

**Submission
No 110**

INQUIRY INTO ELECTORAL AND POLITICAL PARTY FUNDING

Organisation: Port Macquarie-Hastings Council
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PORT MACQUARIE-HASTINGS COUNCIL

SUBMISSION TO SELECT COMMITTEE ON ELECTORAL AND POLITICAL PARTY FUNDING

Executive Summary

Port Macquarie-Hastings Council considered a report on the Inquiry into Electoral and Political Party Funding at its meeting on 17 December 2007. Council subsequently resolved:

- 1. That the report be noted and that the General Manager prepare a submission to the Inquiry and a copy be provided to Councillors.*
- 2. That the General Manager promote the Inquiry and the opportunity to make submissions to the staff and Councillors and the community.*

Since that time Council staff have been made aware of the Inquiry and invited to make a submission. Advertisements were also placed in local newspapers circulating in our local government area providing the community with a general awareness of the Inquiry, how to access the discussion paper and how to contact the Select Committee.

This submission is in response to the Select Committee's invitation to the General Manager to provide comments to assist with the Inquiry. The Terms of Reference of the Inquiry are listed hereunder and where Council has a comment and recommendation, they follow the relevant Term.

Terms of Reference

- 1. That a select committee be appointed to inquire into and report on the funding of, and disclosure of donations to, political parties, and candidates in state and local government elections, and in particular:**
 - (a) all matters associated with electoral funding and disclosure**

Comment: The Department of Local Government's Model Code of Conduct makes reference to campaign donors and alerts councillors to the fact that matters coming before the council that involve a donor may give rise to a non-pecuniary conflict of interest.

Council's own code has expanded on that reference and requires:

When a campaign donor has a matter before Council and the donation is greater than:

- in the case of a political party, \$1500,*
- in the case of a group, \$1000,*
- in the case of a candidate \$200, then*

the Councillor in question shall declare a non-pecuniary conflict of interest, explain the nature of the conflict and determine under Section 6.12 of this Code the appropriate action in this matter.

It is essential that the councillor is aware of the donors to his/her campaign. It is also important that the community is able to access the names of significant donors and the amount of the campaign donation. Currently, the community can only access this information via the "Summary of Political Contributions Received " return produced by the Election Funding Authority. That return includes contributions received in the thirty, (30) day period following the election date. As contributions received after that date would not be known to the community, it is suggested that this information should be made public as soon as the councillor becomes aware of the donor and the amount.

Recommendation: That the Select Committee recommend changes to the Local Government Act 1993 that requires councillors to declare significant campaign donations in the councillors' annual Disclosure of Interest Returns. Further, that it be a requirement that the Return must be updated as soon as a councillor becomes aware of any such donation.

Comment: There is a perception among some community members that significant campaign donations may influence councillor decision-making. This not only relates to donations made by developers, but may also include contributions by environmental groups and single or special interest political parties.

In addition, the relevant legislation should be changed (Local Government Act 1993 and Model Code of Conduct) to ensure that councillors must declare a conflict of interest when a matter comes before the council involving a significant campaign donor. This would remove the perception that a significant donor may influence a councillor's decision-making. Legislation should also put in place to enable the decision-making process to proceed in the event that a declaration of interest by a number of councillors results in the lack of a quorum. Presently, if a quorum does not exist, the Local Government Act requires Ministerial approval to be obtained before a decision can be made.

Recommendation: That the Select Committee give consideration to recommending a change in legislation that requires councillors to declare a conflict of interest in the matter and removing themselves from decision-making where they are the beneficiary of a campaign donation that is above the limit prescribed in the council code of conduct. The Committee might also recommend that the Local Government Act 1993 be amended to ensure that the decision-making process is not unduly delayed when a quorum does not exist.

(b) the advantages and disadvantages of banning all donations from corporations, unions and organisations to parties and candidates

Comment: Banning donations will not necessarily achieve the desired outcome and may force the donors to become creative in the ways in which they support a candidate or group. It could also be argued that the part of the democratic process is being able to support candidates of your choice in such a way. It is considered that retaining the current requirements that all donors and their contributions are made public is preferable. However, there should be some upper limit imposed on the contribution that can be made by corporations, unions and organizations to a candidate or group.

Recommendation: That the Select Committee give consideration to the imposition of limits on the level of contributions that can be made by corporations, unions and organizations to candidates or groups.

(c) the advantages and disadvantages of introducing limits on expenditure in election campaigns

Comment: It is clear that a Candidate or Group's success in local government elections is greatly influenced by the amount of funds expended on the campaign. Those with access to funding, whether it be campaign donations, personal wealth or some other source are more likely to run successful campaigns.

Given that the level of expenditure on a campaign is critical to the success of the candidate and or group, the Select Committee might also consider recommending that candidates and groups in local government elections have access to public funding, similar to the funding available to candidates in state government elections. Funds allocated for local government elections could be provided based on needs, size of the council or a flat rate for individuals or groups.

It is also extremely important that all expenditure on electoral campaigns is disclosed regardless of the source of the funding.

Recommendation: That the Select Committee impose limits on campaign expenditure incurred by candidates and groups.

Further, that the Select Committee give consideration amending the legislation to enable local government candidates and groups to have access to public funding similar to that provided for state elections.

(d) the impact of political donations on the democratic process.

Comment: While most of the focus on political donations is directed at contributions from developers, all political donors should be thoroughly scrutinised.

Both state and local government candidates and groups may be the recipients of substantial amounts of political donations. It has previously been mentioned that rather than ban these donations completely, appropriate upper limits should be imposed.

In addition, as previously stated, the relevant legislation should be changed (Local Government Act 1993 and Model Code of Conduct) to ensure that councillors must declare a conflict of interest when a matter comes before the council involving a campaign donor. This would remove the perception that a significant donor may influence a councillor's decision-making.

Recommendation: That the Select Committee recommend the imposition of limits on the size of political donations that may be made to candidates or groups.

Further, that the Committee recommend changes to the Local Government Act and Model Code of Conduct, that will require the recipients of political donations to declare a conflict of interest and remove themselves from the decision-making

process when a matter involving a political donor is before the council and the donation is above the limit prescribed in the council code of conduct.