

**Submission  
No 130**

## **INQUIRY INTO ELECTORAL AND POLITICAL PARTY FUNDING**

**Organisation:**

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## **Submission to the NSW Legislative Council Select Committee on Electoral and Political Party Funding**

### **Background**

I am a resident of Castle Cove, NSW, in Willoughby Electoral District. I am 57 years old and have seen a few elections. I have sometimes been involved in community groups and campaigns about various issues. I am currently involved in the defence of Catherine Hill Bay, NSW against overdevelopment by two corporations under the Part 3A process. I am very concerned about the negative impact of political donations on the democratic process.

### **Response to the terms of reference**

a. All matters associated with electoral funding and disclosure:

I agree with the discussion paper's statement that

*[with] private funding ... there is the potential for abuse: political donations may be used to purchase political favours, access to decision-makers, or consideration in policy formation, undermining faith in government and distorting the democratic process.*

I believe we have recently reached such a situation in NSW and that there is a widespread perception in the community that impropriety is now embedded in the day-to-day processes of government. In particular, that corporations can buy influence to win contracts with government or to secure a commercial advantage that would otherwise not be provided by government agencies.

A factor which has changed and which exacerbates the issue is that increasingly, the current government in NSW is removing the state regulatory controls and replacing them with direct ministerial decisions. Individual ministers are making decisions on matters with no transparency of process. In this new environment the potential for graft and corruption has dramatically increased.

One of the areas of most concern, because of the amounts of wealth involved and the extent to which the state controls land transactions, is in the planning of property development. The Part 3A process along with the development offsets scheme is the key problem, brought in with the support of both major parties. Backroom deals between the Minister and invited companies result in memoranda of understanding about developments as 'major projects'. These are presented, *fait accompli*, to government agencies and the public.

This process has brought an imperative that companies curry favour with the planning minister if they are to get the memoranda of understanding. The planning minister has no public accountability and so political donations clearly could buy his opinion and no-one would know. The Planning Minister in 2005-2006 approved 316 out of 350 of these major projects regardless of submissions against them from local councils and residents. Many of the companies involved have appeared on the register of donations, including Rose group which is proposing the Catherine Hill Bay development as a major project. Many have been documented in the press as having found ways round the donation controls through having donation dinners and so on.

The roll-on effects on state-controlled assets are very serious. The planning minister's decision last year to allow a developer to use part of a World Heritage-listed national park for a resort at Wolgan Valley signalled a free-for-all to developers. The company involved, Emirates Airlines, was reported in the Sydney Morning Herald as saying they will "develop plans for luxury resorts in other areas of environmental significance". Emirates Airlines is shown on the NSW Election Funding Authority's details list for the 2007 state election as having donated \$15,000 to the Labour Party in 2006. The public is left wondering what the planning minister's decision may have been if the company had not donated to his party. We are also left wondering if more of our state assets may be bought so cheaply by corporations.

This is an untenable situation in a democracy. Democratic process depends on the election of representatives who act for their constituencies and the state. If processes are set up in which they or their party can routinely profit from serving vested interests, they no longer need act for their constituencies or the state for the duration of their parliament. Directorships in corporations are routinely given to ex-government ministers to capitalise on the extensive contacts they build up while in office. So the possibility that they may be voted out of office because of perceived corruption has lost its teeth.

Political donations are destructive of public trust and morality and must be stopped. Public funding of elections, and the legitimate membership subscriptions and fund-raising activities of parties should be the way elections are funded.

I agree with the briefing paper's statement that

*An appropriate regulatory framework is vital to ensure that such conduct does not occur.*

The current regulatory framework clearly is not working and I suggest that it should include all of the elements listed in the discussion paper:

- *compulsory disclosure of political donations made or received;*
- *limits on the amounts of political donations which may be made or received;*
- *the prohibition of particular sources of political donations;*
- *the compulsory disclosure of electoral expenditure;*
- *limits on such expenditure.*

From the discussion paper it seems that the Canadian model comes closest to this and I support a move to bring in similar regulations to Canada's. That would include bans and/or caps on corporate and institutional donations.



Barry Laing  
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