



# Update

Corporate & Commercial

17 December 2009

## Ban on political donations from property developers

New political donations legislation passed by the NSW Parliament commenced on 14 December 2009. The legislation which amends the Election Funding and Disclosures Act 1981 (NSW) prohibits property developers from making political donations to any elected member of the Parliament of NSW, candidates to NSW State elections, elected members of local councils or candidates to local government elections.

A "property developer" is defined as:

*A corporation engaged in a business that regularly involves the making of relevant planning applications by or on behalf of the corporation in connection with the residential or commercial development of land, with the ultimate purpose of the sale or lease of the land for profit, or close associates of such a corporation.*

A "close associate" of a property developer has been widely defined under the Act and includes directors and officers of the corporation and spouses of directors and officers, related bodies corporate and related entities, shareholders and unitholders. This definition has wide reaching implications for property developers and their staff who may be inadvertently in breach of the new provisions for attending political fundraisers or making membership contributions to a political party in excess of the thresholds under the Act.

Prohibited conduct includes the making of a political donation on behalf of a property developer, accepting a political donation made by or on behalf of a property developer, and soliciting another person to make a political donation on behalf of a property developer.

If a person knowingly breaches the prohibitions set out above, penalties for a contravention include a fine of up to \$11,000 per breach.

Property developers should consider implementing a compliance plan for their executives and operating staff, in particular, as the definition of property developers and their close associates is wide.

Holding Redlich has extensive experience in advising corporations and government authorities regarding political donations. We can assist you by providing you or your organisation with further advice on these issues and help you design and implement a comprehensive compliance system.

If you have any queries in regard to the above, please don't hesitate to contact us.

### Melbourne

#### Michael Linehan

Partner - Corporate & Commercial

T: +61 (0)3 9321 9807

E: [michael.linehan@holdingredlich.com.au](mailto:michael.linehan@holdingredlich.com.au)

#### Lou Farinotti

Partner - Property & Projects

T: +61 (0)3 9321 9860

E: [lou.farinotti@holdingredlich.com.au](mailto:lou.farinotti@holdingredlich.com.au)

### Sydney

#### Ian Robertson

Partner - Corporate & Commercial

T: +61 (0)2 8083 0401

E: [ian.robertson@holdingredlich.com.au](mailto:ian.robertson@holdingredlich.com.au)

#### Richard Abbott

Partner - Property & Projects

T: +61 (0)2 8083 0421

E: [richard.abbott@holdingredlich.com.au](mailto:richard.abbott@holdingredlich.com.au)

### Brisbane

#### Philip Vickery

Partner - Corporate & Commercial

T: +61 (0)7 3135 0632

E: [philip.vickery@@holdingredlich.com.au](mailto:philip.vickery@@holdingredlich.com.au)

#### Michael Byrom

Partner - Property & Projects

T: +61 (0)7 3135 0616

E: [michael.byrom@holdingredlich.com.au](mailto:michael.byrom@holdingredlich.com.au)

### Disclaimer

The information in this publication is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, we do not guarantee that the information in this newsletter is accurate at the date it is received or that it will continue to be accurate in the future.