

Australian Greens Submission regarding the *Commonwealth Electoral Amendment (Real Time Disclosure of Political Donations) Bill 2019*

The Australian Greens welcome the opportunity to comment on the *Commonwealth Electoral Amendment (Real Time Disclosure of Political Donations) Bill 2019 (the Bill)*. The Greens have consistently advocated for the introduction of a rigorous regime for disclosure of donations to ensure accountability and transparency of campaign funding. Greater transparency and enforcement is critical to rebuilding public confidence in the operation of political parties and their campaigning for elections.

We therefore support the Bill's objective of timely and accessible disclosure of donation data. However, we have concerns that the Bill does not effectively address the key risks associated with the corrupting influence of political donations, and to implement effectively the necessary changes recognition must be given to the cost of increased administration that effective disclosure rules will entail.

In particular, the Bill:

- Maintains the current unreasonably high threshold for disclosure;
- Does not impose any restrictions on the source of political donations or the total amount that can be donated, and
- Does not recognise or support the additional costs involved in compliance.

We recommend that any new notification obligations apply to gifts totalling \$1,000 or more, and that further amendments to the *Commonwealth Electoral Act 1918* be made to impose a maximum limit on donations which may be received and prevent donations to political parties from entities within key industries.

RECOMMENDATIONS

- 1.1 Amend the proposed s.305C of the Bill to ensure the notification obligations relate to gifts over the threshold for disclosure and includes gifts to candidates.
- 1.2 Amend proposed s.305C of the Bill to extend the timeframe for notification to 10 business days.
- 1.3 Amend the *Commonwealth Electoral Act 1918* to:
 - reduce the disclosure threshold to \$1,000
 - impose a cap on donations of \$3,000 from any individual or organisation to a political party, candidate, branch, or political campaign organisation during a parliamentary term, accompanied by other related measures covered by our submission to the Joint Standing Committee on Electoral Matters Inquiry into the 2019 Federal Election
 - ban political donations by all for-profit developers, banks, mining companies and those operating in the tobacco, liquor, gambling, defence and pharmaceutical industries.
- 1.4 Consider the costs to reporting entities of compliance and models of funding to support those costs.
- 1.5 Reduce the minimum penalty for non-compliance to 15 penalty units.
- 1.6 Establish a strong, independent and accountable national integrity commission, such as the body proposed by the *National Integrity Commission Bill (No 2) 2018*.
- 1.7 Initiate COAG discussions with a view to developing harmonised political donations laws in all States and Territories.

COMMENTS REGARDING THE BILL

Donation Threshold

The Bill proposes a new s305C, requiring notice to be given to the Electoral Commission of *any* gift to a political party, State branch, or political campaigner. This implies reporting of any donations, however small. The wording of this section should make a clear reference to donations exceeding the threshold for reporting.

The current disclosure threshold under the *Commonwealth Electoral Act 1918* (\$13,800 for the 2018/2019 financial year) is too high and donations for assessment against the threshold are not cumulative. This allows significant donations to avoid proper scrutiny and is out of step with much lower thresholds applying in all Australian jurisdictions other than Tasmania.

We consider that a reasonable balance is struck between transparency and privacy when disclosure obligations are only imposed on donations totalling over \$1,000. This reporting threshold is consistent with that applying in a number of State jurisdictions.

Gifts to candidates

Under the Bill, the requirement for 'real time' disclosure applies only to gifts to political parties, State branches, and political campaigners. Individual candidates will remain subject to the requirement to submit a return detailing gifts over the disclosure threshold within 15 weeks of polling day, but will not be required to give notice under s.305C.

The purpose of the Bill is to provide voters with timely information about donations that could influence political decisions. It is our view that this purpose is best achieved if candidates are also subject to the 'real time' disclosure obligations.

Administrative burden

The notification requirements for donations will create an increased level of administration for affected organisations. Our party's experience with increased reporting at State level has made clear that there will be a material increase in costs resulting from this additional work. This requirement for frequent reporting, along with the reduced donation threshold we propose, should not unfairly disadvantage smaller organisations and party branches.

We consider an increase to 10 business days for the reporting timeline effectively balances the need for transparency with the additional administration required, and funding models to support this increased work should be considered to help ensure that compliance is viable.

Administrative difficulties would also be lessened if donation disclosure requirements were standardised between all jurisdictions.

Penalties

The Bill currently proposes penalties of at least 60 penalty units (equivalent to \$12,600) for failing to provide notice of any gift within 5 business days of receipt. With our proposed reduction to the reporting threshold we propose a reduction in the minimum penalty units to 15 which is currently equivalent to approximately \$3,150.

FURTHER REFORMS

Beyond disclosure amounts and reporting frequency, we recommend a cap of \$3,000 per parliamentary term on all donations to political parties, candidates and associated entities. Contributions from the same donor should be aggregated for the purpose of this cap. The *Commonwealth Electoral Act 1918* should also be amended to ban all donations from developers, banks, mining companies and the tobacco, liquor, gambling, defence and pharmaceutical industries to political parties, candidates and associated entities, as recommended by the Senate Select Committee Inquiry into the Political Influence of Donations.

Donation reforms must be supported by a review of the system for public funding of elections. We refer the Committee to our submission to the Inquiry into the 2019 Election for more detailed discussion of potential reforms.

Any reforms to donations and election spending must also be supported by the introduction of a strong federal integrity commission, such as that proposed by the *National Integrity Commission Bill 2018 (No 2)*, to investigate and act on non-compliance. Further discussion is required regarding the complementary roles to be played by the Australian Electoral Commission and a National Integrity Commission in regulating political donations and disclosures.