

*Lessons from a 'Relaxed and
Comfortable' Country:*

*Money and politics in Australia (or
how not to regulate political
finance)*

Private funding and its regulation

- Disclosure scheme, e.g.
 - prohibition of anonymous donations exceeding \$10,300;
 - annual returns by parties and ‘associated entities’ with itemisation for amounts exceeding \$10,300.
- Reliance on private funding: see Table 1
- Reliance on corporate contributions: see Table 2
- Large contributions dominate: see Table 3

Public funding and its regulation

- Election funding:
 - entitled once secure 4% of first preference votes;
 - limited reliance on election funding: see Table 4

- Parliamentary entitlements:
 - enormous amounts involved: e.g. \$354 mil in 1999–2000 financial year (cf parties' budgets for 1999/2000 to 2001/2002 = \$248 million)
 - some can be used for electioneering, e.g. printing allowance.

Political expenditure and its regulation

- Expenditure disclosure obligations, e.g:
 - parties and ‘associated entities’: only total amount of expenditure;
 - third parties: itemisation once spent more than \$10,300
- Party spending dominates: e.g. 2004 federal election, party ads = \$37.4 million (cf third party ads = \$4.4 million)
- An ‘arms race’ between major parties: see Table 5
- Govt advertising: increase in expenditure (see Table 6) and lax regulation

Problem 1: Lack of Transparency

- Lack of timeliness with annual returns: e.g. \$1 million from UK Lord Michael Ashcroft to federal Liberal Party
- Lack of compliance: note AEC's views
- Excessively high disclosure thresholds since Dec 2005 with more than a third of funds estimated not itemised
- Ridiculously high threshold for prohibition against receiving anonymous contributions

Problem 2: The limits of disclosure: The sale of access and influence

- Widespread practice amongst major parties in selling access and influence: e.g.
 - annual conferences;
 - NSW Liberal Party's Millennium Forum and Victorian ALP's Progressive Business.
- Heightens risk of corruption as graft
- Tantamount to corruption as undue influence
- Points to limits of disclosure alone

Problem 3:

Exacerbating political inequality

- The undue character of large corporate contributions:
 - i) amounts beyond the reach of ordinary Australians:
e.g. donation of \$25,000 v median annual income of \$25,584
in 2004
 - ii) the ambiguous role of commercial corporations in a
democracy.

Private funds go disproportionately to major parties: see
Table 8

Problem 3: Exacerbating political inequality

- 4% threshold of election funding discriminates against smaller parties
- Parliamentary entitlements unfairly advantage parliamentarians of major parties due to single-member system in HR which is twice the size of Senate
- Partisan use of government advertising: e.g. *WorkChoices* ads shown before any Bill tabled in Parliament

Concluding thoughts

- Question of reforming political finance a complex matter
- Two general lessons:
 - political finance rather than party finance or campaign finance;
 - question not public v private funding but type of public and private funding.