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The Secretary Joint Standing Committee on Electoral Matters Parliament House Canberra ACT 2600

Dear Secretary,

Please find attached my submission to the Inquiry into the Conduct of the 2007 Federal Election and Matters Related Thereto.

The views contained in the submission are mine and should not be attributed to the University of Melbourne.

A signed hardcopy follows by post.

Yours sincerely

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Submission to the Joint Standing Committee on Electoral Matters Inquiry into the Conduct of the 2007 Election

Enrolment and Voting

Enrolment

Around 95% of registered voters vote during elections in Australia but the AEC estimates that up to 25% of 18-25 year olds are not registered and tens of thousands could not vote at the last election because they had changed address without updating their enrolment. Our electoral rolls are falling behind because they are based on paper and pen methods. Using new technology to help more people vote is crucial for a modern democracy and to ensure an inclusive franchise. The removal of onerous identification requirements and early closure of rolls are important but other options to improve the present system are:

- Introduce online and automatic enrolment from databases such as motor vehicle registries and school records
- Introduce automatic re-enrolment for those who change address
- Allow online voter registration
- Simplify the enrolment form
- Use SMS and email to communicate with voters especially younger voters.

Automatic enrolment was advanced as a key way of improving governance at both the Youth Summit and 2020 Summit.

Given that the technology is available, election day enrolment should also be allowed (it is available, for example, in Canada) with sophisticated mapping systems used to later check votes.

Informal Voting

Although the informal voting rate reduced this election, this went against a decadelong trend which saw informal voting increase nationally in each of the previous four elections. Various strategies should be continued to reduce informality including civics education, the AEC conducting education programs and running advertisements on voting (including during non-election periods as a way of better reaching voters before the sound and fury of an election campaign begins and when many other political messages are then competing for their attention), as well as writing to voters from non-English speaking backgrounds in their own languages to advise them on voting procedures.

Informal voting and compulsory voting

In recent years, opponents of compulsory voting have used informal voting rates as a justification for their proposal to abolish compulsory voting so it is worth reflecting, at least for a moment, on the relationship between informal and compulsory voting. In

a study of informal voting with Lisa Hill, we found that although some informal votes are undoubtedly protest votes, the majority are not; instead, they reflect the interaction between low levels of literacy, numeracy and English language competence and a complex voting system rather than lack of political interest.¹ Most informal voters express a clear preference for one or more candidates but have simply not completed the ballot correctly and, in the majority of cases, most informal votes can be shown to be an inadvertent function of complexity and its interactions with compulsory voting.²

Therefore, while we agree with critics of compulsory voting that informal voting is of concern, we disagree with their emphasis, assumptions and proposed remedy. Firstly, we disagree with the emphasis on *deliberate* informal voting and the assumption that such votes are an indictment of compulsory voting. Deliberate informal voting is still relatively infrequent and, even when it does occur, suggests a form of legitimate democratic expression of antipathy toward the system, the government or the election candidates rather than antipathy towards compulsory voting. We suggest instead that the emphasis should be on the large *unintentional* informal vote by abolishing compulsory voting (which even critics acknowledge will reduce voter turnout considerably) it makes more sense to either introduce optional preferential voting in the lower house (as advocated by Antony Green)³ or else initiate better voter education, particularly in areas where there are significant discrepancies between state and federal voting procedures and where significant numbers of immigrants and low literacy/numeracy citizens reside.

Funding and Disclosure

Disclosure

Since an amendment to the funding and disclosure provisions in 1998, the Australian public no longer knows precisely how much political parties spend on campaigning items (such as political advertising) during an election. This has severely undermined the accountability aspects of the public funding system and the requirement for parties to disclose their election spending by category and amount should be reinstated.

A second major issue is the lag time between receipt of donations and public and media awareness/scrutiny is currently far too long with wait times of up to 12 to 18 months after donations are made. Rolling updates would help citizens to judge for themselves whether there are any links between large donations and public policy decisions. Continuous disclosure (for example, quarterly returns by political parties,

¹ The discussion in this section is adapted from the co-authored article by Hill, L. and Young, S. (2007) 'Protest or error? Informal Voting and Compulsory Voting', *Australian Journal of Political Science* 42 (3):515-21.

² Including McAllister, I., Makkai T., and Patterson, C (1992) *Explaining Informal Voting in the 1987* and 1990 Australian Federal Elections, Canberra: Australian Government Publishing Service and McAllister, I and Makkai, T. (1993) 'Institutions or Protest? Explaining Invalid Votes in Australian Elections.' *Electoral Studies* 12(1): 23-40. See also Medew, R. (2003) *AEC, Research Report 1: Informal Vote Survey, House of Representatives – 2001 election, Australian Electoral Commission* (AEC): Canberra and Dario, G. (2005) *Research Report No. 7: Analysis of Informal Voting During the* 2004 House of Representatives Election. Australian Electoral Commission (AEC), Canberra.

³ Green, A. 2005. 'Informal Voting – Don't Blame the Voters.' *On Line Opinion*, April 13. URL: http://www.onlineopinion.com.au/view.asp?article=3338>. Consulted 15 April 2005.

increasing to fortnightly during election campaigns and/or instant disclosure of gifts over \$10,000) should be considered.

Uniformity of disclosure is also important and consideration should be given to the opportunity to now create a single disclosure system covering all elections and a national agency which could receive and publish data. New technology can aid this process. For example, a website where candidates and parties are required to report donations as they receive them could be established with information posted according to set timeframes on a public website. This sort of instant accounting system is used overseas and is quite adaptable to Australia with the New York City Campaign Finance Board a model for this type of change.

Public Funding, Election Expenditure and Political Advertising

In Australia, because parties enjoy access to both private and public funding and face no spending caps, campaign costs have risen to extraordinary levels in recent years.⁴ The major Australian parties are spending vastly more per capita than other parties in comparable countries and this is due primarily to our system allowing unfettered access to political advertising compared to the bans on paid electronic advertising in the UK and the limits on advertising spending in New Zealand which work to keep campaign costs under some control.

While we do not know precisely how much was spent in 2007 (because the disclosure provisions were removed in 1998) the two major parties are estimated to have spent between \$60-80 million – more than double their spending in 2004.⁵ One of the key factors behind high-spending in Australia (and the resultant money-chase for funds) is the high cost of political advertising – especially TV advertising. And a key reason for this is that Australian commercial broadcasters charge political parties significantly more than they do other advertisers (for a range of reasons including the short notice time that parties provide during an election). In Australia, political parties appear to pay up to 50 per cent more 'for advertising time than do private companies'.⁶

Aside from the short notice time for political advertising during elections which leads the TV companies to charge more, media companies also know that the political parties have access to public funding and can raise the amount anytime through legislative amendment. This underwriting of political advertising costs may go some way to explaining the exponential rise in political advertising costs over the past three decades and particularly since the introduction of public funding in the mid-1980s and the doubling of the public funding rate in 1996.

⁴ Young, S. and Tham, J. (2006) *Political Finance in Australia: A Skewed and Secret System*, Democratic Audit of Australia. Canberra: Australian National University.

⁵ Figures for 2007 come from Oakes, L. (2008) 'The Buck Stops Here', the *Herald-Sun*, 8 March and ABC, '\$60m price tag on election ad blitz', available from:

http://www.abc.net.au/news/stories/2007/11/21/2096860.htm; information on 2004 political advertising is available from Young, S. (2005) 'Political Advertising: Hey Big Spender!' in Simms, M. and Warhurst, J. (eds), *Mortgage Nation: The 2004 Australian Election*, Perth: API Network, 103-15.

See also Young, S. (2004) *The Persuaders: Inside the Hidden Machine of Political Advertising*. North Melbourne, Australia: Pluto Press.

⁶ Mills, S. (1986) *The New Machine Men*, Ringwood, Vic.: Penguin, pp.189–90.

Public funding is therefore closely related to political advertising. A large proportion of the millions that political parties receive in public funding goes to television stations. Although public funding legislation was supposed to address the high costs of election campaigning, it did nothing to limit those costs because there were no legislative restrictions set upon either the volume of advertising or the amount that the parties could spend purchasing political advertising. Even in the US caps on election expenses are demanded in return for public funding and broadcasters are required to sell time to political candidates at low rates in order to try to keep election costs down.

While the debate over how to reign in big money politics in Australia has largely focused on controlling the inputs (money coming into the parties including donations and public funding), it might be more productive to focus on controlling the outputs (where the money is spent and the parties' perceived need for high incomes). Requiring Australian broadcasters to, as in the US, sell advertising time at the lowest possible rate to political candidates is one option which should be seriously considered.⁷ The lack of a requirement to sell airtime to political candidates at a reasonable rate is ultimately costing Australian taxpayers through the public funding system and contributing to pushing up the increasingly high costs of election campaigning. The broadcasters are already able to broadcast more advertisements during an election (thus minimising their economic losses) and, in return for their commercial broadcasting licences, which are a lucrative but finite public resource, the Australian community is entitled to expect some public interest obligations.

There are also a range of other possibilities for limiting the flow of money in Australian politics ranging from the minimal to the more radical. At the minimal end of the spectrum is the need for parties to disclose their spending on political advertising as they used to pre-1998. This is an important and necessary part of adequate disclosure provisions. More interventionist options for controlling spending are to set caps on election expenditure or to cap donations. As discussed in a Democratic Audit report I co-authored with Joo-Cheong Tham,⁸ spending caps on election expenses are one method by which many other countries seek to control election costs and minimise inequalities. The arguments for expenditure limits are strong and suggest that they help control inequalities between parties and between candidates; they also help to prevent excessive and prohibitive increases in the costs of politics; and limit the scope for undue influence and corruption. While it is true that the administrative difficulties of policing limits can be challenging, many countries manage to do it – perhaps most notably, Canada. An alternative is to cap inputs – by capping donations - including donations by corporations, individuals and unions, or to combine spending caps and donation caps.

⁷ In the US, the amended *Federal Communication Act* of 1934 requires that broadcasters must sell advertising time to election candidates at the 'lowest rate it has charged other commercial advertisers during the preceding 45 days, even if that rate is part of a discounted package rate'. The Act also requires that if advertising space is offered to one candidate it is offered to all. These are important principles which help to prevent those with the biggest campaign war chests becoming inordinately advantaged and these principles have been imitated in political advertising regulations worldwide—but not in Australia.

⁸ Young and Tham (2006).

A different method (focusing on the outputs instead) is to (again) prohibit paid electronic election advertising but in a way that provides for free time allocated in a fair system that would be accepted by the High Court. As I discussed in my 2004 book,⁹ contrary to the view that the High Court's decision in 1992 closed off the option for a further ban, the High Court actually left open the possibility of different legislation being able to pass the implied freedom of speech test. The Court did not say that all bans on paid political advertising were unconstitutional. It said the form of the 1991 legislation was. Even within that judgement, it upheld that some types of bans on political advertising (in polling booths or during election blackouts) were a valid way of protecting voters' rights. The Court's major concern was about fairness of access to the media and a level playing field for election communication. It wasn't convinced that the Act before it allowed for this. It was the kind of ban that the Act required that the High Court was concerned about.¹⁰ Legal experts have argued that a prohibition with a fair free allocation system that will meet the High Court test is possible. Such a prohibition would bring Australia into line with many other countries where paid electronic political advertising is either not permitted at all or not permitted during election campaigns including the United Kingdom, Belgium, the Netherlands, Norway, Denmark, France, Ireland, Switzerland, Turkey, Spain, Austria, France, Israel and Japan.

Incumbency

Public Funding

Broadly, the notion of public funding is based on a sound principle of fairness. It can be an effective way to minimise the advantage of wealth and encourage new entrants into politics. The problem is getting it to work so that it meets those goals and this depends upon how the funding is allocated and administered. At present, it is a failed piece of legislation that needs to be overhauled.¹¹

In theory, the public funding of election campaigns can help to secure greater equality between citizens, promote freedom of speech by increasing the range of persons who have the opportunity to meaningfully exercise that freedom, relieve politicians from the burden of fundraising and prevent corruption.¹² However, there are some significant problems with the public funding system in Australia. Because the formula for allocating funding is based on past success, it favours the established major parties. New parties, minor parties and independents therefore do not have equitable access to political communication channels (such as expensive televised political advertising) and they therefore, start with a considerable handicap.

As mentioned above, another major problem is that although public funding legislation was originally established as a way of addressing the high costs of campaigning, it did nothing to limit those costs. For example, it set no legislative

⁹ Young (2004).

¹⁰ See Australian Capital Television Pty Ltd v Commonwealth (1992a) 177 CLR 106.

¹¹ This section draws on the chapter 'Public funding of Political Parties' in Young and Tham (2006) and Tucker, D. and Young, S. (2002) 'Public Financing of Election Campaigns in Australia: A Solution or a Problem?', in Patmore G (ed). *The Big Makeover: A New Australian Constitution*, 60-71. Annandale, Australia: Pluto Press.

¹² Tucker and Young (2002), p. 61.

restrictions upon either the volume of political advertising or the amount that the parties could spend purchasing political advertising which is, by far, their most expensive campaign activity.

Australia's public funding system ensures that, following an election campaign, each of the two major Australian political parties receive millions of dollars to reimburse them for their campaign costs. But the generous public funding system in Australia does not preclude them from also raising funding from private sources. So although public funding may, in theory, mean the major parties are less beholden to private donors, in practice, the nexus with wealthy donors remains crucial to them.

The Australian system of providing political parties with a 'gift' of public funding for their election campaigns without requiring, in return, any expenditure limits, private donation limits, political advertising limits and without specifying the purposes for which the money must be spent, is extremely unusual by international standards.

While there are some positive benefits of public funding and its provision is underpinned by some sound democratic principles, at present, the public funding system in Australia does not appear to be operating as it was intended or in the public interest. It has not, contrary to promises made when it was introduced, led to full disclosure, halted spiralling electioneering costs, stopped the flow of money from wealthy, private interests or evened out the playing field between established major parties, minor parties and new entrants. Neither is there any evidence that public funding has resulted in parties devoting more money to activities such as policy research or building party membership. There is a need to harness public funding to other regulatory methods and to use it to encourage parties to perform their democratic functions.

We could consider, for example, moving to a system of public funding only and/or be more stringent in what we expect from the parties in return for their receipt of public funding. In Ireland, for example, political parties are only able to use public funding for 'general administration of the party; research, education and training; policy formulation; and coordination of the activities of branches and members of the party'—not for advertising.¹³ However, if we move to a system that places greater reliance or sole reliance on public funding and/or increases the rate of public funding, we need to ensure that the rate set is reasonable and that Australian voters and taxpayers can be assured that their money will be spent in ways which enhance information, communication and political participation rather than being delivered straight into the hands of media owners for televised political advertising which most Australians, when asked, say that they dislike intensely.¹⁴

¹³ Bennett, S. (2002) 'Research Paper no. 21 2001–2002: Australia's Political Parties: More Regulation?', Parliamentary Library, Parliament of Australia, Canberra.

¹⁴ Young (2004): 144-6.

Incumbency resources

Printing, post and communications allowances

Changes made to printing entitlements and communications allowances to boost incumbency resources in the past few years are elements of a pattern of change which allow incumbents greater public spending on their local campaigns. Such changes are of concern when they skew the electoral playing field toward incumbents.

Incumbents already enjoy advantages such as name recognition, a history of past services to constituents, experience, and seniority in office. They also enjoy government benefits such as professional services, travel allowances, substantial funding for staff, office space, and generous salaries. All of these make it difficult for challengers to be effective against them. However, the single biggest problem facing challengers in a media-dependent system like ours, is to get sufficient financing to disseminate their messages through expensive advertising campaigns.

Now that incumbents can increasingly use their public entitlements to send unsolicited mail, newsletters and other types of promotional material, challengers are put at an extreme disadvantage. This is because direct mail has become one of the most valuable tools in an election campaign. It has experienced phenomenal grown in Australia in the last few years. Using publicly-funded mail, newsletters and other types of promotional material whilst in office (and particularly just prior to an election campaign) gives incumbents a massive advantage.

The previous government increased amounts for post and print allowances and liberalised their use including allowing such resources to be used for election campaigning including how-to-vote cards.¹⁵ This represented a major change in function and principle regarding the use of public money that is not tolerated in other countries, for example, in New Zealand.¹⁶

In Australia, the Auditor-General should have an active role in auditing use of public money for its stated purpose including ensuring that money is spent on communication with constituents rather than on election campaigning.

Government Advertising

Government advertising has become, in the modern era, the single most significant benefit of incumbency. The previous Government's spending on government advertising and the content and timing of that advertising was much discussed.¹⁷ It

¹⁵ Steketee, M. (2004) 'Today's Kind of Gerrymander: Postal Votes and Propaganda', the *Australian*, 29 October, p4.

¹⁶ In New Zealand, public money provided for expenses incurred by MPs in their capacity as members does not cover activities in their capacity as candidates for election. In particular, this explicitly excludes "electioneering material" Controller and Auditor General (NZ), 'Advertising Expenditure Incurred by the Parliamentary Service in the Three Months Before the 2005 General Election', <u>http://www.oag.govt.nz/2006/election-spending/</u>.

¹⁷ Including in my own work eg. Young, S. (2007) 'A History of Government Advertising in Australia' in Young, S. (ed) *Government Communication in Australia*, Cambridge University Press, Melbourne: 181-203; Young, S. (2006) 'Biting the Hand that Feeds? Media Reporting of Government Advertising in Australia', *Journalism Studies*, 7 (4): 554-74; Young, S. (2006) 'The Convergence of Political and

clearly raised a number of issues relating to partisan content. I am aware that methods for dealing with partisanship (including Auditor-General scrutiny) are being investigated so I will not discuss these specifically in this submission but will focus instead on three other problems – the reporting of spending and results, access to public opinion research behind government advertising and parliamentary accountability.¹⁸

In Australia it is very difficult to establish precise expenditure levels on government advertising because, at the federal level, there is no standard reporting mechanism. Unlike our Canadian counterparts, Australian citizens do not have access to a concise annual report which is specifically on government advertising. Canadian government advertising reports outline expenditure for all ad campaigns and detail spending by organisation level, by medium and by specific campaign. For each major advertising campaign, the Canadian reports break down campaign spending to show costs for 'creative testing (focus groups)', any 'pre-campaign awareness' studies, production costs, ad placement costs and post-campaign evaluations.

By comparison, Australians have to rely, at present, on annual reports as the only major source of information the government regularly, and voluntarily, provides. They are problematic. Amounts can (and have been) left out and, even if a figure is provided, the spending disclosed includes only the costs of ad placement (broadcast/publication), leaving out costs for production, creative, research or telemarketing costs. In addition, even in the figures for ad placement, government departments do not have to report advertising amounts if contracts are valued at under \$10,000. This is significant because, if there are many contracts falling under the \$10,000 threshold (particularly if work is divided up into smaller parts in order that it *does* fall under this amount), then the figures are likely to be vastly underestimated. And, according to opponents (both at state and federal levels), governments can also hide advertising spending within the departmental reports by placing some of it into other categories—particularly the category of 'consultants'.

Taking one year as a case study illustrates the problem of working out spending on government advertising using the traditional sources. For 2004, estimates of government ad spending varied from \$90 to \$170 million. In trying to determine the amount that the government had spent that year, seven different sources came up with seven different figures. Ultimately, this all reflects very poorly on our accountability and reporting mechanisms in Australia.

By contrast, in Canada, aside from providing details on spending, Canadian annual reports also include information about the results of major government advertising campaigns. This includes outlining the dates the campaigns ran, their objectives, target audience and results (as measured by indicators set out in the report). For

Government Advertising: Theory Versus Practice', Media International Australia Incorporating Culture and Policy, 119: 99-111.

¹⁸ The discussion that follows comes from Young, S. (2007) 'Following the Money Trail: Government Advertising, the Missing Millions and the Unknown Effects' *Public Policy* 2 (2): 104-118; see also Young, S. (2007) 'The Regulation of Government Advertising in Australia', *Australian Journal of Public Administration* 66(4): 438-52 and Young, S. (2007) 'Policy-Making in a 'Cold Climate' of Ruling Party Benefit: Party Government and the Regulation of Government Advertising in Australia, *Australian Journal of Political Science* 42 (3) 489-502.

example, in 2003, the Canadian Government ran a Tax Filing Campaign over a three week period. Its primary audience was 25-34 year olds and one of its objectives was to: 'Increase awareness of, and intent to use, electronic services related to tax information and filing during the filing season.' Details in the government advertising report revealed where and when the ads for this campaign ran (including the percentage of TV advertising broadcast during prime time). But the report also disclosed that, after the campaign, 1022 Canadians were surveyed by telephone in order to find out if the objectives of the campaign were met. The survey found, for example, that:

42% of those who saw the advertisement were aware they could track their tax refund on the CCRA Web site [whereas] only 25% of those who had not seen the advertisement were aware of this feature (Communication Canada 2003).

A second survey using pre- and post- campaign surveys of 1,300 Canadian adults was also conducted and found 'significant increases in awareness of key messages'. For example:

among those who reported seeing the advertisement... 73% were aware [that they could find out how to file their tax online on the CCRA's Web site] after the campaign (Communication Canada 2003).

When citizens have this sort of information they can draw their own conclusions about their government's advertising campaigns. If they are told the government's rationale and objectives for the campaign, they can make up their own mind about whether it was needed or justified. If they are given performance results, they can assess whether the stated aims of the campaign were met and make judgements about whether the amount of money spent was appropriate given the results. In other words, they can sum up, as taxpayers, whether their money was appropriately spent.

In Australia, we can not make these sorts of assessments. Australian citizens do not receive specific reports explaining what their government's aims for major campaigns are, nor do we receive details about the results those campaigns achieved (or failed to achieve). Currently, Ministers are not obliged to provide timely advice on these matters to parliament.

A third issue relates to the research that Australian governments undertake to evaluate their advertising. It would be extensive and, as with the Canadian government, would very likely include focus groups, opinion polling, pre-test assessments and postbroadcast/publication evaluations. This sort of market research is quite standard for large advertising campaigns and it is now crucial information in terms of electoral competition. When governments pay consultants to perform research on public opinion—for example, to find out how citizens view the tax system or industrial relations to help them develop ad campaigns—this sort of information can also be very beneficial in developing broader political strategies. In Canada, this issue of potential political benefit is addressed by departments publishing and making publicly available the research behind government ad campaigns. The reports outline how much was spent on public opinion research, the type of research conducted and highlight key projects (eg. See GISB, PW&GS Canada 2004). This is not done in Australia but it should be because there is concern regarding the potential partisan advantage to be gained when only certain officeholders have access to the research used for government advertising. The research is of great benefit in an era when focus groups, opinion polls and surveys drive political party strategy, planning, election campaigning and election advertising. Knowing more about this polling and the consultants who are engaged to perform it is crucial and especially given allegations that both major parties in Australia have used research and advertising contracts to extend patronage to their party pollsters and advertisers.

Ultimately, in an era of rising concern about the use of public money for government advertising, Australian citizens and parliaments need to have access to detailed information. As a matter of accountability, a standard reporting mechanism detailing the exact costs of government advertising is urgently needed in Australia. This information should be provided in a form that is accessible—showing precise spending amounts—and should be provided in a timely manner (including both annual reports and rolling updates) and made publicly available for scrutiny. The Canadian system provides an excellent template for this.

Parliament also has a key role to play. Much greater accountability would be achieved if Ministers were obliged to provide this information about government advertising to parliament in a timely fashion—both at the beginning of a campaign (in relation to its aims, costs and components) as well as, at a later date, in relation to its achievements and its success or otherwise. An Opposition armed with this information would be able to scrutinise campaigns in a manner that would potentially impose a high political cost on governments that misused advertising for partisan advantage. This cost could include investigations, negative publicity and other formal sanctions. At present, because information about government advertising is suppressed or uncovered only much later, extracting this cost is not possible and there is very little to discourage governments that are tempted to misuse government advertising.

Recommendations regarding government advertising

- New guidelines prohibiting the misuse of government advertising for partisan purposes
- Independent scrutiny of large government advertising campaigns involving the Auditor-General and/or a committee (such as in Ontario, Canada)
- The federal government to publish an annual report specifically on government advertising outlining expenditure by organisation level, by medium and by specific campaign.
- For each major advertising campaign, the aims and results of the campaigns should be outlined.
- Departments to publish and make publicly available the research behind government ad campaigns.
- Ministers to be obliged to provide detailed information about government advertising to Parliament in a timely fashion—both at the beginning of a campaign (in relation to its aims, costs and components) as well as, at a later date, in relation to its achievements and its success or otherwise.