



Sharing sustainable solutions with communities

The Chairman
Inquiry into Electoral and Political Party Funding
C/- Electoral Reform Secretariat
Department of the Prime Minister and Cabinet
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Dear Sir/Madam

SUBMISSION

ELECTORAL REFORM GREEN PAPER – DONATIONS, FUNDING AND EXPENDITURE - DECEMBER 2008

REFORM PHILOSOPHY

This submission has been prompted by the perception that reform of the Australian electoral system, at all levels, is sadly needed. The Green Paper and Inquiry are timely and most welcome. It is submitted that securing the right outcomes for Australia will not be achieved by tinkering with the current system by, for example, marginally adjusting disclosure limits.

The system is in need of a major overhaul and the adoption of a new and clear philosophy that seeks to ensure the highest level of integrity in the election funding process and the primacy of individual voters, the people, over the interests of corporations or other organisations.

DISCLOSURE

The current system relies heavily on disclosure provisions to achieve transparency and to allow voters, if they detect inappropriate influence, to exercise the ultimate sanction and to vote an individual or party out of office. It is submitted that disclosure provisions, by themselves, simply do not work.

- Paragraphs 5.12 to 5.15 identify the fact that 75% of party funds, other than public funds, do not fall within the bounds of disclosure requirements.

- Disclosure in Australia is retrospective and largely occurs after elections are held. Paragraph 3.82 indicates that in the UK disclosures are made weekly during election periods. Paragraph 3.87 indicates that in the USA disclosure must be made 12 days before an election.
- There is little if any incentive for ordinary voters to look at information concerning donations. Also donations may be made through organisations and hence the identity of the real donor, and any possible conflict of interest, can be hidden.
- It appears that political donations are not a newsworthy subject and hence voters are unlikely to be alerted to any potential conflicts of interests by the media.
- Disclosure itself doesn't prevent the creation of 'obligations' on the part of donation recipients.
- At the Local Government level Councillors are required to declare interests in development proposals. Invariably these are declared as 'non-pecuniary interests' where a party has received a donation or an individual may have received donations in kind, such as paying for election costs. In such cases the distinct between 'pecuniary' and 'non-pecuniary', and how one might entail an obligation, while the other does not, evades common sense. Councillors having declared 'non-pecuniary' interests still vote on development applications in situations where a clear conflict of interest exists.

Addressing paragraphs 5.26 and 5.27 it is suggested that all Commercial Investment Revenues should be disclosed and their sources identified. Such disclosures are needed to ensure that such inflows arise from legitimate investments.

CAPPING DONATIONS

There is no such thing as a 'free lunch'. Giving someone a \$100 or even \$1,000 may be a donation. Giving someone or a party an amount of several thousand dollars or tens of thousands of dollars is a transaction that requires some form of future consideration.

It is submitted that:

- Australia should follow the Canadian model and allow only donations from natural persons who are Australian citizens or who are permanent residents of Australia.
- Donations should be capped at \$1,000 per person per electoral period
- The 'definition of donations' should include 'all forms of material assistance' whether that be a direct payment to a party or an individual, whether it be the purchase or a ticket to a fund raising event, whether it be the purchase of an item at a fundraising event or whether it be an in kind contribution such as printing material on behalf of a party or individual
- An 'electoral period' should simply be defined as the entire period between consecutive elections.

- Anonymous donations, no matter what their individual value, should be banned. Twenty donations of \$50 amount to the same as one donation of \$1,000. Putting a low limit on anonymous donations will simply invite splitting of donations, which would be easy with electronic funds transfers.

The actions advocated are well overdue. The Green Paper at paragraph 5.3 reveals the highly skewed pattern of donations in the Australia whereby 80% of the money raised from donations comes from large donations of \$10,000 or more. Paragraph 5.13 identifies that fact that the Electoral Act does not apply to three-quarters of major political parties' funds from private sources.

This situation together with government decisions that appear to favour some industries that provide large donations, over the public interest, have given rise to the belief that we no longer live in a democracy but a 'donocracy'. We no longer have governments 'of the people' we now have 'governments of the donors'.

PUBLIC FUNDING

It is submitted that public funding of political parties and individual candidates should be increased to make up part of the shortfall in funds available to parties that would arise from:

- ◆ capping donations from individuals
- ◆ allowing only natural persons to make donations, and
- ◆ defining a donation as any form of material assistance.

Public funding should be restricted to a level consistent with allowing a political party adequate resources to properly research issues and sufficient resources to inform the public of their policies in the lead-up to an election.

Parties should be required to adhere to a specified cap on their 'total spending' to avoid splitting hairs and evasion over definitions of what does and does not constitute 'election spending'. Total spending would of course include all staff costs. In the case of Ministers this should include all staff who are not part of the department for which they are responsible and who do not ultimately report to the permanent head of the department.

There needs to be some consideration as to how small emerging parties might be assisted with some form of 'seed funding' so as not to set current party arrangements in concrete.

LOBBISTS

Lobbying should be addressed as part of the electoral reform process. Lobbying can corrupt the linkage between elected representatives and their constituents, the people. A case in point is the NSW government and the Victorian government deciding to lift their bans on genetically modified crops.

The great majority of consumers do not want genetically modified foods. Environmental groups do not want genetically modified organisms unleashed into the environment with potential for hybridisation with other plants. Organic farmers do not want genetically modified crops, as they will eventually contaminate organic produce and destroy Australia's fast growing organic food industry. Trials overseas have shown no clear benefits in terms of yields. Documentaries tell stories of pigs becoming sterile after being feed GM corn. The seed from GM crops is not viable so farmers cannot save seed. Farmers growing GM crops become depended on seed from one supplier and on expensive herbicides. GM has absolutely nothing going for it, so how could any government representing the views of the people approve it? Only governments unduly influenced by GM industry lobbyists, including GM lobbyists embedded in local agricultural organisations, could be so misguided.

Lobbyist access to politicians at all levels needs to be severely restricted. Certainly industries have a right to have their views heard but they have no right to greater access than do ordinary citizens and representatives of community groups.

THIRD PARTY EXPENDITURES

If donations are to be restricted to natural persons, it will be necessary to ban all 3rd party expenditure or in kind assistance that; favours any candidate, favours any party or promotes the policies or electoral platform of any candidate or party. This should include advertising by government departments. Advertising by government departments should be limited to the statement of quantitative, independently verifiable, facts.

HARMONISATION

As suggested in the Green Paper it will be important that reforms be harmonised across Australia and across all three tiers of government.

Yours Sincerely

Barry Hadaway
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