

Gerry McNally
Secretary
Select Committee on the Political Influence of Donations
Parliament House ACT

To Mr McNally,

Re: Inquiry into the political influence of donations

Thank you for the opportunity to submit to the Select Committee into the political influence of donations.

The Australian Greens want to see a national overhaul and harmonisation of donations laws around the country in order to tightly limit the influence that any one person, company or entity is currently able to exert on government policy and parliamentary decision-making.

To end the corrupting influence of political donations over public administration, four key areas require exploration: restricting political donations, improving transparency, capping election expenditure and increasing public funding to fill the gap created by limiting donations.

Restricting Donations

While we recognise the constitutional limits of any Parliament in banning political donations unless that donor or industry carries the risk that their political donations will lead to undue influence or corruption, the Parliament has considerable scope to restrict large donations down to a level where no single donation can encourage favourable outcomes by the Parliament or the executive.

As the High Court's majority judgment said in *McCloy v NSW*, 'the risk to equal participation posed by the uncontrolled use of wealth may warrant legislative action to ensure, or even enhance, the practical enjoyment of popular sovereignty.'¹

The level at which Parliaments should cap donations requires the Committee answering the question: how much money buys political influence? This answer will always be contextual against the size of the party, the quantum and frequency of donations and the scope of government regulation or involvement in a contested policy area in which the donor wishes to seek influence.

The structure of the Australian Greens and our state parties does not lend itself to influence by large political donations. Our policies are set by the membership - usually by consensus or by a 75% vote across all the State parties and Federal Party Room. This means that no one single MP, State Delegate or small group of people can change party policy to benefit a particular donor.

Furthermore, we do not accept political donations from mining, development, tobacco, alcohol and gambling industries.

¹ *McCloy v New South Wales* [2015] HCA 34 at 45

Donations received by the Australian Greens have never led to our MPs or candidates pushing a policy position that did not previously exist, or silencing them from advocacy on an issue.

Transparency

Limiting influence not only requires restricting donation levels, but also requires prompt release of the identity of the donor to a party or candidate and the disclosure of all donations made.

Modern technologies allow for the prompt disclosure of donations given and received and the current time lags in disclosure are inexcusable. By way of example, the Australian Electoral Commission still does not have official documentation that the Prime Minister donated \$1.75 million before the federal election 15 months ago.

Close to real time disclosure should be a particular priority during an election campaign, when policy announcements and stakeholder pressure is at its greatest.

The current indexed \$13,500 disclosure level encourages substantial anonymous donations and hides from the public who is buying political influence. Annual donations to multiple party branches or candidates can add up to hundreds of thousands of secret, potentially corrupting, donations over an election cycle. We believe there needs to be a dramatic reduction in the disclosure level and support a \$1000 or lower disclosure level.

Finally, the presentation of information by the Australian Electoral Commission regarding Associated Entities and 'Other Receipts' made to and by Associated Entities is opaque. The presentation of the information needs to be reviewed to provide the public with greater exportability of files in order to facilitate public research.

The presentation of donor information by the Australian Electoral Commission needs to also be reviewed so that greater clarification on details regarding who the associated entities are, especially when they are trusts or proprietary companies.

Clarity should also be provided as to what services the bodies donating to associated entities have given; what constituted the payment rather than just 'other receipt'; and whether transactions have the characteristics of a contractual exchange, in-kind support or a gift.

Crucially, the public needs to be able to clearly access not only an Associated Entity's receipts but also the payments that they have made. The current system, in combination with poor financial reporting requirements for Political Parties enables the concealment or obscuring of cash flows between various entities.

Caps on election expenditure

We support expenditure caps on Political Parties and some limits on third parties in election campaigns.

Expenditure caps provide a level playing field between candidates seeking election and limit the need to drive an 'arms-race' in fundraising from donors.

Public Funding

A necessary consequence of capping donations is that public funding will have to increase to replace the large private donations. While these amounts are likely to be small in comparison to the government's total expenditure, it is necessary to secure public support for greater taxpayer money going to political candidates as the necessary price of keeping the influence of big money out of politics.

However, increased public funding requires greater disclosure and financial accounting by the recipients of that public funding. As Kim Beazley said when he was the Special Minister of State and was introduced our current Electoral Act:

*An essential corollary of public funding is disclosure. They are two sides of the same coin. Unless there is disclosure the whole point of public funding is destroyed.*²

Since the introduction of this Act, disclosure has been massively weakened with increased disclosure thresholds and the abolition of greater disclosure of details of political receipts and expenses so that only total figures need to be reported by Political Parties.

Conclusion

The Australian Greens are keen to pursue electoral funding reform - as is being pursued by this Select Committee and the Joint Standing Committee into Electoral Matters - that will result in a reduction in the corrupting influence of political donations.

Hopefully with these two committees working to expose the problems of current legislation, a holistic reform positioning the Federal Parliament closer to the NSW and proposed Victorian models can be achieved.

Yours sincerely

Giz Watson, Australian Greens Co-convenor.

5 October 2017

²<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query%3DId%3A%22chamber%2Fhansard%2F1983-11-02%2F0057%22>