

SENATE SELECT COMMITTEE INTO THE POLITICAL INFLUENCE OF DONATIONS

Supplementary Submission from the Community Council for Australia

In response to the 28th of March 2018 request from the Committee for additional information in relation to this Select Committee Inquiry, CCA provide the following information.

CCA appreciate the opportunity to provide this supplementary information which addresses each of the questions raised in the request from the Committee.

These responses should be read in association with the original CCA submission to this inquiry.

- the adequacy of current laws governing third parties and their political expenditure;

It appears to CCA that the current laws encourage all political parties to spend as much as they possibly can to win elections – the more spent the more likely parties can properly segment the market and target accordingly. E.g. a politician who can survey every voter in their electorate and directly or indirectly segment the market might then be able to produce fifteen different fliers, each targeting issues that they know are important to a particular part of their electorate, and have those fliers selectively distributed to the appropriate target group of voters. They may even have the resources to test each of their separate messages and employ people to call voters individually. This targeted approach is more likely to resonate with voters than a politician who can only afford to produce one flier and relies on mass distribution of this single flier.

What this means in practice is that prior to elections, politicians need to build their resource base to enable effective targeting and marketing to the voters. Any third party that can assist with this task is going to be welcomed by the politician.

Without caps on expenditure, it is difficult to see how the politician with the most money to spend in an election does not have a significant advantage over other less well resourced candidates.

- the most appropriate means, if any, of further regulating third party actors to improve the integrity of political decision-making, including the possibility of caps on political expenditure, caps on political donations, and restrictions regarding foreign donations;

Although CCA has not canvassed each of these options with all members, a cursory review of best practice around the world suggest capping political expenditure creates a more even playing field and goes some way towards reducing the capacity of third parties to influence politicians.

- whether third party actors would accept further regulation if it were part of a comprehensive reform of the political funding and disclosure regime;

Charities are already well regulated in relation to what they can and cannot do in regard to exerting political influence. Charities cannot donate to political parties, tell people to vote for a particular candidate or party, or produce how to vote cards. Perhaps more importantly, charities cannot advocate for anything that is not their charitable purpose.

Charities are free to pursue issues-based advocacy and to rank the policies of political parties in relation to their issue. CCA see no problem with charities seeking to influence voters provided the influence is towards building greater support for their charitable purpose.

If charities are compliant with their legal requirements, CCA is not sure why the source of their income matters. Does it matter if advocacy for more affordable housing comes in the form of donations from someone overseas or locally, from an individual or an organisation? If the source of the income does not change what a charity can or cannot do, what is the issue?

- whether all types of third parties should be treated equally in relation to regulation of their political expenditure;

CCA believe charities are in a separate category in relation to political influence primarily because all charities have to demonstrate a public benefit as well as satisfying a range of legal and regulatory requirements to establish and maintain their charitable status.

As noted in the CCA submission, charities are not vested interests seeking to maximise their profit. They almost invariably act in public interest rather than sectional interest, and seek to improve our communities rather than support the agenda of already powerful individuals committed to furthering their own economic interests.

Charities also enjoy significant levels of trust and public support. A charity that betrays that trust will soon find itself unable to function. Charities trade in public trust and their role is already highly regulated.

It is not unreasonable to suggest that the rich are getting richer in Australia partly because of their capacity to influence political decision making in ways that favour their own economic interests.

- how additional third party regulation might impact charities in their ability to fulfil their purpose under the ACNC Act.

Charities are already very heavily regulated. Core activities - like fundraising on the web - require weeks of dedicated administration and compliance activities to satisfy the regulations in each State and Territory across Australia. Charities that receive government funding are often micro managed with individual line item budget controls and tight controls over activities.

All charities with income above \$250,000 must not only provide a detailed annual information statement to the Australian Charities and Not-for-profits Commission (ACNC), including: a breakdown of the sources of their income, an outline of their expenditure, details about any changes to the Board or governance structures, etc.

Anyone at any time can lodge a complaint against a charity and the ACNC is required to investigate the complaint. This includes complaints that the charity has been acting in a partisan political way.

Imposing further regulations and compliance activities on charities will not only diminish their capacity to fulfil their charitable purpose, it will also add another layer to arguments against charities exercising their public voice.

Introducing another regulator into this space – the Australian Electoral Commission – can only further complicate and create barriers for charities seeking to provide a public benefit. Having separate reporting entities with separate requirements is clearly undesirable for a sector that already has to deal with the complexity of requirements from different funding sources.

If more reporting is to be required – such as the level to which a charity receives overseas funding or the level to which the charity seeks to pursue its purpose through advocacy – it is critical that these requirements rest with the ACNC rather than introducing a new regulator with all the associated complexity and duplication.