

The Greens NSW submission: JSCEM Inquiry into the funding of political parties and election campaigns



Mr Daryl Melham MP,
Chair, Joint Standing committee on Electoral Matters,
Department of House of Representatives
PO Box 6021
Parliament House
CANBERRA ACT 2600
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Dear Mr Melham,

Thank you for the opportunity to make a submission on the important issue of the funding of political parties and election campaigns.

The Greens NSW have previously provided a detailed submission to Senator Faulkner's Electoral Reform Green Paper in 2009, and that submission with some very minor revisions is attached to this submission for reference of the committee.

This submission is intended primarily to address item (e) of the inquiry's terms of reference "*any relevant measures at the state and territory level and implications for the Commonwealth*", with specific reference to experience with the funding reforms enacted in NSW in December 2010 and in place for the 2011 NSW election. The content of this submission is also intended to augment the submission from the Australian Greens which addresses the other items in the terms of reference.

Chris Maltby,
Registered Officer
On behalf of the NSW Greens

SECRETARIAT NOTE

The Greens NSW submission to the *Electoral Reform Green Paper—Donations, Funding and Expenditure* is available at:

http://www.dpmc.gov.au/consultation/elect_reform/submissions.cfm#listsubmissions
(Submission 28).

Lessons from the NSW election funding reform experience

While a full analysis of the impact of recent NSW electoral funding reforms in the 2010 Election Funding Act is yet to be made, a number of significant benefits and small problems have become evident.

Donations

The ban on the making and receiving of political donations from the developer, tobacco and for profit alcohol and gambling industries has proved to be a very positive move that is contributing to removing significant conflicts of interest for political parties and members of parliament and hence is enhancing democracy in that state.

Although corporations are still able to donate \$5,000 to a party and \$2,000 to a candidate, the caps on political donations are contributing towards removing the perception that large donations are able or necessary to obtain favourable decisions from government.

Election Funding model issues

Complexity of model

The election expenditure capping and reimbursement model adopted in NSW is too complex. For lower house seats there is a tiered reimbursement model with funding ratios declining sharply as thresholds of expenditure are reached. In addition to each candidate's expenditure cap there is a separate cap for the party's expenditure in that seat as part of a state-wide cap. While this does provide some certainty to candidates and parties as to the likely public campaign funding level available, there are different reimbursement formulae for the two expenditure categories.

The extra complexity of co-ordinating lower house campaigns between state-wide and local committees distracts from the business of campaigning. It would be simpler to legislate for a payment model based on a dollar amount per vote obtained provided that the dollar amount is sufficient for a "no frills" comprehensive campaign to be conducted within the funding available for 4% of the vote. A dollar amount per vote similar to that currently provided for federal elections would meet this requirement.

Campaign period

The period in which campaign expenditure can be spent and reimbursement from public funding subsequently sought should not be unnecessarily restrictive. A formal campaign period that is confined to the issue of the writs for the election up to polling day would strongly favour parties whose campaign expenditure is concentrated on advertising, particularly television.

Smaller parties which tend to spend a higher proportion on wages for campaigners will do so for a longer period that precedes the five week official campaign period. The narrow period for which expenditure can be part of a funding claim means that these parties or candidates will miss out on funding for a key and legitimate part of their election expenditure.

Fixed parliamentary terms in NSW allow for planning employment and organising around the dates of the campaign period. The current arrangements for federal elections which

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have less predictability of election dates would require a much longer period to be included in the capped/funded formal campaign period.

Definition of electoral expenditure

The definition of the types of “electoral expenditure” for the purpose of claiming funding, and also compliance with the expenditure cap, should be broad and realistic. Alternatively the definitions of “electoral expenditure” for the two different purposes should be decoupled.

Parties with a preponderance of advertising spending will tend to prefer a narrow definition so that election advertising expenditure can be maximised by excluding other kinds of campaign activities from the expenditure cap. On the other hand, small parties whose budgets are much lower than the expenditure caps prefer a broader definition of electoral expenditure so that all legitimate election expenditure is able to be reimbursed.

This unnecessary conflict over the definition of electoral expenditure has led to the strange situation in NSW where expenditure on candidate travel (which has a big impact on rural candidates), compulsory auditing of election claims and research such as polling and focus groups do not fall within the definition of electoral expenditure.

Expenditure caps

The NSW expenditure caps are too generous but at least it has seen a reduction in the massive expenditure that took place in some hotly contested seats in the 2007 election. While disclosures are yet to be lodged it is predicted that the total expenditure by parties and candidates on the 2010 election will be less than that spent on the 2007 election.

There are also some overly strict limitations on the types of income that can be deposited in a party’s election campaign bank account. Membership fees for example are prohibited to be deposited in such an account even though they are subject to a cap per member and are a non-corrupting source of income for a party.

Funding for party administration

The public funding available for party administrative expenditure has helped reduce parties’ reliance on corporate donations. The method of calculation should however be based on vote obtained in either house rather than on the number of politicians elected. The single member electorate system results in a substantially larger proportion of MPs for major parties than their proportion of the primary vote.

This plus the significantly higher quota proportion for the Senate when compared with the NSW Legislative Council, and the frequently perverse effect of party group voting tickets could well produce party administration funding outcomes not reflecting the reasonable costs of administering parties capable of genuinely contesting elections nationwide.

The modest level of start up funding for new parties in NSW to complement the reimbursement model of electoral funding also helps our democracy, being a small counter weight to the massive power of incumbency.

There is also a potential concern regarding the administration funding for parties which do not have genuine internal democracy or accountability to their membership, including the publication of annual financial reports.