREENS	Die Tierschutzpartei	Offensive D
CSU	GRAUE	DVU
FDP	FAMILIE	SSW
The Left Party ¹	ödp	Freie Wähler in Thüringen
	WASG	Pro DM
		50Plus

¹ Until 17 July 2005, the party was known as the PDS

2. Calculation of state funding for 2005

The levels of state funding allocated to the parties for 2005 were calculated in line with the attached 'Summary' (ANNEX 2, last amended: 1 February 2006).

The following points apply to the Summary:

The second column of the Summary contains the parties' 'vote accounts' on the qualifying date of 31 December 2005 (section 19a (2) of the Law on Political Parties, cf. Annex 1). This comprises the sum of total eligible valid votes cast for each party's lists at the most recent European, Bundestag and Landtag elections. Here, the final updated official results replace any earlier results for the duration of the electoral term. In 2005, this applied to the Bundestag elections and the Landtag elections in North-Rhine/Westphalia and Schleswig-Holstein. Changes in the vote account are taken into consideration up to 31 December of each entitlement year.

The third column of the Summary, headed 'Contributions', lists the subscriptions and donations taken into account in calculations of state funding. Pursuant to section 24 (8) of the Law on Political Parties, the parties reported these contributions separately in their 2004 statement of account, which is used to assess their state funding for 2005. These contributions represent the sum of membership subscriptions, contributions by elected representatives, and donations by natural persons up to a total of €3,300 per person per year.

In order to rectify the reporting of overly high amounts in previous statements of account, the SPD, ALLIANCE 90/THE GREENS and the FDP reduced the amounts reported in the 2004 statement of account correspondingly, pursuant to section 31a (1) sentence 2, in conjunction with section 23a (4) sentence 3 of the Law on Political Parties.

The Freie Wähler party in Thuringia failed to submit the 2004 statement of account required for assessment of state funding for 2005 by 31 December 2005, meaning that it has already forfeited the contributions-based funding for 2005 (section 19a (3) sentence 3 of the Law on Political Parties). It will, however, be able to retain votes-based funding if it submits the 2004 statement of account in the proper manner by the end of 2006.

The WASG party, which was only established in 2005, did not receive any contributions in 2004; the table therefore shows "contributions: 0.00".

The *fourth column of the Summary* - headed 'Votes-based funding' - shows the amount of funding for each party calculated on the basis of the number of votes it received (cf. column 2) (€0.85 for each of the first four million votes and €0.70 for every additional vote thereafter).

The fifth column of the Summary - headed 'Contributions-based funding' - shows the financial calculation of the donations and subscriptions listed in column 3, based on €0.38 for each euro of contributions received.

The *sixth column of the Summary* - headed 'Total' - shows the sum of the two previous columns ('Votes-based funding' and 'Contributions-based funding'). It states the amount that parties would receive based on these figures if no absolute or relative limits applied. The total - over €162 million - shows that the absolute limit of €133 million was exceeded by approximately €29 million, or roughly 22%, in 2005 (20% in 2004).

As the total amount of state funding must not exceed the absolute limit, the amounts accruing to the individual parties in column 6 ('Total') have to be reduced proportionally as prescribed by section 18 (5) of the Law on Political Parties. This calculation is shown in the seventh column of the Summary (headed 'Absolute limit'). The result of this reduction is that instead of €0.85 or €0.70, the eligible parties actually received only around €0.70 or €0.57 per vote, and only around €0.32, rather than €0.38, for each euro of contributions received for the year 2005.

Owing to the constitutional ban on political parties being 'predominantly' funded by the state, the level of state funding must not exceed the revenue raised by parties themselves in the previous year. Under section 18 (5) of the Law on Political Parties, the amounts calculated in column 7 must therefore be compared with the revenue raised by the party itself, and included in the 2004 statement of accounts, which is shown in column 8 of the Summary (headed 'Relative limit').

For 2005, we can see that the annual revenue raised by the Tierschutz (animal protection), FAMILIE (Family), DIE FRAUEN (The Women) and Deutschland parties themselves is less than their state funding calculated on the basis of the absolute limit. This means that their state funding must be restricted to the relative limit.

As the WASG was only set up in 2005, the year of entitlement, and the relative limit cannot therefore be calculated on the basis of the statement of account for the previous year (2004), the relative limit will be calculated on the basis of the statement of account for 2005 which has to be submitted during 2006. For this reason, the assessment of the contributions-based funding is only provisional.

The Freie Wähler party in Thuringia has not so far submitted a statement of accounts for 2004, meaning that neither a relative limit nor the level of funding to be paid out on this basis can be given (c.f. section 19a (1), sentence 2 of the Law on Political Parties).

Under section 19a (6) of the Law on Political Parties, the state funding payable for valid votes won in Landtag elections is taken from the total state funding allocated to each party and is disbursed by the Länder (states) from Land funds to the party associations at Land level at the rate of €0.50 per vote. The relevant figures are shown in the penultimate column of the Summary (headed 'Share disbursed by the Länder').

The Federal Government disburses the remaining state funding to the parties' federal associations - or, if the party is only represented at Land level, such as the CSU, SSW and 50Plus, to the Land association - from the federal budget via the President of the German Bundestag (section 21 (1) of the Law on Political Parties). The relevant amounts are shown in the last column of the Summary ('Share disbursed by the Federal Government'). The resultant final amounts paid or repaid from the share of funding disbursed by the Federal Government, from which any previous advance payments are deducted, are shown in column 4 of the table entitled 'Federation' (As at: 1 February 2006, Annex 3).

3. Federation/Länder share and share of state funding

The totals shown in the final two columns reveal that the federal states (Länder) provided approximately €18 million (approx. 14%) and the Federal Government around €114 million (approx. 86%) of total state funding in 2005.

The difference between the total revenue raised by the parties themselves for 2004 (approx. €307 million, shown in column 8, headed 'Relative limit') and the total level of state funding for 2005 (approx. €133 million, shown in column 9, headed 'Final amount') reveals that parties' own finances exceed state funding by a substantial margin, i.e. by approx. €174 million. Thus the share of state funding in total party funding of €440 million (€307 million + €133 million) is around 30% on average.

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