

**Submission  
No 29**

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

**Organisation:** Liberal Party of Australia (NSW Division)

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**Position:** Acting State Director

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Mr Robert Furolo MP  
Chairperson  
Joint Standing Committee on Electoral Matters  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

Dear Mr Furolo

### **Inquiry into the Public Funding of Local Government Election Campaigns in NSW**

The Liberal Party of Australia (NSW Division) provided a comprehensive submission to the Joint Standing Committee on Electoral Matters Inquiry into Public Funding of Election Campaigns in January 2010.

A key principle of this submission was the need for a level playing field for election campaigns, predicated on the view that only enrolled individuals should be able to donate, with donations from corporations, trade unions and other organisations being banned.

As part of this submission, our views on the issue of public funding of local government election campaigns in NSW were also addressed.

For the benefit of the members of the Joint Standing Committee on Electoral Matters I have included relevant extracts from our earlier submission (namely *Section 6.12* and *Section 8*), as appendices.

Following the receipt of submissions in January 2010 and public hearings in March 2010, the Joint Standing Committee on Electoral Matters produced a large number of recommendations and findings on the issue of public funding of election campaigns. We note that a number of recommendations as proposed by the Liberal Party of Australia (NSW Division) have been adopted by the Joint Standing Committee on Electoral Matters in its response to the Inquiry.

Following the release of the findings of the Joint Standing Committee on Electoral Matters, the Premier of New South Wales released the NSW Government's position on campaign finance reform. We note that the Premier's plan for campaign finance reform does not embrace all recommendations of the Joint Standing Committee on Electoral Matters.

The Premier's position, as stated in her media release of 21 September 2010, is conditional on reaching broad support through 'consultation.'

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Until this position has been finalised, it is difficult for the Liberal Party of Australia (NSW Division) to provide more prescriptive recommendations other than those provided previously.

If you have any queries please do not hesitate to contact me on 8356 0300.

Yours sincerely



Richard Shields  
Acting State Director

# Appendices

## LOCAL GOVERNMENT

- 8.1 In his evidence to the Committee's first hearing in December 2009, the Electoral Commissioner, Mr Barry, expressed grave doubts about trying to include local government in any reform bill introduced during 2010. There is certainly good reason to be sceptical after the experience with the rushed introduction of the 2008 changes literally weeks before the last periodic local government elections.
- 8.2 Our preliminary view is that the key features of what we suggest for State general elections and by-elections can be applied to local government.
- 8.3 With regard to donations, the same requirement that capped donations from enrolled individuals (no corporations, trade unions or other organisations) could be deposited in a hypothecated Local Government Campaign Account(s). This would facilitate a lower cap if desired. Similar prohibitions would apply to intra-party transfers of funds.
- 8.4 An expenditure limit for an undivided council or a ward could be struck based on a dollar amount per elector. The same types of expenditure would be caught under the expenditure limit as those discussed in paragraph 6.12. The regulated period could be 6 months.
- 8.5 Public Funding would require a different approach. We do not think it necessary to establish a Party Administration Fund for parties registered for the purpose of a local government election only. We are unaware of any that have the same administrative requirement for funds as those with State parliamentary representation. Reimbursement for electoral expenditure could be introduced, with a 4 percent threshold, based on electoral performance up to a ceiling of say 50 or 75 percent of actual expenditure. Alternatively, a very low expenditure cap could be set with no public funding. This may be preferable given the very large number of separate contested elections.
- 8.6 The most difficult decision would be what to do about third party electoral expenditure. It may well be that the Electoral Commissioner's suggestion of delay may well be advisable in this area of new regulation. A decision could be made based on a judgement of the efficiency and effectiveness of the operation of the third party provisions (see paragraphs 9.3 and 9.4) during the 2011 State general election.

6.10 We submit that the **regulated period should be the beginning of the financial year in which the general election is held**. We would oppose having a longer regulated period. Our opposition arises because we believe that third parties must also have expenditure limits during the regulated period. Our concerns are explored further in paragraph 9.5 in our discussion of third parties.

6.11 Perhaps the most difficult issue is the type of expenditure to which the expenditure limit should apply. Some have argued that all expenditure by registered political parties should be limited and disclosed on an annual basis. For example, in his review of the funding of political parties in Britain, Sir Hayden Phillips said campaigning was at the core of all expenditure of political parties and limiting and disclosing all expenditure would be simpler and easier to enforce. However, Australia's federal system may present some difficulties in this respect. As noted in paragraph 5.2, Dr Twomey's paper notes that a law which limits the expenditure of the State division or branch of a Party that might otherwise have been spent to support the election of a candidate for a federal election may well be unconstitutional.

6.12 In the absence of Federal legislation covering the field, **the State should legislate in relation to certain types of electoral expenditure during the regulated period**. This would mean adopting expenditure limits similar to those applying in Britain and New Zealand. In Britain, the Political Parties, Elections and Referendums Act 2000 (PPERA) regulates campaign expenditure, which includes any expenditure incurred by a party in connection with party political broadcasts, advertising, unsolicited material to electors, manifesto or other policy documents, market research and canvassing, public relations and other media management costs, transport, rallies and public meetings. Under PERPA, all value-in-kind donations must also be included as notional expenditure. In New Zealand, the limits focus more on advertising and campaign literature, with the candidate's deposit, food, travel, hall hire, surveys or opinion polls and volunteer labour all exempted. We support the retention of recent changes in relation to value-in-kind donations, including those related to paid staff and campaign offices.

6.13 The test applied to determine whether or not the spending is "campaign expenditure" is similar in both countries. The PERPA test is whether the expenditure incurred is for the purpose of enhancing the standing of, or promoting electoral success for a party at a forthcoming or future election. This includes issuing disparaging material relating to