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JOINT STANDING COMMITTEE ON ELECTORAL MATTERS

Inquiry into and report on all aspects of the conduct of the 2016 Federal Election and matters related thereto

Issue date: 10 March 2017

Electoral Matters Committee tables Interim Report on Foreign Political Donations

The Joint Standing Committee on Electoral Matters has recommended banning foreign political donations in the Committee's Second Interim Report on the 2016 Federal election, which was tabled today.

The recommendation extends to both political actors who are currently regulated by the Australian Electoral Commission (AEC) under the *Commonwealth Electoral Act 1918* (the Act) and those who are not.

Committee Chair Senator Linda Reynolds said the Committee identified ongoing community concern regarding the potential for foreign players to use donations to influence domestic politics, decision making and electoral outcomes.

"It is a matter of national sovereignty that only Australians should have the power to influence Australian politics and elections," Senator Reynolds said.

"The inquiry found that additional third party actors have emerged in Australia's political landscape, who are incurring increasing amounts of electoral expenditure that falls outside of the scope of the Act and is therefore unregulated by the AEC."

"If this loophole is not addressed in legislation, the likely consequence of a ban on foreign donations to organisations regulated by the AEC, is that funds will be channelled through organisations that are not."

Senator Reynolds said the recommendation to ban foreign donations does not apply to dual Australian citizens or permanent residents.

"It is also not the intent of the recommendation to ban foreign donations for charities or institutions that use foreign funds to undertake issue and policy advocacy in accordance with their Deductible Gift Recipient Status," she said.

The majority Committee report makes the following five recommendations:



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Recommendation 1

The Joint Standing Committee on Electoral Matters recommends that any donation reform of the *Commonwealth Electoral Act 1918* be in accordance with Australia's sovereign interests.

Recommendation 2

The Joint Standing Committee on Electoral Matters recommends that any donation reform of the *Commonwealth Electoral Act 1918* be consistent with the four principles of transparency, clarity, consistency and compliance as identified by the Committee in this interim report.

Recommendation 3

The Joint Standing Committee on Electoral Matters recommends a prohibition on donations from foreign citizens and foreign entities to Australian registered political parties, associated entities and third parties. This ban would not apply to dual Australian citizens either in Australia or overseas, or to non-Australian permanent residents in Australia.

Recommendation 4

The Committee recommends that the Joint Standing Committee on Electoral Matters, in its wider inquiry into donations and disclosure, further examines the requirement to extend a foreign donations ban to all other political actors. The key issue to be considered is how to prevent foreign funds being channelled through organisations engaging in political activities and who are not subject to regulation under the *Commonwealth Electoral Act 1918*. This new inquiry would also examine related issues that have arisen in this inquiry which are outside the current terms of reference, including tax deductibility for gifts.

Recommendation 5

The Joint Standing Committee on Electoral Matters recommends that the penalties in relation to offences in the *Commonwealth Electoral Act 1918* are significantly strengthened to include stricter penalties for non-compliance.

With the completion of the second Interim Report, the Committee will now conduct further investigations into the 2016 federal election in accordance with the Terms of Reference.

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