



ECONOMICS AND GOVERNANCE COMMITTEE

Members present:

Mr LP Power MP (Chair)
Mr RA Stevens MP (via teleconference)
Ms NA Boyd MP (via teleconference)
Mr ST O'Connor MP
Mr DG Purdie MP (via teleconference)
Ms KE Richards MP

Staff present:

Ms L Manderson (Committee Secretary)
Mr J Gilchrist (Assistant Committee Secretary)

PUBLIC HEARING—INQUIRY INTO THE FEASIBILITY OF INTRODUCING EXPENDITURE CAPS FOR QUEENSLAND LOCAL GOVERNMENT ELECTIONS

TRANSCRIPT OF PROCEEDINGS

THURSDAY, 23 APRIL 2020

Brisbane

THURSDAY, 23 APRIL 2020

The committee met at 12.01 pm.

CHAIR: Good afternoon. I declare this public hearing open. As you will see, some of the committee members are not in the room today but are participating via videoconference, as are all witnesses. I ask those watching online to bear with us as we use this remote participation approach for the committee proceedings. I begin today's proceedings by acknowledging the traditional owners of the land on which we are participating today and pay my respects to elders past and present. My name is Linus Power, the member for Logan and chair of the committee. The other members of the committee are: Ray Stevens, the member for Mermaid Beach and deputy chair; Nikki Boyd, the member for Pine Rivers; Sam O'Connor, the member for Bonney; Dan Purdie, the member for Ninderry; and Kim Richards, the member for Redlands.

The purpose of today's hearing is to assist the committee with its inquiry into the feasibility of introducing expenditure caps for Queensland local government elections. The hearing is a proceeding of the Queensland parliament and is subject to the standing rules and orders of the parliament. It is being recorded and broadcast live on the parliament's website. I ask everyone, if they can, to turn off their mobile phones or at least switch them to silent. Please ensure that, if you can, you place your microphone on mute when you are not speaking to prevent any audio interference and background noise.

BOHNEN, Mr Stephan, Lead, Intergovernmental Relations, Local Government Association of Queensland (via videoconference)

HALLAM, Mr Greg, Chief Executive Officer, Local Government Association of Queensland (via videoconference)

CHAIR: Good afternoon. I invite you to make a short opening statement, after which committee members may have some questions for you.

Mr Hallam: Thank you, Mr Chairman and committee members. For several years now the LGAQ has supported the introduction of expenditure caps for Queensland local government elections. In September 2017 the LGAQ wrote to the Queensland government and opposition to propose expenditure caps for local government elections, a fact noted in the CCC's Operation Belcarra report at page 46. Expenditure caps were also part of the LGAQ's April 2018 Beyond Belcarra plan, with reform proposals that went further than even the CCC was prepared to go. The LGAQ's proposal was hammered out or resolved at a special general meeting of all the members in Brisbane on 2 April 2019. The LGAQ membership overwhelmingly passed three resolutions related to expenditure caps. I say 'overwhelmingly' as these were at 90-odd per cent. First, there was a resolution opposing the introduction of local government election campaign expense limits as proposed by the March 2019 DLGRMA paper *Local government reforms: key amendments currently under consideration*. The second was a resolution supporting the introduction of expenditure caps for local government elections set at \$1 per enrolled voter for mayoral and councillor elections, with lower expenditure limits—what we call 'floors'—of \$20,000 for mayoral elections, \$15,000 for councillor elections in undivided councils and \$10,000 for councillor elections in divided councils. Finally, there was a resolution supporting the introduction of legislation to prevent the potential distorting influence of external expenditure by third parties with aligned interests. To avoid any confusion for the committee, when we talk about 'floor' it is not intended as a must-spend amount of money; rather, it ensures people can expend up to that amount of money.

The LGAQ agrees with the statement in the committee's issues paper at page 4 that ultimately the success of any system of expenditure caps for Queensland local government elections will depend on the design and features of the model implemented and the extent to which they effectively balance the freedom of political communication with the need to ensure fair process that is free from perceptions of undue influence and ensure that standing for office is not restricted to the wealthy. The resolutions passed at our special general meeting represent the collective membership's view and, indeed, a desire to achieve the balance I just mentioned.

Public Hearing—Inquiry into the feasibility of introducing expenditure caps for Queensland local government elections

The department's March expenditure limits—which included sliding caps but capped at \$20,000 for councillor candidates and \$100,000 for mayoral candidates—were rejected because LGAQ's membership felt that they were set too low and thus were having a negative impact on political communication. Low caps can make it difficult for a candidate for mayor or councillor in councils with large populations or large geographical areas to reach electors due to the naturally high campaigning costs in those circumstances.

I turn to an example of caps in the context of the most recent elections on 28 March—just five weeks ago. I talk about Townsville. The total disclosed expenditure by candidates in the 2020 Townsville City Council election, where 34 candidates contested the election, sits at \$815,000 so far. The campaign spend in Townsville equates to just over eight per cent of the total spend statewide across 1,574 candidates. Clive Palmer's Mineralogy gave the largest single donation in local government history to a registered group, It's Time for Townsville, at \$400,000. Mineralogy made three more donations to the group throughout the campaign, bringing the total donation by that company to It's Time for Townsville to \$536,416. It's Time has registered \$484,000 in campaign expenditure with the ECQ while its mayoral candidate disclosed \$99,000 in campaign expenditure, bringing the total up to the amount in question. By contrast, Team Jenny Hill disclosed \$152,000 in campaign expenditure. The point we make is that they are extraordinary amounts of money and, indeed, I do not believe they meet any of the public interest tests.

If I go to the question of expenditure by third parties, the third resolution passed at our special general meeting last year, it reflects the importance of expanding expenditure caps in some form to third parties so that third parties cannot be used to circumvent expenditure caps, a fact also acknowledged in your issues paper at page 5. The government's proposal, as it currently stands, we think has the potential to distort the election process by way of aggregation of expenditure. As such, we do not believe it would result in fair elections.

My final comment is about being careful in the use of the data that has come to us so far in terms of the ECQ website for the 2020 elections. It currently sits at \$9.82 million for, as I mentioned earlier, 1,574 candidates. The caution is: this is the first election with a requirement to disclose electoral expenditure. Secondly, we are all aware of the COVID-19 crisis and how that materially affected the election and the fact there was not any how-to-vote material on the day. Finally, the expenditure figures through the electronic disclosure system of the ECQ are not yet final. With those comments, I am happy to take questions.

CHAIR: Thank you very much, Mr Hallam. Deputy Chair, do you have any questions?

Mr STEVENS: Yes, I do. As a former local government representative, I have great interest in this matter.

CHAIR: I know you do.

Mr STEVENS: Good afternoon, Greg. Could you advise your opinion on the fact that the decisions the LGAQ makes are from incumbent mayors, councillors et cetera, who fund your organisation? Do you see that some of the suggestions have come from interested parties, if you like, in the LGAQ and that that may well limit the democratic process unfairly? Obviously the less that candidates have to try to unseat sitting members—I have been down this track with signage before—the less chance they have of rolling out incumbents. Incumbency is very powerful in any election, as we all know. Can you give me your independent view on the democratic approach that capping these expenditures is for the betterment of the community, never mind the incumbents?

Mr Hallam: The views of the LGAQ have been uniformly the same now for 20-odd years. I am talking of literally thousands of elected members who would have been part of that process. There are two levels. You have to have a basic amount of money to be able to get your message out. It is important, even in the day of social media, that there be an opportunity for you to make your basic case to the community, whether you are in a far-flung rural shire or on the Gold Coast. On the question of campaign limits, it is obvious to us—I again refer to the Mineralogy matter in Townsville—that they are extraordinary amounts of money. We could also have a situation where, as I have said a few times now, third parties are able to spend up to the same amount as a candidate and we could have a very unfair playing field. We would not be level in any way, shape or form.

Incumbency certainly is a factor in all this, but the fact that we regularly have people beaten at elections tells me that it is not the great security that people might suggest it is. I looked at these numbers just before I joined this teleconference. There are 33 new mayors in Queensland as a consequence of the elections and around 250-odd new councillors. That is about a third and about 40 per cent. Put simply, if you did a good job and the community was happy, either you were not opposed—and there were quite a few of those folks, 15—or you were returned overwhelmingly. We

had many mayors who got 70 per cent of the vote. To use the colloquialism, if you were on the nose and had multiple candidates against you, you got beaten. The system works and it consistently gives those sorts of outcomes, so it does argue a little bit against the idea that somehow you can pervert the system by money.

Mr STEVENS: You gave the example of Townsville, where a truckload of money was spent to no avail. In other words, in the democratic system it is not the power of money that wins the day; it is the power of performance, and the incumbent has survived that. I will move on from that particular issue.

The other issue I have concern with is the policing of any legislation and the costs of policing. I refer to the figures provided so far. I know of a mayoral candidate who has not declared a full-page advertisement in the *Gold Coast Bulletin* in my local area. I will not say who it is, but she has not declared that. That is in direct default of the government's own legislation. Who is going to pay for the policing of all these matters—there will be another full-time department, if you like—and how much will the LGAQ contribute towards that full-time policing of the donations regime?

Mr Hallam: That is a pretty simple answer for me. That would be zero, and we are not the government. The cost of this election is \$29 million. If you look at the legislation, it is their responsibility to monitor and reconcile the expenditure by the parties and what they put on their registers and their returns to the ECQ. If people are not doing that—if they are not fully disclosing—then they run the risk of prosecution. We would be very hopeful that that would be the case. If people have flouted the system in any way, they will face the full force of the law.

Mr STEVENS: Thank you, Mr Hallam. I love the care and responsibility.

CHAIR: I also note the endorsement of Jenny Hill as mayor that you put in there, Deputy Chair. I do not know what she would think.

Mr O'CONNOR: To clarify, the general rule that you are advocating is \$1 per enrolled voter within a normal division, not the divided councils? It would be \$1 per enrolled voter for the mayor and the divisional councillor?

Mr Hallam: That is correct.

Mr O'CONNOR: Does that include or exclude the Brisbane City Council?

Mr Hallam: It was inclusive of Brisbane.

Mr O'CONNOR: Obviously you have looked through all of the expenditure returns for the most recent election, five weeks ago. Do you have any data on how many candidates for mayoralities or individual divisions exceeded the proposed cap that you are talking about? Do you have any idea, on those figures, of how many would have gone over the amount spent?

Mr Hallam: Not as yet, except to say that Jenny Hill's money is pretty close. It is probably \$20,000 or \$30,000 over what would have been consistent with our cap. I think that is a fair test. It really does come down to whether future elections are conducted differently. The Premier has indicated that she may have a full postal ballot for a state election. If we move to a full postal ballot for a local government election, it becomes a very different exercise. As I indicated, whatever system we come up with in terms of cash has to be consistent with the method of voting.

Mr O'CONNOR: It did not look like any of the mayoral candidates had exceeded the figure that you propose of \$1 per voter. On the Gold Coast I can think of at least two or three divisional candidates who went well over that amount per voter. That would be interesting to look into, I would suggest.

Mr Hallam: Yes, it would. As I said, it is early days. We are still inside the normal period for finalising the returns. We will certainly be doing that exercise ourselves.

CHAIR: Mr Hallam, if you were running for mayor and you set yourself the goal of fundraising \$1 per voter, it still is a significant amount of funds, especially when often local newspapers have decent coverage of mayoral campaigns. As you put it, the test was to be able to put your message out reasonably so that people could judge you. Knowing that the mayoral candidate does get featured, followed and reported on quite a bit, is that possible to do, as most of the judgement that people make actually comes from media that is outside of the paid media?

Mr Hallam: I think that is a pretty good comment. We know in rural, remote and medium sized communities that on average you are a member of six to eight committees or local groups. To get elected it is about your public profile. You are involved in the show society, the gun club, the local church, the swimming club, the race club or whatever it is. People know you as an individual and they will form a view. That is half the system.

Public Hearing—Inquiry into the feasibility of introducing expenditure caps for Queensland local government elections

In a lot of other instances, again, people have high profiles in sporting, cultural or other bodies or the business world before they get elected. It really comes down to the unknown candidate—if there is such a thing. For the person who does not have standing or profile in the community it becomes more of an issue in that instance, in my view. It is difficult to raise the money. Some people self-fund. I am aware of mayors who have mortgaged houses, which is hard work.

Obviously this is a very different campaign without developer donations. I would suggest there are still some concerns about the ability of, say, the waste industry to play in the elections, given the huge amount of money involved in their contracts, albeit they only come around every 10 to 15 years. You would wonder about some of those interests. Generally, it is small business, friends and family who were the donors, from what I have been following, and, as I said, some of the waste interests. By and large it has been a different campaign by virtue of the lack of developer donations.

CHAIR: Definitely I think developer donations would have given this last election a different feature, if we just had reporting and still had developer donations. Are there any other questions from anyone online? Mr Hallam, we do not have a massive number of questions for you, but I think that is because of the transparency of your submission. We very much thank you for your participation today. Do you have any final comments to make?

Mr Hallam: We say it is a balancing act. It is for your committee and the parliament to find that balance between excess, people's perception that you can buy an election and limiting people's ability with their constitutional freedoms in terms of the rights of political association and speech. It is about where we land in the middle. I think that is really the challenge for all you folk.

CHAIR: Not to pre-empt our report, but it might be that that quote you have given us there features quite heavily, because I think it is similar to the discussions we have been having. Thank you very much, Mr Hallam and Mr Bohnen. We appreciate it. We will suspend the broadcast briefly.

Proceedings suspended from 12.22 pm to 12.29 pm.

HANDLEY, Ms Elizabeth, President, Brisbane Residents United (via videoconference)

HOBSON, Ms Melva, President, Organisation of Sunshine Coast Association of Residents (via videoconference)

SMITH, Mr Greg, Committee Member, Queensland Local Government Reform Alliance (via videoconference)

WALKER, Mr Chris, Secretary, Redlands2030 (via videoconference)

CHAIR: I now welcome the community group representatives for this afternoon's hearing. I invite you all to make a short opening statement, after which committee members might have some questions for you.

Ms Hobson: Thank you for the opportunity to make this presentation to the inquiry. OSCAR wishes to reiterate support for the following principles, as per the issues paper released by the ECQ. The two principles concerned are these. Equity in elections is a fundamental principle of Australia's democratic system of government. It is also recognised that all voters should have a fair opportunity to participate in elections, including a fair and equal chance of nomination and election as a candidate. The 2020 local government election, it would appear, did offer fairer opportunities. Anecdotally, the previous reform work undertaken by the parliament has had an impact, although we do not think that many candidates perhaps realised that at the time of nomination. Parliament is to be congratulated for these reforms. The two reforms to which I am referring are the banning of developer donations and real-time disclosure.

These two actions appear to have had other consequences which have also been evident this election. At forums across the Sunshine Coast, the majority of candidates indicated that they were self-funding or 'their spouse gave them money'. This may have been a reflection of people in the community feeling that they may be targeted if they donate as it would be shown in real time and also possibly reflected the lack of trust in local governments at this point in time. Whether this self-funding model was an aberration in 2020 or is a new trend is yet to be determined, but it has made a positive difference and is an encouraging sign. However, OSCAR would still maintain that election caps are essential to supporting the principle of all voters having a fair and equal chance to nominate and be elected as attitudes may revert to high expenditure over time.

The amount of respective caps for mayors and councillors that OSCAR would support following this election would sit somewhere between the DLGRMA figures and those of the LGAQ. These will assist but not solve the issue of equity, for example in gender, age and diversity. There will probably never be such equity and fairness until there is public funding only of local government elections.

In the previous session there was considerable discussion about the Townsville situation so I do not intend to elaborate on that, other than to say that that situation is of concern to the Sunshine Coast given the holdings of an individual of that organisation on the Sunshine Coast. Any attempt to distort the democratic process is something that we do not support. There may, however, be other players with similar intentions in the future. Election caps are probably the only way to prevent more of such instances in the future. Thank you for your time.

Mr Smith: Thank you for the opportunity to speak. I do not want to go over things that have already been said. The QLGRA strongly supports the introduction of a cap. In our original submission we did not offer particular figures but felt the appropriate level of caps was somewhere between the department's suggestion and that of the LGAQ. While we are not always on the same page as the LGAQ, I think on this particular issue there is a close correlation between what the LGAQ wants on behalf of its members and what community groups want. I think that is a pretty strong indication to both the government and the opposition that these reforms do need to be implemented. We would strongly encourage that.

We do not have the massive resources of the LGAQ but we have already started doing some analysis. There were a couple of questions to Mr Hallam that I would also be interested in being asked. As I say, we do not have the same level of resources, but it is very interesting when you start having a look at the expenditure figures that have been recorded on the electronic disclosure system of the ECQ. The Townsville situation is a stand-out. I actually think Mr Hallam might have been slightly behind in his figures because the figures are literally changing all the time. Jenny Hill's team expenditure is up around \$165,000, based on extraction that we did this morning.

The biggest spender as far as mayoral campaigns are concerned was Darren Power at Logan. He spent almost \$270,000. We have done analysis of how their expenditure would compare under the department model and under the LGAQ's model. Of the councils that we have looked at—and it Brisbane

is far from the 77—as far as mayoral candidates are concerned there were only three mayoral candidates that exceeded either the department's threshold or the LGAQ's. They were Darren Power, Jenny Hill and—what is really amazing and is obviously a council of interest to us—Noosa, where the successful challenger spent \$71½ thousand. That is interesting when compared with the incumbent, who spent \$7,700. That is an almost a tenfold difference. That resulted in the incumbent losing, albeit by 65 votes. That is clearly an example where expenditure caps would have evened that out. In terms of the successful candidate there—and this should not be interpreted as me being critical of her—either under the departmental model or the LGAQ model she was significantly over the top threshold for a council the size of Noosa.

We have also done some analysis of the expenditure of councillor candidates but only in Moreton Bay, Noosa and the Sunshine Coast Regional Council. There are not many of those candidates who in fact overspent under the departmental model or the LGAQ's model. Under the LGAQ's rules there were only three candidates who overspent—and these are only the successful candidates, incidentally—and under the department's rules there were seven, I think.

All of that suggests to us a number of things. One is that it is fantastic we can do this analysis. One of the questions asked of Mr Hallam was around policing. Organisations like ours, for no cost to anyone, will certainly be part of that policing process. For example, without naming anyone, there is a successful incumbent councillor here who at the moment shows no expenditure. That obviously needs to be chased up because it cannot be true because that candidate had how-to-vote and promotional material, which presumably costs something.

I think it is still a problem with people understanding what real-time reporting means. However, this is going to prove a powerful tool when it starts to give evidence as to what should be an appropriate cap, in our view. I think that is probably all I want to say at this stage.

Mr Walker: Committee members, thank you for the opportunity to appear at the hearing. Redlands2030 supports the introduction of spending caps for local council election campaigns, but we note that this has to be considered as part of a full understanding of how candidates can influence voters.

In an area such as Redlands, where local media provides very little examination and analysis of local politics, the advantages of incumbency are overwhelming. This includes personal promotion of elected councillors through council newsletters and other publications. It also includes grants of thousands of dollars of ratepayers' money to community groups at the councillor's discretion, which can be perceived as a form of pork-barrelling. One way to deal with this imbalance would be for incumbents' campaign expenditure caps to be reduced, say by the value of community grants they personally approve during their term of office.

In our written submission we commented on political campaigns and spending in the 2012 and 2016 Redlands local council elections. We emphasise that any regulation should be focused primarily on mayoral elections because this is where an imbalance of campaign funding can have the most impact on influencing the results. It appears that candidate spending during the 2020 Redlands mayoral election was less than during the previous two elections and more even between the two main candidates. Reasons for this may include the laws banning developer donations and laws requiring the real-time disclosure of political donations. We commend the parliament for legislating these reforms.

We suggest that reverting to the arrangement where mayors are chosen by elected councillors should be considered as an alternative way of improving governance at the local government level in Queensland. We note that any regulation of spending would need to ensure that the regulatory intent cannot be avoided through support from helpful third parties. It is also important to ensure that the regulations will not be administratively burdensome for community groups advocating on particular issues during election campaigns.

Ms Handley: Thank you for this opportunity to make a presentation to your committee. I represent Brisbane Residents United, Brisbane's peak body for community resident action groups. I have been involved in local community groups for over 20 years. Our democracy is a construct built upon mutual trust between the people and their government. Increasingly, we have seen this eroded by the inappropriate use of political influence. The escalating amount of campaign spending by political parties forces them into inappropriate access-for-sale schemes to raise those necessary political donations. We welcome the introduction of expenditure caps on local government elections.

Today I will focus on the Brisbane City Council. Unlike most of the smaller councils, the Brisbane City Council is a party political council and as such has rather unique issues. Its population is roughly equivalent to the population of Tasmania, the Australian Capital Territory and the Northern

Public Hearing—Inquiry into the feasibility of introducing expenditure caps for Queensland local government elections

Territory combined and it has by far the largest budget of any local government authority in Australia. Large councils like the Brisbane City Council afford a very large advantage to incumbent councillors and the major parties. The fact that Brisbane City Council marketing material is increasingly adopting colours and branding that make it largely indistinguishable from that of the LNP is a disturbing trend that is ethically if not legally corrupt. This culminated in LNP postal vote forms and electoral material for the Lord Mayor and local councillors that many people took to be from the Brisbane City Council—an impression supported by a seemingly Brisbane City Council post office box return address on the prepaid envelope.

The increase in the amount and frequency of this material has been striking in the past few years, as has the use of advertising such as that for the 'Better Brisbane' campaign that was seriously ramped up close to the election. These are examples of what is really party political advertising that would not be captured by electoral spending caps and should be.

The use of party political funding for local council elections should be very restricted. I note, though, that the Brisbane City Council ward voter populations of 27,000 to 30,000 are not much less than the state government electorates' voter populations in Brisbane of 30,000 to 36,000. How do we justify taxpayer electoral funding for state government candidates but not for local government candidates when they represent similar populations? The necessarily reduced quality of local representation in Brisbane has led to an unnecessary party political nature of this council. This makes it very difficult for good quality, independent councillors to compete in such large wards.

The most recent election has demonstrated how little our demographic system is understood by the majority of the public and the lack of information available about the local government elections. Could we suggest a school education program to teach our children the different levels of government, how voting works and why their vote is a privilege and a responsibility of active citizenship. The lack of basic knowledge was demonstrated by the fact that many people accepted the incorrect advice of electoral booth staff to 'just vote 1'. The voters did not understand but neither did the electoral booth staff.

We welcome the government's response to the Operation Belcarra report, noting that all legislation is only as good as the compliance procedures and funding provided to ensure that these procedures are followed. We call on the Queensland government to seriously consider our concerns. Queensland needs a system of state and local government that truly inspires confidence and certainty from all stakeholders and that empowers our community to meaningfully participate in all levels of government. Thank you.

CHAIR: Thanks, Elizabeth. Just as a commentary, the House has given us a particular task to examine one particular object. We thank you for putting in that submission, but not all of it will be reflected in the report. We will be addressing the question that the House has actually asked us to inquire on. We will move to questions.

Ms RICHARDS: We have just heard from the LGAQ. They have changed their position—from looking at fixed dollar caps on expenditure to looking at dollar per elector. I was just wondering what each of you thought about that.

CHAIR: We will start with Elizabeth. What do you think of what the LGAQ has put forward there?

Ms Handley: I actually thought the amounts that the department originally spoke about in their discussion paper were very reasonable amounts. For example, once again in the Brisbane City Council, which is the (inaudible).

CHAIR: Elizabeth, I apologise for this but we have lost your sound. Does anyone else have any commentary on that? If not, I thank the member for Redlands for the question. If there are no further questions, we will conclude this hearing. We really appreciate your input. Obviously, this is the first step in the process where the House has taken on the CCC's suggestion to get the committee to do the inquiry. We have done this wideranging inquiry and we have had a variety of views which we will synthesise into a report. That will be taken into the process for consideration by the relevant minister. We really appreciate all of that feedback.

That concludes the hearing. Thank you for the information you have provided today. I especially thank our Hansard reporters, who have a big job to do. A transcript of these proceedings will be available on the committee's parliamentary webpage in due course. With that, I declare the public hearing closed.

The committee adjourned at 12.50 pm.