

Passed by both Houses



New South Wales

Local Government and Elections Legislation Amendment (Integrity) Bill 2016

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I certify that this public bill, which originated in the Legislative Assembly, has finally passed the Legislative Council and the Legislative Assembly of New South Wales.

*Clerk of the Legislative Assembly,
Legislative Assembly,
Sydney,*

, 2016



New South Wales

Local Government and Elections Legislation Amendment (Integrity) Bill 2016

Act No , 2016

An Act to amend the *Election Funding, Expenditure and Disclosures Act 1981* to impose caps on political donations in connection with local government elections and to amend the *Local Government Act 1993* to make further provision with respect to the disqualification of persons from civic office and the disclosure by councillors of their pecuniary interests.

I have examined this bill and find it to correspond in all respects with the bill as finally passed by both Houses.

Assistant Speaker of the Legislative Assembly.

The Legislature of New South Wales enacts:

1 Name of Act

This Act is the *Local Government and Elections Legislation Amendment (Integrity) Act 2016*.

2 Commencement

This Act commences on the date of assent to this Act.

Schedule 1 Amendment of Election Funding, Expenditure and Disclosures Act 1981 No 78

[1] Section 4 Definitions

Insert in alphabetical order in section 4 (1):

capped State expenditure period—see section 95H.

local government expenditure period means any of the following periods:

- (a) in the case of a general election in any year—the period from and including 1 July in that year to the end of polling day for the election,
- (b) in any other case—the period from and including the day on which the date of the election is publicly notified by the person conducting the election to the end of polling day for the election.

[2] Section 4 (1), definition of “third-party campaigner”

Omit the definition. Insert instead:

third-party campaigner means:

- (a) for a State election—an entity or other person (not being a registered party, elected member, group or candidate) who incurs electoral communication expenditure for a State election during a capped State expenditure period that exceeds \$2,000 in total, or
- (b) for a local government election—an entity or other person (not being a party, elected member, group or candidate) who incurs electoral communication expenditure for a local government election during a local government expenditure period that exceeds \$2,000 in total.

[3] Section 4A Objects of Act

Insert “or in local government” after “in the government of the State” in section 4A (c).

[4] Section 55 Meaning of electoral communication expenditure for a State election

Omit “capped expenditure period for the election within the meaning of section 95H” from section 55 (1).

Insert instead “capped State expenditure period for the election”.

[5] Sections 63 (3), 95F (10) (a) and 95I (1)

Omit “capped expenditure period” wherever occurring.

Insert instead “capped State expenditure period”.

[6] Section 83 Application

Omit “other than Divisions 2A and 2B” from section 83 (1) (b).

Insert instead “other than Division 2B”.

[7] Section 83, note

Omit the note. Insert instead:

Note. Political donations and electoral expenditure are required to be disclosed in connection with both State and local government elections and members. The cap on political donations applies to both State and local government elections and members, but the cap on electoral communication expenditure and public funding of election campaigns only apply to State elections and members.

[8] Section 84 Definitions—general

Omit the definition of *capped expenditure period* from section 84 (1).

[9] Section 85 Meaning of “political donation”

Omit the note to section 85 (3A). Insert instead:

Note. Any such disposition will be a political donation that is required to be disclosed and subject to the caps on political donations under this Part. Any such donation paid into (or held against the assets of) a federal campaign account is not subject to the cap on donations—see section 95B (2).

[10] Section 85 (6)

Insert after section 85 (5):

- (6) For the purposes of this Part, a political donation made to or for the benefit of a party is a political donation for a local government election if the donation is paid into (or held as an asset of) the local government campaign account of the party under section 96.

[11] Sections 88 (1A) (a) and 93 (1)

Omit “capped expenditure period” wherever occurring.

Insert instead “capped State expenditure period or local government expenditure period”.

[12] Part 6, Division 2A, heading

Omit “for State elections”.

[13] Section 95AA Application to State elections only

Omit the section.

[14] Section 95A Applicable cap on political donations

Omit section 95A (1). Insert instead:

(1) **General cap (except for local government elections)**

The applicable cap on political donations (except for local government elections) is as follows:

- (a) \$5,000 in the case of any such political donation to or for the benefit of a registered party or of a group,
- (b) \$2,000 in the case of any such political donation to or for the benefit of:
- (i) a party that is not a registered party, or
 - (ii) an elected member, or
 - (iii) a candidate, or
 - (iv) a third-party campaigner.

(1A) **General cap (for local government elections)**

The applicable cap on political donations for local government elections is as follows:

- (a) \$5,000 in the case of any such political donation to or for the benefit of a registered party or of a group,
- (b) \$2,000 in the case of any such political donation to or for the benefit of:
- (i) a party that is not a registered party, or
 - (ii) an elected member, or

- (iii) a candidate, or
- (iv) a third-party campaigner.

In this subsection, *registered party* includes a party registered under the *Local Government Act 1993*.

Note. As a result of the adjustments made for inflation under Schedule 1, on the introduction of caps for local government elections the cap of \$5,000 is adjusted to \$5,800 and the cap of \$2,000 is adjusted to \$2,500.

[15] Section 95A (2), (3) and (5)

Omit “subsection (1)” wherever occurring. Insert instead “subsection (1) or (1A)”.

[16] Section 95A (3A)

Insert after section 95A (3):

(3A) Separate aggregation in relation to local government elections

The provisions of subsections (2) and (3) are to be applied separately to political donations for local government elections and to other political donations.

[17] Section 95B Prohibition on political donations that exceed applicable cap

Omit “or local government” from section 95B (2) and (3) wherever occurring.

[18] Section 95C Prohibition on donations to more than 3 third-party campaigners

Insert “(whether for a State or local government election)” after “political donations” in section 95C (1).

[19] Section 95H Capped State expenditure period

Insert “*State*” before “*expenditure period*”.

[20] Section 96

Omit the section. Insert instead:

96 Requirements for parties

- (1) It is unlawful for political donations to a party to be used otherwise than for the objects and activities of the party, including the administration of the party and community activities.
- (2) In particular, it is unlawful for political donations to be used for the personal use of an individual acting in a private capacity.
- (3) It is unlawful for a party to make payments for electoral expenditure:
 - (a) for a State election campaign unless the payment is made from the State campaign account of the party kept in accordance with this section, or
 - (b) for a local government election campaign unless the payment is made from the local government campaign account of the party kept in accordance with this section.
- (4) The State campaign account and the local government campaign account of a party are each to be separate accounts with a bank, credit union, building society or other entity prescribed by the regulations.
- (5) The following may be paid into the State campaign account of a party:
 - (a) political donations made to the party after 1 January 2011 (including the proceeds of the investment or disposal of any political donation of

- property after that date that is held as an asset of the account) other than political donations (or the proceeds of political donations) paid into a local government or federal campaign account,
- (b) payments made to the party under Part 5 at any time,
 - (c) money borrowed by the party at any time (other than money borrowed for a local government or federal election),
 - (d) a bequest to the party,
 - (e) money belonging to the party on 1 January 2011 (including the proceeds of the investment or disposal of any other property belonging to the party on or before that date),
 - (f) any other money of a kind that is prescribed by the regulations for the purposes of this subsection.
- (6) However, the following may not be paid into the State campaign account of a party:
- (a) a party subscription referred to in section 95D, other than any amount that exceeds the maximum subscription referred to in that section and that constitutes a political donation to the party,
 - (b) any amount of a political donation to the party that exceeds the applicable cap on political donations to the party under section 95A (1),
 - (c) any money paid to the party under Part 6A,
 - (d) any other money of a kind that is prescribed by the regulations for the purposes of this subsection.
- (7) The following may be paid into the local government campaign account of a party:
- (a) political donations made to the party after 1 July 2016 that do not exceed the applicable cap on political donations to the party for a local government election (including the proceeds of the investment or disposal of any political donation of property after that date for a local government election that is held as an asset of the account),
 - (b) money borrowed by the party at any time for a local government election,
 - (c) any other money of a kind that is prescribed by the regulations for the purposes of this subsection.
- (8) However, the following may not be paid into the local government campaign account of a party:
- (a) a party subscription referred to in section 95D,
 - (b) any other money of a kind that is prescribed by the regulations for the purposes of this subsection.
- (9) This section does not prevent payments being made out of the State campaign account, or the local government campaign account, of a party that are in addition to the payments for electoral expenditure referred to in subsection (3).

[21] Section 96AA Requirements for third-party campaigners

Omit “electoral communication expenditure incurred during a capped expenditure period” from section 96AA (1).

Insert instead “electoral communication expenditure incurred for a State election during a capped State expenditure period”.

[22] Section 96AA (1) (a)

Insert “in the State Register of Third-party Campaigners” after “under this Act”.

[23] Section 96AA (1A)

Insert after section 96AA (1):

- (1A) It is unlawful for a third-party campaigner to make payments for electoral communication expenditure incurred for a local government election during a local government expenditure period, or to accept political donations for the purposes of incurring that expenditure, unless:
- (a) the third-party campaigner is registered under this Act in the Local Government Register of Third-party Campaigners, and
 - (b) the third-party campaigner has an official agent, and
 - (c) the payments are made by, and the donations are made to, that agent.

Note. Section 38C prevents registration of third-party campaigners in the period of 7 days before any local government general election.

[24] Schedule 2 Savings, transitional and other provisions

Insert at the end of the Schedule, with appropriate Part and clause numbering:

Part Provisions consequent on enactment of Local Government and Elections Legislation Amendment (Integrity) Act 2016

Amendments do not apply to local government by-elections before next general election

The amendments made to this Act by the *Local Government and Elections Legislation Amendment (Integrity) Act 2016* do not apply in relation to a local government by-election for a council that occurs before the next general election for the council after the commencement of that Act.

Indexation of political donation caps for local government elections in line with indexation for State elections

Schedule 1 applies to an adjustable amount inserted into section 95A by the *Local Government and Elections Legislation Amendment (Integrity) Act 2016* as if that amount had been inserted in that section on the enactment of that section.

Schedule 2 Amendment of Local Government Act 1993 No 30

[1] Section 275 Who is disqualified from holding civic office?

Omit section 275 (1) (e). Insert instead:

- (e) if he or she is while holding that office, or has been within 7 years before nomination for election, election or appointment to the office, convicted in New South Wales of an offence that is punishable by imprisonment for 5 years or more, or convicted in another State or Territory, or under a law of the Commonwealth, of an offence that, if committed in New South Wales, would be an offence so punishable, or
- (e1) if he or she is while holding that office, or has been within 2 years before nomination for election, election or appointment to the office, convicted of an offence under the *Election Funding, Expenditure and Disclosures Act 1981* that is punishable by imprisonment for 2 years or more, or

[2] Section 448 What interests do not have to be disclosed?

Omit section 448 (g).

[3] Section 490C

Insert after section 490B:

490C Supreme Court order for recovery of monetary benefits as a result of non-disclosure by councillors

- (1) The Departmental Chief Executive may apply to the Supreme Court for an order under this section against a councillor who has been found by the Civil and Administrative Tribunal under this Chapter to have contravened Part 2 (Duties of disclosure).
- (2) The Supreme Court may, if satisfied on the balance of probabilities that the councillor obtained a monetary benefit as a result of a decision made by the council relating to a matter in which the councillor had a pecuniary interest and in respect of which the councillor contravened Part 2:
 - (a) order the councillor to pay the council an amount that the Court is satisfied represents the amount of the monetary benefit acquired by the councillor, or accrued to the councillor, as a result of the decision, or
 - (b) order the councillor to grant the council security over any property of the councillor to secure the payment required by an order under paragraph (a).
- (3) If proceedings are pending in the Civil and Administrative Tribunal that may give rise to a finding in respect of which the Departmental Chief Executive may make application to the Supreme Court for an order under this section, the Supreme Court may, on application by the Departmental Chief Executive, restrain the councillor the subject of the proceedings from disposing or dealing with property of the councillor pending the making and determination of an application for an order under this section.
- (4) In this section:
monetary benefit means any monetary, financial or economic benefit (including an extension of the permitted use of land or the removal of prohibitions or restrictions on the development of land).

[4] Schedule 8 Savings, transitional and other provisions consequent on the enactment of other Acts

Insert at the end of the Schedule, with appropriate Part and clause numbering:

Part Provisions consequent on enactment of Local Government and Elections Legislation Amendment (Integrity) Act 2016

Definition

In this Part:

amending Act means the *Local Government and Elections Legislation Amendment (Integrity) Act 2016*.

Disqualifications from holding civic office

The amendment made to section 275 of this Act by the amending Act:

- (a) does not apply to disqualify a person holding any civic office the person held immediately before the commencement of the amending Act, and
- (b) subject to paragraph (a), extends to offences committed before the commencement of the amending Act.

Supreme Court orders regarding monetary benefits from non-disclosure

Section 490C, as inserted by the amending Act, does not apply in relation to a contravention of Part 2 of Chapter 14 that occurred before the commencement of the amending Act.