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Committee Secretary
Joint Standing Committee on Electoral Matters
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Dear Secretary

JSCEM inquiry on the Commonwealth Electoral Amendment (Real Time Disclosure of Political Donations) Bill 2019

Thank you for the opportunity to make a submission to the JSCEM inquiry on the Commonwealth Electoral Amendment (Real Time Disclosure of Political Donations) Bill 2019.

I am the Associate Head of School in the politics program at the University of New South Wales and I research on lobbying in Australia. I wrote the influential research paper 'Australian Electoral Commission Disclosures: What do we know and what don't we know' published in the Australian Journal of Public Administration. The paper documented how serious the problems are with the lack of transparency in political financing at the federal level in Australia. The research found:

- Only about 15% of the major parties privately sourced income is transparently disclosed as donations
- Between 50-70% of the major parties privately sourced income goes entirely undisclosed
- The problems for accountability of the delayed release of disclosures
- The way in which, due to jurisdiction shopping, having one weak political finance disclosure regime undermines the effectiveness of the regimes in every other jurisdiction in Australia

Support for the Legislation as Important First Step

I would like to write in support of this legislation as a baby step in the direction of what is needed. Moving towards more timely disclosures of gifts is a small but important initiative to improve transparency around political donations at the Federal Level.

I would also argue that further steps are required. Many of the issues that need addressing are familiar and will I am sure, be raised by others. This issues include:

- Reducing the disclosure thresholds
- Improving the definition of gifts
- Measures to prevent payment splitting
- Proper enforcement of the regime

I would also like to make a less familiar proposal about the next steps required.

Next Steps – Moving Beyond Transparency to a 'Political Donations Balance Indicator'

Current approaches to lobbying and donations regulation rely heavily on transparency as the primary mechanism of deterring wrong doing. The assumption is that if political actors know there is a possibility that their actions will become public, they are likely to modify their behaviour to ensure it is acceptable to community norms.

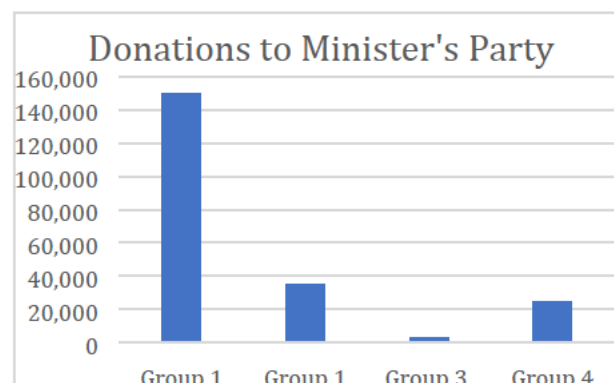
However there are a number of limitations to relying so heavily on transparency:

- 1) Transparency creates vast amounts of data, but often not in very digestible forms. Particularly with the current crisis in quality journalism, the likelihood of behaviour being exposed is still quite remote.
- 2) When transparency data is discussed in the public arena, the public usually has little or no context by which to assess the significance of that data. There is a tendency for the public to see all lobbying and political donations activities as sinister. Media reportage tends to accentuate this tendency, resulting in moral panics over quite small issues, while much larger problems go unacknowledged.
- 3) The difficulties around how the public interpret transparency data can lead politicians who are performing well and might otherwise champion transparency to see transparency data as having only downsides. They know that securing donations is a necessary part of their job, yet the tendency for the public to respond negatively to all reports of donation means they feel at risk of unfair treatment at the hands of the media and the public.

This proposal argues that by shifting the focus from transparency, onto assessing how well our donations practice is meeting the ideal of democratic equality of access and influence, a number of these problems can be overcome. It aims to make donations information more easily accessible, to put the information into a meaningful context, to enable politicians to highlight good performance as well as exposing bad performance.

The Proposal – ‘ A Political Donations Balance Indicator’

I propose that when a piece of legislation is passed or a major policy decision made, it includes a ‘political donations balance assessment’ which would be a brief graphical summary of different stakeholder groups donations to decision makers during the policy formulation process.



- 1) **Building Trust**
This mechanism would enable citizens to identify when the system is working well and when it is not. The opportunity to see when the system is working well has potential to build trust. It also gives hard working Ministers an opportunity to highlight how much work they do in engaging with stakeholders from across the spectrum and to put payments into context.

- 2) Encouraging Behaviour Modification
The creation of such a measure is likely to encourage political decision makers to reflect on their engagement with lobbyists, and to modify their behaviour to more accurately align with normative ideals. This method of creating indicators to prompt reflection on unconscious behaviour has been widely used to improve behaviour, and can be an effective and non-confrontational way of encouraging improved self-regulation.
- 3) Exposing Wrong Doing
The indicators provide a short cut to flagging when imbalances are occurring. Instead of relying on journalists or researchers to trawl through the transparency data to bring problems to light, the relevant information is available in a publicly digestible form as the relevant decisions are being made

Precedents for this Model

I propose such a mechanism is workable as there are precedents for this kind of reporting.

- 1) All legislation that currently goes through the federal parliament is subject to a 'Regulatory Impact Statement' and an assessment for the laws consistency with human rights obligations, so there is precedent for having such things attached to every piece of legislation
- 2) In the Federal Parliament, there is currently a Parliamentary Budget Office, which produces independent costings for parties policy proposals. A similarly independent office could be located in the Parliament with view to generating these reports, based on data provided by govt and the bureaucracy, but with the independent body to responsible for ensuring it is accurately represented.

Thank you for considering this submission.
Yours sincerely



Dr Belinda M. Edwards

