

28. 9. 2000

**SUPPLEMENTARY REPORT BY THE  
CHAIRMAN OF THE STRATEGY AND RESOURCES COMMITTEE**

**PART A - MATTERS REQUIRING A COUNCIL DECISION**

**2. PROPOSALS TO LIMIT CANDIDATES' ELECTION EXPENDITURE**

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Corporate Plan Output: Public Accountability - Elections	

The purpose of this report is to seek feedback from the Council on proposals to limit candidates' expenditure at local authority elections.

**THE PROPOSALS**

The Minister of Local Government, the Hon Sandra Lee, has prepared a draft Cabinet paper which proposes that candidates' expenditure on local election campaigns be limited.

The proposals include the following:

- A single set of tiered limits based on the number of electors in the area being contested (eg a candidate in an area with 4,000 people would be limited to \$2,500 while a candidate in an area with 400,000 would be limited to \$50,000). The proposed limits are set out below.
- The total limit on expenditure for people standing for more than one position (eg Mayor and Councillor) would be based on the limit applying to the highest position for which the candidate was standing.
- The Electoral Act 1993 definitions of "electoral expenses" and "electoral activity" would apply to local authority elections.
- Candidates would be required to disclose all donations of \$1,000 or more.
- Candidates would be required to submit a return of election expenses within 70 days of the declaration of the result.
- It would be an offence to fail to submit a return by the due date.

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**PROPOSED LIMITS APPLYING TO LOCAL ELECTION CAMPAIGN EXPENDITURE**

<b>Elector Population of Area</b>	<b>Limit (GST inclusive)</b>
Up to 4,999	\$2,500
5,000 to 9,999	\$5,000
10,000 to 19,999	\$10,000
20,000 to 39,999	\$15,000
40,000 to 59,999	\$20,000
60,000 to 79,999	\$25,000
80,000 to 99,999	\$30,000
100,000 to 149,999	\$40,000
150,000 and over	\$50,000

In the case of Christchurch City, this means that the following limits will apply for the 2001 elections, provided there are no significant changes in the existing city ward structure, or in the four Canterbury Regional Council constituencies:

<b>Office</b>	<b>Limit (GST inclusive)</b>
Mayor	\$50,000
City Council candidates	\$10,000
Community Board candidates	\$10,000
Regional Council candidates	\$20,000

The foregoing limits also assume that (as at the 1998 elections) the number of electors in each ward will vary from a low of 16,467 (Pegasus Ward) to a high of 19,593 (Heathcote Ward). This seems a safe assumption, given the city's static population.

**DEFINITIONS OF "ELECTORAL EXPENSES" AND "ELECTORAL ACTIVITY"**

The Minister's paper proposes that the following Electoral Act 1993 definitions of "electoral expenses" and "electoral activity" would apply for local authority elections:

**Election Activity**

*"Election activity", in relation to a candidate at an election in any district, ... means an activity -*

- (a) Which is carried out by the candidate or with the candidate's authority; and*
- (b) Which relates to the candidate solely in the candidate's capacity as a candidate for the district ... and not to the candidate -*
  - (i) In his or her capacity as a member of Parliament or as the holder of any other office; or*
  - (ii) In any other capacity; and*

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- (c) Which comprises -
  - (i) Advertising of any kind; or
  - (ii) Radio or television broadcasting; or
  - (iii) Publishing, issuing, distributing, or displaying addresses, notices, posters, pamphlets, handbills, billboards, and cards; and
- (d) Which relates exclusively to the campaign for the return of the candidate; and
- (e) Which takes place within the 3 months immediately preceding polling day.

**Election Expenses**

*“Election expenses”, in relation to a candidate at an election -*

- (a) *Means expenses that are incurred by or on behalf of the candidate in respect of any election activity; and*
- (b) *Includes expenses that are incurred by or on behalf of the candidate, before or after the 3 months immediately preceding polling day, in respect of any election activity; and*
- (c) *Includes the reasonable market value of any materials applied in respect of any election activity which are given to the candidate or which are provided to the candidate free of charge [or below reasonable market value]; and*
- (d) *Includes the cost of any printing or postage in respect of any election activity, whether or not the expenses in respect of the printing or postage are incurred by or on behalf of the candidate; but*
- (e) *Does not include the expenses of operating a vehicle on which election advertising appears if that vehicle is used bona fide by the candidate as the candidate’s personal means of transport; and*
- (f) *Does not include the labour of any person which is provided to the candidate free of charge by that person.*

**PAST CONSIDERATION OF THIS ISSUE**

When it last considered this issue in 1996, Local Government New Zealand supported expenditure limits in principle. Local Government New Zealand supported the requirement to lodge a return of election expenses, and that different limits should apply to mayoral candidates depending on the size of the local authority.

Local Government New Zealand considered that a uniform limit of \$10,000 should be imposed on candidates for positions other than Mayor.

Local Government New Zealand did not support a requirement to disclose campaign donations of \$1,000 or more as it did not believe that a significant number of donations were of that size, or had significant enough impact on elections to warrant disclosure.

This proposal did not proceed.

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The 1999 AGM debated a remit from Dunedin City asking that Local Government New Zealand write to the Minister seeking to institute limits on campaign expenditure. The remit was lost “on a show of hands”.

Following extensive consultation, Local Government New Zealand and the NZ Society of Local Government Managers issued a policy position statement in March 2000 which states that:

- While the practical difficulties of designing an electoral framework that is universally both fair and effective are recognised, the principle of equality of opportunity for candidates requires some provision to limit the opportunity for elections to be influenced by extravagant campaign expenditure by candidates with access to large funds.
- While provision for campaign expenditure limits should be included in the Act, the administrative implementation of the principle through regulations should enable a flexible approach targeted to those elections and situations where the problem is identified.

### **DEADLINE FOR SUBMISSIONS**

Local Government New Zealand seeks feedback on the Minister’s proposals by Friday 13 October. This tight time frame is necessitated by the Minister’s desire to include provision for such limits in the Local Government Electoral Bill due for introduction to Parliament before the end of this year.

The Chairman comments:

It has always been an anomaly that limits were placed on expenditure by parliamentary candidates, but not local authority candidates. The issue has been debated for a number of years without any action being taken because of different views as to how regulations should be applied to the candidates in widely different local authorities. The Minister has proposed a simple set of rules which we should support.

### **Chairman’s**

**Recommendation:** That the Christchurch City Council indicate its support for the Minister’s proposals.

**CONSIDERED THIS 28TH DAY OF SEPTEMBER 2000**

**MAYOR**