



Crime and Corruption Commission
QUEENSLAND

December 2015

Transparency and accountability in local government



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**Crime and Corruption
Commission**

QUEENSLAND

December 2015

The Honourable Peter Wellington MP
Speaker of the Legislative Assembly
Parliament House
George Street
BRISBANE QLD 4000

Dear Mr Speaker

In accordance with Section 69(1)(b) of the *Crime and Corruption Act 2001*, the Crime and Corruption Commission hereby furnishes to you its report — *Transparency and accountability in local government*.

The Commission has adopted the report.

Yours sincerely

A J MacSporran QC
Chairman

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Introduction

In May and June 2014 the Crime and Corruption Commission (CCC) received information about Cr Paul Pisasale, the Mayor of Ipswich. The information centred on:

- obligations to enter gifts and benefits on the Ipswich City Council register of interests
- obligations to disclose campaign donations for the 2012 local government election to the Electoral Commission of Queensland
- the establishment, activities and use of funds by various entities with which he was associated.

The outcome of the investigation was made public in May 2015.¹ It identified that although on a few occasions Cr Pisasale had not met his obligation to disclose gifts on the Ipswich City Council's register of interests, the CCC was satisfied that those instances were minor in nature and/or the result of an administrative error.

In relation to the entities with which Cr Pisasale is associated — in particular, the Ipswich Mayor's Community Fund Inc. and Forward Ipswich Inc. — the CCC did not identify any corrupt conduct and found no evidence that Cr Pisasale misused any funds raised from the community.

It concluded however that some of the activities and practices involving Forward Ipswich Inc. and the Ipswich Mayor's Community Fund Inc. had contributed to perceptions of corruption or self-interest on Cr Pisasale's part. This drew the CCC's attention to broader questions of:

- the establishment, titling and use of incorporated associations by elected officials
- the use of, and disclosure requirements for, funds raised during an election campaign
- the regulation of gifts and benefits to elected officials.

It became evident to the CCC during the investigation that current legislation does not clearly prescribe how an elected official or local council must treat campaign funds or donations in a range of circumstances. This is particularly relevant to the transition from one disclosure period to the next disclosure period. It also found an issue in relation to timeframes for disclosure of donations, and a lack of alignment between state and local government legislation governing thresholds for donation disclosure that could potentially be confusing.

At the conclusion of the investigation, the CCC determined to issue a public report about several of the issues raised during the course of the investigation and make recommendations for legislative reform. Its aim is to increase transparency in the local government sector, reduce perceptions of corruption and promote public confidence in the probity of elected officials.

The CCC would like to thank the agencies and individuals who provided input and formal submissions during the preparation of this report. All responses for which consent to publish has been granted are attached as an Appendix.

1 <<http://www.ccc.qld.gov.au/ccc-completes-investigation-into-ipswich-mayor-paul-pisasale-07.05.2015>>.

1 CCC jurisdiction

Under the *Crime and Misconduct Act 2001* (CM Act), the Crime and Misconduct Commission (CMC) had primary responsibility for continuously improving the integrity of and reducing the incidence of misconduct in the public sector.² If a complaint or referral raised a suspicion of official misconduct, the CMC assessed the allegations and would undertake an investigation where the nature and seriousness of the alleged misconduct warranted one and where it was in the public interest to do so.

On 1 July 2014, the CMC became the Crime and Corruption Commission, with amended legislation, jurisdiction and threshold for referral of allegations.³

For the purposes of this report, the organisation will be referred to as the Crime and Corruption Commission (CCC) throughout.

Assessment process

The allegations were originally assessed against the criteria for official misconduct.⁴ After 1 July 2014 they were further assessed in accordance with the transitional arrangements for dealing with existing complaints to determine whether they met the higher threshold definition of corrupt conduct.⁵

Under the *Crime and Corruption Act 2001* (CC Act) corrupt conduct is defined as conduct relating to the performance of a public sector official's duties that:⁶

- adversely affects, or could adversely affect, directly or indirectly, the performance of functions or the exercise of powers of—
 - a unit of public administration; or
 - a person holding an appointment; and
- results, or could result, directly or indirectly, in the performance of functions or the exercise of powers mentioned above in a way that—
 - is not honest or is not impartial; or
 - involves a breach of the trust placed in a person holding an appointment, either knowingly or recklessly; or
 - involves a misuse of information or material acquired in or in connection with the performance of functions or the exercise of powers of a person holding an appointment; and
- is engaged in for the purpose of providing a benefit to the person or another person or causing a detriment to another person; and

would, if proved, be a criminal offence; or a dismissible disciplinary breach.

2 Section 4, CM Act.

3 For further information, refer to the *Crime and Corruption Act 2001*.

4 Under the CM Act, official misconduct was defined as conduct relating to the performance of a public sector official's duties that is dishonest or lacks impartiality, or involves a breach of the trust placed in an officer by virtue of their position, or is a misuse of officially obtained information. The conduct must also be conduct that could, if proved, be a criminal offence or a dismissible disciplinary breach.

5 Section 416, CC Act.

6 Section 15, CC Act.

Elected officials

The CCC has the responsibility to investigate matters that may involve corrupt conduct by anyone who holds office in a unit of public administration in Queensland. A person holds an appointment in a unit of public administration if they hold any office, place or position in that unit, whether the appointment is by way of election or selection.⁷ Local government councillors are such office holders.

As there is no disciplinary standard prescribed by the *Local Government Act 2009* for the removal of a councillor of local government, a decision about the termination of a councillor's services for a disciplinary breach is entirely a discretionary matter for the Minister and Governor in Council.⁸ Hence, councillor disciplinary breaches do not fall within the definition of corrupt conduct under the CC Act.

Therefore, the jurisdiction of the CCC to investigate suspected corrupt conduct by elected representatives, such as local government councillors, is limited to circumstances where the alleged conduct would, if proved, amount to a criminal offence. The term "criminal offence" includes simple offences such as breaches of the offence provisions of the Local Government Act.

Scope of investigation

The CCC investigation centred on:

- electoral donations to Cr Pisasale
- disclosure requirements of those gifts
- the management, financial operations and reporting/disclosure obligations of a number of entities with which Cr Pisasale is involved — the City of Ipswich Community Fund Ltd, the City of Ipswich Community Fund Trust, the Ipswich Mayor's Community Fund Inc. (IMCF), the Ipswich Mayor's Carols by Candlelight Fund Inc. (IMCCF), Forward Ipswich Inc. and Ipswich City Properties Pty Ltd.

It considered two time periods:

- the disclosure period for the 2012 local government election from 14 April 2008 to 28 May 2012
- the post-disclosure period from 29 May 2012 to 1 July 2014.

Entities examined by the CCC

In relation to the entities with which Cr Pisasale was involved the CCC examined:

- how and when they were set up, and under which legislation
- the purpose/s for which they were set up
- whether they were/are incorporated associations and/or controlled entities of the Ipswich City Council (ICC) (see text box on page 7)
- the membership of their management committees
- their audit and reporting requirements.

The CCC also did a financial review of these entities, with the main focus on Forward Ipswich Inc. and the transfer of any monies between them.

7 Section 21, CC Act.

8 Section 122, Local Government Act.

Conduct of the investigation

The CCC interviewed 37 witnesses, and examined documents, including the following:

- Register of Interests Records (Form 2) for Cr Pisasale from April 2008 to May 2014
- Disclosure Return for a Candidate (Cr Pisasale) for Local Government Elections on 28 April 2012
- Forward Ipswich Inc. Bendigo Bank statements
- Forward Ipswich Inc. Income and Expenditure Summaries for 2011, 2012, 2013 and 2014
- Ipswich Mayor's Community Fund Inc. Income and Expenditure Summaries for 2011, 2012, 2013 and 2014
- Ipswich Mayor's Carols by Candlelight Fund Inc. Income and Expenditure Summaries for 2011, 2012, 2013 and 2014
- City of Ipswich Community Fund Limited Income and Expenditure Summaries for 2011, 2012 and 2013
- City of Ipswich Community Fund Trust Income and Expenditure Summaries for 2011, 2012 and 2013.

Decision to issue a public report

The CCC does not publish reports on every matter it assesses or investigates. However, where individuals with a high public profile have had allegations about them made public, and where such allegations may potentially damage their reputation, it is important to either establish that they have a case to answer and refer them to a prosecuting authority or establish that the allegations are not substantiated and clarify the circumstances that give rise to concerns about their conduct.

In this case, the CCC decided to issue a public report on this matter in order to:

- highlight how certain practices may give rise to perceptions or allegations of corruption
- remind public officials and elected officials of the importance of transparency and accountability
- make recommendations to government for reform of legislation or practices that the investigation showed to be problematic or capable of misinterpretation.

The report addresses legislation and disclosure obligations pertaining to local government. It does not examine the legislation in relation to state or federal government elections as these operate under a different statutory frameworks.

This report is published under section 69 of the *Crime and Corruption Act 2001*.

2 Context of the investigation

This chapter provides context for the investigation. It outlines:

- the legislation governing disclosure obligations for both candidates and elected officials in relation to financial interests and receipt of gifts, benefits and electoral donations, either personally or by other entities
- the rules of operation of incorporated associations, controlled entities and non-controlled entities of councils.

Local government statutory obligations

Various statutory provisions are enacted to promote accountability and transparency in the public sector, including local government. It is important that the public and the Council be able to see and understand the relationship between elected officials and other persons in the community. Sometimes these relationships create conflicts of interest that need to be managed but, above all, in order to maintain public confidence in the system of government, these relationships must be transparent. Anything that obfuscates that transparency should be removed. The following paragraphs outline some of the obligations that applied to elected officials and others in local government during the time relevant to the CCC's investigation.

Regulation of gifts of more than \$500

At the time of the local government elections in 2012, under the Local Government (Operations) Regulation 2010 and the Local Government Act, councillors were required to:

- disclose the financial and non-financial particulars of certain interests in a register of interests maintained by the CEO of the Council — this is called the **Register of Interests**
- provide the name of the donor and *the amount/value of any gift* totalling more than \$500 in a register of interests maintained by the CEO
- inform the CEO within 30 days should they become aware of an interest or that details of an interest were no longer correct; failure to do so is an offence.

The Local Government Act and the Local Government Regulation 2012 now require councillors to:

- disclose the financial and non-financial particulars of certain interests in a register of interests maintained by the CEO
- provide the name of the donor and *a description of any gift* totalling more than \$500 in a register of interests maintained by the CEO
- inform the CEO within 30 days should they become aware of an interest or that details of an interest were no longer correct; failure to do so is an offence.

Regulation of electoral donations

In Queensland, the *Local Government Electoral Act 2011* regulates the electoral donation disclosure requirements of a candidate⁹ or third party¹⁰ for a local government election. That Act is administered by the Electoral Commission Queensland (ECQ).

9 A person whose nomination for election as a councillor has been certified by the returning officer under section 27(3)(a) of the *Local Government Electoral Act 2011*.

10 For the meaning of third party, refer to section 123 of the Local Government Electoral Act.

Disclosure requirements and disclosure periods

Candidates

A candidate for a local government election is required to disclose details of all electoral donations (gifts) received from 30 days after polling day for the previous election up until 30 days after the polling day for the current election. A different disclosure period applies if a candidate has not been a candidate in another election within five years before the polling day for the current election.

A candidate for an election is required to:

- lodge a disclosure return, in the approved form, with the ECQ within 15 weeks after the polling day
- detail in the disclosure return all gifts¹¹ of \$200 or more made by a person to a candidate or a person acting on behalf of the candidate during the candidate's disclosure period
- include on the disclosure return the value of the gift,¹² and the name and residential or business address of the person who gave the gift,¹³ and the total value of all gifts received.

This form is called a **Disclosure Return for a Candidate**. Disclosure returns are made publicly available through the ECQ website (<http://www.ecq.qld.gov.au/>).

Third party disclosure requirements

A third party¹⁴ who incurs expenditure for a political activity¹⁵ relating to the election during the third party disclosure period¹⁶ of \$200 or more must lodge a disclosure return to the ECQ no later than 15 weeks after the polling day. The disclosure return is to detail the total value of the expenditure, when the expenditure was incurred and the particular purpose of the expenditure.

If a third party receives a gift to enable expenditure for or to reimburse expenditure for a political purpose with a value of \$1000 or more during the disclosure period¹⁷ for the election, and applies the gift either wholly or in part to a political activity relating to the election, the third party must lodge a disclosure return with the ECQ no later than 15 weeks after the polling day. The disclosure return is to detail the relevant details for all gifts received by the third party during the disclosure period for the election.

Requirement to operate a dedicated account for an election campaign

Under section 126 of the Local Government Electoral Act, a candidate is required to operate an account with a financial institution for placing into the account all amounts received, and paying all amounts paid, by the candidate or a person on behalf of the candidate, during the candidate's disclosure period for the election for the conduct of the candidate's election campaign. The account is not to be used for any other purpose, and failure to take all reasonable steps to comply with this provision may be an offence.

11 A gift is (a) the disposition of property or the provision of a service, without consideration or for a consideration that is less than the market value, but does not include transmission of property under a will or provision of a service by volunteer labour; or (b) payment for attendance at or participation in a fundraising activity: section 107, Local Government Electoral Act.

12 For the meaning of value of gifts, refer to section 108, Local Government Electoral Act.

13 For the meaning of relevant details for gifts, refer to section 109, Local Government Electoral Act.

14 For the meaning of third party, refer to section 123, Local Government Electoral Act.

15 For the meaning of political activity, refer to section 106, Local Government Electoral Act.

16 The disclosure period for a third party to disclose all expenditure incurred for a political activity for the election starts on the day after the day the returning officer publishes notice of the election in a newspaper (section 25) and ends at 6 pm on the polling day for the election: section 124(5), Local Government Electoral Act.

17 The disclosure period for a third party to disclose all gifts applied to a political purpose for the current election starts 30 days after the polling day for the most recent quadrennial elections to have been held before the current election and ending 30 days after the polling day for the current election: section 125(5), *Local Government Electoral Act 2011*.

Responsibilities of the Electoral Commission Queensland

The ECQ is responsible for maintaining a register of gifts for a local government election that is accessible for inspection by the public. The register of gifts will contain a candidate's Disclosure Return that details all gifts a candidate receives during the disclosure period.

Cr Pisasale's statutory obligations

For the purposes of the report, the legislative provisions detailed above have been summarised here as they applied to Cr Pisasale.

- As a councillor, under the Local Government Regulation 2012, Cr Pisasale has an ongoing obligation to inform the CEO of the Ipswich City Council of financial interests, including any gifts of more than \$500 in the ICC Register of Interests within 30 days.¹⁸
- When he was a candidate for the 2012 election, under the Local Government Electoral Act, he was required to:
 - operate a dedicated bank account for his campaign funds during the disclosure period (14 April 2008 to 28 May 2012)
 - complete a Disclosure Return for Candidates to the Electoral Commission of Queensland (ECQ), reporting any donation of \$200 or more.

On 1 June 2015, Cr Pisasale publicly announced his intention to stand for re-election in the 2016 local government elections,¹⁹ which have a polling date set for 19 March 2016.

Once Cr Pisasale formally nominates, his disclosure period will be 28 May 2012 to 18 April 2016.

Incorporated associations and controlled entities in a local government context

For the purposes of this report, the following table sets out the status of the entities with which Cr Pisasale is involved:

Entity	Controlled entity status
City of Ipswich Community Fund Ltd	Not a controlled entity of ICC
City of Ipswich Community Fund Trust	Not a controlled entity of ICC
Ipswich Mayor's Community Fund Inc.	Not a controlled entity of ICC
Ipswich Mayor's Carols by Candlelight Fund Inc.	Not a controlled entity of ICC
Forward Ipswich Inc.	Not a controlled entity of ICC
Ipswich City Properties Pty Ltd	Is a controlled entity of ICC

Of the entities listed above, only the Ipswich Mayor's Community Fund Inc., the Ipswich Mayor's Carols by Candlelight Fund Inc. and Forward Ipswich Inc. are incorporated associations and only Ipswich City Properties Pty Ltd is a controlled entity of the Ipswich City Council.

¹⁸ Section 293(1), Local Government Regulation 2012; the register is available for public viewing.

¹⁹ ABC Radio 612 and "Reborn Pisasale set to run again thanks to public's support", *Queensland Times*, 1 June 2015, <<http://www.qt.com.au/news/pisasale-to-run-again-in-2016/2656497/>>.

Incorporated associations

An incorporated association is a legally separate body which has the same powers, benefits and responsibilities as a person. It is legally separate from its members, which means that although the management committee makes decisions, the association becomes legally liable for these decisions and individuals on the committee are not personally liable (as long as they acted in good faith). It must comply with the *Associations Incorporation Act 1981* and the Associations Incorporation Regulation 1999; review its financial affairs every year; and lodge copies of its rules, annual returns, financial statement and signed audit report with the Office of Fair Trading.

Controlled entities

The *Auditor-General Act 2009* states that a public sector entity is said to be a controlled entity if it is subject to the control of one or more local governments, or another entity that is subject to the control of one or more local governments. Control over an entity is presumed to exist when one entity has direct or indirect ownership of more than half the voting power of the other entity. However, control can be gained in a variety of ways, including acquiring the assets of another entity or controlling the management of the entity. In Queensland, controlled entities of local governments are audited by the Queensland Audit Office (QAO).

Cr Pisasale's involvement with these entities is described in the following chapter.

3 Investigation summary

The CCC's investigation into Cr Pisasale did not find any evidence appropriate for consideration of criminal proceedings in relation to the allegations it investigated.

In relation to allegations of dishonest use of funds by Cr Pisasale, the CCC conducted a full financial review of Forward Ipswich Inc. to see whether funds were being used or transferred between accounts in order to dishonestly benefit Cr Pisasale. It established that:

- No funds have been deposited into Forward Ipswich Inc. from the Ipswich Mayor's Carols by Candlelight Fund Inc. (IMCCF), the City of Ipswich Community Fund Limited, the City of Ipswich Community Fund Trust and the Ipswich Mayor's Community Fund Inc. (IMCF).
- No funds from Forward Ipswich Inc. have been deposited into any personal bank accounts held by Cr Pisasale.
- No money from the IMCF has been moved to Cr Pisasale's personal accounts.

The CCC is in receipt of bank statements, income and expenditure summaries, minutes and flying minutes of decisions. Cr Pisasale does not have the authority to move money from the IMCF account to any other account without approval from other committee members.

There is no record of any funds being transferred out of IMCF bank accounts nor IMCCF bank accounts to any entity in which Cr Pisasale has an interest.

However, the CCC did identify that some of the activities and practices involving Forward Ipswich Inc. and the IMCF had contributed to perceptions of corruption or self-interest on Cr Pisasale's part. These were:

- (i) a lack of clarity about the status of several of the entities with which Cr Pisasale was involved
- (ii) the use of Forward Ipswich Inc. for dual purposes, which were not equally well known to the community.

In addition, the CCC noted that the timing of obligations to disclose receipt of gifts and benefits between local government elections also contributed to these perceptions.

Issues relating to the Ipswich Mayor's Community Fund

The Ipswich Mayor's Community Fund (IMCF) was incorporated by registration under the *Associations Incorporation Act 1981* on 9 September 2011. The IMCF is registered to raise funds for charity in Queensland under the *Collections Act 1966*.²⁰ As stated its constitution, the IMCF can donate to individuals. At the relevant time the ICC provided support to the IMCF. Although Cr Pisasale and others set up the fund using the title "Ipswich Mayor's Community Fund", the IMCF is not a controlled entity of the ICC. It is a stand-alone legal entity that does not have to declare where its funds come from and the ICC does not have any legal right to control how the IMCF operates or spends its money. Unlike a controlled entity of the ICC, the IMCF is not required to be audited by the Queensland Audit Office, nor is it bound by the disclosure obligations that apply to controlled entities of the Council.

²⁰ Section 10 of the *Collections Act 1966* prohibits a person from appealing for support from the public for a charity, charitable purpose or community purpose unless the charity is registered or the purpose is sanctioned under the *Collections Act*.

In relation to the IMCF's status as an incorporated association that is not a controlled entity of the Council, the CCC identified the following issues:

- An association that uses the title of a public office holder (such as Mayor) may be believed by the community to have greater official status than it actually has.
- While elected officials are obliged to declare gifts and benefits in a register of interests, an incorporated association is not.
 - If funds went directly to the elected official, he/she would have to disclose them. However, when funds go to the incorporated association, the official does not have to disclose them.
 - If an incorporated association organises promotional activities which boost an elected official's reputation, it is under no obligation to be transparent about the source of the funds. An incorporated association could receive money or gifts from any lobby group, and is not obliged to declare them.
- An incorporated association such as the IMCF may receive funds directly from the public but it is up to the management group— including any elected official on that group — to decide how those funds are spent. This could potentially provide the elected official with a revenue stream for promotional activities but does not have to be disclosed.
- The objects and purpose of an incorporated association can be changed at any time by the management committee. Although an association may initially be established for altruistic purposes, there is nothing to prevent a subsequent management committee significantly changing the purposes for which money is raised and spent.

One example coming to the attention of the CCC was the collection and payments of monies for the Ipswich Flood Appeal. The investigation observed that a number of requests were made to the community to donate to the IMCF and other funds. Those requests for financial support referred to the involvement of the Ipswich City Council, by either providing ICC contact details for further information or including the Council's logo in the media release. There was a clear impression in the articles linking the IMCF with the Ipswich City Council, particularly when the media release was made directly by the ICC.

Issues relating to Forward Ipswich Inc.

In 2011 Cr Pisasale had Forward Ipswich Inc. registered as an incorporated association. Forward Ipswich Inc. is not a controlled entity of the ICC and is not audited by the Queensland Audit Office, but like all other incorporated associations is required to be audited every 12 months. Investigation confirmed that this has occurred regularly in compliance with the legislation.

During his interview with CCC investigators, Cr Pisasale told CCC investigators that he received a large tax bill for the 2007–08 financial year, due to the Australian Taxation Office's declaring that donations to his 2008 re-election campaign were taxable.²¹ Cr Pisasale stated that Forward Ipswich Inc. was his campaign vehicle but was "later" used to raise funds for community events in Ipswich. In the CCC's view, Forward Ipswich's roles — as campaign-donation recipient until shortly after the 2012 election, and community-donation recipient since that time — contributed to perceptions of corruption on Cr Pisasale's part. Its dual purposes, which may not have been equally well communicated to the public, created confusion around:

- Cr Pisasale's obligations to declare gifts received by Forward Ipswich Inc. on his ICC Register of Interests and on his ECQ Disclosure Return,

21 The CCC notes that this applies particularly to independent candidates at elections. Independent candidates at elections who receive significant donations may be liable for tax on donations received into their campaign account. This may be contrasted with the position of an endorsed candidate for a registered political party who is not personally liable for tax on donations received by the political party or the party's campaign committee helping the candidate's election campaign.

- the management of, and demarcation between, funds received by Forward Ipswich Inc. for his campaign (ie funds intended for personal use by Paul Pisasale) and those for community events (ie funds intended for the Ipswich community)
- whether particular donors to Forward Ipswich were contributing to Cr Pisasale's political campaigns or to community fund-raising events.

The CCC's financial investigation found that Forward Ipswich's bank account held monies raised but not spent by Cr Pisasale for his election campaign and community funding/donations received after the 2012 election disclosure period.

The confusion created by a dual-purpose, single bank-account entity is illustrated by media reports alleging that Cr Pisasale failed to record and report political donations made to Forward Ipswich by Ipswich City Properties in the context of the Mayor's 20th Anniversary Dinner in December 2012 and by a property developer on the occasion of a community golf day in November 2013. These examples are discussed below.

Ipswich Mayor's 20th Anniversary Dinner, December 2012

According to Cr Pisasale, the Forward Ipswich Inc. committee decided to use the milestone of his 20 years in local government to raise money for the community. He stated that the purpose for the Anniversary Dinner was to promote Ipswich and, although it was a significant milestone for him, its purpose was to raise money for the community.

Letters were sent to potential sponsors, inviting them to sponsor a table at the "Mayor's 20th Anniversary Dinner" and requesting that payments be made into Forward Ipswich's Bendigo Bank account.

The letter stated in part:

Funds raised on the night will go towards Forward Ipswich Inc. and help in the role – leading this city and Queensland in the areas of businesses and the community, through the creation of jobs and the economic, cultural and educational development in the City of Ipswich. In addition to being my guest on the night, your contribution will be recognised not only on the night but also during the lead-up to the event.

A donation of \$5000 towards the Mayor's Anniversary Dinner was received from Ipswich City Properties Pty Ltd (ICP), an entity which is wholly owned by the Ipswich City Council.

There is no evidence of corrupt conduct on the part of Cr Pisasale regarding ICP's donation to Forward Ipswich Inc. Nor is there evidence to suggest that the \$5,000 sponsorship by ICP was made to Cr Pisasale as a contribution to his election campaign funds. At the time that Forward Ipswich received the payment from ICP it was not undertaking any expenditure in relation to election campaigning, and the sponsorship invitation letter makes no reference to election campaign fund raising.

None the less, the CCC noted that:

- the wording in the letter inviting sponsorship was similar to that of one of the stated objectives of Forward Ipswich Inc. — "Providing strong leadership and promotion of jobs and the economic, cultural and educational development in the City of Ipswich" — which is most relevant to the collection of campaign funds for Cr Pisasale
- the donations were to be paid into Forward Ipswich Inc. which had been made well known to the community as Cr Pisasale's election campaign fund.

In these circumstances it is not difficult to see how a reasonable person might be confused about the purpose for which the funds were being raised.

As Cr Pisasale's disclosure obligations are not triggered until he formally nominates as a candidate for the 2016 local government election, and there was no evidence that Forward Ipswich Inc. or Cr Pisasale

intended to use these funds for a purpose related to a future election, the question of whether any of the money raised by the Anniversary Dinner would be applied to Cr Pisasale's 2016 election campaign could not be determined during the CCC's investigation. However, it brought several wider questions to the CCC's attention:

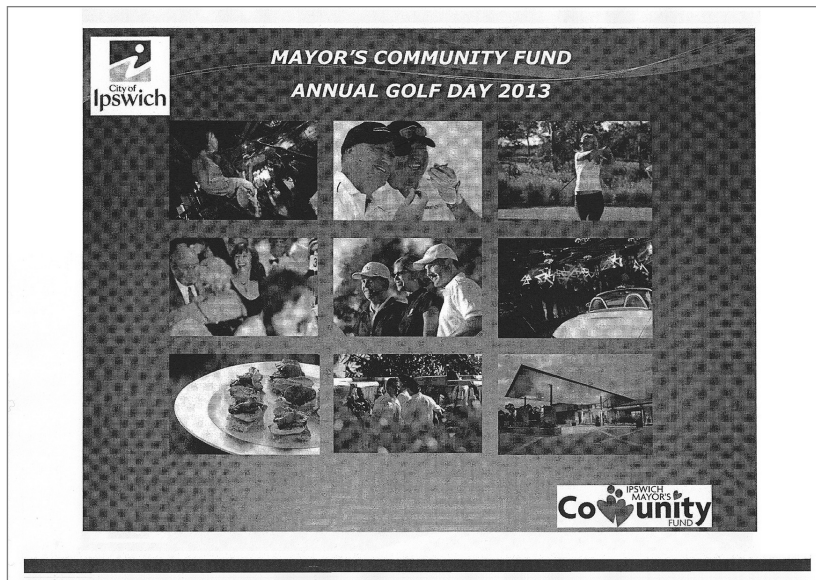
- whether elected officials and others should be required to make ongoing disclosure of campaign donations
- whether there should be an ongoing obligation to keep campaign funds in a dedicated account
- fund-raising that accrues reputational benefits to an incumbent office holder.

Ipswich Mayor's Community Golf Day, November 2013

In June 2014 the media reported that Cr Pisasale's campaign fund, Forward Ipswich Inc., received a significant amount of money, including a donation from a property developer, via the 2013 Mayor's Community Golf Day, an event that had been advertised as raising money for the IMCF.²²

The Golf Day was an annual event to raise money for the Ipswich community. For the 2013 event, Forward Ipswich Inc. entered into an agreement with an event organiser to run the day. The promotional flyer for the event (shown below) was entitled "Mayor's Community Fund Annual Golf Day 2013", with the City of Ipswich logo in the top left corner and the IMCF logo in the bottom right corner. However, the proceeds of the day were paid first into the bank account of Forward Ipswich Inc. and later transferred into the IMCF's account.

To ascertain whether there was any misuse of these funds, the CCC reviewed all relevant invoices, the books of account and bank account statements of Forward Ipswich Inc., the books of account and bank account statements of the IMCF, invoices from the event organiser and receipts relating to the event. The CCC did not identify any dishonest benefit obtained by Cr Pisasale by using the Forward Ipswich Inc. bank account to receive funds which were then paid to the IMCF.



22 Mark Solomons & Mark Willacy, "Charity golf day funds channelled into Paul Pisasale's campaign", ABC News, 6 June 2014, <<http://www.abc.net.au/news/2014-06-02/charity-golf-day-funds-channelled-into-paul-pisales-campaign/5494992>>.

However, Forward Ipswich Inc. had previously been promoted by Cr Pisasale as his campaign fund, with its other purpose(s) seemingly less well known to the community. Forward Ipswich Inc. had come to be closely identified with Cr Pisasale's political interests, not broader community ones. This appears to have led the media to report that donations to the golf day were, in fact, donations to Cr Pisasale's election campaign, once again highlighting the difficulties inherent in dual-purpose entities.

The next chapter looks at the issues that the CCC identified in the course of its investigation, puts them in a wider context and make recommendations to address them.

4 Discussion and recommendations

Around the time the CCC was receiving allegations regarding Cr Pisasale, statements about Cr Pisasale were reported in a media article:

... Forward Ipswich was "a campaign fund established by me for the purposes of funding my election campaign and supporting the community".

He said the fund was established based on recommendations from the LGAQ and other legal advice **to establish "a fully transparent campaign fund"** [emphasis added] ... It is registered with Queensland Office of Fair Trading and is fully audited," he said.²³

However, as the previous chapter showed, the CCC found during its investigation that an elected official's use of a separate legal entity — in this case, an incorporated association — to collect or hold funds is not an ideal mechanism for transparency. It may in fact result in unintentional confusion about the obligations to declare such funds, or even in allegations of corruption against an elected official.

The importance of transparency

Both the *Local Government Act 2009* and the *Local Government Electoral Act 2011* contain legislative provisions designed to ensure transparency and accountability by elected officials and other persons who hold or aspire to public office.

The provisions aim to ensure that the receipt of gifts, benefits or donations is appropriately recorded and managed, so that:

- candidates make clear to voters, and the wider public, who is funding their election campaign
- elected officials tell their constituents, and the wider public, who is giving them gifts and benefits during their term of office.

Failure to be transparent can give rise to a perception that an elected official may be improperly influenced by donors in the exercise of their powers or functions as a councillor.

Transparency is particularly important where an elected official does or can influence the decisions of another entity which:

- (i) receives funds or another benefit on behalf of an elected official, or
- (ii) provides a reputational benefit to an elected official, and
- (iii) those benefits could reasonably be perceived to give rise to a risk that the elected official may be influenced in the exercise of their powers or functions.

Elected officials and incorporated entities

Generally, incorporated entities are free to carry on their business without a particular need for any greater transparency or accountability than that required by the *Associations Incorporation Act 1981*. However, this investigation highlighted that particular uses of incorporated associations by elected officials require greater obligations for transparency and accountability. These uses included:

- an incorporated entity being used to receive and/or hold campaign funds for an individual who is involved in managing the entity

23 Joel Gould, "Media frenzy sparks call for fund review", *Queensland Times*, 28 May 2014, <<http://www.qt.com.au/news/media-frenzy-sparks-call-for-fund-review/2272024/>>.

- an incorporated entity being run by a majority of councillors or council employees
- incorporated entities providing “benefits” to an elected official.

The CCC’s principal concern in this case was the lack of public transparency and accountability required of separate legal entities that were in a position to collect and spend funds raised from the public which then provided a benefit to an elected official.

The use of independent legal entities by elected officials creates a lack of public transparency and accountability in relation to the receipt of gifts and benefits. In the CCC’s view, this is not in the public interest and is not consistent with the intent of the Local Government Electoral Act or the Local Government Act.

Use of official council titles by separate legal entities

A number of allegations made about Cr Pisasale related to the operation of the IMCF, which is not a controlled entity of the Ipswich City Council. This highlighted to the CCC the confusion created by the use of official titles by entities which are not subject to the same oversight, transparency or accountability as a council or an elected official.

This issue had already been raised by the Queensland Auditor-General in a 2011 report to Parliament.²⁴ It stated:

Natural disasters in late 2010 and early 2011 devastated many communities across Queensland, with all 73 local government areas being affected. This has led to an increase in community organisations being set up to collect donations to provide assistance to local residents impacted by the disasters. A number of these community organisations included references to the Mayor, Mayoress or local government area in their names. This may give the appearance that these organisations are controlled by, or otherwise associated with, the relevant local government.

... the initial findings reported above indicate that this is an area of potential risk for local governments. In particular, the existence of such entities may expose the local government to some financial risk or, at least, a risk to their reputation in the community where there is an impression of a direct relationship and a degree of interdependence or support between the local government and the entities.

Where local governments are involved in the establishment and/or operation of such entities it is important they have a clear understanding of their intended level of involvement in the entities and how this is reflected in the manner in which the entities are structured and operate.

The CCC agrees with the Auditor-General’s assessment that the establishment and operation of such community organisations may unintentionally mislead the community as to the precise nature of their relationship to the council. The CCC sighted material distributed by the IMCF which included Ipswich City Council contact details and/or its logo, such as the flyer for the 2013 golf day. In the CCC’s view, such use of official council or mayoral letterhead and contact details on promotional material by an entity not in fact controlled by the council could reasonably convey to the public that it was part of the council or an official body subject to the same oversight as other public entities.

The CCC is therefore recommending that the official title of a public official position, such as mayor, should not be permitted to be used by an entity unless that entity is performing official statutory functions of the relevant entity and is subject to the same requirements for transparency and oversight required of other public sector entities. Nor should an unrelated entity be able to use official Council letterhead, logos, etc., to imply an authority that the entity does not itself possess.

24 Auditor-General Report to Parliament No. 11 for 2011 | Employment and Economic Development cluster, pages 98–9, <https://www.qao.qld.gov.au/files/file/Reports/2011_Report_No.11.pdf>.

In the case of the entities with which Cr Pisasale is involved, the CCC recommends:

- That the IMCF and the IMCCF either become controlled entities of the ICC or stop using the mayoral title as part of their names
- That any use of official Council equipment, logos, letterhead, etc., be restricted to controlled entities of the ICC.

Recommendation 1

That associations incorporated or unincorporated not be permitted to use any official title (such as Mayor) in the name unless it is a controlled entity and therefore subject to auditing by QAO.

Further to recommendation 1, the CCC notes the comments made by the LGAQ in its submission on page 24.

Use of separate entities to hold campaign funds for an elected official

As quoted earlier, Cr Pisasale stated that Forward Ipswich Inc. was initially set up as a mechanism to receive his campaign donations. He is a member of the Management Committee that directs, controls and is ultimately responsible for its activities. The CCC noted in the course of the investigation that the objectives of Forward Ipswich Inc. listed in its incorporation lodgement application, quoted below, are very broad and far more expansive than simply receiving campaign funds:

- Marketing and promotion of the City of Ipswich and its leadership
- Providing strong leadership and promotion of jobs and the economic, cultural and educational development in the City of Ipswich
- Supporting business and community in need
- Raising funds for the exercise of the Association and any other objective of the Association
- Exercising powers of the Association
- Exercising other objectives that the management committee may from time to time consider is conducive or incidental to achieving or pursuing the Association's objectives.²⁵

In fact, they do not specifically refer to the intention to receive or hold campaign funds on behalf of Cr Pisasale.

The creation of an incorporated entity which makes financial gain from receiving donations to further its objects will not make it ineligible for incorporation under the *Associations Incorporation Act 1981*. However, once it is established that the association has as its main purpose the holding of property for use by some or all of its members, its incorporation may well become problematic.²⁶

25 Form 1, Appendix B, Forward Ipswich Inc. Application for incorporation of an association dated 23 March 2011.

26 Section 5(e)(iii), *Associations Incorporation Act 1981*.

Section 5 of that Act lists a number of criteria which make associations ineligible for incorporation under the Act, as follows:

- (1) An association is not eligible for incorporation under this Act if the association—
...
(c) is formed or carried on for the purpose of providing financial gain for its members; or
...
(e) has as its main purpose the holding of property—
(i) in which its members have a disposable interest; or
(ii) that the members have a right to divide between all or some of them; or
(iii) for use by some or all of its members or among persons claiming through, or nominated by, some or all of its members; or
(iv) for distribution of the property, or income from the property, among some or all of its members or among persons claiming through, or nominated by, some or all of its members; or
...

The CCC’s examination of Forward Ipswich’s financial records indicate that from June 2011 until the end of disclosure period for the 2012 local government election, Forward Ipswich Inc. held property almost exclusively for the use of Cr Pisasale’s election campaign and not for any other substantial purpose.

The CCC does not believe it was the intention of law-makers to allow an individual to use an incorporated association, where that person is involved in the control of the association, for the sole or primary purpose of collecting or holding campaign funds which are intended to be applied to that person’s benefit, either directly or indirectly.

The use of a separate legal entity to hold election campaign donations intended for use by candidates/councillors has significant potential to diminish transparency in this area and the area of councillor disclosure of financial and non-financial interests.

Recommendation 2

That the *Associations Incorporation Act 1981* be amended to make it clear that incorporated associations cannot be used to receive or hold electoral campaign funds which are intended to be applied for a member’s benefit, either directly or indirectly.

The Local Government Electoral Act

The stated purpose of the Local Government Electoral Act is “to ensure the transparent conduct of elections of councillors of Queensland’s local governments”.²⁷

The CCC proposes that government consider reform in a number of areas identified in the investigation:

1. the timeframes for disclosure of electoral returns
2. the question of whether funds raised but not spent during an election campaign should remain in a dedicated account
3. the accountability of monies collected if a candidate is not elected (or does not nominate for the next election).

²⁷ Section 3, *Local Government Electoral Act 2011*.

Timeframes for disclosure of electoral donations

The CCC notes that the candidates are required to disclose campaign donations within 15 weeks from polling day. There is no requirement to disclose donations on or before polling day. This would seem to hamper voters' ability to make an informed decision about a candidate on polling day. Given how easy it is to submit and register many types of documents electronically, the CCC believes that it should be possible for campaign donations to be declared via online or electronic submission on an ongoing basis throughout a campaign, with a significantly shorter time frame for compliance. In that way, declarations would be more useful to the public in helping them determine the suitability of a candidate before polling day. This would also allow for a more timely consideration of compliance with the statutory requirements regarding disclosure.

Recommendation 3

That the Government consider amendment to disclosure time frames to make the disclosure of donations more contemporaneous with the receipt of the donation by the candidate and others required to make a disclosure.

Consistency of disclosure obligations

During the CCC's examination of Cr Pisasale's compliance with the various legislative requirements for councillors and candidates for local government elections, the CCC noted the different disclosure obligations in the relevant Acts. These diverse obligations make it difficult for those who have to adhere to these requirements to understand and comply with them. Some of the matters identified by the CCC included:

- (i) the different thresholds for reporting gifts and donations within and between the Acts, as previously described on pages 5 and 6
 - a. register of interests declaration — \$500
 - b. gifts to candidates — \$200
 - c. gifts received by third parties to enable expenditure for political activity — \$1000
- (ii) the fact that the obligations to declare gifts are not consistent across local and state requirements.

Recommendation 4

That the Government consider amendment to disclosure requirements in the *Local Government Electoral Act 2011* and the *Local Government Act 2009* to align the threshold obligations for reporting.

Further to recommendation 4, the CCC notes the comments made by the LGAQ in its submission on pages 24–25.

Dealing with unspent funds after an election

The investigation highlighted the practice of having one entity with dual purposes — in this case, Cr Pisasale's using Forward Ipswich Inc. first to collect and hold campaign funds and subsequently holding non-campaign (community) funds. As Cr Pisasale had promoted Forward Ipswich Inc. as his electoral campaign fund, such activities gave rise to a perception after the election that community funds were being raised and diverted into his campaign fund.

Section 126 of the *Local Government Electoral Act 2011* requires election candidates to operate a dedicated account for funds raised during the disclosure period; that period ends 30 days after the

election. Mixing funds during the disclosure period is not permitted. However, because the requirements of this section only apply to a candidate at an election, it is not possible to know if a candidate's activities since the 2012 election will comply with this section until the 2016 election.

Moreover, the Act is silent on how any remaining funds should be accounted for at the end of the disclosure period. While there are general law principles in relation to these monies that are likely to be relevant, only persons who donated money to the candidate are likely to have any standing to enforce those obligations in a court. There is no legislative requirement for a candidate (or newly elected councillor) to account for any unspent money from the campaign. Indeed, there is no obligation to account for how the money has been spent *during* the disclosure period.

Integrity in electoral processes is fundamental and prescription of sound process should be such that the recording of monies received and spent is evidence that each candidate is acting in good faith. As a consequence, transparency would be greatly increased if, at the end of the relevant disclosure period, candidates were required to:

- submit a return in relation to the expenditure of the funds and
- maintain any unspent funds in a dedicated account until the candidate runs for the next election or transfer the funds to a registered charity.

If the candidate does not nominate as a candidate in the next election, the unspent donations should be paid to a registered charity within 30 days of the election.

Recommendation 5

That the Government expand the regulation of donations to include the expenditure of donations and a requirement to account for unspent donations by either only using the funds for campaign purposes or transferring them to a registered charity.

Further regulation of gifts and benefits of other entities associated with an elected official

Councillors are required to disclose the financial and non-financial particulars of certain interests in a register of interests²⁸ maintained by the CEO of the Council.

Under section 291 of the Local Government Regulation 2012:

- (1) The register of interests of each of the following persons must contain the financial and non-financial particulars mentioned in schedule 5 for an interest held by the person—
 - (a) a councillor;
 - (b) the chief executive officer;
 - (c) a senior executive employee;
 - (d) a person who is related to a councillor, the chief executive officer or a senior executive employee.

The details to be provided for the **Register of Interests**²⁹ are the name of the donor and *a description of any gift* totalling more than \$500.³⁰

28 Section 171B, Local Government Act 2009 and section 291, Local Government Regulation 2012.

29 Section 171B, Local Government Act 2009 and section 291, Local Government Regulation 2012.

30 Schedule 5, Local Government Regulation 2012 – clause 12(1).

Councillors must also inform the CEO within 30 days should they become aware of an interest or that details of an interest were no longer correct;³¹ failure to do so is an offence.

A gift or donation made to a separate legal entity of whose management committee the elected official is a member is not specifically captured by schedule 5. Similarly, in the CCC's view the reference to "a person who is related to a councillor..." could be interpreted to mean only a natural person, as opposed to some other legal entity such as an incorporated association or other registered company.

In most instances this would not be an issue for transparency and accountability, as it would not be expected that an elected official who held an executive position on a board or owned shares in a company would have to declare the financial interests of those entities. In most instances it is sufficient for the elected official to register their interest in the entity itself such as declaring that they own shares or hold a director position on the board.

However, it becomes problematic where the objects of the entity have a dual role beyond just the interests of the shareholders or stated objects, in so far that it may provide the elected official with a benefit.

In these circumstances the relationship between the entity and the elected official may not be so clear or distinguishable and could be perceived as providing a direct benefit to the elected official. For example, a situation may arise where an elected official establishes an incorporated entity for a community purpose and publicly raises funds to improve local schools, playgrounds, parks or other such activities. The elected official could use the entity as a means of self-promotion and direct activities to a particular division or area where they perceive that their political profile could be raised or improved.

Reputational benefits

This practice could be used by elected officials or candidates to raise funds from like-minded supporters for political benefit that ultimately does not need to be declared on a register of interest or in an election return. For an elected official the significance of reputational benefit should not be dismissed as not being valued.

There is potential for an entity, be it a person or other legal personality, to attempt to influence the conduct of an elected official by providing that person, not with tangible property but rather with an intangible benefit such as a promotional opportunity which can be run at a significant cost. Whilst the elected official has not obtained physical property, money, or money in kind, there is clearly a benefit derived by the elected official.

Recommendation 6

That the Government strengthen the obligation upon councillors, chief executive officers and senior executive employees (relevant persons) to declare funds, gifts or benefits provided to another entity which could be perceived to provide the relevant person with a benefit.

Further to recommendation 6, the CCC also notes the comments made by the LGAQ in its submission on pages 24–25.

The CCC puts forward these recommendations to government to ensure compliance by elected officials with the requirements of their office and promote greater public confidence in the conduct of its public office holders.

³¹ Section 171B, *Local Government Act 2009*.

Appendix: Submissions to the report



Mayor Paul Pisasale
City of Ipswich
Queensland Australia

15 September 2015

Mr Paxton Booth
Acting Executive Director, Corruption
Crime and Corruption Commission Queensland
GPO Box 3123
BRISBANE QLD 4001

Dear Sir

I refer to your letter of 4 September enclosing the draft public report entitled *Transparency and accountability in local government*.

I welcome this report and am pleased that the Crime and Corruption Commission (CCC) has confirmed their finding that I have not engaged in any corrupt conduct or misused any funds raised from the community.

I am a firm believer in transparency and accountability, not only for local government, but at all levels of government. I have publicly advocated for some time for an election system that presents a fair playing field for both independent and party candidates whether they are running in a Local, State or Federal election.

I note the report also concludes that my association with Forward Ipswich Inc and the Ipswich Mayor's Community Fund has created a perception of corruption and self-interest. I submit that this perception is not held by the majority of the community which understands that my first priority is serving them and this great city. It is disappointing that so much time and tax-payers' money has been spent on this investigation because of perceptions held [REDACTED]. I hope that this investigation has not created a new perception that the CCC is wasting taxpayers' money [REDACTED] rather than investigating legitimate crimes.

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I generally do not have any objections to the recommendations made in the report, however, I would like to make the following submissions:

1. At page 14 of the report, reference is made to a large donation [REDACTED]. I believe the reference [REDACTED] is unnecessary and should be removed. Considering that Forward Ipswich received donations from various sources, I believe it is unfair to single out this company in a public report.
2. The report should factually put on record my evidence on the reasoning behind the establishment of Forward Ipswich Inc, namely the inconsistencies between the *Local Government Electoral Act*, the *Local Government Act* and the Federal Taxation laws which have created an unfair taxation burden for independent candidates. The recommendation should go further to include a submission by the Queensland Government to the Federal Government to amend the taxation legislation for independent candidates.
3. Any changes to electoral process should apply equally to Local, State and Federal elections. Inconsistency in the processes creates confusion and this confusion is what causes candidates to make costly administrative errors.

What is absent from the report are viable solutions to ensure independent candidates can stand for election without facing an unnecessary and unfair tax burden.

Once this report is released, I am more than happy to work with both the CCC and the State Government to work through viable solutions to the issues raised. I want to ensure that no candidate in the future is exposed to what I have had to endure for the last 18 months and that we have a system that allows elections to take place in a fair, equitable and transparent manner.

Once again, I thank the CCC for the thorough and professional way Officers carried out this investigation.

I am happy to discuss this submission personally with you further should you wish.

Yours sincerely



Mayor Paul Pisasale
City of Ipswich

sammut  bulow
ACCOUNTANTS + BUSINESS ADVISORS

30 September 2015

Mr John Diggle
A/Detective Inspector
Crime & Corruption Commission
GPO Box 2123
Brisbane Qld 4001

Dear Sir

I refer to your recent letter to the Secretary of Forward Ipswich Inc enclosing the draft public report entitled 'Transparency and Accountability in Local Government'.

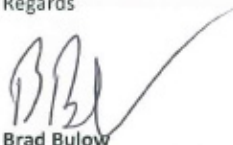
In the absence of the Secretary, and on behalf of the committee of Forward Ipswich Inc, I generally do not have any objections to the recommendations made in the report, however, I would like to make the following submissions:

1. The report should put on record the reasoning behind the establishment of Forward Ipswich Inc, namely the inconsistencies between the *Local Government Electoral Act*, the *Local Government Act* and the Federal Taxation laws which have created an unfair taxation burden for independent candidates.
2. Forward Ipswich Inc was never established to do anything but assist Paul Pisasale in his campaign for Mayor and to help the community of the City of Ipswich.

Considering the recommendations that have now been made by the CCC, Forward Ipswich Inc will now only assist members of the community of Ipswich and will no longer be involved in raising money for the campaign of Paul Pisasale.

We await the findings of the CCC or the State Government on a mechanism to allow independent candidates to raise funds in a full and transparent manner without any unnecessary and unfair tax burden.

Regards



Brad Bulow
Partner – Sammut Bulow

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22 September 2015

Ms Dianne McFarlane
Executive Director, Corruption
Crime and Corruption Commission Queensland
GPO Box 3121
BRISBANE QLD 4001

Dear Ms McFarlane

Re: Response to Draft Public Report

I refer to your letter dated 4 September, concerning the public report in relation to the investigation regarding allegations made against Cr Paul Pisasale, Mayor of the City of Ipswich.

The Local Government Association of Queensland (LGAQ) response in relation to the Crime and Corruption Commission (CCC) Draft Report, is as follows:

Recommendation 1

The regulator of the *Associations Incorporation Act 1981* (presently the chief executive of the Department of Justice and Attorney General) should not be permitting the registration of a name if that name contains something that a regulation declares to be unsuitable (see section 43 of the *Associations Incorporation Act 1981*).

Section 3(1)(e)(iv) of the *Associations Incorporation Regulation 1999* states, relevantly, that "a name suggesting, in the context in which it is proposed to be used, a connection with ... a local government" is an unsuitable name. Perhaps the issue in relation to this recommendation lies more with the regulator being a little more vigilant when it comes to registering names for incorporated associations. Alternatively, section 3(1)(e)(iv) of the Regulation could be improved by specifically referring to the mayor and councillors such as, for example, in the following manner: -

"(iv) a local government, its mayor or councillors;"

Recommendation 2

In the LGAQ's experience, the use of a separate legal entity to receive or hold election campaign funds is not a common occurrence. The LGAQ does not oppose this recommendation.

Recommendation 3

See response to recommendation 4.

Recommendation 4

Councillors have an ongoing obligation to disclose all gifts received, totalling \$500 or more, within 30 days of receipt (see section 171B of the *Local Government Act 2009* and sections 289 to 297 and Schedule 5 of the *Local Government Regulation 2012*). It is the LGAQ's position that if a councillor receives a gift that they intend to disclose as an electoral gift (under the *Local Government Electoral Act 2011*), they should also disclose it under the *Local Government Act*.

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Local Government Association Of Queensland Ltd.
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and Regulation requirements (i.e. within 30 days of its receipt), even if the gift does not meet the \$500 threshold prescribed by the Local Government Act and Regulation requirements. The inconsistency between the two legislative regimes is confusing.

In response to recommendations 3 and 4, the LGAQ would like to see amendments to both legislative regimes which produces the following outcomes: -

1. A single definition of gift (including reference to the fact that it does not matter whether the councillor considers it a gift for electoral purposes or other purposes);
2. A single disclosure threshold of \$500 or more; and
3. The disclosure period under the *Local Government Electoral Act 2011* for "sitting" councillors to be reduced so that it commences on the day the councillor nominates for the next election.

So far as "non-sitting" candidates are concerned, the LGAQ supports a recommendation that they be subject to a similar regime of disclosure (i.e. every 30 days) from the day they first receive an electoral gift.

Recommendation 5

There is presently no requirement for elected officials, at any level of government, to detail how an elected representative specifically disposes of gifts received.

The LGAQ does not support this recommendation.

Recommendation 6

In response to recommendations 3 and 4, the LGAQ has stated that it supports an ongoing disclosure obligation for "sitting" councillors and "non-sitting" candidates. Apart from those changes, the LGAQ does not support any further amendment to the Local Government Act and Regulation disclosure requirements (which many councillors presently find challenging enough to deal with).

However, the LGAQ is of the view that this ongoing disclosure obligation should also be extended to apply to third parties who receive gifts, or incur expenditure, for political purposes (see sections 123 to 125 of the *Local Government Electoral Act 2011*). To ensure the object of CCC recommendation is met, the disclosure period for these third parties should be enlarged so that it commences at the conclusion of most recent local government election and disclosure should occur within 30 days of receipt of each gift, or within 30 days of the expenditure (for political purposes).

In summary, whilst the LGAQ does not support this recommendation as presently proposed, it does support the objective which it is trying to achieve and suggests amendments to the *Local Government Electoral Act 2011*, as an alternative.

If you require any clarification in relation to this response, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Greg Hoffman', is written over a horizontal line.

Greg Hoffman PSM
GENERAL MANAGER - ADVOCACY

Your reference
Our reference
Contact Officer
Telephone

22 September 2015

Mr Paxton Booth
Acting Executive Director, Corruption
Crime and Corruption Commission
GPO Box 3123
Brisbane QLD 4001

Dear Mr Booth,

I refer to the letter from Dianne McFarlane dated 4 September 2015 enclosing the draft public report entitled "*Transparency and accountability in local government*".

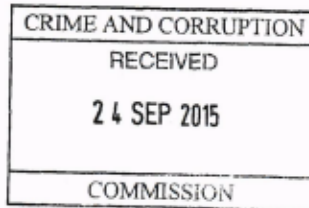
The Ipswich Mayor's Community Fund Inc (IMCF) has no submission to make in relation to the recommendations contained in the report.

However, I would like the Crime and Corruption Commission to note that in line with the recommendations in the report, the IMCF will now approach Ipswich City Council and request that it become a controlled entity.

Yours sincerely



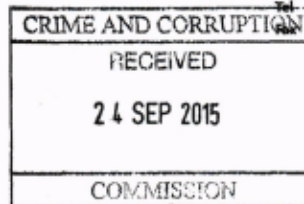
Dianne Smith
Secretary
Ipswich Mayor's Community Fund Inc



Mayor's Community Fund

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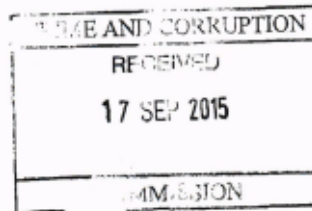
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**IPSWICH
CITY
PROPERTIES**

Ms Dianne McFarlane
Executive Director, Corruption
Crime and Corruption Commission
GPO Box 3123
BRISBANE QLD 4001

16 September 2015

Dear Ms McFarlane

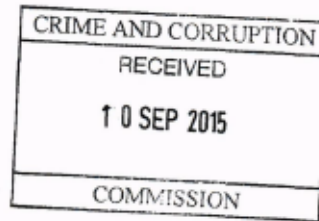


I refer to your letter dated 4 September 2015 enclosing the draft public report entitled "Transparency and accountability in local government".

I have no submissions that I wish to make as a Director of Ipswich City Properties Pty Ltd.

Yours sincerely


Jim Lindsay
DIRECTOR



Department of Infrastructure,
Local Government and Planning

Our ref: OUT15/6940

Your ref: CO-15-0021/03

08 SEP 2015

Ms Dianne McFarlane
Executive Director, Corruption
Crime and Corruption Commission
GPO Box 3123
BRISBANE QLD 4001

Dear Ms McFarlane

Thank you for your letter of 4 September 2015 providing a copy of the draft report in relation to the investigation of allegations made against Cr Paul Pisasale, Mayor of the City of Ipswich. I understand the Crime and Corruption Commission proposes to table the final report in Parliament in accordance with section 69 of the *Crime and Corruption Act 2001*.

The Department supports any action which furthers the Government's priority of ensuring the system of local government is accountable, effective, efficient and sustainable. A key element of that priority and of the Local Government Principles contained in section 4 of the *Local Government Act 2009* and section 4 of the *City of Brisbane Act 2010* is transparent decision-making by Councillors.

I note that a number of the recommendations contained in the draft report involve legislative amendments to the *Associations Incorporation Act 1981*, the *Local Government Act 2009*, the *Local Government Electoral Act 2011* and the *City of Brisbane Act 2010*. The consideration of such amendments would be a matter for the Government in due course.

Yours sincerely

Stephen Johnston
Acting Director-General

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23 September 2015

Ms Dianne McFarlane
Executive Director, Corruption
Crime and Corruption Commission
GPO BOX 3123
BRISBANE QLD 4001

Dear Ms McFarlane,

Comments on Draft Public Report

I refer to your letter of 4 September 2015 in which you invited my submission with respect to your draft public report, *Transparency and accountability in local government*.

After considering the draft report and its recommendations, the Electoral Commission Queensland (ECQ) does not wish to make any comment. I do not consider that any parts of the draft report are inaccurate or unfair to the ECQ, nor are the views expressed in the report contrary to those held by the ECQ.

Thank you for this opportunity to review the draft report. The ECQ values the close working relationship it has with the Crime and Corruption Commission, and I believe Queensland will continue to be well served by the cooperative association between our two Commissions.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Walter van der Merwe', is written over a horizontal line.

Walter van der Merwe
Electoral Commissioner



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Level 6, Forestry House, 160 Mary Street Brisbane, QLD

Legislation cited in this report; abbreviations

Legislation cited in this report

Associations Incorporation Act 1981

Collections Act 1966

Crime and Corruption Act 2001

Crime and Misconduct Act 2001

Local Government (Operations) Regulation 2010

Local Government Act 2009

Local Government Electoral Act 2011

Local Government Regulation 2012

Abbreviations

CC Act	Crime and Corruption Act
CCC	Crime and Corruption Commission
CMC	Crime and Misconduct Commission
ECQ	Electoral Commission of Queensland
ICC	Ipswich City Council
ICP	Ipswich City Properties Pty Ltd
IMCCF	Ipswich Mayor's Carols by Candlelight Inc.
IMCF	Ipswich Mayor's Community Fund Inc.
LGAQ	Local Government Association of Queensland
QAO	Queensland Audit Office



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