

JSCEM's inquiry into the funding of political parties and election campaigns

I write to make a submission to the Joint Standing Committee on Electoral Matters' inquiry into the funding of political parties and election campaigns.

I welcome this inquiry - it is an important opportunity to progress the task of reforming Australia's system of political funding. There is an urgent need for broad-ranging changes to this system, a system that should be considered dysfunctional. In the pages that follow, I make 20 recommendations for change.

My submission to the Committee's inquiry into the 2010 federal election details the reasons and context for these recommendations. I have attached this submission to this letter. The submission can also be found at <http://www.aph.gov.au/house/committee/em/elect10/subs/090%20Sub.pdf>

Should you have any queries, please do not hesitate to contact me.

Yours sincerely,

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LIST OF RECOMMENDATIONS

- Recommendation 1:* The federal political funding scheme be based on the following principles:
1. Protecting the integrity of representative government;
 2. Promoting fairness in politics;
 3. Supporting parties to perform their functions;
 4. Respect for political freedoms.
- Recommendation 2:* COAG and the electoral matters committees should liaise to ensure that federal, State and Territory laws governing political funding are properly integrated.
- Recommendation 3:* The Commonwealth Electoral Amendment (Political Donations and Other Measures) Bill 2010 (Cth) should be enacted subject to the following changes:
- ‘due diligence’ defences be available in relation to offences; and
 - the definition of ‘political expenditure’ (which applies to third parties) be tightened up.
- Recommendation 4:* Registered political parties and associated entities be required to provide:
- expenditure disclosure returns; and
 - donation reports (modelled upon the British system).
- Recommendation 5:* Weekly donations reports be required during the election period.
- Recommendation 6:* Federal election spending limits should apply 2 years and 5 months after the previous election.
- Recommendation 7:* Federal spending limits should apply to ‘electoral expenditure’ under the *Commonwealth Electoral Act* with an exclusion for expenditure incurred substantially in respect of an election to members of Parliament other than the Commonwealth Parliament.
- Recommendation 8:* Federal spending limits should apply to parties, candidates and third parties.
- Recommendation 9:* There should be federal spending limits applying at the

national, State and electorate levels.

Recommendation 10: Federal contribution limits should be introduced based on limits that apply under *EFED Act* with the following modifications:

- the limits should be set at a lower level (e.g. \$1,000 per annum); and
- the limits applying to the party subscriptions exclusion should be lower (e.g. \$500 per member).

Recommendation 11: There should be a compulsory third party registration scheme at the federal level requiring third parties that spend more than \$2,000 in ‘electoral expenditure’ during the period which election spending limits apply to register.

Recommendation 12: This scheme should make public the following information regarding registered third parties:

- their constitutions and decision-making structures (including membership policies);
- the relationships third parties have with other third parties as well as political parties should also be made public.

Recommendation 13: Third parties should be required to seek specific authorisation from their members (or shareholders) before making political contributions or engaging in political spending on a periodic basis.

Recommendation 14: There should be a Party and Candidate Support Fund comprising three components:

- election funding payments (calculated according to a tapered scale based on the number of first preference votes with 20% of electoral expenditure floor);
- annual allowances (calculated according to number of first preference votes and membership);
- policy development grants (calculated according to number of first preference votes and membership).

- Recommendation 15:*
- The rules governing federal parliamentary entitlements should:
 - be made accessible and transparent; and
 - clearly limit the use of such entitlements to the discharge of parliamentary duties and prevent their use for electioneering.
 - The amount of federal parliamentary entitlements should not be such so as to confer an unfair electoral advantage on federal parliamentarians.
- Recommendation 16:* The report of the Parliamentary Entitlements Review Committee should be released as soon as possible.
- Recommendation 17:* Recommendations 10 and 12 of the Senate Finance and Public Administration Committee in relation to the disclosure of information concerning government advertising should be fully adopted.
- Recommendation 18:* Federal government advertising guidelines and rules should be in a legislative form.
- Recommendation 19:* There should be a general ban on government advertising during the period that election spending limits apply.
- Recommendation 20:* Paragraph 5 of the *Guidelines on Campaign Advertising by Australian Government Departments and Agencies* which allows for exemption by Cabinet Secretary should be deleted.