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6 March 2020

Submission to the Commonwealth Electoral Amendment (Lowering the Donation Disclosure Threshold) Bill 2019

Thank you for the invitation to comment on the Lowering the Donation Disclosure Threshold Bill. This submission was prepared by Andrea Leong on behalf of the Science Party Australia (SPA). This submission does not need to be kept confidential and may be made public.

Summary

Two of the SPA's core principles are 'Open And Efficient Government' and 'Individual Freedoms'. We therefore support the right to donate one's own money to a political cause as well as radical transparency around who is funding political candidates.

We support lowering the donation disclosure threshold for political parties. We do not support making disclosure requirements more onerous for donors.

We recommend:

- Lower the donation disclosure threshold for political parties to \$1,000;
- Retain indexing on the threshold amount;
- Ensure administrative obligations on donors are not increased;
- Require close-to-real-time reporting of reportable donations.

1. Lowering the disclosure threshold

The SPA has an existing policy of lowering the disclosure threshold for donations to political parties to \$1,000. This would slightly increase administrative requirements, which is a greater burden on smaller parties than on larger, richer ones. However, we would welcome this imposition in return for exposing the huge disparities that exist in campaign funding.

Transparency in funding sources would benefit democracy by allowing voters to see who donates large sums to whom, and by inference, who might stand to benefit from seeing whom elected. The Centre for Public Integrity estimated that just over one third of the major parties' funding, and \$100 million last year, came from sources that were undeclared¹.

¹ 'Hidden money in politics: What the AEC disclosures don't tell us' (February 2020) The Centre for Public Integrity.
<https://publicintegrity.org.au/wp-content/uploads/2020/02/Briefing-paper-Hidden-money-in-politics-2019.pdf>

2. Indexation

We are unable to find the reasoning for proposing to remove indexation. No indexation method will be perfect forever, but small adjustments can be made if the indexed amount drifts too far from the original intention. Amounts like this are the sort of thing that should be subject to indexation, to avoid continued reliance on the parliament of the day to modernise legislation.

That said, the issue of indexation is not a sticking point for the SPA, and we support lowering the disclosure threshold to \$1,000, with or without the removal of indexation.

3. Administrative obligations on donors

We are concerned about the implications of this bill for donors, considering sections 305A and 305B of the *Commonwealth Electoral Act 1918*. These sections prescribe that a donor must declare any donations above the disclosure threshold to the Australian Electoral Commission (AEC). As the current bill does not address these sections, it appears to reduce the disclosure threshold for donors as well as recipients to \$1,000.

While most Australians would think carefully before giving a gift of \$1,000, they would obviously give even more consideration to giving a gift of \$14,000. The extra burden of completing an Election Donor Return would discourage medium donations over \$1,000, which is unfortunate given that parliament in 2019 increased the nomination deposit for election candidates from \$1,000 to \$2,000.

It is also unclear to us why donors should have to complete returns at all, given that parties must declare their large donors. At a minimum, we recommend keeping the obligations for donors the same as they are now, i.e. prescribing a threshold of \$14,000 for donors.

We would also take seriously any concerns the AEC has about the extra administrative burden created by lowering the donation declaration threshold for donors.

4. Real-time reporting

Reportable political donations in a given financial year must be reported by the 20th of October, and are published on the AEC website the following February. Donations made on the 1st of July 2018 were published just a month ago, in February 2020.

The Australian public deserves to know who is funding whom, and this information is most relevant before voters cast their ballot. Slow reporting allows essentially anonymous funding.

Therefore, the SPA supports short disclosure periods of, say, five business days for reportable donations. Such legislation should be carefully drafted so as to apply only to those donations which are currently reportable.