

**POLITICAL FINANCE & GOVERNMENT ADVERTISING  
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**Guaranteed failure – it's just never the right time for funding reform**

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My successful election campaign in 1996 was centred on issues of accountability and better standards in Government. Since then I've had some influence, exercised occasional power, and there have been some satisfying wins.

I have to say however, that despite ten years of consistent effort, when it comes to electoral funding and disclosure reform I and the Democrats have failed. Dismally.

Pursuing the electoral reform pledge has been something akin to ground-hog day. No matter the year or the bill, it's the same old scene, and nothing changes. Campaign conducted, arguments put, amendments put up, and amendments defeated, with or without accompanying weasel words.

The Liberal, National and Labor parties guarantee failure. For them it is just never the right time to address the abuse and wrongs of Australia's electoral funding and disclosure regime. It is just not in their interest.

To be fair, at least Labor has not tried to make it any worse, and have joined us in resisting lower standards. Now that the Conservatives rule the Senate that resistance is rendered ineffective.

Given both their submissions and statements, Labor appears to be much more committed to electoral funding integrity than the conservatives. Nevertheless, you have to question whether Labor would do better in Government. Their state and territory Labor governments are no better and sometimes a lot worse than the federal Coalition.

For the major political parties, it's just never the right time to tighten disclosure laws in any meaningful way.

The few funding and disclosure amendments that have gone through since the disclosure scheme was first introduced in 1984 under the Hawke Labor Government have not closed the loopholes.

Not that nothing has changed. The stakes, literally, are higher than ever before.

Two major trends mark the last ten years – a very large increase in the benefits of incumbency paid for by taxpayers, disproportionately benefiting the major parties as a result; and, a funding arms race mostly benefiting the major parties.

These developments do not add to the strength and stability of our pluralist democracy.

The aims of a comprehensive disclosure regime should be to prevent, or at least discourage, corrupt illegal or improper conduct; to stop politicians being or being perceived to be beholden to wealthy and powerful organisations, interest groups or individuals; and, to protect politicians from pressure being brought to bear on them by 'secret' donors.

You still sometimes hear resistance to funding reforms being argued on privacy grounds, that the privacy and commercial confidentiality of donors must be respected.

For those of us who cherish democratic ideals, it is hard knowing that secrecy is still valued more than openness; that political donations are valued over grassroots political involvement; that political equality is a furphy; and that incumbency and influence is what really matters.

This reveals a wide gulf between a central tenet of pluralist theory and its practice. This is the notion that of the multiplicity of groups in society, no one interest group dominates; that political power is somehow fluid and can be accessed by all groups.

However, every time electoral commissions release the annual returns of political parties, the real picture emerges; that of the close nexus between big corporate unions,

big corporate business and big corporate politics; of those with independent or corporate wealth purchasing political capital and media political support.

The domination of the rich has become so blatant that although some politicians feel quite uncomfortable about it, no government or opposition seeks to end it.

We Democrats have dealt extensively with funding and disclosing issues in our Joint Standing Committee on Electoral Matters' Minority Reports into the 1996, 1998, 2001 and 2004 elections. A copy of my latest minority report is hopefully included in your pack.

These disclosure proposals can be seen from two perspectives – improving present principles, or establishing new principles.

The first should in theory be easiest, but in practice it is not so. For instance it is a present principle that the source of a donation should be known, but there is great resistance to ensuring that is so with respect to clubs, trusts, foundations, fund-raisers and foreign donations.

My principal recommendations for reform either build on those already in place or introduce new principles.

Those that build on those disclosure principles already in place are:

**First**, that the loophole be closed which allows nine separate cheques to be written at a value just below the disclosure level, made out to the separate federal, state and territory divisions of the same political party;

**Second**, that professional fundraising be subject to the same disclosure rules that apply in the Commonwealth Electoral Act to donations;

**Third**, that additional disclosure requirements apply to political parties that receive donations from trusts or foundations. They should be obliged to return the money

unless, among other things, a declaration of beneficial interests in and ultimate control of the trust estate or foundation, including the trustees, is fully disclosed; and,

**Fourth**, that political parties that receive donations from clubs (greater than those standard low amounts generally permitted as not needing disclosure) should be obliged to return these funds unless full disclosure of the true donor's identities are made.

Those that introduce new principles of disclosure into electoral law are:

**First**, that no media company, individual or related entities acting in a media company's interests may donate in cash or kind to the electoral or campaign funding of a political party;

**Second**, that all electoral and campaign funding to be subject to a financial cap, indexed to inflation and controlled by the Australian Electoral Commission;

**Third**, that no entity or individual may donate more than \$100,000 per annum in cash or kind to a political party or its candidates in toto in one year;

**Fourth**, that any donation of over \$10,000 be disclosed at least quarterly rather than annually to the Electoral Commission and then made public immediately;

**Fifth**, that donations from overseas individuals or entities be banned outright unless received from Australian individuals living offshore;

**Sixth**, that donations with 'strings attached' be prohibited;

**Seventh**, that the Corporations and Workplace laws be amended so that shareholders and members of registered organisation such as trade unions are required to periodically approve donation policies; and

**Finally**, where the AEC conducts elections for registered and other organisations, the same provisions governing disclosure of donations for political organisations apply.

If ever accepted, these proposals would establish a comprehensive disclosure scheme. They also need to be accompanied by significant improvements in political governance and accountability.

Currently, we are facing some funding changes, but in the wrong direction. It is the Coalition Government's intention to triple the threshold for disclosure from \$1,500 to \$10,000. This can only lead to even more secrecy and hidden influence.

The Coalition also plan to increase the tax-deductibility of individual donations to an indexed \$2,000. This is offensive, as the Government is proposing to give political parties a better tax deductibility deal than it gives to community organisations.

The quest to attract more and more money just keeps growing. Even though the public funding of elections was introduced to address problems of corruption and unfair competition, large private donations continue to grease the wheels. That is why donations caps must be applied to limit the escalating cost of modern democracy.

The ever-escalating costs associated with running US-style election campaigns, as well as the organisational facets of political life, means more and more finance is required, in ways that can threaten the integrity of our democracy.

As long as this powerful mix of business, unions, money and politics remains loosely regulated, Australian democracy will continue to be undermined. Corruption is already a problem. It must not become systemic.

Back in 1989, on his retirement, the then Commonwealth Electoral Commissioner, Dr Colin Hughes, remarked that the integrity of the electoral system was and I quote, 'teetering on a knife edge in a climate of political corruption'.

Sadly, it has got worse. The controversy over political finance continues. Corruption exists, the moneyed buying access or policy favours, or rewarding policy stances; or even in local government apparently, rewarding politicians who approve development applications.

We must continue to hope that vital funding accountability measures will be introduced. That can only happen with sustained public pressure.

Our best hope remains the media, despite their owners and executives seeming so attached to the majors and their interests.

The value of funding disclosure rests on the premise of the availability of and accessibility to documentation for public scrutiny. This is the role of the media as governmental scrutineer. Comprehensive public scrutiny can only be achieved if issues such as political donations are covered by the mass media, and if the media campaign for greater integrity.

In a 2004 report by the Democratic Audit of Australia<sup>1</sup> it was said that the symbiotic relationship that the media maintains with government may lead in some cases to reluctance to fully cover political donations for fear of a backlash in government access. I hope that fear is not realised.

There have been suggestions by a member of the House of Representatives that members of the media should be required to declare all conflicts of interest that may reflect on their reporting of political matters.

These fears become more important if media concentration accelerates as a result of changed government policies. It is vital that any potential perception of political influence over the media, or vice versa, is avoided.

Politicians and political parties must be protected from the undue influence and patronage of donors. Without that the integrity of our democracy is at risk.

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<sup>1</sup> Tennant-Wood, R. 2004, "The role of the Media in the public disclosure of electoral funding." Democratic Audit of Australia – December 2004