

**Submission
No 4**

**INQUIRY INTO PUBLIC FUNDING OF LOCAL GOVERNMENT
ELECTION CAMPAIGNS**

Organisation:

Name: Cr Terry Fogarty

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Funding of Local Government Election Campaigns

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Willoughby City Council.
10th September 2010

Joint Standing Committee on Electoral Matter
Parliament of NSW
Macquarie Street,
SYDNEY NSW 2000

My professional background is as a Geographer/Town Planner, Educator and as a Executive in the Computer and Communications industries having held Marketing and Strategic Planning positions in a range of private, government and semi-government organisations (both large and small).

I have been a Chatswood West Ward community-based independent Councillor on Willoughby City Council for the past four terms over a continuous period of 15 years including 18 months as Deputy Mayor, during which time I was fortunate to be Acting Mayor for extended periods. Prior to my election as a local Ward Councillor in 1997, I was active within my local community on issues such as education, traffic and transport and community facilities. In addition, I have actively supported our local independent popularly-elected Mayor over the past 10 years or so during a number of Mayoral and a couple of State-seat campaigns. I have also been a Board Member of the Northern Regional Organisations of Councils (NSROC) for the past ten or so years where I have been exposed to the collective wisdom of northern Sydney Mayors and General Managers from Hornsby, Kuring-Gai, Willoughby, North Sydney, Lane Cove Hunters Hill and Ryde.

For me, the driving principles underpinning Local Government Election Campaigns are aimed at achieving a Council that is focused on core community values such as: Excellence, Respect, Responsibility, Cooperation, Participation, Care, Equity, Fairness and Democracy.

For the period I have been a representative, Willoughby City Council has been an area divided into Wards. However, the funding model I will argue could also be the basis for consideration for an un-divided Council area and Popularly-Elected Mayoral Elections.

Based on numbers, Local Mayors and Councillors (local government) is the tier of government closest to the people they represent. For example, a typical State Electorate is roughly the size of an optimally sized local government area. In the State seat, you have a single representative. The comparable local government area has multiple representatives for a similar geographical spread. Typically, a local government area could have 9-10 Councillors who are able to dedicate their time to each serving effectively perhaps 10% of the number of constituents that a State Member serves. A Mayor on the other hand is servicing approximately the same number of constituents as that contained in a typical State electorate.

Many of the electoral reforms that have been brought in by the Election Funding Authority over the past few years, whilst frustrating at times, nevertheless provide a good basis for further considered reform.

When it comes to local government election campaigns, the fact of the matter is that they can potentially be delivered far more economically than has traditionally been the case. My main contention in regard to the funding Local Government Election Campaigns is that the focus should be on containing costs to respond to community concern regarding waste and excess and to provide a lower-entry threshold for aspiring candidates. The issue of low interest loans to candidates is also canvassed.

Whilst my preferred position is for candidates to predominately self-fund their election campaign, the funding model I am proposing allows donations and other forms of public (not Public Purse or Government) funding to a maximum of 50% of electoral expenditure.

There are many benefits to be derived from the proposed funding model including a reduction in the actual and perceived undue influence within Local Government, particularly where large donations are involved. It improves community confidence in the integrity of Local Government and Local Government's initiatives for a Sustainable Future by addressing unnecessary campaign waste. The model is equity based and transparent. It addresses financial inequalities of candidates and promotes greater participation for anyone willing to stand for Local Government.

In addition, given the claimed complexities of Local Government, the model is relatively simple, scalable. It is also inherently affordable.

Clr. Terry Fogarty
September 2010

SUMMARY OF PROPOSED FUNDING MODEL

It is my view that candidates at Local Government (LG) elections should largely self-fund their election campaigns as a demonstration of their commitment to the core values embodied in a service to the community ethic. Currently some campaigns are partially funded by the public by way of donation, participation and contributions at fund-raising ventures and functions. In my view, funding of LG elections should be constrained to small donations and contributions at fundraising functions by the public direct to candidates. There may be a case to consider some additional Public Purse (Government) funding for disadvantaged groups, the auditing of election accounts and the availability low interest loan assistance.

CAP ELECTORAL EXPENDITURE

- Cap electoral expenditure by a Group to 30 – 50 cents per elector.
- Cap electoral expenditure for a candidate for Popularly Elected Mayor to \$1.00 or less per elector.
- Expenditure on advertising to be limited by statute.
- Two-colour only for brochures, How-to-vote cards and posters.

LIMIT DONATIONS

- Ban all donations in excess of \$1,000
- Ban outright all third party paid advertising endorsement of candidates.
- Part C ‘Small’ donations of less than \$1,000 should be capped at 25% of allowable expenditure.
- Part D Income from fundraising ventures and functions should be capped at 25% of allowable expenditure.

LIMIT PUBLIC FUNDING

- Limited public funding by State and Local Government
- Restrict public funding of elections to meeting the costs of statutory audits

OTHER

- Make available low interest loans to candidates repayable over their term of office
- For quality control, consideration to be given to tasking NSW Procurement to issue a Tender for the distribution and delivery of promotional materials.
- The Returning Officer at Local Government Elections assumes responsibility for the distribution of How-to-vote cards on election day and the placement of a limited number of candidates’ posters outside of polling booths
- Any limited public funding only to be available to candidates who achieve a threshold number of votes
- Focus efficiency reforms on reporting of Group expenditure

DETAILS OF PROPOSED FUNDING MODEL

PUBLIC FUNDING

At the outset, I would like to make a distinction between public funding and Public Purse (Government) Funding. Your Inquiry canvasses what I consider to be Public Purse (Government) funding.

Currently many campaigns are partially funded by the public by way of donation, participation and contributions at fund-raising ventures and functions. In my view, public funding of LG elections should be constrained to small donations and contributions at fundraising functions by the public direct to candidates. There may be a case to consider some additional Public Purse (Government) funding for disadvantaged groups and for the auditing of election accounts. Further, I believe that Local Government Election Campaigns should be predominately self-funded by candidates with perhaps low interest loan assistance if required.

Q1. Is public funding for LG elections in NSW supported? Why?

It is my view that candidates should largely self-fund their election campaigns as a demonstration of their commitment to the core values embodied in a service to the community ethic. However, I would support limited government funding for disadvantaged candidates. I would also support limited Public Purse (Government) funding to candidates who achieve a defined percentage of votes to cover the cost of any statutory audits of campaign expenditure but would prefer that any such funding be directed to the Election Funding Authority to undertake audits in a transparent manner using a standard approach. I believe that overall this would be more cost effective.

RECOMMENDATION: Restrict public funding of elections to meeting the costs of statutory audits, preferably to be undertaken by the Election Funding Authority on behalf of candidates from their Electoral Expenditure Returns.

Q2. What factors, specific to local government elections, should be considered in developing an appropriate public funding model? How might they be accommodated?

The key factor is the cost per elector to run a campaign with a reasonable chance of success. The funding model I am advocating is based on an optimally sized Council area roughly equivalent to the size of a state seat. There may be a need due to inefficient economies of scale to provide a higher capped threshold for smaller Councils.

RECOMMENDATION: Undertake further research to validate the proposed model for small rural and regional Councils.

Q3. Aside from public funding in the form of reimbursement for electoral expenditure, are there other ways in which local government candidates, parties and groups could be assisted?

I do not support reimbursement for electoral expenditure. As electoral expenditure is fundamentally elective, it should rightly be funded by the candidate. However, there are other initiatives that could be considered to assist candidates reduce their overall expenditure on election campaigns. This would assist aspiring Councillors overcome barriers to entry.

For instance, the following initiatives could be considered.

‘NSW Procurement’ tender for the distribution of promotional materials

One of the biggest hurdles any candidate encounters is logistical support for delivering promotional and informational printed materials to constituents. Research I have undertaken over a number of years indicates that most constituents highly value the availability of candidate’s promotional materials in their home a few days prior to Election Day. Many candidates recount poor value outcomes when using commercial pamphlet distributors, although Australia Post offers a reasonable service.

RECOMMENDATION: Consideration to be given to tasking NSW Procurement to issue a Tender for the distribution and delivery of promotional materials so candidates for LG Elections could secure services at a group discounted price from accredited sources who can plan their business and resourcing appropriately.

Handout of How-to-vote cards & Placement of Posters

The other ‘nightmare’ for many candidates is arranging sufficient human resources to man ‘how-to-vote’ distribution points outside of polling places on polling days. My take on this matter is that most constituents find the ‘sheep run’ approach used by candidates’ supporters to place How-to-vote material in constituents hands confronting. An alternative method of distribution would be for the Returning Officer to directly oversee and manage this activity on behalf of candidates.

The use of Posters at LG Elections is also problematic. Many communities no longer value the appearance of posters weeks before and election and remaining on poles for months after an election. In most areas, it is illegal to place a poster, other than on private property with an owners’ consent. If there is a need for ‘advertising’ an upcoming election by billboard, then rightly that should be undertaken by the NSW Electoral Commission, not by candidates. However, the public do value posters on polling day. They allow them to put a face to the name.

RECOMMENDATION: The Returning Officer at Local Government Elections assume responsibility for the distribution of How-to-vote cards on election day and the placement of a limited number of candidates’ posters outside of polling booths.

Q4. If public funding for local government elections were introduced, which level of government should be responsible for its financing – local councils or the state government? Why?

Given the nature of the limited funding proposals outlined above, these would be most appropriately be directly funded by State Government.

RECOMMENDATION: Limit public funding funded by State Government.

EXPENDITURE

Q.5 What level of expenditure, expressed as an amount per elector, is sufficient to conduct a reasonable local government election campaign?

For the 2008 Local Government (LG) Election there was a limit of \$2,500 imposed on candidates and groups (including Political Parties) above which there was a requirement to have the election account professionally audited. The Election Expenditure returns for this election held by the Election Funding Authority are publically available for viewing. It would interesting to see this data fully analysed to extract summary information by Council category (Metro/rural/regional), structure (Wards/undivided) and by political party and group tickets as well as individual (below the line) candidates. *I would be willing to donate my time and research experience to assist with such a project.*

RECOMMENDATION: Commission the Election Funding Authority to fully analyse the returns from the 2008 LG Elections.

At the 2008 LG elections, 1,474 councillors and 28 mayors were elected to office for a four year term. The majority of Councillors elected were in Council areas divided into Wards.

	Due	Contested	Uncontested
Councillor elections – Divided councils	223	187	36
Councillor elections – Undivided councils	86	84	2
Councillor elections – Total	309	271	38
Mayoral elections	28	27	1

Source: Electoral Commission NSW, Report on the Local Government Elections 2008

COUNCIL DIVIDED INTO WARDS

Willoughby West Ward in 2008 consisted of around 10,000 electors. At the 2000 LG elections, candidates, including myself, were duly elected with election expenditure of less than \$2,500 during the three months prior to the election. Most successful candidates were part of a group.

Based on say a \$3,000 dollar expenditure cap for a political party or group for a three Councillor Ward an amount of around 30 cents per elector is more than sufficient to conduct a successful local government election campaign in an inner metropolitan Council divided into ward.

I have noted that previous submissions on this matter have identified a figure of 50 cents per elector. If the waste and cost cutting measures mentioned above are implemented a lower cap figure should be achievable.

RECOMMENDATION: Cap electoral expenditure by a Group to 30 – 50 cents per elector.

POPULARLY-ELECTED MAYORAL ELECTIONS

For a Metropolitan area, an analysis of returns for the 2008 Local Government Election indicates that a Mayor can typically mount a successful campaign for around \$1.00 per elector. However, if one were to adopt strategies outlined elsewhere in this submission it should be possible for a Mayor to mount a reasonable campaign for a lesser amount.

RECOMMENDATION: Cap electoral expenditure for a candidate for Popularly Elected Mayor to \$1.00 or less per elector.

UN-DIVIDED COUNCIL AREAS

For an undivided area, a case can be made that the cost of an election campaign is higher than for a Council Divided by Wards. I have not had the time to research this, but from my marketing background I acknowledge that it is less cost-effective to market to a larger audience rather than to a small one. However, given that a Councillor in an undivided Council area also only needs to achieve a defined percentage of votes (for example around 10% for a Council with ten members) the situation is structurally not dissimilar to the impacts on a Ward candidate. It is clear that the cap should be somewhere between that for a Ward candidate and that of a Mayoral candidate, albeit closer to that of a Ward candidate.

RECOMMENDATION: Undertake some further research with a view of capping electoral expenditure for candidates in an un-divided Council area to perhaps 20% greater than for candidates within a Ward-based system.

Q6. If public funding for local government elections were introduced, are the current disclosure requirements adequately transparent?

The current disclosure requirements are not unreasonable. What appears to be lacking is a consistency in the audit process and on-line visibility of attachments to the lodged return. There is likely a lack of familiarity of commercial auditors with the requirements of the Act.

I have noted major inconsistencies in lodged return. For example the delivery of printed material lodged under Part F instead of Part H. This lack of audit assurance would undermine comprehensive analysis of the returns data if not corrected by the Election Funding Authority.

RECOMMENDATION: Task the Election Funding Authority to quality assure lodged election returns.

There is also the issue of how expenditure is incurred and reported for Groups. Currently, the requirement is to submit an individual return and a group return. I haven't had the time to fully think through the ramifications of this approach but intuitively feel the most important comparative approach is at the Group (rather than individual candidate) level.

The reality of how the Group Ticket works in most instances for community independents is that it is highly probable that only the person on the top of the group ticket will be elected for Wards with 3 Councillors due to the method of vote counting, structural lack of preference direction by the group and the application of exhausted votes. In some ways, this is a good thing as it works towards assuring diversity on Councils. It is typically the Group Leader that funds the campaign. Many

group members can be encouraged to 'stand on the ticket' if they are assured that they are unlikely to be elected. So, in my worldview, it doesn't really matter that the current disclosure reporting does not reveal individual 'candidates' spending. It is the group or political party spending that is the relevant factor here.

RECOMMENDATION: Focus any efficiency reforms on reporting of Group expenditure.

THIRD PARTY EXPENDITURE

Third party support for candidates can be provided in many guises both direct and indirect. Responding to public concern, recent legislation has been aimed at direct contribution by way of donation. The definition of 'Reportable' political donations in Part B is not comprehensive.

In my experience, one of the most powerful weapons available to a candidate is third-party endorsement. Endorsement costs nothing but is also useful to the public. You can probably "judge the dog by its colours".

What may need to be limited by statute is any third-party advertisements commending/endorsing a candidate. Whilst this may be unlikely for Councillor Elections (except for large Council areas perhaps) it could be a factor in the election of Popularly Elected Mayors.

RECOMMENDATION: Ban outright all third party paid advertising endorsement of candidates.

Q.7 What factors impact on the costs of campaigning for local government elections?

In an Inner Metropolitan Council, the presence, or not, of Ward divisions may have some impact on cost, I'm not sure. It is possibly easier to 'target market' within a smaller geography such as a Ward. The fact remains, even for an un-divided Council area, a candidate to be successful does not have to address every elector. Candidates in areas with multiple representatives are elected by achieving a defined percentage of the total votes cast. There may be a case to cap expenditure of candidates in un-divided Council areas at a level somewhere between the expenditure cap placed on candidates in Councils with Wards and that for Popularly-Elected Mayors (who need to canvas the whole area).

In my view, neither the number of candidates, nor the number of groups, has direct impact. It is in my view important not to consider the competition faced. The focus should squarely be on servicing the information needs of electors. A typical elector seems appreciative of receiving a promotional flyer in their letter-box in the week prior to the election. This brochure does not need to be full-coloured nor glossy. It should be informative and useful with tips on how and where to vote and the like.

Most people do not like a proliferation of posters in the weeks prior to an election campaign. Posters have a role to play on election day but there is no need or legal opportunity for large numbers of posters or 'blitz' campaigns.

People seem to value a clear and concise 'How to Vote' card when they approach the ballot box, but I can assure the Inquiry, people do not like or value the typical 'Push' evidenced outside polling places on polling day.

RRECOMMENDATION: Take every opportunity to seek to reduce the cost to a candidate/group of running an election campaign/

Part F: Electoral Expenditure – Advertising

There is a case that can be made that aspirant candidates can improve their chance of success at local government election by advertising in newspapers. However, this is a relatively costly exercise and fraught with potential waste (due to inappropriate position of advertisements on the wrong side of a publication or not in the forward section of the paper).

RECOMMENDATION: Public purse funding not be utilised to support advertising. Expenditure on advertising should be limited by statute.

Part G: Electoral Expenditure - Printing

Candidate/group brochure

Printing services are a necessity. In my experience people value receiving a one to four page A4 candidate/group brochure folded to DL for easy placement in letterboxes in the week before an election. Black & White or 2-colour on white or other background can effectively used if well designed. Full colour is more expensive and perhaps should be avoided.

How-to-vote card (DL)

To be available on election day for distribution by the Returning Officer Refer above regarding comments on colour etc.

Posters

Distribution should be restricted to election day only under strict control of the Returning Officer..

RECOMMENDATION: Two-colour only for brochures, How-to-vote cards and posters.

Part H: Electoral Expenditure – Other

RECOMMENDATION: No other electoral expenditure, apart from expenditure incurred on auditing a declaration be considered for Public Purse (Government) funding

Q.8a If public funding were introduced for local government elections, would expenditure caps be required?

Definitely, yes. Capping election expenditure is the key to providing any affordable and equitable public funding model.

RECOMMENDATION: Cap electoral expenditure by a Group to 30 – 50 cents per elector. Cap electoral expenditure for a candidate for Popularly Elected Mayor to \$1.00 or less per elector.

Q.8b If so, what would be an appropriate method for determining expenditure caps?

The number of electors.

INCOME

It is my conviction that local government elections should largely be self-funded directly by participating candidates.

A successful candidate is compensated by way of a 'fee' ranging, for example, in 2007 from \$6,610 per year to \$29,080 per year depending on the size of the Council. This means Councillors in NSW are compensated to the order of \$25,000 - \$120,000 over a four year term. For instance, in Willoughby a Ward Councillors receive a fee of around \$80,000 over a four year term for servicing a Ward of 10,000 electors. If election expenditure was capped at 30 cents per elector the investment required by an aspirant to be elected equates to 3.75% of potential earnings.

The requirement for candidates to predominately self-fund their election campaign is not, in my view, unreasonable. However, the funding model I am proposing allows donations and other forms of public (not Public Purse of Government) funding to a maximum of 50% of electoral expenditure.

Q.9 What are the typical sources of funding for local government election campaigns?

These include Part B: 'Reportable' political donations, Part C: 'Small' Political Donations, Part D: Fundraising ventures and functions and Part E: Reportable Loans

Moves to ban all forms of 'reportable' donations are applauded and totally supported. There is generally no need for large donations to elections campaigns within a largely self-funded funding model.

RECOMMENDATION: Ban all donations in excess of \$1,000.

RECOMMENDATIONS: Part C 'Small' donations of less than \$1,000 should be capped at 25% of allowable expenditure. Part D Income from fundraising ventures and functions should be capped at 25% of allowable expenditure.

RECOMMENDATION: The Election Funding Authority could provide low or no-interest loans to candidates to assist with campaigns. Any public funding or loan should only be paid to an individual candidate, Official Agent or Group Leader of a Group ticket.

I would be willing to appear or answer any questions if required in relation to my submission.

Contact details

Clr. Terry Fogarty
Willoughby City Council



BENEFITS OF THE PROPOSED FUNDING MODEL

There are many benefits derived from the proposed funding model including a reduction in the actual and perceived undue influence within Local Government, particularly where large donations are involved. It improves community confidence in the integrity of Local Government and Local Government's initiatives for a Sustainable Future by addressing unnecessary campaign waste. The model is equity based and transparent. It addresses financial inequalities of candidates and promotes greater participation for anyone willing to stand for Local Government.

In addition, given the claimed complexities of Local Government, the model is relatively simple, scalable. It is also inherently affordable.

ADDRESSING THE ARGUMENTS AGAINST PUBLIC FUNDING

Complexities of local government?

Perceived or promoted complexity can be understood and resolved by analysis.

The current funding and disclosure scheme whilst not designed with Local Government in mind can adequately accommodate Local Government's needs.

This submission provides a relatively simple, scalable and affordable blended Government and public funding model for Local Government. .

Lack of data?

Data is now available via the NSW Election Funding Authority returns.

Insufficient support for reform?

The proposed funding model is pragmatic. It captures the key elements of previous submissions by both large and small political party perspectives plus is also well constructed for the large numbers of independent candidates at local government elections.

Nuisance candidates?

Provide limited government funding only to candidates who achieve a threshold number of votes.

Escalation in campaign expenditure?

Address by proposed expenditure cap.