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Senate Finance and Public Administration Committees

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By online submission

## TI AUSTRALIA SUBMISSION TO SENATE FINANCE AND PUBLIC ADMINISTRATION COMMITTEES INQUIRY INTO NATIONAL INTEGRITY (PARLIAMENTARY STANDARDS) BILL 2019

Dear Secretary,

Transparency International Australia is pleased to submit some brief comments to the Committee's Inquiry into National Integrity (Parliamentary Standards) Bill 2019, referred by the Senate on the 5 December 2019.

### TRANSPARENCY INTERNATIONAL AUSTRALIA

TI Australia (TIA) is part of a global coalition to fight corruption and promote transparency, integrity and accountability at all levels and across all sectors of society, including in government. TIA was launched in March 1995 to raise awareness of corruption in Australia and to initiate moves to combat it. TIA believes that corruption is one of the greatest challenges of the contemporary world. Corruption undermines good government, distorts public policy, leads to the misallocation of resources, harms private and public sector development and particularly hurts the poor. It drives economic inequality and is a major barrier in poverty eradication. Tackling corruption is only possible with the cooperation of a wide range of stakeholders. We engage with the private sector, government and civil society to build *coalitions against corruption*. Coalitions against corruption will help shape a world in which government, politics, business, civil society and the daily lives of people are free of corruption.

[TI Australia](#) is the national chapter of [Transparency International \(TI\)](#), the global coalition against corruption, with a presence in over 100 countries.

TI Australia is registered with the Australian Charities and Not-for-Profits Commission (ACNC).

### POSITION

Transparency International Australia (TIA) supports the introduction of the National Integrity (Parliamentary Standards) Bill 2019. TIA supports this Bill on the understanding it is part of a much-needed package of reform, including the establishment of a National Integrity Commission.

This Bill, for an Act to enhance the integrity of the Parliament of Australia, and for related purposes, will strengthen trust and confidence in the integrity of Parliament, the public sector, and the democratic system.

This Bill incorporates aspects of the Transparency International Australia and Griffith University led research – [Governing for Integrity: A Blueprint for Reform \(2018\)](#).



Our research, based on lengthy discussions with experts and everyday Australians alike, point us towards clear priorities for reform. These include a strong national anti-corruption and integrity agency, caps on political donations, controls over political lobbying, a robust code of conduct for all parliamentarians, better protection for whistleblowers, and cooperative action on global anti-corruption, bribery and money laundering efforts.

The Parliamentary Standards Bill is noteworthy for the following reasons (among others):

- It introduces a Parliamentary Code of Conduct
- It creates a Parliamentary Adviser. Most importantly this is an independent officer of the Parliament, able to provide advice on a broad range of integrity issues and compliance with codes and standards, and tasked with developing better practice guides and fact sheets in support of a pro-integrity approach
- It creates a Parliamentary Standards Commissioner. Importantly, also an independent officer of the Parliament, with scope to (among other functions) investigate alleged or suspected contraventions of the Act or any applicable codes of conduct, including parliamentary Codes of Conduct and the Ministerial Standards Statement. The Parliamentary Standards Commissioner would work closely with an established National Integrity Commission and other appropriate law enforcement agencies, enabling a more comprehensive and coordinated approach to tackling both criminal offences and misconduct
- It requires a review of the Lobbying Code of Conduct
- It requires a review of political financing, funding and donations; and
- It requires a review of the post-separation employment regulations for commonwealth public officials.

The TI Corruption Perception Index 2019 highlights the corrosive influence of money in politics. The murkier the political donations trail, the more corrupt a country is perceived to be. Similarly, the more politicians consult with and are influenced by special interest groups, rather than the broader public in decision making, the more corrupt a country is perceived to be. Corruption is more pervasive in countries where big money can flow freely into political campaigns and where decision making can be captured by special interest groups wielding undue influence.

## RECOMMENDATIONS

Transparency International Australia recommends:

1. The National Integrity (Parliamentary Standards) Bill 2019 be enacted
2. The Parliamentary Standards Bill operate alongside appropriate legislation to establish a National Integrity Commission
3. A major review and overhaul of lobbying, political donations, and post separation of employment regulation and oversight

Transparency International Australia notes the Bill would be enhanced with some amendments, including:

1. The functions of the Parliamentary Integrity Adviser<sup>1</sup> be broadened to include a matter or decision taken, or to be taken where undue influence may exist, and matters associated with post-separation of employment
2. The functions of the Parliamentary Standards Commissioner<sup>2</sup> be broadened to include oversight of and investigation of alleged breaches of the Ministerial Standards Statement
3. Alleged or suspected contraventions of the parliamentary code of conduct<sup>3</sup> to be referred to the National Integrity Commission to include both criminal and non-criminal breaches of the code
4. Penalties for failure to comply with the parliamentary code of conduct<sup>4</sup> be strengthened to include a person being asked to resign or be sacked. Consideration to be given to penalties for awarding a benefit to business (e.g. a contract awarded, licence granted) as a result of undue influence – a breach of the code of conduct – and implications for the project, i.e. would the licence / contract be revoked? While this may not be practical,

<sup>1</sup> Part 4, section 24, (1) – page 14

<sup>2</sup> Part 5, section 41, (1) – page 26

<sup>3</sup> Part 5, Division 2, section 43, (2) – page 29

<sup>4</sup> Part 5, Division 2, section 52, (3) – page 39



it is recommended that the company concerned, that exerted the undue influence, be sanctioned in some way, such as blacklisting for a period of time from tendering for projects.

5. Ministerial Standards need to be strengthened. Penalties are needed and these need to be clearly stated in the Bill. A sanctions / penalties section to be included, as it is for the Parliamentary Code of Conduct.
6. Ministerial Standards to be overseen and alleged breaches investigated by the Parliamentary Standards Commissioner rather than the Secretary of Prime Minister and Cabinet.
7. All reports of investigation into an alleged breach of Ministerial Standards to be made public, with the '*if not why not*' principle applying and being reported.
8. The review relating to lobbying and post-separation employment<sup>5</sup> (currently in the Ministerial Standards) be further refined to make clear the distinction, between lobbying and post separation of employment (albeit related). The review of the Lobbying Code gives particular consideration to the scope of who is considered a lobbyist, and expanded to include in-house lobbyists and industry associations, among others
9. The review relating to political finance, funding, donations and campaign regulation<sup>6</sup> be expanded to include consideration of undue influence and 'revolving doors'.
10. The Register of Member and Senators interests<sup>7</sup> be modified to cover the disclosure of the [beneficial owners](#) and ultimate beneficiaries for all shareholdings in public and private companies, holding companies, family and business trusts and nominee companies. This should also include disclosure of shareholdings in companies and trusts owned, operated, or where the ultimate beneficiary is a politically exposed person.

## CONCLUSION

Transparency International Australia (TIA) supports the introduction of the National Integrity (Parliamentary Standards) Bill 2019. TIA supports this Bill on the understanding it is part of a much-needed package of reform, including the establishment of a National Integrity Commission.

I would welcome the opportunity to discuss this further.

Yours sincerely

Serena Lillywhite

CEO, Transparency International Australia

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<sup>5</sup> Part 7, section 97 (a)&(b) – page 72-73

<sup>6</sup> Part 7, section 98 – page 73

<sup>7</sup> Schedule 1