

ELECTORAL FUNDING AMENDMENT (REGISTERED CLUBS) BILL 2023

STATEMENT OF PUBLIC INTEREST

Need: Why is the policy needed based on factual evidence and stakeholder input?

Currently, in NSW there are three categories of “prohibited donors” who can’t make political donations under the *Electoral Funding Act 2018*:

- a) property developers;
- b) tobacco industry business entities; and
- c) liquor or gambling industry business entities.

Registered clubs which have gaming machines or are otherwise involved in gambling may not be captured by the existing definition of “liquor or gambling industry business entity” because of the language used in the Act, including the need for the entity to have a profit-making purpose. Such clubs have been able to lawfully continue to make political donations despite the rest of the gambling industry being banned from doing so. Closing this gap is consistent with the existing policy of prohibiting liquor or gambling industry business entities from making political donations, as the gap is not justified by any strong policy rationale.

In doing so, it is necessary to create an exemption to allow registered clubs to permit use of their premises by elected members, candidates for election, parties or groups for purposes associated with an election or an elected member’s duties because this activity has a social benefit.

Objectives: What is the policy’s objective couched in terms of the public interest?

The objective is to ensure that registered clubs involved in gambling are brought within the scope of the prohibition on political donations from the gambling industry and can’t continue to exercise (or be perceived to exercise) an outsized influence through political donations because of gaps in the law. There is a strong public interest in ensuring that the provisions of the Act are achieving their object of helping prevent corruption and undue influence in the government of the State or in local government.

Options: What alternative policies and mechanisms were considered in advance of the bill?

Legislative amendment is the only way to close the gaps in the current prohibition on political donations from the gambling industry that have allowed registered clubs involved in gambling to continue to make political donations.

Analysis: What were the pros/cons and benefits/costs of each option considered?

The option of doing nothing to change the definition of “liquor or gambling industry business entity” would mean that the gaps in the law would continue to allow registered clubs involved in gambling to make political donations and exercise (or be seen to exercise) an outsized influence.

Pathway: What are the timetable and steps for the policy’s rollout and who will administer it?

The Bill will, if enacted, commence on 1 July 2023. The Electoral Commission has statutory powers to investigate compliance with and enforce the provisions of the *Electoral Funding*

Act 2018. The Electoral Commission will also be involved in educating stakeholders on the changes to the law.

Consultation: Were the views of affected stakeholders sought and considered in making the policy?

The Electoral Commission was consulted on the policy and its views were considered.