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Submission to the Inquiry into the Commonwealth Electoral Amendment (Banning Dirty Donations) Bill 2020

Thank you for the opportunity to comment on the *Commonwealth Electoral Amendment (Banning Dirty Donations) Bill 2020*. This submission was prepared by Andrea Leong and James Jansson on behalf of the Science Party. This submission does not need to be kept confidential and may be made public.

1. Summary

It is important that legislation not only stems from the right intentions, but that it can be expected to have its intended effect. The Banning Dirty Donations Bill is a cumbersome tool with likely unintended consequences.

We recommend instead real-time reporting of all political donations over \$1,000.

In the first instance, political donations should be made transparent so voters can see who is funding election campaigns. Transparency, rather than per-industry bans and per-donor caps, should be the basis of political donation reform.

If a ban on donations from organisations is to be pursued, it should be applied on the basis of banning donations from organisations in general, rather than by industry or sector.

2. Arguments against the bill

2.1 *Donation caps benefit established parties*

A cap of \$3,000 (per donor, per term) is very low considering the cost of nominating as a candidate in a federal election is \$2,000 (having increased from \$500 for the House of Representatives or \$1,000 for the Senate since the start of 2013).

In 2019, the WA Greens accepted a donation of \$599,860 (the largest donation of that year from an individual donor), and the Labor Party, Liberal Party and National Party between them accepted dozens of six-figure donations.

Capping donations at 0.5% of some previous donation amounts after major parties (including The Greens) have grown their coffers and enjoy the benefits of incumbency severely limits newer players in the political system.

2.2 *Proposed prohibited donors are partisan*

The prohibited donor list essentially aligns with traditional speaking points and policy points of The Greens party. While our party would not take donations from a tobacco business (in fact we refuse to take donations from any business), we don't support the use of donation bans that align with certain parties' policy and not others'.

We find it notable that the proposal from The Greens has not sought to ban donations from renewable energy companies, despite the fact that a proposal to move to a largely renewable energy future would require substantial government intervention in the renewables market. The donations they have already received could taint a process in which a government, made up of Greens members, would need to spend billions of dollars. While we are not accusing The Greens of corruption, this bill does not truly address the conflict of interest that donations can have on decision making.

The proposed list of donors has less to do with limiting the potential for corruption and more to do with the advancement of certain policy points.

2.2 *Enforcement and evasion*

Political spending is not limited to donations to registered parties or candidates; it extends to activities like companies or unions lobbying the public on issues that benefit their organisation, and media or social media companies using their substantial editorial control to influence which candidates and what issues get traction in the public view.

Political party donations, properly declared, are one of the more transparent ways to spend money on influencing politics.

As the explanatory memorandum to the current bill makes clear: *"Prohibited donors retain the right to campaign publicly, to advertise, and to articulate their political views on any issues they wish - they are simply prohibited from donating monies to political parties."*

This being the case, it is naive to think that organisations that previously donated large amounts of cash to political parties would not spend similar amounts through other channels to promote their preferred parties or candidates at election time.

3. **Alternative solutions**

3.1 *Radical and timely transparency in political donations*

The Science Party Australia proposes real time (within one week) reporting of all political donations over a threshold of \$1,000.

This is a simple measure that increases transparency, without the grey areas that plague per-industry donation bans.

This is similar to the approach put forward by Senator Jaquie Lambie's bill¹.

While such reporting would impose a small administrative burden on small parties and independents, we believe the extra work would be worth the gain in transparency and consequent gain in trust in the political process.

3.2 *Ban donations from all organisations*

This is a proposal that we don't think should necessarily be made law, but if donation bans were to be implemented, would be a more balanced way forward. Our party does not take donations from organisations. We only take donations from people.

Donations from organisations are inherently linked to influence. Any organisation's executive should only donate the organisation's money to political parties if the donation is likely to advance the financial or other interests of the shareholders or members. The link is strong between the financial transaction and the expectations of *quid pro quo* or, at minimum, shifting the regulatory environment and government spending towards the interests of the donor.

Donations to political parties are currently considered an expense of running the business and are fully tax deductible. Banning donations from organisations would make the political party donation limit for tax deductibility more relevant.

Obviously, this proposal would require it to be illegal for a company to give an employee or other person money for the purposes of donations to a political party.

1

https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bld=s1244