

1. Could you explain the structure and membership of your organisation?

*The Local Government Association of NSW and the Shires Association of NSW are two separate organisations which together represent 152 general purpose councils and 14 special purpose councils in New South Wales.*

*The Associations represent the views of their member councils by*

- *Presenting councils' views to government;*
- *Promoting Local Government to the community; and*
- *Providing specialist advice and services.*

*The two Associations are registered industrial organisations of employers. Each Association is headed by an elected Executive Committee which is chaired by a President and meets bi-monthly. Both Associations have Annual Conferences where members are able to vote on issues affecting Local Government.*

*A joint secretariat represents both Associations and comprises about 60 staff members who implement Executive and Conference decisions, provide support for policies and carry out specialist member services.*

2. The Committee has received a dozen submissions from local councils, each expressing different views on the effectiveness of the NSW election funding and disclosure scheme. Your own submission describes difficulties the Association has faced in trying to achieve a consensus position on this matter. Could you outline the history of the Association's consideration of this matter?

*The history of the Association's dealing with this matter is outlined in my (Cr McCaffery's) submission. The positions resolved upon reflect those areas where consensus was achieved. Issues not resolved upon reflect where a diversity of opinions exists and majority support was not achieved or a matter was not debated.*

*The broad political and representative nature of the Associations (as opposed to single issue groups) leads to a diversity of views on many issues including the question of regulating political donations. The Associations' positions over time are a reflection of negotiation and consensus. Public funding of elections achieved majority support while prohibition on certain sources of donations did not.*

*I note that there is a widespread consensus amongst the eleven council submissions for greater transparency and accountability, and for consistent rules to apply to candidates for election at all levels, as well as considerable support for donation limits and early disclosure. The Local Government Association (LGA) has resolved to support appropriate public funding of Local Government elections, and both the LGA and the Shires Associations have supported in principle ICAC's recommendations as well as encouraging councils to adopt ICAC's recommended changes to practice.*

3. Several submissions supported the introduction of public funding for local government elections. Is this a common view across local government? Do you support public funding?

*As described, the LGA resolved to support appropriate public funding at its 2005 Annual Conference. The Shires Association has not considered this matter at Annual Conference.*

*The elected Executive Committees of both Associations have resolved to support public funding for elections as a first preference option for removing the influence or perception of influence of political donations on government decision making.*

*In resolving to support public funding, the Executives weighed up a number of issues including the perception of influence on decision making which attaches to political donations, as well as the complexity of formulating and implementing regulations to control monetary donations and the many non-financial donations which a candidate may receive.*

*The Associations considered the financial impost on the taxpayer of public funding as well as the likelihood that public funding may not receive popular support.*

*On balance, however, the Associations believe that public funding is a practical and affordable measure to reduce the potential for conflict of interest to arise from political donations and ensure the viability of political participation by potential candidates.*

4. Do you believe that the same regulations should apply to both state and local governments? For example, should there be the same disclosure requirements for both levels of government? If donations were to be capped, should the same caps apply?

*The LGA resolved to seek transparency of political donations made to all candidates for elections at all levels, at its 2005 Annual Conference. The Associations support ICAC's view that corruption risks in the planning process arise at local and state levels and need to be similarly regulated. The need for regulation of donations at all levels of government achieved consensus amongst council submissions to the inquiry, and the Associations can see no basis for arguing that this should not be the case. If anything, the risks are greater at state level because the powers of Ministers are broader and apply to higher value matters.*

5. Some submissions outlined moves by local councils to amend their codes of conduct, or introduce voluntary codes of conduct, to introduce tighter regulations for councillors voting on development applications by campaign donors. Have many local councils introduced tighter controls?

*The Associations do not have records of how many councils have introduced tighter controls. The Associations have encouraged councils to review practices and amend their codes in line with ICAC's recommendations.*

*North Sydney Council has adopted as part of its Code of Conduct for Councillors and Staff, provisions which build on the conflict of interests obligations by defining campaign donations as matters which give rise to a non-pecuniary conflict of interest.*

*The North Sydney code deems a conflict of interest to exist where matters are before Council involving campaign donors that have been disclosed to the Election Funding Authority as declarations of political contributions received. The code requires that councillors so affected must declare an interest and not participate in debate or vote on the particular matter. This includes group donations of which the councillor was a beneficiary.*

*The code requires councillors to include details of campaign donations in their annual 'Disclosures by Councillors' return, identical to those declared in their disclosure of political contributions received to the Election Funding Authority.*

*In recent discussions with the Minister for Local Government I advocated that the Minister should consider amending the legislation to recognise campaign donations as giving rise to pecuniary interests and expand the definition of pecuniary interests and the necessary declarations accordingly.*

*Such an amendment is a simple and effective way of addressing the issue of greater transparency and accountability for political donations.*

6. In your opinion, are developer contributions impacting on the decisions made by local councils?

*The community needs to be satisfied that contributions are not impacting on decisions, are not seen to be impacting and have no potential to impact.*

*In my opinion, the perception that political donations from developers to candidates influence decision making is widespread in the community. The community understands the simple logic that someone who makes a donation, especially a large donation is at least as likely to be seeking favourable treatment at the hands of planning decision makers as they are to be making a selfless contribution towards the democratic process.*

*The evidence before ICAC's inquiry into Wollongong City Council strongly upholds this community perception. How could it do otherwise?*

*Whether or not developer donations are impacting on decisions is not the reason we should act. We need to regulate donations to reduce and hopefully eliminate the capacity to impact on decisions, but most importantly to restore the community's faith in those decisions and in those who make them.*

7. Last year, the ICAC produced a position paper on corruption risks in NSW development approval processes. The ICAC recommended that the Model Code be amended to provide clearer instructions to councillors on matters pertaining to campaign donors. The ICAC also recommended that candidates for local government be required to publicly disclose donations in the period leading up to an election. What is the Association's position on the ICAC's recommendations? Are you aware if the Department of Local Government is progressing these recommendations?

*There was considerable support for early disclosure amongst council submissions to the inquiry and the Associations gave in principle support to ICAC's recommendations. The Associations have also encouraged councils to amend their codes to reflect ICAC's recommendations.*

*Certainly the North Sydney code and some others have been amended to provide clearer instructions to councillors, and to make conflict of interests provisions stronger, as I have described.*

*I support the disclosure of donations earlier in the campaign. We have evidence at the Wollongong inquiry and in media reports of disclosure of donations up to a year or more after the campaign, which does nothing to inform the voters and can only lead them to the conclusion that candidates were in no hurry to make the identity of their donors a matter of record before polling day.*

*Early disclosure is not a matter that the Associations have considered in detail, and I am unaware of the Department of Local Government's activity in this regard.*

8. What are the central recommendations for reforming the system of electoral and political party funding that you would like to see emerge from this Inquiry?

- *Reforms with the key outcome to restore public trust in decision making*
- *Reforms which encourage participation in the process of both candidates and citizens*
- *Easily understood and applied regulations*
- *Consistent regulation of election funding and donations across all three levels of government*
- *Regulations which are strong enough to capture all forms of donation including third party campaigning and 'in kind' support which might be driven 'underground' or encouraged to flourish*

**For your information, the draft recommendation recorded in the Joint Committee debate is:**

That the Associations make a further joint submission to the Inquiry emphasising their support as a first option for public funding of elections, and for the extension of pecuniary interest provisions to cover political donations. The submission should note the possibility that tightening restrictions on donations could push them 'underground' and the need consequently for regulation to capture donations on the broadest possible basis. The submission should also reflect that as a principle, all regulation of donations should apply equally to candidates and elected officials across the three levels of government.